

COUNTY OF EL DORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2006

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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California (the County) as of and for the year ended June 30, 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 did not audit the financial statements of the South Lake Tahoe Transit Enterprise Fund and the Children and Families Commission as of and for the year ended June 30, 2006, which represents the following percentages of assets, liabilities and revenues of the opinion units as noted below:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>
Business-Type Activities	2.50%	4.66%	18.46%
Discretely Presented Component Units	33.12%	11.47%	22.60%

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover, dated November 3, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

BARTIG, BASLER & RAY, LLP

A Gallina LLP Company

Bartig Basler & Ray, LLP

November 3, 2006
Roseville, California



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

360 FAIR LANE
PLACERVILLE, CALIFORNIA 95667
(530) 621-5487

JOE HARN
Auditor-Controller

BOB TOSCANO
Assistant Auditor-Controller

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

January 12, 2007

This *Management's Discussion and Analysis* and letter of transmittal of the County of El Dorado's (County) financial statements presents a narrative overview and analysis of the County's financial activities during the fiscal year ended June 30, 2006. Please read it in conjunction with the County's financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$471 million (net assets). Of this, \$35.6 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$148.2 million is restricted for specific purposes (restricted net assets), and \$287 million is invested in capital assets, net of depreciation and related debts.
- The County experienced an overall increase in net assets of \$38.9 million. This is almost entirely attributable to governmental activities and is \$4.9 million less than that of the prior year's increase of \$43.8 million.
- As of June 30, 2006, the County's governmental funds reported combined fund balances of \$186.4 million. Approximately 87% of this amount, or \$163 million, is available to meet the County's current and future needs.
- At the end of the fiscal year, unreserved undesignated fund balance for the General Fund was \$25 million or 16 percent of the General Fund expenditures during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Assets June 30, (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets:						
Current and other assets	\$ 256,341	\$ 239,041	\$ 283	\$ 541	\$ 256,624	\$ 239,582
Capital assets	295,885	272,295	2,704	1,777	298,589	274,072
Total assets	552,226	511,336	2,987	2,318	555,213	513,654
Liabilities:						
Current and other liabilities	35,448	46,926	79	310	35,527	47,236
Long-term liabilities	48,754	30,331	65	71	48,819	30,402
Total liabilities	84,202	77,257	144	381	84,346	77,638
Net Assets:						
Invested in capital assets, net of related debt	284,420	259,833	2,658	1,777	287,078	261,610
Restricted net assets	148,175	146,650	15	7	148,190	146,657
Unrestricted net assets	35,429	27,596	170	153	35,599	27,749
Total net assets	\$ 468,024	\$ 434,079	\$ 2,843	\$ 1,937	\$ 470,867	\$ 436,016

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$471 million at the close of the most recent fiscal year.

By far the largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, structures and improvements, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these net assets are not available for future spending.

An additional portion of the County's net assets, \$148.2 million or 31.5 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$35.6 million, may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Change in Net Assets
June 30,
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues:						
Charges for services	\$ 60,109	\$ 68,952	\$ 754	\$ 606	\$ 60,863	\$ 69,558
Operating grants and contributions	112,609	98,650	95	689	112,704	99,339
Capital grants and contributions	4,179	4,855	1,283	-	5,462	4,855
General Revenues:						
Taxes	94,138	80,319	-	-	94,138	80,319
Use of money and property	9,381	4,179	1	5	9,382	4,184
Other revenues	5,820	5,384	6	-	5,826	5,384
Total revenues	<u>286,236</u>	<u>262,339</u>	<u>2,139</u>	<u>1,300</u>	<u>288,375</u>	<u>263,639</u>
Expenses						
General government	31,389	35,187	-	-	31,389	35,187
Public protection	96,072	75,554	-	-	96,072	75,554
Public ways and facilities	26,961	23,180	-	-	26,961	23,180
Health and sanitation	48,445	42,602	-	-	48,445	42,602
Public assistance	40,238	37,793	-	-	40,238	37,793
Education	3,076	2,617	-	-	3,076	2,617
Recreation and culture	1,025	705	-	-	1,025	705
Interest on long-term debt	888	989	-	-	888	989
Airports	-	-	907	770	907	770
SLT Transit Program	-	-	434	392	434	392
Total expenses	<u>248,094</u>	<u>218,627</u>	<u>1,341</u>	<u>1,162</u>	<u>249,435</u>	<u>219,789</u>
Excess (deficiency) before transfers	38,142	43,712	798	138	38,940	43,850
Transfers	(108)	(93)	108	93	-	-
Change in net assets	<u>38,034</u>	<u>43,619</u>	<u>906</u>	<u>231</u>	<u>38,940</u>	<u>43,850</u>
Net assets at beginning of year	434,079	392,227	1,937	1,706	436,016	393,933
Restate net assets, see a) b) below	(4,089)	(1,767)	-	-	(4,089)	(1,767)
Net assets at beginning of year – restated	<u>429,990</u>	<u>390,460</u>	<u>1,937</u>	<u>1,706</u>	<u>431,927</u>	<u>392,166</u>
Net assets at end of year	<u>\$ 468,024</u>	<u>\$ 434,079</u>	<u>\$ 2,843</u>	<u>\$ 1,937</u>	<u>\$ 470,867</u>	<u>\$ 436,016</u>

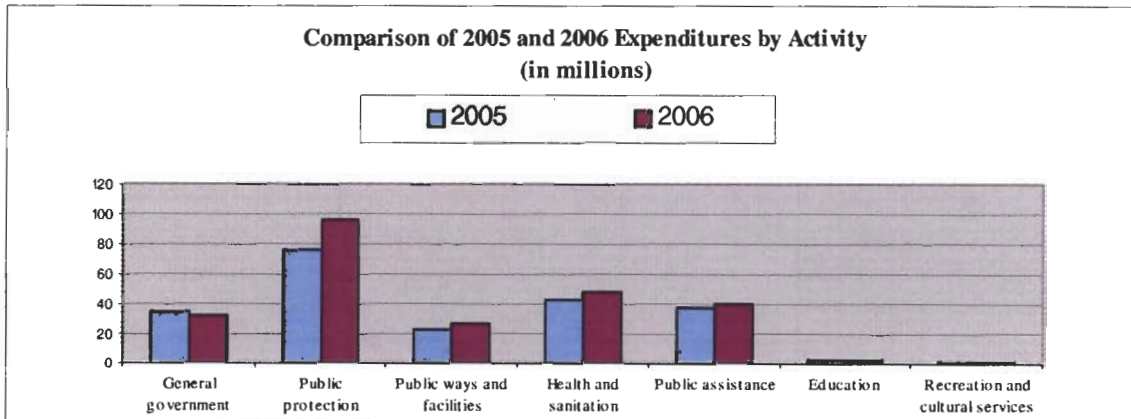
- a) Net assets at the beginning of 2006 were restated by a net decrease of \$4.1 million. This negative adjustment was due mostly to an understatement of long-term liabilities including County Water Agency deferred revenues (\$3.4 million) and California Energy Commission Loan notes payable of (\$655 thousand). The remaining adjustment consisted of the reclassification of a Governmental Fund to a Fiduciary Fund type.
- b) Net assets at the beginning of 2005 were restated by a net decrease of \$1.8 million. This negative adjustment was due mostly to the reclassification of funds from a Governmental Fund to a Fiduciary Fund type. Further, most of this adjustment (\$1.7 million) resulted from the reclassification of the Tax Loss Reserve fund from a Governmental Special Revenue Fund type to a Fiduciary Agency Fund type.

Governmental activities. The County experienced an overall increase in net assets of \$38.9 million. This is almost entirely attributable to *governmental activities* and \$4.9 million less than the prior year's increase of \$43.8 million. This net decrease (\$4.9 million) in excess revenues was the result of a 9% increase in revenues accompanied by a 13% increase in expenditures when compared to the prior year. Further, while expenditures increased in almost all of the functional areas, a significant revenue source actually decreased in 2006. Specifically, charges for services decreased by \$8.6 million or 12%. Further, while this decrease was offset by increases in other revenue sources such as operating grants and contributions, taxes, and revenues from the use of money, the decrease in charges for services contributed to the decrease in excess revenues. The most significant decreases in charges for services included:

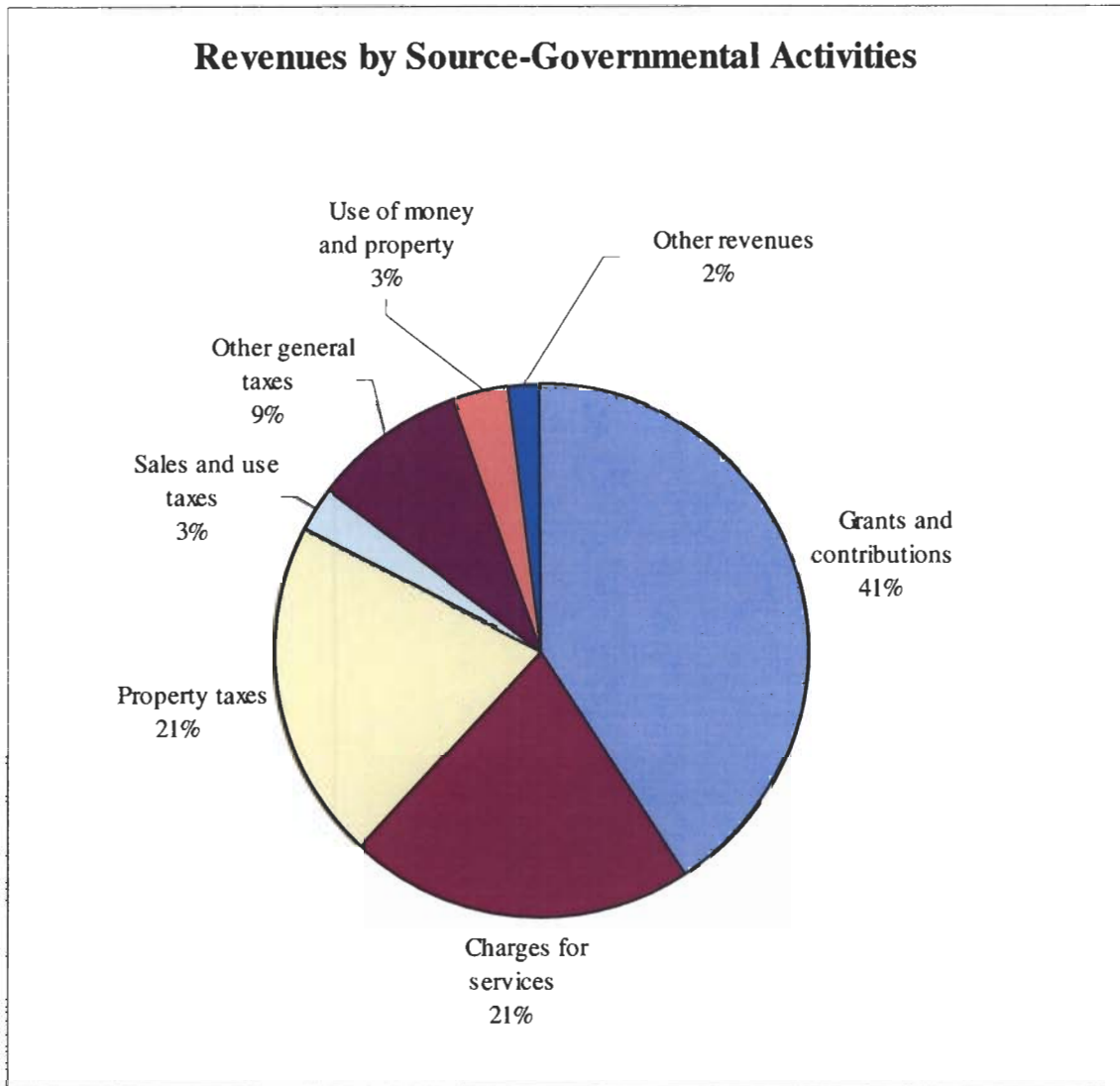
- \$5.6 million decrease, from \$11.2 million in 2005 to \$5.6 million in 2006, in road impact fees generated from the El Dorado Hills / Salmon Falls and Silva Valley Interchange road improvement projects,
- \$2.1 million decrease, from \$2.7 million in 2005 to \$652 thousand 2006, in the Department of Transportation's County Engineer's charges for services for development projects. While it appears that actual revenues were down for these services when compared to last year, from \$1.3 million in 2005 to \$1.1 million in 2006, most of this decrease is attributable to the deferral of the deposits received in advance from contractors. In the past these deposits were recognized in the year received,
- \$800 thousand decrease resulting from the reclassification of library taxes from special assessments to special taxes in fiscal year 2006. These tax revenues are now presented as "other general taxes",
- \$147 thousand decrease in recording fees.

As mentioned, while revenues increased by 9%, governmental activity expenditures increased by 12% when compared to 2005. This increase in expenditures occurred in almost all functional areas, the most significant of which occurred under public protection.

Below is a graph that presents a comparison of 2005 and 2006 expenditures under each function of governmental activities,



Following is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (41 percent), charges for services (21 percent) and property taxes (21 percent).



Business-type activities. Business-type activities increased the County’s net assets by \$906 thousand. This net increase is primarily the result of \$1 million of federal revenues received and awarded to County Airports for capital improvements. A portion of these improvements was still under construction as of June 30, 2006.

Similar to prior years, the County Airports is operating at a loss, \$202 thousand in 2006 compared to \$219 thousand last year. As in prior years, both the Placerville and Georgetown Airports had a loss from operations, whereby operating expenditures exceeded operating revenues (charges for services). Unlike last year, however, the County Airports did manage to improve their operating position. Specifically, while the County Airports’ operating expenditures went up by \$136 thousand or 18.0 percent in 2006, charges for services increased

slightly more by \$153 thousand or 28.3 percent thus allowing them to close some of the gap between operating income and expenditures.

To help finance the operations of business-type activities in 2006, County governmental funds contributed \$108 thousand to the County Airports during the year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. Governmental activities are generally accounted for under the General, special revenue, permanent, debt service, and capital project funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances as spendable resources. Such information is useful in assessing the County's short-term financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of June 30, 2006 the County's governmental funds reported a combined ending fund balance of \$186.4 million, compared to the \$175.4 million restated fund balance of the previous year. Approximately 87 percent of this fund balance, or \$163 million, is unreserved and undesignated and thus is available to meet the County's current and future spending needs. The remainder of the fund balance has either been reserved and is not available for spending, or has been designated for a specific spending purpose in the future.

The General Fund is the chief operating fund of the County. As of June 30, 2006, the General Fund's unreserved undesignated fund balance was \$25 million, an increase of \$4.4 million from last year. This increase is due to a net change in fund balance of \$11 million offset by an increase in reserves and designation of \$6.6 million.

The June 30, 2006 unreserved undesignated fund balance, as compared to General Fund expenditures for the year, is approximately 15.8 percent, compared to 14.7 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 58 days, compared 54 days last year.

In addition to the General Fund, the County maintains two major governmental funds, the Road Fund and the Debt Service Fund. The Road Fund accounts for the planning, design, construction, maintenance, and administration of the County's transportation activities (public ways and facilities). The Road Fund recorded \$15.3 million in revenues in 2006, compared to \$14.6 million last year. Conversely, expenditures recorded in this fund increased by over \$7.9 million, \$43.9 million in 2006 compared to \$36 million in 2005, and may be attributed to increased road maintenance and administration activities during the year.

The Debt Service Fund accounts for the accumulation of resources and payment of general long-term debt principal and interest. In 2006 the fund recorded just \$181 thousand in revenues, compared to \$227 thousand in 2005. More significantly, however, principal and interest

payments decreased by \$2.5 million in 2006. This moderate decrease in revenues accompanied by the more significant decrease in principal and interest payments are both due to the maturity of the El Dorado Hills Business Park bond issue in 2005.

The combined governmental fund balance increased by \$11 million during 2006, compared to a \$19.4 million increase last year. This lower increase in fund balance was the result of expenditures increasing by 13.8 percent, \$285.9 million in 2006 compared to \$251.3 million in 2005, while revenues increased by only 9.5 percent, \$295.7 million in 2006 compared to \$269.9 million in 2005. Thus, while governmental funds continue to realize a net increase in fund balance, it is less than that of last year.

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

As discussed earlier, the net assets of enterprise funds increased by \$906 thousand primarily due to non-operating capital improvement revenues received by the County Airports. Also discussed earlier, the County enterprise funds have not been able to generate sufficient operating revenues to cover expenses, which in turn necessitated governmental fund contribution of \$108 thousand in 2006.

Net assets of the internal service funds increased by \$5.8 million. This amount is almost entirely attributable to a net gain realized by the Risk Management Authority.

GENERAL FUND BUDGETARY ANALYSIS

Differences between the original and the final amended budgeted revenues increased by \$5.4 million or 2.9 percent, while budgeted expenditures increased by \$5.4 million, or 2.7 percent. The largest of these budget modifications included:

- \$1.2 increase in the estimated State intergovernmental revenues,
- \$1.9 increase in the estimated Federal intergovernmental revenues,
- \$2 million increase in estimated other financing sources,
- \$332 thousand increase in County Counsel services and supplies,
- \$2.1 thousand increase in Recorder – Elections budget,
- \$1.1 million increase in estimated contributions to other funds,
- \$392 thousand increase in Sheriff's budget,
- \$1.5 million increase in the Jail budget,
- \$211 thousand increase in Planning and Zoning budget,

The variance between resources budgeted (original and final) and the actual amounts received were moderate, \$6.6 million in total or just 3.4 percent. Specifically, compared to a final resource budget of \$191.7 million, actual funding equaled \$185.2 million. This budget shortage of revenues can be attributed to the over-forecasting of both state and federal intergovernmental revenues (\$3.8 million and \$2.2 million respectively), charges for services (\$1.4 million), and

other financing sources (\$2 million), offset by the under budgeting of inflows associated with the use of money and property (\$1.9 million).

The difference between the budgeted expenditures and actual were more significant. Specifically, expenditures fell \$33 million or 15.9 percent below the final budget. This variance can be mostly attributed to actual expenditures falling below projected expenditures within the following governmental activities:

- General Government – Actual expenditures fell below final budget by \$14.9 million or 23.3 percent. While almost all of the general government operating units had expenditures that fell below their final budget, some units showed considerable differences (budget exceeded actual by over \$200 thousand), including Treasurer/Tax Collector, Assessor, County Counsel, Recorder-Elections, County Promotion, Information Technologies, Engineer, and Contributions to Other Funds.
- Public Protection – Actual expenditures fell below final budget by \$8.8 million or 9.2 percent. Similar to the general government function, virtually all of the departments under public protection fell below their budgets, while many departments fell significantly below budget (budget exceeded actual by over \$200 thousand) including the District Attorney’s Office, Child Support Services, Sheriff, Sheriff-Bailiff, Central Dispatch, Juvenile Hall, Probation, Building Inspector, Emergency Services, Recorder-Clerk, Planning and Zoning, and Animal Control Departments.
- Health and Sanitation – Actual expenditures fell below final budget by \$525 thousand or 17.2 percent with salaries and benefits making up the majority, under budget by over \$460 thousand.
- Public Assistance – Actual expenditures fell below final budget by \$1.7 million or 6.42 percent as a result of expenditures falling well below budget in the Social Services Administration Unit (\$2.2 million), while exceeding budget in the Social Services Programs (\$335 thousand) and Categorical Aids other charges (\$233 thousand).

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County’s investment in capital assets for its governmental and business type activities as of June 30, 2006 amounts to \$298.6 million (net of accumulated depreciation). The investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. Fixed assets increased by a net of \$24.5 million in 2006, as a result of an increase of \$23.6 million under governmental activities and \$928 thousand in business-type activities.

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

- \$5.4 million in additions to land and improvements consisting entirely of right of way purchases for road improvements.
- \$12.6 million in additions to structures and improvements that included improvements to the Placerville Government Center Heating and Air Conditioning System (\$656 thousand), completion of the El Dorado Hills Library Construction project (\$6.4 million) and South Lake Tahoe Ball Field project (\$2.7 million), and the purchase and installation of methane tanks at the Union Mine Disposal site (\$1.5 million). The latter includes the reclassification of one of these tanks from land and improvements.
- \$25.7 million in infrastructure additions (county roads). While a portion of these additions were donated by private parties (\$1.2 million), most of these improvements were the result of County funded improvements and included the Missouri Flat Interchange (\$1.8 million), El Dorado Hills Interchange Saratoga Realignment (\$2.6 million), El Dorado Hills Interchange enhancements (\$2.3 million), and the reconstruction of the bridge at Dry Creek on Green Valley Road (\$832 thousand), and Green Valley Road Mormon Island to Francisco Road improvements (\$1.4 million).

Additional information on the County's capital assets can be found in note 4 in the notes to the financial statements.

Debt Administration. As of June 30, 2006 the County's outstanding long-term debt totaled \$17.2 million. The largest components of this obligation consists of \$9.6 million in bond debt, followed by \$3 million and \$1.8 million in notes payable due to the California Department of Housing and Community Development and the California Housing Finance Agency respectively, and \$1.8 million in capital lease obligations.

Additional information on the County's long-term debt can be found in note 5 in the notes to the financial statements.

OTHER COUNTY OBLIGATIONS

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

As of June 30, 2006 the County calculated its unfunded or net obligation at \$101.9 million, using actuarial reports dated June 30, 2005 for CalPERS and June 30, 2004 for Retiree's Health plans.

SEE ADDENDUM AFTER PAGE 78

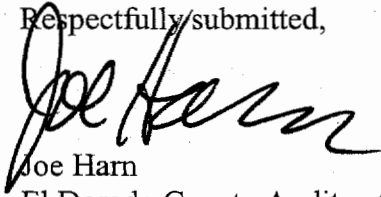
The resulting computation of the unfunded or net obligation may be summarized as follows:

Post Retirement Benefit Plan	Liability	Plan Assets	Net Obligation
CalPERS Safety	\$ 135,837,649	\$ 107,793,103	\$ 28,044,546
CalPERS Misc	300,683,309	259,377,379	41,305,930
Retiree's Health	38,436,406	5,894,357	32,542,049
Total	\$ 474,957,364	\$ 373,064,839	\$ 101,892,525

REQUEST FOR INFORMATION

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

Respectfully submitted,



Joe Harn
El Dorado County Auditor-Controller

SEE ADDENDUM AFTER PAGE 78

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

COUNTY OF EL DORADO

Statement of Net Assets
June 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and investments	\$ 211,286,441	\$ 295,524	\$ 211,581,965	\$ 6,734,632
Restricted cash and investments	3,348,685	14,727	3,363,412	138,931
Cash with fiscal agents	2,284,103	1,431	2,285,534	--
Accounts receivable	6,288,107	38,148	6,326,255	70,782
Special assessments receivable	1,548,661	--	1,548,661	--
Interest receivable	--	--	--	22,560
Due from other governments	23,335,079	281,549	23,616,628	997,598
Notes receivable	5,948,305	--	5,948,305	--
Inventory and prepayments	1,907,983	44,460	1,952,443	75,168
Internal balances	392,873	(392,873)	--	--
Capital Assets:				
Nondepreciable	41,146,600	611,217	41,757,817	671,123
Depreciable, net	254,738,755	2,092,988	256,831,743	4,745,631
Total Assets	<u>\$ 552,225,592</u>	<u>\$ 2,987,171</u>	<u>\$ 555,212,763</u>	<u>\$ 13,456,425</u>
LIABILITIES				
Accounts payable	\$ 12,984,982	\$ 63,592	\$ 13,048,574	\$ 176,810
Accrued salaries and benefits	2,831,503	3,898	2,835,401	41,607
Accrued interest payable	77,995	1,714	79,709	--
Due to other governments	548,027	--	548,027	--
Unearned revenue	9,829,708	--	9,829,708	86,569
Other liabilities	207,601	--	207,601	--
Long-term liabilities:				
Liability for self-insurance:				
Due within one year	4,100,000	--	4,100,000	--
Due beyond one year	15,933,869	--	15,933,869	485,850
Liability for landfill closure and post-closure:				
Due within one year	2,097,020	--	2,097,020	--
Due beyond one year	6,392,400	--	6,392,400	--
Compensated absences:				
Due within one year	772,128	--	772,128	91,024
Due beyond one year	11,257,329	29,003	11,286,332	91,023
Other liabilities:				
Due within one year	2,206,381	9,463	2,215,844	--
Due beyond one year	14,962,739	36,398	14,999,137	--
Total Liabilities	<u>84,201,682</u>	<u>144,068</u>	<u>84,345,750</u>	<u>972,883</u>
NET ASSETS				
Invested in capital assets, net of related debt	284,420,435	2,658,344	287,078,779	5,416,754
Restricted for:				
Capital projects	8,564,549	--	8,564,549	--
Debt service	3,623,739	--	3,623,739	--
Public safety	12,177,795	--	12,177,795	--
Community resources and public facilities	100,993,536	--	100,993,536	--
Health and public assistance	13,093,211	--	13,093,211	--
General government and support programs	8,532,284	--	8,532,284	--
Other purposes	1,189,374	14,727	1,204,101	79,110
Unrestricted	35,428,987	170,032	35,599,019	6,987,678
Total Net Assets	<u>468,023,910</u>	<u>2,843,103</u>	<u>470,867,013</u>	<u>12,483,542</u>
Total Liabilities and Net Assets	<u>\$ 552,225,592</u>	<u>\$ 2,987,171</u>	<u>\$ 555,212,763</u>	<u>\$ 13,456,425</u>

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

COUNTY OF EL DORADO

Statement of Activities
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 31,389,565	\$ 9,643,263	\$ 6,414,497	\$ 3,198
Public protection	96,072,533	12,849,477	27,993,187	--
Public ways and facilities	26,960,990	24,416,770	12,632,454	1,141,445
Health and sanitation	48,444,893	12,248,861	27,505,120	--
Public assistance	40,237,772	235,979	37,884,656	--
Education	3,075,588	408,523	129,456	3,033,899
Recreation and cultural services	1,025,207	306,446	49,630	--
Debt Service:				
Interest and fiscal charges	887,842	--	--	--
Total Governmental Activities	248,094,390	60,109,319	112,609,000	4,178,542
Business-Type Activities:				
Airports	907,284	692,189	33,130	1,014,329
South Lake Tahoe Transit Program	433,860	62,219	61,808	268,662
Total Business-Type Activities	1,341,144	754,408	94,938	1,282,991
Total Primary Government	\$ 249,435,534	\$ 60,863,727	\$ 112,703,938	\$ 5,461,533
Components Units:				
El Dorado Transit Authority	\$ 5,245,523	\$ 1,056,074	\$ 3,315,312	\$ 2,919,810
Children and Families Commission	1,719,519	--	1,963,742	--
Total Component Units	\$ 6,965,042	\$ 1,056,074	\$ 5,279,054	\$ 2,919,810

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Payments in lieu of sales and use taxes

Transfer taxes

Other general taxes

Unrestricted interest and investment earnings

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net assets - July 1

Prior period adjustments

Net assets - June 30

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Primary Government		Component Units
	Business-Type Activities	Total	
\$ (15,328,607)	\$ --	\$ (15,328,607)	\$ --
(55,229,869)	--	(55,229,869)	--
11,229,679	--	11,229,679	--
(8,690,912)	--	(8,690,912)	--
(2,117,137)	--	(2,117,137)	--
496,290	--	496,290	--
(669,131)	--	(669,131)	--
(887,842)	--	(887,842)	--
<u>(71,197,529)</u>	<u>--</u>	<u>(71,197,529)</u>	<u>--</u>
--	832,364	832,364	--
--	(41,171)	(41,171)	--
<u>--</u>	<u>791,193</u>	<u>791,193</u>	<u>--</u>
<u>(71,197,529)</u>	<u>791,193</u>	<u>(70,406,336)</u>	<u>--</u>
--	--	--	2,045,673
--	--	--	244,223
<u>--</u>	<u>--</u>	<u>--</u>	<u>2,289,896</u>
74,431,781	--	74,431,781	--
7,687,520	--	7,687,520	--
2,148,606	--	2,148,606	--
3,021,393	--	3,021,393	--
6,848,861	--	6,848,861	--
9,381,388	1,200	9,382,588	257,481
5,819,559	6,285	5,825,844	31,355
(107,912)	107,912	--	--
<u>109,231,196</u>	<u>115,397</u>	<u>109,346,593</u>	<u>288,836</u>
38,033,667	906,590	38,940,257	2,578,732
434,079,357	1,936,513	436,015,870	9,904,810
(4,089,114)	--	(4,089,114)	--
<u>\$ 468,023,910</u>	<u>\$ 2,843,103</u>	<u>\$ 470,867,013</u>	<u>\$ 12,483,542</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF EL DORADO

Balance Sheet
Governmental Funds
June 30, 2006

	General	Road Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 36,299,533	\$ 4,960,748	\$ 1,306,044	\$ 135,049,442	\$ 177,615,767
Restricted cash and investments	--	--	--	3,348,685	3,348,685
Cash with fiscal agents	--	--	2,125,500	5,585	2,131,085
Accounts receivable	713,805	572,453	14,791	4,900,862	6,201,911
Special assessments receivable	--	--	1,475,613	73,048	1,548,661
Due from other governments	7,229,411	965,320	--	15,140,348	23,335,079
Notes receivable	--	--	--	1,148,305	1,148,305
Due from other funds	1,555,218	3,340,494	--	552,535	5,448,247
Advances to other funds	913,000	--	--	1,933,709	2,846,709
Inventories	--	477,143	--	51,251	528,394
Prepaid expenses	1,016,687	20,373	--	209,779	1,246,839
Total Assets	\$ 47,727,654	\$ 10,336,531	\$ 4,921,948	\$ 162,413,549	\$ 225,399,682
<u>LIABILITIES</u>					
Accounts payable	\$ 3,035,976	\$ 4,683,098	\$ 31,047	\$ 4,820,501	\$ 12,570,622
Accrued salaries and benefits	2,039,011	345,214	--	429,493	2,813,718
Due to other governments	161,877	50,571	--	335,579	548,027
Due to other funds	248,934	--	--	4,806,440	5,055,374
Advances from other funds	--	--	--	2,846,709	2,846,709
Unearned revenue	1,627,411	18,549	1,475,613	12,065,505	15,187,078
Total Liabilities	7,113,209	5,097,432	1,506,660	25,304,227	39,021,528
<u>FUND BALANCES</u>					
Reserved for:					
Debt service	--	--	2,125,500	207,601	2,333,101
Capital projects	--	--	--	84,448	84,448
Encumbrances	892,247	227,005	--	391,510	1,510,762
Advances	913,000	--	--	1,933,709	2,846,709
Inventory	--	477,143	--	51,251	528,394
Prepaid expenses	1,016,687	20,373	--	209,779	1,246,839
Imprest cash	13,540	3,500	--	6,700	23,740
Unreserved:					
Designated for:					
Economic uncertainty	9,063,737	--	--	--	9,063,737
Debt service	--	--	--	850	850
Capital projects	3,758,462	--	--	2,050,509	5,808,971
Undesignated and reported in:					
General fund	24,956,772	--	--	--	24,956,772
Special revenue funds	--	4,511,078	--	124,695,213	129,206,291
Permanent funds	--	--	--	1,048,160	1,048,160
Debt service funds	--	--	1,289,788	--	1,289,788
Capital projects funds	--	--	--	6,429,592	6,429,592
Total Fund Balances	40,614,445	5,239,099	3,415,288	137,109,322	186,378,154
Total Liabilities and Fund Balances	\$ 47,727,654	\$ 10,336,531	\$ 4,921,948	\$ 162,413,549	\$ 225,399,682

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

COUNTY OF EL DORADO

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets June 30, 2006

Fund Balance - total governmental funds	\$ 186,378,154
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term receivables are not financial resources, and therefore, are not reported in the governmental funds.	4,800,000
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	290,523,857
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	5,357,370
Internal service funds are used by the County to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	18,858,757
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(77,995)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(9,620,000)
Notes payable	(5,704,199)
Capital leases	(1,844,921)
Compensated absences	(11,950,092)
Liability for landfill closure and post-closure	(8,489,420)
Other long-term liabilities	<u>(207,601)</u>
Net assets of governmental activities	<u>\$ 468,023,910</u>

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

COUNTY OF EL DORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2006

	General	Road Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 80,780,765	\$ 15,436	\$ --	\$ 13,341,220	\$ 94,137,421
Licenses and permits	7,644,350	167,301	--	2,150,809	9,962,460
Intergovernmental revenue	54,580,092	10,606,856	--	47,438,215	112,625,163
Use of money or property	2,434,567	121,738	173,164	5,511,205	8,240,674
Charges for current services	17,697,396	4,052,034	8,000	38,275,228	60,032,658
Fines, forfeits and penalties	1,156,866	--	--	1,293,688	2,450,554
Other revenue	1,995,722	345,905	--	5,933,434	8,275,061
Total Revenues	<u>166,289,758</u>	<u>15,309,270</u>	<u>181,164</u>	<u>113,943,799</u>	<u>295,723,991</u>
Expenditures:					
Current:					
General government	31,213,784	--	65,954	899,088	32,178,826
Public protection	86,449,009	--	--	12,437,106	98,886,115
Public ways and facilities	--	43,403,018	--	736,475	44,139,493
Health and sanitation	2,480,783	--	--	48,620,659	51,101,442
Public assistance	31,747,588	--	--	10,122,973	41,870,561
Education	2,837,122	--	--	428	2,837,550
Recreation and cultural services	877,472	--	--	--	877,472
Capital outlay	1,473,925	216,114	--	9,234,490	10,924,529
Debt service:					
Principal	63,143	279,310	1,660,000	166,295	2,168,748
Interest and fiscal charges	341,747	35,094	485,460	35,214	897,515
Total Expenditures	<u>157,484,573</u>	<u>43,933,536</u>	<u>2,211,414</u>	<u>82,252,728</u>	<u>285,882,251</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,805,185</u>	<u>(28,624,266)</u>	<u>(2,030,250)</u>	<u>31,691,071</u>	<u>9,841,740</u>
Other Financing Sources (Uses):					
Issuance of notes payable	--	--	--	145,269	145,269
Issuance of capital leases	--	--	--	1,109,189	1,109,189
Transfers in	18,888,983	29,102,453	2,100,375	13,116,999	63,208,810
Transfers out	(16,705,291)	--	--	(46,611,431)	(63,316,722)
Total Other Financing Sources (Uses)	<u>2,183,692</u>	<u>29,102,453</u>	<u>2,100,375</u>	<u>(32,239,974)</u>	<u>1,146,546</u>
Net change in fund balances	<u>10,988,877</u>	<u>478,187</u>	<u>70,125</u>	<u>(548,903)</u>	<u>10,988,286</u>
Fund Balance - beginning of Fiscal Year	29,625,568	4,760,912	3,345,163	136,136,118	173,867,761
Prior period adjustments	--	--	--	1,522,107	1,522,107
Fund Balance, End of Fiscal Year	<u>\$ 40,614,445</u>	<u>\$ 5,239,099</u>	<u>\$ 3,415,288</u>	<u>\$ 137,109,322</u>	<u>\$ 186,378,154</u>

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

COUNTY OF EL DORADO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities
For the Year Ended June 30, 2006

Net change to fund balance - total governmental funds \$ 10,988,286

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	41,395,882	
Depreciation	(17,057,875)	24,338,007

Disposal of capital assets: proceeds from the sale of capital assets are a financial resource in governmental funds, but only the net gain or loss is presented in the statement of net assets. (1,522,534)

Because long-term receivables will not be collected within the year, they are not considered available resources and are deferred in the governmental funds. (223,142)

Proceeds from debt issuance are recognized as other financing sources in governmental funds, but are reported as increases to liabilities in the statement of net assets. (1,254,458)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,168,748

Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in the governmental funds. 1,128,479

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences		(1,892,290)
Change in accrued interest payable		9,673
Change in liability for postclosure landfill costs		(1,424,990)
Change in other long-term liabilities		(67,589)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenues (expense) of the internal service funds is reported with governmental activities. 5,785,477

Change in net assets of governmental activities \$ 38,033,667

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

COUNTY OF EL DORADO

Statement of Fund Net Assets
Proprietary Funds
June 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	South Lake Tahoe Transit	County Airports	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 15,872	\$ 279,652	\$ 295,524	\$ 33,670,674
Cash with fiscal agents	1,431	--	1,431	153,018
Accounts receivable	--	38,148	38,148	86,196
Due from other governments	--	281,549	281,549	--
Deposits	--	--	--	83,100
Inventory	--	44,460	44,460	47,152
Prepaid expense	--	--	--	2,498
Total Current Assets	<u>17,303</u>	<u>643,809</u>	<u>661,112</u>	<u>34,042,638</u>
Non-current Assets:				
Capital assets:				
Land	--	213,711	213,711	40,000
Construction in progress	--	397,506	397,506	--
Structures and improvements	--	5,293,013	5,293,013	659,905
Equipment	109,504	37,869	147,373	9,746,695
Accumulated depreciation	(57,189)	(3,290,209)	(3,347,398)	(5,085,102)
Total capital assets, net of accumulated depreciation	<u>52,315</u>	<u>2,651,890</u>	<u>2,704,205</u>	<u>5,361,498</u>
Restricted assets:				
Restricted cash	14,727	--	14,727	--
Total Non-current assets	<u>67,042</u>	<u>2,651,890</u>	<u>2,718,932</u>	<u>5,361,498</u>
Total Assets	<u>\$ 84,345</u>	<u>\$ 3,295,699</u>	<u>\$ 3,380,044</u>	<u>\$ 39,404,136</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 25,000	\$ 38,592	\$ 63,592	\$ 414,360
Accrued salaries and benefits	--	3,898	3,898	17,785
Interest payable	--	1,714	1,714	--
Due to other funds	--	392,873	392,873	--
Liability for self-insurance	--	--	--	4,100,000
Compensated absences, current portion	--	--	--	49,914
Notes payable, current portion	--	9,463	9,463	--
Total Current Liabilities	<u>25,000</u>	<u>446,540</u>	<u>471,540</u>	<u>4,582,059</u>
Long-Term Liabilities:				
Liability for self-insurance	--	--	--	15,933,869
Compensated absences	--	29,003	29,003	29,451
Notes payable	--	36,398	36,398	--
Total Noncurrent Liabilities	<u>--</u>	<u>65,401</u>	<u>65,401</u>	<u>15,963,320</u>
Total Liabilities	<u>25,000</u>	<u>511,941</u>	<u>536,941</u>	<u>20,545,379</u>
NET ASSETS				
Invested in capital assets, net of related debt	52,315	2,606,029	2,658,344	5,361,498
Restricted	14,727	--	14,727	2,410,777
Unrestricted	(7,697)	177,729	170,032	11,086,482
Total Net Assets	<u>59,345</u>	<u>2,783,758</u>	<u>2,843,103</u>	<u>18,858,757</u>
Total Liabilities and Net Assets	<u>\$ 84,345</u>	<u>\$ 3,295,699</u>	<u>\$ 3,380,044</u>	<u>\$ 39,404,136</u>

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

COUNTY OF EL DORADO

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	South Lake Tahoe Transit	County Airports	Total	Internal Service Funds
Operating Revenues:				
Fares	62,219	\$ --	\$ 62,219	\$ --
Service fees	--	692,189	692,189	31,065,863
Fuel sales	--	--	--	24,706
Total Operating Revenues	<u>62,219</u>	<u>692,189</u>	<u>754,408</u>	<u>31,090,569</u>
Operating Expenses:				
Salaries and benefits	--	186,098	186,098	1,039,924
Services and supplies	395,625	493,341	888,966	25,167,898
Depreciation	38,235	214,785	253,020	913,163
Total Operating Expenses	<u>433,860</u>	<u>894,224</u>	<u>1,328,084</u>	<u>27,120,985</u>
Operating Income (Loss)	<u>(371,641)</u>	<u>(202,035)</u>	<u>(573,676)</u>	<u>3,969,584</u>
Non-Operating Revenues (Expenses):				
Intergovernmental revenues	61,808	33,130	94,938	--
Interest income	1,200	--	1,200	1,140,714
Interest expense	--	(12,785)	(12,785)	--
Gain (loss) on sale of capital assets	1,063	--	1,063	(41,088)
Miscellaneous nonoperating revenue	--	5,222	5,222	716,267
Miscellaneous nonoperating expenses	--	(275)	(275)	--
Total Non-Operating Revenues (Expenses)	<u>64,071</u>	<u>25,292</u>	<u>89,363</u>	<u>1,815,893</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(307,570)</u>	<u>(176,743)</u>	<u>(484,313)</u>	<u>5,785,477</u>
Transfers in	--	107,912	107,912	--
Capital contributions	268,662	1,014,329	1,282,991	--
Change in Net Assets	<u>(38,908)</u>	<u>945,498</u>	<u>906,590</u>	<u>5,785,477</u>
Net Assets - Beginning of Year	<u>98,253</u>	<u>1,838,260</u>	<u>1,936,513</u>	<u>13,073,280</u>
Net Assets - End of Year	<u>\$ 59,345</u>	<u>\$ 2,783,758</u>	<u>\$ 2,843,103</u>	<u>\$ 18,858,757</u>

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

COUNTY OF EL DORADO

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	South Lake Tahoe Transit	County Airports	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers and users	\$ 62,219	\$ 684,495	\$ 746,714	\$ 31,113,134
Cash paid to suppliers for goods and services	(395,885)	(726,022)	(1,121,907)	(25,278,413)
Cash paid to employees for salaries and benefits	--	(187,413)	(187,413)	(1,095,096)
Net cash provided (used) by operating activities	<u>(333,666)</u>	<u>(228,940)</u>	<u>(562,606)</u>	<u>4,739,625</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other governmental agencies	62,831	43,767	106,598	--
Non-operating receipts	--	5,222	5,222	716,267
Non-operating expenses	--	(275)	(275)	--
Cash received from or paid to other funds	<u>(117)</u>	<u>439,990</u>	<u>439,873</u>	<u>--</u>
Net cash provided (used) by noncapital financing activities	<u>62,714</u>	<u>488,704</u>	<u>551,418</u>	<u>716,267</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal repayments on debt	--	(9,463)	(9,463)	--
Proceeds from sale of capital assets	1,063	--	1,063	119,429
Capital contributions	268,662	1,014,329	1,282,991	--
Interest paid on debt	--	(7,083)	(7,083)	--
Payments related to the acquisition of capital assets	<u>(216)</u>	<u>(1,180,380)</u>	<u>(1,180,596)</u>	<u>(720,150)</u>
Net cash provided (used) by capital and related financing activities	<u>269,509</u>	<u>(182,597)</u>	<u>86,912</u>	<u>(600,721)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>1,200</u>	<u>(5,903)</u>	<u>(4,703)</u>	<u>1,140,714</u>
Net cash provided by investing activities	<u>1,200</u>	<u>(5,903)</u>	<u>(4,703)</u>	<u>1,140,714</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(243)	71,264	71,021	5,995,885
Cash and cash equivalents, beginning of year	<u>32,273</u>	<u>208,388</u>	<u>240,661</u>	<u>27,827,807</u>
Cash and cash equivalents, end of year	<u>\$ 32,030</u>	<u>\$ 279,652</u>	<u>\$ 311,682</u>	<u>\$ 33,823,692</u>

continued

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

COUNTY OF EL DORADO

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2006

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>South Lake Tahoe Transit</u>	<u>County Airports</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (371,641)	\$ (202,035)	\$ (573,676)	\$ 3,969,584
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	38,235	214,785	253,020	913,163
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	--	(7,694)	(7,694)	22,565
Inventory	--	(6,608)	(6,608)	5,469
Prepaid expenses	--	--	--	500,801
Increase (decrease) in:				
Accounts payable	(260)	(226,073)	(226,333)	(415,785)
Salaries payable	--	(4,707)	(4,707)	(47,809)
Liability for compensated absences	--	3,392	3,392	(7,363)
Liability for self-insurance	--	--	--	(201,000)
Net Cash Provided (Used) by Operating Activities	<u>\$ (333,666)</u>	<u>\$ (228,940)</u>	<u>\$ (562,606)</u>	<u>\$ 4,739,625</u>

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

COUNTY OF EL DORADO

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	<u>Investment Trust</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and investments	\$ 160,368,677	\$ 10,716,717
Interest receivable	--	2,174,827
Taxes receivable	--	19,876,022
	<hr/>	<hr/>
Total Assets	<u>\$ 160,368,677</u>	<u>\$ 32,767,566</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 2,199,968	\$ 877,091
Accrued salaries and benefits	403,751	--
Fiduciary liabilities	--	31,890,475
	<hr/>	<hr/>
Total Liabilities	<u>2,603,719</u>	<u>32,767,566</u>
<u>NET ASSETS</u>		
Net assets held in trust for investment pool participants	<u>157,764,958</u>	<u>--</u>
Total Net Assets	<u>157,764,958</u>	<u>--</u>
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u><u>\$ 160,368,677</u></u>	<u><u>\$ 32,767,566</u></u>

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

COUNTY OF EL DORADO

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2006

	<u>Investment Trust</u>
Additions:	
Contributions to investment pool	\$ 919,242,485
Interest and investment income	<u>7,469,414</u>
Total additions	<u>926,711,899</u>
Deductions:	
Distributions from investment pool	<u>881,517,795</u>
Total deductions	<u>881,517,795</u>
Change in net assets	45,194,104
Net assets - beginning	<u>112,570,854</u>
Net assets - ending	<u><u>\$ 157,764,958</u></u>

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

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: Summary of Significant Accounting Policies

A. Description of the Reporting Entity

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

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

The financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon activities taken by the County's Board. Financial information on these component units may be obtained from the County Auditor/Controller's Office.

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

- The County Service Areas are separate legal entities created to provide services such as water, sewer, lighting and road maintenance throughout the County.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

A. Description of the Reporting Entity (continued)

Blended Component Units (continued):

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

Discretely Presented Component Units: The following component units are discretely presented because the governing boards are different.

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

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

Discretely Presented Component Units (continued):

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

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

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating* revenues, such as charges for services, result from exchange transactions associated with the principal activities of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. *Operating* expenses include

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

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

Fund Financial Statements (continued)

costs of providing services and delivering goods. All other expenses not meeting this definition are reported as operating expenses.

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

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

- Internal Service Funds – Fleet Management and Risk Management Authority are internal service funds used to account for the County's fleet maintenance provided to other departments and self-insurance programs including workers' compensation, employee benefits and personal injury and property damage on a cost-reimbursement basis.
- Investment Trust Fund – The Investment Trust Fund accounts for the assets, primarily cash and investments, of legally separate entities that deposit cash with the County Treasurer in an investment pool, which commingles resources in an investment portfolio for the benefit of all participants. These participants include school and community college districts, other special districts governed by local boards, regional boards and authorities.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

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

Fund Financial Statements (continued)

- Agency Funds – Agency Funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County as an agent for individuals and other government units.

C. **Basis of Presentation**

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within 180 days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

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

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

D. **Cash and Investments**

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

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

E. Cash and Cash Equivalents

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

F. Mortgages Receivable

General Fund expenditures relating to long-term mortgage receivables arising from mortgage subsidiary programs are charged to operations upon funding. Mortgage receivables are recorded with an offset to unearned revenue.

G. Inventories

Inventories of expendable supplies are valued at the lower of cost (first-in, first-out) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventory is equally offset by a fund balance reservation that indicates that a portion of fund balance is not available for future appropriation.

H. Capital Assets and Depreciation

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines infrastructure and building and improvements as purchases or improvements with an aggregate cost of more than \$10,000 and equipment with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year.

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)	20 to 50 years
Structures and improvements	50 years
Equipment	3 to 15 years

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: Summary of Significant Accounting Policies (continued)

H. **Capital Assets and Depreciation** (continued)

Governmental Funds – Capital assets that the County acquires through the use of resources from a governmental fund are recorded as an outflow/expenditure for the period. Further, since the governmental fund balance sheet presents only those assets that represent financial resources available for current appropriation and expenditure, capital assets are not reported in a specific governmental fund but, rather, are reported in the government-wide statement of net assets. Capital assets of governmental funds are depreciated or amortized (assets under capital leases) in the government-wide statements using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

Proprietary Funds – Capital assets are capitalized and depreciated using the straight-line method over the lesser of the capital lease period or their estimated useful lives; however, the Fleet Management Fund uses the “per mile” depreciation method, which approximates the straight-line method.

I. **Property Tax Levy, Collection and Maximum Rates**

The State of California’s (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2005/2006 net assessed valuation of the County was \$21,793,838,091.

Secured property taxes are recorded as revenues when levied under the alternate plan described in Division I, Part 8, Chapter 3 of the Revenue and Taxation Code of the State of California so that fund balances include property taxes apportioned but not collected. Unsecured taxes are recorded as revenues when collected. The County’s property tax calendar is as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien date	January 1	January 1
Levy date	July 1	July 1
Due dates:		
First installment	November 1	January 1
Second installment	February 1	
Delinquent dates:		
First installment	December 10	August 31
Second installment	April 10	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

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

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

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

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

K. **Interfund Transactions**

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

L. **Self-Insurance**

The County self-insures for property damage, liability, workers' compensation, employees' health care benefits and unemployment claims. Self-insurance programs are accounted for in an internal service fund and interfund charges are treated as quasi-external transactions.

M. **Use of Estimates**

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

Note 2: **Cash and Investments**

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

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

At June 30, 2006, total County cash and investments were as follows:

	<u>Pooled Treasury</u>	<u>External to Pool</u>	<u>Total</u>
Cash:			
Imprest cash	\$ --	\$ 24,040	\$ 24,040
Cash on hand	500	--	500
Deposits	169,783,562	1,085,988	170,869,550
Total Cash	<u>169,784,062</u>	<u>1,110,028</u>	<u>170,894,090</u>
Investments	<u>220,148,087</u>	<u>4,147,691</u>	<u>224,295,778</u>
Total Cash and Investments	<u>\$ 389,932,149</u>	<u>\$ 5,257,719</u>	<u>\$ 395,189,868</u>

Total cash and investments at June 30, 2006 were presented on the County's financial statements as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
County Investment Pool:			
Unrestricted	\$ 211,457,314	\$ 171,085,394	\$ 4,026,029
Restricted	3,363,412	--	--
Total in County Investment Pool	<u>214,820,726</u>	<u>171,085,394</u>	<u>4,026,029</u>
External to Pool:			
Cash with fiscal agents	2,285,534	--	--
Other restricted cash and investments	--	--	138,931
Other unrestricted cash and investments	100,811	--	2,708,403
Imprest cash	23,840	--	200
Total External to Pool	<u>2,410,185</u>	<u>--</u>	<u>2,847,534</u>
Total Cash and Investments	<u>\$ 217,230,911</u>	<u>\$ 171,085,394</u>	<u>\$ 6,873,563</u>

Cash and investments were restricted at June 30, 2006, for the following purposes:

	<u>Primary Government</u>	<u>Component Units</u>
Closure and Post-closure costs	\$ 3,348,685	\$ --
Transit grant expenditures	14,727	--
Risk financing	--	138,931
	<u>\$ 3,363,412</u>	<u>\$ 138,931</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	3 years	None	5%
State Warrants	1 year	None	None
Banker's Acceptances	180	40%	5%
Domestic Commercial Paper	31 days	15%	4%
Negotiable Certificates of Deposit	5 years	30%	5%
Non-negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	5%
Local Agency Investment Fund (LAIF)	N/A	None	None

At June 30, 2006, the County had the following investments:

	Interest Rates	Maturities	Par	Carrying Value	Fair Value	WAM (Years)
Investments in Investment Pool						
Commercial Paper - Discount	5.04% - 5.24%	07/07/06 - 07/14/06	\$ 32,866,000	\$ 32,720,870	\$ 32,826,758	0.04
Federal Agencies - Discount	4.51% - 4.82%	07/06/06 - 09/28/06	87,465,000	86,618,997	87,119,410	0.09
Bankers Acceptance	4.50% - 5.25%	07/03/06 - 11/15/06	61,763,768	60,808,220	61,509,620	0.14
California Local Agency Investment Fund	3.15% - 4.53%	On Demand	40,000,000	40,000,000	40,000,000	0.05
Total Investments in Investment Pool			<u>\$ 222,094,768</u>	<u>\$ 220,148,087</u>	<u>\$ 221,455,788</u>	<u>0.16</u>
Investments Outside Investment Pool						
Primary Government:						
<i>Cash held with Fiscal Agents</i>						
Money Market Mutual Funds	Variable	On Demand	\$ 934,304	\$ 934,304	\$ 934,304	0.00
Investment Contracts	Variable	On Demand	1,191,190	1,191,190	1,191,190	0.00
			<u>2,125,494</u>	<u>2,125,494</u>	<u>2,125,494</u>	<u>0.00</u>
Component Units:						
<i>El Dorado County Transit Authority</i>						
California Local Agency Investment Fund	3.15% - 4.53%	On Demand	2,000,408	2,000,408	2,000,408	0.00
<i>First 5 El Dorado Children and Families Commission</i>						
El Dorado Community Foundation	Not Applicable	On Demand	21,789	21,789	21,789	0.00
Total Investments Outside Investment Pool			<u>\$ 4,147,691</u>	<u>\$ 4,147,691</u>	<u>\$ 4,147,691</u>	<u>0.00</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

Investments (continued)

At June 30, 2006, the difference between the carrying value and fair value of cash and investments was not material (fair value was 99.69% of carrying value). Therefore, an adjustment to fair value was not required.

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2006, the investment pool had a weighted average maturity of 0.16 years.

Credit Risk

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

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2006.

	<u>Standard & Poor's</u> <u>Rating</u>	<u>Moody's</u>	<u>% of</u> <u>Portfolio</u>
Federal Agencies - Discount	AAA	Aaa	39.35%
Bankers Acceptance	A-1+	P-1	18.47%
Bankers Acceptance	A-1	P-1	9.30%
Commercial Paper - Discount	A-1+	P-1	14.82%
California Local Agency Investment Fund	Unrated	Unrated	18.06%
Total			<u>100.00%</u>

Custodial Credit Risk

For all investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County had no securities exposed to custodial credit risk.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 2: **Cash and Investments** (continued)

Local Agency Investment Fund

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

At June 30, 2006, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40 million, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$63.5 billion. Of that amount, 97.43% was invested in non-derivative financial products and 2.57% in derivative type products consisting of structured notes and asset-backed securities. Fair value is based on information provided by the State for the Local Agency Investment Fund.

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2006:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 389,932,149</u>
Equity of internal pool participants	229,563,472
Equity of external pool participants	<u>160,368,677</u>
Total net assets	<u>\$ 389,932,149</u>

Statement of Changes in Net Assets

Net assets at July 1, 1005	\$ 331,796,949
Investment income	16,897,970
Investment expenses	(351,161)
Net contributions by pool participants	<u>41,588,391</u>
Net assets at June 30, 2006	<u>\$ 389,932,149</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 3: Long-Term Notes and Assessment Receivables

Governmental activities include notes receivable of \$1,148,305 and special assessment receivables of \$1,475,613, which are not expected to be fully collected in the next fiscal year. The accounts receivable balances reported in other governmental funds includes an allowance for uncollectible amounts of \$1,034,000.

Note 4: Capital Assets

Capital Assets activity for the year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2006
Governmental Activities					
Capital assets, not being depreciated					
Land and improvements	\$ 34,822,900	\$ 5,371,839	\$ --	\$ (637,328)	\$ 39,557,411
Construction in progress	7,786,295	5,447,229	--	(11,644,335)	1,589,189
Total capital assets not being depreciated	42,609,195	10,819,068	--	(12,281,663)	41,146,600
Capital assets, being depreciated					
Infrastructure	312,242,489	25,659,977	--	--	337,902,466
Structures and improvements	83,422,722	1,072,859	--	11,567,935	96,063,516
Equipment	36,737,310	5,455,805	(3,348,732)	313,202	39,157,585
Total capital assets being depreciated	432,402,521	32,188,641	(3,348,732)	11,881,137	473,123,567
Less accumulated depreciation for					
Infrastructure	(155,159,569)	(13,267,727)	--	--	(168,427,296)
Structures and improvements	(24,932,598)	(1,979,206)	--	--	(26,911,804)
Equipment	(22,624,617)	(2,724,105)	2,303,010	--	(23,045,712)
Total accumulated depreciation	(202,716,784)	(17,971,038)	2,303,010	--	(218,384,812)
Total capital assets being depreciated, net	229,685,737	14,217,603	(1,045,722)	11,881,137	254,738,755
Governmental activities capital assets, net	\$ 272,294,932	\$ 25,036,671	\$ (1,045,722)	\$ (400,526)	\$ 295,885,355

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

	Balance July 1, 2005	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2006
Business Type Activities					
Capital assets, not being depreciated					
Land	\$ 213,711	\$ --	\$ --	\$ --	\$ 213,711
Construction in progress	309,192	88,314	--	--	397,506
Total capital assets not being depreciated	<u>522,903</u>	<u>88,314</u>	<u>--</u>	<u>--</u>	<u>611,217</u>
Capital assets, being depreciated					
Structures and improvements	4,200,946	1,092,067	--	--	5,293,013
Equipment	210,466	--	(63,308)	215	147,373
Total capital assets being depreciated	<u>4,411,412</u>	<u>1,092,067</u>	<u>(63,308)</u>	<u>215</u>	<u>5,440,386</u>
Less Accumulated depreciation for					
Structures and improvements	(3,044,103)	(210,543)	--	--	(3,254,646)
Equipment	(113,583)	(42,477)	63,308	--	(92,752)
Total accumulated depreciation	<u>(3,157,686)</u>	<u>(253,020)</u>	<u>63,308</u>	<u>--</u>	<u>(3,347,398)</u>
Total capital assets being depreciated, net	<u>1,253,726</u>	<u>839,047</u>	<u>--</u>	<u>215</u>	<u>2,092,988</u>
Business type activities capital assets, net	<u>\$ 1,776,629</u>	<u>\$ 927,361</u>	<u>\$ --</u>	<u>\$ 215</u>	<u>\$ 2,704,205</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 514,128
Public protection	1,693,210
Public ways and facilities	13,936,950
Health and sanitation	411,061
Public assistance	142,205
Education	269,010
Recreation and cultural services	91,311
Internal Service Funds - depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of service	913,163
Total depreciation expense governmental activities	<u>\$ 17,971,038</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

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

Airports	\$ 214,785
Other	38,235
Total depreciation expense business-type activities	<u>\$ 253,020</u>

Note 5: **Long-Term Debt**

Long-term liabilities at June 30, 2006 consisted of the following:

	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2006</u>
<u>Governmental Activities</u>						
Bonds Payable:						
1997 Refunding Lease Revenue Bonds	1997	2009	4.0% - 5.0%	\$225,000 - \$4,180,000	\$ 16,860,000	<u>\$ 9,620,000</u> <u>9,620,000</u>
Notes Payable:						
California Energy Commission	1998	2009	5.90%	\$20,588 - \$45,555	224,032	129,080
California Energy Commission	1998	2009	4.00%	\$24,880 - \$124,324	800,000	775,120
HUD HOME Program ¹⁾	2003	2058	0.00%	²⁾	3,000,000	3,000,000
California Housing Financing Agency HELP Program ¹⁾	2002	2013	3.00%	\$54,000	1,800,000	<u>1,800,000</u> <u>5,704,200</u>
Capital Leases:						
Banc of America (road equipment)	2005	2012	4.28%	\$133,719 - \$171,943	1,065,167	652,138
Banc of America (motor graders)	2006	2012	3.36%	\$106,788 - \$173,357	1,109,188	1,002,401
SunTrust Leasing (snowblower)	2003	2009	3.25%	\$59,508-\$65,500	430,973	<u>190,381</u> <u>1,844,920</u>
Total Governmental Activities						<u>\$ 17,169,120</u>

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

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

Business-Type Activities

Notes Payable:						
Loan #ED-1-85-L-1	9/23/85	2011	8.03%	\$2,919	\$ 72,987	\$ 14,599
Loan #ED-1-86-L-2	9/16/86	2012	6.94%	\$1,577	39,426	9,462
Loan #ED-5-86-L-1	9/16/86	2012	6.94%	\$1,060	26,503	6,361
Loan #ED-1-87-L-3	10/6/87	2012	6.94%	\$930	23,251	6,510
Loan #ED-5-88-L-2	10/19/88	2009	7.04%	\$2,976	59,527	<u>8,929</u> <u>\$ 45,861</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

The following is a summary of long-term liabilities transactions for the year ended June 30, 2006:

	Restated Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006	Amounts Due Within One Year
Governmental Activities					
Lease revenue bonds	\$ 11,280,000	\$ --	\$ 1,660,000	\$ 9,620,000	\$ 1,740,000
Notes payable:					
California Energy Commission	822,174	145,169	63,143	904,200	138,586
California Housing Financing Agency	1,800,000	--	--	1,800,000	--
HUD Home Program	2,999,900	100	--	3,000,000	--
Compensated absences	10,144,530	1,884,927	--	12,029,457	772,128
Capital lease obligation	1,181,336	1,109,189	445,605	1,844,920	327,795
Estimated claims	20,234,869	24,461,301	24,662,301	20,033,869	4,100,000
	<u>\$ 48,462,809</u>	<u>\$ 27,600,686</u>	<u>\$ 26,831,049</u>	<u>\$ 49,232,446</u>	<u>\$ 7,078,509</u>
Business-Type Activities					
Compensated absences	\$ 25,611	\$ 3,392	\$ --	\$ 29,003	\$ --
Notes payable	55,324	--	9,463	45,861	9,463
	<u>\$ 80,935</u>	<u>\$ 3,392</u>	<u>\$ 9,463</u>	<u>\$ 74,864</u>	<u>\$ 9,463</u>

Estimated claims are liquidated by the cumulative charge for services recorded in the internal service fund. Compensated absences are generally liquidated by the General Fund and related special revenue funds.

As of June 30, 2006, annual debt service requirements of governmental activities having fixed maturities are as follows:

Year Ending June 30:	Governmental Activities			
	Notes Payables		Bonds Payables	
	Principal	Interest	Principal	Interest
2007	\$ 138,586	\$ 91,066	\$ 1,740,000	\$ 409,790
2008	144,895	84,757	1,810,000	329,010
2009	151,664	77,987	1,890,000	242,965
2010	110,397	71,673	4,180,000	99,275
2011	114,857	67,213	--	--
2012-2013	2,043,801	120,338	--	--
	<u>\$ 2,704,200</u>	<u>\$ 513,034</u>	<u>\$ 9,620,000</u>	<u>\$ 1,081,040</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

As of June 30, 2006, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities	
	Notes Payables	
	Principal	Interest
2007	\$ 9,463	\$ 3,385
2008	9,463	2,686
2009	9,463	1,988
2010	6,487	1,290
2011	6,487	801
2012-2014	4,498	311
	<u>\$ 45,861</u>	<u>\$ 10,461</u>

Note 6: **Leases**

Operating Lease Obligations

The County leases various office space and buildings under various noncancelable operating leases. Annual rent expenditures were approximately \$3 million for the year ended June 30, 2006.

Future minimum operating lease commitments are as follows:

<u>Year Ending June 30,</u>	
2007	\$ 2,450,457
2008	1,775,885
2009	1,144,010
2010	860,943
2011	285,891
2012	521
	<u>\$ 6,517,707</u>

Capital Lease Obligations

The County accounts for capital leases in the governmental fund types in accordance with the provisions of GASB Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a general fixed asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt. The total lease payments for the fiscal year were \$515,913 for which \$70,308 represented interest cost.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 6: **Leases** (continued)

Capital Lease Obligations (continued)

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

Year Ending June 30:		
2007	\$	393,777
2008		393,777
2009		393,777
2010		326,148
2011		326,148
2012-2013		223,132
Total minimum lease payments		2,056,759
Less amount representing interest		(211,839)
Total	\$	1,844,920

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

	Governmental Activities
Road equipment	\$ 2,483,670
Less: accumulated depreciation	(317,061)
Net Value	\$ 2,166,609

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

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

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

The recognition of the estimated liability for closure and postclosure maintenance costs is based on the amount of the landfill used through the end of the fiscal year.

The County ceased accepting waste during 1997. Although the County no longer accepts waste, 16 of the landfill's 35.5 acres remain unfilled. The County is currently constructing a methane gas plant which will be used to produce usable energy from disposed solid waste. The estimated landfill closure care liability of \$2,097,020 reported at June 30, 2006, represents the cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes. Because the landfill is no longer accepting waste, the remaining estimated cost of postclosure care of \$6,392,400 has been recognized.

The County is required by state and federal laws and regulations to make annual contributions to a trust fund in order to finance closure and postclosure care. At June 30, 2006, investments of \$3,348,685 are part of the pooled funds held by the County treasurer and are reported as restricted assets on the Statement of Net Assets. Currently, the amount held as restricted cash is not sufficient to cover the entire liability. The government expects future inflation costs to be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (because of changes in technology or applicable laws and regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 8: **Interfund Transactions**

The composition of interfund balances as of June 30, 2006 is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Enterprise Fund - County Airports	\$ 392,873	Advance for fuel tank replacement
	Other Governmental Funds	549,326	Realignment funds
	Other Governmental Funds	200,000	Advance for Housing Authority cash flow
	Other Governmental Funds	158,237	Allocated Vehicle License Fees due back to General Fund
	Other Governmental Funds	94,650	Community Services administration
	Other Governmental Funds	72,123	Grant funding for building code enforcement program
	Other Governmental Funds	45,996	Accrued FEMA funding due to General Fund
	Other Governmental Funds	30,405	Senate Bill 933 Group Homes final closeout
	Other Governmental Funds	6,902	Reimburse for radio purchase Asset Seizure Fund
	Other Governmental Funds	3,514	Excess Vehicle License Fees due back to General Fund
	Other Governmental Funds	1,192	Advance for Auto Fraud program
		<u>1,555,218</u>	
Road Fund	General Fund	37,746	CSUS National Pollution Discharge Elimination System fees
	Other Governmental Funds	37,746	CSUS National Pollution Discharge Elimination System fees
	Other Governmental Funds	3,265,002	Capital project funds for road improvements
		<u>3,340,494</u>	
Other Governmental Funds	Other Governmental Funds	10,821	Senior Daycare
	Other Governmental Funds	141,309	Realignment funds for Health programs
	Other Governmental Funds	30,341	Community Services to Health Wraparound SB163
	Other Governmental Funds	15,816	Mental Health Sales Tax Realignment Funds
	Other Governmental Funds	143,060	MAA funds due to Public Health from Community Services
	General Fund	123,267	General fund match for Health Realignment funds
	General Fund	476	Code enforcement grant funds from Building Department
	General Fund	70,865	Vehicle License Fees Mental Health
	General Fund	10,648	Vehicle License Fees Social Services
	General Fund	5,932	Double payment of asset seizure funds from SLEDNET
		<u>552,535</u>	
	Total	<u>\$ 5,448,247</u>	
<u>Advanced from</u>	<u>Advanced to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 913,000	Contribution to cover cash shortfall
Other Governmental Funds	Other Governmental Funds	1,933,709	RIF cash advance from Silva Valley Interchange to El Dorado Hills/Salmon Falls
	Total	<u>\$ 2,846,709</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 326,294	Timber Tax to Sheriff's Office Patrol, Search and Rescue
	Other Governmental Funds	308,887	Community Enhancement Designated Contributions to Library / Fund Interest to General Fund Misc Revenue
	Other Governmental Funds	1,625,510	Transfer from Public Health Special Revenue Fund CFMG Contract Cost For Sheriffs Jail
	Other Governmental Funds	814,249	County Service Area #10 Special Tax Revenues to Library General Fund Operating
	Other Governmental Funds	3,351	County Service Area #9 Transfer Georgetown Lighting to General Misc Revenues
	Other Governmental Funds	28,720	Gillis Range Project Funds to District Attorney Operating
	Other Governmental Funds	435,240	Time Share and Redemption Fees to Auditor / TTC / Assessor
	Other Governmental Funds	4,275	Overages Treasurer Tax Collector Operating
	Other Governmental Funds	311,888	AB719 Revenues to Assessor's Office Operating
	Other Governmental Funds	155,187	Park Fees to Parks and Grounds General Fund Operating
	Other Governmental Funds	101,411	Grant Revenues to District Attorney General Fund Operating
	Other Governmental Funds	595,613	Sheriff's Restricted Revenues (Equitable Sharing, Fingerprint Identification, Grants) to Sheriff's Operating
	Other Governmental Funds	572,557	Grant Funding (TANF Block Grant, Title IV E Grant) and DNA Identificaton funds to Probation Operating
	Other Governmental Funds	161,001	Faxed in Permits, Code Enforcement Grant Program, Land Capabilities Verification to Building Operating
	Other Governmental Funds	952,260	Micro, Computer System, Notary Public Confidential Marriage, Vital Health Statistics to Recorder Operating
	Other Governmental Funds	18,516	Ecological Preserve Fee disitribution to Building and Planning
	Other Governmental Funds	1,282,635	Engineer time and materials to DOT county engineer and FEMA funding to Sheriff operating
	Other Governmental Funds	75,100	Animal Control Community Enhancement funding to Animal Control Operating / current and prior year interest to General Miscellaneous Revenue
	Other Governmental Funds	14,240	Mountain Democate Kincade Commuter funds to Library operating
	Other Governmental Funds	449,660	Realignment funds to Health and Welfare: Health
	Other Governmental Funds	4,663,113	Realignment funds to Health and Welfare: Social Services Supplemental Law Enforcement Services Fund (SLESF) to Sheriff's Operating
	Other Governmental Funds	785,094	Operating
	Other Governmental Funds	4,645,178	Child Support Enforcement Administration funding to operating
Other Governmental Funds	559,004	Supplemental Unclaimed Refunds prior year interest earnings to general miscellaneous revenues	
		<u>18,888,983</u>	
Road Fund	General Fund	2,077,017	General Fund Contribution in Lieu of MVLF Measure H
	Other Governmental Funds	27,025,436	Motor Vehicle Fees and Traffic Impact Fees to Road Fund Operating
		<u>29,102,453</u>	

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

Transfers (continued)

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	General Fund	\$ 1,780,375	General Fund Contribution
	Other Governmental Funds	320,000	Transfer from Bond Reserve
		<u>2,100,375</u>	
Enterprise Fund - Airports	General Fund	76,576	General Fund Contribution
	Other Governmental Funds	31,336	Special Aviation and Community Enhancement funding
		<u>107,912</u>	
Other Governmental Funds	General Fund	1,062,335	General Fund Contribution to Community Services
	General Fund	4,714,322	General Fund Contribution to Public Health
	General Fund	413,009	Transfer SB-90 Reimbursement AB 3632
	General Fund	157,704	Social Services SB163 Wraparound funding
	General Fund	288,644	General Fund Contribution to IHSS Public Authority Fund
	General Fund	13,858	General Fund Contribution to Housing Authority
	General Fund	84,961	General Fund Contribution to Ambulance Operating
	General Fund	20,332	General Fund Contribution to Environmental Management
	General Fund	129,626	General Fund Contribution to Air Quality Control Fund
	General Fund	4,275	General Fund transfer to change difference shortage
	General Fund	25,000	General Fund Contribution to Human Services
	General Fund	5,456,427	General Fund Contribution to Health and Welfare
	General Fund	400,829	General Fund Contribution to ACO Fund
	Other Governmental Funds	130,774	Community Enhancement Contribution to ACO Fund
	Other Governmental Funds	161,798	Criminal Justice Facility Construction Fund Contribution to ACO Fund
Other Governmental Funds	31,000	Energy Retrofit Special Revenue Fund Contribution to ACO Fund	
Other Governmental Funds	22,105	Park and Quimby Fees to ACO Fund	
		<u>\$ 13,116,999</u>	
		<u>\$ 63,316,722</u>	

Note 9: **Pension Plan**

The County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Safety employees are required to contribute 9% of their covered compensation and other employees are required to contribute 7%. The County makes the contributions required of its employees on their behalf and for their account. The County is required to contribute at an actuarially determined rate; the current rate is 13.415% for non-safety employees and 27.453% for safety employees. The contribution requirements of plan members and the County are established and may be amended by PERS.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

Annual Pension Cost

For fiscal year 2005-2006, the County's annual pension cost of \$15,350,656 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial. Assumptions included 8.25% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members and 4.27% to 11.59% depending on age, service and type of employment for safety members. An inflation component of 3.5% was included. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS (thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/04	\$ 5,076	100%	\$ --
6/30/05	11,921	100%	--
6/30/06	15,351	100%	--

Other Post-Employment Benefits

In addition to pension benefits described in the preceding paragraph, the County provides post-employment benefits for health care to eligible retirees and their dependants. The benefits are provided in accordance with County resolutions and collective bargaining agreements. The criteria to determine eligibility include: years of service; employee age, disability due to line of duty and whether the employee has vested in the respective retirement plan. The County funds the benefits on a pay-as-you-go basis. Expenses for post-retirement health care benefits that are recognized as eligible employee claims are paid. For the current fiscal year the County provided credits to retirees in the total amount of \$1,060,768. There are currently 250 retiree participants.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 10: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim and up to a maximum lifetime benefit of \$1 million in health insurance benefits through its Blue Shield health insurance program. The County's self-insured retention for its health insurance program is \$150,000 per employee. The County also offers two other health insurance programs to its employees which are not self-insured. Health benefits through Kaiser and Pacific Care are based on monthly premiums with no lifetime maximums per employee. The County purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. The amount of settlements did not exceed coverage in each of the last three years.

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$20,033,869 reported in the Risk Management Fund at June 30, 2006 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the County's claims liability for the fiscal years ended June 30, 2006 and 2005 were as follows:

	2006	2005
Unpaid claims, beginning of year	\$ 20,234,869	\$ 15,920,000
Plus estimated claims incurred	24,461,301	27,218,340
Less claims payments	<u>(24,662,301)</u>	<u>(22,903,471)</u>
Unpaid claims, end of year	<u>\$ 20,033,869</u>	<u>\$ 20,234,869</u>

Nonincremental claims adjustment expenses have not been included as part of the unpaid claims liability.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 11: Commitments and Contingencies

Grants

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Pending Litigation

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

Note 12: Net Assets/Fund Balances

A. Fund Balances

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

- *Invested in Capital Assets, Net of Related Debt:* This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation. Included in governmental activities restricted net assets at June 30, 2006, are net assets restricted by enabling legislation of \$102.4 million.
- *Unrestricted Net Assets:* This category represents net assets of the County, not restricted for any project or other project.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

Note 12: Net Assets/Fund Balances (continued)

A. **Fund Balances** (continued)

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

The County has “reserved” fund balances as follows:

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

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. Fund balance designations include:

- *Economic Uncertainty:* To reflect management’s intent to expend funds during poor economic times or in times when the cost of services rises dramatically.
- *Debt Service:* To reflect management’s intent to expend certain funds solely for debt service.

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

A. **Fund Balances** (continued)

- *Capital Projects:* To reflect management's intent to expend certain funds solely for planned capital projects.

B. **Prior Period Adjustments**

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

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

	Governmental Activities	
	Fund Financial Statements	Government-Wide Statement of Activities
	Other Governmental Funds	Total Governmental Activities
Fund balances/net assets, June 30, 2005, as previously reported	\$ 136,136,118	\$ 434,079,357
Restatements:		
Reclassify liability for landfill closure costs from the fund statements to the government-wide statements	1,578,030	--
Restate prior year notes payable for California Energy Commission	--	(654,831)
Restate beginning balance of unearned revenue	--	(3,378,360)
Other restatements	(55,923)	(55,923)
Total restatements	1,522,107	(4,089,114)
Fund balances/net assets, June 30, 2005, as restated	\$ 137,658,225	\$ 429,990,243

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

C. Deficit Fund Balances

The following funds have fund balance deficit as of June 30, 2006:

Nonmajor Governmental Funds:		
Erosion Control	\$	540,997
Building Department Code Enforcement		68,833

Deficits in these funds are expected to be eliminated in future years through future revenues and/or transfers from other funds.

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

The County has two Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2006, is as follows:

Component Units Statement of Net Assets
June 30, 2006

	<u>Children and Families Commission</u>	<u>El Dorado Transit Authority</u>	<u>Total</u>
<u>ASSETS</u>			
Current and other assets	\$ 4,389,930	\$ 3,510,810	\$ 7,900,740
Capital assets	5,306	5,411,448	5,416,754
Restricted cash	--	138,931	138,931
Total Assets	<u>\$ 4,395,236</u>	<u>\$ 9,061,189</u>	<u>\$ 13,456,425</u>
<u>LIABILITIES</u>			
Current liabilities	\$ 29,360	\$ 366,650	\$ 396,010
Long-term liabilities	--	576,873	576,873
Total Liabilities	<u>29,360</u>	<u>943,523</u>	<u>972,883</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	5,306	5,411,448	5,416,754
Restricted	79,110	--	79,110
Unrestricted	4,281,460	2,706,218	6,987,678
Total Net Assets	<u>4,365,876</u>	<u>8,117,666</u>	<u>12,483,542</u>
Total Liabilities and Net Assets	<u>\$ 4,395,236</u>	<u>\$ 9,061,189</u>	<u>\$ 13,456,425</u>

COUNTY OF EL DORADO

Notes to the Financial Statements
For the Year Ended June 30, 2006

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

Component Units Statement of Activities
For the Year Ended June 30, 2006

	<u>Children and Families Commission</u>	<u>El Dorado Transit Authority</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for current services	\$ --	\$ 1,056,074	\$ 1,056,074
Operating grants and contributions	1,963,742	3,315,312	5,279,054
Capital grants and contributions	--	2,919,810	2,919,810
General Revenues:			
Use of money or property	193,521	63,960	257,481
Other revenues	--	31,355	31,355
Total Revenues	<u>2,157,263</u>	<u>7,386,511</u>	<u>9,543,774</u>
Expenses:			
Health and sanitation	1,719,519	--	1,719,519
Public ways and facilities	--	5,245,523	5,245,523
Total Expenses	<u>1,719,519</u>	<u>5,245,523</u>	<u>6,965,042</u>
Change in net assets	437,744	2,140,988	2,578,732
Net Assets - Beginning of Year	<u>3,928,132</u>	<u>5,976,678</u>	<u>9,904,810</u>
Net Assets - End of Year	<u>\$ 4,365,876</u>	<u>\$ 8,117,666</u>	<u>\$ 12,483,542</u>

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

On July 1, 2005, the County issued a TRAN in the amount of \$10,000,000 with a stated interest rate of 4%. Note proceeds included the principal amount of \$10,000,000 and a premium of \$132,100, rendering an effective interest rate of 2.64%. The principal balance was repaid during the fiscal year and the outstanding balance at June 30, 2006 was \$0.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO

Required Supplementary Information
For the Year Ended June 30, 2006

SCHEDULE OF FUNDING PROGRESS

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

Miscellaneous Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/03	\$ 254,057,874	\$ 222,661,735	\$ 31,396,139	87.6%	\$ 68,274,523	46.0%
6/30/04	275,006,624	237,113,231	37,893,393	86.2%	63,809,446	59.4%
6/30/05	300,683,309	259,377,379	41,305,930	86.3%	68,268,957	60.5%

Safety Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/03	\$ 112,105,231	\$ 89,366,138	\$ 22,739,093	79.7%	\$ 17,737,580	128.2%
6/30/04	123,572,942	97,406,693	26,166,249	78.8%	17,545,980	149.1%
6/30/05	135,837,649	107,793,103	28,044,546	79.4%	18,515,246	151.5%

COUNTY OF EL DORADO

Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 15,296,105	\$ 15,409,440	\$ 15,409,440	\$ --
Resources (inflows):				
Taxes	77,051,842	77,051,842	80,780,765	3,728,923
Licenses, permits and franchises	10,801,318	10,801,318	7,644,350	(3,156,968)
Fines, forfeits and penalties	1,217,400	1,179,400	1,156,866	(22,534)
Use of money or property	1,050,382	1,050,382	2,993,571	1,943,189
Intergovernmental revenue - State	40,656,688	41,857,937	38,066,011	(3,791,926)
Intergovernmental revenue - Federal	16,281,990	18,139,493	15,934,087	(2,205,406)
Revenue other governmental agencies	591,889	591,889	579,994	(11,895)
Charges for services	18,853,434	19,111,650	17,697,396	(1,414,254)
Miscellaneous revenue	1,509,857	1,590,503	1,994,137	403,634
Other financing sources	18,397,202	20,371,008	18,328,214	(2,042,794)
Residual equity transfers	--	3,350	3,350	--
	<u>186,412,002</u>	<u>191,748,772</u>	<u>185,178,741</u>	<u>(6,570,031)</u>
Amounts available for appropriation	<u>201,708,107</u>	<u>207,158,212</u>	<u>200,588,181</u>	<u>(6,570,031)</u>
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors				
Salaries and employee benefits	1,254,423	1,254,423	1,101,533	152,890
Services and supplies	97,109	96,996	72,933	24,063
Other charges	--	113	113	--
Intrafund transfers	55,025	55,025	46,189	8,836
	<u>1,406,557</u>	<u>1,406,557</u>	<u>1,220,768</u>	<u>185,789</u>
County of Administrative Office				
Salaries and employee benefits	1,186,989	1,186,989	1,159,928	27,061
Services and supplies	472,413	549,125	358,239	190,886
Other charges	2,100	2,100	80	2,020
Capital assets	--	5,000	5,779	(779)
Intrafund transfers	(78,163)	(78,163)	28,141	(106,304)
	<u>1,583,339</u>	<u>1,665,051</u>	<u>1,552,167</u>	<u>112,884</u>
Annual Audit				
Services and supplies	68,280	68,280	68,280	--
	<u>68,280</u>	<u>68,280</u>	<u>68,280</u>	<u>--</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Auditor/Controller				
Salaries and employee benefits	\$ 2,283,259	\$ 2,259,014	\$ 2,237,831	\$ 21,183
Services and supplies	85,172	99,762	82,610	17,152
Other charges	100	500	400	100
Capital assets	--	5,911	5,860	51
Intrafund transfers	235,033	242,033	241,450	583
	<u>2,603,564</u>	<u>2,607,220</u>	<u>2,568,151</u>	<u>39,069</u>
Treasurer/Tax Collector				
Salaries and employee benefits	1,964,543	1,964,543	1,633,465	331,078
Services and supplies	567,359	590,987	345,525	245,462
Other charges	400	1,049	1,049	--
Capital assets	49,729	124,777	94,892	29,885
Other financing uses	4,000	4,276	4,275	1
Intrafund transfers	311,564	311,564	307,129	4,435
	<u>2,897,595</u>	<u>2,997,196</u>	<u>2,386,335</u>	<u>610,861</u>
Assessor				
Salaries and employee benefits	3,581,338	3,581,338	3,307,103	274,235
Services and supplies	180,045	180,045	163,287	16,758
Other charges	1,756	1,756	480	1,276
Capital assets	--	--	1,532	(1,532)
Intrafund transfers	472,662	472,662	472,384	278
	<u>4,235,801</u>	<u>4,235,801</u>	<u>3,944,786</u>	<u>291,015</u>
Purchasing				
Salaries and employee benefits	444,250	444,250	428,786	15,464
Services and supplies	29,790	29,790	27,097	2,693
Other charges	--	--	160	(160)
Intrafund transfers	15,604	15,604	19,560	(3,956)
	<u>489,644</u>	<u>489,644</u>	<u>475,603</u>	<u>14,041</u>
County Counsel				
Salaries and employee benefits	2,206,379	2,206,379	1,814,840	391,539
Services and supplies	848,766	1,180,755	1,142,939	37,816
Other charges	700	700	240	460
Intrafund transfers	45,937	45,937	11,858	34,079
	<u>3,101,782</u>	<u>3,433,771</u>	<u>2,969,877</u>	<u>463,894</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Human Resources				
Salaries and employee benefits	\$ 954,097	\$ 954,097	\$ 839,987	\$ 114,110
Services and supplies	414,112	416,237	264,137	152,100
Other charges	--	--	1,073	(1,073)
Capital assets	1,600	4,475	2,629	1,846
Intrafund transfers	(104,865)	(104,865)	(11,743)	(93,122)
	<u>1,264,944</u>	<u>1,269,944</u>	<u>1,096,083</u>	<u>173,861</u>
Recorder - Elections				
Salaries and employee benefits	641,052	608,376	608,325	51
Services and supplies	2,462,960	4,542,523	631,834	3,910,689
Other charges	200	416	416	--
Capital assets	37,600	37,600	27,910	9,690
Intrafund transfers	58,003	103,180	91,861	11,319
	<u>3,199,815</u>	<u>5,292,095</u>	<u>1,360,346</u>	<u>3,931,749</u>
Communications				
Salaries and employee benefits	542,962	542,962	516,427	26,535
Services and supplies	692,337	720,470	1,144,526	(424,056)
Other charges	--	--	270	(270)
Capital assets	37,800	44,800	43,468	1,332
Intrafund transfers	(456,208)	(456,208)	(707,497)	251,289
	<u>816,891</u>	<u>852,024</u>	<u>997,194</u>	<u>(145,170)</u>
Mail and Courier				
Salaries and employee benefits	99,660	99,660	77,154	22,506
Services and supplies	21,835	21,546	17,898	3,648
Intrafund transfers	(63,877)	(63,877)	(87,641)	23,764
	<u>57,618</u>	<u>57,329</u>	<u>7,411</u>	<u>49,918</u>
Buildings and Grounds				
Salaries and employee benefits	2,663,835	2,663,835	2,399,305	264,530
Services and supplies	1,401,460	1,306,783	1,321,674	(14,891)
Other charges	103,611	167,646	163,628	4,018
Capital assets	16,500	16,500	20,347	(3,847)
Other financing uses	23,000	23,000	--	23,000
Intrafund transfers	(219,862)	(219,862)	(125,404)	(94,458)
	<u>3,988,544</u>	<u>3,957,902</u>	<u>3,779,550</u>	<u>178,352</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Property Management				
Salaries and employee benefits	\$ 78,201	\$ 78,201	\$ 76,400	\$ 1,801
Services and supplies	66,211	66,211	18,881	47,330
Other charges	385	385	651	(266)
Capital assets	8,000	11,425	3,432	7,993
Intrafund transfers	21,938	21,938	20,194	1,744
	<u>174,735</u>	<u>178,160</u>	<u>119,558</u>	<u>58,602</u>
County Promotion				
Services and supplies	634,667	486,459	381,994	104,465
Other financing uses	--	56,550	56,550	--
Intrafund transfers	113,000	113,000	60	112,940
	<u>747,667</u>	<u>656,009</u>	<u>438,604</u>	<u>217,405</u>
Information Technologies				
Salaries and employee benefits	3,694,136	3,694,136	3,621,750	72,386
Services and supplies	1,780,142	1,743,792	1,481,624	262,168
Other charges	--	--	80	(80)
Capital assets	349,000	364,350	284,076	80,274
Intrafund transfers	(2,792,522)	(2,792,522)	(2,724,748)	(67,774)
	<u>3,030,756</u>	<u>3,009,756</u>	<u>2,662,782</u>	<u>346,974</u>
Surveyor				
Salaries and employee benefits	1,757,171	1,757,965	1,674,107	83,858
Services and supplies	160,443	159,603	125,349	34,254
Other charges	--	303	303	--
Capital assets	40,206	59,036	29,309	29,727
Intrafund transfers	(391,013)	(391,013)	(345,228)	(45,785)
	<u>1,566,807</u>	<u>1,585,894</u>	<u>1,483,840</u>	<u>102,054</u>
General Services Administration				
Salaries and employee benefits	1,066,786	1,066,787	1,052,865	13,922
Services and supplies	282,909	261,586	190,315	71,271
Other charges	15,000	15,000	11,084	3,916
Capital assets	46,150	46,150	7,714	38,436
Intrafund transfers	(316,293)	(316,293)	(276,080)	(40,213)
	<u>1,094,552</u>	<u>1,073,230</u>	<u>985,898</u>	<u>87,332</u>
Employee Benefits				
Salaries and employee benefits	758,000	189,108	9,108	180,000
	<u>758,000</u>	<u>189,108</u>	<u>9,108</u>	<u>180,000</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Engineer				
Services and supplies	\$ 632,400	\$ 632,400	\$ 191,882	\$ 440,518
Other charges	3,020,659	3,020,659	2,464,295	556,364
Intrafund transfers	30,000	30,000	21,954	8,046
	<u>3,683,059</u>	<u>3,683,059</u>	<u>2,678,131</u>	<u>1,004,928</u>
Tax Revenue Anticipation Notes				
Other Charges	293,273	293,273	293,273	--
	<u>293,273</u>	<u>293,273</u>	<u>293,273</u>	<u>--</u>
Contribution to Other Funds				
Services and supplies	42,000	17,258	17,428	(170)
Other charges	120,700	120,700	120,699	1
Other financing uses	21,896,885	22,981,913	16,107,711	6,874,202
	<u>22,059,585</u>	<u>23,119,871</u>	<u>16,245,838</u>	<u>6,874,033</u>
Contribution to Other Agencies				
Services and supplies	159,400	159,400	159,400	--
Other charges	1,115,458	1,157,583	1,157,581	2
	<u>1,274,858</u>	<u>1,316,983</u>	<u>1,316,981</u>	<u>2</u>
Contribution to Airports				
Other financing uses	122,847	122,847	76,577	46,270
	<u>122,847</u>	<u>122,847</u>	<u>76,577</u>	<u>46,270</u>
Other General				
Other financing uses	449,425	472,475	435,179	37,296
Intrafund transfers	(346,407)	(346,407)	(346,407)	--
	<u>103,018</u>	<u>126,068</u>	<u>88,772</u>	<u>37,296</u>
General Government	<u>60,623,531</u>	<u>63,687,072</u>	<u>48,825,913</u>	<u>14,861,159</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Public Protection				
Superior Court MOE				
Services and supplies	\$ 1,067,000	\$ 1,364,009	\$ 1,300,637	\$ 63,372
Other charges	1,386,555	1,144,445	1,143,655	790
Intrafund transfers	--	110	110	--
	<u>2,453,555</u>	<u>2,508,564</u>	<u>2,444,402</u>	<u>64,162</u>
Grand Jury				
Salaries and employee benefits	1,329	21,329	2,519	18,810
Services and supplies	103,054	96,054	80,175	15,879
Intrafund transfers	8,147	8,147	8,122	25
	<u>112,530</u>	<u>125,530</u>	<u>90,816</u>	<u>34,714</u>
District Attorney				
Salaries and employee benefits	5,599,001	5,619,072	5,133,272	485,800
Services and supplies	652,399	687,467	646,750	40,717
Other charges	--	2,000	1,294	706
Capital assets	43,402	82,004	57,022	24,982
Intrafund transfers	97,829	121,329	119,005	2,324
	<u>6,392,631</u>	<u>6,511,872</u>	<u>5,957,343</u>	<u>554,529</u>
Child Support Services				
Salaries and employee benefits	3,858,358	3,842,358	3,579,023	263,335
Services and supplies	641,031	626,031	519,999	106,032
Other charges	400	400	1,780	(1,380)
Capital assets	4,852	20,852	10,074	10,778
Intrafund transfers	570,966	585,966	582,101	3,865
	<u>5,075,607</u>	<u>5,075,607</u>	<u>4,692,977</u>	<u>382,630</u>
Public Defender				
Salaries and employee benefits	1,944,828	1,982,728	1,982,392	336
Services and supplies	296,912	289,314	282,025	7,289
Other charges	--	300	259	41
Capital assets	14,728	14,728	14,728	--
Intrafund transfers	38,485	45,985	44,479	1,506
	<u>2,294,953</u>	<u>2,333,055</u>	<u>2,323,883</u>	<u>9,172</u>
Sheriff-Bailiff				
Salaries and employee benefits	3,312,649	3,397,148	3,010,471	386,677
Services and supplies	190,140	216,936	189,785	27,151
Other charges	--	--	2,344	(2,344)
Intrafund transfers	2,030	2,030	2,030	2,030
	<u>3,504,819</u>	<u>3,616,114</u>	<u>3,202,600</u>	<u>413,514</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Sheriff				
Salaries and employee benefits	\$ 22,986,358	\$ 23,184,406	\$ 22,480,216	\$ 704,190
Services and supplies	3,647,944	3,869,742	3,694,228	175,514
Other charges	6,100	26,425	36,752	(10,327)
Capital assets	461,910	409,782	350,950	58,832
Other financing uses	60,000	64,075	--	64,075
Intrafund transfers	281,031	281,031	378,251	(97,220)
	<u>27,443,343</u>	<u>27,835,461</u>	<u>26,940,397</u>	<u>895,064</u>
Central Dispatch				
Salaries and employee benefits	2,282,744	2,282,870	2,008,558	274,312
Services and supplies	158,373	156,877	140,613	16,264
Other charges	--	--	33	(33)
Capital assets	2,000	--	--	--
Intrafund transfers	30,138	30,138	41,263	(11,125)
	<u>2,473,255</u>	<u>2,469,885</u>	<u>2,190,467</u>	<u>279,418</u>
Jail				
Salaries and employee benefits	10,087,760	10,018,485	9,842,207	176,278
Services and supplies	1,601,778	1,591,889	1,590,575	1,314
Other charges	15,000	1,640,510	1,625,710	14,800
Capital assets	87,919	49,063	45,676	3,387
Intrafund transfers	90,243	128,264	208,707	(80,443)
	<u>11,882,700</u>	<u>13,428,211</u>	<u>13,312,875</u>	<u>115,336</u>
Juvenile Hall				
Salaries and employee benefits	3,915,388	3,911,388	3,879,320	32,068
Services and supplies	671,157	663,816	495,562	168,254
Other charges	313,858	331,858	86,270	245,588
Capital assets	4,000	49,559	20,268	29,291
Intrafund transfers	84,395	66,395	57,820	8,575
	<u>4,988,798</u>	<u>5,023,016</u>	<u>4,539,240</u>	<u>483,776</u>
Probation Department				
Salaries and employee benefits	5,699,519	5,615,519	4,672,013	943,506
Services and supplies	696,866	665,628	477,335	188,293
Other charges	11,205	11,205	1,501	9,704
Capital assets	8,720	57,700	28,846	28,854
Intrafund transfers	251,062	251,062	253,814	(2,752)
	<u>6,667,372</u>	<u>6,601,114</u>	<u>5,433,509</u>	<u>1,167,605</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Agricultural Commission				
Salaries and employee benefits	\$ 1,064,290	\$ 1,064,290	\$ 970,935	\$ 93,355
Services and supplies	273,483	263,380	240,241	23,139
Other charges	1,000	38,704	38,704	--
Capital assets	--	21,785	20,259	1,526
Other financing uses	--	--	--	--
Intrafund transfers	129,457	80,071	59,442	20,629
	<u>1,468,230</u>	<u>1,468,230</u>	<u>1,329,581</u>	<u>138,649</u>
Building Inspector				
Salaries and employee benefits	6,994,971	6,994,971	5,684,803	1,310,168
Services and supplies	735,582	751,445	637,822	113,623
Other charges	119,417	119,417	2,118	117,299
Capital assets	76,269	138,094	74,321	63,773
Other financing uses	80,000	80,000	--	80,000
Intrafund transfers	356,025	356,025	340,818	15,207
	<u>8,362,264</u>	<u>8,439,952</u>	<u>6,739,882</u>	<u>1,700,070</u>
Coroner				
Salaries and employee benefits	451,109	457,199	494,625	(37,426)
Services and supplies	198,526	176,926	167,160	9,766
Intrafund transfers	1,065	1,065	1,554	(489)
	<u>650,700</u>	<u>635,190</u>	<u>663,339</u>	<u>(28,149)</u>
Emergency Services				
Salaries and employee benefits	437,522	446,312	254,960	191,352
Services and supplies	312,786	242,147	254,217	(12,070)
Other charges	4,000	4,000	75	3,925
Capital assets	404,871	470,193	192,866	277,327
Intrafund transfers	4,880	4,880	4,911	(31)
	<u>1,164,059</u>	<u>1,167,532</u>	<u>707,029</u>	<u>460,503</u>
Recorder/Clerk				
Salaries and employee benefits	1,212,014	1,212,014	1,006,245	205,769
Services and supplies	209,754	209,754	148,842	60,912
Other charges	500	500	400	100
Capital assets	39,000	39,000	25,853	13,147
Intrafund transfers	122,097	122,097	113,120	8,977
	<u>1,583,365</u>	<u>1,583,365</u>	<u>1,294,460</u>	<u>288,905</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Planning and Zoning				
Salaries and employee benefits	\$ 2,645,371	\$ 2,645,371	\$ 2,177,243	\$ 468,128
Services and supplies	346,959	536,155	297,733	238,422
Other charges	80,112	105,112	96,244	8,868
Capital assets	13,000	10,537	10,536	1
Other financing uses	16,000	16,000	--	16,000
Intrafund transfers	324,693	324,693	314,007	10,686
	<u>3,426,135</u>	<u>3,637,868</u>	<u>2,895,763</u>	<u>742,105</u>
Animal Control				
Salaries and employee benefits	1,341,377	1,214,454	1,099,289	115,165
Services and supplies	730,102	754,992	350,270	404,722
Other charges	25,100	74,709	94,100	(19,391)
Capital assets	7,000	5,279	2,448	2,831
Other financing uses	445,180	445,180	--	445,180
Intrafund transfers	56,575	74,672	61,210	13,462
	<u>2,605,334</u>	<u>2,569,286</u>	<u>1,607,317</u>	<u>961,969</u>
Public Guardian				
Salaries and employee benefits	756,575	756,575	698,168	58,407
Services and supplies	102,850	102,850	71,004	31,846
Other charges	176,743	176,743	124,425	52,318
Capital assets	3,000	3,000	3,000	--
Intrafund transfers	33,815	33,815	33,782	33
	<u>1,072,983</u>	<u>1,072,983</u>	<u>930,379</u>	<u>142,604</u>
Public Protection	<u>93,622,633</u>	<u>96,102,835</u>	<u>87,296,259</u>	<u>8,806,576</u>
Health and Sanitation				
Public Health				
Salaries and employee benefits	2,636,811	2,605,161	2,145,216	459,945
Services and supplies	276,451	275,348	237,463	37,885
Other charges	11,248	11,248	3,082	8,166
Capital assets	29,700	57,536	48,060	9,476
Intrafund transfers	81,887	104,904	95,022	9,882
	<u>3,036,097</u>	<u>3,054,197</u>	<u>2,528,843</u>	<u>525,354</u>
Health and Sanitation	<u>3,036,097</u>	<u>3,054,197</u>	<u>2,528,843</u>	<u>525,354</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<u>Public Assistance</u>				
Social Services Administration				
Salaries and employee benefits	\$ 11,698,305	\$ 10,698,305	\$ 9,945,459	\$ 752,846
Services and supplies	2,293,880	2,416,156	2,288,558	127,598
Other charges	2,218,787	3,069,527	2,101,147	968,380
Capital assets	87,079	87,579	28,040	59,539
Intrafund transfers	506,826	556,826	532,181	24,645
Labor and costs	(3,732,178)	(3,806,598)	(4,113,521)	306,923
	<u>13,072,699</u>	<u>13,021,795</u>	<u>10,781,864</u>	<u>2,239,931</u>
Social Services Programs				
Salaries and employee benefits	2,959,049	3,154,811	3,183,091	(28,280)
Other financing uses	25,000	25,000	25,000	--
Labor and costs	3,732,178	3,806,598	4,113,521	(306,923)
	<u>6,716,227</u>	<u>6,986,409</u>	<u>7,321,612</u>	<u>(335,203)</u>
Categorical Aids				
Other charges	13,023,000	13,023,000	13,256,621	(233,621)
	<u>13,023,000</u>	<u>13,023,000</u>	<u>13,256,621</u>	<u>(233,621)</u>
Aids to Indigents				
Services and supplies	11,000	11,000	10,524	476
Other charges	61,350	62,850	102,742	(39,892)
	<u>72,350</u>	<u>73,850</u>	<u>113,266</u>	<u>(39,416)</u>
Veterans' Services				
Salaries and employee benefits	307,731	307,731	290,362	17,369
Services and supplies	18,833	35,495	27,357	8,138
Intrafund transfers	10,158	10,158	9,546	612
	<u>336,722</u>	<u>353,384</u>	<u>327,265</u>	<u>26,119</u>
Public Assistance	<u>33,220,998</u>	<u>33,458,438</u>	<u>31,800,628</u>	<u>1,657,810</u>
<u>Education</u>				
County Library				
Salaries and employee benefits	1,849,536	1,869,328	1,822,688	46,640
Services and supplies	550,882	765,877	678,192	87,685
Other charges	2,200	4,926	4,925	1
Capital assets	5,500	57,750	14,933	42,817
Intrafund transfers	56,567	63,112	63,109	3
	<u>2,464,685</u>	<u>2,760,993</u>	<u>2,583,847</u>	<u>177,146</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
 General Fund
 For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
University of California				
Cooperative Extension				
Salaries and employee benefits	\$ 238,132	\$ 236,383	\$ 213,514	\$ 22,869
Services and supplies	20,556	20,556	12,405	8,151
Other charges	28,135	28,135	27,995	140
Intrafund transfers	15,748	17,498	17,096	402
	<u>302,571</u>	<u>302,572</u>	<u>271,010</u>	<u>31,562</u>
Education	<u>2,767,256</u>	<u>3,063,565</u>	<u>2,854,857</u>	<u>208,708</u>
<u>Recreation and Cultural Services</u>				
Recreation				
Salaries and employee benefits	599,246	603,531	575,290	28,241
Services and supplies	230,603	240,858	162,241	78,617
Other charges	25,160	25,160	8,672	16,488
Capital assets	4,500	4,500	3,746	754
Intrafund transfers	36,981	36,981	16,795	20,186
	<u>896,490</u>	<u>911,030</u>	<u>766,744</u>	<u>144,286</u>
Historical Museum				
Salaries and employee benefits	76,115	76,115	75,730	385
Services and supplies	41,328	41,328	34,883	6,445
Capital assets	2,000	2,000	2,146	(146)
Intrafund transfers	4,798	4,798	3,861	937
	<u>124,241</u>	<u>124,241</u>	<u>116,620</u>	<u>7,621</u>
Recreation and Cultural Services	<u>1,020,731</u>	<u>1,035,271</u>	<u>883,364</u>	<u>151,907</u>
<u>Contingency</u>				
Appropriation for contingencies	<u>7,416,861</u>	<u>6,756,834</u>	<u>--</u>	<u>6,756,834</u>
	<u>7,416,861</u>	<u>6,756,834</u>	<u>--</u>	<u>6,756,834</u>
Contingency	<u>7,416,861</u>	<u>6,756,834</u>	<u>--</u>	<u>6,756,834</u>
Total Charges to Appropriations	<u>201,708,107</u>	<u>207,158,212</u>	<u>174,189,864</u>	<u>32,968,348</u>
Budgetary Balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,398,317</u>	<u>\$ 26,398,317</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
General Fund
For the Fiscal Year Ended June 30, 2006

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 200,588,181
Difference budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(15,409,440)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(18,888,983)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 166,289,758</u>

Uses/outflow of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule	\$ 174,189,864
Difference budget to GAAP	
Intrafund transfers out are a budgetary use of funds but are not expenditures for financial reporting purposes	<u>(16,705,291)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 157,484,573</u>

COUNTY OF EL DORADO

Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 2,118,689	\$ 2,021,632	\$ 2,021,632	\$ --
Resources (inflows):				
Taxes and assessments	24,200	24,200	15,436	(8,764)
Licenses, permits and franchises	261,922	261,922	167,301	(94,621)
Revenue from use of money or property	60,000	60,000	121,738	61,738
Intergovernmental revenue - State	9,280,256	9,280,256	8,457,768	(822,488)
Intergovernmental revenue - Federal	3,142,724	3,142,724	2,149,088	(993,636)
Charges for services	4,033,660	4,033,660	4,052,034	18,374
Miscellaneous revenues	498,981	498,981	345,905	(153,076)
Other financing sources	47,215,963	49,846,815	29,102,453	(20,744,362)
	<u>64,517,706</u>	<u>67,148,558</u>	<u>44,411,723</u>	<u>(22,736,835)</u>
Amounts available for appropriations	<u>66,636,395</u>	<u>69,170,190</u>	<u>46,433,355</u>	<u>(22,736,835)</u>
Charges to appropriations (outflows):				
<u>Public Ways and Facilities</u>				
Salaries and employee benefits	20,250,148	20,317,743	18,280,704	2,037,039
Services and supplies	38,093,939	38,532,722	19,313,721	19,219,001
Other charges	6,746,430	8,836,430	8,026,057	810,373
Capital assets	4,020,900	3,958,317	216,114	3,742,203
Other financing uses	32,500	32,500	--	32,500
Intrafund transfers	(2,507,522)	(2,507,522)	(1,903,060)	(604,462)
Public Ways and Facilities	<u>66,636,395</u>	<u>69,170,190</u>	<u>43,933,536</u>	<u>25,236,654</u>
Total Charges to Appropriations	<u>66,636,395</u>	<u>69,170,190</u>	<u>43,933,536</u>	<u>25,236,654</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,499,819</u>	<u>\$ 2,499,819</u>

continued

COUNTY OF EL DORADO

Budgetary Comparison Schedule (continued)
Road Fund
For the Fiscal Year Ended June 30, 2006

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 46,433,355
Difference budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,021,632)
The transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(29,102,453)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	<u>\$ 15,309,270</u>

COUNTY OF EL DORADO

Notes to Required Supplementary Information For the Year Ended June 30, 2006

BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

COUNTY OF EL DORADO

Combining Statement of Fund Net Assets Internal Service Funds June 30, 2006

	Fleet Management	Risk Management Authority	Total
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 2,540,010	\$ 31,283,682	\$ 33,823,692
Account receivable	3,631	82,565	86,196
Deposits	--	83,100	83,100
Inventory	47,152	--	47,152
Prepaid expenses	--	2,498	2,498
Total Current Assets	<u>2,590,793</u>	<u>31,451,845</u>	<u>34,042,638</u>
Capital assets:			
Land	40,000	--	40,000
Structures and improvements	659,905	--	659,905
Equipment	9,726,681	20,014	9,746,695
Accumulated depreciation	(5,068,273)	(16,829)	(5,085,102)
Total Capital Assets, net of accumulated depreciation	<u>5,358,313</u>	<u>3,185</u>	<u>5,361,498</u>
Total Assets	<u>\$ 7,949,106</u>	<u>\$ 31,455,030</u>	<u>\$ 39,404,136</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 85,200	\$ 329,160	\$ 414,360
Salaries and benefits payable	7,293	10,492	17,785
Liability for self-insurance	--	4,100,000	4,100,000
Compensated absences-due within one year	9,994	39,920	49,914
Total Current Liabilities	<u>102,487</u>	<u>4,479,572</u>	<u>4,582,059</u>
Long-Term Liabilities:			
Liability for self-insurance	--	15,933,869	15,933,869
Compensated absences-due beyond one year	20,765	8,686	29,451
Total Long-Term Liabilities	<u>20,765</u>	<u>15,942,555</u>	<u>15,963,320</u>
Total Liabilities	<u>123,252</u>	<u>20,422,127</u>	<u>20,545,379</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	5,358,313	3,185	5,361,498
Restricted	2,410,777	--	2,410,777
Unrestricted	56,764	11,029,718	11,086,482
Total Net Assets	<u>7,825,854</u>	<u>11,032,903</u>	<u>18,858,757</u>
Total Liabilities and Net Assets	<u>\$ 7,949,106</u>	<u>\$ 31,455,030</u>	<u>\$ 39,404,136</u>

COUNTY OF EL DORADO

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2006

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Totals</u>
Operating Revenues:			
Service fees	\$ 1,911,239	\$ 29,154,624	\$ 31,065,863
Fuel sales	24,706	--	24,706
Total Operating Revenues	<u>1,935,945</u>	<u>29,154,624</u>	<u>31,090,569</u>
Operating Expenses:			
Salaries and benefits	414,864	625,060	1,039,924
Services and supplies	706,597	24,461,301	25,167,898
Depreciation	911,473	1,690	913,163
Total Operating Expenses	<u>2,032,934</u>	<u>25,088,051</u>	<u>27,120,985</u>
Operating Income (Loss)	<u>(96,989)</u>	<u>4,066,573</u>	<u>3,969,584</u>
NonOperating Revenues (Expenses):			
Interest income	84,789	1,055,925	1,140,714
Gain (loss) on sale of capital assets	(41,088)	--	(41,088)
Miscellaneous nonoperating revenue	254	716,013	716,267
Total Non-Operating Revenues (Expenses)	<u>43,955</u>	<u>1,771,938</u>	<u>1,815,893</u>
Change in Net Assets	<u>(53,034)</u>	<u>5,838,511</u>	<u>5,785,477</u>
Net Assets - Beginning of Year	<u>7,878,888</u>	<u>5,194,392</u>	<u>13,073,280</u>
Net Assets - End of Year	<u>\$ 7,825,854</u>	<u>\$ 11,032,903</u>	<u>\$ 18,858,757</u>

COUNTY OF EL DORADO

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2006

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from internal fund services provided	\$ 1,932,314	\$ 29,180,820	\$ 31,113,134
Cash paid to suppliers for goods and services	(1,001,085)	(24,277,328)	(25,278,413)
Cash paid to employees for salaries and benefits	(420,074)	(675,022)	(1,095,096)
	<u>511,155</u>	<u>4,228,470</u>	<u>4,739,625</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Non-operating revenues	<u>254</u>	<u>716,013</u>	<u>716,267</u>
	<u>254</u>	<u>716,013</u>	<u>716,267</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	119,429	--	119,429
Payments related to the acquisition of capital assets	(720,150)	--	(720,150)
	<u>(600,721)</u>	<u>--</u>	<u>(600,721)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>84,789</u>	<u>1,055,925</u>	<u>1,140,714</u>
Net cash provided by investing activities	<u>84,789</u>	<u>1,055,925</u>	<u>1,140,714</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,523)	6,000,408	5,995,885
Cash and cash equivalents, beginning of year	<u>2,544,533</u>	<u>25,283,274</u>	<u>27,827,807</u>
Cash and cash equivalents, end of year	<u>\$ 2,540,010</u>	<u>\$ 31,283,682</u>	<u>\$ 33,823,692</u>

continued

COUNTY OF EL DORADO

Combining Statement of Cash Flows (continued)
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2006

	<u>Fleet Management</u>	<u>Risk Management Authority</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (96,989)	\$ 4,066,573	\$ 3,969,584
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	911,473	1,690	913,163
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(3,631)	26,196	22,565
Inventory	5,469	--	5,469
Prepaid expenses	34,101	466,700	500,801
Increase (decrease) in:			
Accounts payable	(334,058)	(81,727)	(415,785)
Salaries payable	(9,888)	(37,921)	(47,809)
Liability for compensated absences	4,678	(12,041)	(7,363)
Claims and judgments	--	(201,000)	(201,000)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 511,155</u>	<u>\$ 4,228,470</u>	<u>\$ 4,739,625</u>



BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

ADDENDUM

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California (the County) as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements.

Subsequent to the issuance of our report, which occurred on March 29, 2007, it came to our attention that the County was in possession of an actuarial report which was conducted as of June 30, 2006 for the County's Retiree's Health plans, but which had not been disclosed to us. The following changes should be made to the original Management's Discussion and Analysis on pages 13 and 14 of the Annual Financial Report. These changes do not affect the County's financial statements.

The actuarial report has revised the Retiree's Health Liability from \$38,436,406 to \$46,806,000 and the net obligation from \$32,542,049 to \$40,911,643.

As of June 30, 2006 the County calculated its unfunded or net obligation at \$110.3 million, using actuarial reports dated June 30, 2005 for CalPERS and June 30, 2006 for Retiree's Health plans.

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

Post Retirement Benefit Plan	Liability	Plan Assets	Net Obligation
CalPERS Safety	\$ 135,837,649	\$ 107,793,103	\$ 28,044,546
CalPERS Misc	300,683,309	259,377,379	41,305,930
Retiree's Health	46,806,000	5,894,357	40,911,643
Total	\$ 483,326,958	\$ 373,064,839	\$ 110,262,119

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The liability for Retiree's Health of \$46,806,000 is based on the assumption that the Board of Supervisors will enforce the current cap on the County's contributions for Retiree's Health. Generally accepted accounting principles require the County to recognize its retiree's health obligation without the limitation of the cap for financial reporting purposes until such cap is enforced and thereby begins to alter the established pattern of sharing costs. The County's liability for Retiree's Health as of June 30, 2006, for financial reporting purposes is \$87,409,000.

BARTIG, BASLER & RAY, LLP
A GALLINA LLP Company

Bartig, Basler & Ray, LLP

May 14, 2007
Roseville, California