COUNTY OF TUOLUMNE, CALIFORNIA

Annual Financial Report

For the Fiscal Year Ended June 30, 2006

Prepared by:

Auditor-Controller's Office

COUNTY OF TUOLUMNE, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006

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The Honorable Board of Supervisors
of the County of Tuolumne, California
Sonora, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County of Tuolumne, California (County), as of and for the fiscal year ended June 30, 2006, 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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County of Tuolumne, California, as of June 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15, on April 10, 2007 the Board of Supervisors voted to eliminate all services at Tuolumne General Hospital (the General Hospital Enterprise Fund) effective July 1, 2007, phasing long-term care and acute psychiatric services out over three years.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2007, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedule of funding progress, and schedules of revenues, expenditures, and changes in fund balance – budget and actual, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted 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 combining and individual nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macias Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
May 9, 2007

Management's Discussion and Analysis

As management of the County of Tuolumne, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of Tuolumne for the fiscal year ended June 30, 2006. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The assets of the County of Tuolumne exceeded its liabilities at the close of the 2005-06 fiscal year by $80,800 *(net assets)*. Of this amount, $61,033 is invested in capital assets net of related debt and $27,564 is restricted for specific purposes *(restricted net assets)*, leaving a deficit unrestricted balance of $7,797.

The county's total net assets, which may serve as a useful indicator of financial position, decreased by $3,326 with the aid of a restatement decreasing beginning net assets by $2,467. The deficit unrestricted balance increased by $1,813. Restricted net assets decreased by $4,393.

As of June 30, 2006, the County of Tuolumne governmental funds reported combined ending fund balances of $37,962 a decrease of $7,786 in comparison with the prior year with the aid of a restatement decreasing beginning fund balance by $2,467. Approximately $30,227 is available for spending at the government's discretion *(unreserved fund balance)*.

As of June 30, 2006, unreserved fund balance for the General Fund was $7,830, or 13.7% of total general fund expenditures and transfers out.

The County of Tuolumne's total debt increased by $1,343 (4.4%) during the fiscal year 2005-06.

Overview of Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* provide readers with a broad overview of the long-term and short-term information about the County of Tuolumne's *overall* financial status in a manner similar to 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 57% of their support from charges for services and operating grants and contributions. Property taxes, sales taxes, and other revenues cover the remaining costs.

Business-type activities – charge fees to users which are intended to cover all or a significant portion of their costs for certain services, such as solid waste disposal.

The *statement of net assets* presents information on all of the County of Tuolumne's assets and liabilities, with the difference between the two reports 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 Tuolumne.

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 the related cash flows.* Thus, revenues and expenses are reported in the statement for some items that are the result of cash flows in future fiscal periods (e.g., uncollected taxes and earned-but-unused vacation leave).

The government-wide financial statements include not only the County of Tuolumne itself (known as the *primary government*), but also legally separate organizations for which the elected officials of the County of Tuolumne are financially accountable. Financial information for these *blended component units* is combined with the financial information presented for the primary government itself. Tuolumne County Public Power Agency, all County Service Areas and Lighting Districts are *blended presented component units.*

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 Tuolumne, 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's government. All of the funds of the County of Tuolumne 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, is it 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 Tuolumne's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

For the governmental funds, information is presented separately for the General, Road, Health and Welfare, and Community Development Block Grants funds, all of which are considered to be major funds. Data from the other 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 Tuolumne adopts an annual appropriated budget for its General Fund and most of its governmental funds. Budgetary comparison schedules have been provided in this report for the General

Fund and the major special revenue funds, except for the Community Development Block Grants Special Revenue Fund, which doesn't have a budget adopted annually.

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 Tuolumne 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 Tuolumne uses enterprise funds to account for its General Hospital, solid waste, ambulance, airport, public transportation, Public Power Agency, and Visiting Nurses Association (VNA) of the Mother Lode activities. Internal service funds are used to accumulate and allocate costs internally. The County of Tuolumne uses internal service funds to account for its self-insurance programs, purchasing and special services, telecommunications, and various employee benefits. 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 County's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. 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.

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 statement because the resources of those funds are not available to support the County of Tuolumne'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 basic 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 basic financial statements can be found following the fund financial statements in this report.

Required supplementary information. Required supplementary information includes budgetary comparison schedules for the County's General, Road, and Health and Welfare funds, as well as information about the County's participation in the California Public Employees' Retirement System defined benefit pension plan. The required supplementary information can be found immediately following the notes to basic financial statements.

Combining statements. The combining statements referred to earlier in the connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information.

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 Tuolumne, assets exceeded liabilities by $80,800 at June 30, 2006.

By far the largest portion of the County of Tuolumne's net assets $61,033 (75.5%) 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 Tuolumne uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Tuolumne'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 can not be used to liquidate these liabilities.

Another significant portion of the County of Tuolumne's net assets, $27,564 (34.1%) represents resources that are subject to external restriction on how they may be used (*restricted net assets*). That leaves a deficit balance for *unrestricted net assets* of $7,797. In 2004-05 the deficit balance for *unrestricted net assets* was $5,984. During 2005-06 the County deficit increased by $1,813 (2.9%).

As of June 30, 2006, the County of Tuolumne is able to report positive balances in the invested in capital assets, net of related debt and restricted categories of net assets for the County as a whole, as well as total governmental activities. However, the unrestricted net assets were in a deficit position.

Key elements of the County of Tuolumne's calculation of net assets for both governmental activities and business-type activities for fiscal year ended June 30, 2006 and 2005 are as follows:

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

	Governmental Activities		Business-Type Activities		Total	
As of June 30,	2006	2005	2006	2005	2006	2005
Current and other assets	$ 53,974	$ 60,773	$ 5,970	$ 4,609	$ 59,944	$ 65,382
Capital assets	50,331	48,085	12,944	12,346	63,275	60,431
Total Assets	104,305	108,858	18,914	16,955	123,219	125,813
Long-term liabilities	20,421	18,688	11,499	11,889	31,920	30,577
Other liabilities	8,244	8,601	2,255	2,509	10,499	11,110
Total liabilities	28,665	27,289	13,754	14,398	42,419	41,687
Net Assets:						
Invested in capital assets, net of related debt	50,010	47,613	11,023	10,540	61,033	58,153
Restricted	27,253	31,682	311	275	27,564	31,957
Unrestricted	(1,623)	2,274	(6,174)	(8,258)	(7,797)	(5,984)
Total net assets	$ 75,640	81,569	5,160	2,557	80,800	84,126

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

June 30,	Governmental Activities 2006	Governmental Activities 2005	Business-Type Activities 2006	Business-Type Activities 2005	Total 2006	Total 2005
Revenues:						
Program Revenues:						
Charges for services	$ 19,785	$ 20,206	$ 38,279	$ 37,800	$ 58,064	$ 58,006
Operating grants and contributions	31,114	26,034	1,471	1,191	32,585	27,225
Capital grants and contributions	1,110	2,954	158	43	1,268	2,997
General Revenues:						
Property taxes	22,546	19,720			22,546	19,720
Other taxes	17,728	16,824			17,728	16,824
Grants and contributions not restricted to specific programs	2,429	3,003			2,429	3,003
Other	2,859	2,322	169	521	3,028	2,843
Total revenues	97,571	91,063	40,077	39,555	137,648	130,618
Expenses:						
General government	16,540	15,155			16,540	15,155
Public protection	29,174	27,352			29,174	27,352
Public ways and facilities	9,285	8,444			9,285	8,444
Health and sanitation	12,597	10,851			12,597	10,851
Public assistance	19,452	16,650			19,452	16,650
Education	1,432	1,211			1,432	1,211
Culture and recreation	1,559	1,463			1,559	1,463
Unallocated interest expense	11	23			11	23
General Hospital			36,121	30,867	36,121	30,867
Solid waste			1,103	1,073	1,103	1,073
Airport			921	703	921	703
Ambulance			3,355	3,153	3,355	3,153
Public transportation			1,361	1,349	1,361	1,349
Public Power Agency			1,535	1,560	1,535	1,560
VNA of the Mother Lode			4,061	3,625	4,061	3,625
Total expenses	90,050	81,149	48,457	42,330	138,507	123,479
Change in net assets before transfers	7,521	9,914	(8,380)	(2,775)	(859)	7,139
Transfers	(10,983)	(4,438)	10,983	4,438	-	-
Change in net assets	(3,462)	5,476	2,603	1,663	(859)	7,139
Net assets – July 1, restated	79,102	76,093	2,557	894	81,659	76,987
Net assets – June 30	$ 75,640	$ 81,569	$ 5,160	$ 2,557	$ 80,800	$ 84,126

During the fiscal year, the County of Tuolumne's overall net assets decreased by $3,326 with the aid of a restatement decreasing beginning net assets by $2,467.

Governmental activities. Governmental activities decreased the County of Tuolumne's current year net assets by \$5,929 compared to an increase of \$5,476 in the prior year. This decrease in the change in net assets of \$11,405 was a result of the expenses and net transfers out increasing by \$15,446 and a restatement decreasing beginning net assets by \$2,467, offset by an increase in revenues of \$6,508. The majority of the increase in expenses and net transfers out was from transfers out (\$6,545), public assistance (\$2,802), general government (\$1,385), health and sanitation (\$1,746) and public protection (\$1,822). The majority of the increase in transfers out was to cover the General Hospital's operating losses (\$6,119). The majority of the increase in public assistance was related to foster care (\$593) and administration costs (\$1,402). The majority of the increase in health and sanitation was related to contract increases (\$939). And the majority of the increase in public protection was related to salary and contract increases.

The majority of the increase in revenues was from increases in property taxes of \$2,826 and operating grants and contributions \$5,080, offset by a decrease in capital grants and contributions of \$1,844. The majority of the increase in property taxes was due to an increase in the tax roll. The significant reasons for the increase in operating grants and contributions were for the VLF backfill funds from the state (\$1,158), federal and state funds for the Helping America Vote Act (\$821), and increases in federal and state funds for administration (\$744). The majority of the decrease in capital grants and contributions was due to a one-time project funded in 2005 for the highway bi-pass (\$2,000).

Business-type activities. Business-type activities increased the County of Tuolumne's net assets by \$2,603 compared to an increase of \$1,663 in the prior year. This increase in the change in net assets of \$940 was a result of the revenues and net transfers in increasing by \$7,067 offset by an increase in expenses of \$6,127. The majority of the increase in revenues and net transfers in being from an increase in transfers in of \$6,545. The majority of the increase in expenses being for the General Hospital (\$5,254), Visiting Nurses of the Mother Lode (\$436), Airport (\$218), and Ambulance (\$202).

Financial Analysis of the County's funds

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

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

As of June 30, 2006, the County of Tuolumne's governmental funds reported combined ending fund balances of \$37,962. This is a decrease of \$7,786 from prior year with the aid of a restatement decreasing beginning fund balance by \$2,467. Approximately 80% of this total amount, or \$30,227, constitutes unreserved fund balance, which is available for spending at the County of Tuolumne'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 for encumbrances (\$1,051), advances to other funds (\$1,701), loans receivable (\$4,450), and other purposes (\$533).

The General Fund is the chief operating fund of the County of Tuolumne. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,830, while total fund balance reached \$9,216. 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 and transfers out. Unreserved fund balance represents 13.7% of total general fund expenditures and transfers out, while total fund balance represents 16.1% of that same amount.

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

Enterprise funds net assets was \$6,089, a \$2,955, increase from the prior year. The majority of the increase occurred in the General Hospital (\$2,775) due to a transfer in from the General Fund of \$7,919.

General Fund Budgetary Highlights

The Board of Supervisors of the County of Tuolumne made several supplemental budgetary expenditure appropriations totaling \$2,422 (4.9%) in the general fund appropriations throughout the fiscal year. Plant Acquisition increased by \$164 for additional capital projects. Elections increased by \$841 due to the Help America Vote Act (HAVA), Jamestown Mine increased by \$556 for insurance and loan payments that did not occur and the District Attorney increased by \$168 due to additional staffing and a grant. Most County employees received salary and benefit increases of about 3% which affected all remaining departments.

For the current year, \$1,694 was originally budgeted from beginning available fund balance. Actual revenues realized were \$1,509 less than budgetary estimates. Tax revenues were \$2,577 below budget due to State triple flip. Expenditures for the current year fell \$7,271 below budgetary estimates. The majority of savings was in general government (\$3,098). The majority of the general government savings occurred in Plant Acquisitions (\$1,545), Information Systems and Services (\$389), and Jamestown Mine (\$635), most of this was a result of projects not started until the next fiscal year. The other material savings occurred in public protection (\$3,762). The majority of this was 911 equipment (\$1,027) not purchased and salary savings due to unfilled positions in Probation and the Sheriff's offices (\$975).

Capital Asset and Debt Administration

Capital Assets. The County of Tuolumne's investment in capital assets for its governmental and business-type activities at current year-end amounts to \$63,275 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, equipment, roads, bridges, and construction in progress.

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

- County remodeled and expanded the Tuolumne Youth Center and Library (\$854)
- County remodeled the Standard Park building (\$259)
- County remodeled three firehouses (\$92)

County of Tuolumne's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
As of June 30,	2006	2005	2006	2005	2006	2005
Land	\$ 1,948	\$ 1,870	\$ 2,317	\$ 2,395	\$ 4,265	\$ 4,265
Structures and improvements	18,143	17,783	6,169	6,921	24,312	24,704
Equipment	6,503	6,400	2,379	2,755	8,882	9,155
Roads	13,405	14,534	-	-	13,405	14,534
Bridges	4,622	4,843	-	-	4,622	4,843
Construction in progress	5,711	2,655	2,078	275	7,789	2,930
Total	\$ 50,332	\$ 48,085	\$ 12,943	\$ 12,346	\$ 63,275	\$ 60,431

Additional information on the County of Tuolumne's capital assets can be found in Note 3 of this report.

Long-term liabilities. As of June 30, 2006, the County of Tuolumne had total long-term liabilities of $31,920. Of this amount, 44% ($14,089) relates to claims liability, 26% ($8,395) relates to the landfill closure and post closure and 23% ($7,194) relates to compensated absences. The balance is for capital leases related to the acquisition of new equipment for various departments ($1,250) and a medical building for the General Hospital ($480), and two small notes payable for an airport hanger ($40) and to clean up the landfill ($472).

County of Tuolumne's Outstanding Debt

As of June 30,	Governmental Activities 2006	Governmental Activities 2005	Business-Type Activities 2006	Business-Type Activities 2005	Total 2006	Total 2005
Claims liability	$ 14,089	$ 12,436			$ 14,089	$ 12,436
Compensated absences	6,010	5,780	$ 1,184	$ 1,274	7,194	7,054
Landfill closure and postclosure	-	-	8,395	8,809	8,395	8,809
Capital lease obligations	322	472	1,408	1,763	1,730	2,235
Notes payable	-	-	512	43	512	43
Totals	$ 20,421	$ 18,688	$ 11,499	$ 11,889	$ 31,920	$ 30,577

The overall increase of long-term liabilities of the County of Tuolumne over the prior year is $1,343. The increase in claims liability ($1,653) is a result of increase in workers' compensation claims. The landfill closure and post closure decrease was a result of closure activity performed during the current year. And the capital lease obligations increase was net of a new note payable of $472 and the result of scheduled lease payments.

Additional information on the County of Tuolumne's long-term debt can be found in Note 4 of this report.

Economic Factors and Next Year's Budgets

- County will receive again SB 90 payments from the State ($503).
- County has estimated a 7% increase in property tax revenue for 2005-06.
- County will receive $515 of ERAF II funds (property tax) back from the State from 2006-07 forward.
- County will build the new ambulance building on Striker Court for $3,450. The major fund source being fund balance and grants.

During the current fiscal year, unreserved fund balance in the general fund is $7,830. The County of Tuolumne has appropriated $2,264 of this amount for spending in the 2006-07 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the County of Tuolumne's finances for all those with an interest in the County of Tuolumne's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tuolumne County Auditor – Controller's Office, 2 South Green St., Sonora CA 95370.

COUNTY OF TUOLUMNE, CALIFORNIA
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 35,075,898	$ 3,594,278	$ 38,670,176
Restricted cash and investments	100,000	797,742	897,742
Receivables, net	1,040,577	6,508,684	7,549,261
Intergovernmental receivables	6,686,847	343,620	7,030,467
Loans receivable	4,449,943	-	4,449,943
Internal balances	6,093,364	(6,093,364)	-
Inventories	54,984	619,428	674,412
Prepaid items	472,343	199,986	672,329
Capital assets, net	50,331,542	12,943,451	63,274,993
Total assets	104,305,498	18,913,825	123,219,323
LIABILITIES			
Accounts payable	3,838,313	1,471,625	5,309,938
Salaries and benefits payable	770,830	317,983	1,088,813
Unearned revenue	2,958,834	344,884	3,303,718
Other liabilities	676,701	119,800	796,501
Long-term liabilities:			
Due within one year	3,353,127	2,284,606	5,637,733
Due in more than one year	17,067,684	9,214,756	26,282,440
Total liabilities	28,665,489	13,753,654	42,419,143
NET ASSETS			
Invested in capital assets, net of related debt	50,010,046	11,022,785	61,032,831
Restricted for:			
Capital projects	4,208,897	-	4,208,897
Debt service	26,485	-	26,485
Roads	10,749,346	-	10,749,346
Health and welfare	1,602,713	-	1,602,713
Children and Families Commission	1,473,728	-	1,473,728
Community development	4,702,649	-	4,702,649
Other purposes	4,489,007	311,388	4,800,395
Unrestricted	(1,622,862)	(6,174,002)	(7,796,864)
Total net assets	$ 75,640,009	$ 5,160,171	$ 80,800,180

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF TUOLUMNE, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
General government	$ 16,539,535	$ 11,174,809	$ 3,324,061	$ 618,663
Public protection	29,174,432	4,023,938	5,826,167	284,465
Public ways and facilities	9,284,993	2,310,244	990,638	206,698
Health and sanitation	12,597,128	1,444,996	5,597,926	-
Public assistance	19,452,193	574,236	14,972,827	-
Education	1,432,414	31,049	118,495	-
Recreation and cultural services	1,559,125	226,175	283,601	-
Interest on long-term debt	10,638	-	-	-
Total governmental activities	90,050,458	19,785,447	31,113,715	1,109,826
Business-type activities:				
General Hospital	36,120,540	27,930,873	45,618	-
Solid waste	1,102,926	1,454,344	84,589	-
Airport	921,130	398,179	37,353	-
Ambulance	3,354,725	3,389,368	-	157,904
Public transportation	1,361,229	434,943	827,960	-
Public Power Agency	1,534,839	1,462,971	-	-
VNA of the Mother Lode	4,061,207	3,207,816	476,175	-
Total business-type activities	48,456,596	38,278,494	1,471,695	157,904
Total primary government	$ 138,507,054	$ 58,063,941	$ 32,585,410	$ 1,267,730

The accompanying notes are an integral part of the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	
			Governmental activities:
$ (1,422,002)		$ (1,422,002)	General government
(19,039,862)		(19,039,862)	Public protection
(5,777,413)		(5,777,413)	Public ways and facilities
(5,554,206)		(5,554,206)	Health and sanitation
(3,905,130)		(3,905,130)	Public assistance
(1,282,870)		(1,282,870)	Education
(1,049,349)		(1,049,349)	Recreation and cultural services
(10,638)		(10,638)	Interest on long-term debt
(38,041,470)		(38,041,470)	Total governmental activities
			Business-type activities:
	$ (8,144,049)	(8,144,049)	General Hospital
	436,007	436,007	Solid waste
	(485,598)	(485,598)	Airport
	192,547	192,547	Ambulance
	(98,326)	(98,326)	Public transportation
	(71,868)	(71,868)	Public Power Agency
	(377,216)	(377,216)	VNA of the Mother Lode
	(8,548,503)	(8,548,503)	Total business-type activities
	(8,548,503)	(46,589,973)	Total primary government
			General revenues:
			Taxes:
22,545,907	-	22,545,907	Property
672,622	-	672,622	Property transfer
1,375,760	-	1,375,760	Transient occupancy
15,679,601	-	15,679,601	Sales taxes shared state revenue
2,428,991	-	2,428,991	Grants and other intergovernmental revenue not restricted to specific programs
2,246,676	148,514	2,395,190	Unrestricted investment earnings
2,603	2,080	4,683	Gain on sale of capital assets
609,731	18,194	627,925	Other
(10,983,116)	10,983,116	-	Transfers
34,578,775	11,151,904	45,730,679	Total general revenues and transfers
(3,462,695)	2,603,401	(859,294)	Change in net assets
79,102,704	2,556,770	81,659,474	Net assets, beginning of year, as restated
$ 75,640,009	$ 5,160,171	$ 80,800,180	Net assets, end of year

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF TUOLUMNE, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General	Road	Health and Welfare	Community Development Block Grants	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and investments	$ 8,580,521	$ 10,786,548	$ 1,584,547	$ 316,095	$ 11,691,793	$ 32,959,504
Accounts receivable	854,403	4,466	10,151	1,304	84,188	954,512
Taxes receivable	7,052	-	-	-	1,051	8,103
Intergovernmental receivables	2,870,563	421,778	3,173,914	-	220,592	6,686,847
Loans receivable	-	-	-	4,449,943	-	4,449,943
Due from other funds	17,100	-	-	-	-	17,100
Prepaid items	41,770	-	12,920	-	39,213	93,903
Inventories	-	54,984	-	-	-	54,984
Advances to other funds	369,523	224,850	-	-	1,106,934	1,701,307
Total assets	$ 12,740,932	$ 11,492,626	$ 4,781,532	$ 4,767,342	$ 13,143,771	$ 46,926,203
Liabilities and fund balances						
Liabilities:						
Accounts payable	$ 1,722,537	$ 126,065	$ 907,479	$ 64,693	$ 721,131	$ 3,541,905
Salaries and benefits payable	498,298	59,048	170,080	-	35,723	763,149
Due to other funds	-	-	-	-	17,100	17,100
Deferred revenue	1,302,043	208,316	1,427,085	-	21,390	2,958,834
Other liabilities	2,526	-	674,175	-	-	676,701
Advances from other funds	-	349,851	-	-	657,045	1,006,896
Total liabilities	3,525,404	743,280	3,178,819	64,693	1,452,389	8,964,585
Fund balances:						
Reserved for:						
Encumbrances	973,793	10,374	5,782	-	61,131	1,051,080
Prepaid items	41,770	-	12,920	-	39,213	93,903
Inventories	-	54,984	-	-	-	54,984
Debt service	-	-	-	-	26,485	26,485
Loans receivable	-	-	-	4,449,943	-	4,449,943
Advances to other funds	369,523	224,850	-	-	1,106,934	1,701,307
Endowments	-	-	-	-	208,950	208,950
Other	-	-	-	-	148,453	148,453
Undesignated, reported in:						
General Fund	7,830,442	-	-	-	-	7,830,442
Special revenue funds	-	10,459,138	1,584,011	252,706	5,952,450	18,248,305
Capital projects funds	-	-	-	-	4,147,766	4,147,766
Total fund balances	9,215,528	10,749,346	1,602,713	4,702,649	11,691,382	37,961,618
Total liabilities and fund balances	$ 12,740,932	$ 11,492,626	$ 4,781,532	$ 4,767,342	$ 13,143,771	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial recources and, therefore, are not reported in the funds.	49,897,951
Internal service funds are used by management to charge the costs of worker's compensation and general liability self-insurance, purchasing and special services, telephone, and various employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(5,898,064)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(6,321,496)
Net assets of governmental activities	$ 75,640,009

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF TUOLUMNE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General	Road	Health and Welfare	Community Development Block Grants	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	$ 22,427,624	$ -	$ -	$ -	$ 2,166,665	$ 24,594,289
Licenses and permits	2,117,573	249,219	-	-	178,261	2,545,053
Fines, forfeits, and penalties	1,601,661	-	19,288	-	272,128	1,893,077
Interest, rents, and concessions	417,042	10,797	97,038	1,207,880	294,897	2,027,654
Intergovernmental:						
State	15,511,634	3,477,543	12,583,525	372	1,496,674	33,069,748
Federal	2,537,002	1,590,068	9,272,801	865,449	1,662,980	15,928,300
Other	403,144	521	25,000	-	240,454	669,119
Charges for services	11,075,500	1,767,403	1,944,265	-	560,149	15,347,317
Miscellaneous	110,021	2,565	142,885	-	354,260	609,731
Total revenues	56,201,201	7,098,116	24,084,802	2,073,701	7,226,468	96,684,288
Expenditures:						
Current:						
General government	14,768,996	-	-	-	-	14,768,996
Public protection	22,726,585	-	-	-	5,360,313	28,086,898
Public ways and facilities	193,066	6,726,408	-	-	116,478	7,035,952
Health and sanitation	226,525	-	11,448,747	-	799,209	12,474,481
Public assistance	309,672	-	16,818,626	2,214,805	-	19,343,103
Education	1,362,793	-	-	-	-	1,362,793
Recreation and cultural services	1,498,537	-	-	-	-	1,498,537
Capital outlay	3,026,880	20,078	217,079	-	3,274,443	6,538,480
Debt service:						
Principal	150,140	-	-	-	-	150,140
Interest	10,638	-	-	-	-	10,638
Total expenditure	44,273,832	6,746,486	28,484,452	2,214,805	9,550,443	91,270,018
Excess (deficiency) of revenues over (under) expenditures	11,927,369	351,630	(4,399,650)	(141,104)	(2,323,975)	5,414,270
Other financing sources (uses):						
Transfers in	37,760	642,451	3,647,076	-	5,015,972	9,343,259
Transfers out	(12,915,405)	(4,319,737)	-	-	(3,242,760)	(20,477,902)
Contributions	356,420	-	9,860	-	14,221	380,501
Proceeds from sale of capital assets	16,050	-	-	-	4,801	20,851
Total other financing sources (uses)	(12,505,175)	(3,677,286)	3,656,936	-	1,792,234	(10,733,291)
Net change in fund balances	(577,806)	(3,325,656)	(742,714)	(141,104)	(531,741)	(5,319,021)
Fund balances, beginning of year, as restated	9,793,334	14,075,002	2,345,427	4,843,753	12,223,123	
Fund balances, end of year	$ 9,215,528	$ 10,749,346	$ 1,602,713	$ 4,702,649	$ 11,691,382	

Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($6,608,743) exceeded depreciation ($4,652,243) in the current period.	1,956,500
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to increase net assets.	422,654
Internal service funds are used by management to charge the costs of worker's compensation and general liability self-insurance, purchasing and special services, telephone, and various employee benefits to individual funds. The net expense of certain internal service funds is reported with governmental activities.	(672,968)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, this transaction has no effect on net assets.	150,140
Change in net assets of governmental activities	$ (3,462,695)

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF TUOLUMNE, CALIFORNIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	General Hospital	Solid Waste	Ambulance	Airport	Other Enterprise Funds	Total	
Assets:							
Current assets:							
Cash and investments	$ 1,167	$ 68,634	$ 771,703	$ 50,589	$ 2,702,185	$ 3,594,278	$ 2,116,394
Accounts receivable, net	4,605,976	140,765	370,300	-	1,391,643	6,508,684	77,962
Intergovernmental receivables	-	17,067	-	-	326,553	343,620	-
Prepaid items	198,786	-	-	-	1,200	199,986	378,440
Inventories	619,428	-	-	-	-	619,428	-
Total current assets	5,425,357	226,466	1,142,003	50,589	4,421,581	11,265,996	2,572,796
Noncurrent assets:							
Restricted cash and investments	214,515	-	-	-	583,227	797,742	100,000
Advances to other funds	-	-	-	-	18,503	18,503	4,975,061
Capital assets:							
Nondepreciable	234,000	408,236	2,579,368	1,173,530	-	4,395,134	-
Depreciable, net	2,769,150	268,366	2,192,909	2,905,634	412,258	8,548,317	433,591
Total noncurrent assets	3,217,665	676,602	4,772,277	4,079,164	1,013,988	13,759,696	5,508,652
Total assets	8,643,022	903,068	5,914,280	4,129,753	5,435,569	25,025,692	8,081,448
Liabilities							
Current liabilities:							
Accounts payable	768,394	56,705	301,305	3,991	341,230	1,471,625	296,408
Salaries and benefits payable	261,885	2,178	-	4,283	49,637	317,983	7,681
Interest payable	-	-	-	1,069	-	1,069	-
Unearned revenue	-	19,783	-	-	325,101	344,884	-
Other liabilities	32,831	75,000	2,550	8,350	-	118,731	-
Accrued compensated absences	131,948	-	-	-	-	131,948	1,000,000
Accrued claims	-	-	-	-	-	-	2,264,438
Capital lease obligations, current	270,938	-	-	-	59,127	330,065	-
Landfill closure, current	-	1,772,615	-	-	-	1,772,615	-
Notes payable, current	-	47,200	-	2,778	-	49,978	-
Total current liabilities	1,465,996	1,973,481	303,855	20,471	775,095	4,538,898	3,568,527
Noncurrent liabilities:							
Advances from other funds	2,952,555	224,850	-	196,316	1,809,100	5,182,821	505,154
Accrued compensated absences	810,539	11,060	-	53,806	176,828	1,052,233	5,009,974
Accrued claims	-	-	-	-	-	-	5,824,903
Capital lease obligations	923,000	-	-	-	155,204	1,078,204	-
Landfill closure/postclosure	-	6,621,900	-	-	-	6,621,900	-
Notes payable	-	424,800	-	37,619	-	462,419	-
Total noncurrent liabilities	4,686,094	7,282,610	-	287,741	2,141,132	14,397,577	11,340,031
Total liabilities	6,152,090	9,256,091	303,855	308,212	2,916,227	18,936,475	14,908,558
Net assets (deficit)							
Invested in capital assets, net of related debt	1,809,212	204,602	4,772,277	4,038,767	197,927	11,022,785	433,591
Restricted	-	-	-	-	311,388	311,388	-
Unrestricted	681,720	(8,557,625)	838,148	(217,226)	2,010,027	(5,244,956)	(7,260,701)
Total net assets (deficit)	$ 2,490,932	$ (8,353,023)	$ 5,610,425	$ 3,821,541	$ 2,519,342	6,089,217	$ (6,827,110)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(929,046)	
Net assets of business-type activities						$ 5,160,171	

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF TUOLUMNE, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds						Governmental Activities -
	General Hospital	Solid Waste	Ambulance	Airport	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:							
Charges for services	$ 25,977,615	$ 1,454,297	$ 3,383,172	$ 374,557	$ 5,034,729	$ 36,224,370	$ 14,188,444
Miscellaneous	1,953,258	47	6,196	23,622	71,001	2,054,124	203,702
Total operating revenues	27,930,873	1,454,344	3,389,368	398,179	5,105,730	38,278,494	14,392,146
Operating expenses:							
Salaries and benefits	19,042,036	134,722	15,663	283,325	3,287,588	$ 22,763,334	1,800,474
Purchased services	5,017,601	81,921	2,381,133	14,281	973,295	8,468,231	-
Professional fees	4,158,314	404,824	331,967	25,553	342,974	5,263,632	960,726
Landfill closure	-	266,606	-	-	-	266,606	-
Claims	-	-	-	-	-	-	4,717,936
General and administrative	5,876,522	187,221	494,697	78,516	826,771	7,463,727	8,008,305
Utilities	307,523	-	25,158	29,359	1,247,045	1,609,085	-
Depreciation and amortization	1,075,584	16,264	104,978	469,326	170,120	1,836,272	143,710
Total operating expenses	35,477,580	1,091,558	3,353,596	900,360	6,847,793	47,670,887	15,631,151
Operating income (loss)	(7,546,707)	362,786	35,772	(502,181)	(1,742,063)	(9,392,393)	(1,239,005)
Nonoperating revenues (expenses):							
Interest income	731	-	41,414	2,747	103,622	148,514	219,022
Other contributions	27,608	-	-	1,712	476,175	505,495	-
Intergovernmental							
State	18,010	84,589	-	35,641	586,136	724,376	-
Federal	-	-	-	-	241,824	241,824	-
Gain/(loss) on disposal of capital assets	(2,065)	(101)	-	-	2,080	(86)	(4,910)
Other income	1	-	-	-	18,193	18,194	-
Interest expense	(352,729)	(10,595)	-	(13,974)	(54,320)	(431,618)	-
Total nonoperating revenues (expenses)	(308,444)	73,893	41,414	26,126	1,373,710	1,206,699	214,112
Income (loss) before capital contributions and transfers	(7,855,151)	436,679	77,186	(476,055)	(368,353)	(8,185,694)	(1,024,893)
Capital contributions	-	-	157,904	-	-	157,904	-
Transfers in	10,814,037	-	310,000	10,606	33,185	11,167,828	-
Transfers out	(183,812)	(900)	-	-	-	(184,712)	-
Change in net assets	2,775,074	435,779	545,090	(465,449)	(335,168)	2,955,326	(1,024,893)
Net assets (deficit), beginning of year	(284,142)	(8,788,802)	5,065,335	4,286,990	2,854,510		(5,802,217)
Net assets (deficit), end of year	$ 2,490,932	$ (8,353,023)	$ 5,610,425	$ 3,821,541	$ 2,519,342		$ (6,827,110)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(351,925)	
Change in net assets of business-type activities						$ 2,603,401	

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF TUOLUMNE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds						Governmental Activities -
	General Hospital	Solid Waste	Ambulance	Airport	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:							
Receipts from customers and users	$27,714,955	$1,437,347	$3,345,455	$ 398,179	$ 4,430,072	$ 37,326,008	$ -
Receipts from interfund services provided	-	(556,117)	-	-	(542,477)	(1,098,594)	14,037,827
Payments to suppliers	(15,543,313)	(1,554,157)	(2,938,245)	(198,239)	(3,245,273)	(23,479,227)	(8,893,397)
Payments to employees	(19,628,690)	(137,902)	(15,663)	(288,576)	(3,406,959)	(23,477,790)	(1,632,043)
Claims paid	-	-	-	-	-	-	(3,064,799)
Net cash provided by (used for) operating activities	(7,457,048)	(810,829)	391,547	(88,636)	(2,764,637)	(10,729,603)	447,588
Cash flows from noncapital financing activities:							
Other contributions	27,608	-	-	1,712	476,175	505,495	-
Advances to other funds	-	-	-	-	(18,503)	(18,503)	(526,750)
Receipt on advances to other funds	-	-	21,000	-	-	21,000	704,000
Advances from other funds	-	-	-	-	-	-	370,645
Payment on advances from other funds	(2,365,000)	(266,150)	-	(12,995)	-	(2,644,145)	-
Transfers in from other funds	10,814,037	-	310,000	10,606	-	11,134,643	-
Intergovernmental	18,010	84,589	-	35,641	965,137	1,103,377	-
Net cash provided by (used for) noncapital financing activities:	8,494,655	(181,561)	331,000	34,964	1,422,809	10,101,867	547,895
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(183,586)	(2,252)	(2,097,562)	(1,361)	(143,834)	(2,428,595)	(16,326)
Proceeds from sales of capital assets	-	-	-	-	2,080	2,080	-
Payment on advances from other funds	(376,940)	-	-	-	-	(376,940)	(102,876)
Advances from other funds	9,850	-	-	-	1,786,515	1,796,365	-
Principal payments on capital leases	(297,482)	-	-	-	(57,508)	(354,990)	-
Proceeds from notes payable	-	472,000	-	-	-	472,000	-
Principal payments on notes payable	-	-	-	(2,599)	-	(2,599)	-
Interest paid	(352,729)	(10,595)	-	(14,162)	(54,320)	(431,806)	-
Net cash provided by (used for) capital and related financing activities:	(1,200,887)	459,153	(2,097,562)	(18,122)	1,532,933	(1,324,485)	(119,202)
Cash flows from investing activites:							
Interest	731	-	41,414	2,747	103,622	148,514	219,022
Net increase (decrease) in cash and cash equivalents	(162,549)	(533,237)	(1,333,601)	(69,047)	294,727	(1,803,707)	1,095,303
Cash and cash equivalents, beginning of year	378,231	601,871	2,105,304	119,636	2,990,685	6,195,727	1,121,091
Cash and cash equivalents, end of year.	$ 215,682	$ 68,634	$ 771,703	$ 50,589	$ 3,285,412	$ 4,392,020	$ 2,216,394
Reconciliation to the Statement of Net Assets:							
Cash and investments	$ 1,167	$ 68,634	$ 771,703	$ 50,589	$ 2,702,185	$ 3,594,278	$ 2,116,394
Restricted cash and investments	214,515	-	-	-	583,227	797,742	100,000
Total cash and cash equivalents	$ 215,682	$ 68,634	$ 771,703	$ 50,589	$ 3,285,412	$ 4,392,020	$ 2,216,394
Noncash investing, capital, and financing activities:							
Contribution of capital assets	$ -	$ -	$ 157,904	$ -	$ -	$ 157,904	$ -
Transfers in (out) of capital assets	(183,812)	(900)	-	-	33,185	(151,527)	-
Book value of disposed capital assets	2,065	101	-	-	-	2,166	4,910

(Continued)

COUNTY OF TUOLUMNE, CALIFORNIA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds						Governmental Activities -
	General Hospital	Solid Waste	Ambulance	Airport	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	$ (7,546,707)	$ 362,786	$ 35,772	$(502,181)	$(1,742,063)	$ (9,392,393)	$ (1,239,005)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation and amortization expense	1,075,584	16,264	104,978	469,326	170,120	1,836,272	143,710
Other income	1	-	-	-	18,193	18,194	-
Changes in assets and liabilities:							
Accounts receivable, net	(215,919)	(2,557)	(43,913)	-	(595,587)	(857,976)	68,955
Intergovernmental receivable	-	(17,067)	-	-	4,614	(12,453)	-
Prepaid items	(55,292)	-	-	-	-	(55,292)	(19,492)
Inventories	(83,680)	-	-	-	-	(83,680)	-
Accounts payable	(43,716)	(273,857)	294,710	(3,545)	144,813	118,405	95,126
Salaries and benefits payable	(507,340)	(3,527)	-	(7,821)	(106,465)	(625,153)	(61,447)
Due to other funds	-	(556,117)	-	-	(542,477)	(1,098,594)	(423,274)
Unearned revenue	-	2,627	-	-	(102,878)	(100,251)	-
Other liabilities	(665)	75,000	-	(46,985)	-	27,350	-
Compensated absences	(79,314)	347	-	2,570	(12,907)	(89,304)	229,878
Accrued claims	-	-	-	-	-	-	1,653,137
Landfill closure	-	(414,728)	-	-	-	(414,728)	-
Net cash provided by (used for) operating activities	$ (7,457,048)	$ (810,829)	$ 391,547	$ (88,636)	$(2,764,637)	$ (10,729,603)	$ 447,588

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF TUOLUMNE, CALIFORNIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	Investment Trust Fund	Agency Funds
Assets:		
Cash and investments	$ 65,267,205	$ 683,209
Accounts receivable, net	848	42,301
Taxes receivable	233	4,369,652
Interest receivable	785,710	-
Intergovernmental receivables	355,526	32,637
Other assets	206,364	-
Total assets	66,615,886	$ 5,127,799
Liabilities:		
Accounts payable	102,773	$ -
Salaries and benefits payable	-	530
Other liabilities	26,066	-
Agency obligations	-	4,418,845
Total liabilities	128,839	$ 4,419,375
Net assets:		
Held in trust for external pool participants	$ 66,487,047	

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF TUOLUMNE, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - INVESTMENT TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2006

Additions:		
Contribution to pooled investments	$	107,009,027
Net investment income:		
Interest income		2,028,270
Total additions		109,037,297
Deductions:		
Distribution from pooled investments		82,207,668
Net increase		26,829,629
Net assets held in trust, beginning of year		39,657,418
Net assets held in trust, end of year	$	66,487,047

The accompanying notes are an integral part of the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Tuolumne (the County) is a political subdivision of the State of California (the State), being formed on February 18, 1850, as a General Law County. The County was one of California's original 27 counties. The County is governed by an elected, five-member Board of Supervisors (the Board). The County has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America (GAAP), which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The accompanying financial statements present information on the activities of the reporting entity, including all fund types of the County (the primary government) and its component units.

Blended Component Units

GAAP requires that the component units be separated into blended or discretely presented units for reporting purposes. Although legally separate entities, the following component units are governed by the County's Board of Supervisors; and therefore are presented as blended component units and are reported as part of the primary government. The primary government is financially accountable for these component units. Each blended component unit has a June 30 fiscal year end.

Tuolumne County Public Power Agency (Agency) – The Agency was formed July 1, 1982, to administer the utilization of available preference electrical power from the Federal Government's New Melones Dam Project. The Agency has 30 members receiving power under agreements with the Western Area Power Administration (WAPA) and Pacific Gas and Electric Co. (PG&E). As a result of these agreements, the Agency is able to supply electrical power to its members at a rate below the current market rate. The agreements with WAPA expire on December 31, 2024. The Agency is presented as an enterprise fund in these financial statements.

Special Districts – The following blended component units are presented as special revenue funds in these financial statements.

- County Service Areas – Provide miscellaneous services throughout all unincorporated areas of the County.

- Lighting Districts – Provide street and highway safety lighting for all unincorporated areas of the County.

The County has no discretely presented component units.

The complete financial statements for each of the individual component units may be obtained at the County's Auditor-Controller's Office.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principles

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described below.

Government-Wide and Fund Financial Statements

The statement of net assets and statement of activities report information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which 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 to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given segment or function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment or function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the County are organized on the basis of funds. A fund is a separate accounting entity with a self balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 imposed by the provider have been met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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. For this purpose, the County considers revenues to be available if they are collected within 365 days of the end of the current fiscal period, except for property taxes, which the County considers available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales and use taxes, transient occupancy taxes, gas taxes, licenses, grants and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

- The General Fund is the County's primary operating fund and accounts for all financial resources, except those required to be accounted for in another fund.
- The Road Special Revenue Fund accounts for activities related to the maintenance of county roads, numerous storm drainage ditches and culverts, bridges, and a fleet of heavy construction equipment.
- The Health and Welfare Special Revenue Fund accounts for the services provided to County residents in the areas of health, mental health, substance abuse, social services, employment assistance and public assistance.
- The Community Development Block Grants Special Revenue Fund accounts for the revenues and expenditures of federally funded community development block grants.

The County reports the following major enterprise funds:

- The General Hospital Enterprise Fund accounts for the operations of the Tuolumne General Hospital.
- The Solid Waste Enterprise Fund accounts for the landfill closure and post-closure costs for the Central and Big Oak Flat landfills.
- The Ambulance Enterprise Fund accounts for the operations of the County's emergency response services provided to its residents in conjunction with Tuolumne General Hospital.
- The Airport Enterprise Fund accounts for the operations related to the operation of the Columbia and Pine Mountain Lake airports.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the County reports the following fund types:

- Internal Service Funds account for the financing of goods and services provided by one department to other departments of the County, on a cost-reimbursement basis. Activities include the County's self-insurance programs, telecommunications, purchasing and special services, and various employee benefits.
- The Investment Trust Fund accounts for the pooling of resources in an investment portfolio for external county agencies and legally separate participants.
- Agency Funds account for assets held by the County as a trustee or as an agent for individuals, private organizations, related organizations and/or other governmental entities.

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

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 County's proprietary funds are charges to customers for sales and services rendered. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Elements

Cash and Investments

A pooled cash and investment system is used for substantially all funds except specified funds, which by law must be segregated. The share of each fund in the pooled cash and investment account is separately accounted for and interest earned is apportioned quarterly based on the relationship of its daily balance to the total of pooled cash and investments.

The County has stated required investments at fair value in the basic financial statements. The fair value of investments is based on published market prices and quotations from major investment brokers. The investments are marked to market and the net asset value is calculated for the County Treasurers Investment Pool (Pool) annually.

In accordance with GASB Statement No. 9, for purposes of the statement of cash flows, the County considers all pooled cash and investments held by the Treasurer as cash equivalents. The Treasurer's investment pool values participants' shares on an amortized cost basis. At June 30, 2006, there is no material difference between pool participant's shares valued on an amortized cost basis compared to fair value.

Property Tax Levy, Collection and Maximum Rates

Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transactions taxes on real property. Local governments may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County. Secured property taxes are due in two equal installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

In fiscal year 1993-94, the County adopted the Alternate Method of Property Tax Allocation (commonly referred to as the Teeter Plan). Under the Teeter Plan, the County Auditor-Controller, an elected official, is authorized to pay 100 percent of the property taxes billed (secured, supplemental, and debt service) to the taxing agencies within the County. The County recognizes property tax revenues in the period for which the taxes are levied.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

The majority of the loans receivable balance of $4,449,943 is not expected to be collected within one year, and is therefore a reserved fund balance.

Interfund Receivables and Payables

Activity between funds that are representative of lending and/or borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans) in the balance sheet of governmental funds and the statement of net assets for proprietary funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Advances between funds, as reported in the governmental funds balance sheet, are offset by a fund balance reserve account in the applicable governmental funds to indicate those amounts that are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventory is valued at average cost and consists of expendable supplies held for consumption that are expended as consumed. Inventories reported in governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute available spendable resources.

Prepaid items represent funds expended for goods and/or services prior to the end of the fiscal year but benefit periods extending beyond June 30, 2006. In governmental funds, a portion of fund balance has been reserved to indicate that prepaid items do not represent expendable available financial resources.

Capital Assets

Capital assets, which include property (i.e. land) plant (i.e. buildings and structures) and equipment (vehicles, computers and office equipment) and infrastructure (i.e., roads, streets, bridges and easements) are reported in the applicable governmental and business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The County defines capital assets as assets with an initial cost of more than $1,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair market value on the date of the donation.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Building and structures, equipment, and infrastructure assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and structures	5 – 25
Equipment	3 – 15
Infrastructure	25 – 30

GASB Statement No. 34 requires that the County report infrastructure including roads, bridges, sidewalks and traffic signals, in the government-wide financial statements. The County has retroactively reported infrastructure capital assets back to June 30, 1972. The County is not reporting any infrastructure assets using the modified approach.

Federal, State and Local Grants

Proprietary fund type grants received for operating assistance are recorded as nonoperating revenues in the year in which the grants are expended and the related grant conditions are met. Governmental fund grants received are recorded as revenues in the year they become both measurable and available and when all eligibility requirements have been met. Monies received that do not meet these criteria are recorded as deferred revenue.

Deferred Revenue

Deferred revenue represents financial resources received before eligibility requirements have been met. Primarily, these resources are advances from the State of California and the federal government for costs of various programs administered by the County's Health & Social Services Department.

Compensated Absences

Employees accumulate vacation time in accordance with the employee's respective "Memorandum of Understanding". The amount of vacation and sick time vested and accrued depends on years of service and date of hire. Sick leave vested may be accumulated until termination or retirement. Upon termination or retirement, after 5 years of continuous service, an employee may receive full cash payment of the accumulated sick leave vested up to a maximum of 240 hours and receive a 50% payment for hours in excess of 240 hours. The liabilities for compensated absences are recorded in the Employee Leave Liability Internal Service Fund and the enterprise funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, the long-term debt and other long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets.

Encumbrances

Encumbrance accounting is used in governmental funds. For budgetary purposes, the encumbrances (i.e., purchase orders, contracts) are considered expenditures when incurred. For reporting purposes in conformity with accounting principles generally accepted in the United States of America, encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Net Assets/Fund Balances

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets – net of related debt, restricted and unrestricted.

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

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

As of June 30, 2006, reservations and designations of fund balance are described below:

- *Reserve for encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received as of June 30, 2006.
- *Reserve for prepaid items* – to reflect that balances of prepaid items accounts for which resources have already been expended, but are not considered available spendable resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Reserve for inventories* – to reflect that balances on inventory accounts for which resources have already been expended, but not consumed.
- *Reserve for debt service* – to reflect cash and investments held by a fiscal agent for the repayment of long-term obligations.
- *Reserve for loans receivable* – to reflect a segregation of a portion of fund balance to indicate that assets equal to long-term loans receivable are not available for appropriation.
- *Reserve for advances to other funds* – to reflect amounts due from other funds that are long-term in nature and that are not available for appropriation.
- *Reserve for endowments* – to reflect cash and investments set aside as required by law to earn interest to pay for future maintenance costs of the cemeteries.

Self-Insurance

The County self-insures for property damage, liability, workers' compensation, and unemployment claims. Self-insurance programs are accounted for in internal service funds. Excess workers' compensation insurance is provided by the CSAC Excess Insurance Authority, a public agency.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

The County follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Cash and investments are comprised of the following shown on the financial statements:

Government-wide:	
Cash and investments	$ 38,670,176
Restricted cash and investments	897,742
Fiduciary funds:	
Investment Trust Fund	65,267,205
Agency Funds	683,209
Total cash and investments	$105,518,332

NOTE 2: CASH AND INVESTMENTS (Continued)

The County's total cash and investments are detailed as follows:

Deposits	$ (2,935,964)
Investments	108,438,331
Cash on hand	15,965
Total cash and investments	$ 105,518,332

Authorized Investments

Under provisions of the County's Investment Policy, and in accordance with Section 53601 of the California Government Code, the County is authorized to invest in obligations of the U.S. Treasury agencies and instrumentalities, the California Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), prime commercial paper as rated by Standard and Poor's corporation or Moody's Commercial Paper Record, banker's acceptances, repurchase and reverse repurchase agreements, negotiable certificates of deposit, obligations of the State of California, and obligations of local agencies within California.

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the California Pooled Money Investment Account (PMIA) whose balance at June 30, 2006 was $63.3 billion. Of that amount, 2.567% is invested in derivative financial products. PMIA is not SEC-registered, but is required to invest according to California State Code. The average maturity of PMIA investments was 165 days as of June 30, 2006. The Local Investment Advisory Board (LAIB) has oversight responsibility for LAIF. The LAIB consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County's portion in the pool.

Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury Securities, money market mutual funds or external investment pools) that represent 5% or more of the total investments of the County are as follows:

Federal Home Loan Bank	$10,899,452
Federal Home Loan Mortgage Corporation	11,965,270
Federal National Mortgage Association	8,973,863

NOTE 2: CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County mitigates interest rate risk by structuring the portfolio based on historical and current cash flow analysis eliminating the need to sell securities prior to maturity, and avoiding the purchase of long-term securities for the sole purpose of short-term speculation.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County mitigates its exposure to credit risk by purchasing investment grade securities with the minimum ratings required by the California Government Code and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the County's capital base and cash flow.

NOTE 2: CASH AND INVESTMENTS (Continued)

As of June 30, 2006, the County's investments and credit ratings are as follows:

	Credit Rating (S & P and Moody's)	Maturity Under 30 Days	31 – 180 Days	181-365 Days	1-3 Years	Fair Value
Investment Pool:						
Cash on hand						$ 9,775
Cash deposits						(3,296,963)
Total cash						(3,287,188)
Investments managed by County Treasurer:						
LAIF	Not Rated	$ --	$ 28,500,000	$ --	$ --	28,500,000
CAMP	Not Rated	--	16,500,000	--	--	16,500,000
U.S. Agency Securities:						
Federal Farm Credit Bank	AAA	--	--	--	2,006,850	2,006,850
Federal Home Loan Bank	AAA	--	1,983,450	990,500	7,925,502	10,899,452
Federal Home Loan Mortgage Corporation	AAA	--	1,986,710	4,958,250	5,020,310	11,965,270
Federal National Mortgage Association	AAA	--	2,995,263	1,984,030	3,994,570	8,973,863
Corporate Notes	AAA	--	--	979,600	--	979,600
Corporate Notes	AA+	--	--	984,630	1,028,570	2,013,200
Corporate Notes	AA	--	1,070,820	--	2,925,070	3,995,890
Corporate Notes	AA-	--	--	996,450	3,061,140	4,057,590
Corporate Notes	A+	1,052,190	--	4,099,667	4,045,930	9,197,787
Corporate Notes	A1	--	--	--	1,939,770	1,939,770
Corporate Notes	A2	1,000,000	997,510	--	--	1,997,510
U.S. Treasury Securities	N/A	--	1,958,521	--	--	1,958,521
Total investments managed by County Treasurer		$ 2,052,190	$ 55,992,274	$ 14,993,127	$ 31,947,712	104,985,303
Total Investment Pool						101,698,115
Cash and Investments Held Outside of the Pool:						
Cash on hand						6,190
Investments:						360,999
Money Market Mutual Funds	AAA	$ 3,453,028	$ --	$ --	$ --	3,453,028
Total cash and investments						$105,518,332

The County Treasurer's Investment Pool (Pool) is subject to oversight by the Treasury Oversight Committee. The County maintains written investment policies which address a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. Under the County's policies, investments in the County's portfolio are intended to be held until maturity.

NOTE 2: CASH AND INVESTMENTS (Continued)

The Pool values participant's shares on an amortized cost basis. The Pool distributes income to participants quarterly based on their relative participation during the month which is calculated based on (1) realized investment gains and losses computed on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and (4) investment and administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair value of the Pool's investments. Investment income related to investments reported in certain funds is assigned to other funds based upon legal or contractual provisions.

Certain agencies outside the County reporting entity participate in the Pool. The participation of these agencies is both voluntary and involuntary and is reported as part of the Investment Trust Fund. The involuntary participation in the Pool totals $54,808,964 as of June 30, 2006.

A summary of the investments held by the Treasurer's Pool is as follows:

Investments	Fair Value	Principal	Interest Rate	Maturity Range
LAIF	$ 28,500,000	$ 28,500,000	3.87%	7/06
CAMP	16,500,000	16,500,000	5.06%	7/06
U.S. Agency Securities	33,845,435	34,000,000	2.20-5.50%	8/11/06-7/17/08
Corporate Notes	24,181,347	24,000,000	2.59-8.25%	7/14/06-11/15/08
U.S. Treasury Securities	1,958,521	2,000,000	2.38-3.50%	8/15/06-11/15/06
Total Investments	$104,985,303	$105,000,000		

The following are condensed statements of net assets, and changes in net assets, for the County's external investment pool as of June 30, 2006:

Statement of Net Assets:	
Net assets held for pool participants	$101,698,115
Equity of internal pool participants	$ 35,211,068
Equity of external pool participants	66,487,047
Total equity	$101,698,115
Statement of Changes in Net Assets:	
Net assets at July 1, 2005	$ 80,345,674
Net change in investment by pool participants	21,352,441
Net assets at June 30, 2006	$101,698,115

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006 for the governmental activities and business-type activities are as follows:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,870,229	$ 77,900	$ --	$ 1,948,129
Construction in progress	2,654,995	4,699,388	(1,642,951)	5,711,432
Total capital assets, not being depreciated	4,525,224	4,777,288	(1,642,951)	7,659,561
Capital assets, being depreciated:				
Structures and improvements	34,677,815	1,708,451	--	36,386,266
Equipment	31,068,119	2,210,146	(1,321,960)	31,956,305
Roads	343,947,421	22,500	--	343,969,921
Bridges	5,525,135	--	--	5,525,135
Total capital assets, being depreciated	415,218,490	3,941,097	(1,321,960)	417,837,627
Less accumulated depreciation for:				
Structures and improvements	(16,895,289)	(1,348,273)	--	(18,243,562)
Equipment	(24,668,353)	(2,089,052)	1,303,712	(25,453,693)
Roads	(329,413,466)	(1,151,997)	--	(330,565,463)
Bridges	(681,924)	(221,004)	--	(902,928)
Total accumulated depreciation	(371,659,032)	(4,810,326)	1,303,712	(375,165,646)
Total capital assets, being depreciated, net	43,559,458	(869,229)	(18,248)	42,671,981
Governmental activities, net	$ 48,084,682	$ 3,908,059	$ (1,661,199)	$ 50,331,542

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 2,395,015	$ --	$ (77,999)	$ 2,317,016
Construction in progress	274,772	2,078,118	(274,772)	2,078,118
Total capital assets, not being depreciated	2,669,787	2,078,118	(352,771)	4,395,134
Capital assets, being depreciated:				
Structures and improvements	16,810,791	24,774	(88,000)	16,747,565
Equipment	12,443,652	758,379	(166,046)	13,035,985
Total capital assets, being depreciated	29,254,443	783,153	(254,046)	29,783,550
Less accumulated depreciation for:				
Structures and improvements	(9,889,641)	(703,204)	14,373	(10,578,472)
Equipment	(9,688,089)	(1,132,651)	163,979	(10,656,761)
Total accumulated depreciation	(19,577,730)	(1,835,855)	178,352	(21,235,233)
Total capital assets, being depreciated, net	9,676,713	(1,052,702)	(75,694)	8,548,317
Business-type activities, net	$ 12,346,500	$ 1,025,416	$ (428,465)	$ 12,943,451

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental and business-type activities as follows:

Governmental activities:		
General government	$	1,664,015
Public protection		775,161
Public ways and facilities		1,941,799
Health and sanitation		50,895
Public assistance		109,090
Education		60,400
Recreation and cultural services		50,883
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		143,710
Total depreciation expense – governmental activities	$	4,795,953
Business-type activities:		
General Hospital	$	1,075,167
Solid Waste		16,264
Ambulance		104,978
Airport		469,326
Other enterprise funds		170,120
Total depreciation expense – business-type activities	$	1,835,855

NOTE 4: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for governmental and business-type activities is as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due Within One Year
Governmental activities:					
Accrued claims	$ 12,436,204	$ 4,717,936	$(3,064,799)	$ 14,089,341	$ 2,264,438
Compensated absences	5,780,096	1,460,831	(1,230,953)	6,009,974	1,000,000
Capital lease obligations	471,636	--	(150,140)	321,496	88,689
Total governmental activities	$ 18,687,936	$ 6,178,767	$(4,445,892)	$ 20,420,811	$ 3,353,127
Business-type activities:					
Compensated absences	$ 1,273,485	$ 194,763	$ (284,067)	$ 1,184,181	$ 131,948
Landfill closure and postclosure	8,809,243	266,606	(681,334)	8,394,515	1,772,615
Capital lease obligations	1,763,259	--	(354,990)	1,408,269	330,065
Notes payable	42,996	472,000	(2,599)	512,397	49,978
Total business-type activities	$ 11,888,983	$ 933,369	$(1,322,990)	$ 11,499,362	$ 2,284,606

NOTE 4: LONG-TERM LIABILITIES (Continued)

Capital Lease Obligations:

The 2005 5-year lease was for the acquisition of new equipment for various departments with monthly payments of $21,274 including interest at 2.78% through December 2009. The balance at June 30, 2006 of the 2005 lease agreement is as follows:

Governmental activities	$ 321,496
Business-type activities	928,773
Total	$ 1,250,269

A medical office building lease with a monthly payment of $8,261, including interest at 5.67% through 2012 with a balance at June 30, 2006 of $479,496 is presented in the General Hospital Enterprise Fund.

The capital assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Equipment	$ 450,000	$ 1,860,533
Less accumulated depreciation	(91,958)	(423,003)
Net capital assets under capital leases	$ 358,042	$ 1,437,530

The future minimum capital lease obligations as of June 30, 2006, are as follows:

Year Ended June 30,	Governmental activities	Business-type activities
2007	96,504	377,925
2008	96,504	377,925
2009	96,504	377,925
2010	48,253	238,531
2011	--	99,136
2012-2013	--	66,088
	337,765	1,537,530
Less: Interest	(16,269)	(129,261)
Total	$ 321,496	$ 1,408,269

NOTE 4: LONG-TERM LIABILITIES (Continued)

Notes Payable:

During fiscal year 2006, the County received a loan of $472,000 from the State of California for the clean up of tires that were unearthed during a clean up project. This loan is for 10 years with no interest. The balance of $472,000 as of June 30, 2006 is presented in the Solid Waste Fund.

During fiscal year 2000, the County entered into an agreement with the State of California, where the State loaned the County $51,800 for the purchase of a corporate hanger at the Columbia Airport. This loan is for 17 years with an annual interest rate 4.8%. The balance of $40,397 as of June 30, 2006 is presented in the Airport Enterprise Fund.

The annual debt service requirements to maturity for the notes payable are as follows:

Year Ended June 30,	Business-type activities Principal	Business-type activities Interest
2007	$ 49,978	$ 1,832
2008	50,157	1,699
2009	50,337	1,558
2010	50,516	1,408
2011	50,695	1,249
2012-2017	260,714	3,687
	$ 512,397	$ 11,433

NOTE 5: INTERFUND TRANSACTIONS

Due from/to other funds

Interfund receivables and payables result from 1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system or 3) payments between funds are made. The following schedule briefly summarizes the amounts due to/from other funds at June 30, 2006:

Receivable Fund	Payable Fund	Amount
General	Other Governmental	$ 17,100

NOTE 5: INTERFUND TRANSACTIONS (Continued)

Advances to/from other funds

Advances to/from other funds represent long-term cash advances to support various agencies cash flow needs. The following schedule briefly summarizes the amounts of advances to/from other funds at June 30, 2006:

Receivable Fund	Payable Fund	Amount
General	Other Governmental	$ 369,523
Road	Solid Waste	224,850
Other Governmental	Road	349,851
	Other Governmental	269,019
	General Hospital	353,555
	Internal Service	134,509
		1,106,934
Other Enterprise	Other Governmental	18,503
Internal Service	General Hospital	2,599,000
	Airport	196,316
	Other Enterprise	1,809,100
	Internal Service	370,645
		4,975,061
		$ 6,694,871

The General Hospital Board of Trustees and the County Board of Supervisors authorized advances to offset the General Hospital's cash deficits. The General Hospital borrowed from the Workers' Compensation Fund. The outstanding balance at June 30, 2006 totaled $2,599,000.

The County Board of Supervisors authorized advances to offset the VNA of the Mother Lode's cash deficits. The VNA of the Mother Lode borrowed from the Workers' Compensation Fund. The outstanding balance at June 30, 2006 totaled $1,809,100.

The County approved a Securitization Program whereby the proceeds received from the California Statewide Tobacco Securitization Joint Powers Authority has been and will be loaned to specified County departments for the purchase of capital assets. Of the total loans of $6,908,475, $1,106,934 was outstanding as of June 30, 2006. Repayments are made to the County's Securitization Reimbursement Fund (Other Governmental) in accordance with amortization schedules established to repay the cost of capital assets over a five-year period at a 4% interest rate. Financial resources accumulated in the Securitization Reimbursement Fund will be used, in part, to significantly reduce the General Hospital's outstanding advances from the internal service funds (see above).

NOTE 5: INTERFUND TRANSACTIONS (Continued)

Transfers in/out

Transfers are indicative of funding for capital projects, re-allocations of special revenues and subsidies of various County operations. The following schedule briefly summarizes the County's transfer activity for the fiscal year ended June 30, 2006:

Transfer From	Transfer To	Amount
General	Road	$ 642,451
	Health and Welfare	3,647,076
	Other Governmental	696,235
	General Hospital	7,919,037
	Airport	10,606
		12,915,405
Road	Other Governmental	4,319,737
Other Governmental	Ambulance	310,000
	General	37,760
	General Hospital	2,895,000
		3,242,760
General Hospital	General Capital Assets	150,627
	Other Enterprise	33,185
		183,812
Solid Waste	General Capital Assets	900
		$ 20,662,614

The transfers to General Capital Assets are only reflected on the government-wide financial statements in the governmental activities.

General Fund

The General Fund made contributions of $12,915,405 to other funds to offset operating costs of the programs. Of the amount transferred out, the General Hospital received $7,919,037 representing the County's contribution to offset operating losses. In addition, the Health and Welfare Fund received $3,647,076 representing transfer of VLF revenue received from the State.

Road Fund

The Road Fund transferred $4,319,737 to the Road Construction Fund (Other Governmental Funds) for construction projects.

Other Governmental Funds

The Securitization Reimbursement Fund made a contribution of $2,895,000 to the General Hospital to repay outstanding debt of the General Hospital.

NOTE 6: RETIREMENT PLAN

Plan Description

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

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The County makes the contributions required of County employees on their behalf and for their account. The County is required to contribute at actuarially determined rates; those rates for the year ended June 30, 2006 were 11.409% for miscellaneous employees and 24.719% for safety employees of the respective annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by CalPERS.

Annual Pension Cost

For the year ended June 30, 2006, the County's annual pension cost of $5,211,829 was equal to the County's required and actual contributions. The required contribution 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 percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases depending on age, service, and type of employment (3.25% to 14.45% for the miscellaneous plan and 3.25% to 13.15% for the safety plan), (c) inflation of 3.00%, (d) payroll growth of 3.25%, (e) individual salary growth varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%. The actuarial value of CalPERS assets was determined using the techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization periods at June 30, 2003 are 20 years for the miscellaneous plan and 17 years for the safety plan.

Three-Year Trend Information

Combined Total for Safety and Miscellaneous Plan Members

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/04	$ 2,192,684	100%	--
6/30/05	4,417,132	100%	--
6/30/06	5,211,829	100%	--

NOTE 7: OTHER POST EMPLOYMENT BENEFITS

In addition to providing pension benefits through CalPERS, the County provides medical, vision, and dental benefits for certain retired employees under contractual obligations negotiated between the County and members of the executive and confidential plan (Plan). All department heads, elected officials, and confidential staff who retire upon separation and have at least 10 years of service are eligible at varying levels for coverage under the Plan at age 50. Some members retired for disability may qualify at a younger age. Members with 10 years of service are covered at 50%. That coverage increases to 75% after 15 years of service and again increases to 100% coverage after 20 years of service. In fiscal year 2004-05, the formula changed where for each year of service after 10 years, coverage increased by 5% (i.e., 11 years of service equals 55%, 12 years of service equals 60%, etc.). Such coverage is at the same level as that provided prior to separation. Plan benefits as previously described continue until age 65, at which point eligible retirees are covered under a Medical Supplemental Plan, which pays secondary to Medicare. This is a lifetime benefit.

The County's contributions are financed on a pay-as-you-go basis. During the year, expenses of $163,134 were recognized for post-employment health care in the Post Retirement Insurance Internal Service Fund that covered approximately 60 members.

NOTE 8: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The County maintains the Workers' Compensation and Liability Insurance internal service funds to account for and finance its risks of loss. Under this program, the County is self-insured for the following risks up to the maximum claim as follows: workers' compensation $300,000; liability $100,000; property loss $100,000; with a $10,000 deductible. The County purchases commercial insurance for claims in excess of the preceding coverage amounts.

All operating funds participate in the program and make payments to the internal service funds based on historical cost of the amounts needed to pay prior and current year claims, and to allow accrual of estimated incurred but not reported claims. Insurance premiums to commercial insurers are also processed through the internal service funds. There have been no settlements in excess of insurance coverage in the past three years. The total determined claims liability at June 30, 2006 is $8,089,341. These claim estimates are based on the requirements of Governmental Accounting Standards Board Statement No. 10, and include estimated claims incurred but not yet reported as of June 30, 2006. Changes in the internal service funds claims liabilities during the years ended June 30, 2005 and 2006 were as follows:

Fiscal Year	Balance at July 1	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance At June 30
2004-05	$ 6,344,000	$ 3,225,719	$ (3,133,515)	$ 6,436,204
2005-06	6,436,204	4,717,936	(3,064,799)	8,089,341

NOTE 8: RISK MANAGEMENT (Continued)

The County has also accrued a claim liability in the government wide statements, outside of its internal service funds, as it's related to the General Fund only, for $6,000,000 that is related to the former Jamestown Mine site. The County acquired a portion of the former mine site in December 1996, and assumed the reclamation costs for the land. The State sought to force the County to clean up the entire mine site, not just the portion that the County owns. Recently, the State and County settled the case for $6,000,000 (see Note 13 for discussion regarding the County's issuance of bonds whose proceeds will be used to pay this settlement).

NOTE 9: CLOSURE AND POSTCLOSURE CARE COST

State and federal regulations require the County to place a final cover on its Central (Jamestown) and Big Oak Flat (Groveland) landfill sites when they stop accepting waste and to perform certain maintenance and functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $8,394,515 reported as landfill closure and postclosure care liability at June 30, 2006, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Jamestown landfill and of the estimated capacity of the Groveland landfill. The County stopped accepting fill for the Groveland landfill during 2002. The Jamestown landfill was closed in 1995. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. As both of the County's landfills have been closed, the County currently takes its waste to a nearby transfer station to be transferred out of state.

The County is required by state and federal regulations to make deposits to their closure and postclosure maintenance trust fund to finance closure and postclosure care costs. The County has designated cash and investments for the payment of closure and postclosure care costs in the amount of $573,600 as of June 30, 2006.

NOTE 10: DEFICIT FUND EQUITY

As of June 30, 2006 the following individual funds had deficit fund equity balances:

Fund	Deficit
Solid Waste	$ 8,353,023
VNA of the Mother Lode	292,141
Workers' Compensation	2,243,365
Employee Leave Liability	6,003,570

The Solid Waste deficit net assets is expected to be eliminated as the landfill closure/postclosure liability becomes more funded via user charges.

The VNA of the Mother Lode deficit net assets is expected to be eliminated by a transfer from the General Fund during fiscal year 2007 and increased revenue due to new computer system and contracts.

The internal service funds (Workers' Compensation and Employee Leave Liability) deficit net assets are expected to be eliminated via charges to other County funds.

NOTE 11: GENERAL HOSPITAL ENTERPRISE FUND

Allowance for Doubtful Accounts – The Hospital's accounts receivable of $4,605,976 is reported net of allowances for doubtful accounts of $2,513,021.

Charges for Services and Patient Accounts Receivable – The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, cost reimbursement, discounted charges, and per diem payments. Charges for services revenue and patient accounts receivable are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

A summary of the payment arrangements with major third-party payers follows:

Medicare – Charges for inpatient acute medical and surgical and extended care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Most outpatient services are also paid at a prospectively determined rate. These rates are in essence the final rate and are not subject to further cost reimbursement methodologies. Inpatient acute psychiatric and outpatient laboratory services are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. As of June 30, 2006, the Hospital's Medicare cost reports had been audited by the Medicare fiscal intermediary through June 30, 2001. The 2002 and 2003 reports were finalized in September 2006, and the 2004 and 2005 reports were finalized in March 2007 and April 2007, respectively.

Medi-Cal – Charges for inpatient medical and surgical services are paid on a predetermined fixed per diem basis. The per diem was agreed upon during negotiations with the State of California (State) for the Hospital to be the exclusive provider for medical and surgical services in Sonora. Charges for inpatient acute psychiatric services are paid according to managed care agreement rates with Counties that use these services, including the County of Tuolumne. Charges for long-term care services are paid based upon a fixed per diem while outpatient services are paid based upon a schedule of maximum allowances. Rural Health Clinic Services are paid at a prospectively determined rate based upon the average cost per visits from the FYE 1999 and 2000 audited cost reports. The rate is updated annually on October 1st by the Medicare Economic Indicator (MEI) and there is a process to modify the rate based upon the addition of a new service or services. A Prospective Payment System reconciliation is performed to provide additional reimbursement for dual eligible patients (those covered by both Medicare and Medi-Cal). At June 30, 2006 all fiscal years have been tentatively settled by the State Department of Health Services and the expected balance due to the hospital is $248,000. As of June 30, 2006, the Hospital's Medi-Cal cost reports had been audited by the State through June 30, 2004.

NOTE 11: GENERAL HOSPITAL ENTERPRISE FUND (Continued)

Medi-Cal Waiver – California's Medi-Cal Hospital/Uninsured Care Demonstration Project (Demonstration) is a new system for paying selected hospitals, including the Hospital, for hospital care provided to Medi-Cal and uninsured patients. The Demonstration was negotiated between the State of California's Department of Health Services (SDHS) and the federal Centers for Medicare and Medicaid Services (CMS) last year, and covers the period from July 1, 2005 to June 30, 2010. The implementing State legislation (SB 1100) was enacted by the Legislature in September 2005. The five-year Demonstration affects payments for 23 public hospitals, including all University of California owned hospitals, identified as Designated Public Hospitals, and private and non-designated public safety net hospitals that serve large numbers of Medi-Cal patients. Under the Demonstration, payments for the public hospitals are comprised of : 1) Fee-for service (FFS) cost based reimbursement for inpatient hospital services (exclusive of physician component); 2) Disproportionate Share Hospital (DSH) payments (formerly SB855); and 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP) (formerly SB1255). The nonfederal share of these three types of payments will be provided by the public hospitals rather than the State, primarily through certified public expenditures (CPE) whereby the hospital would expend its local funding for services to draw down the federal financial participation (FFP), currently provided at a 50% match. For the inpatient hospital FFS cost-based reimbursement, each hospital will provide its own CPE and receive all of the resulting federal match.

For the DSH and SNCP distributions, the CPEs of all the public hospitals will be used in the aggregate to draw down the federal match. The Demonstration prioritizes payments so that, to the extent possible, total payments to hospitals are at a minimum "baseline" level. For public hospitals, the baseline level is determined and satisfied on a hospital-specific basis. The baseline for the 2005-2006 fiscal year is established at the hospital's total net Medi-Cal inpatient payments for 2004-2005.

County Medical Services Program – Charges for inpatient acute medical and surgical services, and acute psychiatric services are paid based on a cost reimbursement methodology less 15%. Outpatient services are paid based upon a schedule of maximum allowances less 10%.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations (HMO), and preferred provider organizations (PPO). The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

NOTE 12: CONTINGENCIES

Grants and subventions

The County received federal grants either directly from federal governmental agencies or as a subgrantee of the State of California. Several grants were passed through to subgrantees of the County. Where grants were passed through to subgrantees, the subgrantees were required to comply with the same terms and conditions, and an audit was required to ensure that the expenses claimed were allowable and that subgrantees complied with related terms and conditions. Continued funding of these grants is dependent upon the budgeting process of the federal, state, and County governments.

NOTE 12: CONTINGENCIES (Continued)

Litigation

The County from time to time is a party to various claims, legal actions, and complaints arising in the ordinary course of business. In the opinion of the County's administration the various claims, legal actions and complaints not covered by insurance resulting from such litigation would not materially affect the financial position of the County.

Patient service revenue

The General Hospital Enterprise Fund grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews or investigations.

Receivables from patients and third-party payers at June 30, 2006 are summarized as follows:

Medicare	17%
Medicaid	39%
County Medical Services Program	11%
Private Patients	33%
Total	100%

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE 13: FUTURE IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

In June of 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for fiscal periods beginning after December 15, 2007. This statement establishes standards for the measurement, recognition, and display of other postemployment benefit expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The County is in the process of evaluating the future impact of this statement on its future financial statements.

NOTE 14: BEGINNING EQUITY RESTATEMENT

Beginning fund balance of the Road Construction Capital Projects Fund (Other Governmental Funds) and net assets of the Governmental Activities were restated for agency fund cash that was allocated in previous years, but had already been recognized. The following table shows the effect of this restatement on both the governmental activities and other governmental funds.

	Other Governmental Funds	Governmental Activities
Beginning equity, as originally stated	$ 14,689,900	$ 81,569,481
Restatement	(2,466,777)	(2,466,777)
Beginning equity, restated	$ 12,223,123	$ 79,102,704

NOTE 15: SUBSEQUENT EVENTS

Tuolumne General Hospital

On April 10, 2007, the Board of Supervisors held Beilenson hearings and voted to eliminate all services at Tuolumne General Hospital effective July 1, 2007, phasing long-term care and acute psychiatric services out over three years.

New Bonds Issued

On November 16, 2006, the County issued $6,195,000 Judgment Obligation Bonds pursuant to the terms of a stipulated judgment in the case entitled The People of the State of California ex rel. Attorney General Bill Lockyer and the California Regional Water Quality Control Board, Central Valley Region v. Sonora Mining Corp., et al (see discussion regarding Jamestown Mine site at Note 8).

The County will pay semi-annual payments beginning May 1, 2007 and ending November 1, 2036. The interest rate is variable from 3.8% to 4.5%. Annual payments range from $370,975 to $378,921, year 2036 and 2007, respectively.

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF FUNDING PROGRESS – HISTORICAL PENSION DATA
FOR THE YEAR ENDED JUNE 30, 2006
UNAUDITED

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Entry Age Normal Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded/ (Overfunded) Liability (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a % of Covered Payroll [(a)-(b)]/(c)
6/30/03						
Misc.	$ 113,976,708	$104,421,110	$ 9,555,598	91.6%	$ 34,558,455	27.7%
Safety	23,555,156	18,866,673	4,688,483	80.1%	3,711,787	126.3%
Total	$ 137,531,864	$123,287,783	$ 14,244,081	89.6%	$ 38,270,242	37.2%
6/30/04						
Misc.	$ 126,236,233	$112,370,072	$ 13,866,161	89.0%	$ 34,140,141	40.6%
Safety			Information not required *			
6/30/05						
Misc.	$ 138,577,545	$123,237,469	$ 15,340,076	88.9%	$ 37,825,573	40.6%
Safety			Information not required *			

* - On July 1, 2003, the County's Safety Plan was converted to a cost-sharing defined benefit pension plan by CalPERS. As such, the schedule of funding progress is no longer required under GASB Statement No. 27.

The actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll are obtained from CalPERS' annual actuarial valuation.

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 24,939,475	$ 25,005,617	$ 22,428,292	$ (2,577,325)
Licenses and permits	1,853,055	1,990,469	2,117,573	127,104
Fines, forfeits, and penalties	583,238	1,705,278	1,601,661	(103,617)
Use of money and property	297,290	301,990	417,042	115,052
Intergovernmental:				
State	12,140,526	13,725,944	15,511,634	1,785,690
Federal	1,979,181	2,368,575	2,537,002	168,427
Other	549,250	549,250	403,144	(146,106)
Charges for services	8,967,008	11,726,380	10,844,042	(882,338)
Miscellaneous	80,480	104,816	108,773	3,957
Total revenues	51,389,503	57,478,319	55,969,163	(1,509,156)
Expenditures:				
General government:				
Board of supervisors	643,716	660,229	611,535	48,694
Appropriation for contingencies	114,556	-	-	-
County administrative office	887,429	906,376	875,679	30,697
County auditor-controller	954,522	959,782	931,850	27,932
Treasurer-tax collector	453,259	513,545	476,903	36,642
Assessor-recorder	1,275,020	1,297,946	1,270,299	27,647
Recorder-micrographics	194,676	194,676	111,084	83,592
Archives	105,089	106,399	103,879	2,520
Assessor - AB 719	154,841	139,535	76,896	62,639
Office of revenue recovery	559,744	563,929	541,622	22,307
County counsel	815,664	875,725	863,052	12,673
Human resources	732,536	739,559	719,473	20,086
County clerk - elections	644,226	1,484,767	1,388,133	96,634
Facilities management	3,030,809	2,954,496	2,905,923	48,573
Plant acquisition	2,966,879	3,130,400	1,585,403	1,544,997
Economic development and promotion	326,250	383,723	383,723	-
County film commission	62,750	81,708	75,590	6,118
Information systems and services	3,143,481	3,289,533	2,900,601	388,932
Public works - surveyor	377,311	408,231	405,354	2,877
Amador-Tuolumne community action agency	24,000	24,000	24,000	-
Jamestown mine	635,763	1,191,872	557,269	634,603
Total general government	18,102,521	19,906,431	16,808,268	3,098,163
Public protection:				
CAO emergency services	622,153	668,269	503,305	164,964
Grand jury	21,304	22,488	22,485	3
District attorney	1,723,563	1,891,622	1,763,164	128,458
Spousal abuser prosecution program	48,897	48,897	48,724	173
DA - statutory rape vertical prosecution	50,828	60,294	53,849	6,445
Violence against women grant	-	45,000	34,395	10,605
Public defender	732,241	747,353	723,825	23,528
County - court related AB 233	872,887	872,887	845,692	27,195
Sheriff-coroner	9,117,535	9,054,361	7,051,756	2,002,605
Sheriff - courtroom security	404,569	399,569	351,843	47,726
Sheriff - communications	1,436,470	1,428,084	1,051,844	376,240
Tuolumne narcotics team	786,693	801,893	779,401	22,492
Sheriff - COP program	594,863	589,758	510,733	79,025

The accompanying note is an integral part of the required supplementary information.

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Public protection (continued):				
County jail	3,726,591	3,626,069	3,387,741	238,328
Probation	3,071,480	3,008,519	2,807,993	200,526
Agriculture - weights and measures	558,447	625,292	516,481	108,811
Community development department	2,720,052	2,804,965	2,608,813	196,152
Animal control	722,033	817,439	688,273	129,166
Total public protection	27,210,606	27,512,759	23,750,317	3,762,442
Public ways and facilities:				
Special district administration	104,586	237,072	193,066	44,006
Health and sanitation				
Sheriff - emergency medical communications	22,252	24,549	24,169	380
Air Pollution	359,420	361,223	203,649	157,574
Total health and sanitation	381,672	385,772	227,818	157,954
Public Assistance				
Victim witness prosecution program	186,728	204,167	194,117	10,050
Veterans services	111,655	134,015	119,988	14,027
Total public assistance	298,383	338,182	314,105	24,077
Education:				
Library	1,133,549	1,198,262	1,181,252	17,010
Library Prop. 10	19,071	19,540	19,539	1
Farm advisor	190,618	200,146	198,427	1,719
Total education	1,343,238	1,417,948	1,399,218	18,730
Recreation and cultural services:				
Sheriff - boat patrol	400,199	398,698	355,536	43,162
County recreation	819,684	877,156	814,260	62,896
Standard Park	168,492	191,349	171,292	20,057
Youth centers	92,373	196,780	173,583	23,197
After School Program	192,100	64,691	55,564	9,127
County Museum	-	9,065	2,366	6,699
Total recreation and cultural services	1,672,848	1,737,739	1,572,601	165,138
Total expenditures	49,113,854	51,535,903	44,265,393	7,270,510
Excess of revenues over expenditures	2,275,649	5,942,416	11,703,770	5,761,354
Other financing sources (use):				
Transfers in	69,500	65,500	37,760	(27,740)
Transfers out	(5,841,496)	(12,923,847)	(12,923,844)	3
Contributions	324,000	356,196	356,420	224
Loan proceeds	1,472,065	1,472,065	-	(1,472,065)
Proceeds from sale of capital assets	6,000	6,000	16,050	10,050
Total other financing sources (use)	(3,969,931)	(11,024,086)	(12,513,614)	(1,489,528)
Net change in fund balance (budgetary basis)	$ (1,694,282)	$ (5,081,670)	(809,844)	$ 4,271,826
Basis adjustment:				
Agency funds allocation			232,038	
Net change in fund balance (GAAP basis)			(577,806)	
Fund balance, beginning of year			9,793,334	
Fund balance, end of year			$ 9,215,528	

The accompanying note is an integral part of the required supplementary information.

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Licenses and permits	$ 197,000	$ 197,000	$ 249,219	$ 52,219
Use of money and property	7,500	7,500	10,797	3,297
Intergovernmental:				
State	3,084,191	3,110,573	3,477,543	366,970
Federal	1,100,332	1,168,332	1,590,068	421,736
Other	812,952	812,952	521	(812,431)
Charges for services	741,266	741,266	638,464	(102,802)
Miscellaneous	7,000	7,000	2,565	(4,435)
Total revenues	5,950,241	6,044,623	5,969,177	(75,446)
Expenditures:				
Public ways and facilities:				
Public works administration	1,025,209	1,025,209	842,887	182,322
Engineering services and development	463,392	463,392	453,458	9,934
Engineering services - projects	509,667	509,667	332,476	177,191
Traffic and engineering	253,298	253,298	191,602	61,696
Road maintenance	4,993,392	5,362,915	4,926,063	436,852
Total expenditures	7,244,958	7,614,481	6,746,486	867,995
Deficiency of revenues under expenditures	(1,294,717)	(1,569,858)	(777,309)	792,549
Other financing sources:				
Transfers in	642,451	642,451	642,451	-
Net change in fund balance (budgetary basis)	$ (652,266)	$ (927,407)	(134,858)	$ 792,549
Basis adjustment:				
Agency funds allocation			(3,190,798)	
Net change in fund balance (GAAP basis)			(3,325,656)	
Fund balance, beginning of year			14,075,002	
Fund balance, end of year			$ 10,749,346	

The accompanying note is an integral part of the required supplementary information.

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HEALTH AND WELFARE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fines, forfeits, and penalties	$ 17,000	$ 17,000	$ 19,288	$ 2,288
Use of money and property	107,038	97,038	97,038	-
Intergovernmental:				
State	12,154,341	11,188,181	12,583,525	1,395,344
Federal	10,118,090	9,950,583	9,272,801	(677,782)
Other	25,000	25,000	25,000	-
Charges for services	3,488,948	1,888,479	1,944,265	55,786
Miscellaneous	182,850	180,850	142,885	(37,965)
Total revenues	26,093,267	23,347,131	24,084,802	737,671
Expenditures:				
Health and sanitation:				
Health	5,657,997	3,699,546	3,443,960	255,586
Tobacco control program	150,633	166,352	159,755	6,597
Environmental health	1,013,777	1,028,490	1,028,476	14
Environmental health - solid waste grant	16,500	16,648	16,648	-
Environmental health - local primacy age	30,882	30,882	30,882	-
Behavioral health - administration	502,158	887,936	887,900	36
California children services	293,250	333,080	320,749	12,331
Mental health services	4,045,957	4,884,014	4,715,974	168,040
Mental health - drug and alcohol	713,589	803,671	803,671	-
Mental health - perinatal	162,961	162,961	162,960	1
Total health and sanitation	12,587,704	12,013,580	11,570,975	442,605
Public assistance:				
Social services administration	11,382,345	11,485,491	10,672,671	812,820
Welfare and security	6,075,504	6,316,968	6,240,806	76,162
Total public assistance	17,457,849	17,802,459	16,913,477	888,982
Total expenditures	30,045,553	29,816,039	28,484,452	1,331,587
Deficiency of revenues under expenditures	(3,952,286)	(6,468,908)	(4,399,650)	2,069,258
Other financing source:				
Transfers in	4,376,972	3,540,015	3,647,076	107,061
Contributions	-	-	9,860	9,860
Total other financing sources (use)	4,376,972	3,540,015	3,656,936	116,921
Net change in fund balance	424,686	(2,928,893)	(742,714)	$ 2,186,179
Fund balance, beginning of year			2,345,427	
Fund balance, end of year			$ 1,602,713	

The accompanying note is an integral part of the required supplementary information.

COUNTY OF TUOLUMNE, CALIFORNIA
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

Budgets and Budgetary Accounting

The County operates under the general laws of the State of California and annually adopts a budget for its General Fund, certain Special Revenue funds, and Capital Projects funds. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as proposed expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by resolution during the year. Department heads may, upon approval from the County administrator, make transfers from one object or purpose to another within the same budget unit. Encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent year expenditures, based on the authorized encumbered appropriation carried over. All appropriations lapse at year-end. Annual budgets are adopted on a basis of accounting which differs from generally accepted accounting principles (GAAP) in the United States of America. As a result, if there's a difference between the budgetary basis and GAAP basis, the budgetary comparison schedules present a reconciliation between the bases. The difference is as follows:

1. Agency funds allocation – The County does not budget for its agency funds. However, in accordance with GASB Statement No. 34, the County has allocated many of its agency funds' activities to its governmental funds.

As expenditures are controlled at the department level, the budget and actual comparisons presented in these financial statements are not segregated by type (i.e., current, capital outlay, and debt service) as the statements of revenues, expenditures and changes in fund balances are presented. The County does not adopt a budget for the Community Development Block Grants Special Revenue Fund; therefore, there is no budget and actual comparison for that fund presented in these financial statements.

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2006

	Other Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Fund	Total Other Governmental Funds
Assets:					
Cash and investments	$ 7,318,830	$ 26,485	$ 4,137,528	$ 208,950	$ 11,691,793
Accounts receivable	30,057	-	54,131	-	84,188
Taxes receivable	1,051	-	-	-	1,051
Intergovernmental receivables	156,035	-	64,557	-	220,592
Prepaid items	39,213	-	-	-	39,213
Advances to other funds	1,106,934	-	-	-	1,106,934
Total assets	$ 8,652,120	$ 26,485	$ 4,256,216	$ 208,950	$ 13,143,771
Liabilities and fund balance					
Liabilities:					
Accounts payable	$ 690,912	$ -	$ 30,219	$ -	$ 721,131
Salaries and benefits payable	35,723	-	-	-	35,723
Due to other funds	-	-	17,100	-	17,100
Deferred revenue	21,390	-	-	-	21,390
Advances from other funds	657,045	-	-	-	657,045
Total liabilities	1,405,070	-	47,319	-	1,452,389
Fund balance:					
Reserved for:					
Encumbrances	-	-	61,131	-	61,131
Prepaid items	39,213	-	-	-	39,213
Debt service	-	26,485	-	-	26,485
Advances to other funds	1,106,934				1,106,934
Endowments	-	-	-	208,950	208,950
Other	148,453	-	-	-	148,453
Unreserved:					
Designated for future projects	565,137	-	-	-	565,137
Undesignated	5,387,313	-	4,147,766	-	9,535,079
Total fund balances	7,247,050	26,485	4,208,897	208,950	11,691,382
Total liabilities and fund balances	$ 8,652,120	$ 26,485	$ 4,256,216	$ 208,950	$ 13,143,771

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Other Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Fund	Total Other Governmental Funds
Revenues:					
Taxes	$ 2,166,665	$ -	$ -	$ -	$ 2,166,665
Licenses and permits	178,261	-	-	-	178,261
Fines, forfeits, and penalties	272,128	-	-	-	272,128
Interest, rents and concessions	206,740	1,081	72,258	14,818	294,897
Intergovernmental:					
State	1,396,674	-	100,000	-	1,496,674
Federal	1,513,429	-	149,551	-	1,662,980
Other	219,644	-	20,810	-	240,454
Charges for services	558,899	-	-	1,250	560,149
Miscellaneous	345,066	-	-	9,194	354,260
Total revenues	6,857,506	1,081	342,619	25,262	7,226,468
Expenditures:					
Current:					
Public protection	5,360,313	-	-	-	5,360,313
Public ways and facilities	116,478	-	-	-	116,478
Health and sanitation	799,209	-	-	-	799,209
Capital outlay	163,157	-	3,111,286	-	3,274,443
Total expenditures	6,439,157	-	3,111,286	-	9,550,443
Excess (deficiency) of revenues over (under) expenditures	418,349	1,081	(2,768,667)	25,262	(2,323,975)
Other financing sources (uses):					
Transfers in	696,235	-	4,319,737	-	5,015,972
Transfers out	(3,242,760)	-	-	-	(3,242,760)
Contributions	14,221	-	-	-	14,221
Proceeds from sale of capital assets	4,801	-	-	-	4,801
Total other financing sources (uses)	(2,527,503)	-	4,319,737	-	1,792,234
Net change in fund balances	(2,109,154)	1,081	1,551,070	25,262	(531,741)
Fund balances, beginning of year	9,356,204	25,404	2,657,827	183,688	12,223,123
Fund balances, end of year	$ 7,247,050	$ 26,485	$ 4,208,897	$ 208,950	$ 11,691,382

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OTHER GOVERNMENTAL FUNDS

OTHER SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Included in the Special Revenue classification are the following funds:

Fish and Game - This fund is used to account for revenues and expenditures related to the protection, conservation, propagation and preservation of fish and wildlife in the county.

Rural Fire - This fund is used to account for revenues and expenditures related to fire protection services in the unincorporated areas of the county.

Criminal Justice Facility - This fund is used to account for the revenues and expenditures resulting from criminal justice activities such as fines and facility fees.

Courthouse Construction - This fund is used to account for the revenues and expenditures resulting from courthouse activities such as fines and court fees.

Monument Preservation - This fund is used to account for the revenues and expenditures resulting from historical monument maintenance and preservation activity.

Child Support Services - This fund is used to account for the revenues and expenditures relating to the county's child support enforcement program.

Cemetery Districts - This fund is used to account for the revenues and expenditures resulting from county cemetery maintenance and preservation.

Children and Families Commission - This fund is used to account for activities of the Tuolumne County Children and Families Commission.

Securitization Reimbursement - This fund accounts for the collection and distribution of tobacco securitization funds.

County Service Areas - Provide miscellaneous services throughout all unincorporated areas of the county.

Lighting Districts - Provide Street and highway safety lighting for all unincorporated areas of the county.

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 2006

	Fish and Game	County Fire	Criminal Justice Facility	Courthouse Construction	Monument Preservation	Child Support Services
Assets:						
Cash and investments	$ 225,674	$ 1,154,817	$ 810,799	$ 26,206	$ 159,153	$ 34,577
Accounts receivable	-	11,539	-	-	-	215
Taxes receivable	-	944	-	-	-	-
Intergovernmental receivables	-	46,101	-	-	-	-
Prepaid items	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	$ 225,674	$ 1,213,401	$ 810,799	$ 26,206	$ 159,153	$ 34,792
Liabilities and fund balances						
Liabilities:						
Accounts payable	$ -	$ 639,541	$ -	$ -	$ -	$ 8,369
Salaries and benefits payable	-	10,791	-	-	-	24,212
Deferred revenue	2,600	13,088	-	-	3,960	-
Advances from other funds	-	269,019	-	-	-	-
Total liabilities	2,600	932,439	-	-	3,960	32,581
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Unreserved:						
Designated for future projects	-	-	-	-	-	-
Undesignated	223,074	280,962	810,799	26,206	155,193	2,211
Total fund balances	223,074	280,962	810,799	26,206	155,193	2,211
Total liabilities and fund balances	$ 225,674	$ 1,213,401	$ 810,799	$ 26,206	$ 159,153	$ 34,792

Cemetery Districts	Children and Families Commission	Securitization Reimbursement	County Service Areas	Lighting Districts	Total Other Special Revenue Funds	
						Assets:
$ 466,695	$ 1,349,529	$ 774,357	$ 1,453,346	$ 863,677	$ 7,318,830	Cash and investments
-	18,303	-	-	-	30,057	Accounts receivable
32	-	-	28	47	1,051	Taxes receivable
-	109,934	-	-	-	156,035	Intergovernmental receivables
-	39,213	-	-	-	39,213	Prepaid items
-	-	1,106,934	-	-	1,106,934	Advances to other funds
$ 466,727	$ 1,516,979	$ 1,881,291	$ 1,453,374	$ 863,724	$ 8,652,120	Total assets
						Liabilities and fund balances
						Liabilities:
$ 1,493	$ 41,509	$ -	$ -	$ -	$ 690,912	Accounts payable
720	-	-	-	-	35,723	Salaries and benefits payable
-	1,742	-	-	-	21,390	Deferred revenue
-	-	388,026	-	-	657,045	Advances from other funds
2,213	43,251	388,026	-	-	1,405,070	Total liabilities
						Fund balances:
						Reserved for:
-	-	-	-	-	-	Encumbrances
-	39,213	-	-	-	39,213	Prepaid items
-	-	1,106,934	-	-	1,106,934	Advances to other funds
-	148,453	-	-	-	148,453	Other
						Unreserved:
292,790	272,347	-	-	-	565,137	Designated for future projects
171,724	1,013,715	386,331	1,453,374	863,724	5,387,313	Undesignated
464,514	1,473,728	1,493,265	1,453,374	863,724	7,247,050	Total fund balances
$ 466,727	$ 1,516,979	$ 1,881,291	$ 1,453,374	$ 863,724	$ 8,652,120	Total liabilities and fund balances

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Fish and Game	County Fire	Criminal Justice Facility	Courthouse Construction	Monument Preservation	Child Support Services
Revenues:						
Taxes	$ -	$ 1,953,435	$ -	$ -	$ -	$ -
Licenses and permits		178,261				-
Fines, forfeits, and penalties	8,675	-	258,774	4,679	-	-
Interest, rents and concessions	7,680	18,921	23,722	722	5,592	573
Intergovernmental:						
State	-	185,072	-	-	-	514,337
Federal	-	19,213	-	-	-	1,494,216
Other	-	219,644	-	-	-	-
Charges for services	-	276,695	-	-	20,100	1,068
Miscellaneous	-	144,540	-	-	-	34,293
Total revenues	16,355	2,995,781	282,496	5,401	25,692	2,044,487
Expenditures:						
Current:						
Public protection	36,858	3,188,608	-	-	-	2,066,364
Public ways and facilities	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Capital outlay	-	100,071	-	-	50,071	13,015
Total expenditures	36,858	3,288,679	-	-	50,071	2,079,379
Excess (deficiency) of revenues over (under) expenditures	(20,503)	(292,898)	282,496	5,401	(24,379)	(34,892)
Other financing sources (uses):						
Transfers in	-	659,133	-	-	-	37,102
Transfers out	-	(310,000)	(37,760)	-	-	-
Contributions	-	14,221	-	-	-	-
Proceeds from sale of capital assets	-	4,801	-		-	-
Total other financing sources (uses)	-	368,155	(37,760)	-	-	37,102
Net change in fund balances	(20,503)	75,257	244,736	5,401	(24,379)	2,210
Fund balances, beginning of year	243,577	205,705	566,063	20,805	179,572	1
Fund balances, end of year	$ 223,074	$ 280,962	$ 810,799	$ 26,206	$ 155,193	$ 2,211

	Cemetery Districts	Children and Families Commission	Securitization Reimbursement	County Service Areas	Lighting Districts	Total Other Special Revenue Funds
Revenues:						
Taxes	$ 62,478	$ -	$ -	$ 57,371	$ 93,381	$ 2,166,665
Licenses and permits						178,261
Fines, forfeits, and penalties	-	-	-	-	-	272,128
Interest, rents and concessions	19,697	50,528	12,262	40,466	26,577	206,740
Intergovernmental:						
State	217	697,048	-	-	-	1,396,674
Federal	-	-	-	-	-	1,513,429
Other	-	-	-	-	-	219,644
Charges for services	2,500	-	-	258,536	-	558,899
Miscellaneous	60,179	1,475	104,579	-	-	345,066
Total revenues	145,071	749,051	116,841	356,373	119,958	6,857,506
Expenditures:						
Current:						
Public protection	68,483	-	-	-	-	5,360,313
Public ways and facilities	-	-	-	78,407	38,071	116,478
Health and sanitation	-	799,209	-	-	-	799,209
Capital outlay	-	-	-	-	-	163,157
Total expenditures	68,483	799,209	-	78,407	38,071	6,439,157
Excess (deficiency) of revenues over (under) expenditures	76,588	(50,158)	116,841	277,966	81,887	418,349
Other financing sources (uses):						
Transfers in	-	-	-	-	-	696,235
Transfers out	-	-	(2,895,000)	-	-	(3,242,760)
Contributions	-	-	-	-	-	14,221
Proceeds from sale of capital assets	-	-	-	-	-	4,801
Total other financing sources (uses)	-	-	(2,895,000)	-	-	(2,527,503)
Net change in fund balances	76,588	(50,158)	(2,778,159)	277,966	81,887	(2,109,154)
Fund balances, beginning of year	387,926	1,523,886	4,271,424	1,175,408	781,837	9,356,204
Fund balances, end of year	$ 464,514	$ 1,473,728	$ 1,493,265	$ 1,453,374	$ 863,724	$ 7,247,050

OTHER GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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Capital projects funds are used to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by proprietary funds).

Airport Construction - This fund is used to account for construction and improvement of Pine Mountain Lake and Columbia Airports.

Road Construction - This fund is used to account for revenues and expenditures related to construction and maintenance of County streets and roads.

County Capital - This fund will be used for the acquisition of major capital purchases for governmental County departments.

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2006

	Airport Construction	Road Construction	County Capital	Total
Assets:				
Cash and investments	$ 93	$ 3,951,060	$ 186,375	$ 4,137,528
Receivables	-	54,131	-	54,131
Intergovernmental receivables	64,557	-	-	64,557
Total assets	$ 64,650	$ 4,005,191	$ 186,375	$ 4,256,216
Liabilities and fund balances				
Liabilities:				
Accounts payable	$ 2,919	$ 27,300	$ -	$ 30,219
Due to other funds	17,100	-	-	17,100
Total liabilities	20,019	27,300	-	47,319
Fund balances:				
Reserved for encumbrances	-	61,131	-	61,131
Unreserved, undesignated	44,631	3,916,760	186,375	4,147,766
Total fund balances	44,631	3,977,891	186,375	4,208,897
Total liabilities and fund balances	$ 64,650	$ 4,005,191	$ 186,375	$ 4,256,216

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Airport Construction	Road Construction	County Capital	Total
Revenues:				
Interest, rents and concessions	$ -	$ 66,211	$ 6,047	$ 72,258
Intergovernmental:				
State	-	100,000	-	100,000
Federal	63,663	85,888	-	149,551
Other	-	20,810	-	20,810
Total revenues	63,663	272,909	6,047	342,619
Expenditures:				
Capital outlay	75,056	3,036,230	-	3,111,286
Excess (deficiency) of revenues over (under) expenditures	(11,393)	(2,763,321)	6,047	(2,768,667)
Other financing sources:				
Transfers in	-	4,319,737	-	4,319,737
Net change in fund balances	(11,393)	1,556,416	6,047	1,551,070
Fund balances, beginning of year	56,024	2,421,475	180,328	2,657,827
Fund balances, end of year	$ 44,631	$ 3,977,891	$ 186,375	$ 4,208,897

OTHER ENTERPRISE FUNDS

✦✦✦✦✦✦

Public Transportation – This fund is used to account for revenues and expenses of County operated public transportation activities.

Public Power Agency – This fund is used to account for revenues and expenses of the 30-member Tuolumne County Public Power Agency, which supplies electrical power to its members at a rate below the current market rate.

VNA of the Mother Lode – This fund is used to account for the revenues and expenses of the Visiting Nurses Association of the Mother Lode, which provides nursing services for local hospitals and care facilities.

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
JUNE 30, 2006

	Public Transportation	Public Power Agency	VNA of the Mother Lode	Total Other Enterprise Funds
Assets:				
Current assets:				
Cash and investments	$ 509,134	$ 2,192,682	$ 369	$ 2,702,185
Accounts receivable	7,125	-	1,384,518	1,391,643
Intergovernmental receivables	281,374	45,179	-	326,553
Prepaid items	-	-	1,200	1,200
Total current assets	797,633	2,237,861	1,386,087	4,421,581
Noncurrent assets:				
Restricted cash and investments	-	311,388	271,839	583,227
Advances to other funds	-	-	18,503	18,503
Capital assets:				
Depreciable, net	105,304	17,301	289,653	412,258
Total noncurrent assets	105,304	328,689	579,995	1,013,988
Total assets	902,937	2,566,550	1,966,082	5,435,569
Liabilities:				
Current liabilities				
Accounts payable	75,186	231,549	34,495	341,230
Salaries and benefits payable	4,258	-	45,379	49,637
Unearned revenue	324,747	-	354	325,101
Obligations under capital leases - current	-	-	59,127	59,127
Total current liabilities	404,191	231,549	139,355	775,095
Noncurrent liabilities:				
Advances from other funds	-	-	1,809,100	1,809,100
Accrued compensated absences	22,264	-	154,564	176,828
Obligations under capital leases	-	-	155,204	155,204
Total noncurrent liabilities	22,264	-	2,118,868	2,141,132
Total liabilities	426,455	231,549	2,258,223	2,916,227
Net Assets (Deficit)				
Invested in capital assets, net of related debt	105,304	17,301	75,322	197,927
Restricted	-	311,388	-	311,388
Unrestricted	371,178	2,006,312	(367,463)	2,010,027
Total net assets (deficit)	$ 476,482	$ 2,335,001	$ (292,141)	$ 2,519,342

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Public Transportation	Public Power Agency	VNA of the Mother Lode	Total Other Enterprise Funds
Operating revenues:				
Charges for services	$ 434,943	$ 1,462,971	$ 3,136,815	$ 5,034,729
Miscellaneous	-	-	71,001	71,001
Total operating revenues	434,943	1,462,971	3,207,816	5,105,730
Operating expenses:				
Salaries and benefits	259,234	-	3,028,354	3,287,588
Purchased services	972,504	-	791	973,295
Professional fees	1,993	157,013	183,968	342,974
General and administrative	45,329	129,629	651,813	826,771
Utilities	-	1,240,065	6,980	1,247,045
Depreciation and amortization	80,999	8,132	80,989	170,120
Total operating expenses	1,360,059	1,534,839	3,952,895	6,847,793
Operating loss	(925,116)	(71,868)	(745,079)	(1,742,063)
Nonoperating revenues:				
Interest income	19,296	84,326	-	103,622
Other contributions	-	-	476,175	476,175
Other income	18,193	-	-	18,193
Intergovernmental:				
State	586,136	-	-	586,136
Federal	241,824	-	-	241,824
Gain on sale of capital assets	2,080	-	-	2,080
Interest expense	-	-	(54,320)	(54,320)
Total nonoperating revenues	867,529	84,326	421,855	1,373,710
Income (loss) before capital contributions	(57,587)	12,458	(323,224)	(368,353)
Transfers in	-	-	33,185	33,185
Change in net assets	(57,587)	12,458	(290,039)	(335,168)
Net assets (deficit), beginning of year	534,069	2,322,543	(2,102)	2,854,510
Net assets (deficit), end of year	$ 476,482	$ 2,335,001	$ (292,141)	$ 2,519,342

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Public Transportation	Public Power Agency	VNA of the Mother Lode	Total Other Enterprise Funds
Cash flows from operating activities:				
Receipts from customers and users	$ 446,011	$ 1,467,585	$ 2,516,476	$ 4,430,072
Receipts from interfund services provided	-	-	(542,477)	(542,477)
Payments to suppliers	(957,717)	(1,463,944)	(823,612)	(3,245,273)
Payments to employees	(265,693)	-	(3,141,266)	(3,406,959)
Net cash provided by (used for) operating activities	(777,399)	3,641	(1,990,879)	(2,764,637)
Cash flows from noncapital financing activities:				
Other contributions	-	-	476,175	476,175
Advances to other funds	-	-	(18,503)	(18,503)
Intergovernmental	965,137	-	-	965,137
Net cash provided by (used for) noncapital financing activities:	965,137	-	457,672	1,422,809
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(2,723)	(141,111)	(143,834)
Proceeds from sales of capital assets	2,080	-	-	2,080
Advances from other funds	-	-	1,786,515	1,786,515
Principal payments on capital leases	-	-	(57,508)	(57,508)
Interest paid	-	-	(54,320)	(54,320)
Net cash provided by (used for) capital and related financing activities	2,080	(2,723)	1,533,576	1,532,933
Cash flows from investing activites:				
Interest received	19,296	84,326	-	103,622
Net increase (decrease) in cash and cash equivalents	209,114	85,244	369	294,727
Cash and cash equivalents, beginning of year	300,020	2,418,826	271,839	2,990,685
Cash and cash equivalents, end of year.	$ 509,134	$ 2,504,070	$ 272,208	$ 3,285,412
Reconciliation to the Statement of Net Assets:				
Cash and investments	$ 509,134	$ 2,192,682	$ 369	$ 2,702,185
Restricted cash and investments	-	311,388	271,839	583,227
Total cash and cash equivalents	$ 509,134	$ 2,504,070	$ 272,208	$ 3,285,412
Noncash investing, capital and financing activities:				
Transfers in of capital assets	$ -	$ -	$ 33,185	$ 33,185
Reconciliation of operating loss to net cash provided by (used for) operating activities:				
Operating loss	$ (925,116)	$ (71,868)	$ (745,079)	$ (1,742,063)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation and amortization expense	80,999	8,132	80,989	170,120
Other income	18,193	-	-	18,193
Changes in assets and liabilities:				
Accounts receivable, net	(7,125)	-	(588,462)	(595,587)
Intergovernmental receivables	-	4,614	-	4,614
Accounts payable	62,110	62,763	19,940	144,813
Salaries and benefits payable	(9,874)	-	(96,591)	(106,465)
Due to other funds	-	-	(542,477)	(542,477)
Unearned revenue	-	-	(102,878)	(102,878)
Compensated absences	3,414	-	(16,321)	(12,907)
Net cash provided by (used for) operating activities	$ (777,399)	$ 3,641	$ (1,990,879)	$ (2,764,637)

INTERNAL SERVICE FUNDS

✦✦✦✦✦✦

Internal service funds are used to account for the financing of goods or services by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. A more detailed description of the funds established and used by the County follows:

Workers' Compensation – This fund is used to account for the County's workers' compensation revenues, expenses and estimated long-term liability.

Liability Insurance – This fund is used to account for the County's general liability revenues, expenses and estimated long-term liability.

Purchasing and Special Services – This fund is used to account for the County's general purchasing as special services activity.

Telephone – This fund is used to account for the activity of telecommunications services provided for County activities.

Unemployment Insurance – This fund is used to account for the activity related to the County's unemployment insurance benefits.

Employee Group Insurance – This fund is used to account for the activity related to the County's employee group insurance benefits.

Employee Leave Liability – This fund is used to account for the activity related to the County's employee leave liability benefits.

Post Retirement Insurance – This fund is used to account for the activity related to the County's post retirement insurance benefits.

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2006

	Workers' Compensation	Liability Insurance	Purchasing and Special Services	Telephone	Unemployment Insurance
Assets:					
Current assets:					
Cash and investments	$ 240,404	$ 814,944	$ 342,002	$ 344,553	$ 105,632
Accounts receivable	-	-	-	77,962	-
Prepaid items	-	-	-	-	-
Total current assets	240,404	814,944	342,002	422,515	105,632
Noncurrent assets:					
Restricted cash and investments	100,000	-	-	-	-
Advances to other funds	4,975,061	-	-	-	-
Capital assets:					
Depreciable, net	-	-	21,490	412,101	-
Total noncurrent assets	5,075,061	-	21,490	412,101	-
Total assets	5,315,465	814,944	363,492	834,616	105,632
Liabilities:					
Current liabilities:					
Accounts payable	89,077	50,826	3,090	105,061	45,232
Salaries and benefits payable	6,482	-	1,199	-	-
Due to other funds	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Accrued claims	1,896,508	367,930	-	-	-
Total current liablilities	1,992,067	418,756	4,289	105,061	45,232
Noncurrent liabilities:					
Advances from other funds	-	-	-	134,509	-
Accrued compensated absences	-	-	-	-	-
Accrued claims	5,566,763	258,140	-	-	-
Total noncurrent liabilities	5,566,763	258,140	-	134,509	-
Total liabilities	7,558,830	676,896	4,289	239,570	45,232
Net Assets (Deficit):					
Invested in capital assets, net of related debt	-	-	21,490	412,101	-
Unrestricted	(2,243,365)	138,048	337,713	182,945	60,400
Total net assets (deficit)	$ (2,243,365)	$ 138,048	$ 359,203	$ 595,046	$ 60,400

Employee Group Insurance	Employee Leave Liability	Post Retirement Insurance	Total Internal Service Funds	
				Assets:
				Current assets:
$ -	$ 6,404	$ 262,455	$ 2,116,394	Cash and investments
-	-	-	77,962	Accounts receivable
378,440	-	-	378,440	Prepaid items
378,440	6,404	262,455	2,572,796	Total current assets
				Noncurrent assets:
-	-	-	100,000	Restricted cash and investments
-	-	-	4,975,061	Advances to other funds
				Capital assets:
-	-	-	433,591	Depreciable, net
-	-	-	5,508,652	Total noncurrent assets
378,440	6,404	262,455	8,081,448	Total assets
				Liabilities:
				Current liabilities:
3,122	-	-	296,408	Accounts payable
-	-	-	7,681	Salaries and benefits payable
-	-	-	-	Due to other funds
-	1,000,000	-	1,000,000	Accrued compensated absences
-	-	-	2,264,438	Accrued claims
3,122	1,000,000	-	3,568,527	Total current liablilities
				Noncurrent liabilities:
370,645	-	-	505,154	Advances from other funds
-	5,009,974	-	5,009,974	Accrued compensated absences
-	-	-	5,824,903	Accrued claims
370,645	5,009,974	-	11,340,031	Total noncurrent liabilities
373,767	6,009,974	-	14,908,558	Total liabilities
				Net Assets (Deficit):
-	-	-	433,591	Invested in capital assets, net of related debt
4,673	(6,003,570)	262,455	(7,260,701)	Unrestricted
$ 4,673	$ (6,003,570)	$ 262,455	$ (6,827,110)	Total net assets (deficit)

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Workers' Compensation	Liability Insurance	Purchasing and Special Services	Telephone	Unemployment Insurance
Operating revenues:					
Charges for services	$ 3,335,328	$ 1,290,704	$ 729,482	$ 893,515	$ 181,922
Miscellaneous	82,351	121,351	-	-	-
Total operating revenues	3,417,679	1,412,055	729,482	893,515	181,922
Operating expenses:					
Salaries and benefits	262,638	-	127,730	-	-
Professional fees	190,377	136,658	12,959	86,949	24
Claims	3,918,984	798,952	-	-	-
General and administrative	120,674	311,512	597,215	654,673	156,588
Depreciation and amortization	-	-	9,008	134,702	-
Total operating expenses	4,492,673	1,247,122	746,912	876,324	156,612
Operating income (loss)	(1,074,994)	164,933	(17,430)	17,191	25,310
Nonoperating revenues:					
Interest income	159,104	18,142	11,632	9,268	3,289
Loss on disposal of capital assets	-	-	-	(4,910)	-
Total nonoperating revenues (expenses)	159,104	18,142	11,632	4,358	3,289
Change in net assets	(915,890)	183,075	(5,798)	21,549	28,599
Net assets (deficit), beginning of year	(1,327,475)	(45,027)	365,001	573,497	31,801
Net assets (deficit), end of year	$ (2,243,365)	$ 138,048	$ 359,203	$ 595,046	$ 60,400

Employee Group Insurance	Employee Leave Liability	Post Retirement Insurance	Total Internal Service Funds	
				Operating revenues:
$ 6,208,148	$ 1,338,341	$ 211,004	$ 14,188,444	Charges for services
-	-	-	203,702	Miscellaneous
6,208,148	1,338,341	211,004	14,392,146	Total operating revenues
				Operating expenses:
-	1,410,106	-	1,800,474	Salaries and benefits
35,833	334,792	163,134	960,726	Professional fees
-	-	-	4,717,936	Claims
6,167,643	-	-	8,008,305	General and administrative
-	-	-	143,710	Depreciation and amortization
6,203,476	1,744,898	163,134	15,631,151	Total operating expenses
4,672	(406,557)	47,870	(1,239,005)	Operating income (loss)
				Nonoperating revenues:
-	9,307	8,280	219,022	Interest income
-	-	-	(4,910)	Loss on disposal of capital assets
-	9,307	8,280	214,112	Total nonoperating revenues (expenses)
4,672	(397,250)	56,150	(1,024,893)	Change in net assets
1	(5,606,320)	206,305	(5,802,217)	**Net assets (deficit), beginning of year**
$ 4,673	$ (6,003,570)	$ 262,455	$ (6,827,110)	**Net assets (deficit), end of year**

COUNTY OF TUOLUMNE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Workers' Compensation	Liability Insurance	Purchasing and Special Services	Telephone	Unemployment Insurance
Cash Flows from operating activities:					
Receipts from interfund services provided	$ 3,417,679	$ 1,412,055	$ 729,482	$ 893,515	$ 180,983
Payments to suppliers	(275,216)	(457,073)	(608,299)	(686,830)	(142,640)
Payments to employees	(269,819)	-	(129,981)	-	-
Claims paid	(2,265,847)	(798,952)	-	-	-
Net cash provided by (used for) operating activities	606,797	156,030	(8,798)	206,685	38,343
Cash flows from noncapital financing activities:					
Advances to other funds	(526,750)	-	-	-	-
Receipt on advances to other funds	-	640,000	-	-	64,000
Advances from other funds	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities:	(526,750)	640,000	-	-	64,000
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	-	(16,326)	-
Payment on advances from other funds	-	-	-	(102,876)	-
Net cash used for capital and related financing activities	-	-	-	(119,202)	-
Cash flows from investing activites:					
Interest received	159,104	18,142	11,632	9,268	3,289
Net increase (decrease) in cash and cash equivalents	239,151	814,172	2,834	96,751	105,632
Cash and cash equivalents, beginning of year	101,253	772	339,168	247,802	-
Cash and cash equivalents, end of year	$ 340,404	$ 814,944	$ 342,002	$ 344,553	$ 105,632
Reconciliation to the Statement of Net Assets:					
Cash and investments	$ 240,404	$ 814,944	$ 342,002	$ 344,553	$ 105,632
Restricted cash and investments	100,000	-	-	-	-
Total cash and cash equivalents	$ 340,404	$ 814,944	$ 342,002	$ 344,553	$ 105,632
Noncash investing, capital, and financing activities:					
Book value of disposed capital assets	$ -	$ -	$ -	$ 4,910	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ (1,074,994)	$ 164,933	$ (17,430)	$ 17,191	$ 25,310
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization expense	-	-	9,008	134,702	-
Changes in assets and liabilities:					
Accounts receivable, net	-	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	35,835	(8,903)	1,875	54,792	13,972
Salaries and benefits payable	(7,181)	-	(2,251)	-	-
Due to other funds	-	-	-	-	(939)
Compensated absences	-	-	-	-	-
Accrued claims	1,653,137	-	-	-	-
Net cash provided by (used for) operating activities	$ 606,797	$ 156,030	$ (8,798)	$ 206,685	$ 38,343

Employee Group Insurance	Employee Leave Liability	Post Retirement Insurance	Total Internal Service Funds	
				Cash Flows from operating activities:
$ 5,854,768	$ 1,338,341	$ 211,004	$ 14,037,827	Receipts from interfund services provided
(6,225,413)	(334,792)	(163,134)	(8,893,397)	Payments to suppliers
-	(1,232,243)	-	(1,632,043)	Payments to employees
-	-	-	(3,064,799)	Claims paid
(370,645)	(228,694)	47,870	447,588	Net cash provided by (used for) operating activities
				Cash flows from noncapital financing activities:
-	-	-	(526,750)	Advances to other funds
-	-	-	704,000	Receipt on advances to other funds
370,645	-	-	370,645	Advances from other funds
370,645	-	-	547,895	Net cash provided by (used for) noncapital financing activities:
				Cash flows from capital and related financing activities:
-	-	-	(16,326)	Acquisition and construction of capital assets
-	-	-	(102,876)	Payment on advances from other funds
-	-	-	(119,202)	Net cash used for capital and related financing activities
				Cash flows from investing activites:
-	9,307	8,280	219,022	Interest
-	(219,387)	56,150	1,095,303	Net increase (decrease) in cash and cash equivalents
-	225,791	206,305	1,121,091	Cash and cash equivalents, beginning of year
$ -	$ 6,404	$ 262,455	$ 2,216,394	Cash and cash equivalents, end of year
				Reconciliation to the Statement of Net Assets:
$ -	$ 6,404	$ 262,455	$ 2,116,394	Cash and investments
-	-	-	100,000	Restricted cash and investments
$ -	$ 6,404	$ 262,455	$ 2,216,394	Total cash and cash equivalents
				Noncash investing, capital, and financing activities:
$ -	$ -	$ -	$ 4,910	Book value of disposed capital assets
				Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:
$ 4,672	$ (406,557)	$ 47,870	(1,239,005)	Operating income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:
-	-	-	143,710	Depreciation and amortization expense
				Changes in assets and liabilities:
68,955	-	-	68,955	Accounts receivable, net
(19,492)	-	-	(19,492)	Prepaid items
(2,445)	-	-	95,126	Accounts payable
-	(52,015)	-	(61,447)	Salaries and benefits payable
(422,335)	-	-	(423,274)	Due to other funds
-	229,878	-	229,878	Compensated absences
-	-	-	1,653,137	Accrued claims
$ (370,645)	$ (228,694)	$ 47,870	$ 447,588	Net cash provided by (used for) operating activities