

COUNTY OF TULARE STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Prepared for the Board of Supervisors By

**JIMMY R. ALLEN
County Auditor-Controller**

**Under the Direction of:
Carol Pightling, CPA, Chief Accountant**

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INTRODUCTORY SECTION

AUDITOR/CONTROLLER

221 South Mooney Blvd., Room 101-E • Visalia, Ca 93291-4593 • FAX (559) 730-2547



COUNTY OF TULARE

JIMMY R. ALLEN
Auditor-Controller
(559) 733-6345

JERRY T. MESSINGER
Assistant Auditor-Controller
(559) 733-6345

December 23, 2004

The Honorable Board of Supervisors
The County of Tulare
Administration Building
Visalia, California 93291-4582

Dear Board Members:

The comprehensive annual financial report for the County of Tulare for the year ended June 30, 2004, is hereby submitted in accordance with Section 25253 of the Government Code of the State of California. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and changes in financial position of the various funds and component units of the County of Tulare. All disclosures necessary for an understanding of the County's financial activities have been included. Dollar amounts are expressed in thousands, unless otherwise noted.

The comprehensive annual financial report is presented in three sections: Introductory, Financial and Statistical. The Introductory section, which is unaudited, includes this letter of transmittal, an organizational chart, a list of the County of Tulare's principal elected and appointed officials and a reproduction of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. The Financial section includes the unqualified opinion of our independent auditors, management's discussion and analysis, basic financial statements with accompanying notes, and the supplementary information consisting of the combining and individual fund financial statements and schedules. The Statistical section, which is unaudited, includes relevant financial and demographic information depicting the County's historical trends and other significant facts.

This comprehensive annual financial report has been prepared by the Department of the Auditor-Controller in accordance with generally accepted accounting principles (GAAP), as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) through November 30, 1989. Responsibility for the accuracy of the data, including all disclosures, rests with the County. To provide a reasonable basis for making these representations, management of the County of Tulare has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the County of Tulare's financial

statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County of Tulare's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that the data as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and changes in financial position of the County as measured by the financial activity of the various funds, and that all disclosures necessary to enable the reader to gain a full understanding of the County's financial affairs have been included.

The financial reporting entity includes all of the funds of the County of Tulare, as well as its component units, including the Tulare County Redevelopment Agency, the Terra Bella Sewer Maintenance District, the Tulare County Flood Control District, the Tulare County Public Facilities Corporation, the Tulare County Public Financing Authority, the Tulare County In-Home Supportive Services Public Authority, and the First 5 Tulare County. Component units are legally separate entities for which the County is financially accountable.

The County provides a full range of services including police and fire protection; health and sanitation services; social services; construction and maintenance of highways, streets and infrastructures; recreational activities and cultural events.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Tulare's MD&A can be found immediately following the report of the independent auditor.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The County of Tulare is a general law county created by the State Legislature in 1852. The County is located in the San Joaquin Valley. The Sierra Nevada provides its eastern boundary line. The County ranks seventh among California counties in land area. The City of Visalia is the County seat with a population of approximately 102,684. The County has a population of approximately 396,800 residents with nearly three million acres under cultivation.

The County is the number one producer of dairy products in the United States, and is the nation's second highest-ranking county with regard to total agriculture and livestock production. The climate of the County is such that it produces outstanding citrus crops. Among these crops, oranges are the most prominent, with large acreage also devoted to lemons. Thousands of acres of grapes are high on the list for cash income. Table grapes grown here are shipped worldwide, while other grapes are processed for wine making and raisins. The County is also famous for its olives, walnuts, plums, peaches and nectarines, which account for hundreds of millions of dollars in farm income each year. California produces 95 percent of the nation's olives, one-half of which are grown and packaged in the County. The southern San Joaquin Valley has always been famous for premium long staple cotton, which accounts for more than \$62 million of the agricultural income within the County. The beef industry is also an important component of the County's economy, as are turkey and hog production. The County's geographical location presents easy access to markets around the world for all commodities produced.

MAJOR INITIATIVES

For the year. The Board of Supervisors' commitment to effectively serving the residents of the County of Tulare is demonstrated by the following:

Continued the process of the comprehensive review of the County's General Plan.

Telecommunications improvement projects were completed.

New budget system was further enhanced and streamlined the overall budget process.

Continued the restoration of the Visalia Library into a children's library.

Near completion of the \$11 million capital project for energy efficiency improvements to County facilities, which are expected to save approximately \$1 million in energy costs annually.

Continued the aggressive program to protect grape crops by containing the glassy-winged sharpshooter.

Finished the expansion of the Terminus (Kaweah) dam.

Implemented a multi-year capital improvement program.

For the Future. The Board of Supervisors' continues to prioritize programs to effectively serve the needs of the residents of the County of Tulare, as demonstrated by the following:

Continue the process for a comprehensive review of the County's General plan.

Change the County's Workers' Compensation program from externally insured to self insured while implementing preventative measures to further reduce costs.

Perform a comprehensive review of the County's benefit package provided to employees in order to identify opportunities for improvement.

Review of all internal services provided by the County in order to increase efficiencies and determine if privatization is necessary.

Vigorously pursue grant programs to expand revenue base and increase services.

FINANCIAL INFORMATION

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are

protected from loss, theft or misuse, and to ensure adequate accounting data are compiled to allow for the preparation of basic financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments of management.

As a recipient of federal, state and local financial assistance, the County is also responsible for maintaining an adequate internal control structure that will ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the County.

As part of the County's Single Audit, tests were made of the County's internal control structure and of its compliance with applicable laws and regulations, relating to federal awards. Although this testing was not sufficient to support an opinion on the County's internal control system or its compliance with laws and regulations related to non-major federal awards, the audit for the year ended June 30, 2004, disclosed no material internal control weaknesses or material violations of laws and regulations.

In addition, the County maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund, special revenue funds, debt service funds, and capital projects funds are included in the annual appropriated budget. The legal level of budgetary control (that is, the level which cannot be exceeded without action by the Board of Supervisors) is the fund level, with the exception of the General Fund in which the legal level of control is the department level. The Administrative Officer may approve transfers of appropriations between expenditure appropriation classifications, within the same budget unit.

The County utilizes an automated accounting system (Advantage Financial) maintained on the County's mainframe computer. The system allows us to restrict each department's expenditures to the amount of the budgeted appropriation. Changes in budget appropriation must be approved by the Board as a transfer from Contingency reserve, transfer from another budget unit, or as an appropriation of unanticipated or over realized revenue. Any unencumbered appropriation balances remaining at the end of the fiscal year automatically lapse except by approval of the County Administrative Officer (CAO). The fund balances along with projected revenues become available for appropriation in the following year.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

EMPLOYEES' RETIREMENT PLAN

County employees' retirement is provided by the Tulare County Employees' Retirement Association which was established July 1, 1945, pursuant to the provisions of the County Employee Retirement Law of 1937. Substantially all employees are covered by this contributory plan. The independently elected Board consists of nine people who represent a cross section of County employees, both working and retired. The Retirement Association is not considered a component unit of the County of Tulare because membership includes entities that are not part of the County.

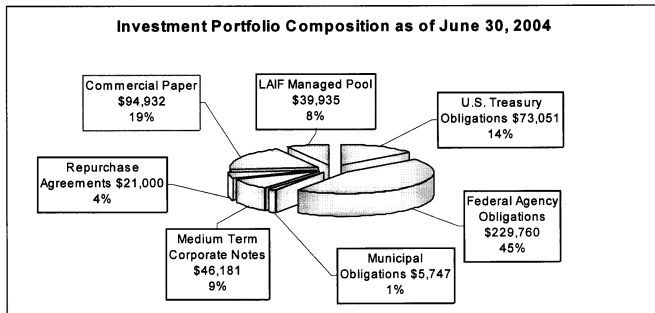
Contributions are made to the Employees' Retirement Association by both the County and members on amounts recommended by the actuary. Five years of service is needed for a partial vested interest and ten years of membership and a minimum age of 50 is required for full vesting.

The Board adopted a two-tier retirement plan in 1980 and added a third tier in January 1990 pursuant to Internal Revenue Code Section 415. Employees covered under plans Tier 2 and 3 will receive reduced retirement benefits. With the passage of time, this will represent a significant reduction in cost for the County. A complete financial report is available from the Association.

CASH MANAGEMENT

The County investment policy's primary goal is the Safety and preservation of capital. The second goal is the continual maintenance of Liquidity (or always having the ability to convert sufficient securities to cash to cover the cash flow needs of the County and all its investing agencies, and to meet any contingency needs). The third goal is Yield (or to earn a reasonable rate of return representative of current market conditions and the present phase of the market cycle, while remaining in compliance with all State laws and the Treasurer's formal investment policy).

Over 84% of the investments held by the County during the year ended June 30, 2004 are classified in the category of lowest custodial credit risk as defined by the Governmental Accounting Standards Board. Remaining investments were held in the County's name either by the counterparty financial institution's trust department or by a Securities and Exchange Commission-registered brokerage firm. The earned yield (net of treasurer's fees) for the County of Tulare for fiscal year June 30, 2004 was 2.23%.



RISK MANAGEMENT

The County transitioned from a self-insured program in November 1993 to contracting with multiple HMO's (Health Maintenance Organizations) to provide medical coverage for County employees and retirees.

The County converted from a self-insured program in November 1996 for Workers' Compensation. All losses prior to November 10, 1996 were assumed by an insurer in a loss portfolio transfer (LPT) with a \$12.5 million limit of liability. An audit of the LPT incurred claims was completed in February to verify the remaining balance of the limits of liability. The unreserved balance was determined to be in excess of \$1 million for 62 remaining claims. Individual file reserves were determined to be sufficient for the exposures of the open claims. The County maintained a full statutory coverage for Workers' Compensation through June 30, 2004. The County remained self-insured for general liability in the fiscal year ended June 30, 2004 but decreased the self-insured retention to \$250 from the previous \$1 million self-insured retention. Excess limits were again renewed at \$25 million. As of June 30, 2004, the County's general liability fund has set aside \$ 5,032.

Aviation liability, including airport operations, and hull coverage (\$1 deductible) is provided on a fully insured basis with a deductible of \$10.

Other coverage for property, medical malpractice and employee dishonesty are provided under pooled insurance programs. Each program carries a deductible or SIR of \$10 or \$25 (Crime Bond).

INDEPENDENT AUDIT

The financial records and transactions of the County and its blended component units for the fiscal year ended June 30, 2004, have been audited by M. Green and Company, L.L.P., a firm of certified public accountants, and their opinion is included in the Financial section of this report.

In addition, the County of Tulare is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended in 1996, and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal control and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Tulare for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENT

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Auditor-Controller's Office, as well as the efforts and input of every department of the County. Each participating member has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

A stylized, handwritten signature in dark ink, appearing to read 'C. Haddix'.

C. BRIAN HADDIX
County Administrative Officer

A handwritten signature in dark ink, clearly legible as 'Jimmy R. Allen'.

JIMMY R. ALLEN
Auditor-Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Tulare,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

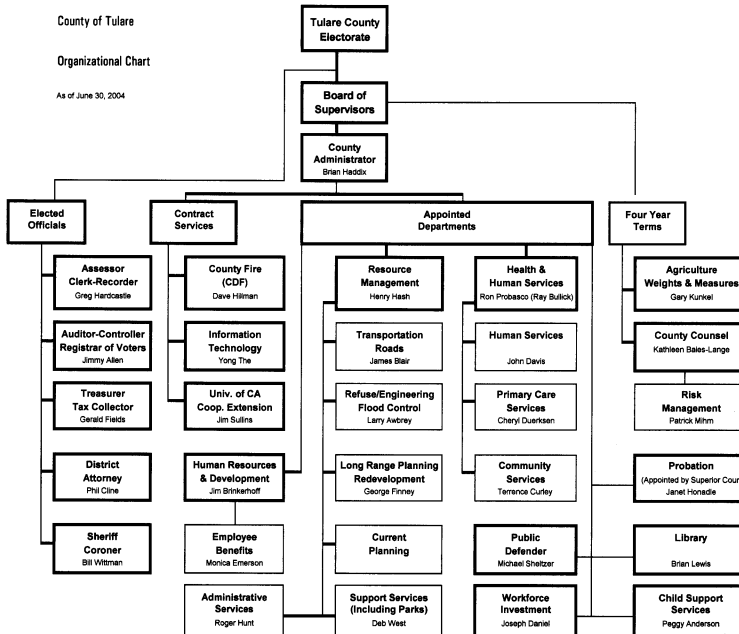
Jeffrey R. Enos

Executive Director

County of Tulare

Organizational Chart

As of June 30, 2004



COUNTY OF TULARE
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2004

<u>DEPARTMENT</u>	<u>OFFICIALS</u>	<u>POSITIONS</u>
Agricultural Commissioner	Gary Kunkel	57
* Assessor/Clerk-Recorder	Gregory B. Hardcastle	79
* Auditor-Controller Elections Purchasing	Jimmy R. Allen	37
Board of Supervisors		7
** District No. 1	William Sanders, Chairman	
** District No. 2	Connie Conway, Vice Chairman	
** District No. 3	Lali Moheno	
** District No. 4	J. Steven Worthley	
** District No. 5	James E. Maples	
Child Support Services	Peggy Anderson	316
Cooperative Extension	Jim Sullins	7
County Administrative Office	Brian Haddix	16
County Counsel Risk Management	Kathleen Bales-Lange	42
* District Attorney Public Administrator	Phillip J. Cline	169
Fire Protection Services	Dave Hillman	23

Footnote:

- Unmarked - Appointed
- * Elective - County at Large
- ** Elective - By District

COUNTY OF TULARE
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2004

<u>DEPARTMENT</u>	<u>OFFICIALS</u>	<u>POSITIONS</u>
Health & Human Services Agency	Ronald W. Probasco	2,006
Administrative Services		
Human Services		
Primary Care Services		
Community Services		
Human Resources & Development	Jim Brinkerhoff	19
Library	Brian G. Lewis	31
Probation	Janet M. Honadle	300
Juvenile Detention Facility		
Probation Youth Facility		
Delinquency Prevention & Court Services		
Supervision Services		
Program Planning and Development		
Administrative Services		
Public Defender	Michael Sheltzer	66
Resource Management Agency	Henry Hash	437
Engineering Services		
Transportation Services		
Long Range Planning		
Support Services		
Administration		
* Sheriff-Coroner	Bill Wittman	650
* Treasurer-Tax Collector	O. Gerald Fields	19
Workforce Investment	Joseph H. Daniel	76
TOTAL ALLOCATED POSITIONS		4,357

Footnote:

- Unmarked - Appointed
- * Elective - County at Large
- ** Elective - By District



FINANCIAL SECTION



M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Supervisors
County of Tulare

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Tulare, California (the County), as of and for the fiscal year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the First 5 Tulare County, which represent 100 percent of the assets and revenues of the discretely presented component unit for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, in so far as it relates to the amounts included for the First 5 Tulare County, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2004 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Tulare
Visalia
Hanford
Dinuba

The management's discussion and analysis on pages 15 through 28 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual 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 and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 24, 2004
Visalia, CA

M. Green and Company LLP

Management's Discussion and Analysis

As management of the County of Tulare, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of Tulare for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The assets of the County of Tulare exceeded its liabilities at the close of the most recent fiscal year by \$204,117 (*net assets*). Of this amount, \$57,298 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.

The County's total net assets, which may serve as a useful indicator of financial position, improved by \$12,973, including the recognition of \$9,594 revenues related to prior periods. (See Note III C.).

As of the close of the current fiscal year, the County of Tulare governmental funds reported combined ending fund balances of \$118,773, an increase of \$4,557 in comparison with the prior year, including the recognition of \$5,467 revenues related to prior periods. (See Note III C.). Approximately \$32,728 is available for spending at the government's discretion (*unreserved fund balance*).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$17,124 or 4.2% of total general fund expenditures.

The County of Tulare's total debt decreased by \$8,842 (5.2%) during the current fiscal year.

Overview of Financial Statements

The Comprehensive Annual Financial Report for the County of Tulare consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and an optional section that presents *combining statements and schedules* for nonmajor governmental funds, nonmajor enterprise funds, and internal service funds. This discussion and analysis is intended to serve as an introduction to the County of Tulare's basic financial statements. The County of Tulare's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The two types of financial statements are designed to present two different views of the County.

Government-wide financial statements. The *government-wide financial statements* provide readers with a broad overview of both long-term and short-term information about the County of Tulare's *overall* financial status in a manner similar to a private-sector business. The two government-wide statements report the County's *net assets* and how they have changed. Net assets are one way to measure the County's financial health or position.

The government-wide financial statements of the County are divided into two categories:

Governmental activities - most of the County's basic services are included here, such as fire, public works and general administration, which receive approximately 82.4% of their support from charges for services and operating grants and contributions. Property taxes, sales taxes, and other revenues covered the remaining costs.

Business-type activities - charge fees to users which are intended to recover all or a significant portion of their costs for certain services, such as water and sewer services and solid waste disposal. In fiscal year ended June 30, 2004, 64.2% of costs were recovered through fees to users. Property taxes, operating grants, and investment income covered the remaining costs.

The *statement of net assets* presents information on all of the County of Tulare'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 the improvement in the financial position of the County of Tulare.

The *statement of activities* presents information showing how the government'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 are the result of cash flows in prior fiscal periods (e.g., prepayment of retirement contributions) or will result in cash flows in future fiscal periods (e.g., earned-but-unused vacation leave).

The government-wide financial statements include not only the County of Tulare itself (known as the *primary government*), but also seven legally separate organizations for which the elected officials of the County are financially accountable. Financial information for six of these *blended component units* is combined with the financial information presented for the primary government itself. First 5 Tulare County is a *discretely presented component unit*.

The government-wide financial statements can be found in the Basic Financial Statements section following the Management's Discussion and Analysis.

Fund financial statements. A *fund* is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Tulare, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The *fund financial statements* focus on individual parts of the County government. All of the funds of the County of Tulare can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental 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 for future spending. Such information may be useful in evaluating a government'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 of Tulare's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County of Tulare maintains 42 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the Tulare County Public Facilities Corporation, and the Tulare County Public Financing Authority, all of which are considered to be major funds. Data from the other 43 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County of Tulare adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. Similar comparisons for all nonmajor governmental funds are provided in the form of *budget and actual schedules* elsewhere in this report.

The basic governmental fund financial statements can be found following the Government-wide Financial Statements in the Basic Financial Statements section of this report.

Proprietary funds. The County of Tulare maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County of Tulare uses enterprise funds to account for its Solid Waste, Transit, and many sewer and water operations. *Internal service funds* are used to accumulate and allocate costs internally. The County of Tulare uses internal service funds to account for its central services, such as mailroom, print shop, and motorpool, and for insurance coverages. 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. The proprietary fund financial statements provide separate information for Solid Waste, which is a major fund of the County of Tulare. Data for all nonmajor enterprise funds are combined into a single, aggregated presentation. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements, as well. Individual fund data for the nonmajor enterprise funds and the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found in the Fund Financial Statements section of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. They provide information about financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County of Tulare's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in the Fund Financial Statements section of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Fund Financial Statements in this report.

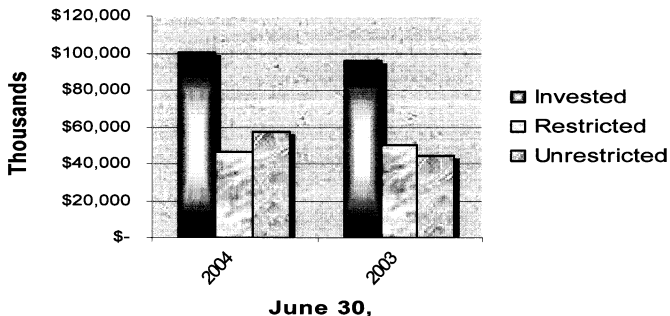
Other information. The combining statements and schedules referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and capital assets used in the operation of governmental funds are presented immediately following the Notes to the Financial Statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Tulare, assets exceeded liabilities by \$204,117 at the close of the most recent fiscal year.

A portion (\$100,011) of the County of Tulare's net assets (49.0%) for the current year reflects its investment in capital assets (e.g., land, infrastructure, buildings, equipment, and vehicles), less any related, outstanding debt used to acquire those assets. The County of Tulare uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County of Tulare's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Comparison of the Components of Net Assets Government-Wide



An additional portion of the County of Tulare's net assets (\$46,808) represents resources that are subject to external restrictions on how they may be used (*restricted net assets*). The remaining balance of *unrestricted net assets* (\$57,298) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County of Tulare is able to report positive balances in all three categories of net assets for the County as a whole, as well as for its separate governmental and business-type activities

Key elements of the County of Tulare's calculation of net assets for both governmental activities and business-type activities for fiscal years ended June 30, 2003 and 2004 are as follows:

As of June 30,	County of Tulare's Net Assets (amounts expressed in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 264,500	\$ 233,449	\$ 54,680	\$ 74,404	\$ 319,180	\$ 307,853
Capital assets	161,316	155,860	21,014	18,032	182,330	173,892
Total assets	<u>425,816</u>	<u>389,309</u>	<u>75,694</u>	<u>92,436</u>	<u>501,510</u>	<u>481,745</u>
Long-term liabilities outstanding	159,962	170,271	40,379	36,935	200,341	207,206
Other liabilities	111,751	82,865	(14,699)	517	97,052	83,382
Total liabilities	<u>271,713</u>	<u>253,136</u>	<u>25,680</u>	<u>37,452</u>	<u>297,393</u>	<u>290,588</u>
Net assets:						
Invested in capital assets, net of related debt	80,615	79,735	19,396	16,386	100,011	96,121
Restricted	41,803	45,532	5,005	5,005	46,808	50,537
Unrestricted	31,685	10,906	25,613	33,580	57,298	44,486
Total net assets	<u>\$ 154,103</u>	<u>\$ 136,173</u>	<u>\$ 50,014</u>	<u>\$ 54,971</u>	<u>\$ 204,117</u>	<u>\$ 191,144</u>

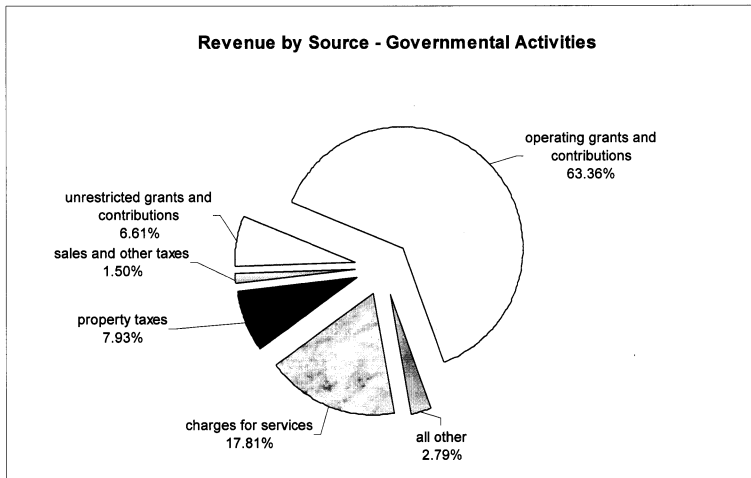
County of Tulare's Changes in Net Assets
(amounts expressed in thousands)

For the fiscal year ended June 30,	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Charges for services	\$ 90,627	\$ 86,685	\$ 9,509	\$ 9,528	\$ 100,136	\$ 96,213
Operating grants and contributions	322,329	316,850	40	135	322,369	316,985
General revenues:						
Property taxes	40,342	37,394	-	22	40,342	37,416
Other taxes	7,632	6,694	658	793	8,290	7,487
Grants and contributions not restricted to specific programs	33,611	36,829	-	-	33,611	36,829
Other	14,193	10,843	534	2,550	14,727	13,393
Total revenues	<u>508,734</u>	<u>495,295</u>	<u>10,741</u>	<u>13,028</u>	<u>519,475</u>	<u>508,323</u>
Expenses:						
General government	32,816	37,409	-	-	32,816	37,409
Public protection	145,513	130,282	-	-	145,513	130,282
Public ways and facilities	19,411	18,699	-	-	19,411	18,699
Health and sanitation	86,955	87,856	-	-	86,955	87,856
Public assistance	202,481	202,308	-	-	202,481	202,308
Education	3,356	3,481	-	-	3,356	3,481
Culture and recreation	1,949	1,839	-	-	1,949	1,839
Unallocated depreciation	589	627	-	-	589	627
Unallocated interest expense	8,220	9,023	-	-	8,220	9,023
Solid Waste	-	-	12,967	10,361	12,967	10,361
Other business-type activities	-	-	1,839	1,873	1,839	1,873
Total expenses	<u>501,290</u>	<u>491,524</u>	<u>14,806</u>	<u>12,234</u>	<u>516,096</u>	<u>503,758</u>
Change in net assets before transfers	<u>7,444</u>	<u>3,771</u>	<u>(4,065)</u>	<u>794</u>	<u>3,379</u>	<u>4,565</u>
Transfers	<u>892</u>	<u>677</u>	<u>(892)</u>	<u>(677)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>8,336</u>	<u>4,448</u>	<u>(4,957)</u>	<u>117</u>	<u>3,379</u>	<u>4,565</u>
Net assets - July 1	* 145,767	131,725	54,971	54,854	* 200,738	186,579
Net assets - June 30	<u>\$ 154,103</u>	<u>\$ 136,173</u>	<u>\$ 50,014</u>	<u>\$ 54,971</u>	<u>\$ 204,117</u>	<u>\$ 191,144</u>

* includes prior period adjustment. See Note III C.

The County of Tulare's overall net assets improved by \$12,973 during the current fiscal year, including the recognition of \$9,594 revenues related to prior periods. (See Note III C.). These increases are explained in the governmental and business-type activities discussions below.

Governmental activities. Governmental activities increased the County of Tulare's current year net assets by \$17,930, including \$9,594 revenues related to prior periods. The increase in governmental activities accounts for all of the growth in the net assets of the County of Tulare compared to an increase of \$4,448 (97.4 %) for the prior year. Key elements of revenues in governmental activities for the fiscal year ended June 30, 2004 are as follows:

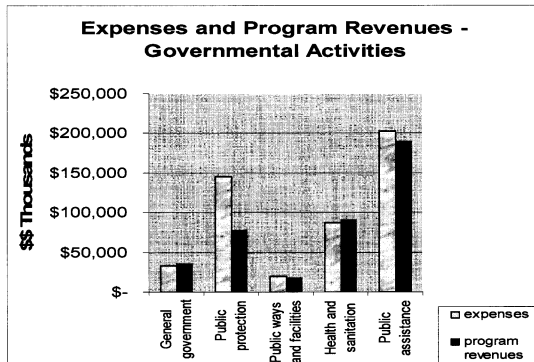


Total revenues for governmental activities increased by \$13,439. Local charges for services showed a \$3,762 (4.3%) increase over the prior year (largely due to rate increases), operating grants and contributions for governmental activities increased by \$5,479 or 1.7%, while property and other taxes increased by 8.8% or \$3,886.

At the same time, governmental activities showed an increase of \$9,766 in overall expenses. An increase of \$15,231 represents the County's ongoing investment in public protection for the Sheriff's Department (\$4,241), for the Agriculture Commissioner (\$4,601) to combat pests impacting local growers, for fire protection (1,208), and for needed maintenance of the main courthouse (\$2,230). At the same time, there was a decrease of \$4,593 (12.3%) in general government costs, specifically in Central Services, due to procedural and staffing changes designed to reduce costs.

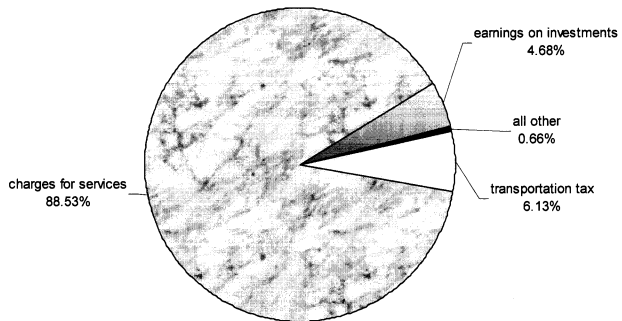
Whereas all governmental activities (except public protection) have program revenues sufficient to fund approximately 94% of program expenses, public protection only covers a little more than half (53.3%) of program costs from program revenues. Therefore, nearly 80% of general revenues are used for public protection.

A comparison of expenses and program revenues for governmental activities for the fiscal year ended June 30, 2004 is as follows:



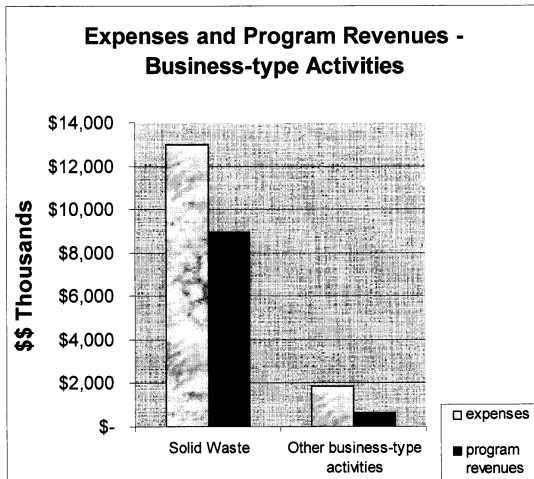
Business-type activities. Business-type activities decreased the County of Tulare's net assets by \$4,957, offsetting 59.5% of the growth realized in governmental activities. The County realized an increase of \$3,379 (1.8%) for the prior year. Key elements of the current changes are as follows:

Revenue by Source - Business -type Activities



Total revenues for business-type activities decreased by \$2,287 (17.6%) over the prior period. Although fees for services remained stable, revenues from investment earnings declined by \$2,047. Key elements of revenues in business-type activities for the fiscal year ended June 30, 2004 are as follows:

Business-type activities showed an increase of \$2,572 (21.0%) in overall expenses. A sharp increase (\$2,406) in the current portion of closure and postclosure expenses accounts for 93.6% of the overall increase. A comparison of expenses and program revenues for business type activities for the fiscal year ended June 30, 2004 is as follows:



Financial Analysis of the County's Funds

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

Governmental funds. The focus of the County of Tulare'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 of Tulare's financial requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County of Tulare's governmental funds reported combined ending fund balances of \$118,773, an increase of \$4,557 in comparison with the prior year, including the recognition of \$5,467 revenues related to prior periods. (See Note III C.). Approximately 27.6% of this total amount, or \$32,728, constitutes *unreserved fund balance*, which is available for spending at the County of Tulare's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for future debt service payments (\$59,876, 2) for toxic cleanup at Harmon Field airstrip per contract with the California Environmental Protection Agency (\$5,000), 3) for future collections on long-term notes receivable (\$7,003), 4) for future collections of delinquent property taxes (\$11,642), or 5) for a variety of other restricted purposes (\$2,524).

The general fund is the chief operating fund of the County of Tulare. At the end of the current fiscal year, unreserved fund balance of the general fund was \$17,124, while total fund balance reached \$36,154. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4.2% of total general fund expenditures, while total fund balance represents 8.9 % of that same amount.

The fund balance of the County of Tulare's general fund increased by \$4,442 during the current fiscal year as a result of recognition of \$5,467 revenues related to a prior period (See Note III C.) and spending in excess of revenues of \$1,025. The prior fiscal year resulted in an increase of \$917, by comparison. Key factors of this trend are as follows:

Total revenues of the general fund decreased by \$7,799 or 2.0%. Although there were slight increases in most revenue sources, a decrease of \$12,342 from State and Federal funding sources resulted in an overall decline.

Overall spending remained stable with a small increase of only \$708.

Two major blended component units of the County of Tulare are the Tulare County Public Facilities Corporation (TCPFC) and the Tulare County Public Financing Authority (TCPFA), which were established to assist with past and future acquisition and maintenance of County structures. Since both of these blended components are related to capital assets and the financing thereof, the *total fund balances* of both TCPFC (\$9,013) and TCPFA (\$50,684) are restricted for future servicing of debt.

Proprietary funds. The County of Tulare's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of all proprietary funds was \$52,933, with \$50,014 of that in enterprise funds and 86.6% (\$43,306) of the enterprise funds in Solid Waste. *Unrestricted net assets* of Solid Waste at the end of the year amounted to \$24,723, and the total reduction in net assets for Solid Waste was \$4,417. Other factors concerning the finances of this fund have already been addressed in the discussion of the County of Tulare's business-type activities.

General Fund Budgetary Highlights

The Board of Supervisors of the County of Tulare made several supplemental budgetary expenditure appropriations totaling \$8,691 (2.0 %) in the general fund appropriations throughout the fiscal year. A \$3,094 increase in appropriations occurred for the acquisition of capital assets, and \$5,219 for additional spending in health and social services, all for the Health and Human Services Agency when federal grant money became available.

For the current year, \$7,472 was budgeted from beginning available fund balance. Actual revenues realized fell \$31,997 short of budgetary estimates, especially that to be received as aid from State and Federal sources. As a result, expenditures for the current year fell \$37,118 below budgetary estimates as well. The reduced spending helped to offset the reduction in recognized revenues, but the general fund still experienced an overall reduction in available fund balance of \$1,025. This negative change to fund balance resulting from current activity was offset by the recognition of \$5,467 prior period revenues. (See Note III C.)

Capital Asset and Debt Administration

Capital assets. The County of Tulare's investment in capital assets for its governmental and business-type activities at current year-end amounts to \$182,330 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles, and some construction in progress.

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

1. The adult pre-trial facility remains unoccupied due to lack of funding for staff and other costs.
2. Ongoing construction in progress of the County-wide energy management project is at \$9,947 as of June 30, 2004.

County of Tulare's Capital Assets (net of depreciation)						
As of June 30,	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 8,349	\$ 8,256	\$ 6,728	\$ 6,728	\$ 15,077	\$ 14,984
Buildings and improvements	122,449	126,480	12,058	9,220	134,507	135,700
Equipment and vehicles	14,519	14,793	2,228	2,043	16,747	16,836
Infrastructure in progress	5,437	4,848	-	-	5,437	4,848
Construction in progress	10,562	1,483	-	41	10,562	1,524
Total	<u>\$ 161,316</u>	<u>\$ 155,860</u>	<u>\$ 21,014</u>	<u>\$ 18,032</u>	<u>\$ 182,330</u>	<u>\$ 173,892</u>

At June 30, 2004, the County had commitments of \$ 973 for the completion of energy management projects for the coming year.

Additional information on the County of Tulare's capital assets can be found in Note IV. E of this report.

Long-term debt. At the end of the current fiscal year, the County of Tulare had total outstanding debt of \$159,919. Of this amount, almost 40.5% (\$64,743) comprises debt for Certificates of Participation (COP's) issued by the Tulare County Public Facilities Corporation for the acquisition or construction of major capital facilities. Approximately 21.1 % of the outstanding debt of the County of Tulare (\$33,800) represents Pension Obligation Bonds used to pay a previous unfunded actuarial accrued liability. Another 27.4% (\$43,808) is the outstanding balance of Variable Rate Demand Bonds issued by the Tulare County Public Facilities Authority to provide financing of future acquisition and construction of major capital facilities. The remaining balance is for several capital leases and loans used for new equipment and vehicles (i.e., patrol vehicles for the Sheriff's department, and fire engines) used in the general operations of the County of Tulare.

County of Tulare's Outstanding Debt						
As of June 30,	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Loans	\$ 17,281	\$ 17,555	\$ -	\$ -	\$ 17,281	\$ 17,555
Capital leases	287	359	-	-	287	359
Notes	-	-	-	-	-	-
Variable rate demand bonds	43,800	44,200	8	9	43,808	44,209
Pension obligation bonds	33,800	35,870	-	-	33,800	35,870
Certificates of Participation	63,133	69,131	1,610	1,637	64,743	70,768
Totals	<u>\$158,301</u>	<u>\$167,115</u>	<u>\$ 1,618</u>	<u>\$ 1,646</u>	<u>\$159,919</u>	<u>\$168,761</u>

The overall decrease of current year outstanding debt of the County of Tulare over the prior year is \$8,842 (5.2%). The largest reductions occurred with payments of \$5,998 against the COP's and \$3,180 paid on equipment and vehicle loans. The County also borrowed \$993 for additional vehicle purchases and \$1,913 for an economic development project during the current year.

The County of Tulare maintains long-term credit ratings of "Aaa" and "AAA" from Moody's Investors Service and Fitch IBCA, Inc., respectively.

Constitutional Amendment XIII A, passed by vote of the people and effective July 1, 1978, prohibits the County from raising ad valorem property taxes above 1% of full cash value. Thus, the legal debt margin (\$237,711) is 1.25% of assessed valuation (\$19,016,907). As of June 30, 2004, the County had no tax supported general obligation bonded debt outstanding.

Additional information on the County of Tulare's long-term debt can be found in Note IV. J. of this report.

Economic Factors and Next Year's Budgets

As of June 2004, there are 1.1 million unemployed in California according to the Employment Development Department. This represents 6.3% versus the U.S. rate of 5.6%. The regional unemployment rate for Tulare County is 14.9%. Locally, the suggested cutbacks of State support for local programs could increase the unemployment rate in the County where local government is one of the largest employers.

The State is predicting continued deficits in the State budget through the end of fiscal year 2004-05. Suggested cuts of State-to-County money include reduced support for such things as veterans programs, senior programs, State support for the maintenance and building of roads, State and community colleges, and local law enforcement grants, forcing local governments to cover or possibly abandon some programs, although the amount of such reductions is not currently determinable. It is predicted that this trend will continue for several years into the future - stretching County resources even further and bringing many difficult choices among services to be continued and those to be deleted.

The energy crisis experienced recently in California and the associated sharp rise in energy costs has had a significant negative effect on the County's resources. In response, the County has committed to \$11 million investment in energy saving improvements over many of the County's older facilities. As of June 2004, approximately 90% of the project is completed. The County has already realized savings in utility costs and received more than \$325 in rebates from providers. It is expected that the savings in energy costs will more than repay the investment for many years into the future.

The past two years have shown a marked increase in new housing in Tulare County – particularly in the cities of Visalia and Tulare. The County is beginning to see the results of this building boom in increased property tax revenues. The continued expansion has resulted in new construction of retail stores and other services to new residents.

All of these factors were considered in preparing the County of Tulare's budget for the 2004-05 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund is \$17,124. The County of Tulare has appropriated \$8,166 of this amount for spending in the 2005 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the County of Tulare's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tulare County Auditor - Controller's Office, 221 S. Mooney Blvd., Suite 101-E, Visalia, CA, 93291.

The Comprehensive Annual Financial Report of the County of Tulare for the fiscal year ended June 30, 2004 can also be found at the County's website www.co.tulare.ca.us/government/financial_services/auditor/finrpt.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements



County of Tulare
Statement of Net Assets
June 30, 2004
(amounts expressed in thousands)

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Tulare County
Assets:				
Current assets:				
Cash in banks	\$ 570	\$ 236	\$ 806	\$ 72
Investment in treasury pool	83,222	5,376	88,598	19,138
Investments	12,029	-	12,029	-
Imprest cash	78	2	80	-
Accounts receivables, net	6,139	628	6,767	-
Taxes receivable	12,806	-	12,806	-
Deposits with others	639	46	685	-
Due from other governments	45,451	-	45,451	1,116
Inventories	211	-	211	-
Pension assets	34,561	-	34,561	-
Prepaid items	2,640	-	2,640	595
Lease payments receivable, net of interest	107	-	107	-
Notes Receivable	62	-	62	-
Total current assets	<u>198,515</u>	<u>6,288</u>	<u>204,803</u>	<u>20,921</u>
Noncurrent assets:				
Due from other governments	4,219	-	4,219	-
Lease payments receivable, net of interest	1,610	-	1,610	-
Notes receivable	6,941	5,321	12,262	-
Advances to Agency funds	560	-	560	-
Restricted assets - noncurrent	52,655	43,071	95,726	-
Capital assets:				
Land and other assets not being depreciated	24,348	6,728	31,076	-
Buildings and equipment, net of depreciation	<u>136,968</u>	<u>14,286</u>	<u>151,254</u>	-
Total capital assets, net	<u>161,316</u>	<u>21,014</u>	<u>182,330</u>	-
Total noncurrent assets	<u>227,301</u>	<u>69,406</u>	<u>296,707</u>	-
Total assets	<u>425,816</u>	<u>75,694</u>	<u>501,510</u>	<u>20,921</u>

Liabilities:

Current liabilities:				
Accounts payable	29,370	328	29,698	1,828
Due to other governments	7,729	82	7,811	-
Internal balances	15,373	(15,373)	-	-
Deposits from others	101	6	107	-
Salaries and benefits payable	9,543	165	9,708	15
Interest payable	2,610	16	2,626	-
Unavailable revenue	30,244	-	30,244	-
Liability claims payable	3,051	-	3,051	-
Compensated absences	1,761	51	1,812	-
Leases payable	153	-	153	-
Loans payable	2,608	-	2,608	-
Bonds payable	2,945	-	2,945	-
COPs payable	6,263	26	6,289	-
Total current liabilities	<u>111,751</u>	<u>(14,699)</u>	<u>97,052</u>	<u>1,843</u>
Noncurrent liabilities:				
Liability claims payable	1,981	-	1,981	-
Compensated absences	11,649	201	11,850	-
Advances from Agency funds	-	520	520	-
Closure/postclosure costs payable	-	38,066	38,066	-
Leases payable	134	-	134	-
Loans payable	14,673	-	14,673	-
Bonds payable	74,655	8	74,663	-
COPs payable	56,870	1,584	58,454	-
Total noncurrent liabilities	<u>159,962</u>	<u>40,379</u>	<u>200,341</u>	<u>-</u>
Total liabilities	<u>271,713</u>	<u>25,680</u>	<u>297,393</u>	<u>1,843</u>
Net assets:				
Invested in capital assets, net of related debt	80,615	19,396	100,011	-
Restricted for:				
Capital projects	8,926	-	8,926	-
Debt service	18,088	-	18,088	-
Roads projects	4,853	-	4,853	-
Redevelopment	6,570	-	6,570	-
Other purposes	3,366	5,005	8,371	7,126
Unrestricted	31,685	25,613	57,298	11,952
Total net assets	<u>\$ 154,103</u>	<u>\$ 50,014</u>	<u>\$ 204,117</u>	<u>\$ 19,078</u>

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

County of Tulare
Statement of Activities
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

Functions / Programs:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			Component Unit	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	First 5 Tulare County	
Governmental activities:								
General government	\$ 32,816	\$ 31,895	\$ 3,626	\$ 2,705		\$ 2,705		
Public protection	145,513	19,635	57,884	(67,994)		(67,994)		
Public ways and facilities	19,411	1,109	16,832	(1,470)		(1,470)		
Health and sanitation	86,955	11,365	79,486	3,896		3,896		
Public assistance	202,481	25,499	163,491	(13,491)		(13,491)		
Education	3,356	112	507	(2,737)		(2,737)		
Culture and recreation	1,949	1,012	503	(434)		(434)		
Unallocated depreciation	589	-	-	(589)		(589)		
Unallocated interest expense	8,220	-	-	(8,220)		(8,220)		
Total governmental activities	<u>501,290</u>	<u>90,627</u>	<u>322,329</u>	<u>(68,334)</u>		<u>(68,334)</u>		
Business-type activities:								
Solid Waste	12,967	8,878	40		\$ (4,049)	(4,049)		
Other business-type activities	1,839	631	-		(1,208)	(1,208)		
Total business-type activities	<u>14,806</u>	<u>9,509</u>	<u>40</u>		<u>(5,257)</u>	<u>(5,257)</u>		
Total Primary Government	<u>\$ 516,096</u>	<u>\$ 100,136</u>	<u>\$ 322,369</u>	<u>(68,334)</u>	<u>(5,257)</u>	<u>(93,591)</u>		
Component unit:								
First 5 Tulare County	\$ 9,633	-	\$ 7,275				\$ (2,358)	
Total component unit	<u>\$ 9,633</u>	<u>-</u>	<u>\$ 7,275</u>				<u>(2,358)</u>	
General revenues:								
Taxes:								
Property taxes, levied for general purposes			30,007	-	30,007	-		
Property taxes, levied for flood control			343	-	343	-		
Property taxes, levied for redevelopment			1,885	-	1,885	-		
Property taxes, levied for fire protection			5,939	-	5,939	-		
Property taxes, levied for library			2,168	-	2,168	-		
Sales and other taxes			7,532	658	8,200	-		
Grants and contributions not restricted to specific programs			33,611	-	33,611	-		
Earnings on investments			2,880	503	3,383	129		
Miscellaneous			5,321	-	5,321	-		
Tobacco Settlement revenues			5,929	-	5,929	-		
Gain on sale of fixed assets			63	31	94	-		
Transfers			892	(892)	-	-		
Total general revenues and transfers			<u>96,670</u>	<u>300</u>	<u>96,670</u>	<u>129</u>		
Change in net assets			8,336	(4,957)	3,379	(2,229)		
Net assets - July 1			136,173	54,971	191,144	21,307		
Prior period adjustments			9,594	-	9,594	-		
Net assets - June 30			<u>\$ 154,103</u>	<u>\$ 50,014</u>	<u>\$ 204,117</u>	<u>\$ 19,078</u>		

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

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

County of Tulare
Balance Sheet
Governmental Funds
June 30, 2004
(amounts expressed in thousands)

	General Fund	Public Facilities Corporation	Public Financing Authority	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash in banks	\$ 570	\$ -	\$ -	\$ -	\$ 570
Investment in treasury pool	49,592	61	-	24,239	73,892
Investments	1	8,998	3,029	1	12,029
Imprest cash	76	-	-	2	78
Receivables (net where applicable of allowances for uncollectibles):					
Accounts	3,691	-	-	2,092	5,783
Taxes	12,806	-	-	-	12,806
Deposits with others	-	-	-	639	639
Due from other County funds	2,782	-	-	2,017	4,799
Due from other governments	43,639	-	-	6,031	49,670
Inventories	-	-	-	211	211
Prepaid items	1,841	-	-	799	2,640
Advances to other County funds	325	-	-	-	325
Advances to Agency funds	520	-	-	40	560
Lease payments receivable, net of interest	-	-	-	1,717	1,717
Notes receivable	5,916	-	-	1,087	7,003
Restricted assets	-	-	47,655	5,000	52,655
Total assets	<u>\$ 121,759</u>	<u>\$ 9,059</u>	<u>\$ 50,684</u>	<u>\$ 43,875</u>	<u>\$ 225,377</u>
Liabilities:					
Accounts payable	\$ 20,166	\$ -	\$ -	\$ 7,622	\$ 27,788
Due to other County funds	16,365	-	-	3,625	19,990
Due to other governments	7,729	-	-	-	7,729
Due to others	703	-	-	-	703
Deposits from others	55	46	-	-	101
Salaries and benefits payable	8,179	-	-	1,143	9,322
Deferred revenue	32,408	-	-	8,238	40,646
Advances from other County funds	-	-	-	325	325
Tax revenue anticipation notes payable	-	-	-	-	-
Notes payable	-	-	-	-	-
Total liabilities	<u>85,605</u>	<u>46</u>	<u>-</u>	<u>20,953</u>	<u>106,604</u>
Fund balances:					
Reserved for imprest cash	76	-	-	2	78
Reserved for inventories	-	-	-	211	211
Reserved for prepaid items	551	-	-	799	1,350
Reserved for advances to other funds	845	-	-	40	885
Reserved for taxes receivable	11,642	-	-	-	11,642
Reserved for notes receivable	5,916	-	-	1,087	7,003
Reserved for Harmon Field cleanup	-	-	-	5,000	5,000
Reserved for debt service	-	9,013	50,684	179	59,876
Unreserved	17,124	-	-	-	17,124
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	11,678	11,678
Capital projects funds	-	-	-	3,926	3,926
Total fund balances	<u>36,164</u>	<u>9,013</u>	<u>50,684</u>	<u>22,922</u>	<u>118,773</u>
Total liabilities and fund balances	<u>\$ 121,759</u>	<u>\$ 9,059</u>	<u>\$ 50,684</u>	<u>\$ 43,875</u>	<u>\$ 225,377</u>

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

County of Tulare
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2004
 (amounts expressed in thousands)

Total fund balances for governmental funds (Exhibit 3) \$ 118,773

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets, including those reported in Internal Service Funds, consist of:

Land	\$	8,349	
Buildings and improvements, net of \$41,236 accumulated depreciation		122,449	
Equipment and vehicles, net of \$29,461 accumulated depreciation		14,519	
Construction / projects in progress		10,562	
Infrastructure, CIP		<u>5,437</u>	
Total capital assets			161,316

The future revenue resulting from a direct financing lease between the County (as lessor) and the City of Dinuba for the Courthouse/ Police Station is categorized as deferred for the fund statements, but is recognized for the government-wide statements. 3,007

The future revenue resulting from the delay in reimbursements from the State for mandated programs (SB-90) and for Vehicle License Fees is categorized as deferred for fund statements because the funds will not be available for more than one year. Tobacco Settlement revenue and delinquent property tax penalties are categorized as deferred for fund statements because the revenues will not be available to liquidate liabilities of the current period. However, the revenue is recognized for the government-wide statements. 7,395

Long-term liabilities applicable to the County's governmental funds are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities are reported in the statement of net assets. Balances, including those reported in Internal Service Funds, at June 30 are:

Accrued interest on debt	\$	(2,610)	
Capital leases payable		(287)	
Loans payable		(17,281)	
Bonds payable		(77,600)	
COP's payable		(63,133)	
General liability claims payable		(5,032)	
Compensated absences		<u>(13,410)</u>	
Total long-term liabilities			(179,353)

The pension assets resulting from contributions in excess of the Annual Required Contribution in FYE June 30, 1997 are not financial resources and therefore are not reported in the funds. 34,561

Internal service funds (See Exhibit 6) are used by the County to charge the costs of various central services to individual funds. The assets (except capital assets included above) and liabilities (except long term liabilities included above) of the internal service funds are included in governmental activities in the statement of net assets.

8,404

Total net assets of governmental activities (Exhibit 1) \$ 154,103

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

County of Tulare
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	General Fund	Public Facilities Corporation	Public Financing Authority	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes and special assessments	\$ 37,639	\$ -	\$ -	\$ 39,934	\$ 77,573
Licenses and permits	7,213	-	-	1	7,214
Fines, forfeitures and penalties	6,726	-	-	1,242	7,968
Interest, rents and concessions	1,208	538	521	712	2,979
Intergovernmental revenues	276,031	-	-	47,608	323,639
Charges for services	54,895	-	-	2,755	57,450
Other revenues	5,812	-	-	4,672	10,484
Total revenues	389,324	538	521	96,924	487,307
Expenditures:					
Current:					
General government	16,963	-	-	6,201	23,164
Public protection	112,105	-	-	27,407	139,512
Public ways and facilities	-	-	-	18,764	18,764
Health and sanitation	85,383	-	-	782	86,165
Public assistance	187,113	-	-	14,726	201,839
Education	946	-	-	2,424	3,370
Culture and recreation	1,831	-	-	-	1,831
Debt service:					
Principal retirement	139	5,998	400	4,722	11,259
Interest and fiscal charges	852	3,489	825	2,760	7,926
Capital outlay	2,666	-	-	1,352	4,018
Total expenditures	407,968	9,487	1,225	79,138	497,848
Excess (deficiency) of revenues over (under) expenditures	(18,674)	(8,949)	(704)	17,786	(10,541)
Other financing sources (uses):					
Sale of general fixed assets	117	-	-	60	177
Sale of note receivable	5,321	-	-	-	5,321
Capital lease proceeds	30	-	-	-	30
Capital lease principal payments	-	-	-	-	-
Loan proceeds	993	-	-	101	1,094
Transfers in	46,975	8,887	4,027	41,668	101,557
Transfers (out)	(35,787)	-	(1,223)	(63,451)	(100,461)
Total other financing sources (uses)	17,649	8,887	2,804	(19,709)	9,631
Net change in fund balances	(1,025)	(62)	2,100	(1,923)	(910)
Fund balances, July 1	31,712	9,075	48,584	24,845	114,216
Prior period adjustment	5,467	-	-	-	5,467
Fund balances, June 30	\$ 36,154	\$ 9,013	\$ 50,684	\$ 22,922	\$ 118,773

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

County of Tulare
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (Exhibit 4)	\$	(910)
The change in net assets reported for governmental activities in the statement of activities is 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 depreciation expense differs from capital outlays expenditures in the current period.		(4,437)
Governmental funds do not report capital assets acquired through capital lease agreements. However, in the statement of activities, the cost is recognized upon entering into the long-term lease-purchase agreement.		(30)
Governmental funds report infrastructure acquisitions 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. Since all infrastructure costs for the current fiscal year are for Construction in Progress, there is no depreciation and we add back the costs incurred thus far.		-
Governmental funds report proceeds from the sale of capital assets as revenues when received. However, in the statement of activities, proceeds of the sale must be offset by the book value of the asset sold to determine a gain or loss on the sale. This is the book value of the capital assets sold in the current period.		(114)
Governmental funds report the future resources as the result of a direct financing lease between the County (as lessor) and the City of Dinuba for the Courthouse/Police Station as deferred revenue until received. However, for the government-wide statements, the revenue was recognized upon the signing of the direct financing lease agreement. Therefore, subsequent receipt of previously recognized revenue is not recognized in the government-wide statements.		(213)
Governmental funds report the future resources as the result of delayed collection of reimbursements from the State for mandated programs (SB-90) and for Vehicle License Fees as deferred revenue because the delay will exceed one year. Tobacco Settlement revenue and delinquent property tax penalties are categorized as deferred for fund statements because the revenues will not be available to liquidate liabilities of the current period. However, for government-wide statements, the revenue is recognized when earned.		5,778
Governmental funds report the principal portion of debt service payments as expenditures. However, repayment of principal reduces long-term liabilities on the statement of net assets and has no effect on the statement of activities.		11,259
Similarly, loan and capital lease proceeds are reported as other financing sources by governmental funds. However, issuing debt in the statement of net assets increases long-term liabilities and has no effect on the statement of activities.		(2,906)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported when amounts are due and payable. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of three balances for the current period.		
Compensated absences	\$	206
Amortization of pension assets		(1,783)
Accrued interest on debt		(294)
Combined adjustment		(1,871)
Internal service funds (See Exhibit 7) are used by the County to charge the costs of various insurance coverages and central services to individual funds. The net cost of internal service funds is reported with the governmental funds.		1,780
Changes in net assets (Exhibit 2)	\$	8,336

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

County of Tulare
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments:					
Assessor	\$ 970	\$ 970	\$ -	\$ 1,349	\$ 379
General County Revenues	34,237	34,237	-	36,290	2,053
License and permits:					
Agriculture Commissioner	134	134	-	133	(1)
Assessor	40	40	-	37	(3)
County Counsel	205	205	-	208	3
General County Revenues	3,400	3,400	-	3,570	170
Health & Human Services	1,942	1,784	(158)	1,874	90
Resource Management	1,379	1,379	-	1,369	(10)
Sheriff - Coroner	5	5	-	3	(2)
Treasurer - Tax Collector	7	7	-	9	2
Trial Courts	9	9	-	10	1
Fines, forfeitures and penalties:					
Agriculture Commissioner	11	15	4	20	5
District Attorney	134	134	-	141	7
Drug & Alcohol Abuse Testing	70	70	-	70	-
General County Revenues	2,500	2,500	-	3,514	1,014
Health & Human Services	60	70	10	89	19
Probation	7	7	-	5	(2)
Resource Management Agency	10	10	-	22	12
Sheriff - Coroner	6	6	-	6	-
Treasurer - Tax Collector	155	155	-	182	27
Trial Courts	2,432	2,432	-	2,677	245
Interest, rents and concessions:					
CPA 2000	28	33	5	33	-
General County Revenues	1,720	1,720	-	40	(1,680)
Miscellaneous Administration	38	38	-	30	(8)
Resource Management Agency	25	25	-	137	112
TRAN / Teeler	-	-	-	968	968

Cont.

County of Tulare
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Intergovernmental revenues:					
Action Project	1,501	1,576	75	1,296	(280)
Agriculture Commissioner	5,349	8,390	3,041	6,517	(1,873)
Assessor	1,084	1,084	-	638	(446)
Auditor-Controller	-	-	-	10	10
Cooperative Extension	20	20	-	14	(8)
CPA 2000	1,259	1,259	-	1,259	-
District Attorney	2,040	2,431	391	1,864	(567)
General County Revenues	52,962	52,962	-	48,920	(4,042)
Health & Human Services	216,550	223,812	7,262	202,174	(21,638)
Local Law Enforcement	600	600	-	590	(10)
Multi-Agency Gang Violence Program	38	64	26	44	(20)
Probation	5,209	5,521	312	5,078	(443)
Resource Management Agency	6,963	6,963	-	2,956	(4,007)
Rural Crime	673	673	-	652	(21)
Sheriff - Coroner	3,862	4,764	902	4,019	(745)
Charges for services:					
Agriculture Commissioner	782	782	-	758	(24)
Assessor	1,869	1,869	-	1,906	37
Auditor-Controller	575	725	150	817	92
Cooperative Extension	-	-	-	11	11
County Administrative	109	109	-	109	-
County Counsel	2,035	2,035	-	1,991	(44)
District Attorney	984	984	-	686	(298)
General County Revenues	2,277	1,477	(800)	1,647	170
Health & Human Services	29,872	31,586	1,714	30,351	(1,235)
Miscellaneous Administration	(324)	(324)	-	(267)	57
Multi-Agency Gang Violence	37	37	-	34	(3)
Personnel	627	627	-	612	(15)
Probation	1,569	1,601	32	1,303	(298)
Public Defender	80	80	-	67	(13)
Purchasing	128	128	-	146	18
Resource Management	4,984	4,985	1	4,586	(399)
Sheriff - Coroner	5,500	5,500	-	5,906	406
Telephone	765	765	-	776	11
Treasurer - Tax Collector	1,397	1,397	-	1,197	(200)
Trial Courts	2,310	2,310	-	2,059	(251)

Other revenues:					
Action Project	-	-	-	2	2
Agriculture Commissioner	111	111	-	109	(2)
Assessor	51	51	-	76	24
Auditor-Controller	92	92	-	126	34
Cooperative Extension	6	6	-	3	(3)
County Counsel	1	1	-	1	-
District Attorney	149	149	-	149	-
General County Revenues	333	1,133	800	1,124	(9)
Health & Human Services	2,116	2,281	165	2,948	665
Local Law Enforcement	-	-	-	2	2
Multi-Agency Gang Violence	72	72	-	26	(46)
Miscellaneous Administration	-	-	-	12	12
Personnel	1	1	-	7	6
Probation	93	93	-	84	(9)
Public Defender	-	-	-	14	14
Purchasing	37	37	-	48	11
Resource Management	246	396	150	181	(215)
Sheriff - Coroner	601	657	56	876	219
Treasurer - Tax Collector	56	56	-	39	(17)
Trial Courts	8	8	-	(12)	(20)
Total revenues	407,183	421,321	14,138	389,324	(31,997)

Expenditures:

Current:

General government:

Assessor	4,759	4,778	(19)	4,763	15
Auditor-Controller	1,550	2,112	(562)	1,733	379
Board of Supervisors	1,297	1,291	6	1,212	79
Capital Purchases	8	8	-	-	8
Central Telephone	-	-	-	-	-
Contingencies	2,659	871	1,988	-	671
County Administrative	630	793	(163)	742	51
County Counsel	2,037	2,027	10	1,792	235
Miscellaneous Administration	(3,105)	(2,263)	(842)	487	(2,750)
Personnel	644	650	(6)	529	121
Purchasing	113	113	-	84	29
Resource Management	3,229	3,222	7	2,595	627
Telephone	765	765	-	799	(34)
Treasurer - Tax Collector	2,422	2,420	2	2,227	193

Cont.

County of Tulare
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Public protection:					
Action Project	1,385	1,475	(90)	1,220	255
Agriculture Commissioner	8,081	10,948	(2,867)	8,805	2,143
Assessor	1,783	1,724	59	1,370	354
CPA 2000	1,287	1,287	-	1,275	12
District Attorney	12,154	12,161	(7)	10,789	1,372
Drug & Alcohol Abuse Testing	120	150	(30)	140	10
Health & Human Services	707	681	26	589	92
Local Law Enforcement	600	604	(4)	579	25
Multi-Agency Gang Violence Program	636	662	(26)	634	28
Probation	19,395	19,013	382	16,809	2,204
Public Defender	6,093	6,169	(76)	5,642	527
Resource Management	9,668	9,657	11	7,103	2,554
Rural Crime	673	633	40	609	24
Sheriff - Coroner	52,536	50,604	1,932	49,258	1,348
Trial Courts	7,346	7,563	(217)	7,283	280
Health and sanitation:					
CPA 2000	-	-	-	(4)	4
Health & Human Services	96,624	98,634	(2,010)	85,387	13,247
Public assistance:					
Health & Human Services	191,423	194,632	(3,209)	186,787	7,865
Probation	366	366	-	346	20
Education:					
Cooperative Extension	869	865	24	833	32
Miscellaneous Administration	113	113	-	113	-
Culture and recreation:					
Resource Management	1,699	1,649	50	1,831	(182)

Debt Service:					
Principal retirement:					
Auditor - Controller	61	64	(3)	64	-
Resource Management	-	6	(6)	-	6
Sheriff - Coroner	88	88	-	75	13
Interest and fiscal charges:					
Auditor - Controller	21	18	3	18	-
Sheriff - Coroner	18	18	-	13	5
TRAN	-	-	-	821	(821)
Capital Outlay:					
Action Project	118	102	14	65	37
Assessor	470	490	(20)	-	490
Auditor - Controller	14	23	(9)	17	6
Board of Supervisors	-	-	-	25	(25)
Capital Purchases	2,127	2,127	-	-	2,127
County Administrative	11	11	-	10	1
District Attorney	-	-	-	95	(95)
Health & Human Services	32	2,627	(2,595)	1,357	1,270
Miscellaneous Administration	20	20	-	28	(8)
Resource Management	2,664	2,856	(192)	185	2,671
Sheriff - Coroner	171	463	(292)	816	(353)
Treasurer - Tax Collector	26	26	-	88	(42)
Total expenditures	<u>436,425</u>	<u>445,116</u>	<u>(8,691)</u>	<u>407,998</u>	<u>37,118</u>
Excess (deficiency) of revenues over (under) expenditures					
	(29,242)	(23,795)	5,447	(18,674)	5,121
Other financing sources (uses):					
Sale of general fixed assets:					
Purchasing	-	-	-	117	117
Sale of Note Receivable					
General County Revenues	-	-	-	5,321	5,321
Capital lease proceeds					
Resource Management	-	33	33	30	(3)
Loan proceeds					
Capital Purchases	2,135	2,135	-	993	(1,142)
Transfers in:					
District Attorney	500	500	-	-	(500)
General County Revenues	-	-	-	190	190
Health & Human Services	44,977	45,389	412	46,208	819
Probation	578	578	-	577	(1)
Resource Management	56	56	-	-	(56)
Sheriff - Coroner	-	10	10	-	(10)

Cont.

County of Tulare
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Transfers (out):					
Action Project	-	-	-	(13)	(13)
Agriculture Commissioner	-	(169)	(169)	(232)	(83)
Assessor	-	(20)	(20)	(112)	(92)
Auditor	-	(13)	(13)	(56)	(43)
Board of Supervisors	-	(6)	(6)	(21)	(15)
Cooperative Extension	-	(24)	(24)	(30)	(6)
County Administrative	-	-	-	(21)	(21)
County Counsel	-	(10)	(10)	(82)	(72)
CPA 2000	-	(4)	(4)	(21)	(17)
District Attorney	-	(385)	(385)	(385)	-
Health & Human Services	(18,947)	(20,565)	(1,618)	(21,923)	(1,358)
Local Law Enforcement	-	-	-	(11)	(11)
Miscellaneous Administration	(7,528)	(7,788)	(260)	(8,048)	(260)
Multi-Agency Gang Violence	-	(27)	(27)	(39)	(12)
Personnel	-	(6)	(6)	(30)	(24)
Probation	-	(729)	(729)	(1,000)	(271)
Public Defender	-	(50)	(50)	(154)	(104)
Purchasing	-	-	-	(28)	(28)
Resource Management Agency	-	(91)	(91)	(217)	(126)
Rural Crime Program	-	(31)	(31)	(42)	(11)
Sheriff - Coroner	(1)	(2,529)	(2,528)	(3,261)	(732)
Treasurer/Tax Collector	-	(2)	(2)	(21)	(19)
Trial Courts	-	(39)	(39)	(42)	(3)
Total other financing sources (uses)	<u>21,770</u>	<u>16,213</u>	<u>(5,557)</u>	<u>17,649</u>	<u>1,436</u>
Change in fund balance	(7,472)	(7,582)	(110)	(1,025)	6,557
Fund balance, July 1	27,582	27,582	-	31,712	4,130
Prior period adjustments	-	-	-	5,467	5,467
Fund balance, June 30	<u>\$ 20,110</u>	<u>\$ 20,000</u>	<u>\$ (110)</u>	<u>\$ 36,154</u>	<u>\$ 16,154</u>

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

Concluded



County of Tulare
Statement of Fund Net Assets
Proprietary Funds
June 30, 2004
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Solid Waste	Nonmajor Enterprise	Total	
Assets				
Current assets:				
Cash in banks	\$ 236	\$ -	\$ 236	\$ -
Investment in treasury pool	3,950	1,426	5,376	9,330
Imprest cash	2	-	2	-
Accounts receivable, net	553	75	628	356
Deposits with others	-	46	46	-
Due from other County funds	15,378	-	15,378	370
Total current assets	20,119	1,547	21,866	10,056
Noncurrent assets:				
Notes receivable	5,321	-	5,321	-
Restricted assets	43,066	5	43,071	-
Capital assets:				
Land	6,116	612	6,728	-
Buildings and improvements, net	5,470	6,588	12,058	-
Equipment and vehicles, net	1,997	231	2,228	801
Construction in progress	-	-	-	9,947
Total capital assets	13,583	7,431	21,014	10,748
Total noncurrent assets	61,970	7,436	69,406	10,748
Total assets	82,089	8,983	91,072	20,804
Liabilities				
Current liabilities:				
Accounts payable	218	110	328	879
Due to other County funds	-	5	5	552
Due to other governments	82	-	82	-
Deposits from others	-	6	6	-
Salaries and benefits payable	185	-	185	221
Interest payable	-	16	16	314
Compensated absences payable	51	-	51	22
Claims payable	-	-	-	3,051
Loans payable	-	-	-	553
Capital lease payable	-	-	-	69
COPs payable	-	26	26	-
Total current liabilities	516	163	679	5,661
Noncurrent liabilities:				
Compensated absences payable	201	-	201	314
Advances from Agency funds	-	520	520	-
Closure/postclosure costs payable	38,066	-	38,066	-
Claims payable	-	-	-	1,961
Loans payable	-	-	-	9,903
Bonds payable	-	8	8	-
Capital lease payable	-	-	-	26
COPs payable	-	1,564	1,564	-
Total noncurrent liabilities	38,267	2,112	40,379	12,224
Total liabilities	38,783	2,275	41,058	17,885
Net assets:				
Invested in capital assets, net of related debt	13,583	5,813	19,396	197
Restricted for other purposes	5,000	5	5,005	972
Unrestricted	24,723	890	25,613	1,750
Total net assets (deficit)	\$ 43,306	\$ 6,708	\$ 50,014	\$ 2,919

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

County of Tulare
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Solid Waste	Nonmajor Enterprise	Total	
Operating revenues:				
Charges for services	\$ 8,845	\$ 631	\$ 9,476	\$ 38,224
Rents and concessions	20	-	20	8
Other revenues	13	-	13	501
Total operating revenues	<u>8,878</u>	<u>631</u>	<u>9,509</u>	<u>38,733</u>
Operating expenses:				
Salaries and benefits	3,376	-	3,376	4,801
Services and supplies	5,340	1,380	6,720	19,317
Insurance premiums paid	-	-	-	11,382
Landfill closure and postclosure costs	3,484	-	3,484	-
Bad debt	-	3	3	-
Depreciation	767	343	1,110	-
Claims incurred	-	-	-	1,354
Total operating expenses	<u>12,967</u>	<u>1,726</u>	<u>14,693</u>	<u>36,854</u>
Operating income (loss)	<u>(4,089)</u>	<u>(1,095)</u>	<u>(5,184)</u>	<u>1,879</u>
Nonoperating revenues (expenses):				
Gain on sale of fixed assets	31	-	31	-
Intergovernmental revenues	40	-	40	100
Taxes and assessments	-	658	658	-
Investment earnings	495	8	503	5
Assumption of compensated absences	-	-	-	(319)
Interest expense	-	(113)	(113)	(409)
Total nonoperating revenues (expenses)	<u>566</u>	<u>553</u>	<u>1,119</u>	<u>(623)</u>
Income (loss) before transfers	<u>(3,523)</u>	<u>(542)</u>	<u>(4,065)</u>	<u>1,256</u>
Capital contributions	-	-	-	555
Transfers in	-	3	3	21
Transfers (out)	(894)	(1)	(895)	(225)
Change in net assets	<u>(4,417)</u>	<u>(540)</u>	<u>(4,957)</u>	<u>1,607</u>
Net assets, July 1	47,723	7,248	54,971	(2,815)
Prior period adjustment	-	-	-	4,127
Net assets, June 30	<u>\$ 43,306</u>	<u>\$ 6,708</u>	<u>\$ 50,014</u>	<u>\$ 2,919</u>

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

County of Tulare
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Solid Waste	Nonmajor Enterprise	Total	
Cash flows from operating activities:				
Receipts from users	\$ 8,990	\$ 626	\$ 9,616	\$ 22,108
Premiums from departments	-	-	-	16,090
Internal activity - (payments to) other County funds	-	(177)	(177)	(1,468)
Receipts from rents and concessions	20	-	20	8
Other revenues	13	-	13	171
Payments to employees	(3,403)	-	(3,403)	(4,562)
Payments to suppliers	(5,266)	(1,177)	(6,443)	(29,292)
Payments for claims	-	-	-	(1,782)
Net cash provided (used) by operating activities	<u>354</u>	<u>(728)</u>	<u>(374)</u>	<u>1,273</u>
Cash flows from noncapital financing activities:				
Intergovernmental revenues	32	94	126	100
Taxes and assessments	-	658	658	-
Internal activity - (to) other County funds	(16,272)	(3)	(16,275)	(586)
Internal activity - from other County funds	6	16	22	573
Deposits to others	-	(3)	(3)	-
Advances from other County funds	-	60	60	-
Net cash provided (used) by noncapital financing activities	<u>(16,234)</u>	<u>822</u>	<u>(15,412)</u>	<u>87</u>
Cash flows from capital and related financing activities:				
(Acquisition) disposal of fixed assets	(4,061)	-	(4,061)	(5,840)
Principal paid on capital debt	-	(28)	(28)	(533)
Interest paid on capital debt	-	(113)	(113)	(563)
Net cash provided (used) by capital and related financing activities	<u>(4,061)</u>	<u>(141)</u>	<u>(4,202)</u>	<u>(6,936)</u>
Cash flows from investing activities:				
Investment purchase	(5,321)	-	(5,321)	-
Investment earnings	495	8	503	5
Net cash provided by investing activities	<u>(4,826)</u>	<u>8</u>	<u>(4,818)</u>	<u>5</u>
Net increase (decrease) in cash and cash equivalents	(24,767)	(39)	(24,806)	(5,571)
Cash and cash equivalents, July 1	72,021	1,470	73,491	14,901
Cash and cash equivalents, June 30	<u>\$ 47,254</u>	<u>\$ 1,431</u>	<u>\$ 48,685</u>	<u>\$ 9,330</u>

Displayed as:

Cash in banks	\$	236	\$	-	\$	236	\$	-
Investment in treasury pool		3,950		1,426		5,376		9,330
Imprest cash		2		-		2		-
Restricted assets which are cash equivalents		43,066		5		43,071		-
	\$	<u>47,254</u>	\$	<u>1,431</u>	\$	<u>48,685</u>	\$	<u>9,330</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$	(4,089)	\$	(1,095)	\$	(5,184)	\$	1,879
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Landfill closure and postclosure costs		3,484		-		3,484		-
Depreciation		767		343		1,110		-
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable		145		(2)		143		(356)
Increase (decrease) in accounts payable		74		26		100		(42)
Increase (decrease) in salaries and benefits payable and compensated absences		(27)		-		(27)		220
Increase (decrease) in claims payable		-		-		-		(428)
Total adjustments		<u>4,443</u>		<u>367</u>		<u>4,810</u>		<u>(606)</u>
Net cash provided (used) by operating activities	\$	<u>354</u>	\$	<u>(728)</u>	\$	<u>(374)</u>	\$	<u>1,273</u>

Non cash investing, capital, and financing activities:

Contributions of capital assets from government	\$	555
Assumption of compensated absences		(319)
Initiation of capital lease purchase		42

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

County of Tulare
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004
(amounts expressed in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash in banks	\$ -	\$ 7,513
Investment in treasury pool	356,882	17,549
Taxes receivable	-	3,572
Accounts receivable	-	40
Advances to County funds	-	520
Total assets	<u>356,882</u>	<u>\$ 29,194</u>
Liabilities		
Warrants payable	1,374	\$ 3,146
Due to other County funds	153	3,376
Due to other agencies	-	22,112
Advances from County funds	-	560
Total liabilities	<u>1,527</u>	<u>\$ 29,194</u>
Net assets		
Held in trust for treasury pool participants	<u>\$ 355,355</u>	

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

County of Tulare
Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Investment Trust Funds
Additions	
Contributions	
To pooled investments	\$ 1,911,072
Total contributions	<u>1,911,072</u>
Investment income	<u>8,725</u>
Total additions	<u>1,919,797</u>
Deductions	
Distributions from pooled investments	<u>1,834,811</u>
Total deductions	<u>1,834,811</u>
Change in net assets held in trust	84,986
Net assets, July 1	270,369
Net assets, June 30	\$ <u><u>355,355</u></u>

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



BASIC FINANCIAL STATEMENTS

Notes to the Financial Statements

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COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
(amounts expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The County of Tulare is a general law political subdivision of the State of California and as such can exercise the powers specified by the Constitution and laws of the State of California. The County is governed by an elected five member Board of Supervisors. As required by generally accepted accounting principles, the accompanying financial statements present the County and its component units.

Component units are legally separate organizations for which the elected officials of the County are either financially accountable or for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the County's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

In conformity with generally accepted accounting principles, the financial statements of six component units have been included and combined with financial data of the County. Five component units have an integral relationship with and serve as an extension of the County. Using the criteria of Government Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," management has determined that each entity is presented as a blended component unit due to the composition of each Governing Board. One component unit is presented discretely.

Blended Component Units. The Tulare County Redevelopment Agency, the Terra Bella Sewer Maintenance District, the Tulare County Flood Control District, the Tulare County Public Facilities Corporation, and the Tulare County Public Financing Authority are entities legally separate from the County of Tulare. For financial reporting purposes, these entities are considered component units and their individual financial information is presented as part of the County's operations. The blended component units discussed herein have a June 30 year-end.

Tulare County Redevelopment Agency

The governing board of the Tulare County Redevelopment Agency (TCRA), an entity legally separate from the County of Tulare, is the County's Board of Supervisors. For financial reporting purposes, the TCRA is reported as if it were part of the County's operations. The scope of activities of this agency includes capital improvement projects for sewer and storm-drainage systems, community improvements such as youth and community facilities, sidewalks, and graffiti abatement. The communities served include Earlimart, Cutler-Orosi, Goshen, Ivanhoe, Pixley, Poplar/Cotton Center, Richgrove, and Traver. This component unit is reported in two fund types: the Special Revenue Funds and the Debt Service Funds. In the Special Revenue Funds, Redevelopment Agency Low-Moderate Housing funds are shown as revenues with expenditures related to the low-and moderate-income housing set-aside program. The Debt Service Funds show tax increment revenues used to pay principal and interest for Redevelopment Agency Tax Allocation Bonds.

Terra Bella Sewer Maintenance District

Terra Bella Sewer Maintenance District (TBSMD) is an entity legally separate from the County. However, the Tulare County Board of Supervisors serves as the Board of the District. For financial reporting purposes, the TBSMD is reported as if it were part of the County's operations. The District is operated by the Resource Management Agency and its Engineering Division. The purpose of the District is to develop, expand, and maintain the TBSMD Wastewater Treatment and Disposal facility. This component unit's financial information is included as an Enterprise Fund.

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
(amounts expressed in thousands)

Tulare County Flood Control District

The members of the governing board of the Tulare County Flood Control District (TCFCD), an entity legally separate from the County of Tulare, are the County's Board of Supervisors. For financial reporting purposes, the TCFCD is reported as if it were part of the County's operations. The District's primary responsibility is to provide flood control related services to the residents of Tulare County. The component unit's financial information is included as a Special Revenue Fund accounting for reimbursement for flood control related services and projects within the County.

Tulare County Public Facilities Corporation

The Board members of the Tulare County Public Facilities Corporation (TCPFC), a nonprofit public benefit corporation which is legally separate from the County of Tulare, are appointees of the County's Board of Supervisors. For financial reporting purposes, the TCPFC is reported as if it were part of the County's operations as it serves to assist the County by acquiring equipment and facilities financed by the proceeds of borrowings. The equipment and facilities are then leased to the County. This component unit's financial information is included as a major governmental fund.

Tulare County Public Financing Authority

The Tulare County Public Financing Authority (TCPFA), which is legally separate from the County of Tulare, was established through a Joint Exercise of Powers Agreement between the County of Tulare and the Tulare County Redevelopment Agency. The Tulare County Board of Supervisors serves as the Board of the TCPFA. For financial reporting purposes, TCPFA is reported as if it were part of the County's operations as it serves to assist the County of Tulare through borrowings, which are used for the acquisition and construction of public capital improvements and the repair and maintenance thereof. Lease payments to TCPFA are payable through the County. This component unit's financial information is included as a major governmental fund.

Tulare County In-Home Supportive Services Public Authority

The Tulare County In-Home Supportive Services Public Authority (TCIHSSPA), which is legally separate from the County of Tulare, was established according to the provisions of Welfare and Institutions Code Section 12301.6 to serve as the employer of record of Providers of in-home supportive services for purposes of the Meyers-Milias-Brown Act. The Tulare County Board of Supervisors serves as the Board of TCIHSSPA and has control over the day-to-day operations of TCIHSSPA through budget approvals, and the hiring or dismissal of management. For financial reporting purposes, TCIHSSPA is reported as if it were part of the County's operations.

Complete financial statements for the Tulare County Redevelopment Agency, Tulare County Public Facilities Corporation, and the Tulare County Public Financing Authority are available at the County of Tulare's Administrative Office, 2800 W. Burrel Avenue, Visalia, California. The other blended component units do not issue separate financial statements.

Discretely Presented Component Unit The governing board of the **Tulare County Children and Families Commission (TCCFC)**, an entity legally separate from the County of Tulare, are appointees of the County's Board of Supervisors who can impose their will upon F5TC through the approval of the Commission's annual budget and by their authority to remove F5TC Board members. The Commission was created by Tulare County Ordinance No. 3217 on December 8, 1998. The purpose of the TCCFC is to develop, promote, and implement local early childhood development programs administered by the California Children and Families First Commission. On October 24, 2002 the Commission Board approved a change of name to **First 5 Tulare County (F5TC)**. For financial reporting purposes, the F5TC is discretely presented because the resources of the Commission are not used to support County operations. Complete audited financial statements for First 5 Tulare County are available at the County of Tulare's Auditor-Controller's Office, 221 S. Mooney Boulevard, Room 101-E, Visalia, California.

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
(amounts expressed in thousands)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the County and its component units. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Some functions include expenses that are, in essence, *indirect expenses* of other functions resulting from charges among funds or programs for centralized services. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

1. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. The basis of accounting determines when transactions and economic events are reflected in financial statements. Measurement focus identifies which transactions and events should be recorded.

The County of Tulare legally adopts an annual budget for the General Fund and all of its Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. Component units Terra Bella Sewer Maintenance District, Tulare County Redevelopment Agency, Tulare County Flood Control District, and the Tulare County In-Home Supportive Services Public Authority each adopt an annual budget. Tulare County Public Facilities Corporation and Tulare County Public Financing Authority do not adopt budgets.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers expenditure-driven grant revenues available if they are collected within one year. All other revenues are considered available if they are collected within 90 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments which are recognized when the obligations are due and payable.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Property tax revenues recognized are only those levied for the current fiscal year, which have been collected or expect to be collected within sixty days after fiscal year-end. Sales taxes collected and held by the State at year-end on behalf of the County are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

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Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grant revenues are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and reimbursement is expected within one year.

The County reports the following major individual governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Public Facilities Corporation** accounts for the activities of the TCPFC that assists the County of Tulare by acquiring equipment and facilities financed from the proceeds of borrowing. Such equipment and facilities are leased to the County.

The **Public Financing Authority** accounts for the activities of the TCPFA, which assists the County of Tulare by providing funds for construction, acquisition, and/or maintenance of capital assets.

Additionally, the County reports the following governmental fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes (not including private purpose funds or major capital projects).

The **Debt Service Funds** account for the servicing of general long-term debt not being financed by proprietary or permanent funds.

The **Capital Projects Funds** account for all major maintenance, improvements, acquisition or construction of capital assets not being financed by proprietary or permanent funds.

Proprietary Funds are accounted for on the *economic resources measurement focus* and use the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The County applies all applicable FASB pronouncements in accounting and reporting for its enterprise operations, including FASB Statements and Interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

The County reports the Solid Waste Fund as its only major individual proprietary fund.

The **Solid Waste Fund** is an enterprise fund that is used to account for the operation, maintenance, and development of various landfills and disposal sites for solid waste, and to prepare for future closure and postclosure expenses.

Additionally, the County reports the following proprietary fund types:

The **Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, the activity is financed with debt secured solely by a pledge of net revenues of the activity, or laws or regulations require that the cost of providing services be recovered through fees and charges.

The **Internal Service Funds** are used to account for operations that provide mailroom, motor pool, print shop, utilities, custodial and maintenance services, data processing, telecommunications and insurance coverage to other funds, departments, or agencies of the County and its component units or to other governments, on a cost-reimbursement basis. An Internal Service fund operates in a manner similar to an enterprise fund, but is used when the reporting government itself is the predominant participant in the fund.

Fiduciary Funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the County under the terms of a formal trust agreement.

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The County reports the following fiduciary fund types:

The **Investment Trust Funds** are used to account for assets held for external investment pool participants, such as schools and local special districts, and do present changes in financial position. Investment Trust Funds are accounted for on the *economic resources measurement focus* and use the *accrual basis of accounting*.

The **Agency Funds** are custodial in nature and do not present changes in financial position or have a measurement focus. Agency funds are accounted for using the *accrual basis of accounting*. These funds are used to account for assets that the government holds for individuals, private organizations, or other governments.

2. Financial Statement Presentation

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements in order to remove the "doubling-up" effect of internal service activities, reciprocal interfund activity, and nonreciprocal interfund activity.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than program revenues and include by definition, all taxes.

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 Solid Waste, Transit, Terra Bella Sewer Maintenance District, Assessment Districts, County Service Area #1, County Service Area #2 enterprise funds and the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Implementation of New Accounting Principles

1. Governmental Accounting Standards Board Statement No 39.

The County adopted the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* in the fiscal year ended June 30, 2003. This statement continues the requirement in Statement No. 14 to apply professional judgment in determining whether the relationship between a primary government and certain other organizations is such that exclusion of the organization would render the financial statements of the reporting entity misleading or incomplete. This Statement refers specifically to organizations that are legally separate, tax-exempt entities for which the primary government is not financially accountable and that do not meet the criteria for discretely presented component units. Accordingly, all agencies within the County were surveyed. No qualifying organizations have been identified as of June 30, 2004.

2. Governmental Accounting Standards Board Technical Bulletin 2004-1

In April 2004, GASB issued Technical Bulletin 2004-1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues*. This Technical Bulletin clarifies guidance on whether a Tobacco Settlement Authority (TSA) that is created to obtain the rights to all or a portion of future tobacco settlement resources is a component unit of the government that created

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it. In addition, this Technical Bulletin clarifies recognition guidance for these transactions and for payments made to settling governments pursuant to the Master Settlement Agreement with the major tobacco companies. The provisions of Technical Bulletin 2004-1 are effective for financial statement periods ending after June 15, 2004.

E. Assets, Liabilities and Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in Treasury pool, and other short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County and the Districts to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

The County Treasurer's Office administers a pooled investment program for the County and for certain special purpose authorities including school districts. As of June 30, 2004, the special purpose authorities' cash and pooled investments were approximately 68% of the County Treasurer's Office pooled investment portfolio.

Effective July 1, 1997, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which require governmental entities, including governmental external investment pools, to report certain investments at fair value in the balance sheet / statement of net assets and recognize the corresponding change in the fair value of investments in the year in which the change occurred. The fair value of pooled investments is determined annually and is based on current market prices received from the County's securities custodian. The Local Agency Investment Fund (LAIF) is required to invest in accordance with State statutes. At June 30, 2004, the fair value of the County's position in LAIF approximates the value of the pool shares. Short-term investments are reported at cost, which approximates fair value. No investments are reported at amortized cost.

The value of the deposits of the County's pooled investment program is equal to the dollars deposited in the program, plus increases and less decreases (unrealized gains and losses) required to record investments at their fair market value as of June 30, 2004. The dollars deposited in the program have been decreased by \$2,295 to reflect the decrease in the fair value of the investment in the Treasury Pool at June 30, 2004.

In addition, investments outside the Investment Pool were adjusted to fair market value as of June 30, 2004 resulting in a decrease of \$118.

2. Receivables and Payables

Transactions between funds that are representative of non-current lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Advances to / from other County funds." All other outstanding balances between funds are reported as "Due to / from other County funds." Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property taxes receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible accounts.

The County is responsible for the assessment, collection and apportionment of property taxes for all jurisdictions, including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 for property values assessed on July 1. Secured property tax payments are due in two equal installments.

The first installment is generally due November 1 and delinquent with penalties after December 10, and the second installment is generally due on February 1 and delinquent with penalties after April 10. Secured property taxes become a lien on the property on January 1.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid after August 31. Property taxes are accounted for in the Unapportioned

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Tax Collection Fund, an agency fund, until apportionment and disbursement to taxing jurisdictions. As of fiscal year ended June 30, 1994, the County adopted the alternative method of secured property tax apportionment available under the Revenue and Taxation Code of the State of California (also known as the "Teeter Plan") whereby secured property taxes are distributed to participating taxing entities (including the County and related Component Units) on the basis of the tax levy, including any uncollected amounts at fiscal year end. The County, as administrator, benefits from future collections of penalties and interest on delinquent taxes. Transactions of the Teeter Plan (including outstanding debt borrowed for the annual Teeter buyout) are accounted for in the Teeter Fund, an agency fund. Taxes receivable are recorded as of the date levied.

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Codes and Revenue and Taxation Codes.

3. Inventories and Prepaid Items

Governmental fund type inventories not held for resale are valued at cost using the first-in / first-out (FIFO) method. The costs of most governmental fund type inventories are recorded as expenditures when purchased rather than when consumed except for the Roads Fund, which uses the consumption method. Inventories held for governmental activities are recorded using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are regularly recurring costs of operations recorded as prepaid items (e.g., prepaid rent and prepaid employee retirement contributions).

4. Restricted Assets

Resources that will not be used in current operations, which are restricted for acquisition or construction of non-current assets, or that are restricted for liquidation of long-term debt beyond the next year are *restricted assets*.

5. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5 and an estimated useful life in excess of one year. Capital assets used in governmental fund types of the County are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

Infrastructure assets acquired since July 1, 2001 are recorded in the statement of net assets. Pursuant to GASB No. 34, an extended period of deferral is available (fiscal year ending June 30, 2006) before the County is required to record infrastructure assets acquired prior to July 1, 2001. The County will record all infrastructure assets (and related accumulated depreciation) acquired prior to July 1, 2001 by June 30, 2005.

Capital outlay is recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Amortization of assets acquired under capital leases is included in depreciation and amortization.

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Capital assets of the County, as well as the component units, are depreciated using the straight line method and the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20
Sewer/water systems	7-20
Landfill site improvements	15
Vehicles	2-20
Office equipment	3-16

6. Compensated Absences

Employees are granted vacations and sick leave and are permitted to accumulate earned but unused vacation and sick leave benefits. The portion relating to the proprietary funds is expensed as salaries in the year earned. The benefit amounts relating to governmental funds, which will be paid from future resources, are recorded in the government-wide financial statements. Benefit amounts due and payable at year-end are recorded in the governmental funds as part of Salaries and benefits payable.

In the event of termination or death, an employee, or the employee's estate, is compensated for 100% of accumulated vacation. The value of accumulated vacation at June 30, 2004 was \$10,911. Of this amount, \$181 is recorded in business-type funds.

Employees in Bargaining Units 1, 3, 6 & 7 who leave County service by retirement after ten years of service may convert 20% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 250 converted hours. Employees in these same Units leaving County service in good standing, other than by retirement, after ten years of service may convert 20% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 20 converted hours. Unrepresented employees in Bargaining Units 9, 10, 11, 17, 18, 19, 20, 21 & 22 and represented employees in Bargaining Unit 5, who leave County service by retirement after ten years of service may convert 20% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 250 converted hours. Employees in these same Units leaving County service in good standing, other than by retirement, after five years of service may convert 20% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 40 converted hours. Bargaining Units 2, 4, 8, 12, 13, 14, 15, & 16 employees who leave County service by retirement after ten years of service may convert 20% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 176 converted hours. The value of accumulated sick leave at June 30, 2004 was calculated using a termination payment method and is accrued at \$1,746. Of this amount, \$28 is recorded in business-type funds.

Any compensatory time off (CTO) remaining, in the event of termination or death, is converted to cash at the employees' current payroll rate. The value of accumulated CTO at June 30, 2004 was \$1,005. Of this amount, \$43 is recorded in the business-type funds.

The County has a sick leave buy back program that allows employees to be compensated on the first pay date in December for a portion of their unused sick leave based on their years of service and usage in the prior year. Employees with three to five years' service may convert up to 40 hours of sick leave. Employees with over five years may convert up to 60 hours. The amount available for conversion is reduced by the sick leave used in the year ending the 1st of October just prior to the December pay out. The value of sick leave buy backs for future years cannot be accurately estimated, but for the fiscal year ended June 30, 2004, the County paid \$ 168 to employees through this program.

7. Short-term Borrowing (Tax and Revenue Anticipation Notes Payable)

Each fiscal year, the County issues Tax and Revenue Anticipation Notes to provide money to meet the General Fund's current year expenditures and to discharge its obligations and indebtedness. The principal of the notes and the interest thereon is paid from pledged property taxes and other revenues the County expects to receive during the fiscal year.

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8. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A reconciliation of the total fund balances for governmental funds to the total net assets of governmental activities has been prepared as part of the basic financial statements, including explanations of differences in Exhibit 3.1.

A reconciliation of the total net change in fund balances for governmental funds to the total changes in net assets of governmental activities has been prepared as part of the basic financial statements including explanations of differences in Exhibit 4.1.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the provision of Sections 29000 through 29132, inclusive, of the Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and adopts a final budget on or before October 2 for each fiscal year. Until the adoption of this final balanced budget, operations are governed by a proposed budget approved by the Board of Supervisors.

An operating balanced budget is adopted each fiscal year for the County's General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund. An operating balanced budget is adopted each fiscal year for the Tulare County Redevelopment Agency, the Tulare County Flood Control District and the Tulare County In-Home Supportive Services Public Authority (blended component units), which are governed by the Board of Supervisors and of which the Auditor-Controller is the ex-officio Finance Officer.

The Tulare County Public Financing Authority and the Tulare County Public Facilities Corporation do not adopt a budget.

A spending plan is adopted each fiscal year for the County's Enterprise Funds and Internal Service Funds, as well as the Terra Bella Sewer Maintenance District (blended component unit) which is governed by the Board of Supervisors and of which the Auditor-controller is the ex-officio Finance Officer.

Public hearings are conducted on the adopted proposed budget and spending plans to review all appropriations and the sources of financing. Because the adopted budget for governmental fund types **must be balanced**, any shortfall in revenue requires an equal reduction in appropriations. All appropriations lapse at year-end.

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All governmental fund type budget units are adopted on the modified accrual basis of accounting. Spending plans for proprietary fund types are adopted on the accrual basis. County department heads, with the approval of the County Administrative Officer, may make transfers of appropriations within a department without the approval of the Board of Supervisors. Amendments or transfers between departments within the General Fund are approved by the Board of Supervisors. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. The legal level of budgetary control is the fund level, with the exception of the General Fund in which the legal level of budgetary control is the department level. Budgeted amounts are reported both as originally adopted and as amended.

The Board of Supervisors made several supplemental budgetary appropriations throughout the fiscal year, including additional appropriations for new programs, additional positions, and unanticipated obligations. For the fiscal year ended June 30, 2004, appropriations in the General Fund were increased by \$8,691.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2004, expenditures did not exceed appropriations in any fund at the legal level of control.

C. Prior Period Adjustments

In prior fiscal years, penalties collected against delinquent property tax payments were accumulated in agency funds (Teeter Funds) and recognized only when transferred to the general fund. The agency fund was presented as a fiduciary fund. Due to a change of accounting policy, the County has combined these Teeter Funds with the general fund for the fiscal year ended June 30, 2004, resulting in recognition of \$5,467 penalty revenue previously unrecognized.

In the fiscal year ended June 30, 2003, the Utilities internal service fund expensed \$4,127 paid for major energy management improvements to County facilities. The disbursement is part of a projected \$11,000 capitalizable project and should have been presented as Construction in Progress.

D. Deficit Fund Equity

As of June 30, 2004, two funds had deficit fund equity. The adjustment for the reduction in market value of the Investments in the Treasury Pool at June 30, 2004 resulted in deficit fund equity for both the Structural Fire Fund and the Workforce Investment Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

As provided by Government Code §53600, the cash balances of substantially all county funds and participating county schools and agencies are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Interest earned on the pooled funds is apportioned quarterly based on the average daily balance of each participating fund. Certain funds, which have deposits in the County's pooled investment program, do not receive the interest earnings on their deposits. The earnings on the investments related to those funds are assigned to the County's General Fund, as permitted by Government Code. "Investments" in the governmental funds balance sheet (Exhibit 3) represent the investment of assets associated with the Tulare County Public Facilities Corporation (TCPFC) and the Tulare County Public Financing Authority (TCPFA), which are not invested by the County Treasurer but are held by fiscal agents.

Cash Deposits. As of June 30, 2004, the County's bank deposits had a carrying amount of \$22,335 and the balance per the financial institutions totaled \$21,067. All pooled cash deposits and nonnegotiable Certificates of Deposit are entirely insured \$545 or collateralized \$20,522. The California Government Code requires California banks and savings and loan associations to secure the County's deposits by pledging government securities or first trust deed mortgage notes. The market value of the pledged government securities and first trust deed mortgage notes must be at least 110% and 150% of the County's deposits, respectively. The collateral is held by the pledging financial institutions trust department or its agent and is considered to be held in the County's name.

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Investments. The pool's cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer. The objectives of the policy are, in order of priority: preservation of capital, liquidity, and yield. Investment policy guidelines are annually updated and approved by the Tulare County Board of Supervisors. The Treasurer also reports on a monthly basis to the Tulare County Board of Supervisors. Additionally, there is an Oversight Committee established under California Code § 27130 to §27137 comprised of Tulare County Officials, representatives from various pool participants, and members of the public, whose function is to monitor compliance with the County's Investment Policy. Investments made outside the County Treasury are invested pursuant to governing bond covenants or California Government Code provisions.

The County's Investment Policy, in compliance with California Government Code §53601 and §53635, authorizes the Treasurer to invest in the following:

- (A) Obligations issued by the County of Tulare
- (B) Obligations of the U.S. Treasury
- (C) Obligations of the State of California and municipalities
- (D) Obligations of Federal Agencies or U.S. Government-sponsored enterprises
- (E) Bankers Acceptances eligible for purchase by the Federal Reserve System
- (F) Commercial Paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record
- (G) Negotiable Certificates of Deposit
- (H) Medium-Term Corporate Notes rated "A" or better
- (I) Mutual Funds
- (J) Repurchase and Reverse Repurchase Agreements
- (K) Local Agency Investment Fund (LAIF)

Classification Investments by Custodial Credit Risk. In accordance with the Governmental Accounting Standards Board Statement 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, the County's investments have been classified into the following three categories of custodial credit risk:

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

The following schedule classifies the investments into the above noted categories to provide an indication of the custodial credit risk assumed by the County as of June 30, 2004.

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	Investments by Category			Reported Amount/ Fair Value
	1	2	3	
U.S. Treasury Obligations	\$ 74,251	\$ -	\$ -	\$ 74,251
Federal Agency Obligations	243,681	-	-	243,681
Municipal Obligations	5,747	-	-	5,747
Corporate Bonds and MTNs	46,181	-	-	46,181
Repurchase Agreements	-	21,000	-	21,000
Commercial Paper	96,878	-	-	96,878
	<u>\$ 466,738</u>	<u>\$ 21,000</u>	<u>\$ -</u>	<u>487,738</u>
Other Investments:				
Certificates of Deposit				7,823
LAIF Managed Pool				74,736
Total Investments				<u>\$ 570,297</u>

Investments in the Money Market Mutual Fund, LAIF Managed Pool, and other investment agreements are not categorized, in accordance with GASB No. 3, because they are not evidenced by securities that exist in physical or book entry form.

California Local Agency Investment Fund (LAIF). The State Treasurer's Local Agency Investment Fund (LAIF) is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provide oversight to the management of the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without penalty or loss of interest. The value of the County's shares in LAIF that may be withdrawn is determined on an amortized cost basis, which may be different from the fair value of the County's position in the pool. As of June 30, 2004, the County's investment in LAIF is \$74,736. The total amount recorded by all public agencies in LAIF at that date is \$57,536,996. Of that amount, 1.6 % is invested in non-derivative financial products and 98.4% in structured notes and asset-backed securities.

Repurchase Agreements. Repurchase Agreements are contracts in which a broker/dealer sells securities to the Investment Pool with an agreement to repurchase those securities for a fixed price at an agreed-upon date. Government Code requires that California public entities that utilize repurchase agreements collateralize the investments that underlay the repurchase agreements with amounts that exceed cost. The market value of the securities underlying the repurchase agreements must be valued at 102% or greater. The Pool's Investment Policy reflects this requirement.

Treasury Pool Income and Participant Withdrawals. Treasury Pool investments are accounted for in accordance with the provisions of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires governmental entities to report certain investments at fair market value in the balance sheet and the statement of net assets and recognize the corresponding change in value of investments in the year in which the change occurred. The value of the participant's shares in the pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair market value of the participant's position in the Pool. The fair market value fluctuates with interest rates, and increasing rates could cause the value to decline below original cost; however, County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

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As of June 30, 2004, the investment income comprises of the following:

Investment Income	
Interest and Dividends	\$ 15,061
Net (Decrease) in the Fair Value	(11,200)
Less: Investment Expenses	(916)
Total Treasury Pool Income	<u>\$ 2,945</u>

The net decrease in fair market value of investments during fiscal year 2003-2004 was \$11,200. This amount takes into account all changes in fair value (including sales resulting in a net gain of \$2,119) that occurred during the year. The fair value loss on investments held as of June 30, 2004 was \$ 2,295.

Summary of Cash and Investments Balances

Following is a reconciliation of the County's cash and investment balances to the balance sheets/statements of net assets for the Governmental, Enterprise, Internal Service, Fiduciary Funds, and the discretely presented component unit as of June 30, 2004:

	Governmental Funds (Exhibit 3)	Enterprise Funds (Exhibit 6)	Internal Service Funds (Exhibit 6)	Fiduciary Funds (Exhibit 9)	Total	Component Unit - First 5 Tulare County
Cash in Banks	\$ 570	\$ 236	-	\$ 7,513	\$ 8,319	\$ 72
Investment in Treasury	73,892	5,376	9,330	374,431	463,029	19,138
Investments	12,029	-	-	-	12,029	-
Imprest Cash	78	2	-	-	80	-
Restricted Assets in Treasury Pool	<u>52,655</u>	<u>43,071</u>	<u>-</u>	<u>-</u>	<u>95,726</u>	<u>-</u>
	<u>\$ 139,224</u>	<u>\$ 48,685</u>	<u>\$ 9,330</u>	<u>\$ 381,944</u>	<u>\$ 579,183</u>	<u>\$ 19,210</u>

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Summary of total cash investments is as follows:

	Investment in Treasury Pool	Other	Total
Bank Deposits	\$ 15,926	\$ 8,471	\$ 24,397
Interest	3,699	-	3,699
Investments	510,613	59,684	570,297
Total	<u>\$ 530,238</u>	<u>\$ 68,155</u>	<u>\$ 598,393</u>

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Investment Pool as of June 30, 2004:

Statement of Net Assets

Net assets held in trust for all pool participants	\$ <u>530,238</u>
Equity of internal pool participants	174,883
Equity of external pool participants	355,355
Total Equity	<u>\$ 530,238</u>

Statement of Changes in Net Assets

Net Assets at July 1, 2003	\$ 558,659
Net (decrease) in investments by pool participants	<u>(28,421)</u>
Net Assets at June 30, 2004	<u>\$ 530,238</u>

B. Receivables

Receivables as of year-end for the County's individual major funds and for nonmajor and internal service funds are as follows:

	General	Solid Waste	Nonmajor and other Funds	Total	Noncurrent portion
Receivables:					
Accounts	\$ 3,691	\$ 553	\$ 2,523	\$ 6,767	\$ 6,767
Property taxes	12,806	-	-	12,806	-
Lease payments	-	-	1,717	1,717	107
Notes	5,916	5,321	1,087	12,324	62
Due from other governments	43,639	-	6,031	49,670	45,451
Total Receivables	<u>\$ 66,052</u>	<u>\$ 5,874</u>	<u>\$ 11,358</u>	<u>\$ 83,284</u>	<u>\$ 52,387</u>

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C. Restricted Assets

Restricted assets in the governmental funds include \$47,655 in the Tulare County Public Financing Authority for future debt service and \$5,000 in a capital projects fund for the future clean up of toxic ground at the Harmon Field airstrip. Restricted assets in the business-type funds include \$43,066 in the Solid Waste fund for future closure/postclosure expenses for disposal sites, and \$5 in CSA#2 for the future liquidation of water bonds.

D. Deferred Revenue

Deferred revenue consists of two categories of revenue including 1) resources received before their use is permitted (*unearned*) or, 2) amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met, in that the amounts are measurable, but not available within the current period or soon enough thereafter to pay liabilities of the current period (*unavailable*).

	<u>Unearned</u>	<u>Unavailable</u>
General Fund	\$ 25,735	\$ 6,673
Nonmajor Governmental Funds	<u>4,509</u>	<u>3,729</u>
Total Unavailable/Unearned Revenue	<u>\$ 30,244</u>	<u>\$ 10,402</u>

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E. Capital Assets

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

Capital Assets - Primary Government	Beginning Balance	Additions	Retirements	Current Period Adjustments	Ending Balance
Governmental activities:					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 8,256	\$ 111	\$ (18)	\$ -	\$ 8,349
Construction in Progress	1,483	6,332	(1,380)	4,127	10,562
Infrastructure in Progress	4,848	589	-	-	5,437
Total capital assets, not being depreciated	14,587	7,032	(1,398)	4,127	24,348
<i>Capital assets, being depreciated:</i>					
Buildings and Improvements	163,282	411	(8)	-	163,685
Equipment /Vehicles	41,293	3,826	(1,157)	18	43,980
Total capital assets being depreciated	204,575	4,237	(1,165)	18	207,665
<i>Less accumulated depreciation for:</i>					
Buildings and Improvements	(36,802)	(4,442)	8	-	(41,236)
Equipment /Vehicles	(26,500)	(4,003)	1,061	(19)	(29,461)
Total accumulated depreciation	(63,302)	(8,445)	1,069	(19)	(70,697)
Total capital assets, being depreciated, net	141,273	(4,208)	(96)	(1)	136,968
Governmental activities capital assets, net:	\$ 155,860	\$ 2,824	\$ (1,494)	\$ 4,128	\$ 161,316

Capital Assets - Primary Government	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Business-type activities:					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 6,728	\$ -	\$ -	\$ -	\$ 6,728
Construction in Progress	41	-	(41)	-	-
Total capital assets, not being depreciated	6,769	-	(41)	-	6,728
<i>Capital assets, being depreciated:</i>					
Buildings and Improvements	13,810	3,355	-	-	17,165
Equipment /Vehicles	8,588	780	(45)	-	9,323
Total capital assets being depreciated	22,398	4,135	(45)	-	26,488
<i>Less accumulated depreciation for:</i>					
Buildings and Improvements	(4,590)	(517)	-	-	(5,107)
Equipment /Vehicles	(6,545)	(593)	43	-	(7,095)
Total accumulated depreciation	(11,135)	(1,110)	43	-	(12,202)
Total capital assets, being depreciated, net	11,263	3,025	(2)	-	14,286
Business-type activities capital assets, net:	\$ 18,032	\$ 3,025	\$ (43)	\$ -	\$ 21,014

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Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation - Governmental activities:		Depreciation - Business-type activities:	
General government	\$ 850	Solid Waste	\$ 767
Public protection	5,295	Nonmajor enterprise funds	343
Public ways and facilities	636		
Health and sanitation	588		
Public assistance	212		
Education	165		
Culture and recreation	110		
Unallocated depreciation expense	<u>589</u>		
Total depreciation expense - governmental activities	\$ <u>8,445</u>	Total depreciation expense - business-type activities	\$ <u>1,110</u>

The County has active construction and other projects as of June 30, 2004 including the energy improvement system, the remodeling of the Visalia Library, and various infrastructure projects

At year-end the County's commitments with contractors are as follows:

<u>Capital Project - Active Construction</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
	\$ -	\$ -
Energy Improvement System	9,947	1,053
Orosi Substation	28	56
Playground Equipment	266	-
Three Rivers Rest Stop	21	-
Visalia Library	300	392
Roads:		
Environmental review of existing roads	4,201	548
Road reconstruction	25	-
Pre-engineering for realignment of Dry Creek Road	220	-
Reconstruct and build culvert box - Dry Creek Road	698	-
Bridges:		
Replacement of bridge	275	-
Review of existing bridge for possible replacement	18	-
Total C.I.P.	\$ <u>15,999</u>	\$ <u>2,049</u>

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The commitment for road and bridge reconstruction and environmental review is being financed by the State Transportation Improvement Program.

F. Interfund Receivables and Payables

1. Advances to / from other County funds

Advances to/from other County funds are representative of non-current lending / borrowing arrangements outstanding at the end of the fiscal year.

The composition of advances to / from other County funds balances as of June 30, 2004, is as follows:

<u>Advances - Receivable Fund</u>	<u>Advances - Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 325
	Total	\$ 325

2. Due to / from other County funds

Due to/from other County funds represents current outstanding balances between funds at the end of the fiscal reporting period. The County's computerized general ledger only allows for the transfer of cash between funds until mid July following the end of the fiscal year. Therefore, the recording of interfund activity which occurred during the fiscal year, but which is entered to the system after mid-July, results in an interfund payable / receivable.

The composition of due to / from other County fund balances as of June 30, 2004, is as follows:

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Due To/From County Funds		
Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 2,225
	Internal service	552
	Nonmajor enterprise	5
	Sub-total	<u>2,782</u>
Nonmajor governmental	General	617
	Nonmajor governmental	1,400
	Sub-total	<u>2,017</u>
Solid Waste	General	<u>15,378</u>
Internal service	General	<u>370</u>
Total		<u>\$ 20,547</u>

G. Transfers

Transfers to / from other County funds for the fiscal year ended June 30, 2004 consist of transfers for normal operations, including the accumulation of debt service payments and support of other funds resources.

The schedule of transfers to / from other County funds for the fiscal year ended June 30, 2004 is as follows:

Transfers out:	Transfers in:						Total Transfers
	General	PFC	PFA	Nonmajor governmental	Nonmajor enterprise	Internal service	
General	\$ -	\$ -	\$ -	\$ 35,763	\$ 3	\$ 21	\$ 35,787
PFA	-	-	-	1,223	-	-	1,223
Nonmajor governmental	46,183	8,887	4,027	4,354	-	-	63,451
Solid Waste	792	-	-	102	-	-	894
Nonmajor enterprise	-	-	-	1	-	-	1
Internal service	-	-	-	225	-	-	225
Total transfers out	\$ <u>46,975</u>	\$ <u>8,887</u>	\$ <u>4,027</u>	\$ <u>41,668</u>	\$ <u>3</u>	\$ <u>21</u>	\$ <u>101,581</u>

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H. Leases

Operating Leases (County as Lessor) The County, as the lessor, has entered into long-term operating lease agreements leasing land and buildings to others. Leased assets represent \$2,007 (net of \$1,239 accumulated depreciation) of the capital assets of governmental activities. The revenues realized for the fiscal year ended June 30, 2004 were \$785. The minimum future rentals for noncancellable operating leases are as follows:

Future Rentals		
Fiscal Year Ending June 30,		Amount
2005	\$	281
2006		267
2007		267
2008		258
2009		259
2010-2014		486
2015-2019		38
Total	\$	<u>1,856</u>

Operating Leases (County as Lessee). The County has commitments under long-term operating lease agreements for facilities used in operations. These lease agreements provide for cancellation in the event the Board of the respective entity does not appropriate funding in subsequent fiscal years. The expenses for the fiscal year ended June 30, 2004 were \$5,490. The future minimum lease payments for these leases are as follows:

Operating Leases		
Fiscal Year Ending June 30,		Amount
2005	\$	4,286
2006		3,956
2007		3,709
2008		3,477
2009		3,052
2010-2014		6,800
2015-2019		1,669
2020-2023		44
Total	\$	<u>26,993</u>

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In addition to real property leases, the County has also entered into long-term leases for personal property, the majority of which is leased by Roads, Solid Waste, the District Attorney's Office, and the General Services division of the Resource Management Agency. Most of these leases also provide for cancellation in the event that the Board of Supervisors does not appropriate funding, and are subject to annual adjustments based upon negotiations. Total rent and lease expense for these operating leases for the fiscal year ended June 30, 2004, was approximately \$143.

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of police communications equipment and other non-capitalized items; and printing equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

Assets Acquired Through Capital Leases	
June 30, 2004	Governmental Activities
Equipment	\$ 508
Less: Accumulated depreciation	(100)
Total	<u>\$ 408</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004, are as follows:

Capital Leases	
Fiscal Year Ending June 30, 2004	Governmental Activities
2005	\$ 169
2006	105
2007	17
2008	16
2009	<u>6</u>
Total minimum lease payments	313
Less: amount representing interest	<u>(26)</u>
Present value of minimum lease payments	<u>\$ 287</u>

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Direct Financing Lease. The County has entered into a lease agreement as lessor for the lease purchase of the Dinuba Courthouse / Police Station by the City of Dinuba in March 1997. This lease agreement qualifies as a direct financing lease for accounting purposes and, therefore, has been recorded as lease payments receivable with no allowance for uncollectible payments and net of interest. The net investment in this direct financing lease as of June 30, 2004 is \$ 1,717. Minimum lease payments receivable for each of the five succeeding fiscal years and thereafter are as follows:

Direct Financing Lease Receivable			
Fiscal Year Ending			
June 30,	Principal	Interest	
2005	\$ 107	\$ 103	
2006	114	96	
2007	121	89	
2008	128	82	
2009	136	74	
2010-2014	816	232	
2015-2018	295	17	
	<u>\$ 1,717</u>	<u>\$ 693</u>	

I. Short-term Debt

Tax and Revenue Anticipation Notes Payable. In accordance with the Resolution of Issuance, the 2003-2004 Tax and Revenue Anticipation Note (TRAN) of \$25,232 matured and was repaid with interest of \$499 on June 25, 2004.

Short-term Debt Activity				
	Beginning Balance	Issued	Redeemed	Ending Balance
Tax and Revenue Anticipation Notes	\$ -	\$ 25,232	\$ (25,232)	\$ -

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J. Long-term Debt

Certificates of Participation. The Tulare County Public Facilities Corporation issues Certificates of Participation (COP's) to provide funds for the acquisition, construction and repair and maintenance of major capital facilities. COP's have been issued for both governmental and proprietary activities. These COP's are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, COP's have been issued to refund earlier certificates with higher interest rates.

COP's are obligations of the County's component units. However, the County is indirectly obligated under lease agreements it has signed with its component units. The County's obligation is limited to including in its annual budget, lease payments called for in the lease agreements. These COP's generally are issued as 20-year certificates with increasing amounts of principal maturing each year.

Certificates of Participation currently outstanding are as follows:

Outstanding Certificates of Participation			
Date issued	Purpose of Debt	Interest Rates	Amount
September 16, 1992	Governmental activities - Refunding	2.75% - 6.13%	\$ 5,290
July 23, 1996	Governmental activities	4.30% - 6.00%	15,135
October 8, 1998	Governmental activities - Refunding	3.35% - 5.00%	42,708
	Subtotal		<u>63,133</u>
September 2, 1993	Business-type activities	5.00%	523
February 23, 1994	Business-type activities	5.00%	76
August 16, 1994	Business-type activities	4.50%	55
September 14, 1994	Business-type activities	4.50%	46
May 28, 1996	Business-type activities	4.50%	910
	Subtotal		<u>1,610</u>
	Total		<u>\$ 64,743</u>

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Annual debt service requirements to maturity for COP's are as follows:

Certificates of Participation				
Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 6,263	\$ 3,186	\$ 26	\$ 75
2006	6,570	2,884	26	74
2007	4,145	2,508	27	73
2008	4,365	2,298	27	71
2009	4,580	2,072	28	70
2010-2014	24,945	6,118	166	327
2015-2019	12,265	723	208	284
2020-2024	-	-	260	227
2025-2029	-	-	325	160
2030-2034	-	-	411	74
2035-2037	-	-	106	5
Total	\$ <u>63,133</u>	\$ <u>19,789</u>	\$ <u>1,610</u>	\$ <u>1,440</u>

Variable Rate Demand Bonds. On December 17, 1999, the Tulare County Public Financing Authority (TCPFA) issued Variable Rate Demand Bonds of \$45,000 with a variable rate not to exceed 12%. Each fiscal year up to \$2,500 will be transferred to the County to provide financing for the acquisition and construction of public capital assets and repair and maintenance costs related thereto. A lease agreement in which the County is leasing four existing buildings to TCPFA is used as security for the bonds.

These bonds are treated as a long-term liability in accordance with GAAP as the County entered into a take-out agreement before the financial statements were issued. The take-out agreement does not expire within one year of the fiscal period end. Neither the take-out agreement itself nor the obligations issued pursuant to the agreement are cancelable by the lender within one year of the fiscal period end, and the lender is expected to be financially capable of honoring the take-out agreement.

These bonds are the obligation of the County's component unit. However, the County is obligated under the leaseback agreement it has signed with its component unit. The County's obligation is limited to including in its annual budget the lease payments called for in this leaseback agreement payable from a pledge of the County's share of the Tobacco Master Settlement Agreement. These bonds were issued with a final maturity date of August 1, 2034.

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Annual debt service requirements to maturity for the bonds are as follows:

Fiscal Year Ending June 30,	TCPFA Variable Rate Demand Bonds	
	Governmental Activities	
	Principal	Interest *
2005	\$ 500	\$ 2,529
2006	500	2,500
2007	500	2,471
2008	600	2,444
2009	600	2,402
2010-2014	3,600	11,457
2015-2019	5,000	10,211
2020-2024	6,900	8,390
2025-2029	9,500	5,713
2030-2034	13,000	2,603
2035-2035	3,100	30
Total	\$ 43,800	\$ 50,750

* Interest rate of 5.75% were used for this projection.

Pension Obligation Bonds. The County issued Pension Obligation Bonds (POB's) of \$41,460 on May 22, 1997, to pay the unfunded actuarial accrued liability at June 30, 1996.

Annual debt service requirements to maturity for the POB's are as follows:

Fiscal Year Ending June 30,	Pension Obligation Bonds	
	Governmental Activities	
	Principal	Interest
2005	\$ 2,445	\$ 2,361
2006	2,860	2,173
2007	3,320	1,952
2008	3,830	1,696
2009	4,390	1,399
2010-2012	16,955	1,957
Total	\$ 33,800	\$ 11,536

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Loans Payable. The County has borrowed funds for the acquisition of fire trucks, vehicles, computers and other equipment each year since 1996. The magnitude of these loans varies from \$656 to \$3,525 and the interest rates range from 2.9% and 5.48%. During the fiscal year ended June 30, 2004, one additional loan of \$993 was taken at 3.8% over four years. These loans extend to January 2009. In September 2002, the County borrowed \$10,920 at 4.49% for energy improvement projects. This loan extends to November 2017. A tax allocation loan agreement dated November 1, 2002 was entered into between the California Infrastructure and Economic Development Bank and Goshen Redevelopment. In January 2004, Goshen Redevelopment received this loan of \$1,914 at 3.07%. This loan extends to August 2032.

The debt payment schedule for the following fiscal years ending June 30 is as follows:

Fiscal Year Ending June 30,	Loans Payable	
	Governmental Activities	
	Principal	Interest
2005	\$ 2,608	\$ 677
2006	2,074	597
2007	1,538	521
2008	1,067	464
2009	870	421
2010-2014	4,024	1,586
2015-2018	3,969	618
2019-2023	350	147
2024-2028	408	89
2029-2033	373	23
2033-2037	-	-
Total	\$ 17,281	\$ 5,143

Prior-Year Defeasance of Debt. In prior years, the County defeased certain Certificates of Participation (COP) by placing the proceeds of new COP's in an irrevocable trust to provide for all future debt service payments on the old COP's. Accordingly, the trust account assets and the liability for the defeased COP's are not included in the County's financial statements. At June 30, 2004, \$ 43,390 of bonds outstanding are considered defeased.

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Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2004 was as follows:

Long-term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
COPs	\$ 69,131	\$ -	\$ (5,998)	\$ 63,133	\$ 6,263
Variable Rate demand Bonds	44,200	-	(400)	43,800	500
Pension Obligation Bonds	35,870	-	(2,070)	33,800	2,445
Loans Payable	17,555	2,906	(3,180)	17,281	2,608
Capital Leases	359	73	(145)	287	153
Compensated Absences	13,599	1,594	(1,783)	13,410	1,781
Claims Payable	5,460	2,694	(3,122)	5,032	3,051
Governmental activities					
Long-term liabilities	<u>\$ 186,174</u>	<u>\$ 7,267</u>	<u>\$ (16,698)</u>	<u>\$ 176,743</u>	<u>\$ 16,781</u>

Long-term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
COPs	\$ 1,637	\$ -	\$ (27)	\$ 1,610	\$ 26
Bonds	9	-	(1)	8	-
Closure/postclosure costs	34,582	3,484	-	38,066	-
Compensated Absences	287	16	(51)	252	51
Business-type activities					
Long-term liabilities	<u>\$ 36,515</u>	<u>\$ 3,500</u>	<u>\$ (79)</u>	<u>\$ 39,936</u>	<u>\$ 77</u>

The liability for compensated absences has typically been liquidated using the primary governments governmental funds and the Solid Waste fund. The liability for claims and judgments payable has been liquidated using the General Liability Internal Service fund.

Other Payables. El Rancho Sewer District, which is part of County Service Area #1, issued revenue bonds during the fiscal year ended June 30, 1988. The bonds were purchased by Farmers Home Administration. The proceeds of the loan were used for a sewer construction project. The original bonds payable of \$11 has a current principal balance of \$8 and bears interest at 5% per annum. This matures in 2027, a 40-year period. The bonds were issued under Health & Safety Code \$49000. The bonds will be redeemed with monies raised from service charges associated with the sewer system operation.

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The annual debt service requirements to maturity for the revenue bonds are as follows:

Fiscal Year Ending June 30,	El Rancho Sewer Bond Business-type Activities	
	Principal	Interest
2005	\$ -	\$ 1
2006	-	-
2007	-	1
2008	-	-
2009	1	-
2010-2014	2	2
2015-2019	2	1
2020-2024	2	1
2025-2027	1	-
Total	\$ 8	\$ 6

K. Special Assessment Debt

The County of Tulare is not obligated in any manner for special assessment debt for the outstanding bond issues totaling \$182,176 for School Bonds, 1915 Improvement Act Bonds, and Special District General Obligation Bonds at June 30, 2004. The Tulare County Auditor-Controller acts as an agent for the Property Owners / Bond Holders in collecting and forwarding the special assessments, with the exception of the Kaweah Delta Hospital Bond. The School Bonds totaling \$125,842 include bonds for Buena Vista, Burton, Earlimart, Liberty Richgrove, Sundale, and Woodlake Elementary Schools, Exeter, Strathmore, Tulare Joint Union, and Woodlake High Schools, Cutler-Orosi, Dinuba, Farmersville, Lindsay, Porterville, and Visalia Unified Schools. The 1915 Improvement Act Bonds totaling \$199 include bonds for Ducor Community Service District, and Ducor CSD Supplemental. The Special Districts GO Bonds totaling \$51 are for Lindsay Hospital, Kaweah Delta Hospital Bond, Woodville Public Utility District Sewer.

L. Landfills

State and Federal laws and regulations require that Tulare County Solid Waste Fund place a final cover on its landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill sites, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfills no longer accept waste. The recognition of these landfill closure and post closure care costs is based on the amount of the landfills used during the year. The estimated liability for landfill closure and post closure care costs has a balance of \$ 33,713 as of June 30, 2004, which is based on an average of 28% usage (filed) of all landfill sites (remaining capacity since August 18, 1989). It is estimated that an additional \$ 51,456 will be recognized as closure and post closure care expenses between the date of the statement of net assets and the date the landfills are currently expected to be filled to capacity. The estimated total current cost of the landfill closure and post closure care (\$85,169) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2004. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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June 30, 2004
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In addition, the County is required by State and Federal laws and regulations to make annual contributions to finance closure and post closure care. The County is in compliance with these requirements, and at June 30, 2004, investments of \$33,713 are part of the pooled funds held by the Tulare County Treasurer. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the Treasurer. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill site users, taxpayers, or both.

Financial assurance for corrective action is required by the State Water Resources Control Board through the Regional Water Quality Control Board under California Code Regulations, title 27, subchapter 2, Article 4, Sections 22220 through 22222. The funds are the financial assurance mechanism for corrective actions and are there to be used to clean up or otherwise remediate a release (a.k.a. plume of groundwater contamination) from the County's landfills. The California Integrated Waste Management Board (CIWMB) specifies what annual inflation rate should be applied to the amount required for corrective action along with closure and postclosure maintenance at the landfills. The County is in compliance with these requirements and, at June 30, 2004, investments of \$4,353 are part of the pooled funds held by the Tulare County Treasurer.

M. Restricted Net Assets

Net assets invested in capital assets, net of related debt is computed as follows:

	<u>Governmental</u>	<u>Business- Type</u>	<u>Total</u>
Total capital assets, net of accumulated depreciation	\$ 161,316	\$ 21,014	\$ 182,330
Less related debt:			
COP's	(63,133)	(1,610)	(64,743)
Capital leases	(287)	-	(287)
Loans	(17,281)	-	(17,281)
Bonds	-	(8)	(8)
Total	\$ <u>80,615</u>	\$ <u>19,396</u>	\$ <u>100,011</u>

Net assets of capital projects funds (\$8,926) are restricted by the State for the future clean up of toxic ground at the Harmon Field airstrip (\$5,000), and by the Joint Powers Agreement governing the disbursement and use of proceeds of the variable rate demand bonds (\$3,926).

Net assets of special revenue funds (\$13,817) are restricted by the funding source, usually State and Federal, for specific functions such as Roads (\$4,853), Redevelopment (\$8,896), and others (\$2,394).

Net assets of debt service funds (\$18,088) are restricted by lenders COP's (\$9,013), or by contractual agreements with trustees and bond holders (\$6,884), or others (\$179).

Net assets of business-type activities are restricted by State landfill postclosure contingency requirements (\$5,000) or by contractual agreements with bond holders (CSA - \$5).

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
(amounts expressed in thousands)

N. Condensed Financial Statements

The Tulare County Public Facilities Corporation issued Certificates of Participation to finance its sewage and water projects. Both the water and sewer projects are accounted for in three single funds. However, investors in the Certificates of Participation rely solely on the revenue generated by the individual activities for repayment. Summary financial information for these funds is presented below:

CONDENSED STATEMENT OF NET ASSETS	Terra Bella Sewer		
	<u>Maintenance</u>	<u>CSA #1</u>	<u>CSA #2</u>
Assets:			
Current assets	\$ 681	\$ 377	\$ 59
Restricted assets	-	-	5
Capital assets	<u>1,644</u>	<u>5,117</u>	<u>474</u>
Total assets	<u>2,325</u>	<u>5,494</u>	<u>538</u>
Liabilities:			
Current liabilities	16	56	2
Noncurrent liabilities	<u>895</u>	<u>1,172</u>	<u>45</u>
Total liabilities	<u>911</u>	<u>1,228</u>	<u>47</u>
Net Assets:			
Invested in capital assets, net of related debt	734	4,455	428
Restricted	-	-	5
Unrestricted (deficit)	<u>680</u>	<u>(189)</u>	<u>58</u>
Total net assets	<u>\$ 1,414</u>	<u>\$ 4,266</u>	<u>\$ 491</u>

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
(amounts expressed in thousands)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS	Terra Bella Sewer		
	<u>Maintenance</u>	<u>CSA #1</u>	<u>CSA #2</u>
Water and Sewer charges	\$ 138	\$ 320	\$ 43
Depreciation expense	(78)	(222)	(16)
Other operating expenses	<u>(149)</u>	<u>(345)</u>	<u>(32)</u>
Operating Income (loss)	<u>(89)</u>	<u>(247)</u>	<u>(5)</u>
Nonoperating revenues (expenses):			
Investment earnings	5	6	-
Special assessments	24	-	-
Interest expense	<u>(41)</u>	<u>(70)</u>	<u>(2)</u>
Change in net assets	<u>(101)</u>	<u>(311)</u>	<u>(7)</u>
Beginning net assets	<u>1,515</u>	<u>4,577</u>	<u>498</u>
Ending net assets	<u>\$ 1,414</u>	<u>\$ 4,266</u>	<u>\$ 491</u>

CONDENSED STATEMENT OF CASH FLOWS	Terra Bella Sewer		
	<u>Maintenance</u>	<u>CSA #1</u>	<u>CSA #2</u>
Net cash provided (used) by:			
Operating activities	\$ (14)	\$ (6)	\$ 10
Noncapital financing activities	24	62	-
Capital and related financing activities	(56)	(82)	(3)
Investing activities	<u>5</u>	<u>6</u>	<u>-</u>
Net increase (decrease)	<u>(41)</u>	<u>(20)</u>	<u>7</u>
Beginning cash and cash equivalents	<u>705</u>	<u>302</u>	<u>48</u>
Ending cash and cash equivalents	<u>\$ 664</u>	<u>\$ 282</u>	<u>\$ 55</u>

The County maintains three nonmajor enterprise funds that account for the maintenance and operations of a sewer system (Terra Bella Sewer Maintenance District) and clean and safe water systems (County Service Areas 1 & 2).

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
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V. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to tort claims from automobile losses, operations losses, and professional errors and omissions; damage to and destruction of assets from theft, natural disasters, and other occurrences; and job related injuries to County employees. The County uses a combination of self-insurance, commercial insurance, and insurance pools with other counties to provide protection from loss. Premiums are paid into the insurance funds by all other funds and are available to pay claims, build reserves, pay insurance premiums, and pay the administrative costs associated with risk and claim administration.

Losses and incidents of potential loss are reported to Risk Management. After an initial assessment, a claim is established that includes a reasonable estimate of the ultimate cost of the claim to the County. Excess liability coverage is maintained for automobile, general liability, and non-medical. The self-insured retention for the Liability Program was reduced effective July 1, 2003 to \$250 from the prior \$1 million. The self-insured retention of \$250 applies to automobile, general liability, and non-medical errors and omission's claims. The purchased insurance for aviation and medical malpractice claims pays for all claim and expense costs in excess of a \$10 deductible

Liability settlements have not exceeded the self-insured retentions in the prior three years. Expenses in the Mold Litigation have exceeded the self-insured retention and recovery is being sought. The recovery from excess insurance during fiscal year ended June 30, 2004 is \$393 and it is estimated additional recovery of \$400 will be received by June 30, 2005.

The additional limits of excess liability insurance purchased in January 2003 were renewed for FY 03/04 maintaining total liability limits of \$25 million.

Liabilities include an amount for estimated claims payable, including expenses, and an accrual for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and the amount of payouts as well as economic and social factors affecting claim values. The liability for claims and judgments is reported in the insurance internal service funds

Property coverage is insured with a \$10 deductible applying to real property and contents, including automobiles, and includes replacement cost limits of liability. The Crime Bond deductible is \$25 and the Boiler and Machinery deductible is \$10. Worker's compensation is a full statutory program and includes the funding for a Safety Officer and safety programs. No deductible applies to worker's compensation losses.

Changes in the balances of claims liabilities during the last three fiscal years ended June 30 are as follows:

	June 30, 2004	June 30, 2003	June 30, 2002
Claims Liability	<u>Total</u>	<u>Total</u>	<u>Total</u>
Unpaid claims	\$ 5,460	\$ 6,475	\$ 5,997
Claims incurred	2,694	1,365	1,316
Claims closed	-	(1,603)	-
Claims paid	(3,122)	(777)	(838)
Total unpaid claims	<u>\$ 5,032</u>	<u>\$ 5,460</u>	<u>\$ 6,475</u>

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
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The unpaid claims liability is reported in these financial statements as follows:

Unpaid Claims Liability	June 30, 2004 <u>Total</u>	June 30, 2003 <u>Total</u>	June 30, 2002 <u>Total</u>
Claims payable - current	\$ 3,051	\$ 2,767	\$ 2,573
Claims payable - noncurrent	<u>1,981</u>	<u>2,693</u>	<u>3,902</u>
Total unpaid claims liability	<u>\$ 5,032</u>	<u>\$ 5,460</u>	<u>\$ 6,475</u>

B. Risk Pool

The County is a member of the California State Association of Counties Excess Insurance Authority (CSAC), a California Joint Powers Authority. The purpose of the Authority is to develop and fund insurance programs for its 53 member counties. CSAC Excess insurance Authority was formed in October 1979 and has operated without interruption since that time. Each County appoints one member of the CSAC EIA's Board of Directors to represent its County. The Authority operates public entity risk pools for worker's compensation, comprehensive liability, property, and medical malpractice. The Authority also purchases excess insurance, actuarial services, and claims audits; and provides other services and subsidies for its members.

The County participates in the following CSAC Excess Insurance programs. The current County self-insured retention level for each program is as follows:

<u>Excess Insurance Program</u>	<u>Self-Insurance Retention</u>
Excess Liability	\$ 1,000
Property	\$ 10
Medical Malpractice	\$ 10

The County's claims have not exceeded insurance coverage for each of the past three years. The relationship between the County and the CSAC Excess Insurance Authority is such that the CSAC Excess Insurance Authority is not a component unit of the County for financial reporting purposes.

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
(amounts expressed in thousands)

Condensed financial information for CSAC Excess Insurance Authority as of and for the fiscal year ended June 30, 2003, is as follows:

CSAC Excess Insurance Authority Condensed Statement of Net Assets June 30, 2003 (amounts expressed in thousands)	
Total Assets	\$ 156,824
Total Liabilities	
Claims Liabilities	143,329
All Other Liabilities	8,511
Net Assets	\$ <u>4,984</u>

CSAC Excess Insurance Authority Condensed Statement of Revenues, Expenses, and Changes in Net Assets For fiscal year ended June 30, 2003 (amounts expressed in thousands)	
Total Revenue	\$ 153,556
Total Expenses	<u>168,564</u>
Changes in Net Assets	(15,008)
Beginning Net Assets	<u>19,992</u>
Ending Net Assets	\$ <u>4,984</u>

CSAC Excess Insurance Authority owns its office building. The building was purchased with assessments from the member counties. Each county shares in the equity of the building in proportion to the assessment contributed. Tulare County's percentage equity in the CSAC EIA building fund at June 30, 2003 was 1.8073% of \$1,567 for a total of \$ 28.

C. Joint Ventures

A joint venture is defined by Governmental Accounting Standards Board Statement No. 14 The Financial Reporting Entity as "a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain either (a) an ongoing financial interest, or (b) an ongoing financial responsibility." Aside from the County's membership in the California State Association of Counties (CSAC) as described in Note V.B., the County also participates in six other joint ventures as follows:

San Joaquin Valley Library System The entity was established in 1970 as a result of a joint powers agreement among library jurisdictions in the San Joaquin Valley for the purpose of reducing the costs of operations and improving services to the public. The County is responsible for staffing and minor purchases in support of the System. The County's financial interest is based upon its percentage of contributions to the System. Independently audited financial statements can be obtained from the Fresno County Library, 2420 Mariposa Street, Fresno, CA.

Tulare County Association of Governments TCAG was established in 1971 as a result of a joint powers agreement among incorporated Cities and the County for the purpose of providing a forum for the coordination of transportation and air quality maintenance programs. The County is responsible for staffing and for a pro rata share of operating costs. Independently audited financial statements can be obtained from the County Resource Management Agency, 5961 South Mooney Boulevard, Visalia, CA.

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
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(amounts expressed in thousands)

Kings/ Tulare Area Agency on Aging KTAAG was established in 1980 as a result of a joint powers agreement between Kings and Tulare Counties for the purpose of spending Older Americans Act and Older Californians Act monies in support of seniors. The County is responsible for a minimum of 79% of the required administrative match each year, but all resources would revert to the California Department of Aging. Independently audited financial statements can be obtained from the County Health and Human Services Agency, 5957 South Mooney Boulevard, Visalia, CA.

Tulare County Service Authority for the Abatement of Abandoned Vehicles The Authority was established in 1991 as a result of a joint powers agreement among incorporated Cities and the County for the purpose of removing and disposing of abandoned vehicles deemed to be public nuisances. The County is responsible for the collection and disbursement of authorized funds and meeting State reporting requirements for which the County receives 1% of the annual funds collected. The Authority has no resources other than cash, which is distributed immediately upon receipt. Independently audited financial statements can be obtained from the State of California Controller's Office, Sacramento, CA.

Tule River Improvement Project The Project was established in 1998 as a result of a joint powers agreement between the Lower Tule River Irrigation District and the County for the purpose of acquiring and maintaining entrance facilities and channels in order to provide flood control and water conservation. The Project's support costs are shared equally among participants with specific project costs shared according to separate agreements per project. The County's interest in the Project is calculated based on contributions to individual projects. Independently audited financial statements can be obtained from the Lower Tule River Irrigation District, 357 East Olive Avenue, Tipton, CA.

Lake Kaweah Enlargement Project The Project was established in 1999 as a result of a joint powers agreement between the Kaweah Delta Water Conservation District and the County for the purpose of constructing a spillway at Lake Kaweah in order to provide greater flood protection. The County is responsible for 12% of non-federally-supported costs of the Project and retains a 12% interest in the completed Project. Independently audited financial statements can be obtained from the Kaweah Delta Water Conservation District, 2975 Farmersville Boulevard, Farmersville, CA.

D. Subsequent Events

1. On July 1, 2004, \$ 30,000 Tax Revenue Anticipation Notes (TRAN) 2004-2005 were issued at 3.5% with a re-offering yield of 1.67%, maturing on July 29, 2005.
2. On July 30, 2004, \$10,749, representing a prepayment of the employer's annual retirement contribution was paid to Tulare County Employees' Retirement Association
3. Effective July 1, 2004, the County elected to become self-insured for Worker's Compensation per Board of Supervisors Resolution 2004-0242. It is expected to result in savings of several million dollars per year.

E. Contingent Liabilities

Litigation. The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Counsel, (other than the claims included in section V. Other Information, sub-section A. Risk Management), even resolution of these matters would not have a material adverse effect on the financial condition of the County.

In the opinion of the County Counsel, a large majority of tax assessment appeals will be withdrawn by the applicants or settled by a stipulation of value and the County's Tax Assessor will prevail in the majority of appeals.

Termination Fee. The County is contingently liable for an early termination fee under a contract with ACS to manage the County's data processing system through the fiscal year ended June 30, 2006. The termination fee is computed based on the level of services received and payments made by the County over a period of ten (10) years beginning July 1997. The early termination fee at the end of each of the next two fiscal years is \$266, and \$113, respectively.

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
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(amounts expressed in thousands)

Program Compliance Requirements. The County participates in a number of Federal and State assisted grant programs, principal of which are the Family Support Payments, Child Support Enforcement, Community Development Block Grants, Workforce Investment Act, Justice Subvention programs and Local Public Works programs. These programs are subject to program compliance audits by the grantors and audits conducted under the Single Audit Act Amendments of 1996. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects amounts, if any, to be immaterial.

F. Deferred Compensation Plan

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

The assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Since the plan assets are administered by an outside party in accordance with Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, these assets are not included in the financial statements of the County.

G. Employee Retirement System

Plan Description. The Tulare County Employees' Retirement Association was established July 1, 1945, under the provisions of the County Employees Retirement Act of 1937 (Government Code sections 31450 et seq.). The Association operates as a cost-sharing multiple-employer defined benefit plan with special funding circumstances and provides retirement, disability and death benefits for qualified employees of Tulare County, the Tulare County Courts, First 5 Tulare County, and the Strathmore Public Utility District. The Association was integrated with Social Security in 1956. The Association is administered by a nine-member Board of Retirement. The Association issues a separate Comprehensive Annual Financial Report. Copies of the annual financial report may be obtained from the Tulare County Employees' Retirement Association.

Funding Policy. Active plan members in the Association are required to contribute a percentage of their annual covered salary based upon age at entry into the plan and plan Tier. Currently, General Tier I members contribute an average of 5.03% of salary. General members of Tiers II and III contribute an average of 6.75% of covered salary. Safety Tier I members contribute an average of 6.19% of salary. Safety Tier II and III members contribute an average of 9.26% of covered salary. Due to a collective bargaining agreement, the County has a legal obligation to contribute 50% of the contributions required for active Tier I plan members. The rates reflected above for Tier I members reflect the County "pickup". The required employer aggregate contribution rate for all members combined in fiscal 2003-04 was 7.03% of total payroll.

Annual Pension Cost (APC). For fiscal year 2003-04, the County's annual pension cost for the Association was \$ 9,899, and the County actually contributed \$8,048. The required contribution for fiscal year 2003-04 was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of pay. The actuarial assumption included (a) 8.00% investment rate of return (net of administrative expenses), (b) projected salary increases of 5.18%, and (c) 3% cost-of-living adjustment. Both (a) and (b) include an inflation component of 4.25%. The actuarial value of the Association's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a five-year period. The Association's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2004 was 8 years.

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
(amounts expressed in thousands)

The County's annual pension cost and pension assets for the fiscal year ended June 30, 2004, were as follows:

Annual Pension Costs and Pension Assets

Annual required contribution	\$	8,048
Interest on pension assets		(2,907)
Adjustment to the annual required contribution		<u>4,690</u>
Annual pension cost		9,831
Contributions made		<u>8,048</u>
Decrease in pension assets		(1,783)
Pension assets, July 1		<u>36,344</u>
Pension assets, June 30	\$	<u><u>34,561</u></u>

Schedule of Funding Progress
(dollars expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Overfunded AAL (OAAL) (B- A)	Funded Ratio (A/B)	Covered Payroll (C)	OAAL as a % of Covered Payroll (B- A)/C
6/30/01	\$ 574,417	\$ 491,228	\$ (83,189)	116.93%	\$ 142,970	-58.19%
6/30/02	612,469	561,377	(51,092)	109.10%	158,263	-32.28%
6/30/03	634,249	608,505	(25,744)	104.23%	162,397	-15.85%
6/30/04*	*Current information for the fiscal year ended June 30, 2004 is unavailable.					

COUNTY OF TULARE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004
(amounts expressed in thousands)

Three Year Trend Information				
<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Contribution</u>	<u>Percentage Contributed</u>	<u>Pension Assets</u>
2002	\$ 7,302	\$ 6,186	84.70%	\$ 37,774
2003	6,309	4,879	77.33%	36,344
2004	9,831	8,048	81.86%	34,561

H. Trial Court Funding

Assembly Bill 233 ("AB 233"), which was adopted by the State Legislature in 1997 and became effective January 1, 1998, transfers responsibility from the counties to the State for local trial court funding commencing in the 1997-98 fiscal year. Under this legislation, the State assumed a greater degree of responsibility for trial court operations costs from fiscal year 1997-98 forward.

The County will continue to be obligated to provide court facilities for all judicial officers and support positions authorized prior to July 1, 1996. This includes those judicial officers and positions, which replace those offices and positions created prior to July 1, 1996. However AB 233 does not require that the County finance new capital facility expenditures related to judicial officers and support staff required for any judgeships authorized during the period from January 1, 1998 to June 30, 2003. The County remains obligated to fund capital expenditures with respect to capital needs of existing judicial officers and support positions located in several of its courthouse facilities.

Combining and Individual Fund Statements and Schedules



County of Tulare
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004
(amounts expressed in thousands)

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Nonmajor Funds
Assets				
Investment in treasury pool	\$ 20,026	\$ 183	\$ 4,030	\$ 24,239
Investments	-	1	-	1
Imprest cash	2	-	-	2
Accounts receivable, net	2,092	-	-	2,092
Deposits with others	639	-	-	639
Due from other County funds	1,657	-	360	2,017
Due from other governments	5,944	-	87	6,031
Inventories	211	-	-	211
Prepaid items	799	-	-	799
Advances to Agency funds	40	-	-	40
Lease payments receivable, net of interest	-	1,717	-	1,717
Notes receivable	1,087	-	-	1,087
Restricted assets	-	-	5,000	5,000
Total assets	\$ 32,497	\$ 1,901	\$ 9,477	\$ 43,875
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 7,091	\$ -	\$ 531	\$ 7,622
Due to other County funds	3,609	-	16	3,625
Salaries and benefits payable	1,139	-	4	1,143
Deferred revenue	6,516	1,722	-	8,238
Advances from other County funds	325	-	-	325
Total liabilities	18,680	1,722	551	20,953
Fund balances:				
Reserved for:				
Imprest cash	2	-	-	2
Inventories	211	-	-	211
Prepaid items	799	-	-	799
Advances to Agency funds	40	-	-	40
Notes receivable	1,087	-	-	1,087
Harmon Field cleanup	-	-	5,000	5,000
Debt service	-	179	-	179
Unreserved				
Unreserved, reported in nonmajor:				
Special revenue funds	11,678	-	-	11,678
Capital projects funds	-	-	3,926	3,926
Total fund balances	13,817	179	8,926	22,922
Total liabilities and fund balances	\$ 32,497	\$ 1,901	\$ 9,477	\$ 43,875

County of Tulare
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Nonmajor Funds
Revenues:				
Taxes and special assessments	\$ 39,934	\$ -	\$ -	\$ 39,934
Licenses and permits	1	-	-	1
Fines, forfeitures and penalties	116	1,126	-	1,242
Interest, rents, and concessions	450	228	34	712
Intergovernmental revenues	47,414	-	194	47,608
Charges for services	2,755	-	-	2,755
Other revenues	4,558	114	-	4,672
Total revenues	<u>95,228</u>	<u>1,468</u>	<u>228</u>	<u>96,924</u>
Expenditures:				
Current:				
General government	4,586	-	1,615	6,201
Public protection	27,407	-	-	27,407
Public ways and facilities	18,764	-	-	18,764
Health and sanitation	782	-	-	782
Public assistance	14,726	-	-	14,726
Education	2,424	-	-	2,424
Debt service:				
Principal retirement	-	4,722	-	4,722
Interest and fiscal charges	18	2,742	-	2,760
Capital outlay	840	-	512	1,352
Total expenditures	<u>69,547</u>	<u>7,464</u>	<u>2,127</u>	<u>79,138</u>
Excess (deficiency) of revenues over (under) expenditures	25,681	(5,996)	(1,899)	17,786
Other financing sources (uses):				
Litigation proceeds	-	-	-	-
Bond proceeds	-	-	-	-
Sale of general fixed assets	60	-	-	60
Capital lease principal payment	-	101	-	101
Loan proceeds	1,913	-	-	1,913
Transfers in	25,515	14,926	1,227	41,668
Transfers (out)	(54,243)	(8,867)	(321)	(63,451)
Total other financing sources (uses)	<u>(26,755)</u>	<u>6,140</u>	<u>906</u>	<u>(19,709)</u>
Net change in fund balances	(1,074)	144	(993)	(1,923)
Fund balances, July 1	14,891	35	9,919	24,845
Fund balances, June 30	<u>\$ 13,817</u>	<u>\$ 179</u>	<u>\$ 8,926</u>	<u>\$ 22,922</u>



Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Indigent Health Fund - This fund is used to account for monies paid to hospitals and doctors for services rendered to individuals who cannot pay. This fund was established in 1989-90 to receive the County's share of Proposition 99 monies per AB75.

Library Fund - This fund is used to account for informational, cultural and recreational services to the public through library outlets. The primary sources of revenue are charges for services, ad valorem property taxes, and State funds.

Fish and Game Fund - This fund is used to account for improving the habitat for wildlife propagation and for incidental administrative matters. The primary source of revenue is the County's share of fines levied for violations of fish and game laws within its boundaries.

Aviation Fund - This fund is used to account for aviation services to the public and governmental agencies. The primary source of revenue is Aircraft taxes.

Structural Fire Fund - This fund is used to account for public structural fire protection. The primary sources of revenue are charges for services, ad valorem property taxes, and State funds.

Roads Fund - This fund is used to account for the maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. The primary sources of revenue are the County's share of State highway users taxes, Transportation Development Act and Intermodal Surface Transportation Efficiency Act revenues.

Workforce Investment Act Fund - This fund is used to account for services providing training and employment opportunities for the public. The primary sources of revenue are State/Federal Grants.

Child Support Services Fund - This fund is used to account for the costs of administering Child Support services to families in the County.

Mental Health Realignment Fund - These State mandated funds were established to account for County match, sales tax revenues, and transfers to/from the General Fund for certain mental health program expenditures.

Health Realignment Fund - These State mandated funds were established to account for County match, sales tax revenues, and transfers to/from the General Fund for certain health program expenditures.

Social Services Realignment Fund - These State mandated funds were established to account for County match, sales tax revenues, and transfers to/from the General Fund for certain welfare program expenditures.

Tobacco Settlement Revenue Fund - This fund was established to receive the County's share of the Tobacco Settlement Litigation Proceeds.

Tulare County In-Home Supportive Services Public Authority Fund (TCHSSPA) - TCHSSPA was established according to the provisions of the Welfare and Institutions code Section 12301.6 to serve as employer of record of Providers of in-home supportive services for purposes of the Meyers-Millias-Brown Act.

Flood Control Fund - This fund is used to account for flood control services provided in the County. The primary sources of revenue are ad valorem property taxes, assessments, and State funds.

Redevelopment Funds (Earlmarl, Ivanhoe, Goshen, Oroquieta, Pixley, Traver, Richgrove, and Poplar) - These funds were established to account for revenues and expenditures related to the low-and- moderate-income-housing-set-aside program. Twenty percent of the tax increments allocated to the Redevelopment Agency are required to be placed in these funds. Eighty percent of the tax increments are used to build reserves for the future and to match funds to federal and state grant/loan funding programs, which are used for infrastructure and other public service projects within the redevelopment area.

County of Tulare
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004
(amounts expressed in thousands)

	Indigent Health	Library	Fish and Game	Aviation	Structural Fire	Roads	Workforce Investment	Child Support Services
Assets								
Investment in treasury pool	\$ 545	\$ 1,091	\$ 8	\$ 155	\$ 1,846	\$ 3,710	\$ 546	\$ 2,033
Imprest cash	-	1	-	-	-	-	-	1
Receivables (net, where applicable of allowances for uncollectibles):								
Accounts	-	-	-	-	-	-	77	-
Employees	-	-	-	-	2	-	-	-
Deposits with others	-	-	-	-	-	-	-	-
Due from other County funds	-	-	-	-	-	-	-	-
Due from other governments	164	-	-	-	257	2,153	2,136	-
Inventories	-	-	-	-	146	211	-	-
Prepaid items	139	-	-	-	-	-	-	660
Advances to Agency funds	-	-	-	-	-	-	-	40
Notes receivable	-	-	-	-	-	-	-	-
Total Assets and other debits	<u>\$ 848</u>	<u>\$ 1,092</u>	<u>\$ 8</u>	<u>\$ 155</u>	<u>\$ 2,251</u>	<u>\$ 6,074</u>	<u>\$ 2,759</u>	<u>\$ 2,734</u>
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ 515	\$ 128	\$ -	\$ 73	\$ 2,206	\$ 672	\$ 2,606	\$ 836
Due to other County funds	-	-	-	-	-	-	-	1
Salaries and benefits payable	6	56	-	-	51	300	155	566
Deferred revenue	-	19	-	-	-	249	-	1,291
Advances from other County funds	-	-	-	-	-	-	-	-
Total liabilities	<u>521</u>	<u>203</u>	<u>-</u>	<u>73</u>	<u>2,257</u>	<u>1,221</u>	<u>2,761</u>	<u>2,694</u>
Fund balances:								
Reserved for:								
Imprest cash	-	1	-	-	-	-	-	1
Inventories	-	-	-	-	-	211	-	-
Prepaid items	139	-	-	-	-	-	-	660
Advances to other funds	-	-	-	-	-	-	-	40
Notes receivable	-	-	-	-	-	-	-	-
Unreserved								
Unreserved, reported in nonmajor:								
Special revenue funds	188	888	8	82	(6)	4,642	(2)	(661)
Total fund balances	<u>327</u>	<u>889</u>	<u>8</u>	<u>82</u>	<u>(6)</u>	<u>4,853</u>	<u>(2)</u>	<u>40</u>
Total liabilities and fund balances	<u>\$ 848</u>	<u>\$ 1,092</u>	<u>\$ 8</u>	<u>\$ 155</u>	<u>\$ 2,251</u>	<u>\$ 6,074</u>	<u>\$ 2,759</u>	<u>\$ 2,734</u>

Cont.

County of Tulare
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004
(amounts expressed in thousands)

	Mental Health Realignment	Health Realignment	Social Services Realignment	Tobacco Settlement	TCIHSS Public Authority	Flood Control	Redevelopment Earlmar	Redevelopment Ivanhoe
Assets								
Investment in treasury pool	\$ 1,018	\$ 3,327	\$ 64	\$ -	\$ 32	\$ 1,058	\$ 627	\$ 177
Imprest cash	-	-	-	-	-	-	-	-
Receivables (net, where applicable of allowances for uncollectibles):								
Accounts	-	-	-	2,012	-	-	-	-
Employees	-	-	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	-	-	-
Due from other County funds	-	-	1,400	-	-	-	-	-
Due from other governments	-	-	621	-	150	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Advances to Agency funds	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	147	2
Total assets	<u>\$ 1,018</u>	<u>\$ 3,327</u>	<u>\$ 2,085</u>	<u>\$ 2,012</u>	<u>\$ 182</u>	<u>\$ 1,058</u>	<u>\$ 774</u>	<u>\$ 179</u>
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ -
Due to other County funds	-	1,400	2,085	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	5	-	-	-
Deferred revenue	1,018	1,927	-	2,012	-	-	-	-
Advances from other County funds	-	-	-	-	175	-	-	29
Total liabilities	<u>1,018</u>	<u>3,327</u>	<u>2,085</u>	<u>2,012</u>	<u>182</u>	<u>2</u>	<u>-</u>	<u>29</u>
Fund balances:								
Reserved for:								
Imprest cash	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	147	2
Unreserved								
Unreserved, reported in nonmajor:								
Special revenue funds	-	-	-	-	-	1,058	627	148
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058</u>	<u>774</u>	<u>150</u>
Total liabilities and fund balances	<u>\$ 1,018</u>	<u>\$ 3,327</u>	<u>\$ 2,085</u>	<u>\$ 2,012</u>	<u>\$ 182</u>	<u>\$ 1,058</u>	<u>\$ 774</u>	<u>\$ 179</u>

Cont.

County of Tulare
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004
(amounts expressed in thousands)

	Redevelopment Goshen	Redevelopment Orosi	Redevelopment Pixley	Redevelopment Traver	Redevelopment Richgrove	Redevelopment Poplar	Total Special Revenue Funds
Assets							
Investment in treasury pool	\$ 717	\$ 1,623	\$ 228	\$ 835	\$ 231	\$ 155	\$ 20,026
Imprest cash	-	-	-	-	-	-	2
Receivables (net, where applicable of allowances for uncollectibles):							
Accounts	1	-	-	-	-	-	2,090
Employees							2
Deposits with others	639	-	-	-	-	-	639
Due from other County funds	-	-	-	-	-	-	1,857
Due from other governments	499	-	-	-	75	-	5,944
Inventories	-	-	-	-	-	-	211
Prepaid items	-	-	-	-	-	-	799
Advances to Agency funds	-	-	-	-	-	-	40
Notes receivable	379	335	1	81	141	1	1,087
Total assets	\$ 2,235	\$ 1,958	\$ 229	\$ 916	\$ 447	\$ 156	\$ 32,497
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 16	\$ 1	\$ -	\$ 9	\$ 24	\$ 1	\$ 7,091
Due to other County funds	-	-	-	-	123	-	3,609
Salaries and benefits payable	-	-	-	-	-	-	1,139
Deferred revenue	-	-	-	-	-	-	6,516
Advances from other County funds	9	-	29	-	54	29	325
Total liabilities	25	1	29	9	201	30	16,680
Fund balances:							
Reserved for:							
Imprest cash	-	-	-	-	-	-	2
Inventories	-	-	-	-	-	-	211
Prepaid items	-	-	-	-	-	-	799
Advances to other funds	-	-	-	-	-	-	40
Notes receivable	379	335	1	81	141	1	1,087
Unreserved							
Unreserved, reported in nonmajor:							
Special revenue funds	1,831	1,622	199	826	105	125	11,678
Total fund balances	2,210	1,957	200	907	246	126	13,817
Total liabilities and fund balances	\$ 2,235	\$ 1,958	\$ 229	\$ 916	\$ 447	\$ 156	\$ 32,497

Concluded

County of Tulare
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Indigent Health	Library	Fish and Game	Aviation	Structural Fire	Roads	Workforce Investment	Child Support Services
Revenues:								
Taxes and special assessments	\$ -	\$ 2,168	\$ -	\$ -	\$ 5,939	\$ 2,476	\$ -	\$ -
Licenses and permits	-	-	-	-	1	-	-	-
Fines, forfeitures and penalties	111	-	5	-	-	-	-	-
Interest, rents, and concessions	4	-	-	-	71	(23)	267	49
Intergovernmental revenues	650	493	-	24	501	14,356	12,752	16,327
Charges for services	-	64	-	-	233	1,094	1,362	-
Other revenues	-	34	-	-	33	15	131	397
Total revenues	<u>765</u>	<u>2,763</u>	<u>5</u>	<u>24</u>	<u>6,776</u>	<u>17,918</u>	<u>14,512</u>	<u>16,773</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public protection	-	-	6	-	10,575	-	-	16,461
Public ways and facilities	-	-	-	103	-	18,661	-	-
Health and sanitation	782	-	-	-	-	-	-	-
Public assistance	-	-	-	-	-	-	14,450	-
Education	-	2,424	-	-	-	-	-	-
Debt service:								
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	41	707	-	21
Total expenditures	<u>782</u>	<u>2,424</u>	<u>6</u>	<u>103</u>	<u>10,616</u>	<u>19,368</u>	<u>14,450</u>	<u>16,482</u>
Excess (deficiency) of revenues over (under) expenditures	(17)	339	(1)	(79)	(3,838)	(1,450)	62	291
Other financing sources (uses):								
Loan proceeds	-	-	-	-	-	-	-	-
Sale of general fixed assets	-	-	-	-	-	60	-	-
Transfers in	-	-	-	-	3,486	317	-	-
Transfers (out)	(3)	(95)	-	-	(807)	(150)	(73)	(251)
Total other financing sources (uses)	<u>(3)</u>	<u>(95)</u>	<u>-</u>	<u>-</u>	<u>2,679</u>	<u>227</u>	<u>(73)</u>	<u>(251)</u>
Net change in fund balances	(20)	244	(1)	(79)	(1,159)	(1,223)	(11)	40
Fund balances, July 1	347	645	9	161	1,153	6,076	9	-
Fund balances, June 30	<u>\$ 327</u>	<u>\$ 889</u>	<u>\$ 8</u>	<u>\$ 82</u>	<u>\$ (6)</u>	<u>\$ 4,853</u>	<u>\$ (2)</u>	<u>\$ 40</u>

Cont.

County of Tulare
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Mental Health Realignment	Health Realignment	Social Services Realignment	Tobacco Settlement	TCIHSS Public Authority	Flood Control	Redevelopment Earlmar	Redevelopment Ivanhoe
Revenues:								
Taxes and special assessments	\$ 10,494	\$ 3,646	\$ 12,983	\$ -	\$ -	\$ 343	\$ 210	\$ 85
Licenses and permits	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-
Interest, rents, and concessions	-	-	-	-	-	5	3	1
Intergovernmental revenues	-	-	-	-	278	23	6	2
Charges for services	-	-	-	-	-	2	-	-
Other revenues	-	-	-	3,918	-	-	-	-
Total revenues	<u>10,494</u>	<u>3,646</u>	<u>12,983</u>	<u>3,918</u>	<u>278</u>	<u>373</u>	<u>219</u>	<u>88</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	136	36
Public protection	-	-	-	-	-	365	-	-
Public ways and facilities	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Public assistance	-	-	-	-	276	-	-	-
Education	-	-	-	-	-	-	-	-
Debt service:								
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276</u>	<u>365</u>	<u>136</u>	<u>36</u>
Excess (deficiency) of revenues over (under) expenditures	10,494	3,646	12,983	3,918	2	8	83	52
Other financing sources (uses):								
Loan proceeds	-	-	-	-	-	-	-	-
Sale of general fixed assets	-	-	-	-	-	-	-	-
Transfers in	7,032	12,585	2,095	-	-	-	-	-
Transfers (out)	(17,526)	(16,231)	(15,078)	(4,027)	(2)	-	-	-
Total other financing sources (uses)	<u>(10,494)</u>	<u>(3,646)</u>	<u>(12,983)</u>	<u>(4,027)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	(109)	-	8	83	52
Fund balances, July 1	-	-	-	109	-	1,048	691	98
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,056</u>	<u>\$ 774</u>	<u>\$ 150</u>

Cont.

County of Tulare
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Redevelopment Goshen	Redevelopment Orosi	Redevelopment Pbdey	Redevelopment Traver	Redevelopment Richgrove	Redevelopment Poplar	Total Special Revenue Funds
Revenues:							
Taxes and special assessments	\$ 518	\$ 474	\$ 180	\$ 171	\$ 161	\$ 86	\$ 39,934
Licenses and permits	-	-	-	-	-	-	1
Fines, forfeitures and penalties	-	-	-	-	-	-	116
Interest, rents, and concessions	23	11	2	7	1	1	450
Intergovernmental revenues	1,922	12	4	4	82	2	47,414
Charges for services	-	-	-	-	-	-	2,755
Other revenues	-	-	30	-	-	-	4,558
Total revenues	<u>2,463</u>	<u>497</u>	<u>216</u>	<u>182</u>	<u>244</u>	<u>89</u>	<u>95,228</u>
Expenditures:							
Current:							
General government	3,532	285	83	72	358	84	4,586
Public protection	-	-	-	-	-	-	27,407
Public ways and facilities	-	-	-	-	-	-	18,764
Health and sanitation	-	-	-	-	-	-	782
Public assistance	-	-	-	-	-	-	14,726
Education	-	-	-	-	-	-	2,424
Debt service:							
Interest and fiscal charges	18	-	-	-	-	-	18
Capital Outlay	71	-	-	-	-	-	840
Total expenditures	<u>3,621</u>	<u>285</u>	<u>83</u>	<u>72</u>	<u>358</u>	<u>84</u>	<u>69,547</u>
Excess (deficiency) of revenues over (under) expenditures	(1,158)	212	133	110	(114)	5	25,681
Other financing sources (uses):							
Loan proceeds	1,913	-	-	-	-	-	1,913
Sale of general fixed assets	-	-	-	-	-	-	60
Transfers in	-	-	-	-	-	-	25,515
Transfers (out)	-	-	-	-	-	-	(54,243)
Total other financing sources (uses)	<u>1,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,755)</u>
Net change in fund balances	755	212	133	110	(114)	5	(1,074)
Fund balances, July 1	1,455	1,745	67	797	360	121	14,891
Fund balances, June 30	<u>\$ 2,210</u>	<u>\$ 1,957</u>	<u>\$ 200</u>	<u>\$ 907</u>	<u>\$ 246</u>	<u>\$ 126</u>	<u>\$ 13,817</u>

Concluded

County of Tulare
Nonmajor Special Revenue Fund - Indigent Health Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Fines, forfeitures and penalties	\$ 122	\$ 122	\$ -	\$ 111	\$ (11)
Interest, rents, and concessions	38	38	-	4	(34)
Intergovernmental revenues	1,051	679	(372)	650	(29)
Charges for services	16	16	-	-	(16)
Other revenues	4	4	-	-	(4)
Total revenues	<u>1,231</u>	<u>859</u>	<u>(372)</u>	<u>765</u>	<u>(94)</u>
Expenditures:					
Current:					
Health and sanitation	1,405	1,033	372	782	251
Capital Outlay	-	-	-	-	-
Total expenditures	<u>1,405</u>	<u>1,033</u>	<u>372</u>	<u>782</u>	<u>251</u>
Excess (deficiency) of revenues over (under) expenditures	(174)	(174)	-	(17)	157
Other financing sources (uses):					
Transfers (out)	-	-	-	(3)	(3)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>
Net change in fund balance	(174)	(174)	-	(20)	154
Fund balance, July 1	174	174	-	347	173
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327</u>	<u>\$ 327</u>

County of Tulare
 Nonmajor Special Revenue Fund - Library Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 2,054	\$ 2,054	\$ -	\$ 2,168	\$ 114
Interest, rents, and concessions	13	13	-	4	(9)
Intergovernmental revenues	490	488	(2)	493	5
Charges for services	62	62	-	64	2
Other revenues	32	32	-	34	2
Total revenues	<u>2,651</u>	<u>2,649</u>	<u>(2)</u>	<u>2,763</u>	<u>114</u>
Expenditures:					
Current:					
Education	3,284	3,214	70	2,424	790
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,284</u>	<u>3,214</u>	<u>70</u>	<u>2,424</u>	<u>790</u>
Excess (deficiency) of revenues over (under) expenditures	(633)	(565)	68	339	904
Other financing sources (uses):					
Transfers (out)	<u>-</u>	<u>(68)</u>	<u>68</u>	<u>(95)</u>	<u>(27)</u>
Total other financing sources (uses)	<u>-</u>	<u>(68)</u>	<u>68</u>	<u>(95)</u>	<u>(27)</u>
Net change in fund balance	(633)	(633)	136	244	877
Fund balance, July 1	633	633	-	645	12
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ 889</u>	<u>\$ 889</u>

County of Tulare
 Nonmajor Special Revenue Fund - Fish and Game Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Fines, forfeitures and penalties	\$ <u>6</u>	\$ <u>6</u>	\$ <u>-</u>	\$ <u>5</u>	\$ <u>(1)</u>
Total revenues	<u>6</u>	<u>6</u>	<u>-</u>	<u>5</u>	<u>(1)</u>
Expenditures:					
Current:					
Public protection	6	6	-	6	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(1)	(1)
Net change in fund balance	-	-	-	(1)	(1)
Fund balance, July 1	<u>9</u>	<u>9</u>	<u>-</u>	<u>9</u>	<u>-</u>
Fund balance, June 30	\$ <u>9</u>	\$ <u>9</u>	\$ <u>-</u>	\$ <u>8</u>	\$ <u>(1)</u>

County of Tulare
 Nonmajor Special Revenue Fund - Aviation Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Interest, rents, and concessions	\$ 26	\$ 26	\$ -	\$ 24	\$ (2)
Intergovernmental revenues	<u>481</u>	<u>480</u>	<u>(1)</u>	<u>-</u>	<u>(480)</u>
Total revenues	<u>507</u>	<u>506</u>	<u>(1)</u>	<u>24</u>	<u>(482)</u>
Expenditures:					
Current:					
Public ways and facilities	522	695	(173)	103	592
Capital Outlay	<u>174</u>	<u>-</u>	<u>174</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>696</u>	<u>695</u>	<u>1</u>	<u>103</u>	<u>592</u>
Excess (deficiency) of revenues over (under) expenditures	(189)	(189)	-	(79)	110
Other financing sources (uses):					
Transfers in	<u>27</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>(27)</u>
Total other financing sources (uses)	<u>27</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>(27)</u>
Net change in fund balance	(162)	(162)	-	(79)	83
Fund balance, July 1	<u>162</u>	<u>162</u>	<u>-</u>	<u>161</u>	<u>(1)</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82</u>	<u>\$ 82</u>

County of Tulare
 Nonmajor Special Revenue Fund - Structural Fire Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 5,685	\$ 5,859	\$ 174	\$ 5,939	\$ 80
Licenses and permits	1	1	-	1	-
Interest, rents, and concessions	105	105	-	71	(34)
Intergovernmental revenues	396	426	30	501	75
Charges for services	604	606	2	233	(373)
Other revenues	208	211	3	33	(178)
Total revenues	<u>6,999</u>	<u>7,208</u>	<u>209</u>	<u>6,778</u>	<u>(430)</u>
Expenditures:					
Current:					
Public protection	11,353	10,741	612	10,575	166
Capital Outlay	9	33	(24)	41	(8)
Total expenditures	<u>11,362</u>	<u>10,774</u>	<u>588</u>	<u>10,616</u>	<u>158</u>
Excess (deficiency) of revenues over (under) expenditures	(4,363)	(3,566)	797	(3,838)	(272)
Other financing sources (uses):					
Transfers in	3,229	3,229	-	3,486	257
Transfers (out)	-	(797)	(797)	(807)	(10)
Total other financing sources (uses)	<u>3,229</u>	<u>2,432</u>	<u>(797)</u>	<u>2,679</u>	<u>247</u>
Net change in fund balance	(1,134)	(1,134)	-	(1,159)	(25)
Fund balance, July 1	<u>1,134</u>	<u>1,134</u>	<u>-</u>	<u>1,153</u>	<u>19</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (6)</u>

County of Tulare
 Nonmajor Special Revenue Fund - Roads Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 2,399	\$ 2,399	\$ -	\$ 2,476	\$ 77
Interest, rents, and concessions	152	152	-	(23)	(175)
Intergovernmental revenues	18,734	18,734	-	14,356	(4,378)
Charges for services	1,234	1,234	-	1,094	(140)
Other revenues	10	10	-	15	5
Total revenues	<u>22,529</u>	<u>22,529</u>	<u>-</u>	<u>17,918</u>	<u>(4,611)</u>
Expenditures:					
Current:					
Public ways and facilities	28,969	28,887	82	18,661	10,226
Capital Outlay	<u>384</u>	<u>439</u>	<u>(55)</u>	<u>707</u>	<u>(268)</u>
Total expenditures	<u>29,353</u>	<u>29,326</u>	<u>27</u>	<u>19,368</u>	<u>9,958</u>
Excess (deficiency) of revenues over (under) expenditures	(6,824)	(6,797)	27	(1,450)	5,347
Other financing sources (uses):					
Sale of general fixed assets	90	90	-	60	(30)
Transfers in	416	416	-	317	(99)
Transfers (out)	<u>-</u>	<u>(27)</u>	<u>(27)</u>	<u>(150)</u>	<u>(123)</u>
Total other financing sources (uses)	<u>506</u>	<u>479</u>	<u>(27)</u>	<u>227</u>	<u>(252)</u>
Net change in fund balance	(6,318)	(6,318)	-	(1,223)	5,095
Fund balance, July 1	<u>6,318</u>	<u>6,318</u>	<u>-</u>	<u>6,076</u>	<u>(242)</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853</u>	<u>\$ 4,853</u>

County of Tulare
 Nonmajor Special Revenue Fund - Workforce Investment Act Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Interest, rents, and concessions	\$ 400	\$ 400	\$ -	\$ 267	\$ (133)
Intergovernmental revenues	19,036	19,086	50	12,752	(6,334)
Charges for services	-	2,000	2,000	1,362	(638)
Other revenues	135	135	-	131	(4)
Total revenues	<u>19,571</u>	<u>21,621</u>	<u>2,050</u>	<u>14,512</u>	<u>(7,109)</u>
Expenditures:					
Current:					
Public assistance	19,571	21,621	(2,050)	14,450	7,171
Capital Outlay	-	-	-	-	-
Total expenditures	<u>19,571</u>	<u>21,621</u>	<u>(2,050)</u>	<u>14,450</u>	<u>7,171</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	62	62
Other financing sources (uses):					
Transfers (out)	-	-	-	(73)	(73)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73)</u>	<u>(73)</u>
Net change in fund balance	-	-	-	(11)	(11)
Fund balance, July 1	-	-	-	9	9
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ (2)</u>

County of Tulare
 Nonmajor Special Revenue Fund - Child Support Services Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Interest, rents, and concessions	\$ -	\$ 40	\$ 40	\$ 49	\$ 9
Intergovernmental revenues	16,827	17,042	215	16,327	(715)
Charges for services	25	25	-	-	(25)
Other revenues	10	405	395	397	(8)
Total revenues	<u>16,862</u>	<u>17,512</u>	<u>650</u>	<u>16,773</u>	<u>(739)</u>
Expenditures:					
Current:					
Public protection	16,794	17,489	(695)	16,461	1,028
Capital Outlay	68	21	47	21	-
Total expenditures	<u>16,862</u>	<u>17,510</u>	<u>(648)</u>	<u>16,482</u>	<u>1,028</u>
Excess (deficiency) of revenues over (under) expenditures	-	2	2	291	289
Other financing sources (uses):					
Transfers (out)	-	(2)	(2)	(251)	(249)
Total other financing sources (uses)	<u>-</u>	<u>(2)</u>	<u>(2)</u>	<u>(251)</u>	<u>(249)</u>
Net change in fund balance	-	-	-	40	40
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 40</u>

County of Tulare
 Nonmajor Special Revenue Fund - Mental Health Realignment Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 11,442	\$ 11,442	\$ -	\$ 10,494	\$ (948)
Total revenues	<u>11,442</u>	<u>11,442</u>	<u>-</u>	<u>10,494</u>	<u>(948)</u>
Other financing sources (uses):					
Transfers in	4,721	6,163	1,442	7,032	869
Transfers (out)	<u>(16,163)</u>	<u>(17,605)</u>	<u>(1,442)</u>	<u>(17,526)</u>	<u>79</u>
Total other financing sources (uses)	<u>(11,442)</u>	<u>(11,442)</u>	<u>-</u>	<u>(10,494)</u>	<u>948</u>
Net change in fund balance	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Tulare
 Nonmajor Special Revenue Fund - Health Realignment Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 371	\$ 3,033	\$ 2,662	\$ 3,646	\$ 613
Total revenues	<u>371</u>	<u>3,033</u>	<u>2,662</u>	<u>3,646</u>	<u>613</u>
Other financing sources (uses):					
Transfers in	13,756	13,756	-	12,585	(1,171)
Transfers (out)	(14,127)	(16,789)	(2,662)	(16,231)	558
Total other financing sources (uses)	<u>(371)</u>	<u>(3,033)</u>	<u>(2,662)</u>	<u>(3,646)</u>	<u>(613)</u>
Net change in fund balance	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Tulare
 Nonmajor Special Revenue Fund - Social Services Realignment Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 12,655	\$ 12,670	\$ 15	\$ 12,983	\$ 313
Total revenues	<u>12,655</u>	<u>12,670</u>	<u>15</u>	<u>12,983</u>	<u>313</u>
Other financing sources (uses):					
Transfers in	470	1,009	539	2,095	1,086
Transfers (out)	(13,125)	(13,679)	(554)	(15,078)	(1,399)
Total other financing sources (uses)	<u>(12,655)</u>	<u>(12,670)</u>	<u>(15)</u>	<u>(12,983)</u>	<u>(313)</u>
Net change in fund balance	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Tulare
 Nonmajor Special Revenue Fund - Tobacco Settlement Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Other revenues	\$ -	\$ -	\$ -	\$ 3,918	\$ 3,918
Total revenues	-	-	-	3,918	3,918
Other financing sources (uses):					
Litigation proceeds	4,450	4,450	-	-	(4,450)
Transfers (out)	(4,558)	(4,558)	-	(4,027)	531
Total other financing sources (uses)	(108)	(108)	-	(4,027)	(3,919)
Net change in fund balance	(108)	(108)	-	(109)	(1)
Fund balance, July 1	108	108	-	109	1
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

County of Tulare
 Nonmajor Special Revenue Fund - Tulare County In Home Supportive Services Public Authority
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Intergovernmental revenues	\$ 364	\$ 398	\$ 34	\$ 278	\$ (120)
Total revenues	<u>364</u>	<u>398</u>	<u>34</u>	<u>278</u>	<u>(120)</u>
Expenditures:					
Current:					
Public assistance	364	398	(34)	276	122
Capital Outlay	-	-	-	-	-
Total expenditures	<u>364</u>	<u>398</u>	<u>(34)</u>	<u>276</u>	<u>122</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	2	2
Other financing sources (uses):					
Transfers (out)	-	-	-	(2)	(2)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>
Net change in fund balance	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Tulare
 Nonmajor Special Revenue Fund - Flood Control District Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 327	\$ 327	\$ -	\$ 343	\$ 16
Interest, rents, and concessions	35	35	-	5	(30)
Intergovernmental revenues	22	22	-	23	1
Charges for services	-	-	-	2	2
Total revenues	<u>384</u>	<u>384</u>	<u>-</u>	<u>373</u>	<u>(11)</u>
Expenditures:					
Current:					
Public protection	1,417	1,417	-	365	1,052
Capital Outlay	-	-	-	-	-
Total expenditures	<u>1,417</u>	<u>1,417</u>	<u>-</u>	<u>365</u>	<u>1,052</u>
Excess (deficiency) of revenues over (under) expenditures	(1,033)	(1,033)	-	8	1,041
Other financing sources (uses):					
Transfers in	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Total other financing sources (uses)	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Net change in fund balance	(1,032)	(1,032)	-	8	1,040
Fund balance, July 1	<u>1,032</u>	<u>1,032</u>	<u>-</u>	<u>1,048</u>	<u>16</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,056</u>	<u>\$ 1,056</u>

County of Tulare
 Nonmajor Special Revenue Fund - Earlimart Redevelopment Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 204	\$ 211	\$ 7	\$ 210	\$ (1)
Interest, rents, and concessions	13	13	-	3	(10)
Intergovernmental revenues	<u>80</u>	<u>85</u>	<u>5</u>	<u>6</u>	<u>(79)</u>
Total revenues	<u>297</u>	<u>309</u>	<u>12</u>	<u>219</u>	<u>(90)</u>
Expenditures:					
Current:					
General government	531	533	(2)	136	397
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>531</u>	<u>533</u>	<u>(2)</u>	<u>136</u>	<u>397</u>
Excess (deficiency) of revenues over (under) expenditures	(234)	(224)	10	83	307
Other financing sources (uses):					
Transfers in	148	150	2	-	(150)
Transfers (out)	<u>(148)</u>	<u>(160)</u>	<u>(12)</u>	<u>-</u>	<u>160</u>
Total other financing sources (uses)	<u>-</u>	<u>(10)</u>	<u>(10)</u>	<u>-</u>	<u>10</u>
Net change in fund balance	(234)	(234)	-	83	317
Fund balance, July 1	541	541	-	691	150
Fund balance, June 30	<u>\$ 307</u>	<u>\$ 307</u>	<u>\$ -</u>	<u>\$ 774</u>	<u>\$ 467</u>

County of Tulare
 Nonmajor Special Revenue Fund - Ivanhoe Redevelopment Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 57	\$ 81	\$ 24	\$ 85	\$ 4
Interest, rents, and concessions	3	3	-	1	(2)
Intergovernmental revenues	-	-	-	2	2
Total revenues	<u>60</u>	<u>84</u>	<u>24</u>	<u>88</u>	<u>4</u>
Expenditures:					
Current:					
General government	106	110	(4)	36	74
Capital Outlay	-	-	-	-	-
Total expenditures	<u>106</u>	<u>110</u>	<u>(4)</u>	<u>36</u>	<u>74</u>
Excess (deficiency) of revenues over (under) expenditures	(46)	(26)	20	52	78
Other financing sources (uses):					
Transfers in	44	47	3	-	(47)
Transfers (out)	<u>(44)</u>	<u>(67)</u>	<u>(23)</u>	<u>-</u>	<u>67</u>
Total other financing sources (uses)	<u>-</u>	<u>(20)</u>	<u>(20)</u>	<u>-</u>	<u>20</u>
Net change in fund balance	(46)	(46)	-	52	98
Fund balance, July 1	94	94	-	98	4
Fund balance, June 30	<u>\$ 48</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 102</u>

County of Tulare
 Nonmajor Special Revenue Fund - Goshen Redevelopment Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 443	\$ 449	\$ 6	\$ 518	\$ 69
Interest, rents, and concessions	19	19	-	23	4
Intergovernmental revenues	<u>2,590</u>	<u>2,592</u>	<u>2</u>	<u>1,922</u>	<u>(670)</u>
Total revenues	<u>3,052</u>	<u>3,060</u>	<u>8</u>	<u>2,463</u>	<u>(597)</u>
Expenditures:					
Current:					
General government	5,560	5,444	116	3,532	1,912
Debt service:					
Interest and fiscal charges	-	-	-	18	(18)
Capital Outlay	<u>-</u>	<u>71</u>	<u>(71)</u>	<u>71</u>	<u>-</u>
Total expenditures	<u>5,560</u>	<u>5,515</u>	<u>45</u>	<u>3,621</u>	<u>1,894</u>
Excess (deficiency) of revenues over (under) expenditures	(2,508)	(2,455)	53	(1,158)	1,297
Other financing sources (uses):					
Loan proceeds	1,913	1,913	-	1,913	-
Transfers in	317	421	104	-	(421)
Transfers (out)	<u>(317)</u>	<u>(474)</u>	<u>(157)</u>	<u>-</u>	<u>474</u>
Total other financing sources (uses)	<u>1,913</u>	<u>1,860</u>	<u>(53)</u>	<u>1,913</u>	<u>53</u>
Net change in fund balance	(595)	(595)	-	755	1,350
Fund balance, July 1	<u>1,026</u>	<u>1,026</u>	<u>-</u>	<u>1,455</u>	<u>429</u>
Fund balance, June 30	<u>\$ 431</u>	<u>\$ 431</u>	<u>\$ -</u>	<u>\$ 2,210</u>	<u>\$ 1,779</u>

County of Tulare
 Nonmajor Special Revenue Fund - Oroshi Redevelopment Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 465	\$ 471	\$ 6	\$ 474	\$ 3
Interest, rents, and concessions	32	32	-	11	(21)
Intergovernmental revenues	4	6	2	12	6
Total revenues	<u>501</u>	<u>509</u>	<u>8</u>	<u>497</u>	<u>(12)</u>
Expenditures:					
Current:					
General government	1,196	1,204	(8)	285	919
Capital Outlay	-	-	-	-	-
Total expenditures	<u>1,196</u>	<u>1,204</u>	<u>(8)</u>	<u>285</u>	<u>919</u>
Excess (deficiency) of revenues over (under) expenditures	(695)	(695)	-	212	907
Other financing sources (uses):					
Transfers in	395	424	29	-	(424)
Transfers (out)	<u>(395)</u>	<u>(424)</u>	<u>(29)</u>	<u>-</u>	<u>424</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(695)	(695)	-	212	907
Fund balance, July 1	1,428	1,428	-	1,745	317
Fund balance, June 30	<u>\$ 733</u>	<u>\$ 733</u>	<u>\$ -</u>	<u>\$ 1,957</u>	<u>\$ 1,224</u>

County of Tulare
 Nonmajor Special Revenue Fund - Pixley Redevelopment Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 71	\$ 156	\$ 85	\$ 180	\$ 24
Interest, rents, and concessions	2	2	-	2	-
Intergovernmental revenues	1	1	-	4	3
Other revenues	-	-	-	30	30
Total revenues	<u>74</u>	<u>159</u>	<u>85</u>	<u>216</u>	<u>57</u>
Expenditures:					
Current:					
General government	95	154	(59)	83	71
Capital Outlay	-	-	-	-	-
Total expenditures	<u>95</u>	<u>154</u>	<u>(59)</u>	<u>83</u>	<u>71</u>
Excess (deficiency) of revenues over (under) expenditures	(21)	5	26	133	128
Other financing sources (uses):					
Transfers in	56	115	59	-	(115)
Transfers (out)	<u>(56)</u>	<u>(141)</u>	<u>(85)</u>	<u>-</u>	<u>141</u>
Total other financing sources (uses)	<u>-</u>	<u>(26)</u>	<u>(26)</u>	<u>-</u>	<u>26</u>
Net change in fund balance	(21)	(21)	-	133	154
Fund balance, July 1	65	65	-	67	2
Fund balance, June 30	<u>\$ 44</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 156</u>

County of Tulare
 Nonmajor Special Revenue Fund - Traver Redevelopment Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 128	\$ 167	\$ 39	\$ 171	\$ 4
Interest, rents, and concessions	17	17	-	7	(10)
Intergovernmental revenues	<u>2</u>	<u>2</u>	<u>-</u>	<u>4</u>	<u>2</u>
Total revenues	<u>147</u>	<u>186</u>	<u>39</u>	<u>182</u>	<u>(4)</u>
Expenditures:					
Current:					
General government	418	421	(3)	72	349
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>418</u>	<u>421</u>	<u>(3)</u>	<u>72</u>	<u>349</u>
Excess (deficiency) of revenues over (under) expenditures	(271)	(235)	36	110	345
Other financing sources (uses):					
Transfers in	98	101	3	-	(101)
Transfers (out)	<u>(98)</u>	<u>(137)</u>	<u>(39)</u>	<u>-</u>	<u>137</u>
Total other financing sources (uses)	<u>-</u>	<u>(36)</u>	<u>(36)</u>	<u>-</u>	<u>36</u>
Net change in fund balance	(271)	(271)	-	110	381
Fund balance, July 1	<u>702</u>	<u>702</u>	<u>-</u>	<u>797</u>	<u>95</u>
Fund balance, June 30	\$ <u>431</u>	\$ <u>431</u>	\$ <u>-</u>	\$ <u>907</u>	\$ <u>476</u>

County of Tulare
 Nonmajor Special Revenue Fund - Richgrove Redevelopment Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 185	\$ 185	\$ -	\$ 161	\$ (24)
Interest, rents, and concessions	5	5	-	1	(4)
Intergovernmental revenues	982	982	-	82	(900)
Total revenues	<u>1,172</u>	<u>1,172</u>	<u>-</u>	<u>244</u>	<u>(928)</u>
Expenditures:					
Current:					
General government	1,214	1,136	78	358	778
Capital Outlay	-	78	(78)	-	78
Total expenditures	<u>1,214</u>	<u>1,214</u>	<u>-</u>	<u>358</u>	<u>856</u>
Excess (deficiency) of revenues over (under) expenditures	(42)	(42)	-	(114)	(72)
Other financing sources (uses):					
Transfers in	240	240	-	-	(240)
Transfers (out)	<u>(140)</u>	<u>(140)</u>	<u>-</u>	<u>-</u>	<u>140</u>
Total other financing sources (uses)	<u>100</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>(100)</u>
Net change in fund balance	58	58	-	(114)	(172)
Fund balance, July 1	212	212	-	360	148
Fund balance, June 30	<u>\$ 270</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 246</u>	<u>\$ (24)</u>

County of Tulare
 Nonmajor Special Revenue Fund - Poplar Redevelopment Funds
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Taxes and special assessments	\$ 72	\$ 85	\$ 13	\$ 86	\$ 1
Interest, rents, and concessions	3	4	1	1	(3)
Intergovernmental revenues	21	22	1	2	(20)
Total revenues	<u>96</u>	<u>111</u>	<u>15</u>	<u>89</u>	<u>(22)</u>
Expenditures:					
Current:					
General government	122	137	(15)	84	53
Capital Outlay	-	-	-	-	-
Total expenditures	<u>122</u>	<u>137</u>	<u>(15)</u>	<u>84</u>	<u>53</u>
Excess (deficiency) of revenues over (under) expenditures	(26)	(26)	-	5	31
Other financing sources (uses):					
Transfers in	55	68	13	-	(68)
Transfers (out)	<u>(55)</u>	<u>(68)</u>	<u>(13)</u>	<u>-</u>	<u>68</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(26)	(26)	-	5	31
Fund balance, July 1	119	119	-	121	2
Fund balance, June 30	<u>\$ 93</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ 126</u>	<u>\$ 33</u>

Nonmajor Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources and payment of principal and interest from governmental sources when the government is obligated in some manner for the payment.

Pension Obligation Fund - This fund accumulates resources from other County funds for the payment of principal and interest on Pension Obligation Bonds; the proceeds of which were used to pay an unfunded actuarially accrued liability for the fiscal year ended June 30, 1996.

Equipment Loans Fund - This fund receives transfers of resources from other County funds for principal and interest payments on various loans which financed the acquisition of vehicles and equipment used in daily operations.

Building Loans Fund - This fund receives transfers of resources from County building occupants for the payment of the County's lease obligations to TCPFC.

County of Tulare
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2004
(amounts expressed in thousands)

	Pension Obligation	Equipment Loans	Building Loans	Total Debt Service Funds
Assets				
Investment in treasury pool	\$ 13	\$ 165	\$ 5	\$ 183
Investments	1	-	-	1
Lease payments receivable, net of interest	-	-	1,717	1,717
Total assets	\$ 14	\$ 165	\$ 1,722	\$ 1,901
Liabilities and fund balances				
Liabilities:				
Deferred revenue	-	-	1,722	1,722
Total liabilities	-	-	1,722	1,722
Fund balances:				
Unreserved, reported in nonmajor				
Debt service funds	14	165	-	179
Total fund balances	14	165	-	179
Total liabilities and fund balances	\$ 14	\$ 165	\$ 1,722	\$ 1,901

County of Tulare
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Pension Obligation	Equipment Loans	Building Loans	Total Debt Service Funds
Revenues:				
Fines, forfeitures and penalties	\$ -	\$ -	\$ 1,126	\$ 1,126
Interest, rents, and concessions	1	-	227	228
Other revenues	114	-	-	114
Total revenues	<u>115</u>	<u>-</u>	<u>1,353</u>	<u>1,468</u>
Expenditures:				
Debt service:				
Principal retirement	2,070	2,652	-	4,722
Interest and fiscal charges	2,524	205	13	2,742
Total expenditures	<u>4,594</u>	<u>2,857</u>	<u>13</u>	<u>7,464</u>
Excess (deficiency) of revenues over (under) expenditures	(4,479)	(2,857)	1,340	(5,996)
Other financing sources (uses):				
Capital lease principal payment	-	-	101	101
Transfers in	4,556	3,022	7,348	14,926
Transfers (out)	-	-	(8,887)	(8,887)
Total other financing sources (uses)	<u>4,556</u>	<u>3,022</u>	<u>(1,438)</u>	<u>6,140</u>
Net change in fund balance	77	165	(98)	144
Fund balance, July 1	(63)	-	98	35
Fund balance, June 30	<u>\$ 14</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 179</u>

County of Tulare
 Nonmajor Debt Service Fund - Pension Obligation Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Interest, rents, and concessions	\$ -	\$ -	\$ -	\$ 1	\$ 1
Other revenues	4,855	4,657	2	114	(4,543)
Total revenues	4,855	4,657	2	115	(4,542)
Expenditures:					
Debt service:					
Principal retirement	2,070	2,070	-	2,070	-
Interest and fiscal charges	2,522	2,524	(2)	2,524	-
Total expenditures	4,592	4,594	(2)	4,594	-
Excess (deficiency) of revenues over (under) expenditures	63	63	-	(4,479)	(4,542)
Other financing sources (uses):					
Transfers in	-	-	-	4,556	4,556
Total other financing sources (uses)	-	-	-	4,556	4,556
Net change in fund balance	63	63	-	77	14
Fund balance, July 1	(63)	(63)	-	(63)	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ 14	\$ 14

County of Tulare
 Nonmajor Debt Service Fund - Equipment Loans Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Charges for services	\$ 2,866	\$ -	\$ (2,866)	\$ -	\$ -
Total revenues	<u>2,866</u>	<u>-</u>	<u>(2,866)</u>	<u>-</u>	<u>-</u>
Expenditures:					
Debt service:					
Principal retirement	2,736	2,736	-	2,652	84
Interest and fiscal charges	198	198	-	205	(7)
Total expenditures	<u>2,934</u>	<u>2,934</u>	<u>-</u>	<u>2,857</u>	<u>77</u>
Excess (deficiency) of revenues over (under) expenditures	(68)	(2,934)	(2,866)	(2,857)	77
Other financing sources (uses):					
Loan proceeds	68	68	-	-	(68)
Transfers in	-	2,866	2,866	3,022	156
Total other financing sources (uses)	<u>68</u>	<u>2,934</u>	<u>2,866</u>	<u>3,022</u>	<u>88</u>
Net change in fund balance	-	-	-	165	165
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165</u>	<u>\$ 165</u>

County of Tulare
 Nonmajor Debt Service Fund - Building Loans Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Original	Final	Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:					
Fines, forfeitures and penalties	\$ 1,687	\$ 1,687	\$ -	\$ 1,126	\$ (561)
Interest, rents, and concessions	265	269	4	227	(42)
Charges for services	3,120	-	(3,120)	-	-
Total revenues	<u>5,072</u>	<u>1,956</u>	<u>(3,116)</u>	<u>1,353</u>	<u>(603)</u>
Expenditures:					
Debt service:					
Principal retirement	5,998	5,998	-	-	5,998
Interest and fiscal charges	3,270	3,270	-	13	3,257
Total expenditures	<u>9,268</u>	<u>9,268</u>	<u>-</u>	<u>13</u>	<u>9,255</u>
Excess (deficiency) of revenues over (under) expenditures	(4,196)	(7,312)	(3,116)	1,340	8,652
Other financing sources (uses):					
Capital lease principal payment	-	-	-	101	101
Transfers in	4,098	7,214	3,116	7,348	134
Transfers (out)	-	-	-	(8,887)	(8,887)
Total other financing sources (uses)	<u>4,098</u>	<u>7,214</u>	<u>3,116</u>	<u>(1,438)</u>	<u>(8,652)</u>
Net change in fund balance	(98)	(98)	-	(98)	-
Fund balance, July 1	98	98	-	98	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Nonmajor Governmental Funds

Capital Projects Fund

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trusts funds.

Capital Projects Fund - This fund is used to finance the acquisition and construction of public buildings, including major maintenance and improvements. Revenues are obtained from State funding and from other funds when allocated by the Board of Supervisors.

County of Tulare
Balance Sheet
 Nonmajor Capital Projects Fund
 June 30, 2004
 (amounts expressed in thousands)

	<u>Capital Projects</u>
Assets	
Investment in treasury pool	\$ 4,030
Due from other County funds	360
Due from other governments	87
Restricted assets	<u>5,000</u>
Total assets	<u><u>9,477</u></u>
Liabilities and fund balance	
Liabilities:	
Accounts payable	\$ 531
Due to other County funds	16
Salaries and benefits payable	<u>4</u>
Total liabilities	<u><u>551</u></u>
Fund balance:	
Reserved for:	
Harmon Field cleanup	5,000
Unreserved, reported in nonmajor:	
Capital projects fund	<u>3,926</u>
Total fund balance	<u><u>8,926</u></u>
Total liabilities and fund balance	<u><u>\$ 9,477</u></u>

County of Tulare
Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Capital Projects Fund
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	<u>Capital Projects</u>
Revenues:	
Interest, rents, and concessions	\$ 34
Intergovernmental revenues	<u>194</u>
Total revenues	<u>228</u>
Expenditures:	
Current:	
General government	1,615
Capital outlay	<u>512</u>
Total expenditures	<u>2,127</u>
Excess (deficiency) of revenues over (under) expenditures	(1,899)
Other financing sources (uses):	
Transfers in	1,227
Transfers (out)	<u>(321)</u>
Total other financing sources (uses)	<u>906</u>
Net change in fund balance	(993)
Fund balance, July 1	<u>9,919</u>
Fund balance, June 30	\$ <u><u>8,926</u></u>

County of Tulare
Nonmajor Capital Projects Fund - Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - Positive (Negative)	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Interest, rents, and concessions	\$ -	\$ -	\$ -	\$ 34	\$ 34
Intergovernmental revenues	-	3,926	3,926	194	(3,732)
Other revenues	200	669	469	-	(669)
Total revenues	200	4,595	4,395	228	(4,367)
Expenditures:					
Current:					
General government	484	484	-	1,615	(1,131)
Capital outlay	5,339	9,734	(4,395)	512	9,222
Total expenditures	5,823	10,218	(4,395)	2,127	8,091
Excess (deficiency) of revenues over (under) expenditures	(5,623)	(5,623)	-	(1,899)	3,724
Other financing sources (uses):					
Transfers in	1,200	1,200	-	1,227	27
Transfers (out)	(157)	(157)	-	(321)	(164)
Total other financing sources (uses)	1,043	1,043	-	906	(137)
Net change in fund balance	(4,580)	(4,580)	-	(993)	3,587
Fund balance, July 1	4,580	4,580	-	9,919	5,339
Fund balance, June 30	\$ -	\$ -	\$ -	\$ 8,926	\$ 8,926



Nonmajor Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board of Supervisors is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Board of Supervisors has decided that periodic determination of net income is appropriate for accountability purposes.

Transit Fund - This fund is used to account for the operation, maintenance, and development of a rural transit system and transit related projects.

Terra Bella Sewer Maintenance Fund - This fund is used to account for the operation, maintenance, and development of the Terra Bella Sanitation District governed by the County Board of Supervisors.

Assessment District Funds - These funds are used to account for the costs of maintenance and improvement of the Landscaping Assessment Districts.

County Service Area Funds - These funds are used to account for the development, operation, and maintenance of clean and safe drinking water systems in rural communities of the County.

County of Tulare
Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2004
(amounts expressed in thousands)

	Transit	Terra Bella Sewer Maintenance	Assessment Districts	County Service Area #1	County Service Area #2	Total Nonmajor Enterprise Funds
Assets						
Current assets:						
Investment in treasury pool	\$ 291	\$ 664	\$ 139	\$ 282	\$ 50	\$ 1,426
Accounts receivable	-	17	-	52	6	75
Deposits with others	-	-	-	43	3	46
Total current assets	<u>291</u>	<u>681</u>	<u>139</u>	<u>377</u>	<u>59</u>	<u>1,547</u>
Noncurrent assets:						
Restricted assets	-	-	-	-	5	5
Capital assets:						
Land	-	68	-	503	41	612
Buildings and improvements, net	-	1,576	-	4,579	433	6,588
Equipment and vehicles, net	<u>196</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>231</u>
Total capital assets (net of accumulated depreciation)	<u>196</u>	<u>1,644</u>	<u>-</u>	<u>5,117</u>	<u>474</u>	<u>7,431</u>
Total noncurrent assets	<u>196</u>	<u>1,644</u>	<u>-</u>	<u>5,117</u>	<u>479</u>	<u>7,436</u>
Total assets	<u>487</u>	<u>2,325</u>	<u>139</u>	<u>5,494</u>	<u>538</u>	<u>8,983</u>
Liabilities						
Current liabilities:						
Accounts payable	83	1	-	26	-	110
Due to other County funds	-	-	-	5	-	5
Deposits from others	-	-	6	-	-	6
Interest payable	-	-	-	15	1	16
COP's payable	-	15	-	10	1	26
Total current liabilities	<u>83</u>	<u>16</u>	<u>6</u>	<u>56</u>	<u>2</u>	<u>163</u>
Noncurrent liabilities:						
Advances from other funds	-	-	-	520	-	520
Bonds payable	-	-	-	8	-	8
COP's payable	-	895	-	644	45	1,584
Total noncurrent liabilities	<u>-</u>	<u>895</u>	<u>-</u>	<u>1,172</u>	<u>45</u>	<u>2,112</u>
Total liabilities	<u>83</u>	<u>911</u>	<u>6</u>	<u>1,228</u>	<u>47</u>	<u>2,275</u>
Net assets						
Invested in capital assets, net of related debt	196	734	-	4,455	428	5,813
Restricted	-	-	-	-	5	5
Unrestricted	<u>208</u>	<u>680</u>	<u>133</u>	<u>(189)</u>	<u>58</u>	<u>890</u>
Total net assets	<u>\$ 404</u>	<u>\$ 1,414</u>	<u>\$ 133</u>	<u>\$ 4,266</u>	<u>\$ 491</u>	<u>\$ 6,708</u>

County of Tulare
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

	Transit	Terra Bella Sewer Maintenance	Assessment Districts	County Service Area #1	County Service Area #2	Total Nonmajor Enterprise Funds
Operating revenues:						
Charges for services	\$ 103	\$ 138	\$ 27	\$ 320	\$ 43	\$ 631
Total operating revenues	<u>103</u>	<u>138</u>	<u>27</u>	<u>320</u>	<u>43</u>	<u>631</u>
Operating expenses:						
Services and supplies	850	149	7	342	32	1,380
Bad debt	-	-	-	3	-	3
Depreciation	<u>27</u>	<u>78</u>	<u>-</u>	<u>222</u>	<u>16</u>	<u>343</u>
Total operating expenses	<u>877</u>	<u>227</u>	<u>7</u>	<u>567</u>	<u>48</u>	<u>1,726</u>
Operating income (loss)	<u>(774)</u>	<u>(89)</u>	<u>20</u>	<u>(247)</u>	<u>(5)</u>	<u>(1,095)</u>
Nonoperating revenues (expenses):						
Special assessments	634	24	-	-	-	658
Investment earnings	(3)	5	-	6	-	8
Interest expense	<u>-</u>	<u>(41)</u>	<u>-</u>	<u>(70)</u>	<u>(2)</u>	<u>(113)</u>
Total nonoperating revenues (expenses)	<u>631</u>	<u>(12)</u>	<u>-</u>	<u>(64)</u>	<u>(2)</u>	<u>553</u>
Net income (loss) before transfers	<u>(143)</u>	<u>(101)</u>	<u>20</u>	<u>(311)</u>	<u>(7)</u>	<u>(542)</u>
Transfers (out)	3	-	-	-	-	3
Total transfers	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Change in net assets	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
	<u>(141)</u>	<u>(101)</u>	<u>20</u>	<u>(311)</u>	<u>(7)</u>	<u>(540)</u>
Total net assets, July 1	545	1,515	113	4,577	498	7,248
Total net assets, June 30	<u>\$ 404</u>	<u>\$ 1,414</u>	<u>\$ 133</u>	<u>\$ 4,266</u>	<u>\$ 491</u>	<u>\$ 6,708</u>

County of Tulare
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Transit	Terra Bella Sewer Maintenance	Assessment Districts	County Service Area #1	County Service Area #2	Total Nonmajor Enterprise Funds
Cash flows from operating activities:						
Receipts from users	\$ 103	\$ 136	\$ 27	\$ 317	\$ 43	\$ 626
Internal activity - (payments to) other County funds	(139)	(38)	-	-	-	(177)
Payments to suppliers	(702)	(112)	(7)	(323)	(33)	(1,177)
Net cash provided (used) by operating activities	(738)	(14)	20	(6)	10	(728)
Cash flows from noncapital financing activities:						
Intergovernmental revenues	94	-	-	-	-	94
Taxes and assessments	634	24	-	-	-	658
Internal activity - (to) other County funds	(1)	-	-	-	(2)	(3)
Internal activity - from other County funds	3	-	6	5	2	16
Deposits (to) others	-	-	-	(3)	-	(3)
Advances from other County funds	-	-	-	60	-	60
Net cash provided (used) by noncapital financing activities	730	24	6	62	-	822
Cash flows from capital and related financing activities:						
Principal paid on capital debt	-	(15)	-	(12)	(1)	(28)
Interest paid on capital debt	-	(41)	-	(70)	(2)	(113)
Net cash provided (used) by capital and related financing activities	-	(56)	-	(82)	(3)	(141)
Cash flows from investing activities:						
Investment earnings	(3)	5	-	6	-	8
Net cash provided (used) by investing activities	(3)	5	-	6	-	8
Net increase (decrease) in cash and cash equivalents	(11)	(41)	26	(20)	7	(39)
Cash and cash equivalents, July 1	302	705	113	302	48	1,470
Cash and cash equivalents, June 30	\$ 291	\$ 664	\$ 139	\$ 282	\$ 55	\$ 1,431
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (774)	\$ (89)	\$ 20	\$ (247)	\$ (5)	\$ (1,095)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	27	78	-	222	16	343
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	-	(2)	-	-	-	(2)
Increase (decrease) accounts payable	9	(1)	-	19	(1)	26
Total adjustments	36	75	-	241	15	367
Net cash provided (used) by operating activities	\$ (738)	\$ (14)	\$ 20	\$ (6)	\$ 10	\$ (728)



Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County and to other governmental units on a cost reimbursement basis.

Insurance Funds - These funds account for the financing of workers' compensation to applicable bargaining units, general liability, property casualty liability, and malpractice insurances. All other insurance functions are accounted for in the General Fund.

Central Services Funds - These funds account for central services, such as mailroom, motor pool, print shop, utilities, custodial and maintenance services, data processing, and telecommunications, which are primarily provided to other departments of the County.



County of Tulare
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2004
(amounts expressed in thousands)

	Insurance Funds	Central Services	Total
Assets			
Current assets:			
Investment in treasury pool	\$ 7,556	\$ 1,774	\$ 9,330
Accounts receivable	-	356	356
Due from other County funds	-	370	370
Total current assets	<u>7,556</u>	<u>2,500</u>	<u>10,056</u>
Noncurrent assets:			
Capital assets:			
Equipment and vehicles, net	-	801	801
Construction in progress	-	9,947	9,947
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>10,748</u>	<u>10,748</u>
Total noncurrent assets	<u>-</u>	<u>10,748</u>	<u>10,748</u>
Total assets	<u>7,556</u>	<u>13,248</u>	<u>20,804</u>
Liabilities			
Current liabilities:			
Accounts payable	95	784	879
Due to other County funds	-	552	552
Salaries and benefits payable	-	221	221
Interest payable	-	314	314
Compensated absences payable	-	22	22
Claims payable	3,051	-	3,051
Loans payable	-	553	553
Capital lease payable	-	69	69
Total current liabilities	<u>3,146</u>	<u>2,515</u>	<u>5,661</u>
Noncurrent liabilities:			
Compensated absences payable	-	314	314
Claims payable	1,981	-	1,981
Loans payable	-	9,903	9,903
Capital lease payable	-	26	26
Total noncurrent liabilities	<u>1,981</u>	<u>10,243</u>	<u>12,224</u>
Total liabilities	<u>5,127</u>	<u>12,758</u>	<u>17,885</u>
Net assets			
Invested in capital assets, net of related debt	-	197	197
Restricted for other purposes	-	972	972
Unrestricted	2,429	(679)	1,750
Total net assets	<u>\$ 2,429</u>	<u>\$ 490</u>	<u>\$ 2,919</u>

County of Tulare
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Insurance Funds	Central Services	Total
Operating revenues:			
Charges for services - internal	\$ 16,090	\$ 22,134	\$ 38,224
Rents and concessions	-	8	8
Other revenues	-	501	501
Total operating revenues	<u>16,090</u>	<u>22,643</u>	<u>38,733</u>
Operating expenses:			
Salaries and benefits	-	4,801	4,801
Services and supplies	2,345	16,972	19,317
Insurance premiums paid	11,382	-	11,382
Claims incurred	1,354	-	1,354
Total operating expenses	<u>15,081</u>	<u>21,773</u>	<u>36,854</u>
Operating income (loss)	<u>1,009</u>	<u>870</u>	<u>1,879</u>
Nonoperating revenues (expenses):			
Intergovernmental revenues	-	100	100
Investment earnings	11	(6)	5
Assumption of compensated absences	-	(319)	(319)
Interest expense	-	(409)	(409)
Total nonoperating revenues (expenses)	<u>11</u>	<u>(634)</u>	<u>(623)</u>
Income (loss) before transfers	<u>1,020</u>	<u>236</u>	<u>1,256</u>
Capital contributions	-	555	555
Transfers in	-	21	21
Transfers (out)	-	(225)	(225)
Change in net assets	<u>1,020</u>	<u>587</u>	<u>1,607</u>
Net assets, July 1	1,409	(4,224)	(2,815)
Prior period adjustment	-	4,127	4,127
Net assets, June 30	<u>\$ 2,429</u>	<u>\$ 490</u>	<u>\$ 2,919</u>

County of Tulare
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Insurance Funds	Central Services	Total
Cash flows from operating activities:			
Receipts from users	\$ -	\$ 22,108	\$ 22,108
Premiums from departments	16,090	-	16,090
Internal activity - (payments to) other County funds	(1,468)	-	(1,468)
Receipts from rents and concessions	-	8	8
Other revenues	-	171	171
Payments to employees	-	(4,562)	(4,562)
Payments to suppliers	(13,031)	(16,261)	(29,292)
Payments for claims	(1,782)	-	(1,782)
Net cash provided (used) by operating activities	<u>(191)</u>	<u>1,464</u>	<u>1,273</u>
Cash flows from noncapital financing activities:			
Intergovernmental revenues	-	100	100
Internal activity - (to) other County funds	-	(586)	(586)
Internal activity - from other County funds	-	573	573
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>87</u>	<u>87</u>
Cash flows from capital and related financing activities:			
Acquisition (disposal) of fixed assets	-	(5,840)	(5,840)
Principal paid on capital debt	-	(533)	(533)
Interest paid on capital debt	-	(563)	(563)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(6,936)</u>	<u>(6,936)</u>
Cash flows from investing activities:			
Investment earnings	11	(6)	5
Net cash provided by investing activities	<u>11</u>	<u>(6)</u>	<u>5</u>
Net increase (decrease) in cash and cash equivalents	(180)	(5,391)	(5,571)
Cash and cash equivalents, July 1	7,736	7,165	14,901
Cash and cash equivalents, June 30	<u>\$ 7,556</u>	<u>\$ 1,774</u>	<u>\$ 9,330</u>

Reconciliation of operating income (loss) to net cash
provided (used) by operating activities:

Operating income (loss)	\$	1,009	\$	870	\$	1,879
Changes in assets and liabilities:						
Increase (decrease) in accounts payable		(772)		730		(42)
(Increase) decrease in accounts receivable		-		(356)		(356)
Increase (decrease) in salaries and benefits payable and compensated absences		-		220		220
Increase (decrease) in claims payable		(428)		-		(428)
Total adjustments		<u>(1,200)</u>		<u>594</u>		<u>(606)</u>
Net cash provided (used) by operating activities	\$	<u>(191)</u>	\$	<u>1,464</u>	\$	<u>1,273</u>
Non cash investing, capital, and financing activities:						
Contributions of capital assets from government	\$	-	\$	555	\$	555
Assumption of compensated absences		-		(319)		(319)
Initiation of capital lease purchase		-		42		42



Fiduciary Funds

Fiduciary Funds include all Investment Trust and Agency Funds.

Investment Trust Funds are used to account for assets held by the County in a trustee capacity. External pool participants include local School Districts, Special Districts not included as component units of the County, and the Tulare County Employee Retirement Agency which maintains a check- clearing account in the Treasury Pool.

Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, and other governments.

Property Tax Collection and Apportionment Funds - These funds account for property taxes collected and for the apportionment of taxes to the State, the County and others.

State Fines Agency Funds - These funds are used as a clearing fund for penalties, fines, and assessments collected and payable to the State.

Transportation Tax Funds - These funds account for the one-quarter of one percent sales tax collected by the State Board of Equalization and deposited with the County of origin for local transportation support.

Employee Health Benefits Fund - This fund is used to accumulate premium payments for health, dental, vision, life, long term disability, and voluntary products collected from employees, retired employees, and Special District employees for distribution to providers.

Education Revenue Augmentation Fund (ERAF) - This fund is used to collect tax revenues shifted from counties, cities, special districts, and redevelopment agencies to augment loss of State funding to local schools.

Other Agency Funds - These funds account for monies held as agent for a variety of purposes.

County of Tulare
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Fiduciary Funds
June 30, 2004
(amounts expressed in thousands)

	Balance July 1	Additions	Deductions	Balance June 30
Property Tax Collection and Apportionment Funds				
Assets:				
Cash in banks	\$ 729	\$ 217	\$ -	\$ 946
Investment in treasury pool	7,803	190,008	(191,672)	6,139
Receivables	14,619	178,961	(190,008) *	3,572
Total assets	<u>\$ 23,151</u>	<u>\$ 369,186</u>	<u>\$ (381,680)</u>	<u>\$ 10,657</u>
Liabilities:				
Warrants payable	\$ 219	\$ 570	\$ (219)	\$ 570
Due to County funds	-	3,346	-	3,346
Note payable	12,322	-	(12,322)	-
Agency obligations	10,610	365,270	(369,139)	6,741
Total liabilities	<u>\$ 23,151</u>	<u>\$ 369,186</u>	<u>\$ (381,680)</u>	<u>\$ 10,657</u>
State Fines Agency Funds				
Assets:				
Investment in treasury pool	\$ 688	\$ 4,178	\$ (4,387)	\$ 479
Total assets	<u>\$ 688</u>	<u>\$ 4,178</u>	<u>\$ (4,387)</u>	<u>\$ 479</u>
Liabilities:				
Agency obligations	\$ 688	\$ 4,178	\$ (4,387)	\$ 479
Total liabilities	<u>\$ 688</u>	<u>\$ 4,178</u>	<u>\$ (4,387)</u>	<u>\$ 479</u>

* Note: Deductions in accounts receivable in Property Tax Collection and Appropriation Funds include the reclassification of \$12,806 to the general fund.

Cont.

County of Tulare
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Fiduciary Funds
June 30, 2004
(amounts expressed in thousands)

	Balance July 1	Additions	Deductions	Balance June 30
Transportation Tax Funds				
Assets:				
Investment in treasury pool	\$ 513	\$ 9,897	\$ (9,801)	\$ 609
Total assets	<u>\$ 513</u>	<u>\$ 9,897</u>	<u>\$ (9,801)</u>	<u>\$ 609</u>
Liabilities:				
Agency obligations	\$ 513	\$ 9,897	\$ (9,801)	\$ 609
Total liabilities	<u>\$ 513</u>	<u>\$ 9,897</u>	<u>\$ (9,801)</u>	<u>\$ 609</u>
Employee Health Benefits Fund				
Assets:				
Investment in treasury pool	\$ 1,494	\$ 21,690	\$ (22,584)	\$ 600
Receivables	-	40	-	40
Total assets	<u>\$ 1,494</u>	<u>\$ 21,730</u>	<u>\$ (22,584)</u>	<u>\$ 640</u>
Liabilities:				
Warrants payable	\$ -	\$ 152	\$ -	\$ 152
Due to County funds	-	30	-	30
Agency obligations	1,494	21,548	(22,584)	458
Total liabilities	<u>\$ 1,494</u>	<u>\$ 21,730</u>	<u>\$ (22,584)</u>	<u>\$ 640</u>

	Balance July 1	Additions	Deductions	Balance June 30
Education Revenue Augmentation Fund				
Assets:				
Investment in treasury pool	\$ 39	\$ 42,137	\$ (42,087)	\$ 89
Total assets	<u>\$ 39</u>	<u>\$ 42,137</u>	<u>\$ (42,087)</u>	<u>\$ 89</u>
Liabilities:				
Agency obligations	\$ 39	\$ 42,137	\$ (42,087)	\$ 89
Total liabilities	<u>\$ 39</u>	<u>\$ 42,137</u>	<u>\$ (42,087)</u>	<u>\$ 89</u>
Other Agency Funds				
Assets:				
Cash in banks	\$ 5,848	\$ 719	\$ -	\$ 6,567
Investment in treasury pool	9,585	48	-	9,633
Advances to County funds	460	60	-	520
Total assets	<u>\$ 15,893</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ 16,720</u>
Liabilities:				
Warrants payable	\$ 1,106	\$ 2,424	\$ (1,106)	\$ 2,424
Advances from County funds	500	60	-	560
Agency obligations	14,287	-	(551)	13,736
Total liabilities	<u>\$ 15,893</u>	<u>\$ 2,484</u>	<u>\$ (1,657)</u>	<u>\$ 16,720</u>

Cont.

County of Tulare
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Fiduciary Funds
June 30, 2004
(amounts expressed in thousands)

	Balance July 1	Additions	Deductions	Balance June 30
Total Agency Funds				
Assets:				
Cash in banks	\$ 6,577	\$ 936	\$ -	\$ 7,513
Investment in treasury pool	20,122	267,958	(270,531)	17,549
Receivables	14,619	179,001	(190,008)	3,612
Advances to County funds	460	60	-	520
Total assets	<u>\$ 41,778</u>	<u>\$ 447,955</u>	<u>\$ (460,539)</u>	<u>\$ 29,194</u>
Liabilities:				
Warrants payable	\$ 1,325	\$ 3,146	\$ (1,325)	\$ 3,146
Due to County funds	-	3,376	-	3,376
Advances from County funds	500	60	-	560
Note payable	12,322	-	(12,322)	-
Agency obligations	27,631	443,030	(448,549)	22,112
Total liabilities	<u>\$ 41,778</u>	<u>\$ 449,612</u>	<u>\$ (462,196)</u>	<u>\$ 29,194</u>

Concluded

Capital Assets Used in the Operation of Governmental Funds

These schedules report capital assets acquired for general government operations. These capital assets are tangible and of significant value having a utility which extends beyond the current year. They are broadly classified as land, structures and improvements, machinery and equipment, vehicles, infrastructure and construction in progress.

County of Tulare
 Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedule by Source
 June 30, 2004 and 2003
 (amounts expressed in thousands)

	<u>2004</u>	<u>2003</u>
Governmental funds capital assets:		
Land	\$ 8,349	\$ 8,256
Structures and improvements	163,685	163,282
Machinery and equipment	7,219	7,650
Vehicles	34,251	33,457
Construction in progress	615	1,483
Infrastructure in progress	5,437	4,848
Total governmental funds capital assets	\$ <u>219,556</u>	\$ <u>218,976</u>
Investment in governmental funds capital assets by source:		
General fund	\$ 177,824	\$ 176,811
Federal revenue sharing fund	12,286	12,443
Special revenue funds	28,075	27,546
Capital projects funds	615	1,483
Redevelopment funds	299	236
Donations	457	457
Total governmental funds capital assets	\$ <u>219,556</u>	\$ <u>218,976</u>

County of Tulare
Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2004
 (amounts expressed in thousands)

Function and Activity	Land	Infrastructure	Structures and Improvements	Machinery and Equipment	Vehicles	Total
General government:						
Administrative	\$ -	\$ -	\$ 25	\$ 10	\$ -	\$ 35
Finance	-	-	-	428	161	589
County Counsel	-	-	1,663	28	-	1,691
Personnel	-	-	25	-	-	25
Elections	-	-	-	563	-	563
Property management	-	-	2,762	-	-	2,762
Other general	<u>2,382</u>	<u>-</u>	<u>721</u>	<u>39</u>	<u>5,247</u>	<u>8,389</u>
Total general government	<u>2,382</u>	<u>-</u>	<u>5,196</u>	<u>1,068</u>	<u>5,408</u>	<u>14,054</u>
Public protection:						
Judicial	6	-	38,305	1,191	1,490	41,082
Sheriff	<u>639</u>	<u>-</u>	<u>940</u>	<u>959</u>	<u>4,164</u>	<u>6,702</u>
Other protection	-	-	104	259	260	623
Total public protection	<u>645</u>	<u>-</u>	<u>39,439</u>	<u>2,409</u>	<u>5,914</u>	<u>48,407</u>
Detention and correction:						
Detention	-	-	72,142	518	210	72,870
Fire	<u>146</u>	<u>-</u>	<u>2,982</u>	<u>171</u>	<u>7,539</u>	<u>10,838</u>
Inspection	-	-	4,685	109	700	5,704
Total detention and correction	<u>356</u>	<u>-</u>	<u>79,809</u>	<u>798</u>	<u>8,449</u>	<u>89,412</u>
Public ways and facilities	1,018	-	2,180	777	9,896	13,871
Public health	<u>2,634</u>	<u>-</u>	<u>25,693</u>	<u>1,156</u>	<u>1,847</u>	<u>31,330</u>
Public assistance	226	-	3,504	769	2,053	6,552
Education	<u>122</u>	<u>-</u>	<u>3,526</u>	<u>97</u>	<u>4,222</u>	<u>4,722</u>
Recreation and cultural services	<u>966</u>	<u>-</u>	<u>4,338</u>	<u>145</u>	<u>207</u>	<u>5,656</u>
	<u>4,966</u>	<u>-</u>	<u>39,241</u>	<u>2,944</u>	<u>14,480</u>	<u>61,631</u>
Total governmental funds capital assets	\$ <u>8,349</u>	\$ <u>-</u>	\$ <u>163,685</u>	\$ <u>7,219</u>	\$ <u>34,251</u>	<u>213,504</u>
Construction in progress	\$ -	\$ -	\$ 615	\$ -	\$ -	615
Infrastructure projects in progress	-	5,437	-	-	-	5,437
						<u>\$ 219,556</u>

County of Tulare
Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 For the Fiscal Year Ended June 30, 2004
 (amounts expressed in thousands)

Function and Activity	Governmental Fund Capital Assets July 1	Additions	Deletions	Adjustments	Governmental Fund Capital Assets June 30
General government:					
Administrative	\$ -	\$ 35	\$ -	\$ -	\$ 35
Finance	498	91	-	-	589
County Counsel	1,691	-	-	-	1,691
Personnel	25	-	-	-	25
Elections	554	9	-	-	563
Property management	2,902	-	-	(140)	2,762
Other general	10,873	42	(594)	(1,932)	8,389
Total general government	16,543 *	177	(594)	(2,072)	14,054
Public protection:					
Judicial	40,995	116	(29)	-	41,082
Sheriff	5,108	1,677	(83)	-	6,702
Other protection	588	42	-	(7)	623
Total public protection	46,691 *	1,835	(112)	(7)	48,407
Detention and correction:					
Detention	72,877	21	(28)	-	72,870
Fire	10,782	41	(13)	28	10,838
Inspection	5,743	12	(51)	-	5,704
Total detention and correction	89,402 *	74	(92)	28	89,412
Public ways and facilities	13,865	189	(217)	34	13,871
Public health	31,029	431	(120)	(10)	31,330
Public assistance	5,154	1,437	(39)	-	6,552
Education	4,231	-	(9)	-	4,222
Recreation and cultural services	5,730	144	-	(218)	5,656
	60,009 *	2,201	(385)	(194)	61,831
Construction/ projects in progress	1,483	512	(1,380)	-	615
Infrastructure projects in progress	4,848	589	-	-	5,437
Total governmental funds capital assets	\$ 218,976	\$ 5,388	\$ (2,563)	\$ (2,245)	\$ 219,556

* With the implementation of a new capital asset system, a review of asset use resulted in the reclassification of some capital assets. Balances at July 1, 2003 have been



**STATISTICAL SECTION
(UNAUDITED)**



Table 1

County of Tulare
Government-wide Expenses by Function
Last Three Fiscal Years
(amounts expressed in thousands)

	GOVERNMENTAL ACTIVITIES									BUSINESS-TYPE ACTIVITIES		
Fiscal Year	General Government	Public Protection	Public Ways and Facilities	Health and Sanitation	Public Assistance	Education	Culture & Recreation	Unallocated Depreciation	Unallocated Interest Expense	Solid Waste Management	Other Business type Activities	Total
2001-02	25,529	132,758	18,321	82,382	201,975	3,380	1,661	571	9,933	8,980	1,543	487,033
2002-03	37,409	130,282	18,699	87,856	202,308	3,481	1,839	627	9,023	10,361	1,873	503,758
2003-04	32,816	145,513	19,411	86,955	202,481	3,356	1,949	589	8,220	12,967	1,839	516,096

* Discretely presented Component unit not included

Table 2

County of Tulare
Government-wide Revenues by Source
Last Three Fiscal Years
(amounts expressed in thousands)

	PRIMARY GOVERNMENT						
	PROGRAM REVENUES		GENERAL REVENUES				
Fiscal Year	Charges for Services	Operating Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous	Total
2001-02	81,083	323,617	42,506	34,901	11,410	5,708	499,225
2002-03	96,213	316,985	44,903	36,829	9,260	4,133	508,323
2003-04	100,136	322,369	48,632	33,611	3,383	11,344	519,475

* Discretely presented Component unit not included

Table 3

County of Tulare
General Governmental
Expenditures by Function - Table
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	General Government	Public Protection	Public Ways and Facilities	Health and Sanitation	Public Assistance	Education	Culture & Recreation	Debt Service	Capital Outlay	Total
1994-95	\$19,149	\$74,704	\$11,249	\$45,997	\$186,023	\$2,277	\$1,213	\$1,648	\$0	\$342,280
1995-96	21,160	86,760	11,799	52,904	182,942	2,675	1,397	1,647	0	361,284
1996-97	25,836	87,755	13,579	53,131	172,143	2,522	1,331	2,884	0	359,181
1997-98	21,394	95,716	13,780	67,732	158,622	2,623	1,505	3,271	0	364,643
1998-99	19,275	112,997	15,172	61,646	175,251	2,729	1,390	2,153	0	390,613
1999-00	16,241	121,120	14,868	66,650	177,934	3,473	1,448	180	0	401,914
2000-01	11,973	135,775	19,617	76,518	191,993	3,439	1,507	261	0	441,083
2001-02	20,603	127,337	20,229	80,812	200,765	3,129	1,578	2,552	4,226	461,231
2002-03	22,476	123,937	17,958	86,567	201,211	3,200	1,759	897	6,374	464,370
2003-04	21,549	139,512	18,764	86,165	201,839	3,370	1,831	1,009	3,506	477,545

Notes: Includes General and Special Revenue Funds including Blended Component Units.
Expenditures are reported on a modified accrual basis (GAAP).

County of Tulare
General Governmental
Expenditures by Function - Graph
Last Ten Fiscal Years
(amounts expressed in thousands)

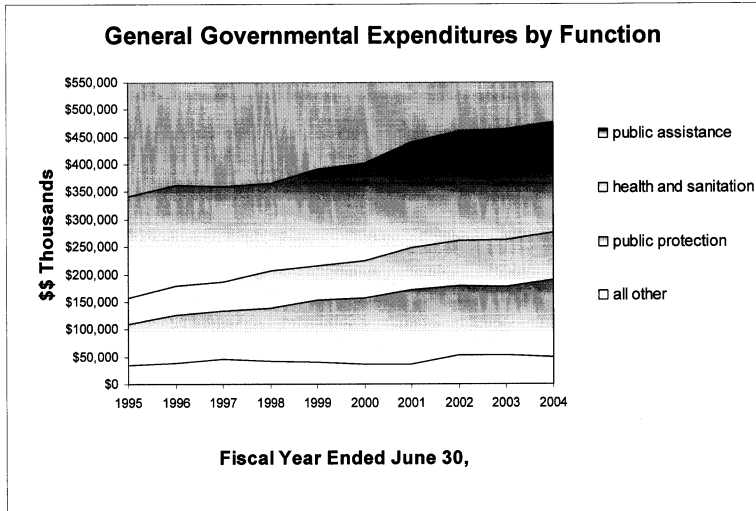


Table 4

County of Tulare
General Governmental
Revenues by Source - Table
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Taxes and Special Assessments	Licenses and Permits	Fines, Forfeitures, and Penalties	Interest, Rents and Concessions	Intergovernmen- tal Revenues	Charges for Services	Other Revenues	Total
1994-95	\$38,800	\$5,102	\$1,396	\$4,542	\$265,175	\$23,241	\$6,466	\$344,722
1995-96	65,811	5,199	2,643	3,348	253,971	29,392	8,474	368,838
1996-97	66,898	5,157	2,996	7,413	243,460	33,572	7,375	366,871
1997-98	66,436	5,474	5,544	3,933	246,557	36,468	7,266	371,678
1998-99	67,091	5,836	6,725	3,960	257,048	42,213	6,420	389,293
1999-00	69,993	5,561	7,138	3,006	274,609	42,785	4,965	408,057
2000-01	71,717	6,096	5,234	5,544	306,645	52,245	9,487	456,968
2001-02	71,246	6,843	6,528	4,392	328,165	52,025	9,665	478,864
2002-03	71,269	6,920	7,164	3,860	326,699	53,662	10,724	480,298
2003-04	77,573	7,214	6,842	1,658	323,445	57,450	10,370	484,552

Note: Includes General and Special Revenue Funds including Blended Component Units.

County of Tulare
General Governmental
Revenues by Source - Graph
Last Ten Fiscal Years
(amounts expressed in thousands)

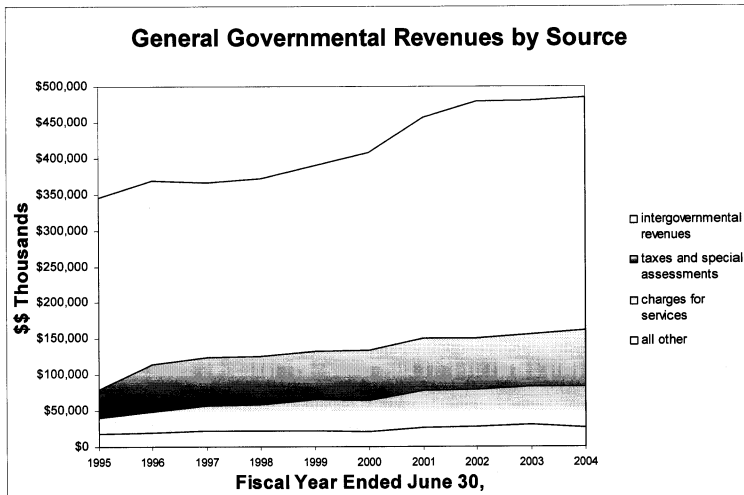


Table 5

County of Tulare
Property Tax Levies and Collections
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year	Current Tax Levy	Current Tax Collections	Percent of Levy Collected	Current Delinquent Taxes	Current Delinquent Taxes as % of Current Levy	Prior Delinquent Tax Collections
1994-95	\$116,851	\$112,334	96%	\$4,517	4%	\$5,547
1995-96	122,046	117,479	96	4,568	4	4,532
1996-97	125,984	121,891	97	4,093	3	4,718
1997-98	130,632	126,442	97	4,190	3	7,331
1998-99	135,775	131,534	97	4,240	3	7,465
1999-00	140,642	136,380	97	4,262	3	5,756
2000-01	149,307	144,161	97	5,146	3	6,931
2001-02	154,682	149,897	97	4,785	3	5,966
2002-03	162,726	157,372	97	5,354	3	5,578
2003-04	168,089	162,792	97	5,297	3	7,167

Table 6

County of Tulare
 Equalized Roll Assessed Value of Taxable Property
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value
1994-95	\$11,914,650	\$690,693	\$12,605,343
1995-96	12,425,110	741,639	13,166,749
1996-97	12,719,639	802,996	13,522,635
1997-98	13,220,599	859,125	14,079,724
1998-99	13,646,997	917,125	14,564,122
1999-00	14,154,136	941,827	15,095,963
2000-01	14,731,050	1,065,525	15,796,575
2001-02	15,232,365	1,064,889	16,297,254
2002-03	16,004,259	1,150,562	17,154,821
2003-04	16,984,360	1,051,432	18,035,792

Due to Constitutional Amendment, Section 13A, property is assessed at Full Cash Value as of 1975-76 with a maximum increase of 2% permitted each year. New construction and property sold are reassessed at Full Cash Value in the year the transaction occurs.

Table 7

County of Tulare
 Property Tax Rates (A)-Direct & Overlapping Governments
 (Per \$100 of Assessed Value)
 Last Ten Fiscal Years

Fiscal Year	Mandated Tax Rate (B) Countywide	County of Tulare	School Districts	Special Districts	Cities	Total
1994-95	1.00	--	0.04	--	--	1.04
1995-96	1.00	--	0.03	--	--	1.03
1996-97	1.00	--	0.01	--	--	1.01
1997-98	1.00	--	0.01	--	--	1.01
1998-99	1.00	--	0.01	--	--	1.01
1999-00	1.00	--	0.07	--	--	1.07
2000-01	1.00	--	0.07	--	--	1.07
2001-02	1.00	--	0.06	--	--	1.06
2002-03	1.00	--	0.07	--	--	1.07
2003-04	1.00	--	0.06	--	--	1.06

- (A) Each tax rate area within the County will have differing tax rates depending on which taxing agencies are located within that tax rate area. For comparison purposes, only one tax rate area with its corresponding tax rate is shown in this Schedule.
- (B) Effective 1978-79, Constitutional Amendment XIII A was enacted by vote of the people. This amendment mandates one rate for all taxing agencies, with \$1.00 per \$100 of value. Bonded indebtedness existing before July 1, 1978 was exempted from the amendment and may have an additional tax rate.

Table 8

County of Tulare
Computation of Legal Debt Margin
June 30, 2004
(amounts expressed in thousands)

Net Assessed Value	\$19,016,907
Debt Limit - 1.25 Percent of Taxable Property (A)	237,711
Amount of Debt Applicable to Debt Limit (B)	-0
Legal Debt Margin (C)	237,711

- (A) Constitutional Amendment XIII A, passed by vote of the people and effective July 1, 1978, prohibits the County from raising ad valorem property taxes above 1% of full cash value. Thus, the legal debt is 1.25% of assessed valuation.
- (B) As of 6/30/04 the County had no tax supported general obligation bonded debt outstanding.
- (C) Legal debt margin is computed by subtracting the County legal general obligation bonded debt from the legal debt limit.

Table 9

County of Tulare
 Computation of Direct and Overlapping Debt
 June 30, 2004
 (amounts expressed in thousands)

Jurisdiction	Outstanding Debt	Percentage Applicable to the County of Tulare	Amount Applicable to the County of Tulare
Special Districts	\$ 56,334	100%	\$ 56,334
School Districts	125,842	100%	125,842
County of Tulare	<u>159,919 *</u>	100%	<u>159,919</u>
Total	\$ 342,095		\$ 342,095

* Outstanding debt for the County of Tulare includes all Certificates of Participation, Leases, Loans, and Bonds outstanding for both governmental and business-type activities for the County and blended component units.

Table 10

County of Tulare
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Median Age (1)(3)	Unemployment Rate (2)
1994-95	352,100	29.0	16.6%
1995-96	353,200	29.0	16.2
1996-97	354,400	29.0	15.7
1997-98	360,400	Unavailable	15.6
1998-99	363,300	Unavailable	15.2
1999-00	368,021	29.2	13.4
2000-01	373,100	Unavailable	14.0
2001-02	379,200	Unavailable	14.0
2002-03	386,200	Unavailable	13.6
2003-04	396,800	Unavailable	14.5

(1) Source: California Department of Finance, Demographic Research Unit; Census every 10 years.

(2) Source: State Department of Employment Development

(3) Median age is the age at which there are as many residents older as there are younger.

Table 11

County of Tulare
Property Value and Construction
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		
	Number of Building Permits	Value	Number of Building Permits	Value	Taxable Property Value (2)
1994-95	345	\$16,549	1,318	\$35,880	\$11,914,649
1995-96	288	11,366	1,714	39,172	12,425,109
1996-97	316	10,225	1,663	34,246	12,719,639
1997-98	292	71,491	1,678	42,864	13,220,599
1998-99	349	33,619	1,656	42,690	13,646,997
1999-00	533	27,850	1671	45,950	14,154,136
2000-01	416	26,890	1,756	45,268	14,731,050
2001-02	407	18,479	1,662	59,222	15,232,365
2002-03	399	23,769	1,585	66,454	16,004,259
2003-04	323	25,083	1,704	72,436	16,984,360

Source: (1) Planning and Development Department
(2) Table 6

Table 12

County of Tulare
Principal Taxpayers
June 30, 2004
(amounts expressed in thousands)

Name of Taxpayer	Type of Business	2003-04 Assessed Valuation	Percentage of Total Assessed Valuation
Land O' Lakes, Inc.	Food Processor	\$257,826	1.43%
Southern California Edison Company	Utility	215,532	1.20
Kraft Foods Inc.	Food Processor	101,063	0.56
SBC California	Utility	86,716	0.48
Southern California Gas Company	Utility	68,236	0.38
Wal Mart Stores, Inc.	Distribution/Retail	92,335	0.51
California Milk Producers	Food Processor	64,516	0.36
Recot, Inc	Food Processor	63,823	0.35
Best Buy Stores, LP	Distribution	56,483	0.31
Ruiz Foods Products, Inc.	Food Processor	42,211	0.23
Total		\$1,048,741	5.81%

Total Assessed Value - \$18,035,792

Table 13

**County of Tulare
Miscellaneous Statistics
June 30, 2004**

Form of Government	General Law County - Board of Supervisors	
Area	4,839	Square Miles
Miles of Roads	3,072	
Number of Street Lights	1,295	
Fire Protection:		
Number of Stations	27	
Number of Firefighter and Officers (Exclusive of Volunteer Firefighters)	71	
Number of Volunteer Firefighters	425	
Sheriff Protection:		
Number of Stations	4	
Number of Sworn Deputies & Officers	448	
Number of Non-sworn Deputies & Officers	184	
Solid Waste:		
Landfill Sites	7	
Transfer Stations	7	
Building Permits Issued	2,163	
Culture and Recreation:		
Number of Parks	10	Totaling 684.5 Acres
Lake Success	82,000	Acre Feet
Lake Kaweah	143,000	Acre Feet
Number of Libraries	15	
Number of Bookmobiles	2	
Number of Volumes	366,018	
County Grounds	2,200,000	Square Feet
County Museum	25,919	Square Feet
Employees	4,357	

County of Tulare
Summary of Financing Requirements
By Fund and Function
For Fiscal Years 2002-03, 2003-04, 2004-05
(amounts expressed in thousands)

	Actual Expenditures and Transfers 2002-2003	Actual Expenditures and Transfers 2003-2004	Budgeted Expenditures and Transfers 2004-2005		Actual Expenditures and Transfers 2002-2003	Actual Expenditures and Transfers 2003-2004	Budgeted Expenditures and Transfers 2004-2005
Summary by fund				Summary by function			
General	\$ 442,770	\$ 443,785	\$ 480,475	General government	\$ 21,906	\$ 18,578	\$ 13,309
Indigent Health	1,173	785	1,126	Public protection	123,408	139,147	154,545
Library	2,569	2,519	3,596	Public ways and facilities	17,958	18,764	25,881
Fish and Game	3	6	6	Health and sanitation	86,567	86,165	153,610
Aviation	95	103	627	Public assistance	201,119	201,563	235,589
Structural Fire	10,233	11,423	10,662	Education	3,200	3,370	4,574
Roads	20,518	19,518	26,965	Culture and Recreation	1,759	1,831	1,726
Workforce Investment Act	21,123	14,523	21,651	Debt service	8,575	8,455	16,259
Child Support Services	-	16,733	17,008	Capital outlay	6,191	3,947	17,154
Realignment	43,190	48,835	46,567	Transfers out	93,271	99,236	17,647
Tobacco Settlement Revenue	4,527	4,027	4,525				
Debt service	16,566	16,351	16,259				
Capital Projects	1,187	2,448	10,827				
Total by fund	<u>\$ 563,954</u>	<u>\$ 581,056</u>	<u>\$ 640,294</u>	Total by function	<u>\$ 563,954</u>	<u>\$ 581,056</u>	<u>\$ 640,294</u>

Actual amounts from CAFR basic financial statements for governmental fund types not including component units.
Adopted budget amounts from the BOS Adopted Budget for governmental fund types not including component units.

COUNTY OF TULARE
Insurance Policies in Force During Fiscal Year Ended June 30, 2004
(amounts expressed in whole dollars)

Company	Policy #	Policy Period		Limits	Deductible	Premium Costs	Coverage	Fund
		From	To					
National Union Fire Insurance Company (AIG)	WC4552278	7/1/2003	6/30/2004	Statutory, including defense for Serious and Willful Actions.	NONE	\$ 10,907,415	Coverage provides statutory Workers Compensation Insurance. The policy indemnifies the County for employees injured while performing their job duties. Payments are made for medical expenses, temporary and permanent disability, and rehabilitation costs are paid through the coverage with AIG.	061
CSAC/ EIA	EIA 01 GL2-12	7/1/2003	6/30/2004	\$15,000,000 per occurrence	\$ 1,000,000 per occurrence	\$ 27,196	Excess Liability Coverage applies above the County's SI-Program for liability claims of third parties.	062
Tulare County	Self Insured	7/1/2003	6/30/2004	\$250,000 per occurrence SIR. GL I provides \$750,000 and GL II provides \$10 million per occurrence.	NONE	\$ 580,131	The Self Insured Program provides for the payment of liability claims filed against the County for bodily injury, property damage resulting from automobile liability, general liability, personal injury, and other claims seeking money damages. Claims are administered by a Third Party Administrator. Payments include claim settlements and legal and adjusting expenses.	062
National Union Fire Insurance Company (AIG)	AP3229733-08	7/1/2003	6/30/2004	\$10,000,000 Per Occurrence Liability. Passenger Liability \$1,000,000 per occurrence \$1,000,000 per passenger. Hull \$433,000 Stated Value.	\$ 1,000 Liability. \$ 100. Hull.	\$ 31,145	Aviation Liability and Hull coverage for County owned aircraft. Includes Airport Liability.	062
CSAC/ EIA	EIA PPR01-04	3/31/2003	3/31/2004	Per Schedule	\$ 10,000.00	\$ 208,574	Coverage applies to Real and Personal Property of the County. Included within the coverage are first party automobile damages. Coverage afforded is All Risk for losses resulting from fire, windstorm, earthquake, with limitations, vandalism, and other causes of loss to real and personal property owned or leased by the County.	063
CSAC/ EIA	BM 1077609089	3/31/2003	3/31/2004	Per schedule	\$ 10,000	\$ 208,574	Coverage applies to stationary machinery, turbines, generators, etc. owned or leased by the County.	063
CSAC/ EIA	2809838	3/31/2003	3/31/2004	\$10,000,000 with a Sub limit of \$5,000 for Robbery and Safe Burglary applies to precious metals, precious and semi-precious stones, pearls, and furs with no deductible.	\$ 25,000	\$ 11,200	Coverage applies to losses from employee dishonesty, forgery, theft, robbery and safe burglary, disappearance and destruction of money and securities. A separate policy is provided by CSAC/EIA for the coverage and carries a \$10,000 Self insured retention.	063
CSAC/ EIA	654745	10/1/2003	10/1/2004	\$10,000 per Event.	\$ 10,000,000 per Event	\$ 180,176	Coverage applies to claims resulting from medical malpractice allegations against County employed or contracted doctors, physician assistants, nurses and other medical professionals.	064