

COUNTY OF EL DORADO  
DEPARTMENT OF TRANSPORTATION  
SOUTH LAKE TAHOE TRANSIT PROGRAM  
INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
JUNE 30, 2007

COUNTY OF EL DORADO DEPARTMENT OF TRANSPORTATION  
SOUTH LAKE TAHOE TRANSIT PROGRAM  
June 30, 2007

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# VAUGHN JOHNSON, CPA

## INDEPENDENT AUDITOR'S REPORT

County of El Dorado  
Department of Transportation  
Placerville, California

I have audited the accompanying financial statements of the County of El Dorado Department of Transportation South Lake Tahoe Transit Program as of June 30, 2007, and for the fiscal year then ended as listed in the table of contents. These financial statements are the responsibility of the County of El Dorado Department of Transportation's management. My responsibility is to express my opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the State Controller's Minimum Audit Requirements, Transportation Development Act Statutes and California Code Regulation Section 6664 and 6667. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the financial statements present only the County of El Dorado Department of Transportation South Lake Tahoe Transit Program and are not intended to present the financial position of El Dorado County. Also, as noted, the Fund's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the accrual basis and budget laws of the State of California. This practice may differ from accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial statements are not intended to present fairly the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of El Dorado Department of Transportation South Lake Tahoe Program as of June 30, 2007, and the results of its operations and cash flows for the fiscal year ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and State regulations governing local government affairs.

In accordance with *Government Auditing Standards*, I have also issued my reports dated December 5, 2007, on my consideration of the County of El Dorado Department of Transportation South Lake Tahoe Transit Program's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was conducted to form an opinion on the financial statement taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the County of El Dorado Department of Transportation South Lake Tahoe Transit Program. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The County of El Dorado Department of Transportation South Lake Tahoe Transit Program has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.



Vaughn Johnson, CPA

December 5, 2007

COUNTY OF EL DORADO DEPARTMENT OF TRANSPORTATION  
SOUTH LAKE TAHOE TRANSIT PROGRAM  
Statement of Fund Net Assets  
June 30, 2007

ASSETS

CURRENT ASSETS

Cash in County Treasury	<u>\$ 18,467</u>
TOTAL CURRENT ASSETS	18,467

CAPITAL ASSETS

Equipment-Operating Funds	109,505
Less Accumulated Depreciation	<u>(88,672)</u>
TOTAL CAPITAL ASSETS	<u>20,833</u>
TOTAL ASSETS	<u><u>\$ 39,300</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts and Vouchers Payable	\$ 25,000
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NET ASSETS

Restricted	<u>14,300</u>
TOTAL NET ASSETS	<u>14,300</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 39,300</u></u>

See accompanying notes.

COUNTY OF EL DORADO DEPARTMENT OF TRANSPORTATION  
 SOUTH LAKE TAHOE TRANSIT PROGRAM  
 Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 For the Year Ended June 30, 2007

OPERATING REVENUES

Fare box collections	\$ 41,876
Special revenue fares	7,857
TOTAL OPERATING REVENUES	49,733

OPERATING EXPENSES

Contract ATM Bus Plus Program	370,919
El Dorado Department of Transportation-Administration	21,504
Auditing services	2,600
Interest	1,814
Depreciation	31,483
TOTAL OPERATING EXPENSES	428,320

NET (LOSS) FROM OPERATIONS (378,587)

NON-OPERATING REVENUES (EXPENSES)

Insurance proceeds	1,186
Federal Transit Administration	
5311 Operating Assistance Grant	11,079
Transportation Development Act funds allocated	59,762
State Transit Assistance Funds	261,515
NET NON-OPERATING REVENUES (EXPENSES)	333,542

NET INCOME (45,045)

NET ASSETS

Beginning	59,345
Ending	14,300

See accompanying notes.

COUNTY OF EL DORADO DEPARTMENT OF TRANSPORTATION  
 SOUTH LAKE TAHOE TRANSIT PROGRAM  
 Statement of Cash Flows  
 For the Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	49,733
Insurance proceeds	1,186
Cash paid to suppliers for goods and services	(395,024)
Interest	<u>(1,814)</u>
NET CASH USED BY OPERATING ACTIVITIES	(345,919)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Intergovernmental revenue	321,277
FTA grant	<u>11,079</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>332,356</u>
NET INCREASE IN CASH	(13,563)
CASH BEGINNING OF PERIOD	<u>32,030</u>
CASH AT END OF PERIOD	<u><u>\$ 18,467</u></u>

See accompanying notes.

COUNTY OF EL DORADO DEPARTMENT OF TRANSPORTATION  
SOUTH LAKE TAHOE TRANSIT PROGRAM  
Notes to Financial Statements  
June 30, 2007

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles of the Fund conform to accounting principles generally accepted in the United States of America applicable to governmental type organizations. It is the policy of the management of the Department of Transportation to maintain the Fund as an enterprise activity. The Fund is a component unit of the County of El Dorado. The following is a summary of the Fund's significant accounting policies.

**Basis of Accounting:** The financial records of the Authority are maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

**Budget:** The Department of Transportation develops and adopts an annual budget; however this budget is a management procedure and is not a regulatory requirement.

**Property and Equipment:** All fixed assets are valued at historical cost. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized. All depreciation is computed on the straight-line method over the estimated useful lives of the assets.

**Compensated Absences:** There are no permanent employees charged to the fund therefore no compensated absences are recorded.

**Concentration of Credit Risk:** There are no financial statements which potentially expose the Program to concentrations of credit risks as defined by the Statement of Financial Accounting Standards Number 105.

**Use of Estimates:** The preparation of financial statements in the conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that impact the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2 – CASH

The County's monies are pooled and invested in total in order to obtain the highest interest rate possible. Interest earned is apportioned to the different funds in the County based upon the cash balances in those funds during the investment period. The County has not adopted the provisions of GASB Statement Number 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

Note 3 – GRANT CONTINGENCIES

Under the Public Utilities Code the Tahoe Regional Planning Agency may allocate Local Transportation funds for operations of regional transit programs. These funds must be expended according to the Agency's instructions.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being approved expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, will be immaterial.

COUNTY OF EL DORADO DEPARTMENT OF TRANSPORTATION  
SOUTH LAKE TAHOE TRANSIT PROGRAM  
Notes to Financial Statements  
June 30, 2007

Note 4—EQUIPMENT

Equipment is stated at historical cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the asset. Operating expenses include depreciation.

A summary of changes in fixed assets during the current year is presented below:

	Beginning Balance	Acquisitions	Deletions	Ending Balance
Equipment	109,505			109,505
Accumulated depreciation	57,189	31,483		88,672

## SUPPLEMENTAL INFORMATION

# VAUGHN JOHNSON, CPA

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

County of El Dorado  
Department of Transportation  
Placerville, California

I have audited the financial statements of the County of El Dorado Department of Transportation South Lake Tahoe Transit Program as of and for the year ended June 30, 2007, and have issued my report thereon dated December 5, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States, the State Controller's Minimum Audit Requirements and the Transportation Development Act Statutes and California Code of Regulations Section 6664 and 6667.

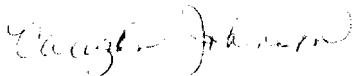
### Compliance

As part of obtaining reasonable assurance about whether the County of El Dorado Department of Transportation South Lake Tahoe Transit Program financial statements are free of material misstatements, I performed tests of its compliance with certain provision of the laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*, the State Controller's Minimum Audit Requirements and the Transportation Development Act Statutes and California Code of Regulations sections 6664 and 6667.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the County of El Dorado Department of Transportation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is an indication which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the management of El Dorado County Department of Transportation, the Tahoe Regional Planning Agency and the California Department of Transportation. However, this report is a matter of public record and its distribution is not limited.



Vaughn Johnson, CPA

December 5, 2007

COUNTY OF EL DORADO DEPARTMENT OF TRANSPORTATION  
SOUTH LAKE TAHOE TRANSIT PROGRAM  
Schedule of Findings of Non-Compliance  
For the Year Ended June 30, 2007

There were no findings of non-compliance in the fiscal year ended June 30, 2007.