

**COUNTY OF NEVADA, CALIFORNIA  
ANNUAL FINANCIAL REPORT  
AS OF JUNE 30, 2003**

**SMITH & NEWELL**

CERTIFIED PUBLIC ACCOUNTANTS

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ANNUAL FINANCIAL REPORT  
AS OF JUNE 30, 2003**

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**SMITH AND NEWELL  
CERTIFIED PUBLIC ACCOUNTANTS  
1425 BUTTE HOUSE ROAD, SUITE B  
YUBA CITY, CALIFORNIA 95993**

**COUNTY OF NEVADA, CALIFORNIA**  
**ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2003

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# INTRODUCTORY SECTION

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STATE OF CALIFORNIA  
COUNTY OF NEVADA

BRUCE A. BIELEFELT - AUDITOR-CONTROLLER

Auditor- Controller  
950 Maidu Avenue  
Nevada City, CA 95959

(530) 265-1244  
Fax: (530) 265-9843  
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November 25, 2003

Members of the Board of Supervisors  
and Citizens of Nevada County:

The Comprehensive Annual Financial Report (CAFR) of the County of Nevada for fiscal year 2002-2003 is presented in compliance with Section 25253 of the Government Code of the State of California. This report was prepared by the Office of the Auditor-Controller, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations and cash flows if applicable to the County, as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the County's financial affairs have been included.

To get a thorough understanding of the County and its financial activities this CAFR should be read in conjunction with the County's 2002-2003 final budget documents.

Fiscal year 2002-2003 is Nevada County's first year of financial reporting using Governmental Accounting Standards Bulletins 34, 37, and 38 which placed greater reporting requirement on all levels of local and state governments.

The new requirements are primarily:

- County-wide Financial Statements, the statement of net assets, and the statement of governmental activities
- The new reporting of infrastructure, i.e., roads, bridges, storm drains, water, and sewer systems
- The reclassification of the types of funds used to report financial transactions
- The grouping of financial activity into governmental and business-type activities. Each of these activities were further divided into major and minor fund groups
- Management's Discussion and Analysis

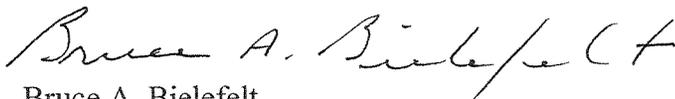
The five primary GASB 34 requirements mentioned above are further discussed in greater detail in the Management's Discussion and Analysis, and the footnotes to the financial statement.

Apart from the grouping of individual fund statements into major and minor reporting groups, the individual fund statements are comparable to formats used in prior years.

As we move beyond fiscal 2002-2003 to fiscal year 2003-2004 the financial information derived from these reporting standards will strengthen our financial information and provide management with better tools to monitor the County's fiscal health while planning for the County's future.

I wish to extend special thanks to all the County departments and agencies who contributed financial information to this report. It is my goal to publish financial information on a schedule that is more helpful to policy leaders and County Managers. Without the cooperation of these professionals, it would not be possible. I would like to extend appreciation to the staff of Auditor-Controller's Office whose hard work, professionalism, and dedication are responsible for the preparation of this report. I would also like to thank Smith & Newell, Certified Public Accountants, the Nevada County Audit Committee. I would like to thank the Board of Supervisors and the County Executive Office and all County Departments for their continued efforts in planning and conducting the County's financial operations in a responsible and progressive manner.

Sincerely,



Bruce A. Bielefelt  
Auditor-Controller

**COUNTY OF NEVADA, CALIFORNIA  
COUNTY OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2003**

**Board of Supervisors**

Supervisor District 1 . . . . .	Peter Van Zant	Supervisor District 3 . . . . .	Sue Horne
Supervisor District 2 . . . . .	Drew Bedwell	Supervisor District 4 . . . . .	Robin Sutherland
Supervisor District 5 . . . . .	Barbara Green		

**County Officers**

Rick Haffey	County Executive Officer
Tom Anderson	Public Defender
Bruce Bielefeld	Auditor-Controller
Paul Boch	Ag Commissioner
Doug Carver	Probation Department Director
Chris Dabis	Treasurer/Tax Collector
Mike Ferguson	District Attorney
Steve Fjeldsted	Librarian
Dale Flippin	Assessor
Michael Hill-Weld	Transportation & Sanitation Director
Kathy Hrepich	Family Support Director
Lorraine Jewett-Burdick	Clerk-Recorder
Steve Monaghan	Chief Information Officer
Jess Montoya	Community Development Agency Director
Clint McKinley	Building Director
Larry Sage	Environmental Health Director
Mark Tomich	Planning Director
Jim Carney	Housing & Community Services Director
Phyllis Murdock	Human Services Agency Director
Art Davis	Veterans Service Officer
Robert Erickson	Behavioral Health Director
Hank Foley	Community Health Director
Phil Reinheimer	Adult & Family Services Director
Gene Armstead	General Services Director
Keith Royal	Sheriff
Gayle Satchwell	Human Resources Director
Harold DeGraw	Interim County Counsel

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# FINANCIAL SECTION

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- **Independent Auditor's Report**
  - **Management's Discussion and Analysis**
  - **Basic Financial Statements**
  - **Required Supplementary Information**
  - **Combining and Individual Fund Statements and Schedules**

**INDEPENDENT AUDITOR'S REPORT**

To The Board of Supervisors  
and the Grand Jury  
County of Nevada  
Nevada City, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Nevada, California (County), as of and for the year ended June 30, 2003, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

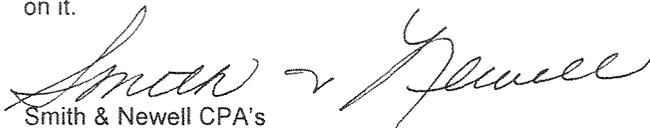
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2003, and the 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.

As described in Note 2A, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments", as of June 30, 2003.

The Management's Discussion and Analysis and budgetary comparison information on page 2 through 9 and 42 through 48, is not a required part of the basic financial statements but are supplementary information required by accounting 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 supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining and individual fund statements and schedules are present for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

  
Smith & Newell CPA's  
Yuba City, California  
November 25, 2003

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**COUNTY OF NEVADA**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**

This section of the County of Nevada's (County's) comprehensive annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2003. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the County exceeded its liabilities at the close of the 2002-2003 fiscal year by \$284,384,247 (net assets). Of this amount, \$39,321,387 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors, \$3,864,404 is restricted for specific purpose (restricted net assets), and \$241,198,456 is invested in capital assets, net of related debt.
- The County's total net assets increased. Governmental activities at the close of 2002-2003 were \$274,565,164 and the business-type activities net assets were \$9,819,083.
- As of June 30, 2003, the County's governmental funds reported combined ending fund balances of \$42,116,587 an increase of \$2,200,431 in comparison with the prior year's restated ending fund balance. Approximately 55% of this total amount, \$23,196,620, are *available* to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$4,128,467, or 6% of total General Fund expenditures.
- The County's total long-term debt decreased by \$20,000,000 in comparison with the prior year. The decrease resulted primarily from the refunding of Certification of Participation for the Western Nevada County Solid Waste.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The *statement of net assets* presents information on all of the County's 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 of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's 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 only result in cash flows in a future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

**COUNTY OF NEVADA**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**

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 all or in part a portion of 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 and recreation. The business-type activities of the County include the Western Nevada County Solid Waste, Eastern Nevada County Solid Waste, Transit Services, and the Airport.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. The County's component units are: Nevada County Sanitation District, Nevada County Housing Authority, and Nevada County Finance Authority.

*The government-wide financial statement can be found on pages 10-11 of this report.*

**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 compliance with finance-related legal requirements. 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, governmental fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains one hundred seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

*The governmental fund financial statements can be found on pages 12-15 of this report.*

**Proprietary funds** are maintained in two ways. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are used to accumulate and allocate costs internally among the County's various functions. The County maintains nine individual proprietary funds, Western Nevada County Solid Waste, Eastern Nevada County Solid Waste, the Airport, Transit Services and Sanitation Services are used for business-type activity. The County uses internal service funds to account for its Fleet Management, Vision Insurance, Unemployment Insurance, Liability Insurance, Dental Insurance, because these services predominantly

**COUNTY OF NEVADA**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**

benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Western Nevada County Solid Waste and the Airport are considered to be major funds of the County. The County's six internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of these nonmajor enterprise and internal service funds are provided in the form of *combining statements* elsewhere in this report.

*The proprietary fund financial statements can be found on pages 16-18 of this report.*

**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 those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County maintains three hundred ten fiduciary funds.

*The fiduciary fund financial statements can be found on pages 19-20 of this report.*

**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.

*The notes can be found on pages 21-41 of this report.*

**Required Supplementary Information** is presented concerning the County's governmental funds budgetary basis, infrastructure assets reported using the modified approach. The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

*Required supplementary information can be found on pages 42-48 of this report.*

**Combining and individual fund statements and schedules** referred to earlier provide information for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information.

*Combining and individual fund statements and schedules can be found on pages 49-68 of this report.*

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may over time serve as a useful indicator of the County's financial position. This section of the Management's Discussion and Analysis will be used to provide detailed analysis of changes over the proceeding year starting with the June 30, 2004 financial statements.

## **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.** The general government functions are contained in the General Fund, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts

**COUNTY OF NEVADA**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**

governed by the Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. As of June 30, 2003, the County's governmental funds reported combined ending fund balances of \$42,116,587 an increase of \$2,200,431 in comparison with the prior year's restated fund balance. Approximately 55% of this total amount \$35,110,699 constitutes *unreserved fund balance*, which is available to meet the County's current and future needs. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has been committed (1) to pay debt service, (2) to reflect inventories and the amount due from other funds that are long-term in nature and thus do not represent available spendable resources, and (3) to liquidate contractual commitments.

The General Fund is the chief operating fund of the County. At June 30, 2003, unreserved fund balance of the General Fund was \$11,914,079 while total fund balance reached \$13,266,919. Of the Unreserved fund balance \$7,785,612 was designated for specific purposes and the remaining balance of \$4,128,467 was undesignated. As a measure of the General Fund's liquidity, it may be useful to compare undesignated fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 6% of total fund expenditures, while total fund balance represents 19% of that same amount. The fund balance of the County's General Fund decreased by \$1,485,009, during the current fiscal year.

The following provides explanation of revenues by source that changed significantly over the prior year:

**Revenues Classified By Source**  
**General Fund**  
**(Dollars in Thousands)**

	FY 2003 Amount	Percent of Total	FY 2002 Amount	Percent of Total	Increase/ (Decrease) Amount	Percent of Change
Taxes and assessments	20,039	30.70%	18,319	24.87%	1,720	8.58%
Licenses and permits	852	1.31%	869	1.18%	-17	-2.00%
Fines and forfeitures	1,803	2.76%	2,004	2.72%	-201	-11.15%
Use of money and property	757	1.16%	1,122	1.52%	-365	-48.22%
Intergovernmental	32,012	49.04%	39,954	54.24%	-7,942	-24.81%
Charges for services	8,139	12.47%	9,413	12.78%	-1,274	-15.65%
Other Revenues	1,675	2.57%	1,979	2.69%	-304	-18.15%
Total	65,277	100.00%	73,660	100.00%	-8,383	-12.84%

*Taxes* – In addition to the approximate 2% annual property tax increase, the secured property assessed values grew in the current fiscal year. This was due primarily to increased home sales. This equated to a \$1,518 or 12% increase in ad valorem property taxes. \$200 or 26% increase of the prior year from the transfer fees related to the sale of real property.

*Fines and Forfeitures* – Vehicle code fines decreased in collection by \$104 or 28% less than the prior year. Penalty and Costs for Delinquent Taxes decreased by \$115 or 9% from fiscal year 2001-02.

*Use of money and property* – A continuing decline in market interest rates for investments decreased the earnings. The Treasury Pool average interest rate for the 2002-03 fiscal year was 2.55% down from 3.88% in the prior year.

**COUNTY OF NEVADA**  
**Management's Discussion and Analysis**  
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*Intergovernmental* – The decrease in this category was due primarily to accounting changes related to the implementation of GASB 34. Revenues in the category previously recorded in the General Fund are now recognized in Special Revenue funds. The reclassification of fund types resulted in many trust funds being closed in during the prior fiscal year giving a one-time increase to the prior year revenues. Some program areas that were affected were Public Assistance revenue sources decreased by \$3,928 as did State Mental Health revenue by \$1,125.

*Charge for Services* - The largest change in this category was the change in accounting treatment required in GASB 34 regarding the recording of transactions between the budget units within the government entity. The interfund revenues are now recorded as credits in the receiving budget unit's expenditures. This accounting change reflected a \$1,086 decrease in this one category of revenue.

*Other Revenues* – The largest single source affected in this category was the Tobacco Settlement revenues which decreased \$81,689 or 18.77% from the prior year.

The following provides an explanation by function that changed significantly over the prior year:

**Expenditures by Function**  
**General Fund**  
**(Dollars in Thousands)**

Expenditures by Function	FY 2003 Amount	Percent of Total	FY 2002 Amount	Percent of Total	Increase/ (Decrease) Amount	Percent of Change
General government	11,314	16.50%	9,383	14.04%	1,931	20.58%
Public protection	26,635	38.85%	22,205	33.22%	4,430	19.95%
Health and sanitation	12,794	18.66%	13,395	20.04%	-601	-4.49%
Public assistance	17,117	24.96%	17,024	25.47%	93	.52%
Education	74	0.11%	64	0.10%	10	15.63%
Capital outlay	593	0.87%	4,764	7.13%	-4,171	-87.55%
Debt service	31	0.05%		0.00%	31	
<b>Total</b>	<b>68,558</b>	<b>100.00%</b>	<b>66,835</b>	<b>100.00%</b>	<b>1,723</b>	<b>2.57%</b>

*General government* – Key factors were increases in the workers compensation insurance costs and an increase in salaries and benefits from the negotiated labor agreements. This equated to a 9% increase in these costs from the prior year.

*Public Protection* – Key factors were increases in the workers compensation insurance costs and an increase in salaries and benefits from the negotiated labor agreements. This equated to \$1,571 or 9% increase in costs from the prior year.

*Health and Sanitation* – A decrease in State and Federal funding for Behavioral Health programs reflected in a decrease of \$527 or 8% in operational costs.

**COUNTY OF NEVADA**  
**Management's Discussion and Analysis**  
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*Proprietary funds.* The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets (deficits) of the Western Nevada County Solid Waste, and Airport at June 30, 2003 amounted to (\$1,927,536), and (\$199,017), respectively. The total increases in net assets for these funds were \$1,838,958 and \$88,196, respectively.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the original budget and the final amended budget resulted in \$1,981,370 increase in amounts available for appropriation. Explanations for this increase are as follows:

- \$715,071 was caused by unanticipated revenues from Federal and State grants.
- \$995,879 was caused by under estimation of revenues in the Other category

During the year, however, revenues were less than budgetary estimated by \$7,751,035 or 10.61%, and expenditures were less than budgetary estimates by \$3,928,633 or 5.42%, thus creating the need to draw upon existing fund balance from General Fund operations. The net activity of the transfers lessened the General Fund draw down of fund balance to \$1,484,799.

**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, 2003 amounted to \$271,340,918 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, and equipment. The total increase in the County's investment in capital assets for the current period was 264% (a 286% increase for governmental activities and a 111% increase for business-type activities due to the addition of infrastructure assets required by GASB 34).

**County's Capital Assets**  
**(Net of depreciation)**  
**(Dollars in Thousands)**

	Governmental Activities		Business Type Activities		Total		Variance (%)
	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	
Land and easements	100,061	3,471	8,541	7,237	108,602	10,708	914.21%
Infrastructure (road sys)	99,151	0			99,151		
Infrastructure	16,774	0	9,228		26,002	0	
Structures and improvements	30,651	50,016	1,225	2,098	31,876	51,350	-37.92%
Equipment	5,052	11,641	658	2,475	5,710	12,400	-53.95%
<b>Total</b>	<b>251,689</b>	<b>65,128</b>	<b>19,652</b>	<b>11,810</b>	<b>271,341</b>	<b>74,458</b>	<b>264.42%</b>

*Additional information on the County's capital assets can be found in Note 3C on pages 33-34 of this report.*

**COUNTY OF NEVADA**  
**Management's Discussion and Analysis**  
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**Long-term debt.** At June 30, 2003, the County had total debt outstanding of \$48,508,570.

The County's total debt decreased by \$21,331,000 (or 10%) during the current fiscal year. The key factor in this decrease was a \$20,000,000 refunding of Western Nevada County Solid Waste Certificates of Participation.

**County's Outstanding Debt**  
**Certificates of Participation, Notes Payable, Capital Lease Obligations, Compensated Absences**  
**(Dollars in Thousands)**

	Governmental Activities		Business Type Activities		Total		Variance (%)
	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	
Certificates of Participation	19,925	21,385	10,990	30,990	30,915	52,375	-40.97%
Loans	0	129	603	520	603	649	-7.09%
Special Assessment Debt	0	621	535		720	621	15.94%
Notes Payable			185				
Landfill Post Closure			11,616	12,003	11,616	12,003	-3.22%
Capital Leases	90	56			90	56	60.71%
Compensated Absences	4,379	4,059	184	76	4,564	4,135	10.37%
<b>Total</b>	<b>24,394</b>	<b>26,250</b>	<b>24,114</b>	<b>43,589</b>	<b>48,508</b>	<b>69,839</b>	<b>-30.54%</b>

*Additional information on the County's long-term debt can be found in Note 3D on pages 34-37 of this report.*

**Economic Factors and Next Year's Budget for FY 2002-2003**

As we undertook our future planning efforts, we were confronted with the difficult fiscal challenges of our State's budget, which estimates a \$24 billion shortfall over the next fiscal year. The impacts of the State's strategies to balance the California budget are ever changing. Therefore, we were prudent in our fiscal planning and realistic with our expectations about expanding the level of services that the County can provide in this climate. By working together in an open budget development process, we developed a strategy that we believe balances our community priorities and community resources.

Through the development of the budget document, four critical disciplines or priorities have emerged. These are the litmus test of the future of our government operations. They are:

- A commitment to be a transparent organization to our citizens for not only the budget development process, but its implementation as well
- A commitment to provide and facilitate excellent quality services
- A standard of increased accountability to our community
- A self imposed fiscal discipline to manage our resources prudently

With our priorities outlined in our Strategic Plan, we developed the following operational plan for the coming fiscal year. Some of the highlights of this plan include:

**COUNTY OF NEVADA**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**

- Continuation of focused efforts to protect public health and safety
- Enhanced focus on the provision of health and human services
- Pursuit of other re-financing opportunities to save money
- Retention of the contingency funding for future difficult times
- Continued investment in our workforce, particularly training and development
- Implementation/transition to new, mandated accounting rules (GASB 34)
- Clarification of the County's role in Economic Development
- Strengthening the Community Partnerships Program
- Effective lobbying at the State/Federal levels with the use of professional lobbyist firm
- Improved technology to provide more access to information for our citizens via the internet
- Implementation of a new financial accounting system
- Encouraging innovations for our programs and services
- Expansion of communication efforts from the County to the community
- Continued focus on improving our quality of life in the community
- Development of a plan for capital improvement and building projects

The programs contained in the operational plan are far too numerous to detail here. I encourage you to look closely at the 2002-2003 budget document.

**Request for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Nevada County Auditor-Controller, Bruce A. Bielefelt, 950 Maidu Avenue, Nevada City CA 95959. This entire report is available online at [www.co.nevada.ca.us](http://www.co.nevada.ca.us)

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**BASIC FINANCIAL STATEMENTS**  
Government Wide Financial Statements

**COUNTY OF NEVADA, CALIFORNIA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2003**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 41,088,190	\$ 12,922,226	\$ 54,010,416
Receivables, net	8,971,808	1,129,611	10,101,419
Taxes receivable	3,590,714	-	3,590,714
Internal balances	839,375	(839,375)	-
Prepaid costs	112,702	-	112,702
Inventory	194,032	39,452	233,484
Deposits	41,310	-	41,310
Loans receivable	1,504,790	-	1,504,790
Bond issue cost, net of accumulated depreciation	-	484,085	484,085
Deferred reacquisition cost, net of accumulated depreciation	-	718,396	718,396
Restricted assets:			
Cash and investments	2,138,625	1,045,026	3,183,651
Interest	-	42	42
Total restricted assets	<u>2,138,625</u>	<u>1,045,068</u>	<u>3,183,693</u>
Capital assets:			
Non-depreciable assets	199,212,032	8,540,982	207,753,014
Depreciable assets, net of depreciation	52,476,824	11,111,080	63,587,904
Total capital assets	<u>251,688,856</u>	<u>19,652,062</u>	<u>271,340,918</u>
<b>Total Assets</b>	<u>310,170,402</u>	<u>35,151,525</u>	<u>345,321,927</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	9,517,427	1,163,420	10,680,847
Accrued claims liability	660,456	-	660,456
Customer deposits	992,836	-	992,836
Deferred revenue	40,009	26,101	66,110
Restricted liabilities:			
Customer deposits	-	28,861	28,861
Long-term liabilities:			
Due within one year	2,931,277	537,085	3,468,362
Due in more than one year	21,463,233	23,576,975	45,040,208
<b>Total Liabilities</b>	<u>35,605,238</u>	<u>25,332,442</u>	<u>60,937,680</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	232,657,259	8,541,197	241,198,456
Restricted for:			
Debt service	2,359,614	-	2,359,614
Long-term receivables	1,504,790	-	1,504,790
Unrestricted	38,043,501	1,277,886	39,321,387
<b>Total Net Assets</b>	<u>\$ 274,565,164</u>	<u>\$ 9,819,083</u>	<u>\$ 284,384,247</u>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF NEVADA, CALIFORNIA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2003**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business	Total
			Grants and Contributions	Grants and Contributions		Type Activities	
Governmental activities:							
General government	\$ 25,291,032	\$ 10,813,766	\$ 13,763,667	\$ -	\$ (713,599)	\$ -	\$ (713,599)
Public ways and facilities	7,262,903	1,602,653	3,589,844	1,259,186	(811,220)	-	(811,220)
Public protection	28,820,570	2,867,404	7,750,076	178,066	(18,025,024)	-	(18,025,024)
Health and sanitation	13,579,832	511,121	5,550,073	-	(7,518,638)	-	(7,518,638)
Public assistance	31,787,977	3,101,448	22,784,466	-	(5,902,063)	-	(5,902,063)
Education	2,343,855	74,551	137,509	-	(2,131,795)	-	(2,131,795)
Interest on long-term debt	850,537	-	-	-	(850,537)	-	(850,537)
<b>Total Governmental Activities</b>	<b>109,936,706</b>	<b>18,970,943</b>	<b>53,575,635</b>	<b>1,437,252</b>	<b>(35,952,876)</b>	<b>-</b>	<b>(35,952,876)</b>
Business-type activities:							
Eastern Nevada County Solid Waste	1,397,691	1,101,826	-	-	-	(295,865)	(295,865)
Western Nevada County Solid Waste	4,857,721	6,377,927	91,382	-	-	1,611,588	1,611,588
Transit Services	3,123,973	390,174	465,140	-	-	(2,268,659)	(2,268,659)
Airport	897,783	636,150	10,000	-	-	(251,633)	(251,633)
Sanitation District	4,915,869	4,115,772	-	-	-	(800,097)	(800,097)
<b>Total Business-type Activities</b>	<b>15,193,037</b>	<b>12,621,849</b>	<b>566,522</b>	<b>-</b>	<b>-</b>	<b>(2,004,666)</b>	<b>(2,004,666)</b>
<b>Total Primary Government</b>	<b>125,129,743</b>	<b>31,592,792</b>	<b>54,142,157</b>	<b>1,437,252</b>	<b>(35,952,876)</b>	<b>(2,004,666)</b>	<b>(37,957,542)</b>
General revenues:							
Taxes:							
Property taxes					15,608,675	2,156	15,610,831
Sales and use taxes					4,705,748	-	4,705,748
Property transfer taxes					1,002,984	-	1,002,984
Transient occupancy taxes					250,195	15,970	266,165
Timber yield taxes					102,177	4,121	106,298
Aircraft taxes					35,292	34,505	69,797
Other taxes					120,836	2,146,743	2,267,579
Motor vehicle in-lieu taxes					13,045,388	-	13,045,388
Interest and investment earnings					1,361,759	367,769	1,729,528
Miscellaneous					5,388,965	305,627	5,694,592
Special Item - Loss on sale of assets					(80,753)	(49,445)	(130,198)
Special Item - Capital contribution					-	16,163	16,163
<b>Total General Revenues and Special Items</b>					<b>41,541,266</b>	<b>2,843,609</b>	<b>44,384,875</b>
<b>Change in Net Assets</b>					<b>5,588,390</b>	<b>838,943</b>	<b>6,427,333</b>
Net Assets - Beginning					254,795,306	(1,079,744)	253,715,562
Prior period adjustment					14,171,940	10,059,884	24,231,824
<b>Net Assets - Beginning, Restated</b>					<b>268,967,246</b>	<b>8,980,140</b>	<b>277,947,386</b>
Change in reserves					9,528	-	9,528
<b>Net Assets - Ending</b>					<b>\$ 274,565,164</b>	<b>\$ 9,819,083</b>	<b>\$ 284,384,247</b>

The notes to the financial statements are an integral part of this statement.

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**BASIC FINANCIAL STATEMENTS**  
Fund Financial Statements

**COUNTY OF NEVADA, CALIFORNIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2003**

	General Fund	Road Fund	Community Development Agency	Health and Welfare Realignment	Motor Vehicle License	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 10,654,390	\$ 2,196,412	\$ 594,717	\$ 7,011,861	\$ 6,335,621	\$ 12,166,615	\$ 38,959,616
Accounts receivable	3,152,565	938,632	246,632	71,959	348,144	240,799	4,998,731
Taxes receivable	1,542,063	-	-	899,239	-	1,149,412	3,590,714
Due from other funds	1,530,246	-	405,301	364,745	-	317,139	2,617,431
Advances to other funds	759,311	-	-	-	-	357,604	1,116,915
Prepaid costs	14,989	-	-	-	-	92,232	107,221
Inventory	-	194,032	-	-	-	-	194,032
Loans receivable	-	-	-	-	-	1,504,790	1,504,790
Restricted assets:							
Cash and investments	-	-	-	-	-	2,138,625	2,138,625
<b>Total Assets</b>	<b>\$ 17,653,564</b>	<b>\$ 3,329,076</b>	<b>\$ 1,246,650</b>	<b>\$ 8,347,804</b>	<b>\$ 6,683,765</b>	<b>\$ 17,967,216</b>	<b>\$ 55,228,075</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 2,343,419	\$ 257,500	\$ 176,336	\$ -	\$ -	\$ 4,188,747	\$ 6,966,002
Accrued payroll and benefits	929,288	83,207	78,631	-	-	84,739	1,175,865
Deposits payable	19,596	25,451	947,789	-	-	-	992,836
Due to other funds	448,828	-	-	1,529,568	-	639,035	2,617,431
Advances from other funds	-	-	-	-	-	357,604	357,604
Deferred revenue	645,514	-	-	-	-	356,236	1,001,750
<b>Total Liabilities</b>	<b>4,386,645</b>	<b>366,158</b>	<b>1,202,756</b>	<b>1,529,568</b>	<b>-</b>	<b>5,626,361</b>	<b>13,111,488</b>
<b>FUND BALANCES</b>							
Reserved for:							
Debt service	-	-	-	-	-	2,359,614	2,359,614
Encumbrances	1,352,840	1,026,296	289,809	-	-	278,507	2,947,452
Inventory	-	194,032	-	-	-	-	194,032
Long-term receivables	-	-	-	-	-	1,504,790	1,504,790
Unreserved, reported in:							
General							
Designated	7,785,612	-	-	-	-	-	7,785,612
Undesignated	4,128,467	-	-	-	-	-	4,128,467
Special revenue funds							
Designated	-	-	-	-	-	-	-
Undesignated	-	1,742,590	(245,915)	6,818,236	6,683,765	8,197,944	23,196,620
Debt service funds							
Designated	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-
Capital projects funds							
Designated	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>13,266,919</b>	<b>2,962,918</b>	<b>43,894</b>	<b>6,818,236</b>	<b>6,683,765</b>	<b>12,340,855</b>	<b>42,116,587</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 17,653,564</b>	<b>\$ 3,329,076</b>	<b>\$ 1,246,650</b>	<b>\$ 8,347,804</b>	<b>\$ 6,683,765</b>	<b>\$ 17,967,216</b>	<b>\$ 55,228,075</b>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF NEVADA, CALIFORNIA**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2003**

<b>Total Governmental Fund Balances</b>	<b>\$ 42,116,587</b>
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>	249,744,311
<p>Long-term receivables are not available to pay current period expenditures and therefore are deferred in the governmental funds</p>	
Accounts receivable	3,109,442
Interest receivable	38,267
<p>Deferred revenues that were not available to pay current-period expenditures, such as impact fee collections and unearned revenue, were reduced in the statement of net assets.</p>	961,741
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.</p>	
Accounts payable	(1,211,438)
Long-term debt	(24,389,299)
<p>Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.</p>	<u>4,195,553</u>
<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 274,565,164</u></u></b>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF NEVADA, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	General Fund	Road Fund	Community Development Agency	Health and Welfare Realignment	Motor Vehicle License	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes and assessments	\$ 20,038,585	\$ 60,589	\$ 15,970	\$ -	\$ -	\$ 1,354,671	\$ 21,469,815
Licenses and permits	851,813	25,128	1,348,762	-	-	-	2,225,703
Fines and forfeitures	1,803,165	-	22,632	-	-	479,855	2,305,652
Use of money and property	757,123	40,737	27,398	2,599	-	429,704	1,257,561
Intergovernmental	32,012,131	4,442,421	169,053	5,513,544	8,774,090	15,253,971	66,165,210
Charges for services	8,138,707	987,334	1,576,292	-	-	3,612,463	14,314,796
Other revenues	1,675,120	30,002	21,245	-	(795)	3,663,393	5,388,965
<b>Total Revenues</b>	<b>65,276,644</b>	<b>5,586,211</b>	<b>3,181,352</b>	<b>5,516,143</b>	<b>8,773,295</b>	<b>24,794,057</b>	<b>113,127,702</b>
<b>EXPENDITURES</b>							
Current:							
General government	11,313,753	-	-	-	3,273,250	9,331,118	23,918,121
Public ways and facilities	-	8,735,656	-	-	-	16	8,735,672
Public protection	26,634,789	-	-	-	-	1,817,413	28,452,202
Health and sanitation	12,794,157	-	-	-	-	568,473	13,362,630
Public assistance	17,116,941	-	6,480,623	-	-	7,321,716	30,919,280
Education	73,855	-	-	-	-	2,237,099	2,310,954
Debt service							
Principal	26,830	8,595	-	-	-	1,460,000	1,495,425
Interest and other charges	4,377	2,187	-	-	-	843,973	850,537
Capital outlay	593,421	276,559	-	-	-	90,669	960,649
<b>Total Expenditures</b>	<b>68,558,123</b>	<b>9,022,997</b>	<b>6,480,623</b>	<b>-</b>	<b>3,273,250</b>	<b>23,670,477</b>	<b>111,005,470</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,281,479)</b>	<b>(3,436,786)</b>	<b>(3,299,271)</b>	<b>5,516,143</b>	<b>5,500,045</b>	<b>1,123,580</b>	<b>2,122,232</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	7,093,828	3,308,405	2,936,039	-	-	3,924,035	17,262,307
Transfers out	(5,365,819)	-	(65,000)	(4,647,101)	(4,182,544)	(3,001,843)	(17,262,307)
Debt proceeds	68,671	-	-	-	-	-	68,671
<b>Total Other Financing Sources (Uses)</b>	<b>1,796,680</b>	<b>3,308,405</b>	<b>2,871,039</b>	<b>(4,647,101)</b>	<b>(4,182,544)</b>	<b>922,192</b>	<b>68,671</b>
<b>Net Change in Fund Balances</b>	<b>(1,484,799)</b>	<b>(128,381)</b>	<b>(428,232)</b>	<b>869,042</b>	<b>1,317,501</b>	<b>2,045,772</b>	<b>2,190,903</b>
<b>Fund Balances - Beginning</b>	<b>14,770,240</b>	<b>3,082,251</b>	<b>471,766</b>	<b>-</b>	<b>-</b>	<b>7,419,959</b>	<b>25,744,216</b>
Prior period adjustment	(18,312)	-	-	5,949,194	5,366,264	2,874,794	14,171,940
<b>Fund Balances - Beginning, Restated</b>	<b>14,751,928</b>	<b>3,082,251</b>	<b>471,766</b>	<b>5,949,194</b>	<b>5,366,264</b>	<b>10,294,753</b>	<b>39,916,156</b>
Change in reserves	(210)	9,048	360	-	-	330	9,528
<b>Fund Balances - Ending</b>	<b>\$ 13,266,919</b>	<b>\$ 2,962,918</b>	<b>\$ 43,894</b>	<b>\$ 6,818,236</b>	<b>\$ 6,683,765</b>	<b>\$ 12,340,855</b>	<b>\$ 42,116,587</b>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF NEVADA, CALIFORNIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**YEAR ENDED JUNE 30, 2003**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,190,903</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays 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. This is the amount by which capital outlay (\$2,407,496) exceeded depreciation (\$2,007,679) in the current period.	399,817
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of the fixed assets disposed. There were no proceeds.	(22,908)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in accounts receivable	3,109,442
Change in prior year accounts receivable	(1,737,234)
Change in deferred revenue	961,741
Change in interest receivable	38,267
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds.	1,425,684
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in accounts payable	(1,211,438)
Change in prior year accounts payable	78,081
Change in compensated absences	(316,893)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities	<u>672,928</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 5,588,390</u></b>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF NEVADA, CALIFORNIA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2003**

	Enterprise Funds				Internal Service Funds
	Western Nevada County Solid Waste	Airport	Other Enterprise Funds	Totals	
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 8,622,294	\$ 145,720	\$ 4,154,212	\$ 12,922,226	\$ 2,128,574
Accounts receivable	567,701	56,823	504,441	1,128,965	825,368
Other receivables	-	-	646	646	-
Due from other funds	-	20	17,634	17,654	-
Prepaid costs	-	-	-	-	5,481
Inventory	-	17,011	22,441	39,452	-
Deposits	-	-	-	-	41,310
Bond issue cost - net of accumulated amortization	484,085	-	-	484,085	-
Deferred reacquisition cost - net of accumulated amortization	718,396	-	-	718,396	-
<b>Total Current Assets</b>	<b>10,392,476</b>	<b>219,574</b>	<b>4,699,374</b>	<b>15,311,424</b>	<b>3,000,733</b>
Restricted Assets:					
Cash and investments	1,043,026	2,000	-	1,045,026	-
Interest receivable	42	-	-	42	-
<b>Total Restricted Assets</b>	<b>1,043,068</b>	<b>2,000</b>	<b>-</b>	<b>1,045,068</b>	<b>-</b>
Noncurrent Assets:					
Capital assets (net)	978,181	7,506,643	11,167,238	19,652,062	1,944,545
<b>Total Noncurrent Assets</b>	<b>978,181</b>	<b>7,506,643</b>	<b>11,167,238</b>	<b>19,652,062</b>	<b>1,944,545</b>
<b>Total Assets</b>	<b>12,413,725</b>	<b>7,728,217</b>	<b>15,866,612</b>	<b>36,008,554</b>	<b>4,945,278</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	468,825	9,257	619,073	1,097,155	160,391
Accrued payroll and benefits	16,644	4,064	45,557	66,265	3,731
Due to other funds	-	-	17,654	17,654	-
Deferred revenue	-	24,101	2,000	26,101	-
Accrued claims payable	-	-	-	-	660,456
<b>Total Current Liabilities</b>	<b>485,469</b>	<b>37,422</b>	<b>684,284</b>	<b>1,207,175</b>	<b>824,578</b>
Restricted Current Liabilities:					
Customer deposits	26,861	2,000	-	28,861	-
<b>Total Restricted Current Liabilities</b>	<b>26,861</b>	<b>2,000</b>	<b>-</b>	<b>28,861</b>	<b>-</b>
Noncurrent Liabilities:					
Advances from other funds	-	378,000	381,311	759,311	-
Compensated absences payable	31,944	3,169	149,276	184,389	5,211
Certificates of participation	10,990,000	-	-	10,990,000	-
Loans payable	-	482,241	841,105	1,323,346	-
Closure/postclosure costs	11,616,325	-	-	11,616,325	-
<b>Total Noncurrent Liabilities</b>	<b>22,638,269</b>	<b>863,410</b>	<b>1,371,692</b>	<b>24,873,371</b>	<b>5,211</b>
<b>Total Liabilities</b>	<b>23,150,599</b>	<b>902,832</b>	<b>2,055,976</b>	<b>26,109,407</b>	<b>829,789</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	(8,809,338)	7,024,402	10,326,133	8,541,197	1,944,545
Unrestricted	(1,927,536)	(199,017)	3,484,503	1,357,950	2,170,944
<b>Total Net Assets</b>	<b><u>\$(10,736,874)</u></b>	<b><u>\$ 6,825,385</u></b>	<b><u>\$ 13,810,636</u></b>	<b>9,899,147</b>	<b><u>\$ 4,115,489</u></b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(80,064)	
<b>Net Assets of Business-type Activities</b>				<b><u>\$ 9,819,083</u></b>	

The notes to the financial statements are an integral part of this statement.

**COUNTY OF NEVADA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Enterprise Funds			Totals	Internal Service Funds
	Western Nevada County Solid Waste	Airport	Other Enterprise Funds		
<b>OPERATING REVENUES</b>					
Charges for services	6,377,927	15,980	5,594,412	11,988,319	1,825,265
Rents and charges	-	126,939	-	126,939	994,189
Fuel sales	-	493,231	-	493,231	556,549
<b>Total Operating Revenues</b>	<b>6,377,927</b>	<b>636,150</b>	<b>5,594,412</b>	<b>12,608,489</b>	<b>3,376,003</b>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	822,325	166,350	2,235,940	3,224,615	162,313
Fuel	12,216	343,238	145,484	500,938	232,554
Maintenance and repairs	24,437	19,280	1,595,664	1,639,381	126,162
Parts and supplies	16,714	484	23,296	40,494	31,064
Outside services	2,868,631	28,547	3,059,374	5,956,552	475,881
Administration and office	248,325	238,162	562,702	1,049,189	44,276
Utilities	15,850	20,871	542,161	578,882	-
Insurance	27,043	6,464	96,852	130,359	256,122
Benefits paid	-	-	-	-	930,890
Depreciation	71,216	46,798	602,663	720,677	461,695
Rentals and lease payments	24,319	1,967	239,085	265,371	6,796
Miscellaneous expenses	17,681	-	290,405	308,086	-
<b>Total Operating Expenses</b>	<b>4,148,757</b>	<b>872,161</b>	<b>9,393,626</b>	<b>14,414,544</b>	<b>2,727,753</b>
<b>Operating Income (Loss)</b>	<b>2,229,170</b>	<b>(236,011)</b>	<b>(3,799,214)</b>	<b>(1,806,055)</b>	<b>648,250</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Taxes	(42)	52,692	2,160,083	2,212,733	-
Intergovernmental revenues	91,382	14,121	465,140	570,643	40,000
Interest income	252,244	5,143	110,381	367,768	65,931
Other revenues	8,449	277,873	19,305	305,627	-
Interest expense	(683,373)	(25,622)	(43,906)	(752,901)	-
Bond amortization	(25,590)	-	-	(25,590)	-
Gain (loss) on sale of fixed assets	(49,445)	-	-	(49,445)	(57,845)
<b>Total Non-operating Revenue (Expenses)</b>	<b>(406,375)</b>	<b>324,207</b>	<b>2,711,003</b>	<b>2,628,835</b>	<b>48,086</b>
<b>Net Income (Loss) before Contributions and Transfers</b>	<b>1,822,795</b>	<b>88,196</b>	<b>(1,088,211)</b>	<b>822,780</b>	<b>696,336</b>
Capital contributions	16,163	-	-	16,163	56,657
Transfers in	-	-	739,386	739,386	-
Transfers out	-	-	(739,386)	(739,386)	-
<b>Change in Net Assets</b>	<b>1,838,958</b>	<b>88,196</b>	<b>(1,088,211)</b>	<b>838,943</b>	<b>752,993</b>
<b>Total Net Assets - Beginning</b>	<b>(12,558,735)</b>	<b>6,737,540</b>	<b>4,821,515</b>	<b>(999,680)</b>	<b>3,359,291</b>
Prior period adjustment	(17,097)	(351)	10,077,332	10,059,884	3,205
<b>Total Net Assets - Beginning, Restated</b>	<b>(12,575,832)</b>	<b>6,737,189</b>	<b>14,898,847</b>	<b>9,060,204</b>	<b>3,362,496</b>
<b>Total Net Assets - Ending</b>	<b><u>\$(10,736,874)</u></b>	<b><u>\$ 6,825,385</u></b>	<b><u>\$ 13,810,636</u></b>	<b>9,899,147</b>	<b><u>\$ 4,115,489</u></b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(80,064)	
<b>Net Assets of Business-type Activities</b>				<b><u>\$ 9,819,083</u></b>	

The notes to the financial statements are an integral part of this statement.

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2003**

	Enterprise Funds				Internal Service Funds
	Western Nevada County Solid Waste	Airport	Other Enterprise Funds	Totals	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Receipts from customers	\$ 6,138,727	\$ 703,197	\$ 6,266,255	\$ 13,108,179	\$ 2,947,352
Payments to suppliers	(3,486,943)	(884,252)	(7,418,642)	(11,789,837)	(2,489,697)
Payments to employees	(813,160)	(168,726)	(2,209,065)	(3,190,951)	(158,320)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,838,624</b>	<b>(349,781)</b>	<b>(3,361,452)</b>	<b>(1,872,609)</b>	<b>299,335</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>					
Non-operating revenues	99,789	344,686	2,644,528	3,089,003	40,000
Operating subsidies and transfers to other funds	(1)	2,196	(4,660)	(2,465)	1,100,000
Increase (Decrease) in customer deposits	1,179	(2,360)	-	(1,181)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>100,967</b>	<b>344,522</b>	<b>2,639,868</b>	<b>3,085,357</b>	<b>1,140,000</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Proceeds from debt	-	-	185,000	185,000	-
Acquisition of capital assets	(8,490)	-	(355,639)	(364,129)	(593,979)
Change in debt issue costs	(157,940)	-	-	(157,940)	-
Principal paid on debt	(20,000,000)	(37,715)	(93,486)	(20,131,201)	-
Interest paid on debt	(683,373)	(25,622)	(43,906)	(752,901)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(20,849,803)</b>	<b>(63,337)</b>	<b>(308,031)</b>	<b>(21,221,171)</b>	<b>(593,979)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Interest and dividends	253,497	5,143	110,380	369,020	65,931
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>253,497</b>	<b>5,143</b>	<b>110,380</b>	<b>369,020</b>	<b>65,931</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(18,656,715)</b>	<b>(63,453)</b>	<b>(919,235)</b>	<b>(19,639,403)</b>	<b>911,287</b>
<b>Balances - Beginning of the Year</b>	<b>28,322,035</b>	<b>211,173</b>	<b>5,073,447</b>	<b>33,606,655</b>	<b>1,691,412</b>
<b>Balances - End of the Year</b>	<b>\$ 9,665,320</b>	<b>\$ 147,720</b>	<b>\$ 4,154,212</b>	<b>\$ 13,967,252</b>	<b>\$ 2,602,699</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>					
Operating income (loss)	\$ 2,229,170	\$ (236,011)	\$ (3,799,214)	\$ (1,806,055)	\$ 648,250
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	71,216	46,798	602,663	720,677	461,695
Decrease (increase) in:					
Accounts receivable	(239,200)	64,589	671,843	497,232	(428,651)
Prepaid costs	-	1,404	-	1,404	(5,481)
Inventory	-	19,848	(1,908)	17,940	-
Increase (decrease) in:					
Accounts payable	154,881	(246,491)	(861,711)	(953,321)	(27,962)
Accrued payroll and benefits	5,637	788	11,057	17,482	1,229
Compensated absences payable	3,528	(3,164)	15,818	16,182	2,764
Deferred revenue	-	2,458	-	2,458	-
Claims payable	-	-	-	-	(352,509)
Closure/post closure	(386,608)	-	-	(386,608)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,838,624</b>	<b>\$ (349,781)</b>	<b>\$ (3,361,452)</b>	<b>\$ (1,872,609)</b>	<b>\$ 299,335</b>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF NEVADA, CALIFORNIA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2003**

	<b>Investment Trust Funds</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and investments	\$ 50,615,627	\$ (296,632)
Taxes receivable	-	4,989,265
Restricted Assets:		
Cash and investments	-	212,497
<b>Total Assets</b>	<b>50,615,627</b>	<b>4,905,130</b>
<b><u>LIABILITIES</u></b>		
Tax losses reserve	-	1,032,719
Agency obligations	-	3,872,411
<b>Total Liabilities</b>	<b>-</b>	<b>4,905,130</b>
<b><u>NET ASSETS</u></b>		
Net assets held in trust for pool participants	<b>\$ 50,615,627</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF NEVADA, CALIFORNIA**  
**STATEMENT OF CHANGES IN FIDUCITARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FISCAL YEAR ENDING JUNE 30, 2003**

	<u>Investment Trust Funds</u>
<b><u>ADDITIONS</u></b>	
Contributions to investment pool	<u>\$ 19,797,994</u>
Total Additions	<u>19,797,994</u>
<b><u>DEDUCTIONS</u></b>	
Distributions from investment pool	<u>(9,895,487)</u>
Total Deductions	<u>(9,895,487)</u>
Total Change in Net Assets	9,902,507
Net Assets - Beginning	<u>40,713,120</u>
Net Assets - Ending	<u>\$ 50,615,627</u>

The notes to the financial statements are an integral part of this statement.

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# **BASIC FINANCIAL STATEMENTS**

**Notes to the Basic Financial Statements**

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Reporting Entity**

The County operates under an Administrator-Board of Supervisors form of government and provides various services on a countywide basis including law and justice, education, detention, social, health, fire protection, 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 are legally separate organizations for which the Board is financially accountable or other organizations whose component units nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance, part of the County's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is 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 actions taken by the County's Board. The financial statements of the individual component units may be obtained by writing to the County of Nevada, Auditor-Controller's Office, 950 Maidu Avenue, Nevada City, CA 95959.

**Blended Component Units**

Component units that are blended into the reporting activity types of the County's report are presented below:

Special Revenue Funds:	Debt Service Funds:	Enterprise Funds:
Housing Authority	Nevada County Finance Authority	Western Nevada Solid Waste
Special assessment fund		Airport
Special districts governed by the		Eastern Nevada County Solid Waste
Board of Supervisors		Transit Services
		Sanitation District

**Discretely Presented Component Units**

There are not component units of the County which meet the criteria for discrete presentation.

**B. 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 for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and inter-governmental 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 different identifiable activity of the County's business-type activities and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

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

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

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

**FUND FINANCIAL STATEMENTS**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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 public protection, public ways and facilities, health and welfare, public assistance, education, and recreation services.
- The Road Fund is a special revenue fund used to account for revenues and expenditures for streets and road expansion.
- The Community Development Agency is a special revenue fund used to account for the operation of community development programs.
- The Health and Welfare Realignment fund is a special revenue fund used to account for revenues and expenditures for public health programs.
- The Motor Vehicle License is a special revenue fund used to account for revenues and expenditures for motor vehicle programs.

The County reports the following major proprietary funds:

- The Western Nevada County Solid Waste fund is an enterprise fund used to account for activity related to providing customers with solid waste management and billing for service provided by the County.
- The Airport fund is an enterprise fund used to account for activity related to the County Airport and billing for service provided by the County.

The County reports the following additional fund types:

- Internal Service Funds account for the County's fleet maintenance, communications, self lease, and self insurance programs which provide services to other departments on a cost reimbursement basis.
- The Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- Agency Funds account for assets held by the County as an agent for various local governments and for individuals.

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**C. Basis of Accounting**

The government-wide, proprietary, and agency fund 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 gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, 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 tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donation are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within 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 claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its business-type activities and enterprise funds, the County has elected, under Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, to apply all applicable 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. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance. The GASB periodically updates its codification of the existing Governmental Accounting and Financial reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services.

Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities, and Equity**

**Cash and Cash Equivalents**

For purposes of the accompanying statement of cash flows, the enterprise 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.

**Investments**

The County pools cash and investments with the County Treasurer. The pooled funds are invested in accordance with the County of Nevada's Investment Policy established pursuant to State law. All monies not required for immediate expenditure are invested or deposited to earn maximum yield consistent with safety and liquidity. Interest income from pooled investments is allocated to: 1) Those funds which are required by law or administrative action to receive interest; and, 2) Proprietary Funds. Interest is allocated quarterly based on the average daily aggregate cash balance in each fund.

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**D. Assets, Liabilities, and Equity (Continued)**

**Investments (Continued)**

The County follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investment Pools, which require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The pool has not provided or obtained any legally binding guarantees during the period to support the value of the investments. The Nevada Treasury Oversight Committee is the regulatory oversight for the pool. A copy of their annual report is available at the Nevada County Treasurer-Tax Collector's office. The fair value of each participant in the pool is the same as the value of the pool share. Participants in the pool include involuntary participants such as special districts and school districts for which there are legal provisions regarding their investment in the Nevada County Treasury.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Under Section 53601 of the California Government Code, as amended, the collateral underlying a County's investments must be "delivered" to the County. If U.S. Treasury Bills are used as the underlying collateral, delivery may be made by book entry only. For all other collateral, the security must be physically delivered, either to the County or a third-party custodial agent.

Under California Senate Bill No. 2115, passed by the California Legislature in 1986, when a bank is used as a third-party custodial agent, the bank is permitted to maintain the underlying securities in either a "Trust Department" or a "Safekeeping Department". All of the County's investments except for the investment in LAIF and assessments bonds, as described in Note 3, are maintained in the "Safekeeping Departments" of applicable banks.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, and interest. Business-type activities report user fees and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. User fee receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". 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. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details of interfund transactions, including receivables and payables at year-end.

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**D. Assets, Liabilities, and Equity (Continued)**

**Inventory and Prepaid Costs**

Inventories are stated at cost (first-in, first-out basis) for governmental funds and proprietary funds. Inventory recorded by governmental funds includes postage and materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that portion of fund balance not available for future appropriation.

Certain payments to vendors reflect costs applicable to future accounting periods.

**Loans Receivables**

For the purpose of the fund financial statements, Special Revenue Fund expenditures relating to long-term loans receivables arising from mortgage subsidy programs are charged to operations upon funding and the loans receivable are recorded. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are not met.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, water, sewer, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with a cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

**GOVERNMENT-WIDE STATEMENTS**

In the government-wide financial statements, property, plant, equipment, and infrastructure are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2002, governmental funds infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3-25 years
Structures and improvements	5-50 years
Infrastructure (except for the maintained road system)	20-75 years

The maintained road system is reported using the modified approach. The County conducted a physical assessment of the maintained road system condition in fiscal year 2002-2003. This condition assessments will be performed every three years. The County's maintained road system has been classified as all paved or chip sealed roads in the County. The County uses the Metropolitan Transportation Commission's Pavement Management Software to maintain the payment condition databases, to analyze the data and to make long-term pavement condition and budgetary forecasts. Each road segment is rated and given a Pavement Condition Index (PCI) value for zero to one hundred (0-100), where PCIs of 40 or better are assigned to be a "Fair" or better condition and roads with PCIs of 55 or better to be in a "Good" or better condition. The County's policy relative to maintaining the maintained road system is to keep an average PCI rating of 62. This rating must be achieved over a three year period or by June 30, 2006. The fiscal year 2002/2003 PCI rating is 60.50. Accordingly, depreciation is not reported for this system and all expenditures, except for betterments and major improvements, made to the system are recorded as expenses.

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**D. Assets, Liabilities, and Equity (Continued)**

**Capital Assets (Continued)**

Maintenance and repairs are charged to operation when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**FUND FINANCIAL STATEMENTS**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of loans payable, accrued compensated absences, tax allocation bonds payable, and capital leases payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

**Compensated Absences**

The County's policy regarding vacation is to permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. The District includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

**Equity Classifications**

The government-wide and business-type fund financial statements utilize a net asset presentation. Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of new assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**D. Assets, Liabilities, and Equity (Continued)**

**FUND STATEMENTS**

In the governmental fund financial statements, governmental funds report reserves and designations as segregated portions of fund balance. Reservations of fund balance are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance are established by action of management and represent tentative plans that are subject to change. The County's reserves and designations at June 30, 2003, are comprised of the following:

	<u>General</u>	<u>Road</u>	<u>Community Development</u>	<u>Other Governmental</u>
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ 2,359,614
Encumbrances	1,352,840	1,026,296	43,894	278,933
Long-term receivables	-	-	-	1,504,790
Inventory	-	194,032	-	-
Total	<u>\$ 1,352,840</u>	<u>\$ 1,220,628</u>	<u>\$ 43,894</u>	<u>\$ 4,143,337</u>
Designated for:				
COP	\$ 43,133	\$ -	\$ -	\$ -
Realignment	300,000	-	-	-
General	1,876,609	-	-	-
Special projects	1,000,000	-	-	-
Leave liability	1,650,000	-	-	-
Technology	561,870	-	-	-
PERS pension	2,354,000	-	-	-
Total	<u>\$ 7,785,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A description of reserves follows:

- Reserved for Debt Service – to reflect the funds held for future payment on debt principal and interest.
- Reserved for Encumbrances – to reflect the outstanding contractual obligations for which goods and services have not been received.
- Reserved for Inventory – to reflect the portion of assets which do not represent available, spendable resources.
- Reserved for Long-Term Receivables – to reflect the portion of fund balance relating to State required low-to-moderate income housing set aside.

A description of designations follows:

- Designated for COP Lease Payment - to reflect the funds the County has set aside to fund subsequent COP lease payments.
- Designated for Realignment – to reflect the funds the County has set aside to fund subsequent Pot St. expenditures.
- Designated for General - to reflect the funds the County has set aside to fund subsequent year expenditures and projects not yet approved.
- Designated for Special Projects - to reflect6 funds the County has set aside to fund subsequent projects.
- Designated for Leave Liability - to reflect the funds the County has set aside to fund subsequent payments to retire compensated absences.
- Designated for Technology - to reflect funds the County has set aside to fund subsequent upgrades.
- Designated for PERS Pension - to reflect funds the County has set aside to fund future PERS costs.

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**E. Revenues, Expenditures, and Expenses**

**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 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 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts.

The County assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates (delinquent as of)	November 1 (1 <sup>st</sup> installment) February 1 (2 <sup>nd</sup> installment)	July 1
Delinquent dates	December 10 (1 <sup>st</sup> installment) April 10 (2 <sup>nd</sup> installment)	August 31

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end.

The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the "Teeter Plan", as prescribed by Section 4717 of the California Revenue and Taxation code.

Under the Teeter Plan, penalties and interest collected on delinquent secured taxes are required to be held in trust in the Tax Loss Recovery Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property.

The County is legally required to maintain a minimum balance of 1% of the annual taxes levied on properties participating in the Teeter Plan. The balance in the TLRF was \$247,564 million at June 30, 2003. The County's management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County's Teeter Plan and accounted for in an agency fund.

**Grant Revenues**

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as deferred revenue.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Government Funds – By Character
  - Current (further classified by function)
  - Debt Service
  - Capital Outlay

- Proprietary Fund – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

**E. Revenues, Expenditures, and Expenses (Continued)**

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**F. Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Implementation of New Accounting Pronouncements**

In June 1999, and June 2001, the GASB issued Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus," respectively. These statements provide for the most significant change in financial reporting in over twenty years and are scheduled for a phased implementation (based on size of government) starting with fiscal year ending 2002.

In June 2001, the GASB issued Statement No. 38, "Certain Financial Statement Note Disclosures." This statement modifies, adds, and deletes various note disclosure requirements. Those requirements address revenue recognition policies, actions taken in response to legal violations, debt service requirements, variable-rate debt, receivable and payable balances, interfund transactions and balances, and short-term debt.

During the current year, the accounting and reporting requirements of GASB 34, 37, and 38 have been implemented in these financial statements. The beginning fund balance/net assets of certain funds were adjusted in order to more appropriately reflect these reporting requirements. Accordingly, the beginning net assets of the General Fund has been restated (\$18,312), the beginning net assets of Health and Welfare Realignment fund has been restated \$5,949,194, the beginning net assets of the Motor Vehicle License fund has been restated \$5,366,264, the beginning net assets of the Human Services Agency has been restated (\$82,164), the beginning net assets of the Administration fund has been restated \$1,267,217, the beginning net assets of the Community Development Agency fund has been restated \$361,746, the beginning net assets of the District Attorney fund has been restated \$48,065, the beginning net assets of the Probation fund has been restated \$75, the beginning net assets of the Sheriff fund has been restated \$325,158, the beginning net assets of the Department of Transportation fund has been restated \$991,997, and the beginning net assets of the Housing and Community Services fund has been restated (\$37,300).

**B. Capital Asset Classification**

During the current year, the County recorded its infrastructure assets and evaluated its capital asset balances as previously recorded. In addition, the beginning net assets of certain funds were adjusted in order to more appropriately reflect the nature of the activity. Accordingly, the beginning net assets of the Western Nevada County Solid Waste fund were restated (\$17,097), the beginning net assets of the Airport fund were restated (\$351), the beginning net assets of the Transit Services funds were restated (\$29,838), and the beginning net assets of the Sanitation District were restated \$10,759,148.

**C. Other Restatements**

During the current year, as a result of evaluating fund classifications, the County adjusted beginning net assets to reflect debt and other adjustments. The beginning net assets of the Sanitation District were restated (\$651,978).

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**D. Restatement of Equity**

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

	<u>Governmental</u>	<u>Business-Type</u>
Fund Balance/Net Assets, June 30, 2002, as Previously Reported	\$ 25,744,216	(\$ 999,680)
Adjustment Associated With:		
Capital Asset Classification	14,171,940	10,711,862
Other Adjustments	-	( 651,978)
Fund Balance/Net Assets, July 1, 2002, as Restated	<u>\$ 39,916,156</u>	<u>\$ 9,060,204</u>

**E. Deficit Fund Balance/Net Assets**

The following nonmajor governmental funds had deficit fund balances at June 30, 2003:

The Probation fund had a fund balance deficit of \$991, which is expected to be eliminated in future years through cost containment.

The Road Impact Fees fund had a fund balance deficit of \$16, which is expected to be eliminated in future years through cost containment.

**F. Rebatable Arbitrage**

The County is obligated to calculate arbitrage rebates on all tax allocation bonds. There was not rebatable arbitrage liability.

**G. Gann Spending Limitation**

Under Article XIII B of the California Constitution (the Gann Spending Limitation), the County is restricted as to the amount of annual appropriations from proceeds of taxes, and of proceed of taxes allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements.

**NOTE 3: DETAILED NOTES**

**A. 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. 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 State of California requires certain special districts and other governmental entities to maintain surplus cash with the County Treasurer.

Total County cash and investments are reported as follows:

Primary government	\$ 57,194,067
Investment trust fund	50,615,627
Agency funds	( 84,135)
Total Cash and Investments	<u>\$ 107,725,559</u>

Total County cash and investments are as follows:

Cash on hand	\$ 1,797,817
Deposits (less outstanding warrants)	19,145,711
Investments:	
In Treasurer's pool	83,414,743
With fiscal agents	3,367,288
Total Cash and Investments	<u>\$ 107,725,559</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3: DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

**Deposits**

The California Government Code requires California banks and savings and loan associations to collateralize a County's deposits by pledging government securities. The market value of pledged securities must equal at least 110 percent of a County's deposits. California law also allows financial institutions to collateralize County deposits by pledging first trust deed mortgage notes having a value of 150 percent of a County's total deposits. The County may waive collateral requirements for deposits which are fully insured up to \$100,000 by Federal Deposit insurance.

At year end, the carrying amount of the County's cash deposits (including amount in checking accounts and money market accounts) was \$19,145,711 and the bank balance was \$12,183,653. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$501,413 was covered by federal depository insurance and \$11,682,240 was uninsured and collateralized (i.e., collateralized with securities held by the pledging financial institution at 110 percent of the deposits, in accordance with the State of California Government Code, deemed to be held in the County's name).

**Investments**

In accordance with Government Code Section 53601, the County may invest in the following types of investments:

- Bonds issued by the State of California and/or any local agency within the State of California
- Securities of the U.S. Government, or its agencies
- Certificated of Deposit (or Time Deposit) placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Commercial Acceptances
- Local Agency Investment Fund (State Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Passbook Savings Account Demand Deposits
- Reverse Repurchase Agreements
- Medium Term Corporate Notes
- Mutual Funds holding the above allowable investments

Even though such investment are authorized under the California Government Code, during the fiscal year ended June 30, 2003, the County did not invest in the following types of Federal Agency obligations:

Small Business Administration	Tennessee Valley Authority Notes
Student Loan Association Notes	Federal Land Bank Bonds
Reverse Repurchase Agreements	Federal Intermediate Credit Bank Disclosures
Repurchase Agreements	

**Derivative Financial Products and External Investment Pool**

Derivative financial products are contracts whose value depends on, or derives from, the value of an underlying assets, reference rate, or index. Rates are directly or inversely tied to various indexes. Therefore, the interest rate realized on these investments may lag or be inverse to market conditions and may cause a subsequent decline in market value.

**Reverse Repurchase Agreements**

State statutes permit the County to enter into reverse repurchase agreements, that is, sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. However, at no time during the fiscal year did the County borrow funds through the use of reverse repurchase agreements.

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3: DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

**Credit Risk, Carrying Amount, and Fair Value of Investments**

**Deposits:**

- (1) Includes insured or collateralized deposits with securities held by the District or its agent in the District's name.
- (2) Includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- (3) Includes deposits uncollateralized or collateralized with securities held by the pledging financial institution or agent, but not in the District's name.

**Investments:**

- (1) Includes investments that are insured or registered, or held by the District or its agent in the District's name.
- (2) Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.
- (3) Includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the District's name.

The following schedule of cash and investments as of June 30, 2003, is categorized by custodial credit risk and includes all deposits and investments including those not subject to categorization:

	Category			Fair Value
	1	2	3	
Categorized				
Deposits	\$ 19,145,711	\$ -	\$ -	\$ 19,145,711
Government Securities	56,572,206	-	-	56,572,206
Commercial Paper	10,993,420	-	-	10,993,420
Bankers Acceptance	<u>15,849,117</u>	-	-	<u>15,849,117</u>
Total Categorized Investments	<u>\$13,469,340</u>	<u>\$ -</u>	<u>\$ -</u>	102,560,454
Uncategorized				
Investments with fiscal agents				3,367,288
Cash on hand				<u>1,797,817</u>
Total Cash and Investments				<u>\$ 107,725,559</u>

**B. Restricted Cash and Investments**

A description of amounts held as restricted cash and investments follows:

	Fair Value
<u>Other Governmental Fund</u>	
Certificates of Participation - 2001 Refinancing Project	
Funds set aside for reserve funds	\$ 2,138,625
Total Governmental Activities	<u>\$ 2,138,625</u>
<u>Enterprise Funds</u>	
Customer Deposits	
The County instituted a deposit requirement beginning July 1, 1990, for all commercial customers using the landfill. The deposit is in the form of a dual signature passbook account (customer and County signatures required).	\$ 2,000
Certificates of Participation - Western Nevada County Solid Waste pursuant to the issuance of the COP - Western Nevada County Solid Waste, net proceeds were provided to establish reserve, installment payment and project funds.	<u>1,043,026</u>
Total Enterprise Funds	<u>\$ 1,045,026</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3: DETAILED NOTES (CONTINUED)**

**B. Restricted Cash and Investments (Continued)**

Trust and Agency Funds

Mello Roos Bonds	
Funds set aside for retirement of the Mello Roos bonds	\$ 51,274
County Trusts	
Amounts held in trust and agency funds restricted for various specific purposes	<u>161,223</u>
Total Trust and Agency Funds	<u>\$ 212,497</u>

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2003, was as follows:

	<u>Balance July 1, 2002</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2003</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land and easements	\$ 3,470,511	\$ 97,454,339	(\$ 863,599)	\$ 100,061,251
Infrastructure (maintained road system)	<u>-</u>	<u>99,150,781</u>	<u>-</u>	<u>99,150,781</u>
Total capital assets, not being depreciated	<u>3,470,511</u>	<u>196,605,120</u>	<u>( 863,599)</u>	<u>199,212,032</u>
Capital assets, being depreciated:				
Buildings and improvements	50,015,693	-	( 5,794,693)	44,221,000
Equipment	11,641,495	6,439,488	( 3,609,425)	14,471,558
Infrastructure	<u>-</u>	<u>26,671,616</u>	<u>-</u>	<u>26,671,616</u>
Total capital assets, being depreciate	<u>61,657,188</u>	<u>33,111,104</u>	<u>( 9,404,118)</u>	<u>85,364,174</u>
Less accumulated depreciation for:				
Building and improvements	( -)	( 13,569,791)	-	( 13,569,791)
Equipment	( -)	( 10,143,984)	724,451	( 9,419,533)
Infrastructure	<u>( -)</u>	<u>( 9,898,026)</u>	<u>-</u>	<u>( 9,898,026)</u>
Total accumulated depreciation	<u>( -)</u>	<u>( 33,611,801)</u>	<u>724,451</u>	<u>( 32,887,350)</u>
Total capital assets, being depreciated, Net	<u>61,657,188</u>	<u>( 500,697)</u>	<u>( 8,679,667)</u>	<u>52,476,824</u>
Governmental Activities Capital Assets, Net	<u>\$ 65,127,699</u>	<u>\$ 196,104,423</u>	<u>( \$ 9,543,266)</u>	<u>\$ 251,688,856</u>
	<u>Balance July 1, 2002</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2003</u>
<b>Business-Type Activities</b>				
Capital Assets, not being depreciated:				
Land and easements	\$ 7,236,795	\$ 1,304,187	\$ -	\$ 8,540,982
Total capital assets, not being depreciated	<u>7,236,795</u>	<u>1,304,187</u>	<u>-</u>	<u>8,540,982</u>
Capital assets, being depreciated:				
Structures and improvements	2,097,705	-	-	2,097,705
Equipment	2,474,574	861,705	( 657,767)	2,678,512
Infrastructure	<u>-</u>	<u>16,241,403</u>	<u>( -)</u>	<u>16,241,403</u>
Total capital assets, being depreciated	<u>4,572,279</u>	<u>17,103,108</u>	<u>( 657,767)</u>	<u>21,017,620</u>
Less accumulated depreciation for:				
Structures and improvements	( 763,817)	( 108,839)	-	( 872,656)
Equipment	( 1,715,207)	( 724,063)	418,577	( 2,020,693)
Infrastructure	<u>-</u>	<u>( 7,013,191)</u>	<u>-</u>	<u>( 7,013,191)</u>
Total accumulated depreciation	<u>( 2,479,024)</u>	<u>( 7,846,093)</u>	<u>418,577</u>	<u>( 9,906,540)</u>
Total capital assets, being depreciated, Net	<u>2,093,255</u>	<u>9,257,015</u>	<u>( 239,190)</u>	<u>11,111,080</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,330,050</u>	<u>\$ 10,561,202</u>	<u>( \$ 239,190)</u>	<u>\$ 19,652,062</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3: DETAILED NOTES (CONTINUED)**

**C. Capital Assets (Continued)**

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 441,689
Public protection	521,997
Health and sanitation	240,921
Public assistance	602,304
Education	40,154
Public ways and facilities	<u>160,614</u>
Subtotal governmental funds	2,007,679
Depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>461,695</u>
<b>Total Depreciation Expense – Governmental Functions</b>	<b><u>\$ 2,469,374</u></b>

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

Western Nevada County Solid Waste	\$ 71,216
Airport	46,798
Transit	217,895
Sanitation District	<u>384,768</u>
<b>Total Depreciation Expense – Business-Type Functions</b>	<b><u>\$ 720,677</u></b>

**D. Long-Term Liabilities**

The following is a summary of all long-term liabilities transactions for the year ended June 30, 2003:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2002</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2003</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Certificates of Participation	\$ 21,385,000	\$ -	\$ 1,460,000	\$ 19,925,000	\$ 1,295,000
Loans	128,590	-	128,590	-	-
Special Assessment Debt with Government Obligation	621,000	-	621,000	-	-
Capital Leases (Note 3E)	56,176	69,741	35,425	90,492	34,564
Compensated Absences (Note 1D)	<u>4,059,361</u>	<u>319,657</u>	<u>-</u>	<u>4,379,018</u>	<u>1,601,713</u>
<b>Total Governmental Activities - Long-Term Activities</b>	<b><u>\$ 26,250,127</u></b>	<b><u>\$ 389,398</u></b>	<b><u>\$ 2,245,015</u></b>	<b><u>\$ 24,394,510</u></b>	<b><u>\$ 2,931,277</u></b>
<b>Business-Type Activities</b>					
Certificates of Participation	\$ 30,990,000	\$ -	\$ 20,000,000	\$ 10,990,000	\$ 440,000
Loans	519,956	128,590	45,201	603,345	41,085
Special Assessment Debt with Government Obligation	-	621,000	86,000	535,000	56,000
Notes Payable	-	185,000	-	185,000	-
Closure/Post Closure (Note 3F)	12,002,933	-	386,608	11,616,325	-
Compensated Absences (Note 1D)	<u>75,987</u>	<u>111,567</u>	<u>3,164</u>	<u>184,390</u>	<u>-</u>
<b>Total Business-Type Activities - Long-Term Activities</b>	<b><u>\$ 43,588,876</u></b>	<b><u>\$ 1,046,157</u></b>	<b><u>\$ 20,520,973</u></b>	<b><u>\$ 24,114,060</u></b>	<b><u>\$ 537,085</u></b>

A description of long-term debt recorded in governmental activities at June 30, 2003 follows:

**Certificates of Participation**

<u>Description of Debt</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2003</u>
2001 Refunding	10/1/2019	3.00-4.50	\$880,000-1,660,000	\$ 21,385,000	\$ 19,925,000
<b>Total Certificates of Participation</b>				<b><u>\$ 21,385,000</u></b>	<b><u>\$ 19,925,000</u></b>

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3: DETAILED NOTES (CONTINUED)**

**D. Long-Term Liabilities (Continued)**

**Certificates of Participation (Continued)**

As of June 30, 2003, annual debt service requirements of certificates of participation included in governmental activities are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 1,295,000	\$ 802,648
2005	1,340,000	763,123
2006	1,660,000	718,123
2007	900,000	679,160
2008	880,000	650,248
2009-2013	4,895,000	2,724,809
2014-2018	6,025,000	1,526,244
2019-2023	2,930,000	160,913
Total	<u>\$ 19,925,000</u>	<u>\$ 8,025,268</u>

A description of long-term debt recorded in business-types activities at June 30, 2003 follows:

**Certificates of Participation**

<u>Description of Debt</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2003</u>
2002 Refunding	6/1/2021	2.50-4.75	\$ 425,000-900,000	\$ 11,415,000	\$ 10,990,000
Total Certificates of Participation				<u>\$ 11,415,000</u>	<u>\$ 10,990,000</u>

As of June 30, 2003, annual debt service requirements of Certificates of Participation included in business-type activities are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 440,000	\$ 473,044
2005	450,000	462,924
2006	460,000	450,549
2007	475,000	436,749
2008	490,000	421,074
2009-2013	2,750,000	1,811,059
2014-2018	3,415,000	1,138,388
2019-2023	2,510,000	256,750
Total	<u>\$ 10,990,000</u>	<u>\$ 5,450,537</u>

**Loans**

<u>Description of Debt</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2003</u>
Nev-3-95-L2	9/21/2010	6.0629	10,340-16,660	\$ 258,500	\$ 165,441
Airport Loan	7/26/2016	5.0498	14,400-30,519	260,000	316,800
Sanitation District No. 1 Facilities Rehabilitation Loan	1/22/2016	3.03	6,417-11,154	170,874	121,104
Total Loans				<u>\$ 689,374</u>	<u>\$ 603,345</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3: DETAILED NOTES (CONTINUED)**

**D. Long-Term Liabilities (Continued)**

**Loans (Continued)**

As of June 30, 2003, annual debt service requirements of loans included in business-type activities are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 41,085	\$ 29,783
2005	43,719	27,677
2006	46,359	25,433
2007	49,007	23,048
2008	51,664	20,522
2009-2013	234,121	62,548
2014-2018	137,390	14,498
Total	<u>\$ 603,345</u>	<u>\$ 203,509</u>

**Special Assessment Debt with  
Government Obligation**

<u>Description of Debt</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2003</u>
No. San Juan Sewer Assessment	9/2/2018	5.00	1,000-3,000	\$ 53,000	\$ 35,000
Penn Valley Assessment	9/2/2009	6.20-7.10	35,000-95,000	1,065,000	500,000
Total Special Assessment Debt with Government Obligation				<u>\$ 1,118,000</u>	<u>\$ 535,000</u>

**Special Assessment Debt with  
Government Obligation (Continued)**

As of June 30, 2003 annual debt service requirements of Special Assessment bonds with County Commitment included in governmental activities are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Special Assessment Bonds With County Commitment</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 56,000	\$ 36,860
2005	61,000	32,435
2006	67,000	27,660
2007	72,000	22,685
2008	77,000	17,335
2009-2013	185,000	18,813
2014-2018	14,000	2,600
2019-2023	3,000	75
Total	<u>\$ 535,000</u>	<u>\$ 158,463</u>

**Notes Payable**

<u>Description of Debt</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2003</u>
Transportation Commission	-	-	185,000	\$ 185,000	\$ 185,000
Total Note Payable				<u>\$ 185,000</u>	<u>\$ 185,000</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3: DETAILED NOTES (CONTINUED)**

**D. Long-Term Liabilities (Continued)**

**Notes Payable (Continued)**

As of June 30, 2003, annual debt service requirements of note payable included in business-type activities are as follows:

Year Ended <u>June 30</u>	<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 185,000	\$ -
Total	<u>\$ 185,000</u>	<u>\$ -</u>

**E. Leases**

**Operating Leases**

Rental expenses incurred under operating leases are not considered material.

**Capital Leases**

The County has entered into certain capital lease agreements under which the related buildings will become the property of the County when all terms of the lease agreements are met.

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2003</u>
Governmental fund activities	5.90%-6.50%	\$ 90,492
Total Capital Lease Obligations		<u>\$ 90,492</u>

Equipment and related accumulated depreciation under capital lease are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 148,089
Less: accumulated depreciation	( 29,804)
Net Value	<u>\$ 118,285</u>

As of June 30, 2003, capital lease annual amortization is as follows:

Year ending June 30:	<u>Governmental Activities</u>
2004	\$ 41,758
2005	26,316
2006	21,339
2007	<u>16,167</u>
Total requirements	105,580
Less interest	( 15,088)
Present Value of Remaining Payments	<u>\$ 90,492</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3: DETAILED NOTES (CONTINUED)**

**F. Closure/Post Closure**

**Closure/Post Closure**

State and federal laws and regulations require that the County of Nevada place a final cover on, and perform certain maintenance and monitoring functions at the landfill site. Such laws and regulations requires post closure maintenance and monitoring for thirty years after the date of closure and that a closure plan be accepted and approved by the California Integrated Waste Management Board. The County's landfill closure plan was approved by the California Integrated Waste Management Board in June 1999.

The estimated liability for landfill post closure care costs is \$11,616,325 as of June 30, 2003. The estimated total cost of landfill care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2003. However, the actual cost of post closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

The County established a pledge of revenue to demonstrate financial responsibility for post closure maintenance in accordance with Section 18.283 and 18.290 of the California Code of Regulations.

**G. Short-Term Debt**

The County issued tax anticipation notes in advance of property tax collections depositing the proceeds in the General fund. These notes are necessary to fund current expenditure requirements. Short-term debt activity for the year ended June 30, 2003, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -

**H. Interfund Transactions**

**Due To/From Other Funds**

Operating receivables and payables between funds are classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2003:

	Due from Other funds	Due to Other funds
General Fund	\$ 1,530,246	\$ 448,828
Community Development Agency	405,301	-
Health and Welfare Realignment	364,745	1,529,568
Nonmajor Governmental Funds	317,139	639,035
Airport	20	-
Nonmajor Enterprise Funds	17,634	17,654
Total	\$ 2,635,085	\$ 2,635,085

**Advances To/From Other Funds**

Advances to/from other funds are non-current interfund loans and are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriations and are not expendable available financial resources. The following are advances to/from other funds as of June 30, 2003:

	Advance to Other Funds	Advance from Other Funds
General Fund	\$ 759,311	\$ -
Nonmajor Governmental Funds	357,604	357,604
Airport	-	378,000
Nonmajor Enterprise Funds	-	381,311
Total	\$ 1,116,915	\$ 1,116,915

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 3: DETAILED NOTES (CONTINUED)**

**H. Interfund Transactions (Continued)**

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2003:

	Transfer In	Transfer Out
General Fund	\$ 7,093,828	\$ 5,365,819
Road	3,308,405	-
Community Development Agency	2,936,039	65,000
Health and Welfare Realignment	-	4,647,101
Motor Vehicle License	-	4,182,544
Nonmajor Governmental Funds	3,924,035	3,001,843
Nonmajor Enterprise Funds	739,386	739,386
	\$ 18,001,693	\$ 18,001,693
Total		

**NOTE 4: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS**

**A. Defined Benefit Pension Plan**

**Plan Description**

The County contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

**Funding Policy**

Active plan members in PERS are required to contribute 7 percent (9 percent for safety employees) of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2002/2003 was 0.000 percent for miscellaneous employees and 0.000 percent for safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

**Annual Pension Cost**

For fiscal year 2002/2003, the County's annual pension cost of \$0 for PERS was equal to the County's actual contributions. The required contributions for fiscal year 2002/2003 were determined as part of the June 30, 2000, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.75 percent to 14.20 percent for miscellaneous plan and 4.27 percent to 11.59 percent for safety plan, depending on age, service, and type of employment, and (c) 3.75 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of PERS assets were determined using techniques that smooth the effect of short term volatility in the market value of investments over a two to five year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percent of pay over a closed-20-year period.

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 4: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)**

**Three Year Trend Information for PERS**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2001	\$ 103,366	100%	-
June 30, 2002	230,537	100%	-
June 30, 2003	-	100%	-

**B. Employee Benefits**

**457 Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all permanent County employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available until terminations, retirement, death or unforeseeable emergency.

Pursuant to changes in August 1996, of IRC Section 457, in January 1997, the County formally established a trust in which all assets and income of the 457 plan were placed. The assets, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are not longer the property of the County, and as such are no longer subject to the claims of the County's general creditors. As a result, the assets of the 457 plan are not reflected on the County financial statements.

**Post Employment Benefits**

The County has agreed by resolution to pay post-employment health insurance benefits for certain retirees who have retired from employment with the County. These benefits are financed on a pay-as-you-go basis. At June 30, 2003, 306 retired employees were covered and the cost of this coverage for the year ended June 30, 2003, was \$720,330.

**NOTE 5: 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 Risk Management Funds (internal service funds) to account for and finance its uninsured risks of loss for public liability, unemployment and workers' compensation, health, dental, and vision. The County is a member of the California State Association of Counties of California Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for Counties. Should actual loss among participants be greater than anticipated, the County will be assessed its pro rata share of the deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess.

As of July 1, 1997, the County is no longer self insured for Workers Comp. The County is a member of the County Supervisors Association of California Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for Counties. Under this program, the Risk Management Funds provide coverage for up to a maximum of \$125,000 for each workers' compensation claim, \$100,000 for each general liability claim, and \$10,000 for each unemployment claim. Should actual loss among participants be greater than anticipated, the County will be assessed its prorated share of the deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its prorated share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

All fund of the County participate in the program and make payments to the Risk Management Funds based on estimates of the amounts needed to pay prior and current year claims. At June 30, 2003, the Risk Management Fund's fund equity was \$1,963,499. The claims liability of \$660,456 reported in the funds at June 30, 2003, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which required 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 determined.

**COUNTY OF NEVADA, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 5: RISK MANAGEMENT (CONTINUED)**

Changes in the County's claims liability amount for the fiscal years 2002 and 2003 were as follows:

	Balance at Beginning of Fiscal Year	Current year Claims and Changes in Estimates	Balance of Claims Payments	End of Fiscal Year
2002	\$ 1,334,897	\$ 732,833	\$ 1,054,765	\$ 1,012,965
2003	1,012,965	578,381	930,890	660,456

The ultimate settlement of specific claims against the County cannot presently be determined and no provision for any other liability that may result has been made in the financial statements.

**NOTE 6: OTHER INFORMATION**

**A. Construction Commitments**

The County has signed agreements to construct various capital improvements subsequent to June 30 2003. The balance owed on the commitments at June 30, 2003, was \$1,254,867.

**B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The County is involved in several lawsuits. Due to the nature of the cases, County Counsel is unable to estimate at this time the probability of favorable or unfavorable outcomes. Therefore, no provision has been made in the financial statements for a loss contingency.

The Eastern Nevada County Solid Waste landfill is an active landfill located between Highway 80 and Hirschdale Toad on the east side of the community of Hirschdale. The landfill site was leased to Truckee Sanitary District for a period of time for use as a sanitary landfill. The landfill site is approximately 3 acres in size and located on County property, with the exception of the eastern most edge which was located on adjacent Forest Service land. The County is in the process of acquiring this strip of land from the Forest Service.

Responsibility for the landfill stays with the property owner, not the operator. The landfill falls under the requirements of illegal or abandoned landfills of Title 27 of the California Code of Regulations. As such, the landfill must be investigated, permitted for closure, and closed under these regulations. The investigations include determining the waste footprint (completed), preparing a topographic survey of the landfill (completed), performing groundwater monitoring (completed), and determining if landfill gas is present in the waste mass (to be performed). The closure permitting is performed by preparing a final closure and postclosure maintenance plan that describes and discusses the site history environment, current conditions, proposed engineered approach for final closure, closure costs, postclosure maintenance to be performed, and postclosure maintenance and inspection cost estimates. The County is scheduled to begin preparation of the final closure and postclosure maintenance plan in spring 2003. After the plan is approved by the regional Water Quality Control Board, the California Integrated Waste Management Board, and the County Department of Environmental Health, the County may contract with a contractor to perform the closure construction work or may elect to use County road crew, as available, to perform the construction work. The County is unable to estimate at this time the cost of this closure-postclosure. Therefore no provision has been made in the financial statements for any potential liability.

**C. Joint Agencies**

The CSAC Excess Insurance Authority is a joint powers authority organized for the purpose to develop and fund excess insurance programs for member counties. The Authority operates public entity risk pools for workers' compensation, comprehensive liability, property, medical malpractice, and pool purchases excess insurance and services for members. The Authority is under the control and direction of a board of directors consisting of representatives of the fifty member counties.

Complete audited financial statements for CSAC Excess Insurance Authority can be obtained from the Authority's office at 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF NEVADA, CALIFORNIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes and assessments	\$ 19,440,627	\$ 19,565,845	\$ 20,038,585	\$ 472,740
Licenses and permits	743,700	790,304	851,813	61,509
Fines and forfeitures	2,056,453	2,056,453	1,803,165	(253,288)
Use of money and property	990,711	990,711	757,123	(233,588)
Intergovernmental	38,724,762	39,439,833	32,012,131	(7,427,702)
Charges for services	7,541,420	7,640,018	8,138,707	498,689
Other revenues	1,548,636	2,544,515	1,675,120	(869,395)
<b>Total Revenues</b>	<b>71,046,309</b>	<b>73,027,679</b>	<b>65,276,644</b>	<b>(7,751,035)</b>
<b>EXPENDITURES</b>				
Current:				
General government	14,034,552	13,422,728	11,313,753	2,108,975
Public protection	23,556,208	23,679,101	26,634,789	(2,955,688)
Health and sanitation	13,544,563	13,257,118	12,794,157	462,961
Public assistance	18,414,936	17,827,659	17,116,941	710,718
Education	65,913	65,163	73,855	(8,692)
Debt service				
Principal	3,607	-	26,830	(26,830)
Interest and other charges	1,793	-	4,377	(4,377)
Capital outlay	4,193,518	4,234,987	593,421	3,641,566
<b>Total Expenditures</b>	<b>73,815,090</b>	<b>72,486,756</b>	<b>68,558,123</b>	<b>3,928,633</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,768,781)</b>	<b>540,923</b>	<b>(3,281,479)</b>	<b>(3,822,402)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	459,997	1,085,905	7,093,828	6,007,923
Transfers out	(2,837,870)	(5,090,403)	(5,365,819)	(275,416)
Debt proceeds	-	-	68,671	68,671
<b>Total Other Financing Sources (Uses)</b>	<b>(2,377,873)</b>	<b>(4,004,498)</b>	<b>1,796,680</b>	<b>5,801,178</b>
<b>Net Change in Fund Balances</b>	<b>(5,146,654)</b>	<b>(3,463,575)</b>	<b>(1,484,799)</b>	<b>1,978,776</b>
<b>Fund Balances - Beginning</b>	<b>14,770,240</b>	<b>14,770,240</b>	<b>14,770,240</b>	<b>-</b>
Prior period adjustment	-	-	(18,312)	(18,312)
<b>Fund Balances - Beginning, Restated</b>	<b>14,770,240</b>	<b>14,770,240</b>	<b>14,751,928</b>	<b>(18,312)</b>
Change in reserves	-	-	(210)	(210)
<b>Fund Balances - Ending</b>	<b>\$ 9,623,586</b>	<b>\$ 11,306,665</b>	<b>\$ 13,266,919</b>	<b>\$ 1,960,254</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD FUND - MAJOR SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 75,000	\$ 75,000	\$ 60,589	\$ (14,411)
Licenses and permits	32,000	32,000	25,128	(6,872)
Use of money and property	80,000	80,000	40,737	(39,263)
Intergovernmental	9,471,627	9,471,627	4,442,421	(5,029,206)
Charges for services	1,192,301	1,192,301	987,334	(204,967)
Other revenues	230	230	30,002	29,772
<b>Total Revenues</b>	<b>10,851,158</b>	<b>10,851,158</b>	<b>5,586,211</b>	<b>(5,264,947)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Public ways and facilities	11,155,818	11,077,052	8,735,656	2,341,396
Debt service				
Principal	9,666	9,666	8,595	1,071
Interest and other charges	1,555	1,555	4,377	(2,822)
Capital outlay	438,000	438,000	276,559	161,441
<b>Total Expenditures</b>	<b>11,605,039</b>	<b>11,526,273</b>	<b>9,025,187</b>	<b>2,501,086</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(753,881)</b>	<b>(675,115)</b>	<b>(3,438,976)</b>	<b>(2,763,861)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	150,000	3,308,405	3,158,405
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>150,000</b>	<b>3,308,405</b>	<b>3,158,405</b>
<b>Net Change in Fund Balances</b>	<b>(753,881)</b>	<b>(525,115)</b>	<b>(130,571)</b>	<b>394,544</b>
<b>Fund Balances - Beginning</b>	<b>3,082,251</b>	<b>3,082,251</b>	<b>3,082,251</b>	<b>-</b>
<b>Change in reserves</b>	<b>-</b>	<b>-</b>	<b>9,048</b>	<b>9,048</b>
<b>Fund Balances - Ending</b>	<b>\$ 2,328,370</b>	<b>\$ 2,557,136</b>	<b>\$ 2,960,728</b>	<b>\$ 403,592</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**COMMUNITY DEVELOPMENT AGENCY - MAJOR SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 10,000	\$ 10,000	\$ 15,970	\$ 5,970
Licenses and permits	1,429,465	1,429,465	1,348,762	(80,703)
Fines and forfeitures	179,102	128,252	22,632	(105,620)
Use of money and property	69,051	69,051	27,398	(41,653)
Intergovernmental	311,873	311,873	169,053	(142,820)
Charges for services	1,938,627	2,115,959	1,576,292	(539,667)
Other revenues	2,162	85,706	21,245	(64,461)
<b>Total Revenues</b>	<b>3,940,280</b>	<b>4,150,306</b>	<b>3,181,352</b>	<b>(968,954)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Public assistance	5,622,813	6,663,917	6,480,623	183,294
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	35,500	35,500	-	35,500
<b>Total Expenditures</b>	<b>5,658,313</b>	<b>6,699,417</b>	<b>6,480,623</b>	<b>218,794</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,718,033)</b>	<b>(2,549,111)</b>	<b>(3,299,271)</b>	<b>(750,160)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	1,463,726	2,462,726	2,936,039	473,313
Transfers out	-	(65,000)	(65,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,463,726</b>	<b>2,397,726</b>	<b>2,871,039</b>	<b>473,313</b>
<b>Net Change in Fund Balances</b>	<b>(254,307)</b>	<b>(151,385)</b>	<b>(428,232)</b>	<b>(276,847)</b>
<b>Fund Balances - Beginning</b>	<b>471,766</b>	<b>471,766</b>	<b>471,766</b>	<b>-</b>
Change in reserves	-	-	360	360
<b>Fund Balances - Ending</b>	<b>\$ 217,459</b>	<b>\$ 320,381</b>	<b>\$ 43,894</b>	<b>\$ (276,487)</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**HEALTH AND WELFARE REALIGNMENT - MAJOR SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Use of money and property	\$ -	\$ -	\$ 2,599	\$ 2,599
Intergovernmental	6,700,128	6,700,128	5,513,544	(1,186,584)
<b>Total Revenues</b>	<b>6,700,128</b>	<b>6,700,128</b>	<b>5,516,143</b>	<b>(1,183,985)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	(8,240,618)	(8,240,618)	-	(8,240,618)
<b>Total Expenditures</b>	<b>(8,240,618)</b>	<b>(8,240,618)</b>	<b>-</b>	<b>(8,240,618)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>14,940,746</b>	<b>14,940,746</b>	<b>5,516,143</b>	<b>(9,424,603)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	-	-
Transfers out	-	-	(4,647,101)	(4,647,101)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(4,647,101)</b>	<b>(4,647,101)</b>
<b>Net Change in Fund Balances</b>	<b>14,940,746</b>	<b>14,940,746</b>	<b>869,042</b>	<b>(14,071,704)</b>
Fund Balances - Beginning	-	-	-	-
Prior period adjustment	-	-	5,949,194	5,949,194
<b>Fund Balances - Beginning, Restated</b>	<b>-</b>	<b>-</b>	<b>5,949,194</b>	<b>5,949,194</b>
<b>Fund Balances - Ending</b>	<b>\$ 14,940,746</b>	<b>\$ 14,940,746</b>	<b>\$ 6,818,236</b>	<b>\$ (8,122,510)</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**MOTOR VEHICLE LICENSE - MAJOR SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ 8,300,000	\$ 8,774,090	\$ 474,090
Other revenues	-	77,789	(795)	(78,584)
<b>Total Revenues</b>	<b>-</b>	<b>8,377,789</b>	<b>8,773,295</b>	<b>395,506</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	-	8,377,789	3,273,250	5,104,539
<b>Total Expenditures</b>	<b>-</b>	<b>8,377,789</b>	<b>3,273,250</b>	<b>5,104,539</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>5,500,045</b>	<b>5,500,045</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	-	-
Transfers out	-	-	(4,182,544)	(4,182,544)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(4,182,544)</b>	<b>(4,182,544)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>1,317,501</b>	<b>1,317,501</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Prior period adjustment	-	-	5,366,264	5,366,264
<b>Fund Balances - Beginning, Restated</b>	<b>-</b>	<b>-</b>	<b>5,366,264</b>	<b>5,366,264</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,683,765</b>	<b>\$ 6,683,765</b>

**COUNTY OF NEVADA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**A. BUDGETARY BASIS OF ACCOUNTING**

The County follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The County Administrative Officer submits to the Board of Supervisors a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Board of Supervisors reviews the proposed budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as proposed expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by motion during the fiscal year. The County Administrative Officer may authorize transfers from one object or purpose to another within the same department.

Formal budgetary integration is employed as a management control device during the year. The County presents a comparison of annual budgets to actual results for all governmental funds except for debt service funds, the expenditures of which are controlled by provisions of debt agreements. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The County uses an encumbrance system as an extension of normal budgetary accounting for the general and other governmental 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. Unencumbered appropriation lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

**B. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

The County manages its maintained road system using the Metropolitan Transportation Commission's Pavement Management program (Program) and accounts for them using the modified approach. The Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0-100) for each road segment being maintained by the Department of Public Works. The Program has defined the pavement of roads with PCIs of 40 or better to be in a "Fair" or better condition and roads with a PCI of 55 or better to be in a "Good" or better condition. It is the County's policy relative to maintaining the maintained road system to keep an average PCI rating of 62. This rating must be achieved over a three year period or by June 30, 2006.

As of June 30, 2003, the County's maintained road system was rated at a PCI index of 60.50.

For the year ended June 30, 2003, actual capital improvements, preservation maintenance and general maintenance costs of \$6,479,878 were \$1,151,413 less than estimated. The variance is due to estimated costs including work performed for others which is not a part of maintenance and preservation cost. In addition, certain projects were delayed, not completed or dropped due to lack of funding and workload issues.

**C. PERS SCHEDULE OF FUNDING PROGRESS**

Miscellaneous Plan:

Valuation Date	Entry Age Normal Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll (a)-(b)/(c)
June 30, 1998	\$ 84,237,486	\$ 107,791,888	(\$ 23,554,402)	128.0%	\$ 22,364,427	( 105.321%)
June 30, 1999	93,026,418	123,521,373	( 30,494,955)	132.8%	25,285,377	( 120.603%)
June 30, 2000	101,935,271	137,528,219	( 35,592,948)	134.9%	27,399,827	( 129.902%)

**COUNTY OF NEVADA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**C. PERS SCHEDULE OF FUNDING PROGRESS (CONTINUED)**

Safety Plan:

<u>Valuation Date</u>	Entry Age Normal Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll (a)-(b)/(c)
June 30, 1998	\$ 20,136,849	\$ 25,320,729	(\$ 5,183,880)	125.7%	\$ 2,995,491	( 173.056%)
June 30, 1999	22,183,746	28,388,871	( 6,205,125)	128.0%	3,419,051	( 181.487%)
June 30, 2000	23,879,403	31,345,807	( 7,466,404)	131.3%	3,571,184	( 209.074%)

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**SUPPLEMENTARY INFORMATION**

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

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**NONMAJOR GOVERNMENTAL FUNDS**

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2003**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals
<b><u>ASSETS</u></b>				
Cash and investments	\$ 11,943,143	\$ 220,989	\$ 2,483	\$ 12,166,615
Accounts receivable	240,799	-	-	240,799
Taxes receivable	1,149,412	-	-	1,149,412
Due from other funds	317,139	-	-	317,139
Advances to other funds	357,604	-	-	357,604
Prepaid costs	92,232	-	-	92,232
Loans receivable	1,504,790	-	-	1,504,790
Restricted assets:				
Cash and investments	-	2,138,625	-	2,138,625
<b>Total Assets</b>	<b>\$ 15,605,119</b>	<b>\$ 2,359,614</b>	<b>\$ 2,483</b>	<b>\$ 17,967,216</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 4,187,547	\$ -	\$ 1,200	\$ 4,188,747
Accrued payroll and benefits	84,739	-	-	84,739
Due to other funds	639,035	-	-	639,035
Advances to other funds	357,604	-	-	357,604
Deferred revenue	356,236	-	-	356,236
<b>Total Liabilities</b>	<b>5,625,161</b>	<b>-</b>	<b>1,200</b>	<b>5,626,361</b>
<b>FUND BALANCES</b>				
Reserved for:				
Debt service	-	2,359,614	-	2,359,614
Encumbrances	277,224	-	1,283	278,507
Long-term receivables	1,504,790	-	-	1,504,790
Unreserved:				
Designated	-	-	-	-
Undesignated	8,197,944	-	-	8,197,944
<b>Total Fund Balances</b>	<b>9,979,958</b>	<b>2,359,614</b>	<b>1,283</b>	<b>12,340,855</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,605,119</b>	<b>\$ 2,359,614</b>	<b>\$ 2,483</b>	<b>\$ 17,967,216</b>

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special revenue funds are used to account for revenues that are restricted by law or administrative action and expenditures for specified purposes.

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals
<b>REVENUES</b>				
Taxes and assessments	\$ 1,354,671	\$ -	\$ -	\$ 1,354,671
Fines and forfeitures	479,855	-	-	479,855
Use of money and property	285,571	131,888	12,245	429,704
Intergovernmental	14,500,369	-	753,602	15,253,971
Charges for services	3,612,463	-	-	3,612,463
Other revenues	3,650,482	408	12,503	3,663,393
<b>Total Revenues</b>	<b>23,883,411</b>	<b>132,296</b>	<b>778,350</b>	<b>24,794,057</b>
<b>EXPENDITURES</b>				
Current:				
General government	9,239,708	8,603	82,807	9,331,118
Public ways and facilities	16	-	-	16
Public protection	1,817,413	-	-	1,817,413
Health and sanitation	568,473	-	-	568,473
Public assistance	7,321,716	-	-	7,321,716
Education	2,237,099	-	-	2,237,099
Debt service				
Principal	-	1,460,000	-	1,460,000
Interest and other charges	-	843,973	-	843,973
Capital outlay	90,669	-	-	90,669
<b>Total Expenditures</b>	<b>21,275,094</b>	<b>2,312,576</b>	<b>82,807</b>	<b>23,670,477</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,608,317</b>	<b>(2,180,280)</b>	<b>695,543</b>	<b>1,123,580</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,311,617	2,279,076	333,342	3,924,035
Transfers out	(2,981,855)	(19,988)	-	(3,001,843)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,670,238)</b>	<b>2,259,088</b>	<b>333,342</b>	<b>922,192</b>
<b>Net Changes in Fund Balances</b>	<b>938,079</b>	<b>78,808</b>	<b>1,028,885</b>	<b>2,045,772</b>
<b>Fund Balances - Beginning</b>	<b>6,166,755</b>	<b>2,280,806</b>	<b>(1,027,602)</b>	<b>7,419,959</b>
Prior period adjustment	2,874,794	-	-	2,874,794
<b>Fund Balances - Beginning, Restated</b>	<b>9,041,549</b>	<b>2,280,806</b>	<b>(1,027,602)</b>	<b>10,294,753</b>
Change in reserves	330	-	-	330
<b>Fund Balances - Ending</b>	<b>\$ 9,979,958</b>	<b>\$ 2,359,614</b>	<b>\$ 1,283</b>	<b>\$ 12,340,855</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2003**

	Fish and Game	Child Support Services	County-wide Tech Projects	Probation Fire Insurance Claim	St/Cty Property Tax Admin Grant	Energy Conservation	Public Library	Workers' Compensation	Human Services Agency	Administration	Community Development Agency	District Attorney	Probation
<b>ASSETS</b>													
Cash and investments	\$ 40,809	\$ 127,148	\$ 245,246	\$ 352,121	\$ 235,183	\$ 6	\$ 963,068	\$ 124,630	\$ 1,597,517	\$ 1,654,105	\$ 669,974	\$ 43,292	\$ 15,439
Accounts receivable	-	301	(23,801)	-	-	-	4,508	744	69,320	-	-	1,602	95
Taxes receivable	-	-	-	-	-	-	216,300	-	-	933,112	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 40,809</b>	<b>\$ 127,449</b>	<b>\$ 221,445</b>	<b>\$ 352,121</b>	<b>\$ 235,183</b>	<b>\$ 6</b>	<b>\$ 1,183,876</b>	<b>\$ 125,374</b>	<b>\$ 1,666,837</b>	<b>\$ 2,587,217</b>	<b>\$ 669,974</b>	<b>\$ 44,894</b>	<b>\$ 15,534</b>
<b>LIABILITIES AND FUND BALANCES</b>													
<b>LIABILITIES</b>													
Accounts payable	\$ 17	\$ 42,798	\$ 50,087	\$ -	\$ 219,435	\$ -	\$ 153,288	\$ 143,758	\$ 575,840	\$ 842,824	\$ 31,797	\$ -	\$ 16,525
Accrued payroll and benefits	-	55,931	-	-	-	-	28,808	-	-	-	-	-	-
Due to other funds	-	-	-	320,492	-	-	-	-	5,624	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	100,000	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>17</b>	<b>98,729</b>	<b>50,087</b>	<b>320,492</b>	<b>219,435</b>	<b>-</b>	<b>282,096</b>	<b>143,758</b>	<b>581,464</b>	<b>842,824</b>	<b>31,797</b>	<b>-</b>	<b>16,525</b>
<b>FUND BALANCES</b>													
Reserved for:													
Encumbrances	300	28,720	133,244	-	-	-	65,303	(230)	-	-	-	-	70
Long-term receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved:													
Undesignated	40,492	-	38,114	31,629	15,748	6	836,477	(18,154)	1,085,373	1,744,393	638,177	44,894	(1,061)
<b>Total Fund Balances</b>	<b>40,792</b>	<b>28,720</b>	<b>171,358</b>	<b>31,629</b>	<b>15,748</b>	<b>6</b>	<b>901,780</b>	<b>(18,384)</b>	<b>1,085,373</b>	<b>1,744,393</b>	<b>638,177</b>	<b>44,894</b>	<b>(991)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 40,809</b>	<b>\$ 127,449</b>	<b>\$ 221,445</b>	<b>\$ 352,121</b>	<b>\$ 235,183</b>	<b>\$ 6</b>	<b>\$ 1,183,876</b>	<b>\$ 125,374</b>	<b>\$ 1,666,837</b>	<b>\$ 2,587,217</b>	<b>\$ 669,974</b>	<b>\$ 44,894</b>	<b>\$ 15,534</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2003**

	Recorder	Sheriff	Road Impact Fees	Housing Authority	Special Assessment Fund	Special Districts Governed by the Board of Supervisors	Department of Transportation	Housing and Community Services	Totals
<b>ASSETS</b>									
Cash and investments	\$ 938,105	\$ 1,982,557	\$ -	\$ 346,168	\$ 211,439	\$ 523,827	\$ 1,234,328	\$ 638,181	\$ 11,943,143
Accounts receivable	-	7,722	-	7,460	-	12,728	10,379	149,741	240,799
Taxes receivable	-	-	-	-	-	-	-	-	1,149,412
Due from other funds	-	-	-	-	-	-	-	317,139	317,139
Advances to other funds	-	-	-	-	-	-	357,604	-	357,604
Prepaid expenses	-	-	-	92,232	-	-	-	-	92,232
Loans receivable	-	-	-	-	-	-	-	1,504,790	1,504,790
<b>Total Assets</b>	<b>\$ 938,105</b>	<b>\$ 1,990,279</b>	<b>\$ -</b>	<b>\$ 445,860</b>	<b>\$ 211,439</b>	<b>\$ 536,555</b>	<b>\$ 1,602,311</b>	<b>\$ 2,609,851</b>	<b>\$ 15,605,119</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 44,238	\$ 1,613,685	\$ 16	\$ 112,065	\$ -	\$ 61,383	\$ 6,558	\$ 273,233	\$ 4,187,547
Accrued payroll and benefits	-	-	-	-	-	-	-	-	84,739
Due to other funds	-	-	-	-	-	-	-	312,919	639,035
Advances from other funds	-	-	-	-	-	-	357,604	-	357,604
Deferred revenue	-	-	-	225,058	-	-	-	31,178	356,236
<b>Total Liabilities</b>	<b>44,238</b>	<b>1,613,685</b>	<b>16</b>	<b>337,123</b>	<b>-</b>	<b>61,383</b>	<b>364,162</b>	<b>617,330</b>	<b>5,625,161</b>
<b>FUND BALANCES</b>									
Reserved for:									
Encumbrances	-	-	-	-	-	250	-	49,567	277,224
Long-term receivables	-	-	-	-	-	-	-	1,504,790	1,504,790
Unreserved:									
Undesignated	893,867	376,594	(16)	108,737	211,439	474,922	1,238,149	438,164	8,197,944
<b>Total Fund Balances</b>	<b>893,867</b>	<b>376,594</b>	<b>(16)</b>	<b>108,737</b>	<b>211,439</b>	<b>475,172</b>	<b>1,238,149</b>	<b>1,992,521</b>	<b>9,979,958</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 938,105</b>	<b>\$ 1,990,279</b>	<b>\$ -</b>	<b>\$ 445,860</b>	<b>\$ 211,439</b>	<b>\$ 536,555</b>	<b>\$ 1,602,311</b>	<b>\$ 2,609,851</b>	<b>\$ 15,605,119</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Fish and Game	Child Support Services	County-wide Tech Projects	Probation Fire Insurance Claim	St/Cty Property Tax Admin Grant	Energy Conservation	Public Library	Workers' Compensation	Human Services Agency	Administration	Community Development Agency	District Attorney	Probation
<b>REVENUES</b>													
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,331,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	2,048	-	-	-	-	-	-	-	-	396,324	7,003	-	-
Use of money and property	1,020	11,293	921	9,761	891	-	22,038	5,855	22,406	61,971	14,709	1,239	65
Intergovernmental	-	3,841,727	-	-	234,292	-	137,509	-	1,326,956	5,414,238	32,927	-	26,182
Charges for services	-	1,298	-	-	-	-	74,551	1,800,028	8,433	-	118,326	3,598	2,490
Other revenues	-	436	-	350,000	-	-	7,062	2,727	1,306,342	1,108,224	5,214	27,036	-
<b>Total Revenues</b>	<b>3,068</b>	<b>3,854,754</b>	<b>921</b>	<b>359,761</b>	<b>235,183</b>	<b>-</b>	<b>1,572,220</b>	<b>1,808,610</b>	<b>2,664,137</b>	<b>6,980,757</b>	<b>178,179</b>	<b>31,873</b>	<b>28,737</b>
<b>EXPENDITURES</b>													
Current:													
General government	-	-	422,651	-	219,435	-	-	2,145,360	-	5,603,219	101,190	-	-
Public ways and facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Public protection	5,141	-	-	1,958	-	-	-	-	507,684	369,314	1,947	38,761	29,981
Health and sanitation	-	-	-	-	-	-	-	-	568,473	-	-	-	-
Public assistance	-	4,105,397	-	-	-	-	-	-	826,342	-	-	-	-
Education	-	-	-	-	-	-	2,237,099	-	-	-	-	-	-
Capital outlay	-	73,006	9,912	-	-	-	7,751	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>5,141</b>	<b>4,178,403</b>	<b>432,563</b>	<b>1,958</b>	<b>219,435</b>	<b>-</b>	<b>2,244,850</b>	<b>2,145,360</b>	<b>1,902,499</b>	<b>5,972,533</b>	<b>103,137</b>	<b>38,761</b>	<b>29,981</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,073)</b>	<b>(323,649)</b>	<b>(431,642)</b>	<b>357,803</b>	<b>15,748</b>	<b>-</b>	<b>(672,630)</b>	<b>(336,750)</b>	<b>761,638</b>	<b>1,008,224</b>	<b>75,042</b>	<b>(6,888)</b>	<b>(1,244)</b>
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers in	-	-	603,000	-	-	-	565,902	-	62,090	246	50,000	3,717	-
Transfers out	-	-	-	(735,343)	-	-	-	-	-	(1,214,357)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>603,000</b>	<b>(735,343)</b>	<b>-</b>	<b>-</b>	<b>565,902</b>	<b>-</b>	<b>62,090</b>	<b>(1,214,111)</b>	<b>50,000</b>	<b>3,717</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(2,073)</b>	<b>(323,649)</b>	<b>171,358</b>	<b>(377,540)</b>	<b>15,748</b>	<b>-</b>	<b>(106,728)</b>	<b>(336,750)</b>	<b>823,728</b>	<b>(205,887)</b>	<b>125,042</b>	<b>(3,171)</b>	<b>(1,244)</b>
<b>Fund Balances - Beginning</b>	<b>42,865</b>	<b>352,269</b>	<b>-</b>	<b>409,169</b>	<b>-</b>	<b>6</b>	<b>1,008,278</b>	<b>318,366</b>	<b>343,809</b>	<b>683,063</b>	<b>151,389</b>	<b>-</b>	<b>178</b>
Prior period adjustment	-	-	-	-	-	-	-	-	(82,164)	1,267,217	361,746	48,065	75
<b>Fund Balances - Beginning, Restated</b>	<b>42,865</b>	<b>352,269</b>	<b>-</b>	<b>409,169</b>	<b>-</b>	<b>6</b>	<b>1,008,278</b>	<b>318,366</b>	<b>261,645</b>	<b>1,950,280</b>	<b>513,135</b>	<b>48,065</b>	<b>253</b>
Change in reserves	-	100	-	-	-	-	230	-	-	-	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ 40,792</b>	<b>\$ 28,720</b>	<b>\$ 171,358</b>	<b>\$ 31,629</b>	<b>\$ 15,748</b>	<b>\$ 6</b>	<b>\$ 901,780</b>	<b>\$ (18,384)</b>	<b>\$ 1,085,373</b>	<b>\$ 1,744,393</b>	<b>\$ 638,177</b>	<b>\$ 44,894</b>	<b>\$ (991)</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Recorder	Sheriff	Road Impact Fees	Housing Authority	Special Assessment Fund	Special Districts Governed by the Board of Supervisors	Department of Transportation	Housing and Community Services	Totals
<b>REVENUES</b>									
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,611	\$ -	\$ -	\$ 1,354,671
Fines and forfeitures	-	74,480	-	-	-	-	-	-	479,855
Use of money and property	-	49,613	-	14,091	6,322	15,847	30,227	17,302	285,571
Intergovernmental	-	1,372,350	-	1,351,018	-	404	82,924	679,842	14,500,369
Charges for services	1,045,546	-	-	-	-	293,387	255,213	9,593	3,612,463
Other revenues	6,092	349,029	-	2,830	-	-	62,819	422,671	3,650,482
<b>Total Revenues</b>	<b>1,051,638</b>	<b>1,845,472</b>	<b>-</b>	<b>1,367,939</b>	<b>6,322</b>	<b>333,249</b>	<b>431,183</b>	<b>1,129,408</b>	<b>23,883,411</b>
<b>EXPENDITURES</b>									
Current:									
General government	157,771	-	-	-	-	383,129	206,953	-	9,239,708
Public ways and facilities	-	-	16	-	-	-	-	-	16
Public protection	-	862,627	-	-	-	-	-	-	1,817,413
Health and sanitation	-	-	-	-	-	-	-	-	568,473
Public assistance	-	-	-	1,365,620	-	-	-	1,024,357	7,321,716
Education	-	-	-	-	-	-	-	-	2,237,099
Capital outlay	-	-	-	-	-	-	-	-	90,669
<b>Total Expenditures</b>	<b>157,771</b>	<b>862,627</b>	<b>16</b>	<b>1,365,620</b>	<b>-</b>	<b>383,129</b>	<b>206,953</b>	<b>1,024,357</b>	<b>21,275,094</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>893,867</b>	<b>982,845</b>	<b>(16)</b>	<b>2,319</b>	<b>6,322</b>	<b>(49,880)</b>	<b>224,230</b>	<b>105,051</b>	<b>2,608,317</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	20,512	-	-	-	6,150	1,311,617
Transfers out	-	(931,409)	-	(51,727)	-	-	-	(49,019)	(2,981,855)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(931,409)</b>	<b>-</b>	<b>(31,215)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42,869)</b>	<b>(1,670,238)</b>
<b>Net Change in Fund Balances</b>	<b>893,867</b>	<b>51,436</b>	<b>(16)</b>	<b>(28,896)</b>	<b>6,322</b>	<b>(49,880)</b>	<b>224,230</b>	<b>62,182</b>	<b>938,079</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,633</b>	<b>205,117</b>	<b>525,052</b>	<b>21,922</b>	<b>1,967,639</b>	<b>6,166,755</b>
Prior period adjustment	-	325,158	-	-	-	-	991,997	(37,300)	2,874,794
<b>Fund Balances - Beginning, Restated</b>	<b>-</b>	<b>325,158</b>	<b>-</b>	<b>137,633</b>	<b>205,117</b>	<b>525,052</b>	<b>1,013,919</b>	<b>1,930,339</b>	<b>9,041,549</b>
Change in reserves	-	-	-	-	-	-	-	-	330
<b>Fund Balances - Ending</b>	<b>\$ 893,867</b>	<b>\$ 376,594</b>	<b>\$ (16)</b>	<b>\$ 108,737</b>	<b>\$ 211,439</b>	<b>\$ 475,172</b>	<b>\$ 1,238,149</b>	<b>\$ 1,992,521</b>	<b>\$ 9,979,958</b>

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**NONMAJOR GOVERNMENTAL FUNDS**

Debt Service Funds

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2003**

	<b>Government Debt Service</b>	<b>Finance Authority</b>	<b>Totals</b>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 11,518	\$ 209,471	\$ 220,989
Restricted Assets:			
Cash and investments	-	2,138,625	2,138,625
<b>Total Assets</b>	<b>\$ 11,518</b>	<b>\$ 2,348,096</b>	<b>\$ 2,359,614</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	-	-	-
<b>FUND BALANCES</b>			
Reserved for:			
Debt service	11,518	2,348,096	2,359,614
<b>Total Fund Balances</b>	11,518	2,348,096	2,359,614
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,518</b>	<b>\$ 2,348,096</b>	<b>\$ 2,359,614</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	<b>Government Debt Service</b>	<b>Finance Authority</b>	<b>Totals</b>
<b><u>REVENUES</u></b>			
Use of money and property	\$ 288	\$ 131,600	\$ 131,888
Other revenue	-	408	408
	288	132,008	132,296
<b><u>EXPENDITURES</u></b>			
Current:			
General government	8	8,595	8,603
Debt service			
Principal	-	1,460,000	1,460,000
Interest and other charges	-	843,973	843,973
	8	2,312,568	2,312,576
<b>Total Expenditures</b>	8	2,312,568	2,312,576
<b>Excess of Revenues Over (Under) Expenditures</b>	280	(2,180,560)	(2,180,280)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	-	2,279,076	2,279,076
Transfers out	-	(19,988)	(19,988)
	-	2,259,088	2,259,088
<b>Total Other Financing Sources (Uses)</b>	-	2,259,088	2,259,088
<b>Net Change in Fund Balances</b>	280	78,528	78,808
<b>Fund Balances - Beginning</b>	11,238	2,269,568	2,280,806
<b>Fund Balances - Ending</b>	\$ 11,518	\$ 2,348,096	\$ 2,359,614

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**NONMAJOR GOVERNMENTAL FUNDS**

Capital Projects Funds

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2003**

	<u>Juvenile Hall Facility</u>	<u>Totals</u>
<b><u>ASSETS</u></b>		
Cash and investments	\$ 2,483	\$ 2,483
<b>Total Assets</b>	<u>\$ 2,483</u>	<u>\$ 2,483</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,200	\$ 1,200
<b>Total Liabilities</b>	<u>1,200</u>	<u>1,200</u>
<b>FUND BALANCES</b>		
Reserved for:		
Encumbrances	<u>1,283</u>	<u>1,283</u>
<b>Total Fund Balances</b>	<u>1,283</u>	<u>1,283</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,483</u>	<u>\$ 2,483</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	<u>Juvenile Hall Facility</u>	<u>Totals</u>
<b><u>REVENUES</u></b>		
Use of money and property	\$ 12,245	\$ 12,245
Intergovernmental	753,602	753,602
Other revenues	12,503	12,503
	<hr/>	<hr/>
<b>Total Revenues</b>	<b>778,350</b>	<b>778,350</b>
<b><u>EXPENDITURES</u></b>		
General government	82,807	82,807
	<hr/>	<hr/>
<b>Total Expenditures</b>	<b>82,807</b>	<b>82,807</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<hr/> <b>695,543</b>	<hr/> <b>695,543</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Transfers in	333,342	333,342
Transfers out	-	-
	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>333,342</b>	<b>333,342</b>
<b>Net Change in Fund Balances</b>	<b>1,028,885</b>	<b>1,028,885</b>
<b>Fund Balances - Beginning</b>	<hr/> <b>(1,027,602)</b>	<hr/> <b>(1,027,602)</b>
<b>Fund Balances - Ending</b>	<hr/> <b>\$ 1,283</b>	<hr/> <b>\$ 1,283</b>

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**NONMAJOR PROPRIETARY FUNDS**

Enterprise Funds

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2003**

	Eastern Nevada County Solid Waste	Transit Services	Sanitation District	Totals
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and investments	\$ 473,583	\$ 172,096	\$ 3,508,533	\$ 4,154,212
Accounts receivable	641	284,739	219,061	504,441
Other receivables	-	646	-	646
Due from other funds	-	-	17,634	17,634
Inventory	-	22,441	-	22,441
<b>Total Current Assets</b>	<b>474,224</b>	<b>479,922</b>	<b>3,745,228</b>	<b>4,699,374</b>
Noncurrent Assets:				
Capital assets (net)	26,409	487,189	10,653,640	11,167,238
<b>Total Noncurrent Assets</b>	<b>26,409</b>	<b>487,189</b>	<b>10,653,640</b>	<b>11,167,238</b>
<b>Total Assets</b>	<b>500,633</b>	<b>967,111</b>	<b>14,398,868</b>	<b>15,866,612</b>
<b><u>LIABILITIES</u></b>				
Current Liabilities:				
Accounts payable	7,329	259,568	352,176	619,073
Accrued payroll and benefits	-	22,493	23,064	45,557
Due to other funds	-	-	17,654	17,654
Deferred revenue	-	2,000	-	2,000
<b>Total Current Liabilities</b>	<b>7,329</b>	<b>284,061</b>	<b>392,894</b>	<b>684,284</b>
Noncurrent Liabilities:				
Advances from other funds	-	213,100	168,211	381,311
Compensated absences payable	-	44,672	104,604	149,276
Loans payable	-	185,000	656,105	841,105
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>442,772</b>	<b>928,920</b>	<b>1,371,692</b>
<b>Total Liabilities</b>	<b>7,329</b>	<b>726,833</b>	<b>1,321,814</b>	<b>2,055,976</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	26,409	302,189	9,997,535	10,326,133
Unrestricted	466,895	(61,911)	3,079,519	3,484,503
<b>Total Net Assets</b>	<b>\$ 493,304</b>	<b>\$ 240,278</b>	<b>\$ 13,077,054</b>	<b>\$ 13,810,636</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Eastern Nevada County Solid Waste	Transit Services	Sanitation District	Totals
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 1,101,826	\$ 390,174	\$ 4,102,412	\$ 5,594,412
<b>Total Operating Revenues</b>	<b>1,101,826</b>	<b>390,174</b>	<b>4,102,412</b>	<b>5,594,412</b>
<b><u>OPERATING EXPENSES</u></b>				
Salaries and benefits	-	1,101,266	1,134,674	2,235,940
Fuel	-	136,232	9,252	145,484
Maintenance and repairs	-	282,504	1,313,160	1,595,664
Parts and supplies	-	5,350	17,946	23,296
Outside services	1,388,300	1,204,137	466,937	3,059,374
Administration and office	6,892	68,219	487,591	562,702
Utilities	-	4,833	537,328	542,161
Insurance	-	69,415	27,437	96,852
Depreciation	-	217,895	384,768	602,663
Rentals and lease payments	-	27,851	211,234	239,085
Miscellaneous expenses	2,499	6,271	281,635	290,405
<b>Total Operating Expenses</b>	<b>1,397,691</b>	<b>3,123,973</b>	<b>4,871,962</b>	<b>9,393,626</b>
<b>Operating Income (Loss)</b>	<b>(295,865)</b>	<b>(2,733,799)</b>	<b>(769,550)</b>	<b>(3,799,214)</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Taxes	(19)	2,146,743	13,359	2,160,083
Intergovernmental revenues	-	465,140	-	465,140
Interest income	15,351	7,227	87,803	110,381
Other revenues	(1,692)	19,095	1,902	19,305
Interest expense	-	-	(43,906)	(43,906)
<b>Total Non-operating Revenue (Expenses)</b>	<b>13,640</b>	<b>2,638,205</b>	<b>59,158</b>	<b>2,711,003</b>
<b>Net Income (Loss) before Contributions and Transfers</b>	<b>(282,225)</b>	<b>(95,594)</b>	<b>(710,392)</b>	<b>(1,088,211)</b>
Transfers in	-	-	739,386	739,386
Transfers out	-	-	(739,386)	(739,386)
<b>Change in Net Assets</b>	<b>(282,225)</b>	<b>(95,594)</b>	<b>(710,392)</b>	<b>(1,088,211)</b>
<b>Total Net Assets - Beginning</b>	<b>775,529</b>	<b>365,710</b>	<b>3,680,276</b>	<b>4,821,515</b>
Prior period adjustment	-	(29,838)	10,107,170	10,077,332
<b>Total Net Assets - Beginning, Restated</b>	<b>775,529</b>	<b>335,872</b>	<b>13,787,446</b>	<b>14,898,847</b>
<b>Total Net Assets - Ending</b>	<b>\$ 493,304</b>	<b>\$ 240,278</b>	<b>\$ 13,077,054</b>	<b>\$ 13,810,636</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Eastern Nevada County Solid Waste	Transit Services	Sanitation District	Totals
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Receipts from customers	\$ 1,101,210	\$ 440,690	\$ 4,724,355	\$ 6,266,255
Payments to suppliers	(1,407,500)	(1,774,992)	(4,236,150)	(7,418,642)
Payments to employees	-	(1,090,968)	(1,118,097)	(2,209,065)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(306,290)</b>	<b>(2,425,270)</b>	<b>(629,892)</b>	<b>(3,361,452)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>				
Non-operating revenues	(1,711)	2,630,978	15,261	2,644,528
Operating subsidies and transfers to other funds	-	(243,537)	238,877	(4,660)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,711)</b>	<b>2,387,441</b>	<b>254,138</b>	<b>2,639,868</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>				
Proceeds from debt	-	185,000	-	185,000
Acquisition of capital assets	-	(76,379)	(279,260)	(355,639)
Principal paid on debt	-	-	(93,486)	(93,486)
Interest paid on debt	-	-	(43,906)	(43,906)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>108,621</b>	<b>(416,652)</b>	<b>(308,031)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest and dividends	15,351	7,227	87,802	110,380
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>15,351</b>	<b>7,227</b>	<b>87,802</b>	<b>110,380</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(292,650)</b>	<b>78,019</b>	<b>(704,604)</b>	<b>(919,235)</b>
<b>Balances - Beginning of the Year</b>	<b>766,233</b>	<b>94,077</b>	<b>4,213,137</b>	<b>5,073,447</b>
<b>Balances - End of the Year</b>	<b>\$ 473,583</b>	<b>\$ 172,096</b>	<b>\$ 3,508,533</b>	<b>\$ 4,154,212</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>				
Operating income (loss)	\$ (295,865)	\$ (2,733,799)	\$ (769,550)	\$ (3,799,214)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	217,895	384,768	602,663
Decrease (increase) in:				
Accounts receivable	(616)	50,516	621,943	671,843
Inventory	-	(1,908)	-	(1,908)
Increase (decrease) in:				
Accounts payable	(9,809)	31,728	(883,630)	(861,711)
Accrued salary and benefits	-	6,864	4,193	11,057
Compensated absences payable	-	3,434	12,384	15,818
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (306,290)</b>	<b>\$ (2,425,270)</b>	<b>\$ (629,892)</b>	<b>\$ (3,361,452)</b>

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**NONMAJOR GOVERNMENTAL FUNDS**

Internal Service Funds

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2003**

	<u>Fleet Management</u>	<u>Vision Insurance</u>	<u>Unemployment Insurance</u>	<u>Liability Insurance</u>	<u>Dental Insurance</u>	<u>Totals</u>
<b>ASSETS</b>						
Current Assets:						
Cash and investments	\$ 113,757	\$ 71,206	\$ 371,222	\$ 1,376,689	\$ 195,700	\$ 2,128,574
Accounts receivable	134,817	1,819	-	677,081	11,651	825,368
Prepaid expenses	-	1,420	-	-	4,061	5,481
Deposits	-	7,310	-	-	34,000	41,310
<b>Total Current Assets</b>	<u>248,574</u>	<u>81,755</u>	<u>371,222</u>	<u>2,053,770</u>	<u>245,412</u>	<u>3,000,733</u>
Noncurrent Assets:						
Capital Assets (net)	1,944,545	-	-	-	-	1,944,545
<b>Total Noncurrent Assets</b>	<u>1,944,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,944,545</u>
<b>Total Assets</b>	<u>2,193,119</u>	<u>81,755</u>	<u>371,222</u>	<u>2,053,770</u>	<u>245,412</u>	<u>4,945,278</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	50,571	13,730	4,137	60,622	31,331	160,391
Accrued payroll and benefits	3,731	-	-	-	-	3,731
Accrued claims payable	-	-	172,456	488,000	-	660,456
<b>Total Current Liabilities</b>	<u>54,302</u>	<u>13,730</u>	<u>176,593</u>	<u>548,622</u>	<u>31,331</u>	<u>824,578</u>
Noncurrent Liabilities:						
Compensated absences payable	5,211	-	-	-	-	5,211
<b>Total Noncurrent Liabilities</b>	<u>5,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,211</u>
<b>Total Liabilities</b>	<u>59,513</u>	<u>13,730</u>	<u>176,593</u>	<u>548,622</u>	<u>31,331</u>	<u>829,789</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	1,944,545	-	-	-	-	1,944,545
Unrestricted	189,061	68,025	194,629	1,505,148	214,081	2,170,944
<b>Total Net Assets</b>	<u>\$ 2,133,606</u>	<u>\$ 68,025</u>	<u>\$ 194,629</u>	<u>\$ 1,505,148</u>	<u>\$ 214,081</u>	<u>\$ 4,115,489</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	Fleet Management	Vision Insurance	Unemployment Insurance	Liability Insurance	Dental Insurance	Totals
<b>OPERATING REVENUES</b>						
Charges for services	\$ -	\$ 178,963	\$ 55,313	\$ 875,214	\$ 715,775	\$ 1,825,265
Rents and charges	994,189	-	-	-	-	994,189
Other revenues	50,275	(39)	57,500	448,739	74	556,549
<b>Total Operating Revenues</b>	<b>1,044,464</b>	<b>178,924</b>	<b>112,813</b>	<b>1,323,953</b>	<b>715,849</b>	<b>3,376,003</b>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	162,313	-	-	-	-	162,313
Fuel	232,554	-	-	-	-	232,554
Maintenance and repairs	124,697	-	-	1,465	-	126,162
Parts and supplies	31,064	-	-	-	-	31,064
Outside services	73,508	16,883	4,920	331,039	49,531	475,881
Administration and office	17,875	818	8,862	16,721	-	44,276
Insurance	1,062	-	-	255,060	-	256,122
Benefits paid	-	152,223	106,559	64,350	607,758	930,890
Depreciation	461,695	-	-	-	-	461,695
Rentals and lease payments	6,796	-	-	-	-	6,796
<b>Total Operating Expenses</b>	<b>1,111,564</b>	<b>169,924</b>	<b>120,341</b>	<b>668,635</b>	<b>657,289</b>	<b>2,727,753</b>
<b>Operating Income (Loss)</b>	<b>(67,100)</b>	<b>9,000</b>	<b>(7,528)</b>	<b>655,318</b>	<b>58,560</b>	<b>648,250</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>						
Intergovernmental revenues	40,000	-	-	-	-	40,000
Interest income	4,795	1,628	9,290	45,547	4,671	65,931
Gain (Loss) on sale of fixed assets	(57,845)	-	-	-	-	(57,845)
<b>Total Non-Operating Revenue (Expenses)</b>	<b>(13,050)</b>	<b>1,628</b>	<b>9,290</b>	<b>45,547</b>	<b>4,671</b>	<b>48,086</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(80,150)</b>	<b>10,628</b>	<b>1,762</b>	<b>700,865</b>	<b>63,231</b>	<b>696,336</b>
Capital contributions	56,657	-	-	-	-	56,657
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Change in Net Assets</b>	<b>(23,493)</b>	<b>10,628</b>	<b>1,762</b>	<b>700,865</b>	<b>63,231</b>	<b>752,993</b>
<b>Total Net Assets - Beginning</b>	<b>2,153,894</b>	<b>57,397</b>	<b>192,867</b>	<b>804,283</b>	<b>150,850</b>	<b>3,359,291</b>
Prior period adjustment	3,205	-	-	-	-	3,205
<b>Total Net Assets - Beginning, Restated</b>	<b>2,157,099</b>	<b>57,397</b>	<b>192,867</b>	<b>804,283</b>	<b>150,850</b>	<b>3,362,496</b>
<b>Total Net Assets - Ending</b>	<b>\$ 2,133,606</b>	<b>\$ 68,025</b>	<b>\$ 194,629</b>	<b>\$ 1,505,148</b>	<b>\$ 214,081</b>	<b>\$ 4,115,489</b>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2003**

	<u>Fleet Management</u>	<u>Vision Insurance</u>	<u>Unemployment Insurance</u>	<u>Liability Insurance</u>	<u>Dental Insurance</u>	<u>Totals</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>						
Receipts from customers	\$ 1,153,742	\$ 177,627	\$ 112,813	\$ 798,945	\$ 704,225	\$ 2,947,352
Payments to suppliers	(492,816)	(175,678)	(112,015)	(1,050,122)	(659,066)	(2,489,697)
Payments to employees	(158,320)	-	-	-	-	(158,320)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>502,606</b>	<b>1,949</b>	<b>798</b>	<b>(251,177)</b>	<b>45,159</b>	<b>299,335</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>						
Non-operating revenues	40,000	-	-	-	-	40,000
Operating subsidies and transfers to other funds	-	-	-	1,100,000	-	1,100,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>40,000</b>	<b>-</b>	<b>-</b>	<b>1,100,000</b>	<b>-</b>	<b>1,140,000</b>
<b><u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</u></b>						
Acquisition of capital assets	(593,979)	-	-	-	-	(593,979)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(593,979)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(593,979)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>						
Interest and dividends	4,795	1,628	9,290	45,547	4,671	65,931
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>4,795</b>	<b>1,628</b>	<b>9,290</b>	<b>45,547</b>	<b>4,671</b>	<b>65,931</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(46,578)</b>	<b>3,577</b>	<b>10,088</b>	<b>894,370</b>	<b>49,830</b>	<b>911,287</b>
<b>Balances - Beginning of the Year</b>	<b>160,335</b>	<b>67,629</b>	<b>361,134</b>	<b>482,319</b>	<b>145,870</b>	<b>1,217,287</b>
<b>Balances - End of the Year</b>	<b>\$ 113,757</b>	<b>\$ 71,206</b>	<b>\$ 371,222</b>	<b>\$ 1,376,689</b>	<b>\$ 195,700</b>	<b>\$ 2,128,574</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>						
Operating income (loss)	\$ (67,100)	\$ 9,000	\$ (7,528)	\$ 655,318	\$ 58,560	\$ 648,250
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	461,695	-	-	-	-	461,695
Decrease (increase) in:						
Accounts receivable	109,278	(1,297)	-	(525,008)	(11,624)	(428,651)
Prepaid expenses	-	(1,420)	-	-	(4,061)	(5,481)
Increase (decrease) in:						
Accounts payable	(5,260)	(4,334)	(165)	(20,487)	2,284	(27,962)
Accrued payroll and benefits	1,229	-	-	-	-	1,229
Compensated absences payable	2,764	-	-	-	-	2,764
Claims payable	-	-	8,491	(361,000)	-	(352,509)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 502,606</b>	<b>\$ 1,949</b>	<b>\$ 798</b>	<b>\$ (251,177)</b>	<b>\$ 45,159</b>	<b>\$ 299,335</b>

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## **FIDUCIARY FUNDS**

### **Trust and Agency Funds**

Fiduciary funds are used to account for the assets held in a trustee or agency capacity for other and therefore cannot be used to support the government's own programs

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**INVESTMENT TRUST FUNDS**  
**JUNE 30, 2003**

	Independent Districts	School Districts	School Districts Debt Service	Courts and Jury/Witness	Local Transportation Authority	Total Investment Trust Fund
<b><u>ASSETS</u></b>						
Cash and investments	\$ 8,958,204	\$ 37,649,818	\$ 575,038	\$ 868,428	\$ 2,564,139	\$ 50,615,627
<b>Total Assets</b>	<u>8,958,204</u>	<u>37,649,818</u>	<u>575,038</u>	<u>868,428</u>	<u>2,564,139</u>	<u>50,615,627</u>
<b><u>LIABILITIES</u></b>						
Due to other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>NET ASSETS</u></b>						
Net assets held in trust for pool participants	<u>\$ 8,958,204</u>	<u>\$ 37,649,818</u>	<u>\$ 575,038</u>	<u>\$ 868,428</u>	<u>\$ 2,564,139</u>	<u>\$ 50,615,627</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCITARY NET ASSETS**  
**INVESTMENT TRUST FUNDS**  
**FISCAL YEAR ENDING JUNE 30, 2003**

	<u>Independent Districts</u>	<u>School Districts</u>	<u>School Districts Debt Service</u>	<u>Courts and Jury/Witness</u>	<u>Local Transportation Authority</u>	<u>Total Investment Trust Fund</u>
<b><u>ADDITIONS</u></b>						
Contributions to investment pool	\$ 2,556,697	\$ 16,309,463	\$ 501,283	\$ 87,780	\$ 342,771	\$ 19,797,994
<b>Total Additions</b>	<u>2,556,697</u>	<u>16,309,463</u>	<u>501,283</u>	<u>87,780</u>	<u>342,771</u>	<u>19,797,994</u>
<b><u>DEDUCTIONS</u></b>						
Distributions from investment pool	(1,449,522)	(7,140,717)	(1,606)	(854,188)	(449,454)	(9,895,487)
<b>Total Deductions</b>	<u>(1,449,522)</u>	<u>(7,140,717)</u>	<u>(1,606)</u>	<u>(854,188)</u>	<u>(449,454)</u>	<u>(9,895,487)</u>
<b>Total Change in Net Assets</b>	1,107,175	9,168,746	499,677	(766,408)	(106,683)	9,902,507
<b>Net Assets - Beginning</b>	<u>7,851,029</u>	<u>28,481,072</u>	<u>75,361</u>	<u>1,634,836</u>	<u>2,670,822</u>	<u>40,713,120</u>
<b>Net Assets - Ending</b>	<u>\$ 8,958,204</u>	<u>\$ 37,649,818</u>	<u>\$ 575,038</u>	<u>\$ 868,428</u>	<u>\$ 2,564,139</u>	<u>\$ 50,615,627</u>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2003**

<u>ASSETS</u>	<u>Accrued Trust Funds</u>	<u>County Departmental Agency Funds</u>	<u>Total Agency Funds</u>
Cash and investments	\$ (4,580,478)	\$ 4,283,846	\$ (296,632)
Taxes receivable	4,989,265	-	4,989,265
Restricted assets:			
Cash and investments	-	212,497	212,497
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b>408,787</b>	<b>4,496,343</b>	<b>4,905,130</b>
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Tax loss reserve	1,032,719	-	1,032,719
Agency obligations	(623,932)	4,496,343	3,872,411
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ 408,787</b>	<b>\$ 4,496,343</b>	<b>\$ 4,905,130</b>
	<hr/>	<hr/>	<hr/>

**COUNTY OF NEVADA, CALIFORNIA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 2003**

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
<u>Accrued Trust Funds</u>				
<b>ASSETS</b>				
Cash and investments	\$ 6,319,009	\$ -	\$ 10,899,487	\$ (4,580,478)
Taxes receivable	5,382,120	-	392,855	4,989,265
<b>Total Assets</b>	<b>\$ 11,701,129</b>	<b>\$ -</b>	<b>\$ 11,292,342</b>	<b>\$ 408,787</b>
<b>LIABILITIES</b>				
Tax losses reserve	\$ 937,430	\$ 95,289	\$ -	\$ 1,032,719
Agency obligations	10,763,699	-	11,387,631	(623,932)
<b>Total Liabilities</b>	<b>\$ 11,701,129</b>	<b>\$ 95,289</b>	<b>\$ 11,387,631</b>	<b>\$ 408,787</b>
<u>County Departmental Agency Funds</u>				
<b>ASSETS</b>				
Cash and investments	\$ 12,432,399	\$ -	\$ 8,148,553	\$ 4,283,846
Due from other funds	1,249	-	1,249	-
Advance to other funds	413,624	-	413,624	-
Restricted assets				
Cash and investments	167,686	44,811	-	212,497
<b>Total Assets</b>	<b>\$ 13,014,958</b>	<b>\$ 44,811</b>	<b>\$ 8,563,426</b>	<b>\$ 4,496,343</b>
<b>LIABILITIES</b>				
Due to other funds	\$ 158,180	\$ -	\$ 158,180	\$ -
Advance from other funds	413,624	-	413,624	-
Agency obligations	12,443,154	-	7,946,811	4,496,343
<b>Total Liabilities</b>	<b>\$ 13,014,958</b>	<b>\$ -</b>	<b>\$ 8,518,615</b>	<b>\$ 4,496,343</b>
<u>Total Agency</u>				
<b>ASSETS</b>				
Cash and investments	\$ 18,751,408	\$ -	\$ 19,048,040	\$ (296,632)
Taxes receivable	5,382,120	-	392,855	4,989,265
Due from other funds	1,249	-	1,249	-
Advance to other funds	413,624	-	413,624	-
Restricted assets				
Cash and investments	167,686	44,811	-	212,497
<b>Total Assets</b>	<b>\$ 24,716,087</b>	<b>\$ 44,811</b>	<b>\$ 19,855,768</b>	<b>\$ 4,905,130</b>
<b>LIABILITIES</b>				
Due to other funds	\$ 158,180	\$ -	\$ 158,180	\$ -
Advance from other funds	413,624	-	413,624	-
Tax losses reserve	937,430	95,289	-	1,032,719
Agency obligations	23,206,853	-	19,334,442	3,872,411
<b>Total Liabilities</b>	<b>\$ 24,716,087</b>	<b>\$ 95,289</b>	<b>\$ 19,906,246</b>	<b>\$ 4,905,130</b>