

County of Napa, California
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2007



PAMELA A. KINDIG
Auditor-Controller

County of Napa, California
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2007



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Auditor-Controller

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2007

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Introductory Section



PAMELA A. KINDIG
Auditor-Controller

COUNTY *of* NAPA

NANCY WATT
County Executive Officer

December 27, 2007

To the Honorable Board of Supervisors and Citizens of the County of Napa:

California law requires that every local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that management has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Bartig, Basler & Ray, LLP, have issued an unqualified (“clean”) opinion on the County of Napa’s financial statements for the year ended June 30, 2007. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The first California State Constitution, adopted in 1849, the year before California became a state, directed the Legislature to provide for a system of county government and for the election of a County Board of Supervisors. On February 18, 1850, the County of Napa was created as one of California’s original twenty-seven counties.

The County is a general law county divided into five supervisorial districts on the basis of registered voters and populations. The five members of the County Board of Supervisors are elected to four-year terms in staggered years. Also elected are the Auditor-Controller, Assessor-Recorder-County Clerk, District Attorney, Sheriff-Coroner and the Treasurer-Tax Collector. A County Executive Officer appointed by the Board manages the day-to-day business affairs of the County.

County government provides a wide range of services, including public protection, judicial support, environmental management and health services, senior citizen assistance, a variety of public assistance programs, library services, airport services, parks, road maintenance, and fire protection.

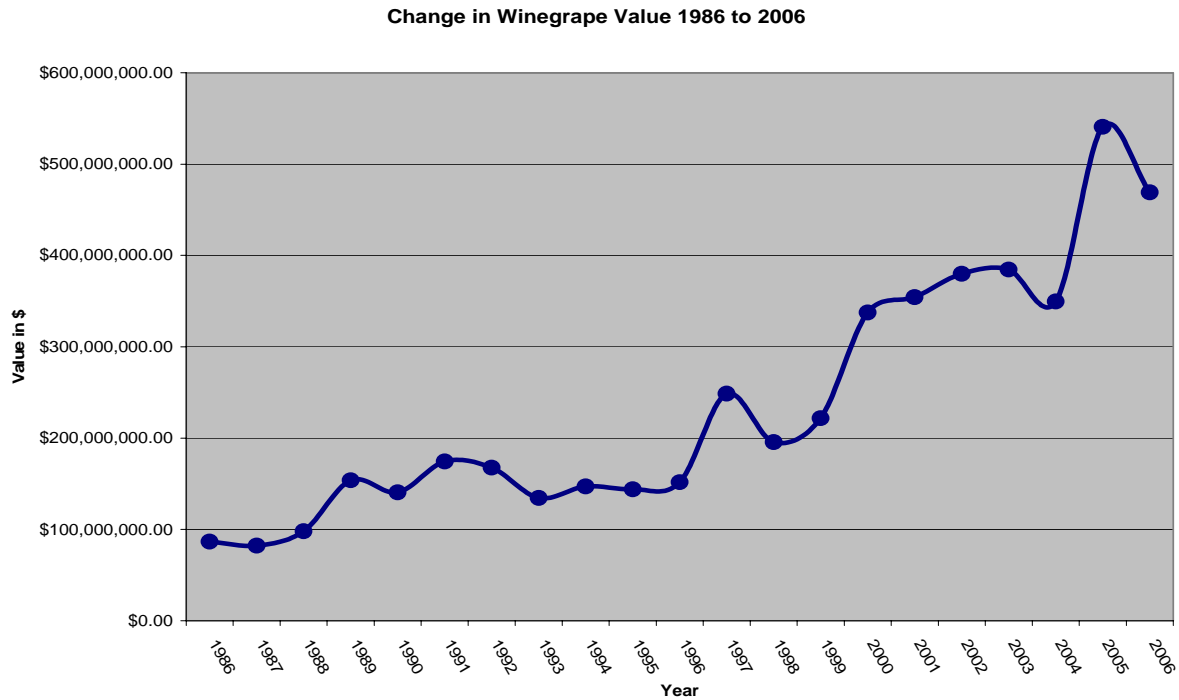
The Board of Supervisors is required to adopt a final budget no later than August 30 of the fiscal year if the state's budget is passed on time, otherwise, a final budget is required 60 days after the state passes its budget or October 2, whichever is later. This annual budget serves as the foundation for the County of Napa's financial planning and control. The budget is prepared by fund, function (e.g., public protection), and department (e.g., Sheriff). With certain limitations, department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the Board of Supervisors.

Local economy

In the heart of the wine country, the County of Napa includes one of California's most beautiful valleys. The temperate year round climate provides ideal weather for the growth of world-class wine grapes. The valley's unique microclimates also allow residents and visitors the opportunity to take full advantage of numerous recreational pursuits available in the immediate area. Golfing, fishing, cycling, hiking, boating and horseback riding are readily available. Of course, Napa Valley is also synonymous with world-class restaurants, destination resorts, and some of the world's most famous wineries.

The population of 135,969 resides primarily in the five municipalities of Cities of American Canyon, Calistoga, Napa, St. Helena and the Town of Yountville. The vast majority of County land is unincorporated and devoted to vineyards, farms, ranches and forest land, providing the area with high levels of open space. The County's economy has always had a strong agricultural base, and has a substantial presence in the wine industry.

According to the Napa County Agricultural Commissioner's Annual Crop Report for 2006, wine grapes represent 98.2% of the value of all agricultural production in the County. Without factoring inflation, the annual value of wine grape production has risen 471% in the twenty years between 1987 and 2006, with over \$4.8 billion in total wine grape production during this same time period. Each year the value of wine grapes produced is exponentially magnified in the local economy through the production and marketing of wine, local wine industry employment, and associated economic activity. The most recent study shows an over \$9.5 billion impact to the Napa County economy from the local wine industry.



Major industries located within the County's boundaries or in close proximity include wine growers and producers and manufacturers of wine industry related products. The State of California also has a significant economic presence in Napa County due to a major mental health facility that provides employment to more than 3,000 healthcare professionals and staff. Public instruction in the County is provided by two elementary school districts and three unified school districts. Higher education is available in the County via the Napa Valley College and the Pacific Union College. The transportation network includes publicly operated systems as well as private enterprise systems within the county and the cities. A privately-owned airporter service operates from St. Helena, Napa and Vallejo to San Francisco International Airport and Oakland International airport. There is also a County-owned and operated airport that serves privately-owned aircraft and provides facilities for a large pilot training program for Japan Airlines.

Napa County's unemployment rate has consistently been well below the State average, although it does follow the State trend generally. During the past ten years, the unemployment rate in Napa County increased from 3.8% (1998) to the decade high of 4.7%t (2003), and then declined to 3.9% (2007) following the state trend. Unemployment is expected either to remain stable or decrease in the near term.

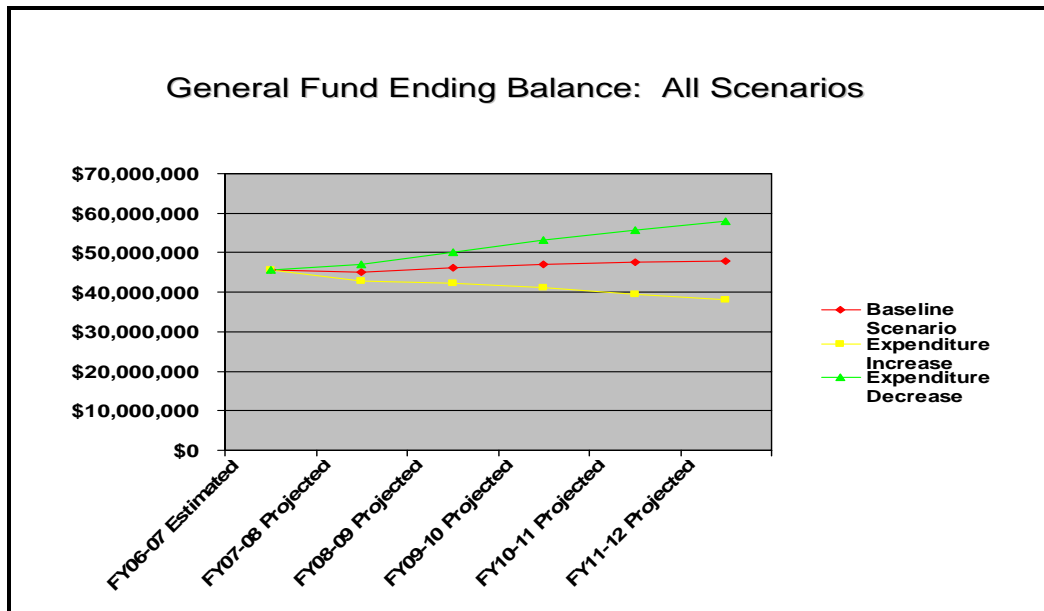
Long-term financial planning

Napa County has a history of prudent fiscal and debt management. The recent history of the General Fund shows sizable reserves, including designations. In Fiscal Year 2005-2006 the General Fund reserve was 18.2% of total General Fund expenditures and in Fiscal Year 2006-2007 reserves were 20.7%. These reserves include funds designated for specific capital projects as well as for fiscal requirements known or anticipated in future years. The County utilizes an interdisciplinary Debt Advisory Committee and periodic debt capacity analyses to project future capital needs and funding.

In 2007, the County prepared a formal General Fund Five-Year Revenue/Expenditure Forecast for consideration by the Board of Supervisors (see following graph). The Five Year Forecast projected the General Fund ending balance under three different scenarios: A baseline scenario that essentially assumed a continuation of the status quo in terms of state laws, funding levels and general economic conditions; a Revenue Reduction/Expenditure Increase Scenarios that assumed a 2% increase in Net County Cost starting Fiscal Year 2007-2008; and a Revenue Increase/Expenditure Decrease Scenario, that assumed a 2% decrease in Net County Cost.

The Baseline Scenario projected a Fiscal Year 2011-2012 General Fund ending balance of approximately \$48 million, a decrease of approximately \$2.4 million from the Fiscal Year 2006-2007 beginning balance. The Revenue Reduction/Expenditure Increase Scenario resulted in an estimated Fiscal Year 2011-2012 ending balance of approximately \$38 million. The Revenue Increase/Expenditure Decrease Scenarios resulted in a Fiscal Year 2011-2012 fund balance projection of approximately \$58 million.

A projected Fiscal Year 2011-2012 ending fund balance that ranges from \$38 million to \$58 million illustrates the sensitivity of such projections to the assumptions used in making them. At this point, staff is able to conclude that absent a change in policy or programs: (1) the County's General Fund budget is structurally balanced; (2) the structural balance is somewhat precarious-a relatively small increase in Net County Cost or decrease in discretionary revenues could push the General Fund into structural imbalance; and (3) given the relatively robust nature of the General Fund's fund balance, even under the worse case scenario the County would likely have a number of years to come up with a plan to address any structural imbalance before significant expenditure reductions are required. To insure that the General Fund remains in long-term structural balance, the County Board of Supervisors has approved the development of a Strategic Financial Plan, which is being prepared by County staff.



The County is currently in the process of developing a Strategic Space Management Plan, a long-term Capital Improvement Plan (CIP) and an Adult Corrections Master Plan which, among other things, will address the potential need for additional jail space. Recognizing that, over the next 20 years, the County will likely face the need to renovate and construct new office space and other facilities, as part of the Fiscal Year 2006-2007 budget the Board of Supervisors established an Accumulated Capital Outlay (ACO) Fund that will be used to set aside available resources now to fund future capital needs. The Fiscal Year 2006-2007 budget included a transfer of \$9.9 million from the General Fund to the ACO Fund, consistent with a Board Budget Policy that called for placing any remaining discretionary resources (after all current year operating, capital, reserve and contingency requirements were met) in capital reserves. The Fiscal Year 2007-08 budget includes the transfer of an additional \$6.2 million from the General Fund to the ACO Fund.

Relevant financial policies

Budget policies have been formally adopted by the Board of Supervisors. These include direction on staffing decisions, pursuit of new revenues, use of discretionary revenues and operational efficiencies, to name a few. Through these policies, the Board of Supervisors has established reserve and contingency guidelines. At least 3% of the General Fund appropriation is to be held in Contingency. The Contingency would be utilized to cover the impact of unanticipated cost increases or revenue decreases during the fiscal year.

In addition, the Board of Supervisors adopted a goal of building General Reserves equivalent to approximately 5% of General Fund appropriations. In the past, the Reserve goal had been set at 3%. Reserves are typically used for two purposes: to provide funds that can be used in future

years to balance the budget (reserves cannot be spent in the current fiscal year) and to aid in cash flow, so that short-term borrowing against anticipated revenues is not needed.

Major initiatives

In 1998, the voters of Napa County approved a half-cent sales tax to fund the local share of a countywide flood management plan. Construction of the portion of the Napa River/Napa Creek Flood protection Project (Project) in the City of Napa has been underway for eight years with many accomplishments thus far. The Project has restored over 650 acres of high-value seasonal and tidal wetlands along the Napa River. Four major bridge projects have been completed and the cleanup of thirteen acres of contaminated riverbank was accomplished. And ahead there is the long-sought protection for 2,700 homes, 350 businesses, and over 50 public properties. Protection from 100-year flood levels means a savings of more than \$26 million annually in flood damage costs. The end result is to be a “Living River” that will help protect residents from damage caused by regular flooding, sustain migrating fish and wildlife, provide recreational opportunities, and enhance economic activity all along the River’s course.

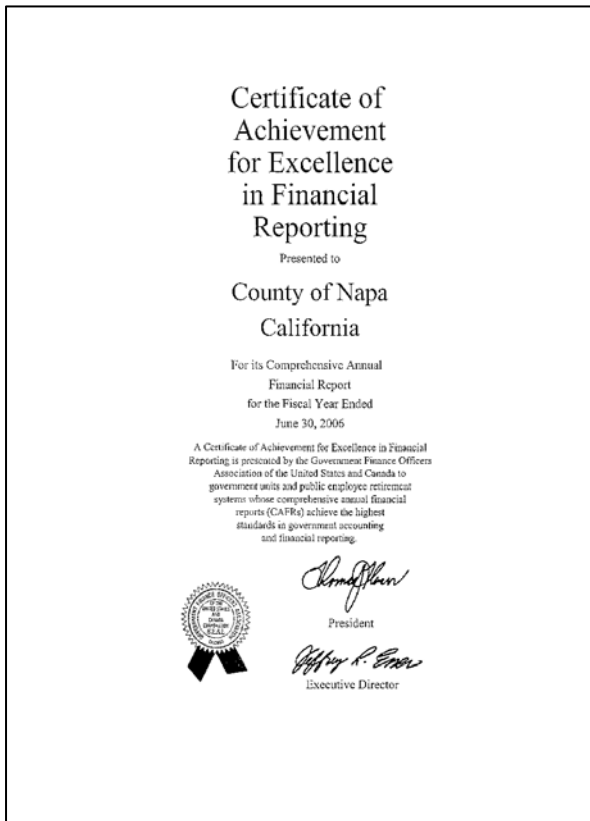
The most recent calculations estimate the total cost of the City of Napa Project at \$310.7 million with the Federal government responsible for half the total and the local sponsor responsible for the other half. Monies for the Project are derived from Napa County Measure A, which generates a half-cent local sales tax; California’s Subvention Fund for flood projects; and Federal funding appropriated to the U.S. Army Corps of Engineers. Additional monies have been obtained through grants from the Federal Emergency Management Agency, the Federal Highway Administration, the California Department of Transportation, the California Department of Water Resources, and the Coastal Conservancy.

Napa County’s multi-year effort to update the County General Plan remains on schedule for completion in 2008 and will ultimately involve expenditures of approximately \$2.0 million dollars. The General Plan, which has not been comprehensively updated since 1983, is a requirement of State law. In California, every General Plan is required to have seven mandated elements: Land Use, Circulation, Housing, Conservation, Open Space, Noise and Safety. Napa County’s updated plan will include an Economic Development element in addition to the required elements, and will address several additional topics such as agricultural preservation, recreation and community character. When completed, the updated General Plan will complement the County’s award winning Baseline Date Report (BDR), and will be accompanied by a programmatic Environmental Impact Report (EIR). The updated General Plan is expected to guide land use decision making in the County for years to come.

Awards and acknowledgements

Napa County’s Auditor-Controller’s Department received its seventh straight “Award for Achieving Excellence in Financial Reporting” from the California State Controller’s Office. Napa County’s Information Technology Department received national recognition as the result

of a survey conducted by the Center for Digital Government. Napa County ranked fifth in the nation for counties with a population of 150,000 or less. The Napa City-County Library received the 2007 Public Relations Excellence Award from the California Library Association. In a statewide competition, judges selected the Napa City-County Library's monthly newsletter, News & Reviews, as the winner in the category of library news and information.



Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the second year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Auditor-Controller's and County Executive departments. We wish to express our appreciation to all those who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Napa County's finances.

Respectfully submitted,

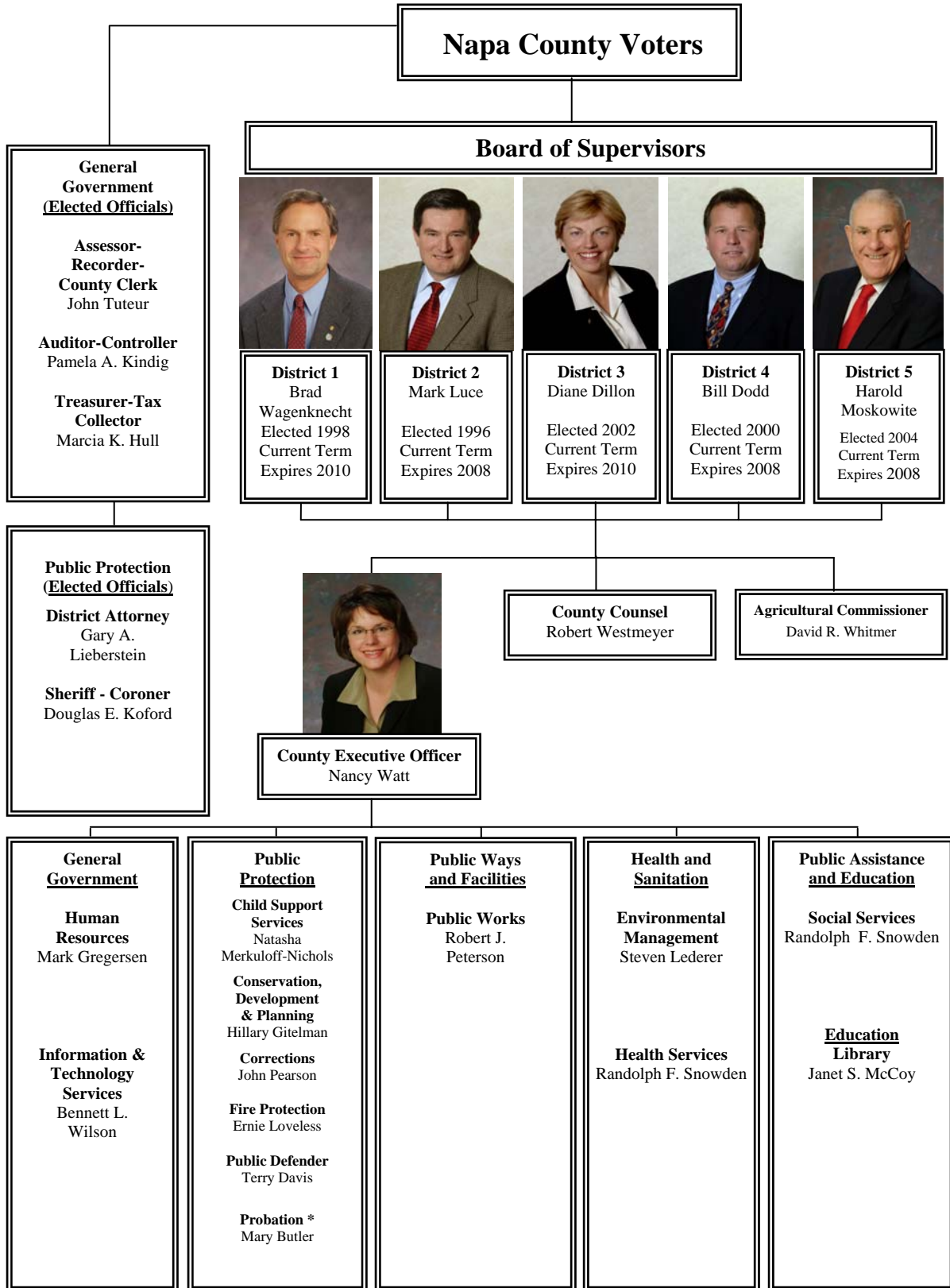
Pamela A. Kindig

Pamela A. Kindig
Auditor-Controller

Nancy Watt

Nancy Watt
County Executive Officer

COUNTY OF NAPA PUBLIC OFFICIALS



*Appointed by the Napa County Superior Court

COUNTY OF NAPA PUBLIC OFFICIALS

ELECTED OFFICIALS

June 30, 2007

Supervisor, District 1	Brad Wagenknecht
Supervisor, District 2	Mark Luce
Supervisor, District 3	Diane Dillon
Supervisor, District 4	Bill Dodd
Supervisor, District 5	Harold Moskowite
Assessor-Recorder-County Clerk	John Tuteur
Auditor-Controller	Pamela A. Kindig
District Attorney	Gary A. Lieberstein
Sheriff – Coroner	Douglas E. Koford
Treasurer – Tax Collector	Marcia K. Hull

APPOINTED OFFICIALS

Agricultural Commissioner	David R. Whitmer
Child Support Services Director	Natasha Merkuloff-Nichols
Clerk of the Board	Gladys Coil
Conservation Development and Planning Director	Hillary Gitelman
Corrections Director	John Pearson
County Counsel	Robert Westmeyer
County Executive Officer	Nancy Watt
Environment Management Director	Steve Lederer
Fire Protection	Ernie Loveless
Health & Human Services Director	Randolph F. Snowden
Human Resources Director	Mark Gregersen
Information Technology Systems Director	Bennett L. Wilson
Library Director	Janet S. McCoy
Chief Probation Officer	Mary Butler
Public Defender	Terry Davis





Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors and Grand Jury
County of Napa
Napa, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Napa, California, (the County), as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2007, 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.

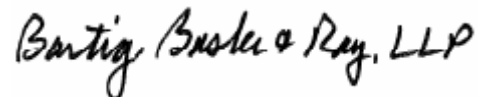
In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 21, 2007, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Supervisors and Grand Jury
County of Napa

The Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

A handwritten signature in black ink that reads "Bartig Basler & Ray, LLP". The signature is written in a cursive, flowing style.

Roseville, California
December 21, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS



COUNTY OF NAPA

Management's Discussion and Analysis For the Year Ended June 30, 2007

Management's Discussion and Analysis

This section of the County of Napa's (County) annual financial report presents our discussion and analysis of the County's financial performance during the year ended June 30, 2007. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the 2006-2007 fiscal year by \$273,936,539 (*net assets*). Of this amount, \$128,892,700 (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, \$64,749,020 is restricted for debt service, capital projects, grants and other purposes, \$80,294,819 is invested in capital assets, net of related debt.
- As of June 30, 2007, the County governmental funds reported combined fund balances of \$180,524,067. Approximately 83.1% of the combined fund balances, \$149,956,960 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$63,431,592, or 37.8% of total general fund expenditures. All of the remaining unreserved fund balance will be budgeted in the subsequent fiscal year.
- The County's total long-term debt decreased by \$3,902,235 in comparison with the prior year. The decrease was due to making the scheduled debt payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements are designed to provide readers with a broad overview of 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 of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes 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 all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County include Napa County Airport, Napa Berryessa Resort Improvement District, Lake Berryessa Resort Improvement District, and Napa County Housing Authority.

Component units are included in the County's basic financial statements and consist of legally separate entities for which the County is financially accountable and, that have substantially the same board as the County or provide services entirely to the County. An example is the Napa County Flood Protection and Watershed Improvement Authority (Flood Authority).

The government-wide financial statements can be found on pages 15-17 of this report.

COUNTY OF NAPA

Management's Discussion and Analysis For the Year Ended June 30, 2007

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, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 *governmental funds* and *governmental activities*.

The County currently maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for General Fund, Napa County Flood Protection and Watershed Improvement Authority Fund, Affordable Housing Fund and Roads Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The governmental funds financial statements can be found on pages 19-22 of this report.

Proprietary funds are maintained two ways. *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 the Napa County Airport, Lake Berryessa Resort Improvement District, Napa Berryessa Resort Improvement District operations and Napa County Housing Authority. *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 to account for its workers' compensation insurance, long-term disability, employee benefits, personal injury and property damage, fleet maintenance and replacement, and Information Technology Services functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Napa County Airport is considered to be a major fund of the County. The County's 6 internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the supplementary information section of this report.

The proprietary funds financial statements can be found on pages 23-26 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 27-28 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 29-62 of this report.

COUNTY OF NAPA

Management's Discussion and Analysis For the Year Ended June 30, 2007

Required Supplementary Information is presented concerning the County General Fund budgetary schedule. Infrastructure assets are reported using estimated historical cost. The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The required supplementary information can be found on pages 73-76 of this report.

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

The required combining and individual fund statements and schedules can be found on pages 77-140 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$273,936,539 at the close of the most recent fiscal year. Further detail is provided in Table 1.

Table 1 - County's Net Assets (in thousands)

	Governmental		Business-type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2007	2006	2007	2006	2007	2006	Change	Change
Current and other assets	\$ 215,776	\$ 194,270	\$ 2,942	\$ 2,543	\$ 218,718	\$ 196,813	\$ 21,905	11.1%
Capital assets	150,087	150,634	19,352	17,114	169,439	167,748	1,691	1.0%
Total assets	365,863	344,904	22,294	19,657	388,157	364,561	23,596	6.5%
Current and other liabilities	9,238	8,202	1,544	1,555	10,782	9,757	1,025	10.5%
Long-term liabilities	103,026	106,903	413	439	103,439	107,342	-3,903	-3.6%
Total liabilities	112,264	115,105	1,957	1,994	114,221	117,099	-2,878	-2.5%
Net assets:								
Invested in capital assets, net of related debt	61,332	57,639	18,962	14,260	80,294	71,899	8,395	11.7%
Restricted net assets	64,749	61,499			64,749	61,499	3,250	5.3%
Unrestricted net assets	127,518	110,660	1,375	3,403	128,893	114,063	14,830	13.0%
Total net assets	\$ 253,599	\$ 229,798	\$ 20,337	\$ 17,663	\$ 273,936	\$ 247,461	\$ 26,475	10.7%

The significant changes in the County's net assets are summarized as follows:

- The County's total assets as of June 30, 2007, amount to \$388.2 million, an increase of \$23.6 million (or 6.5%) from the prior year. The majority of the increase in total assets is attributable to an increase in cash and investments from the current year's revenues exceeding expenditures.
- The County's total liabilities as of June 30, 2007, are \$114.2 million, a decrease of \$2.9 million (or -2.5%) from the prior year. This decrease is mainly due to making the scheduled debt payments.

The composition of the County's net assets can be summarized as follows:

- The largest portion of the County's net assets (47.1%) represents *unrestricted net assets* of \$128.9 million, which may be used to meet the County's ongoing obligations to citizens and creditors.
- Another significant portion of the County's net assets (29.3%) reflects its investment of \$80.3 million in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its

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capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- The remaining portion of the County's net assets (23.6%) represents restricted net assets of \$64.7 million.
- At the end of the current fiscal year, the County reported a positive balance in net assets for the County as a whole.

The County's net assets have increased by \$26.5 million during the current fiscal year (this includes a prior period adjustment, see notes to the basic financial statement for detailed explanation). This growth reflects the net effect of increases in total revenues and decreases in total expenses. The County's total revenues as of June 30, 2007, amount to \$243.3 million, an increase of \$10.4 million (or 4.5%) from the prior year. The majority of the increase in total revenues was due to increases in property taxes, charges for services, and various other general revenues. The County's total expenses as of June 30, 2007, amount to \$218.3 million, a decrease of \$5 million (or -2.2%) from the prior year. The majority of the decrease in total expenses was due to decreased expenses for public ways and facilities.

Governmental activities. Governmental activities increased the County's net assets by \$22.3 million, thereby accounting for 89.3% of the total growth in the net assets of the County.

Table 2 - County's Change in Net Assets (in thousands)

	Governmental		Business-type		Total		Total	
	Activities		Activities				Dollar	Percent
	2007	2006	2007	2006	2007	2006	Change	Change
Revenues:								
Program revenues:								
Fees, fines and charges for services	\$ 40,387	\$ 30,706	\$ 2,578	\$ 2,925	\$ 42,965	\$ 33,631	\$ 9,334	27.8%
Operating grants and contributions	78,904	75,848	84	2,731	78,988	78,579	409	0.5%
Capital grants and contributions	1,017	5,298	3,241	0	4,258	5,298	-1,040	-19.6%
General revenues:								
Property taxes	69,224	63,266	96	28	69,320	63,294	6,026	9.5%
Sales and use taxes	30,598	29,109	0	0	30,598	29,109	1,489	5.1%
Other taxes	9,654	9,301	0	0	9,654	9,301	353	3.8%
Unrestricted interest and investment earnings	6,969	5,259	116	117	7,085	5,376	1,709	31.8%
Miscellaneous	337	8,266	122	69	459	8,335	-7,876	-94.5%
Total revenues	<u>237,090</u>	<u>227,053</u>	<u>6,237</u>	<u>5,870</u>	<u>243,327</u>	<u>232,923</u>	<u>10,404</u>	<u>4.5%</u>
Expenses:								
General government	30,344	28,809	0	0	30,344	28,809	1,535	5.3%
Public protection	82,811	77,955	0	0	82,811	77,955	4,856	6.2%
Public ways and facilities	27,263	40,796	0	0	27,263	40,796	-13,533	-33.2%
Health and sanitation	35,942	32,373	0	1,597	35,942	33,970	1,972	5.8%
Public assistance	28,527	29,420	0	0	28,527	29,420	-893	-3.0%
Education	5,717	5,629	0	0	5,717	5,629	88	1.6%
Recreation and cultural studies	206	120	0	0	206	120	86	71.7%
Interest on long-term debt	3,800	4,181	0	0	3,800	4,181	-381	-9.1%
Administration and issuance costs	15	460	0	0	15	460	-445	-96.7%
Airports	0	0	2,152	1,935	2,152	1,935	217	11.2%
Improvement Districts	0	0	1,300	0	1,300	0	1,300	n/a
Housing Authority	0	0	243	0	243	0	243	n/a
Total expenses	<u>214,625</u>	<u>219,743</u>	<u>3,695</u>	<u>3,532</u>	<u>218,320</u>	<u>223,275</u>	<u>-4,955</u>	<u>-2.2%</u>
Excess (deficiency) before transfers	22,465	7,310	2,542	2,338	25,007	9,648	15,359	159.2%
Transfers	-132	68	132	-68	0	0	0	0.0%
Change in net assets	22,333	7,378	2,674	2,270	25,007	9,648	15,359	159.2%
Net assets - July 1, 2006 (restated)	231,266	222,420	17,663	15,393	248,929	237,813	11,116	4.7%
Net assets - June 30, 2007	<u>\$ 253,599</u>	<u>\$ 229,798</u>	<u>\$ 20,337</u>	<u>\$ 17,663</u>	<u>\$ 273,936</u>	<u>\$ 247,461</u>	<u>\$ 26,475</u>	<u>10.7%</u>

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Key elements of the increase/decrease in revenues for governmental activities are as follows:

- Fees, fines and charges for services increased by \$9.3 million (or 27.8%) from the prior year. This increase was due to a higher volume in services provided, including information technology services and law enforcement; increased planning and engineering fees and residential building permit fees; and increased health services reimbursements from federal and state agencies.
- Property taxes increased by \$6 million (or 9.5%). This increase was primarily due to increased home sales, increasing property values, and higher assessments.
- Miscellaneous revenues decreased by \$7.9 million (or -94.5%). This decrease was primarily due to revenue received in fiscal year 2005-2006 for the prior year and insurance settlement received covering part of the costs related to the 2005-2006 flooding event.

Key elements of the increase/decrease in expenses for governmental activities are as follows:

- Public protection expenses increased by \$4.9 million (or 6.2%) from the prior year. The majority of this increase was due to an increase in the cost of salaries and benefits.
- Public ways and facilities expenses decreased by \$13.5 million (or -33.2%) from the prior year. The majority of this decrease was due to flood projects and road improvements completed in fiscal year 2005-2006.

Business-type activities. Business-type activities increased the County's net assets by \$2.7 million, thereby accounting for 10.7% of the total growth in the net assets of the County. This increase was due to Federal construction grants received for Airport rehabilitation projects.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. The general government functions are contained in the General, Special Revenue, 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 of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2007 the County's governmental funds reported combined fund balances of \$180,524,067, an increase of \$18,374,338 in comparison with last year. Approximately 83.1% of this total amount or \$149,956,960 constitutes *unreserved fund balance*, which is available to meet the County's current and future needs. The remainder of fund balance, \$30,567,107, is *reserved* to indicate that it is not available for new spending because it has been committed (1) to liquidate contractual commitments (\$4,669,522) and (2) to reflect inventories and the amount due from other funds that are long term in nature and thus do not represent available spendable resources (\$25,897,585).

The general fund is the chief operating fund of the County. At June 30, 2007, unreserved fund balance of the general fund was \$63,431,592 while total fund balance reached \$75,127,296. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 37.8% of the total fund expenditures, while total fund balance represents 44.8% of that same amount. Total fund balance of the County's General Fund increased by \$1,173,800 from the prior year.

The Napa County Flood Protection and Watershed Improvement Authority is used to account for all revenues and expenditures relating to Measure A, a 1998 voter approved ½ cent sales tax for countywide flood projects for the next 20 years. At June 30, 2007, unreserved fund balance of the flood authority was \$37,513,446 while total fund balance reached \$38,382,445. As a measure of the flood authority's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 265.1% of the total fund expenditures,

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Management's Discussion and Analysis For the Year Ended June 30, 2007

while total fund balance represents 271.3% of that same amount. Total fund balance of the flood authority increased by \$1,668,542 from the prior year due to increased sales tax revenue and decreased project costs during the year.

The Affordable Housing Fund is used to provide funds for the development of affordable housing units in appropriate locations within the County. At June 30, 2007, unreserved fund balance of the affordable housing fund was \$7,174,944 while total fund balance reached \$19,881,775. Total fund balance of the affordable housing fund increased by \$1,295,247 from the prior year due to housing mitigation and impact fees collected but not yet spent.

The Roads Fund is used to protect, preserve, enhance and improve the existing County road system. This fund pays for the construction and maintenance of the road system in the unincorporated area. At June 30, 2007, unreserved fund balance of the Roads fund was \$1,899,350 while total fund balance reached \$2,197,894. Total fund balance of the Roads fund increased by \$1,756,053 from the prior year due to increased Federal Emergency Management Agency (FEMA) reimbursement funds for prior year flood repairs.

Table 3 provides a comparison of revenues by source for governmental funds for the current and prior years. Further detail is depicted in Figures 1 and 2.

Table 3 - Revenues Classified by Source - Governmental Funds (in thousands)

Revenues by Source	FY 2007		FY 2006		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of change
Taxes	\$ 109,475	46.0%	\$ 101,677	44.6%	\$ 7,798	7.7%
Licenses and permits	5,286	2.2%	4,293	1.9%	993	23.1%
Fines, forfeitures and penalties	2,617	1.1%	2,941	1.3%	-324	-11.0%
Revenue from use of money and property	6,278	2.5%	4,727	2.0%	1,551	32.8%
Aid from other governments	80,589	33.8%	82,455	36.2%	-1,866	-2.3%
Charges for services	32,460	13.6%	23,472	10.3%	8,988	38.3%
Contributions and donations	250	0.1%	-	0.0%	250	n/a
Other	1,249	0.5%	8,360	3.7%	-7,111	-85.1%
Total	\$ 238,204	100.0%	\$ 227,925	100.0%	\$ 10,279	4.5%

Significant changes in the governmental funds revenue sources are summarized as follows:

- Taxes increased by \$7.8 million (or 7.7%) from the prior year. This increase is mainly due to additional assessments by the Assessor's Office based on reappraisals of real property due to changes in ownership or completion of new construction, and an increase in collection of transient lodging tax.
- Aid from Other Governments decreased by \$1.9 million (or -2.3%) from the prior year. This decrease was the result of one-time federal funding received in 2005-2006 in accordance with the Help America Vote Act (HAVA) program to improve election administration and replace outdated voting systems.
- Charges for services increased by \$9 million (or 38.3%) from the prior year. This increase was due to increased revenues collected on building and permit fees, planning and engineering services, and health services reimbursements from federal and state agencies.
- Other revenue decreased by \$7.1 million (or -85.1%) from the prior year. This decrease was due to revenue received in fiscal year 2005-2006 for the prior year and insurance settlement received covering part of the costs related to the 2005-2006 flooding event.

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Management's Discussion and Analysis For the Year Ended June 30, 2007

Figure 1 - Two year comparison of Governmental Fund Revenues

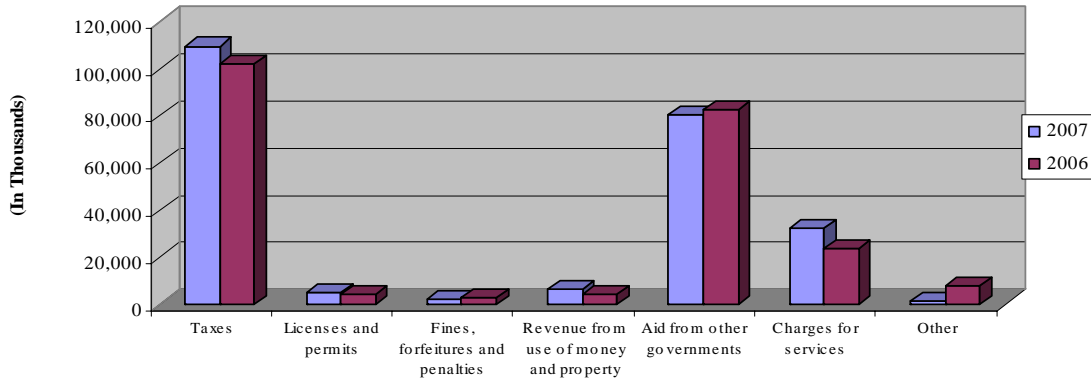


Figure 2 - Revenues Classified by Source - Governmental Funds

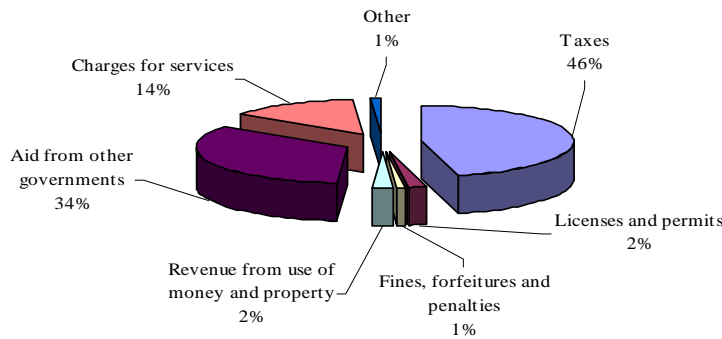


Table 4 provides a comparison of expenditures by function for governmental funds for the current and prior years. Further detail is depicted in Figure 3.

Table 4 - Expenditures by Function - Governmental Funds (in thousands)

Expenditures by Function	FY 2007		FY 2006		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of change
General government	\$ 30,797	13.9%	\$ 27,565	12.6%	\$ 3,232	11.7%
Public protection	83,403	37.7%	76,328	34.8%	7,075	9.3%
Public ways and facilities	22,037	10.0%	34,410	15.7%	-12,373	-36.0%
Health and sanitation	35,863	16.2%	32,076	14.6%	3,787	11.8%
Public assistance	28,478	12.9%	29,211	13.3%	-733	-2.5%
Education	5,611	2.5%	5,506	2.5%	105	1.9%
Recreation	207	0.0%	120	0.0%	87	72.5%
Capital outlay	5,518	2.5%	4,162	1.9%	1,356	32.6%
Debt service-principal retirement	5,627	2.5%	5,495	2.5%	132	2.4%
Debt-interest charges	3,796	1.7%	3,977	1.8%	-181	-4.6%
Debt-administration, issuance and arbitrage fees	15	0.0%	581	0.3%	-566	-97.4%
Total	\$ 221,352	100.0%	\$ 219,431	100.0%	\$ 1,921	0.9%

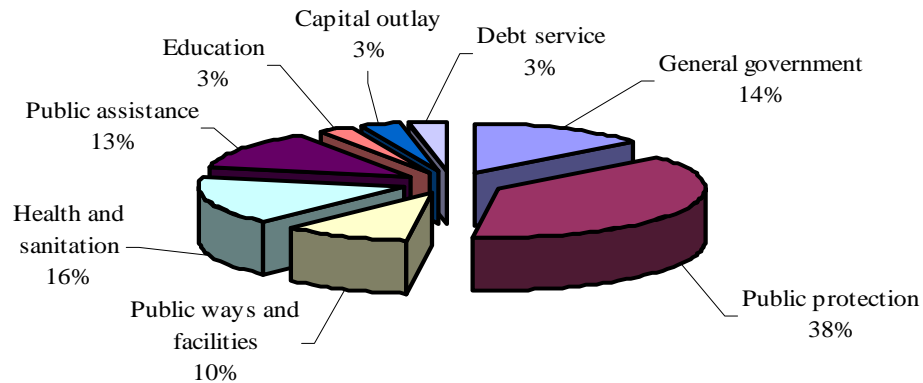
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Management's Discussion and Analysis For the Year Ended June 30, 2007

Significant changes in the governmental funds expenditures are summarized as follows:

- General government expenditures increased by \$3.2 million (or 11.7%) from the prior year. This increase was due to increase in salaries, retirement benefits and general operating expenses.
- Public protection expenditures increased by \$7.1 million (or 9.3%) from the prior year. This increase was mainly due to purchases of capital assets including fire trucks and fingerprinting equipment, and an increase of salaries and benefits.
- Public ways and facilities expenditures decreased by \$12.4 million (or -36%) from the prior year. This decrease was mainly due to an increase in flood projects and airport improvements completed in fiscal year 2005-2006.
- Health and sanitation increased by \$3.8 million (or 11.8%) from the prior year. This increase was mainly due to an increase in professional support services.

Figure 3 - Expenditures by Function - Governmental Funds



Differences between the General Fund's original budget and the final amended budget resulted in a \$10,412,963 increase in appropriations and can be briefly summarized as follows:

- Purchase Order encumbrances amounted to \$3.2 million. Major items include consulting and contractual services and capital purchases.
- Other budget adjustments amounted to \$6.4 million. Major items include capital improvement projects, purchase of finger printing equipment, and increased contractual services in public and mental health programs.
- Transfers-out for general operations amounted to \$0.8 million.

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Management's Discussion and Analysis For the Year Ended June 30, 2007

Table 5 provides a comparison of the County's other financing sources/(uses) for the current and prior years.

Table 5 - County's Other Financing Sources/ (Uses) - Governmental Funds (in thousands)

<u>Other Financing Sources (Uses)</u>	<u>Amount</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>Dollar</u>	<u>Percent</u>
			<u>Change</u>	<u>Change</u>
Proceeds from issuance of new debt	\$ 1,000	\$ 450	\$ 550	122.2%
Transfers in	21,851	10,490	11,361	108.3%
Transfers out	-21,329	-10,403	-10,926	105.0%
Net financing sources (uses)	<u>\$ 1,522</u>	<u>\$ 537</u>	<u>\$ 985</u>	<u>183.4%</u>

Table 6 details the changes in fund balance for each governmental fund as of June 30, 2007.

Table 6 - Changes in Fund Balances - Governmental Funds (in thousands)

	<u>Major Funds</u>				<u>Non-Major Funds</u>			<u>Total</u>
	<u>General</u>	<u>Flood</u>	<u>Roads</u>	<u>Affordable</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>	
	<u>Fund</u>	<u>Authority</u>		<u>Housing</u>	<u>Revenue</u>	<u>Service</u>	<u>Projects</u>	
					<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
Revenues	\$ 182,780	\$ 15,818	\$ 9,399	\$ 2,350	\$ 25,421	\$ 117	\$ 2,320	\$ 238,205
Expenditures	167,813	14,150	7,585	95	21,666	3,973	6,070	221,352
Other financing sources (uses), net	-13,793	0	-58	-960	324	5,489	10,519	1,521
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,174	1,668	1,756	1,295	4,079	1,633	6,769	18,374
Fund balances - July 1, 2005	73,953	36,714	442	18,587	13,191	3,318	15,945	162,150
Fund balances - June 30, 2006	<u>\$ 75,127</u>	<u>\$ 38,382</u>	<u>\$ 2,198</u>	<u>\$ 19,882</u>	<u>\$ 17,270</u>	<u>\$ 4,951</u>	<u>\$ 22,714</u>	<u>\$ 180,524</u>

- The fund balance of the County's general fund increased by \$1.2 million during the fiscal year. This increase was mainly caused by an increase in tax revenues.
- The fund balance of the flood authority increased by \$1.7 million during the fiscal year. This increase was due to higher sales tax revenue and interest earnings and a reduction of spending on the flood projects, primarily land acquisitions, from the prior year in the Cities of Napa and St. Helena.
- The fund balance of the roads fund increased by \$1.7 million during the fiscal year. This increase was due mainly from increased FEMA reimbursement funds for prior year flood repairs.
- The fund balance of the capital projects fund increased \$6.8 million during the fiscal year. This increase was due to transfers from the General Fund for future capital needs.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Table 7 details the changes in fund balances for each proprietary fund as of June 30, 2007.

The Napa County Airport is used to fund general Airport operations and the maintenance of Airport facilities. At June 30, 2007, unrestricted net assets of the airport are \$764,348 while total net assets reached \$18,426,724. As a measure of the airport's liquidity, it may be useful to compare both unrestricted net assets and total net assets to total operating expenditures. Unrestricted net assets represent 35.5% of the total operating expenditures, while total net assets represent 856.2% of that same amount. Total net assets of the airport increased by \$2,540,778 due to the collection of federal airport improvement program moneys used for capital improvement projects at the airport.

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Management's Discussion and Analysis For the Year Ended June 30, 2007

Table 7 - Changes in Fund Balances - Proprietary Funds (in thousands)

	Major Funds		Non-Major Funds			Total
	Napa County Airport	Lake Berryessa Resort Improvement	Napa Berryessa Resort Improvement	Napa County Housing Authority		
	\$	\$	\$	\$	\$	
Operating revenues	1,737	544	389	0	2,670	
Operating expenses	2,152	643	657	243	3,695	
Operating income (loss)	-415	-99	-268	-243	-1,025	
Non-operating revenues (expenses), net	160	49	67	50	326	
Net income (loss) before contributions and transfers	-255	-50	-201	-193	-699	
Capital contributions	2,855	386	0	0	3,241	
Transfer in (out)	-59	0	0	191	132	
Change in Net Assets	2,541	336	-201	-2	2,674	
Net assets - July 1, 2006	15,886	912	865	0	17,663	
Net assets - June 30, 2007	\$ 18,427	\$ 1,248	\$ 664	\$ -2	\$ 20,337	

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, 2007, amounted to \$169.4 million (net of accumulated depreciation) an increase of \$1.7 million (or 1%) from the prior year. This investment in capital assets includes infrastructure, land and easements, structures and improvements, equipment, and construction in progress. For more detailed capital assets information, see notes to the basic financial statements, specifically pages 48-49.

Table 8 provides a comparison of the County's capital assets for the governmental and business-type activities for the current and prior years.

Table 8 - County's Capital Assets (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2007	2006	2007	2006	2007	2006	Dollar Change	Percent Change
	\$	\$	\$	\$	\$	\$	\$	%
Infrastructure	44,309	50,287	0	0	44,309	50,287	-5,978	-11.9%
Land and easements	4,780	4,752	1,936	1,936	6,716	6,688	28	0.4%
Structures and improvements	88,138	67,314	14,510	10,844	102,648	78,158	24,490	31.3%
Equipment	9,579	9,058	87	107	9,666	9,165	501	5.5%
Construction in progress	3,281	19,223	2,819	4,227	6,100	23,450	-17,350	-74.0%
Total	<u>\$ 150,087</u>	<u>\$ 150,634</u>	<u>\$ 19,352</u>	<u>\$ 17,114</u>	<u>\$ 169,439</u>	<u>\$ 167,748</u>	<u>\$ 1,691</u>	<u>1.0%</u>

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

- No new infrastructure assets were added during the year. The decrease of \$6 million (or -11.9%) was due to the depreciation of infrastructure.
- Structures and improvements increased by \$24.5 million (or 31.3%). This increase was due to the purchase of a homeless shelter and completion of capital projects at various County buildings. The perimeter fencing and other airport rehabilitation projects were also completed.

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Management's Discussion and Analysis For the Year Ended June 30, 2007

- Construction in progress decreased by \$17.3 million (or -74%) from the prior year. This decrease was due completion of improvement projects and converting them to structures and improvements.
- For government-wide financial statement presentation, all depreciable capital assets including infrastructure were depreciated from the year subsequent to the acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34.

Long-term debt

At June 30, 2007, the County Governmental Activities total long-term debt outstanding was \$103,026,349 as compared to \$106,902,623 in the prior year. This amount was comprised of the following:

- \$5,065,000 of Napa County Flood 1999 Series A bonds,
- \$29,530,000 of Napa County Flood 2005 Series Partial Refunding of 1999 Series A bonds,
- \$11,970,000 of Napa County Flood 2005 Series A bonds,
- \$231,432 of unamortized premiums for outstanding bond issues,
- \$40,551,784 of Certificates of Participations (which included unamortized premiums of \$211,784),
- \$1,406,731 for loans payable,
- \$6,140,402 for compensated absences, and
- \$8,131,000 in liability for unpaid insurance claims.

There were no notes payable. During the year, retirement of Bonds amounted to \$3,301,040 (including a reduction of premium amortization of \$21,040) and retirements of Certificates of Participations amounted to \$2,345,428 (including a reduction of premium amortization of \$20,428). For more detailed long-term debt information, see notes to the basic financial statements, specifically pages 50-53.

Economic Factors and Next Year's Budget and Rates

- The County enjoys stable and manageable growth. The County's per capita personal income is above the State and National standards. The unemployment rate is at 3.9% as of June 2007. This is below the statewide unemployment rate of 5.2%.
- The property tax revenue is projected to increase approximately 9.3% from fiscal year 2006-2007 to fiscal year 2007-2008.

These factors were considered in preparing the County's budget for fiscal year 2007-2008.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's and component unit finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Auditor-Controller, 1195 Third Street, Suite B-10, Napa, CA 94559.



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



COUNTY OF NAPA

Statement of Net Assets June 30, 2007

<u>ASSETS</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and investments	\$ 166,285,579	\$ 2,924,504	\$ 169,210,083
Restricted Assets:			
Cash with fiscal agent	3,918,069	--	3,918,069
Imprest cash	191,054	100	191,154
Receivables, net			
Taxes	5,371,502	--	5,371,502
Special assessments	17,567	18,564	36,131
Accounts	979,593	116,873	1,096,466
Due from other government agencies	23,842,321	166,855	24,009,176
Inventory	11,429	--	11,429
Deposits	207,607	--	207,607
Other assets	700,554	--	700,554
Internal balances	1,543,800	(1,543,800)	--
Loans receivable	12,706,831	1,258,754	13,965,585
Capital Assets:			
Nondepreciable	8,061,068	4,754,789	12,815,857
Depreciable, net	142,026,240	14,597,356	156,623,596
Total Assets	\$ 365,863,214	\$ 22,293,995	\$ 388,157,209
<u>LIABILITIES</u>			
Accounts payable	\$ 3,947,651	\$ 151,040	\$ 4,098,691
Accrued salaries and benefits	3,961,155	19,581	3,980,736
Due to other government agencies	985,840	47,071	1,032,911
Interest payable	343,069	--	343,069
Deposits with others	--	66,918	66,918
Unearned revenue	--	1,258,754	1,258,754
Long-Term Liabilities:			
Portion due or payable within one year:			
Loan payable	41,101	27,344	68,445
Bonds payable	3,415,000	--	3,415,000
Certificates of participation	2,335,000	--	2,335,000
Compensated absences	1,705,911	5,933	1,711,844
Liability for unpaid claims	4,044,889	--	4,044,889
Portion due or payable after one year:			
Loan payable	1,365,630	362,343	1,727,973
Bonds payable	43,381,432	--	43,381,432
Certificates of participation	38,216,784	--	38,216,784
Compensated absences	4,434,491	17,622	4,452,113
Liability for unpaid claims	4,086,111	--	4,086,111
Total Liabilities	112,264,064	1,956,606	114,220,670
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	61,332,361	18,962,458	80,294,819
Restricted for:			
Debt service	4,951,127	--	4,951,127
Capital projects	337,775	--	337,775
Grants	59,460,118	--	59,460,118
Unrestricted	127,517,769	1,374,931	128,892,700
Total Net Assets	253,599,150	20,337,389	273,936,539
Total Liabilities and Net Assets	\$ 365,863,214	\$ 22,293,995	\$ 388,157,209

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

COUNTY OF NAPA

Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 30,344,422	\$ 6,487,957	\$ 6,317,869	\$ 770,491
Public protection	82,810,854	19,003,569	13,850,299	223,498
Public ways and facilities	27,263,089	5,764,601	7,575,970	--
Health and sanitation	35,941,958	6,066,956	25,318,621	22,949
Public assistance	28,526,647	2,582,708	25,553,309	--
Education	5,716,827	481,164	267,010	--
Recreation and cultural services	206,468	--	21,176	--
Debt Service:				
Interest and fiscal charges	3,799,558	--	--	--
Administration and arbitrage fees	14,770	--	--	--
Total Governmental Activities	<u>214,624,593</u>	<u>40,386,955</u>	<u>78,904,254</u>	<u>1,016,938</u>
Business-Type Activities:				
Airport	2,152,164	1,645,614	83,466	2,855,279
Lake Berryessa Resort Improvement	642,997	543,516	263	386,184
Napa Berryessa Public Improvement	657,015	389,059	385	--
Napa County Housing Authority	242,779	--	--	--
Total Business-Type Activities:	<u>3,694,955</u>	<u>2,578,189</u>	<u>84,114</u>	<u>3,241,463</u>
Total Napa County	<u>\$ 218,319,548</u>	<u>\$ 42,965,144</u>	<u>\$ 78,988,368</u>	<u>\$ 4,258,401</u>

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Other

Unrestricted interest and investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net assets - July 1, 2006

Prior period adjustment

Net assets - June 30, 2007

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (16,768,105)		\$ (16,768,105)
(49,733,488)		(49,733,488)
(13,922,518)		(13,922,518)
(4,533,432)		(4,533,432)
(390,630)		(390,630)
(4,968,653)		(4,968,653)
(185,292)		(185,292)
(3,799,558)		(3,799,558)
(14,770)		(14,770)
<u>(94,316,446)</u>		<u>(94,316,446)</u>
--	\$ 2,432,195	2,432,195
--	286,966	286,966
--	(267,571)	(267,571)
--	(242,779)	(242,779)
<u>--</u>	<u>2,208,811</u>	<u>2,208,811</u>
<u>\$ (94,316,446)</u>	<u>\$ 2,208,811</u>	<u>\$ (92,107,635)</u>
69,224,026	96,377	69,320,403
30,597,528	--	30,597,528
9,653,862	--	9,653,862
6,968,520	115,832	7,084,352
336,689	121,476	458,165
(131,796)	131,796	--
<u>116,648,829</u>	<u>465,481</u>	<u>117,114,310</u>
22,332,383	2,674,292	25,006,675
229,798,389	17,663,097	247,461,486
<u>1,468,378</u>	<u>--</u>	<u>1,468,378</u>
<u>\$ 253,599,150</u>	<u>\$ 20,337,389</u>	<u>\$ 273,936,539</u>

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



**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**



COUNTY OF NAPA

Balance Sheet
Governmental Funds
June 30, 2007

	General	Napa County Flood Protection and Watershed Improvement Authority	Affordable Housing	Roads	Other Governmental Funds	Total
<u>ASSETS</u>						
Cash and investments	\$ 64,657,106	\$ 33,870,879	\$ 7,174,944	\$ 1,310,174	\$ 41,477,135	\$ 148,490,238
Restricted assets:						
Cash with fiscal agent	--	2,532,974	--	--	1,385,095	3,918,069
Imprest cash	119,622	--	--	--	1,000	120,622
Receivable (Net):						
Taxes	5,023,166	--	--	--	348,336	5,371,502
Special assessments	--	--	--	--	17,567	17,567
Accounts receivable	871,445	--	--	199	103,909	975,553
Due from other government agencies	16,693,741	2,722,452	--	3,428,123	998,005	23,842,321
Due from other funds	968,275	--	--	--	--	968,275
Loans receivable	--	--	12,706,831	--	--	12,706,831
Advances to other funds	--	--	--	--	1,543,800	1,543,800
Total Assets	<u>\$ 88,333,355</u>	<u>\$ 39,126,305</u>	<u>\$ 19,881,775</u>	<u>\$ 4,738,496</u>	<u>\$ 45,874,847</u>	<u>\$ 197,954,778</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 2,666,846	\$ 1,750	\$ --	\$ 736,330	\$ 412,506	\$ 3,817,432
Accrued payroll	3,426,290	--	--	81,581	282,100	3,789,971
Due to other funds	--	--	--	722,691	245,584	968,275
Due to other government agencies	243,730	742,110	--	--	--	985,840
Deferred revenue	6,869,193	--	--	1,000,000	--	7,869,193
Total Liabilities	<u>13,206,059</u>	<u>743,860</u>	<u>--</u>	<u>2,540,602</u>	<u>940,190</u>	<u>17,430,711</u>
<u>FUND BALANCES</u>						
Reserved for:						
Encumbrances	2,740,844	868,999	--	98,544	961,135	4,669,522
General	8,835,238	--	--	200,000	2,491,094	11,526,332
Imprest cash	119,622	--	--	--	1,000	120,622
Loans receivable and advances	--	--	12,706,831	--	1,543,800	14,250,631
Unreserved:						
Designated, reported in:						
General fund	22,981,096	--	--	--	--	22,981,096
Special revenue funds	--	37,513,446	6,493,810	--	3,035,981	47,043,237
Capital projects funds	--	--	--	--	9,452,302	9,452,302
Undesignated:						
General fund	40,450,496	--	--	--	--	40,450,496
Special revenue funds	--	--	681,134	1,899,350	10,783,119	13,363,603
Capital projects funds	--	--	--	--	13,258,899	13,258,899
Debt service funds	--	--	--	--	3,407,327	3,407,327
Total Fund Balances	<u>75,127,296</u>	<u>38,382,445</u>	<u>19,881,775</u>	<u>2,197,894</u>	<u>44,934,657</u>	<u>180,524,067</u>
Total Liabilities and Fund Balances	<u>\$ 88,333,355</u>	<u>\$ 39,126,305</u>	<u>\$ 19,881,775</u>	<u>\$ 4,738,496</u>	<u>\$ 45,874,847</u>	<u>\$ 197,954,778</u>

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

COUNTY OF NAPA

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2007

Fund Balance - total governmental funds (page 19)	\$ 180,524,067
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	144,632,074
Some of the County's intergovernmental revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the governmental funds.	7,869,193
Internal service funds are used by the County to charge the cost of unemployment insurance, dental insurance, fleet services and telephone services 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:	14,871,105
Cost of issuance on 2003 certificates of participation are not recognized as current year expenditures and are deferred (amount shown is net of amortized costs).	700,554
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of participation	(40,340,000)
Unamortized premiums	(211,784)
Bonds payable	(46,565,000)
Unamortized premiums	(1,766,134)
Deferred refunding charges	1,534,702
Loan payable	(1,406,731)
Accrued interest on debt	(343,069)
Compensated absences	(5,899,827)
Net assets of governmental activities (page 15)	<u>\$ 253,599,150</u>

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

COUNTY OF NAPA

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2007

	Napa County				Other Governmental Funds	Total
	General	Flood Protection and Watershed Improvement Authority	Affordable Housing	Roads		
Revenues:						
Taxes	\$ 82,510,684	\$ 14,166,937	\$ --	\$ --	\$ 12,797,795	\$ 109,475,416
Licenses and permits	2,315,359	--	--	51,726	2,919,181	5,286,266
Fines, forfeits and penalties	1,509,642	--	--	430,661	676,991	2,617,294
Revenue from use of money and property	2,662,862	1,651,191	289,286	52,055	1,622,633	6,278,027
Aid from other governments	65,489,473	--	--	8,701,565	6,397,740	80,588,778
Charges for services	27,426,160	--	2,060,370	142,617	2,830,780	32,459,927
Contributions and donations	--	--	--	--	250,000	250,000
Other	865,283	--	--	20,511	363,223	1,249,017
Total Revenues	<u>182,779,463</u>	<u>15,818,128</u>	<u>2,349,656</u>	<u>9,399,135</u>	<u>27,858,343</u>	<u>238,204,725</u>
Expenditures:						
Current:						
General government	30,244,787	--	--	--	552,126	30,796,913
Public protection	67,685,700	--	--	--	15,716,854	83,402,554
Public ways and facilities	5,738,070	8,714,124	--	7,585,236	--	22,037,430
Health and sanitation	35,684,612	--	--	--	178,493	35,863,105
Public assistance	27,874,185	--	94,707	--	509,662	28,478,554
Education	350,200	--	--	--	5,260,750	5,610,950
Recreation and cultural services	206,752	--	--	--	--	206,752
Capital outlay	--	--	--	--	5,518,499	5,518,499
Debt Service:						
Principal	21,641	3,280,000	--	--	2,325,000	5,626,641
Interest and fiscal charges	6,763	2,150,562	--	--	1,638,751	3,796,076
Administration, issuance and arbitrage fees	--	4,900	--	--	9,870	14,770
Total Expenditures	<u>167,812,710</u>	<u>14,149,586</u>	<u>94,707</u>	<u>7,585,236</u>	<u>31,710,005</u>	<u>221,352,244</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14,966,753</u>	<u>1,668,542</u>	<u>2,254,949</u>	<u>1,813,899</u>	<u>(3,851,662)</u>	<u>16,852,481</u>
Other Financing Sources (Uses):						
Long-term debt issued	--	--	--	--	1,000,000	1,000,000
Transfers in	1,603,386	--	--	--	20,247,246	21,850,632
Transfers out	(15,396,339)	--	(959,702)	(57,846)	(4,914,888)	(21,328,775)
Total Other Financing Sources (Uses)	<u>(13,792,953)</u>	<u>--</u>	<u>(959,702)</u>	<u>(57,846)</u>	<u>16,332,358</u>	<u>1,521,857</u>
Net change in fund balances	1,173,800	1,668,542	1,295,247	1,756,053	12,480,696	18,374,338
Fund Balance - Beginning of Year	<u>73,953,496</u>	<u>36,713,903</u>	<u>18,586,528</u>	<u>441,841</u>	<u>32,453,961</u>	<u>162,149,729</u>
Fund Balance - End of Year	<u>\$ 75,127,296</u>	<u>\$ 38,382,445</u>	<u>\$ 19,881,775</u>	<u>\$ 2,197,894</u>	<u>\$ 44,934,657</u>	<u>\$ 180,524,067</u>

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

COUNTY OF NAPA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2007

Net change to fund balance - total governmental funds (page 21)		\$ 18,374,338
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 8,345,312	
Less: current year depreciation	<u>(8,809,697)</u>	(464,385)
<p>Governmental fund revenues deferred at year end due to unavailability and therefore, deferred under the modified accrual method of accounting, were recognized as revenue on the full accrual method of accounting.</p>		
		(469,214)
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Loan proceeds	(1,448,372)	
Principal payments	<u>5,646,641</u>	4,198,269
<p>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 governmental funds.</p>		
Accrued interest on debt	20,475	
Amortization of debt premium, refunding and issuance costs	(2,316)	
Change in compensated absences	<u>(350,829)</u>	(332,670)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.</p>		
		<u>1,026,045</u>
Change in net assets of governmental activities (pages 16-17)		<u><u>\$ 22,332,383</u></u>

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

COUNTY OF NAPA

Statement of Fund Net Assets Proprietary Funds June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Napa County Airport	Other Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Investments	\$ 2,211,248	\$ 713,256	\$ 2,924,504	\$ 17,795,341
Imprest cash	100	--	100	70,432
Inventories	--	--	--	11,429
Accounts receivable	65,873	51,000	116,873	4,040
Assessments receivable	--	18,564	18,564	--
Due from other government agencies	166,855	--	166,855	--
Deposits	--	--	--	207,607
Total Current Assets	2,444,076	782,820	3,226,896	18,088,849
Noncurrent Assets:				
Long-term note receivable	1,258,754	--	1,258,754	--
Capital Assets:				
Nondepreciable:				
Land	1,886,002	49,452	1,935,454	--
Construction in progress	2,819,335	--	2,819,335	--
Depreciable:				
Structures and improvements	27,696,130	3,451,491	31,147,621	--
Equipment	160,796	248,495	409,291	11,819,136
Accumulated depreciation	(14,510,200)	(2,449,356)	(16,959,556)	(6,363,902)
Total Noncurrent Assets	19,310,817	1,300,082	20,610,899	5,455,234
Total Assets	\$ 21,754,893	\$ 2,082,902	\$ 23,837,795	\$ 23,544,083
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 45,721	\$ 105,319	\$ 151,040	\$ 130,219
Accrued salaries and benefits	19,581	--	19,581	171,184
Due to other governments	47,071	--	47,071	--
Deposits with others	--	66,918	66,918	--
Loan payable, current portion	27,344	--	27,344	--
Liability for unpaid claims, current portion	--	--	--	4,044,889
Liability for compensated absences, current portion	5,933	--	5,933	55,592
Total Current Liabilities	145,650	172,237	317,887	4,401,884
Long-Term Liabilities:				
Advances from other funds	1,543,800	--	1,543,800	--
Deferred revenue	1,258,754	--	1,258,754	--
Loan payable	362,343	--	362,343	--
Liability for unpaid claims	--	--	--	4,086,111
Liability for compensated absences	17,622	--	17,622	184,983
Total Liabilities	3,328,169	172,237	3,500,406	8,672,978
NET ASSETS				
Invested in capital assets, net of related debt	17,662,376	1,300,082	18,962,458	5,455,234
Unrestricted	764,348	610,583	1,374,931	9,415,871
Total Net Assets	18,426,724	1,910,665	20,337,389	14,871,105
Total Liabilities and Net Assets	\$ 21,754,893	\$ 2,082,902	\$ 23,837,795	\$ 23,544,083

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

COUNTY OF NAPA

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental
	Napa County Airport	Other Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 1,645,614	\$ 932,575	\$ 2,578,189	\$ 10,643,029
Maintenance Charges:				
Equipment	--	--	--	505,413
Vehicle	--	--	--	546,112
Replacement charges	--	--	--	804,315
Other revenue	91,983	--	91,983	218,977
Total Operating Revenues	<u>1,737,597</u>	<u>932,575</u>	<u>2,670,172</u>	<u>12,717,846</u>
Operating Expenses:				
Salaries and employee benefits	572,940	--	572,940	4,912,934
Services and supplies	707,853	1,338,371	2,046,224	3,897,524
Insurance	26,172	--	26,172	--
Other charges	--	69,545	69,545	--
Claims expense	--	--	--	2,025,744
Depreciation	845,199	134,875	980,074	949,022
Total Operating Expenses	<u>2,152,164</u>	<u>1,542,791</u>	<u>3,694,955</u>	<u>11,785,224</u>
Operating Income (Loss)	<u>(414,567)</u>	<u>(610,216)</u>	<u>(1,024,783)</u>	<u>932,622</u>
Non-Operating Revenues (Expenses):				
Aid from other governmental units	83,466	648	84,114	--
Tax revenue	--	96,377	96,377	--
Non-operating revenues	--	51,173	51,173	--
Interest income	97,575	18,257	115,832	690,493
Interest expense	(21,680)	--	(21,680)	--
Sale of capital assets	--	--	--	56,583
Total Non-Operating Revenues (Expenses)	<u>159,361</u>	<u>166,455</u>	<u>325,816</u>	<u>747,076</u>
Net Income Before Contributions and Transfers	<u>(255,206)</u>	<u>(443,761)</u>	<u>(698,967)</u>	<u>1,679,698</u>
Capital contributions - grants and special assessments	2,855,279	386,184	3,241,463	--
Transfers in	--	191,091	191,091	159,245
Transfers out	(59,295)	--	(59,295)	(812,898)
Change in Net Assets	<u>2,540,778</u>	<u>133,514</u>	<u>2,674,292</u>	<u>1,026,045</u>
Net Assets - Beginning of Year	<u>15,885,946</u>	<u>1,777,151</u>	<u>17,663,097</u>	<u>13,845,060</u>
Net Assets - End of Year	<u>\$ 18,426,724</u>	<u>\$ 1,910,665</u>	<u>\$ 20,337,389</u>	<u>\$ 14,871,105</u>

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

COUNTY OF NAPA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental
	Napa	Other	Total	Activities
	County	Enterprise		Internal
	Airport	Funds		Service
				Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 1,721,887	\$ 923,491	\$ 2,645,378	\$ --
Cash receipts from internal fund services provided	--	--	--	12,738,592
Cash paid to suppliers for goods and services	(658,975)	(1,314,873)	(1,973,848)	(5,945,038)
Cash paid to employees for services	(572,498)	--	(572,498)	(4,893,313)
Net Cash Provided (Used) by Operating Activities	490,414	(391,382)	99,032	1,900,241
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Aid from other governmental units	(62,968)	648	(62,320)	--
Transfers in	--	191,091	191,091	509,245
Transfers out	(59,295)	--	(59,295)	(1,162,898)
Advances from other funds	(233,635)	--	(233,635)	--
Contributions	--	50,000	50,000	--
Taxes	--	97,550	97,550	--
Net Cash Provided (Used) by Noncapital Financing Activities	(355,898)	339,289	(16,609)	(653,653)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds of sales of capital assets	--	--	--	86,892
Principal repayments related to capital purposes	(25,391)	--	(25,391)	--
Interest repayments related to capital purposes	(21,680)	--	(21,680)	--
Capital grants and contributions	2,855,279	--	2,855,279	--
Special assessments	--	386,184	386,184	--
Payments related to the acquisition of capital assets	(3,166,788)	(51,383)	(3,218,171)	(896,950)
Net Cash Provided (Used) by Capital and Related Financing Activities	(358,580)	334,801	(23,779)	(810,058)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	97,575	18,257	115,832	690,493
Net Cash Provided by Investing Activities	97,575	18,257	115,832	690,493
Net Increase (Decrease) in Cash and Cash Equivalents	(126,489)	300,965	174,476	1,127,023
Cash and Cash Equivalents, Beginning of Year	2,337,837	412,291	2,750,128	16,738,750
Cash and Cash Equivalents, End of Year	<u>\$ 2,211,348</u>	<u>\$ 713,256</u>	<u>\$ 2,924,604</u>	<u>\$ 17,865,773</u>

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

continued

COUNTY OF NAPA

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Napa County Airport	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (414,567)	\$ (610,216)	\$ (1,024,783)	\$ 932,622
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	845,199	134,875	980,074	949,022
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	164,405	(22,569)	141,836	20,746
Assessment receivable	--	13,485	13,485	--
Inventory	--	--	--	2,723
Increase (decrease) in:				
Accounts payable	75,050	93,850	168,900	(66,886)
Deferred revenue	(180,115)	--	(180,115)	--
Deposits with others	--	(807)	(807)	42,393
Accrued salaries	1,012	--	1,012	6,987
Compensated absences	(570)	--	(570)	12,634
Net Cash Provided (Used) by Operating Activities	<u>\$ 490,414</u>	<u>\$ (391,382)</u>	<u>\$ 99,032</u>	<u>\$ 1,900,241</u>

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

COUNTY OF NAPA

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

ASSETS	<u>Investment Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Current Assets:			
Cash and investments	\$ 232,934,573	\$ 1,672,752	\$ 39,244,362
Taxes receivable	--	--	11,638,516
Total Current Assets	<u>\$ 232,934,573</u>	<u>\$ 1,672,752</u>	<u>\$ 50,882,878</u>
 LIABILITIES			
Agency funds held for others	\$ --	\$ --	\$ 50,882,878
Total Liabilities	<u>--</u>	<u>--</u>	<u>50,882,878</u>
 NET ASSETS			
Net assets held in trust for (reserved for) endowment purpose	--	1,672,752	--
Net assets held in trust for investment pool participants	<u>232,934,573</u>	<u>--</u>	<u>--</u>
Total Net Assets	<u>232,934,573</u>	<u>1,672,752</u>	<u>--</u>
 Total Liabilities and Net Assets	<u>\$ 232,934,573</u>	<u>\$ 1,672,752</u>	<u>\$ 50,882,878</u>

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

COUNTY OF NAPA

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2007

	<u>Investment Trust</u>	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS</u>		
Contribution:		
Contribution to investment pool	\$ 114,914,436	\$ 1,843,968
Total Contribution	<u>114,914,436</u>	<u>1,843,968</u>
Net Investment Income:		
Interest	9,296,748	138,502
Net Investment Income	<u>9,296,748</u>	<u>138,502</u>
Total Additions	<u>124,211,184</u>	<u>1,982,470</u>
<u>DEDUCTIONS</u>		
Distribution from investment pool	<u>88,081,948</u>	<u>5,209,873</u>
Total Deductions	<u>88,081,948</u>	<u>5,209,873</u>
Change in Net Assets	36,129,236	(3,227,403)
Net Assets, Beginning of Year	<u>196,805,337</u>	<u>4,900,155</u>
Net Assets, Ending of Year	<u>\$ 232,934,573</u>	<u>\$ 1,672,752</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provided in the Financial Section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a Summary of Significant Accounting Policies for the County, and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 1: **Summary of Significant Accounting Policies**

A. **The Financial Reporting Entity**

The County of Napa (County), which was established by an act of the State Legislature on February 18, 1850, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a Board of Supervisors (Board), which is the governing body of the County. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Auditing Standards Board (GASB) Statement No. 14 and amended by GASB Statement No. 39. The County provides various services on a countywide basis including law enforcement and legal justice, education, detention, social, health, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. 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 accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance part of the government's operations. Blended component units are an extension of the County, so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. The County has no discretely presented component units. Each component unit has a June 30th year end.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

A. **The Financial Reporting Entity** (continued)

The reporting entity includes the following blended component units: Napa County Flood Protection and Watershed Improvement Authority, County Service Area #3, County Service Area #4, In-Home Supportive Services Public Authority of Napa County (IHSS), Silverado Community Services, Silverado Maintenance Assessment, Monticello Public Cemetery and Endowment District, Lake Berryessa Resort Improvement, Napa Berryessa Resort Improvement, Napa County Housing Authority and Napa County Public Improvement Corporation. The blended component units' governing bodies are substantively the same as the governing body of the primary government.

The following blended component units have their own audits:

In-Home Supportive Services Public Authority of Napa County audited information for the fiscal year is found in a separate "In-Home Supportive Services Public Authority of Napa County" audit report.

Napa County Flood Protection and Watershed Improvement Authority audited information for this fiscal year is found in a separate "Napa County Flood Protection and Watershed Improvement Authority" Audit Report.

Excluded from the Reporting Entity

Local Board Governed Districts and School Districts: These potential component units have been excluded from the County's reporting entity. They are legally separate primary governmental units. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and the related fiduciary responsibilities of the County for disbursement of these assets. Activities of school districts and local board governed districts are administered by boards which are separately elected and which are independent of the County Board of Supervisors. The following local board governed districts and school districts have been excluded from the County's basic financial statements:

Water District

American Canyon

Circle Oaks

Congress Valley

Spanish Flat

Napa River Reclamation

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

A. **The Financial Reporting Entity** (continued)

Excluded from the Reporting Entity (continued)

Other Special Districts

Napa County Mosquito Abatement

Napa Sanitation

Napa County Resource Conservation

Napa County Regional Park and Open Space District

Bay Area Air Quality Management District

School Districts

Other

Napa County Fair

Green Island Road Assessment

Tower Road Assessment

Excluded – Joint Power Authorities (JPA)

- 1) Napa County Flood Control and Water Conservation District: The District's goals and objectives are to provide protection from flood events to the public highways, life and property in the District by enhancing and constructing storm drainage systems and flood control and prevention projects. The District is a jointly governed organization for which the County does not have any ongoing financial interest or responsibility and, therefore, is not a joint venture.
- 2) Napa-Vallejo Waste Management Authority: The Authority is responsible for providing economical coordination of solid waste management services and to efficiently and fairly assure against potential adverse effects of past solid waste management services within the communities they represent. The Authority is a jointly governed organization for which the County does not have any ongoing financial interest or responsibility and therefore is not a joint venture.
- 3) Napa Valley Housing Authority: The Authority is responsible for providing safe and sanitary dwelling conditions for low income people. The Authority is a jointly governed organization for which the County does not have any ongoing financial interest or responsibility and therefore is not a joint venture. However, the County approves low interest loans for rehabilitation projects and therefore records a long-term receivable for these loans in Affordable Housing, a special revenue fund.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

A. **The Financial Reporting Entity** (continued)

Excluded – Joint Power Authorities (JPA) (continued)

- 4) Upper Valley Waste Management Agency: The Agency is legally separate from the County and has its own governing board. The Agency is responsible for providing coordination of economical, regional waste management services, including, but not limited to, uniform rate review and rate recommendations to the County and the cities within the County. The Authority is a jointly governed organization for which the County does not have any ongoing financial interest or responsibility and therefore is not a joint venture.
- 5) Napa County Transportation Planning Agency: The Agency is legally separate from the County and has its own governing board. The Agency is responsible for developing and adopting a Congestion Management Program meeting the requirements of Chapter 2.6 of Division 1 of Title 7 in the California Government Code. In June of 1998, the County amended the JPA to change the Congestion Management Agency to the Napa County Transportation Planning Agency.

Complete financial statements can be obtained for each of the individual joint power authorities at the entity's respective administrative offices.

Excluded – Other

Local Agency Formation Commission of Napa County: The Commission is legally separate from the County and has its own governing board. The Commission's role is to ensure the orderly formation of local government agencies to preserve agricultural and open space lands and to discourage urban sprawl.

Complete financial statements can be obtained at the Commission's administrative office.

Courts: The Courts are legally separate from the County.

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 blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type*

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

B. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

activities of the County and between the County and its discretely presented component unit. 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 demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. 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 as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are services provided and used such as accounting and legal services provided to the districts.

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

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

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

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

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

Fund Financial Statements (continued)

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

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, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Napa County Flood Protection and Watershed Improvement Authority* is used to contract with the Board of Equalization for collection of sales tax and establish individual accounts for each jurisdiction; disburse revenues through project contracts which meet Measure A compliance; obtain the necessary debt financing for the Napa Project; and perform annual audits.
- The *Affording Housing Fund* is used to provide funds for the development of affordable housing units in appropriate locations within the County.
- The *Roads Fund* provides for the County Road Program, which protects, preserves, enhances and improves the existing County road system. This fund pays for the construction and maintenance of the road system in the unincorporated area.

The County reports the following major enterprise fund:

- The *Napa County Airport* Fund is used to fund general Airport operations, office and administrative expenses and the maintenance of Airport facilities, including the replacement of exterior lighting fixtures, runway, taxiway and ramp lighting, heating and air conditioning service. Major revenue sources include fuel flow fees, rents, land leases, Airport royalties and interest earnings.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance, communication, technology, and other services provided to other departments or other governments, and self-insurance programs – worker's compensation and general liability – on a cost-reimbursement basis.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

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

Fund Financial Statements (continued)

- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Private Purpose Trust Funds* account for the assets held by the Public Guardian and Public Administrator.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

C. **Basis of Accounting**

All of the government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except agency funds have no measurement focus.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales 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 tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

C. Basis of Accounting (continued)

current fiscal period, with one exception. Proposition 57 and Chapter 211, California Statutes of 2004 (Senate Bill 1096) were passed by the voters and legislature, respectively, and are referred to as the Triple Flip. The Triple Flip authorizes revenue to be recognized throughout the fiscal year based on estimates with a true-up to actual revenues in January following the fiscal year end. Therefore, the County will consider any true-up revenues authorized in California Statutes to be available if they are collected within 365 days of the fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 codification 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 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. The fair value of investments are obtained by using quotations obtained from independent published sources.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

E. Inventories

Inventories are stated at cost (first-in, first-out basis) for governmental funds and proprietary funds. Inventory recorded by governmental funds includes materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Inventory recorded in the proprietary funds mainly consists of maintenance supplies. Inventory is expensed as the supplies are consumed.

F. Property Tax Receivable and Revenue

The property taxes receivable balance is \$11,638,516 before an allowance for uncollectibles. A conservative percentage figure for uncollectibles is 3%.

Secured taxes are levied as of July 1 and payable in two equal installments due November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. Property taxes attach as an enforceable lien on January 1. All general property taxes are allocated by the County Auditor-Controller's office to the various taxing entities per the legislation implementing Proposition 13. The method of allocation used by the County is subject to review by the State of California. Unsecured property taxes are due on January 1 (lien date) and become delinquent with penalties on August 31.

Alternative Method of Distribution of Tax Levies

The County apportions property tax revenue according to the alternative tax treatment (Teeter Plan), whereby all of the current tax levy is distributed to all participating entities. The County then receives delinquent penalties and fees on the entire participating tax roll.

The County is required to create a tax loss reserve fund (an agency fund) under one or two alternative methods: (1) 1 percent of the total amount of taxes and assessments levied on the secured roll for the year or (2) 25 percent of the total delinquent secured taxes for participating entities in the County as calculated at the end of the fiscal year. The County is using option (2) to establish its tax loss reserve.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

G. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed 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 capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements, proprietary funds and the pension trust fund. Depreciation begins on the first day of the fiscal year following the period the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

The estimated useful lives are as follows:

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

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control.

H. Compensated Absences

The County has adopted Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. The earned vacation is payable upon termination and is reported at the current balance of the liability.

Non-Classified, Management and Public Service Employee-Supervisory Unit

Earned vacation may be accumulated up to a maximum of 536 hours by non-classified and management personnel. Supervisory employees may accumulate up to 416 hours vacation.

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

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

H. **Compensated Absences** (continued)

Public Service Employees

The following chart is to be used for unused vacation benefits accrual by all other personnel.

YEARS OF CONTINUOUS COUNTY SERVICE	MAXIMUM ACCRUAL OF UNUSED VACATION BENEFITS
Years 1 through 3	240 maximum hours
Years 4 through 10	300 maximum hours
Years 11 through 20	400 maximum hours
Years 21 or more	400 maximum hours

Law Enforcement Employees (hired before 10/9/2004)

The following chart is to be used for unused vacation benefits accrual by all law enforcement personnel hired before October 9, 2004.

YEARS OF CONTINUOUS COUNTY SERVICE	MAXIMUM ACCRUAL OF UNUSED VACATION BENEFITS
Years 1 through 3	360 maximum hours
Years 4 through 10	360 maximum hours
Years 11 through 20	400 maximum hours
Years 21 or more	400 maximum hours

Law Enforcement Employees (hired after 10/9/2004)

The following chart is to be used for unused vacation benefits accrual by all law enforcement personnel hired after October 9, 2004.

YEARS OF CONTINUOUS COUNTY SERVICE	MAXIMUM ACCRUAL OF UNUSED VACATION BENEFITS
Years 1 through 3	240 maximum hours
Years 4 through 10	300 maximum hours
Years 11 through 20	400 maximum hours
Years 21 or more	400 maximum hours

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

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

I. **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 are 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 governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

J. **Estimates**

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

Note 2: **Restatements of Fund Equity/Net Assets**

Adjustments resulting from errors or a change 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 net assets or fund balances in the government-wide and fund statements.

The County adjusted the beginning net assets balance of the governmental activities by \$1,468,378 after identifying additional SB 90 revenues earned in prior years and not received nor reported by the County. The County is expecting to be fully reimbursed by the State of California for its outstanding SB 90 claims.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 3: 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, yield, and public trust. 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 month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2007, total County cash and investments were as follows:

Cash:	
Cash on hand	\$ 9,270,667
Imprest cash	191,154
Certificates of deposit	100,000
Outstanding warrants and reconciliations	<u>(22,971,227)</u>
Total Cash Overdrafts	<u>(13,409,406)</u>
Investments:	
In Treasurer's pool	456,662,330
With fiscal agents external to the pool	<u>3,918,069</u>
Total Investments	<u>460,580,399</u>
Total Cash and Investments	<u><u>\$ 447,170,993</u></u>

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 3: **Cash and Investments** (continued)

Total cash and investments at June 30, 2007 were presented in the County's financial statements as follows:

Primary government	\$ 173,319,306
Private purpose trust funds	1,672,752
Investment trust fund	232,934,573
Agency funds	<u>39,244,362</u>
Total Cash and Investments	<u>\$ 447,170,993</u>

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
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
State of California Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commerical Paper - Select Agencies	180 days	25%	10%
Commercial Paper - Other Agencies	180 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	30 days	5%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium Term Notes	5 years	30%	None
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 3: **Cash and Investments** (continued)

Investments (continued)

At June 30, 2007, the County had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Investments in Investment Pool						
U.S. government agencies - fixed	2.5% - 6.05%	7/26/06 - 6/21/12	\$ 307,000,000	\$ 306,982,994	\$ 310,727,940	2.16
U.S. government agencies - discount	4.935% - 5.21%	7/2/07 - 2/29/08	101,925,000	99,793,831	93,969,851	0.19
Commercial paper - discount	5.25% - 5.31%	7/3/07 - 7/9/07	8,000,000	7,991,220	7,990,903	0.02
Teeter notes	5.10% - 5.18%	9/1/08 - 9/1/11	1,894,285	1,894,285	1,894,285	4.08
Local Agency Investment Fund (LAIF)	Variable	On Demand	40,000,000	40,000,000	39,981,801	0.45
Total Treasurer's Pooled Investments			458,819,285	456,662,330	454,564,780	1.57
Investments Controlled by Fiscal Agents						
U.S. government securities			3,918,069	3,918,069	3,918,069	
Total Investments			\$ 462,737,354	\$ 460,580,399	\$ 458,482,849	

At June 30, 2007, the difference between the cost and fair value of cash and investments was not material (fair value was 99.54% 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.

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 Investment Service. The County does not have credit limits on government agency securities.

Concentration of Credit Risk

At June 30, 2007, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 3: **Cash and Investments** (continued)

Concentration of Credit Risk (continued)

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, 2007.

	<u>S&P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
U.S. government agencies - fixed	AAA	Aaa	68.36%
U.S. government agencies - discount	AAA	Aaa	20.67%
Teeter notes	Unrated	Unrated	0.41%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	8.80%
Commercial paper - discount			<u>1.76%</u>
Total			<u><u>100.00%</u></u>

Custodial Credit Risk

For investments and deposits held with fiscal agents, 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's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

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, 2007, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40,000,000, 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 \$66,051,251,287. Of that amount, 97.6% was invested in non-derivative financial products and 2.4% in structured notes and asset-backed securities.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 3: **Cash and Investments** (continued)

Local Agency Investment Fund (continued)

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, 2007:

Statement of Net Assets

Net assets held for pool participants	\$ 443,061,770
Equity of internal pool participants	\$ 210,127,197
Equity of external pool participants	232,934,573
Total net assets	<u>\$ 443,061,770</u>

Statement of Changes in Net Assets

Net assets held for pool participants at July 1, 2006	\$ 392,383,902
Net change in investments by pool participants	<u>50,677,868</u>
Net assets held for pool participants at June 30, 2007	<u>\$ 443,061,770</u>

Note 4: **Interfund Transactions**

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2007 are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Road Fund	\$ 722,691
	Other Governmental Funds	245,584
Internal Service Funds	Internal Service Funds	<u>350,000</u>
		<u>\$ 1,318,275</u>

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 4: **Interfund Transactions** (continued)

The above balance reflects temporary cash advances.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	Napa County Airport	<u>\$ 1,543,800</u>

The Napa County Airport fund has received advances from the County to construct certain projects at the Airport (See Note 7). The advances are not expected to be repaid in the short-term.

Transfers:

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 482,610	Various contributions
	Other Governmental Funds	3,177,615	Debt service
	Other Governmental Funds	11,142,028	Capital projects
	Other Governmental Funds	301,596	Building code enforcement
	Internal Service Funds	101,399	Equipment purchases
	Other Enterprise Funds	191,091	Housing Authority Program
Affordable Housing Fund	General Fund	59,702	Personnel costs
	Other Governmental Funds	900,000	Homeless shelter purchase
Road Fund	Internal Service Funds	57,846	Equipment purchase
Other Governmental Funds	General Fund	787	Various
	General Fund	50,000	Firewise Program
	General Fund	241,279	Planning – New Parks District
	General Fund	228,000	Capital Projects
	General Fund	210,720	IHSS Admin
	Other Governmental Funds	3,249	Various
	Other Governmental Funds	2,252,352	Debt Service
	Other Governmental Funds	1,673,501	Capital Projects
	Other Governmental Funds	255,000	Fire protection

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 4: **Interfund Transactions** (continued)

Transfers (continued):

Transfer from	Transfer to	Amount	Purpose
Internal Service Funds	General Fund	\$ 205,000	Rent payments
		348,958	Workers Compensation
		258,940	General Liability
Airport Fund	Other Governmental Funds	<u>59,295</u>	Debt service
		<u>\$ 22,200,968</u>	

Note 5: **Capital Assets**

Capital asset activity for the year ended June 30, 2007 was as follows:

	Audited Balance July 1, 2006	Additions	Deletions	Transfers & Adjustments	Audited Balance June 30, 2007
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,751,515	\$ 28,500	\$ --	\$ --	\$ 4,780,015
Construction in progress	19,223,361	2,124,251	--	(18,066,559)	3,281,053
Total capital assets, not being depreciated	<u>23,974,876</u>	<u>2,152,751</u>	<u>--</u>	<u>(18,066,559)</u>	<u>8,061,068</u>
Capital assets, being depreciated:					
Infrastructure	173,564,247	--	--	--	173,564,247
Structures and improvements	85,630,720	5,381,409	(1,033,630)	18,066,559	108,045,058
Equipment	23,971,095	2,620,430	(1,397,887)	--	25,193,638
Total capital assets, being depreciated	<u>283,166,062</u>	<u>8,001,839</u>	<u>(2,431,517)</u>	<u>18,066,559</u>	<u>306,802,943</u>
Less accumulated depreciation for:					
Infrastructure	(123,276,967)	(5,978,526)	--	--	(129,255,493)
Structures and improvements	(18,316,344)	(1,753,159)	162,740	--	(19,906,763)
Equipment	(14,913,553)	(2,027,034)	1,326,140	--	(15,614,447)
Total accumulated depreciation	<u>(156,506,864)</u>	<u>(9,758,719)</u>	<u>1,488,880</u>	<u>--</u>	<u>(164,776,703)</u>
Total capital assets, being depreciated, net	<u>126,659,198</u>	<u>(1,756,880)</u>	<u>(942,637)</u>	<u>18,066,559</u>	<u>142,026,240</u>
Government activities capital assets, net	<u>\$ 150,634,074</u>	<u>\$ 395,871</u>	<u>\$ (942,637)</u>	<u>\$ --</u>	<u>\$ 150,087,308</u>

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 5: **Capital Assets** (continued)

	Audited Balance July 1, 2006	Additions	Deletions	Transfers & Adjustments	Audited Balance June 30, 2007
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,935,454	\$ --	\$ --	\$ --	\$ 1,935,454
Construction in progress	4,227,103	2,333,372	--	(3,741,140)	2,819,335
Total capital assets, not being depreciated	<u>6,162,557</u>	<u>2,333,372</u>	<u>--</u>	<u>(3,741,140)</u>	<u>4,754,789</u>
Capital assets, being depreciated:					
Structures and improvements	26,548,048	858,433	--	3,741,140	31,147,621
Equipment	382,925	26,366	--	--	409,291
Total capital assets, being depreciated	<u>26,930,973</u>	<u>884,799</u>	<u>--</u>	<u>3,741,140</u>	<u>31,556,912</u>
Less accumulated depreciation for:					
Structures and improvements	(15,703,687)	(934,131)	--	--	(16,637,818)
Equipment	(275,795)	(45,943)	--	--	(321,738)
Total accumulated depreciation	<u>(15,979,482)</u>	<u>(980,074)</u>	<u>--</u>	<u>--</u>	<u>(16,959,556)</u>
Total capital assets, being depreciated, net	<u>10,951,491</u>	<u>(95,275)</u>	<u>--</u>	<u>3,741,140</u>	<u>14,597,356</u>
Business-type activities capital assets, net	<u>\$ 17,114,048</u>	<u>\$ 2,238,097</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 19,352,145</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,057,263
Public protection	1,287,316
Public ways and facilities	6,003,444
Health and sanitation	151,912
Public assistance	155,511
Education	103,273
	<u>9,758,719</u>
Total Depreciation Expense - Governmental Functions	<u>\$ 9,758,719</u>

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

Airport	\$ 845,199
Lake Berryessa Resort Improvement	81,662
Napa Berryessa Public Improvement	53,213
	<u>980,074</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 980,074</u>

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 6: Advances Receivable/Advances Payable

The Airport Enterprise Fund has received advances from the County to construct certain projects at the Airport. These projects include constructing hangars, CHP facility, and Bridgford Facility. The revenue earned from these projects will be used to repay the advance from the County. The Airport Enterprise Fund will repay the advance with interest at the same rates as the 2003 Certificates of Participation which funded these advances. The outstanding advance at June 30, 2007 was \$1,543,800.

The principal maturities and interest payments for the next five years are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 238,700	\$ 55,014	\$ 293,714
2009	244,900	47,852	292,752
2010	249,550	40,505	290,055
2011	261,950	31,771	293,721
2012	269,700	21,948	291,648
2013	<u>279,000</u>	<u>11,160</u>	<u>290,160</u>
Total	<u>\$ 1,543,800</u>	<u>\$ 208,250</u>	<u>\$ 1,752,050</u>

Note 7: Long-Term Debt

The following is a summary of long-term liabilities transactions for the year ended June 30, 2007:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 49,845,000	\$ --	\$ (3,280,000)	\$ 46,565,000	\$ 3,415,000
Less deferred amounts:					
For issuance premiums	1,926,692	--	(160,558)	1,766,134	--
For refunding	(1,674,220)	--	139,518	(1,534,702)	--
Certificates of Participation	42,665,000	--	(2,325,000)	40,340,000	2,335,000
Less deferred amounts:					
For issuance premiums	232,212	--	(20,428)	211,784	--
Loans payable	--	1,448,372	(41,641)	1,406,731	41,101
Compensated absences	5,776,939	2,069,373	(1,705,910)	6,140,402	1,705,911
Liability for unpaid claims	<u>8,131,000</u>	<u>2,025,744</u>	<u>(2,025,744)</u>	<u>8,131,000</u>	<u>4,044,889</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 106,902,623</u>	<u>\$ 5,543,489</u>	<u>\$ (9,419,763)</u>	<u>\$ 103,026,349</u>	<u>\$ 11,541,901</u>
Business-type Activities					
Loan payable	\$ 415,078	\$ --	\$ (25,391)	389,687	\$ 27,344
Compensated absences	<u>24,125</u>	<u>5,362</u>	<u>(5,932)</u>	<u>23,555</u>	<u>5,933</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 439,203</u>	<u>\$ 5,362</u>	<u>\$ (31,323)</u>	<u>\$ 413,242</u>	<u>\$ 33,277</u>

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 7: **Long-Term Debt** (continued)

As of June 30, 2007, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities					
	Bonds and Notes Payable		Certificates of Participation		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 3,415,000	\$ 2,018,787	\$ 2,335,000	\$ 1,578,937	\$ 41,101	\$ 15,707
2009	3,565,000	1,870,225	2,400,000	1,508,887	42,783	11,025
2010	3,720,000	1,712,497	2,470,000	1,436,887	44,490	12,318
2011	3,865,000	1,574,435	2,545,000	1,355,637	46,265	10,543
2012	4,000,000	1,433,885	2,635,000	1,262,863	48,088	8,721
2013-2017	22,815,000	4,349,095	14,740,000	4,737,120	1,184,004	14,824
2018-2022	5,185,000	246,100	10,750,000	2,072,268	--	--
2023-2027	--	--	2,465,000	114,007	--	--
	<u>\$ 46,565,000</u>	<u>\$ 13,205,024</u>	<u>\$ 40,340,000</u>	<u>\$ 14,066,606</u>	<u>\$ 1,406,731</u>	<u>\$ 73,138</u>

Year Ending June 30:	Business-type Activities	
	Certificates of Participation	
	Principal	Interest
2008	\$ 27,344	\$ 20,354
2009	29,297	18,926
2010	31,250	17,396
2011	33,203	15,763
2012	35,156	14,029
2013-2017	205,079	40,561
2018-2022	28,358	1,481
	<u>\$ 389,687</u>	<u>\$ 128,510</u>

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 7: Long-Term Debt (continued)

Long-term liabilities at June 30, 2007 consisted of the following:

	Date of Issue	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2007
<u>Governmental activities</u>						
Bonds Payable						
1999 Series A (to finance or reimburse the Napa County Flood Protection and Watershed Improvement Authority for certain costs of the Napa River/Napa Creek Flood Protection Project, to pay the premium of a surety bond to be deposited in the Bond Reserve Fund established under the indenture, to pay capitalized interest if necessary, and to pay the costs of issuance of the 1999 Series A Bonds.)						
Bonds Payable	7/1/1999	2018	4.25-5.00%	\$2,275,000-\$2,590,000	\$ 43,650,000	\$ 5,065,000
2005 Series Refunding (to refund a portion of the Authority's Limited Tax Bonds, 1999 Series A, and to pay the costs of issuance of the Series 2005 Bonds.)						
Bonds Payable	7/1/2005	2018	3.25-5.00%	\$50,000-\$3,870,000	29,710,000	29,530,000
2005 Series A Bonds (to finance or reimburse the Napa County Flood Protection and Watershed Improvement Authority for certain costs of the City of St. Helena's flood protection and watershed improvement project, to pay the premium of a surety bond to be deposited in the Bond Reserve Fund established under the indenture, and to pay the costs of issuance of the 2005 Series A Bonds.)						
Bonds Payable	03/01/2005	2018	3.00-4.50%	\$830,000-\$1,315,000	<u>13,655,000</u>	<u>11,970,000</u>
Total Bonds Payable					<u>87,015,000</u>	<u>46,565,000</u>
Certificates of Participation						
2003 issue (to refund the County's 1993 COP issue and fund the acquisition and construction of a new Sheriff's facility and the construction and remodel of the County's Juvenile Justice Center.)						
Certificates of Participation	3/1/2003	2023	2.00-4.625%	\$200,000-\$2,465,000	\$ 32,350,000	\$ 29,025,000
2005 issue (to refund the County's 1996 COP issue used to fund various improvements, including the construction of a new criminal court building, reclading the exterior of the existing County Administrative Building, modernization of the County's Health and Human Services Agency complex, and various capital improvements to the County's Hall of Justice and Hall of Records; to establish a reserve fund for the Certificates; and to pay certain costs incurred in connection with the execution and delivery of the Certificates, including the premium for Certificates' insurance).						
Certificates of Participation	2/1/2005	2017	3.00-3.60%	\$960,000-\$1,300,000	<u>13,275,000</u>	<u>11,315,000</u>
Total Certificates of Participation					<u>45,625,000</u>	<u>40,340,000</u>
Loans Payable						
2006 California Energy Commission Loan (to finance energy efficiency improvements for the County Administration Building and Hall of Justice)						
California Energy Commission Loan	11/17/06	2016	3.95%	\$20,000 - \$27,853	448,372	406,731

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 7: **Long-Term Debt** (continued)

	<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, 2007</u>
Loans Payable (continued)						
2007 California Department of Housing & Community Development Loan (to finance construction of Homeless Shelter known as the South Napa Shelter. Repayment of the loan shall be deferred as long as the development is used as an emergency shelter. At the completion of the initial loan term, the loan may be forgiven if terms are met.)						
California Department of Housing & Community Development Loan	7/1/04	2014	3.00%	Various	\$ <u>1,000,000</u>	\$ <u>1,000,000</u>
Total Loans Payable					<u>1,448,372</u>	<u>1,406,731</u>
Total Governmental Activities					<u>\$ 133,088,372</u>	<u>\$ 88,311,731</u>

Business-Type Activities

Loan Payable

2002 loan agreement (for construction of hangers at the Napa County Airport.)

Napa County Airport loan	5/8/2002	2018	5.22%	\$20,000-\$44,922	\$ <u>500,000</u>	\$ <u>389,687</u>
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Certificates of participation and bond retirements and related interest payments are paid from a debt service fund. Loans payable retirements and related interest payments are paid from the Airport Fund. Claims and judgments will be paid from the County's Worker's Compensation and General Liability Funds. Compensated absences liabilities will be paid by several of the County's funds, including the general fund, four special revenue funds, two internal service funds, and an enterprise fund. Historically, 99 percent of these costs have been paid from the County's governmental funds, with the remaining 1 percent paid from its proprietary funds.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years.

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 8: **Operating Leases**

The County is committed under various noncancelable operating leases for vehicles and photocopier machines. The minimum future lease commitments on these leases are as follows:

Fiscal Year Ending June 30	Payments
2008	\$ 559,936
2009	440,349
2010	298,501
2011	170,932
2012	79,457
2013-2017	6,479
Total	\$ 1,555,654

Rent expenditures were \$551,687 for the year ended June 30, 2007.

Note 9: **Deferred Revenues**

Governmental funds report deferred revenue in connection with receivables for revenues not considered available to liquidate liabilities of the current period.

As of June 30, 2007, the various components of unavailable deferred revenue reported were as follows:

	<u>Unavailable</u>
Governmental Activities:	
General Fund:	
SB 90 mandated costs	\$ 6,869,193
Road Fund:	
Federal disaster assistance	1,000,000
Total Governmental Activities	\$ 7,869,193

Note 10: **Net Assets/Fund Balances**

Net Assets

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

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 10: **Net Assets/Fund Balances** (continued)

Net Assets (continued)

- *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 or enabling legislation. Included in total restricted net assets at June 30, 2007 are net assets restricted by enabling legislation of \$58,526,777.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

Fund Balances

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.

As of June 30, 2007, reservations of fund balance are described below:

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The County has “reserved” fund balances as follows:

- *Reserve for Encumbrances* was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the County but not yet completed as of the close of the year. Encumbrance accounting is employed as an extension of the budgetary process. This method records purchase orders, contracts and other commitments for the expenditure of funds in order to reserve that portion of the applicable appropriation. Encumbrances carryover at year end as reserved fund balances.

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 10: **Net Assets/Fund Balances** (continued)

Fund Balances (continued)

- *General Reserve* is established during the budget process primarily to provide dry period financing.
- *Reserve for Imprest Cash* was created to represent the portion of the fund balance that is not available for expenditure because the County maintains various levels of revolving funds for daily operations.
- *Reserve for Loans Receivable and Advances* represents loans and advances that are long-term in nature.
- *Reserve for Equipment* represents funds to be used for equipment purchases.

Unreserved designated fund balances at June 30, 2007 are as follows:

General Fund

Designated for:

Capital projects	\$ 2,066,811
Economic uncertainties	16,826,470
Health and human services	3,244,371
Various	<u>843,444</u>
	<u>22,981,096</u>

Napa County Flood Protection and Watershed
Improvement Authority

Designated for:

Flood projects	<u>37,513,446</u>
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Affordable Housing

Designated for:

Housing projects	<u>6,493,810</u>
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Other Governmental Funds

Designated for:

Child support services	38,133
Library	2,065,844
Capital projects	9,452,302
Various	<u>932,004</u>
	<u>12,488,283</u>

Total Unreserved Designated Fund Balances \$ 79,476,635

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 10: **Net Assets/Fund Balances** (continued)

Fiduciary Net Assets

- *Net assets held in trust for endowment purpose* funds represents cash held in private purpose trust funds.
- *Net assets held in trust for investment pool participants* represents investment funds held for external pool participants and do not represent available spending resources.

Note 11: **County Employees Retirement Plan (Defined Benefit Pension Plan)**

A. Plan Description

The County of Napa 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. Benefit provisions and other requirements are established by statute. Copies of PERS annual financial report may be obtained from their Executive Office—400 P Street, Sacramento, CA 95814.

B. Funding Policy

Per the Memorandum of Understanding, the County contributes a portion of the employee share of retirement contributions for local miscellaneous members. Effective July 1, 2004 through December 17, 2004 the employee rate was 7%. Of the 7% employee rate, the County contributed 4.2%. Effective December 18, 2004, the County implemented a “2.5% @ 55” formula which resulted in a new employee rate of 8%. Of the 8% employee rate, the County contributed 5.2%. For fiscal year 2005-2006, the County contributed 3.52% of the employee rate of 8%. For the fiscal year 2006-2007, the County contributed 3.81% of the employee rate of 8%.

The employee rate for local safety members is 9%. The County contributes the full 9% for all law enforcement management employees. Local safety members who are not management employees pay the 9%.

The rates are set by statute and unless changed as a result of a contract amendment, they generally remain unchanged from year to year.

The present actuarially determined rates of annual covered payroll are as follows:

<u>Category</u>	<u>Member Rates as a Percentage of Wages</u>
Local miscellaneous members	8%
Local safety members	9%

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

Note 11: **County Employees Retirement Plan (Defined Benefit Pension Plan)** (continued)

B. Funding Policy (continued)

The contribution requirements of the plan members are established by State statutes and the employer contribution rate is established and may be amended by Cal PERS.

Annual Pension Cost

For fiscal year 2006-2007, the County of Napa's annual pension cost was \$12,150,782 and the County actually contributed \$12,150,782. The required contribution for the period July 1, 2006 to June 30, 2007 has been determined by an actuarial valuation of the plan as of June 30, 2004 using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of 3.25% to 14.45% merit increases that vary based on age, service and type of employment; and (c) no benefit increases after retirement.

The actuarial value of the County's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of the investment gains and/or losses. The County's excess assets are being amortized as a level percentage of projected payroll on a closed basis. There are averages of 18 years and 17 years remaining in the amortization period at June 30, 2004 (the valuation date) under the miscellaneous and safety plan, respectively.

Three-Year Trend Information (in thousands)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 7,533	100	\$ --
6/30/06	11,176	100	--
6/30/07	12,151	100	--

Note 12: **Post-Retirement Health Benefits**

In addition to the pension benefits described in Note 12, the County provides postretirement healthcare benefits. In accordance with Government Code, all employees electing a PERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits. The County provides health or dental benefits on a pay-as-you-go basis to retirees in three basic categories.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 12: **Post-Retirement Health Benefits** (continued)

1. Generally, retirees who at the time of retirement have over 120 hours of accumulated unused sick leave receive, for each 8 hours of sick leave, one month of single party insurance benefits paid for by the County. For management and law enforcement employees, they are eligible for one month of two-party insurance benefits, paid for by the County for each 16 hours of sick leave.
2. Retirees with 20 or more years of continuous service at the time of retirement receive single party insurance benefits paid for by the County until age 65, regardless of the balance of accumulated sick leave at the time of retirement.
3. Non-classified (elected officials and department heads) employees with 8 or more years of service shall receive health and dental benefits for themselves and their dependent families for the life of such employees.

During the year, 202 retirees were in the plan at a cost of \$1,324,515.

Note 13: **Deferred Compensation Plan**

Employees of the County of Napa may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the County. Under the plan, employees may elect to defer a portion of their salaries and defer paying taxes on the deferred portion until the withdrawal date. The deferred compensation is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

Changes in the laws governing IRC Section 457 Plans and GASB Statement No. 32, required a change in the reporting of the County employees' deferred compensation plan. Previously, employee amounts deferred by the plan participants were required to be reported as assets of the employer. The new law prevents the employer's use of these funds and requires the funds to be held exclusively for the benefit of the participants. Accordingly, the County's deferred compensation plan was amended in December 1998 to conform with the law. Therefore, the assets and associated participants' liability of the plan were removed from the County's financial statements and only the current deductions which have not been forwarded to the contract plan administrator are reported.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 14: **401(a) Retirement Savings Plan**

The County established a profit sharing plan called the 401(a) Retirement Savings Plan for the purpose of providing retirement benefits for its Eligible Employees. Eligible employees who become participants in this plan are defined as the County's management, confidential and non-classified employees, and elected officials. This plan is adopted under the provisions of the Internal Revenue Code Section 401(a). The plan year is the period beginning January 1 and ending on December 31.

The County has sole discretion in determining the employer contribution amount. This amount must be established annually on or before January 1st by a duly adopted resolution. The County's policy of contributing up to \$1,000 in matching funds (per employee) was reinstated effective calendar year 2005.

Each participant may allocate the balances of his/her account under the Plan among the investment options provided under the Plan. The Plan Administrator shall maintain an Account for each Participant to hold any Employee Pre-Tax Contributions, Employer Contributions, and Rollover Contributions, as well as any gains or losses of such funds. Under specific circumstances, participants may elect to enter into a one-time employee irrevocable salary reduction in accordance with the plan provisions.

The County reserves the right to amend the Plan at any time, and continuance of this plan is not assumed as a contractual obligation.

Note 15: **Risk Management**

The County has two risk management funds (Internal Service Funds) to account for and finance its uninsured risks of loss. The County is exposed to various risks of loss related to general liability and workers' compensation. Under this program, the workers' compensation fund provides coverage up to \$250,000 for each workers' compensation claim and \$300,000 for each general liability claim.

The County participates in pooled insurance programs with other governmental agencies through CSAC Excess Insurance Authority (EIA) for claims in excess of coverage provided by these funds. While settled workers' compensation claims have not exceeded the pooled coverage in any of the past three years, one general liability claim has exceeded the County's self-insured retention (SIR). In addition, the County participates in the EIA for its medical malpractice coverage and a comprehensive property program. Commercial insurance is obtained for all other areas of risk.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 15: **Risk Management** (continued)

The unpaid claims liabilities are based on the results of actuarial studies and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. It is the County's practice to obtain full actuarial studies every two years. Contribution to both the Workers' Compensation and general liability Internal Service Fund (ISF) are generated from billings to departments based on potential exposure and loss history, in accordance with State Controller's *Handbook of Cost Plan*. The claims liability for the funds reported at June 30, 2007 is based on the requirements of Governmental Accounting Standards Board 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 funds' claims liability for the last three fiscal years were:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
General Liability:				
2004 – 2005	<u>\$ 3,280,000</u>	<u>\$ 985,685</u>	<u>\$ (985,685)</u>	<u>\$ 3,280,000</u>
2005 – 2006	<u>\$ 3,280,000</u>	<u>\$ 1,947,190</u>	<u>\$ (2,187,190)</u>	<u>\$ 3,040,000</u>
2006 – 2007	<u>\$ 3,040,000</u>	<u>\$ 1,044,019</u>	<u>\$ (1,044,019)</u>	<u>\$ 3,040,000</u>
Workers' Compensation:				
2004 – 2005	<u>\$ 5,230,000</u>	<u>\$ 1,077,344</u>	<u>\$ (1,077,344)</u>	<u>\$ 5,230,000</u>
2005 – 2006	<u>\$ 5,230,000</u>	<u>\$ 768,406</u>	<u>\$ (907,406)</u>	<u>\$ 5,091,000</u>
2006 – 2007	<u>\$ 5,091,000</u>	<u>\$ 981,725</u>	<u>\$ (981,725)</u>	<u>\$ 5,091,000</u>

Note 16: **Contingencies**

A. **Litigation**

There are many lawsuits pending in which the County is involved. Some of the lawsuits have been filed solely against the County, while in others, the County is one of a group of defendants. The County Counsel has indicated that the potential uninsured claims against the County resulting from such litigation would not materially affect the general purpose financial statements of the County.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2007

Note 16: **Contingencies** (continued)

B. Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. The County participates in other federal and state programs where County costs are recovered on a reimbursable basis. Grant expenditures and reimbursements are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with the relevant regulations, the County may be required to reimburse the appropriate governmental agency. As of June 30, 2007, significant amounts of grant expenditures and records relating to reimbursements have not been audited, but the County believes that disallowed expenditures or reimbursements, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

Note 17: **Subsequent Events**

Napa County to draft footnote describing Napa Berryessa Bonds. During fiscal year 2006-2007, the Lake Berryessa Resort Improvement District Assessment District 2006-01 was created and a special assessment on the real property located within the Assessment District was approved. On July 24, 2007, the Assessment District issued \$4,755,841.36 Lake Berryessa Resort Improvement District Assessment District 2006-01 Limited Obligation Improvement Bonds, 2007 Series A, to (i) to finance the acquisition and construction of various public improvements, (ii) fund the Reserve Fund and (iii) pay costs of issuance. The public improvements are certain sewer and water treatment improvements. The bonds have an interest rate ranging from 5.25% - 5.55% with final maturity on September 2, 2037.

Note 18: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released new accounting and financial reporting standards. GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions (OPEB)*, may have a significant impact on the County's financial reporting process.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB Statement No. 45 will be effective for the fiscal year ending June 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION



COUNTY OF NAPA

Required Supplementary Information
For the Year Ended June 30, 2007

County Employees Retirement Plan (Defined Benefit Pension Plan)

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:

Funded Status of Miscellaneous Plan

<u>Valuation Date</u>	<u>Entry Age Normal 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>
6/30/04	\$ 298,896,755	\$ 260,382,096	\$ 38,514,659	87.1%	\$ 69,124,692	55.7%
6/30/05	331,371,306	282,633,009	48,738,297	85.3%	72,295,761	67.4%
6/30/06	364,922,453	312,402,967	52,519,486	85.6%	77,547,669	67.7%

Funded Status of Safety Plan

This information is no longer available for the Safety Plan. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709.

COUNTY OF NAPA

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 73,953,496	\$ 73,953,496	\$ 73,953,496	\$ --
Resources (inflows):				
Taxes	79,395,894	79,570,894	82,510,684	2,939,790
Licenses and permits	1,990,526	1,990,526	2,021,110	30,584
Fines, forfeits and penalties	1,087,085	1,087,085	924,932	(162,153)
Revenue from use of money and property	1,381,164	1,381,164	1,735,357	354,193
Aid from other governments	60,575,010	65,205,422	62,609,840	(2,595,582)
Charges for services	21,939,809	21,955,670	26,670,679	4,715,009
Miscellaneous revenue	5,180,502	6,408,366	865,283	(5,543,083)
Other financing sources	2,587,153	2,907,153	1,603,386	(1,303,767)
Amounts available for appropriation	<u>174,137,143</u>	<u>180,506,280</u>	<u>178,941,271</u>	<u>(1,565,009)</u>
Charges to appropriations (outflows):				
<i>General Government:</i>				
Board of Supervisors				
Salaries and benefits	\$ 530,324	\$ 572,864	\$ 567,894	\$ 4,970
Services and supplies	58,123	62,164	54,744	7,420
Transfers out	10,000	10,000	6,994	3,006
Subtotal	<u>598,447</u>	<u>645,028</u>	<u>629,632</u>	<u>15,396</u>
County Executive Officer				
Salaries and benefits	1,995,204	1,995,204	1,897,707	97,497
Services and supplies	284,905	304,275	170,860	133,415
Subtotal	<u>2,280,109</u>	<u>2,299,479</u>	<u>2,068,567</u>	<u>230,912</u>
Community Partnership Program				
Salaries and benefits	302,899	302,899	296,836	6,063
Services and supplies	50,350	50,350	22,390	27,960
Subtotal	<u>353,249</u>	<u>353,249</u>	<u>319,226</u>	<u>34,023</u>
Auditor-Controller				
Salaries and benefits	2,179,772	2,155,072	2,018,232	136,840
Services and supplies	223,694	249,994	247,282	2,712
Subtotal	<u>2,403,466</u>	<u>2,405,066</u>	<u>2,265,514</u>	<u>139,552</u>
Treasurer-Tax Collector				
Salaries and benefits	1,213,745	1,213,745	1,091,466	122,279
Services and supplies	364,528	364,528	276,440	88,088
Subtotal	<u>1,578,273</u>	<u>1,578,273</u>	<u>1,367,906</u>	<u>210,367</u>
Assessor				
Salaries and benefits	2,192,029	2,210,029	2,137,643	72,386
Services and supplies	346,698	374,805	367,953	6,852
Subtotal	<u>2,538,727</u>	<u>2,584,834</u>	<u>2,505,596</u>	<u>79,238</u>

COUNTY OF NAPA

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
County Counsel				
Salaries and benefits	\$ 2,674,942	\$ 2,604,942	\$ 2,535,259	\$ 69,683
Services and supplies	332,853	406,810	317,815	88,995
Subtotal	<u>3,007,795</u>	<u>3,011,752</u>	<u>2,853,074</u>	<u>158,678</u>
Personnel				
Salaries and benefits	1,356,578	1,291,214	1,153,741	137,473
Services and supplies	444,756	592,232	514,519	77,713
Subtotal	<u>1,801,334</u>	<u>1,883,446</u>	<u>1,668,260</u>	<u>215,186</u>
Primary-General Election				
Salaries and benefits	439,007	439,007	357,759	81,248
Services and supplies	650,440	1,088,358	1,014,878	73,480
Subtotal	<u>1,089,447</u>	<u>1,527,365</u>	<u>1,372,637</u>	<u>154,728</u>
Communication				
Salaries and benefits	502,333	500,643	499,646	997
Services and supplies	396,847	440,848	394,177	46,671
Capital assets	--	177,960	165,508	12,452
Transfers out	31,000	31,000	30,961	39
Subtotal	<u>930,180</u>	<u>1,150,451</u>	<u>1,090,292</u>	<u>60,159</u>
Records Mgmt/Courier				
Salaries and benefits	276,013	276,013	266,392	9,621
Services and supplies	352,267	352,267	316,955	35,312
Capital assets	26,150	53,351	53,235	116
Subtotal	<u>654,430</u>	<u>681,631</u>	<u>636,582</u>	<u>45,049</u>
Property Management				
Salaries and benefits	2,404,603	2,404,604	2,394,945	9,659
Services and supplies	2,643,896	2,624,593	2,369,239	255,354
Debt Service	--	28,405	28,405	--
Subtotal	<u>5,048,499</u>	<u>5,057,602</u>	<u>4,792,589</u>	<u>265,013</u>
Capital Improvement Program				
Services and supplies	2,891,652	5,350,035	1,586,193	3,763,842
Capital assets	1,608,500	1,752,855	1,108,767	644,088
Subtotal	<u>4,500,152</u>	<u>7,102,890</u>	<u>2,694,960</u>	<u>4,407,930</u>
Central Services				
Services and supplies	1,604,447	1,791,067	1,250,247	540,820
Other charges	370,000	410,809	155,323	255,486
Contingencies	80,000	119,171	119,171	--
Subtotal	<u>2,054,447</u>	<u>2,321,047</u>	<u>1,524,741</u>	<u>796,306</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Insurance				
Services and supplies	\$ 337,440	\$ 352,734	\$ 339,114	\$ 13,620
Subtotal	<u>337,440</u>	<u>352,734</u>	<u>339,114</u>	<u>13,620</u>
County Contributions				
Services and supplies	1,244,380	1,321,130	1,113,292	207,838
Transfers out	14,448,514	14,975,110	14,749,107	226,003
Subtotal	<u>15,692,894</u>	<u>16,296,240</u>	<u>15,862,399</u>	<u>433,841</u>
Employee/Retiree Benefits				
Salaries and benefits	1,421,000	1,716,150	1,658,145	58,005
Services and supplies	347,444	321,501	221,671	99,830
Subtotal	<u>1,768,444</u>	<u>2,037,651</u>	<u>1,879,816</u>	<u>157,835</u>
General Plan				
Services and supplies	1,000,000	1,122,480	776,568	345,912
Subtotal	<u>1,000,000</u>	<u>1,122,480</u>	<u>776,568</u>	<u>345,912</u>
Contingencies				
Contingencies	5,282,558	4,260,213	--	4,260,213
Subtotal	<u>5,282,558</u>	<u>4,260,213</u>	<u>--</u>	<u>4,260,213</u>
<i>Total General Government</i>	<u>52,919,891</u>	<u>56,671,431</u>	<u>44,647,473</u>	<u>12,023,958</u>
<i>Public Protection:</i>				
Grand Jury				
Services and supplies	27,865	27,865	22,725	5,140
Subtotal	<u>27,865</u>	<u>27,865</u>	<u>22,725</u>	<u>5,140</u>
District Attorney				
Salaries and benefits	5,626,941	5,606,257	5,564,240	42,017
Services and supplies	1,413,068	1,401,889	1,333,064	68,825
Transfers out	--	15,251	14,777	474
Subtotal	<u>7,040,009</u>	<u>7,023,397</u>	<u>6,912,081</u>	<u>111,316</u>
Public Defender Services				
Salaries and benefits	2,935,335	2,935,335	2,874,712	60,623
Services and supplies	781,627	781,627	473,577	308,050
Subtotal	<u>3,716,962</u>	<u>3,716,962</u>	<u>3,348,289</u>	<u>368,673</u>
Conflict Public Defender				
Services and supplies	855,464	1,025,464	1,015,012	10,452
Subtotal	<u>855,464</u>	<u>1,025,464</u>	<u>1,015,012</u>	<u>10,452</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Sheriff				
Salaries and benefits	\$ 14,602,093	\$ 14,708,311	\$ 14,708,275	\$ 36
Services and supplies	3,958,125	4,910,817	4,793,032	117,785
Capital assets	240,000	778,155	506,684	271,471
Transfers out	--	48,667	48,667	--
Subtotal	<u>18,800,218</u>	<u>20,445,950</u>	<u>20,056,658</u>	<u>389,292</u>
Special Investigation Unit				
Salaries and benefits	519,740	519,740	505,301	14,439
Services and supplies	183,389	436,086	203,690	232,396
Subtotal	<u>703,129</u>	<u>955,826</u>	<u>708,991</u>	<u>246,835</u>
Department of Corrections				
Salaries and benefits	7,229,174	6,884,474	6,884,444	30
Services and supplies	1,219,934	1,680,498	1,558,922	121,576
Capital assets	--	6,341	6,341	--
Intrafund transfers	--	42,000	38,627	3,373
Subtotal	<u>8,449,108</u>	<u>8,613,313</u>	<u>8,488,334</u>	<u>124,979</u>
Detention Medical Services				
Services and supplies	1,790,998	1,790,998	1,790,812	186
Subtotal	<u>1,790,998</u>	<u>1,790,998</u>	<u>1,790,812</u>	<u>186</u>
Probation Department				
Salaries and benefits	5,279,756	5,270,045	5,114,434	155,611
Services and supplies	1,459,296	1,575,858	1,525,954	49,904
Subtotal	<u>6,739,052</u>	<u>6,845,903</u>	<u>6,640,388</u>	<u>205,515</u>
Juvenile Hall				
Salaries and benefits	3,216,028	3,303,028	3,302,890	138
Services and supplies	551,631	552,820	551,363	1,457
Subtotal	<u>3,767,659</u>	<u>3,855,848</u>	<u>3,854,253</u>	<u>1,595</u>
Ag Comm/Sealer				
Salaries and benefits	2,363,177	2,363,178	2,250,173	113,005
Services and supplies	738,162	776,680	734,129	42,551
Subtotal	<u>3,101,339</u>	<u>3,139,858</u>	<u>2,984,302</u>	<u>155,556</u>
Building Inspection				
Salaries and benefits	--	53,860	6,784	47,076
Services and supplies	--	2,076	1,230	846
Subtotal	<u>--</u>	<u>55,936</u>	<u>8,014</u>	<u>47,922</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Animal Shelter				
Salaries and benefits	\$ 468,296	\$ 468,296	\$ 446,550	\$ 21,746
Services and supplies	172,791	179,300	152,859	26,441
Subtotal	<u>641,087</u>	<u>647,596</u>	<u>599,409</u>	<u>48,187</u>
Clerk Recorder				
Salaries and benefits	760,349	760,349	696,038	64,311
Services and supplies	178,027	219,230	201,345	17,885
Subtotal	<u>938,376</u>	<u>979,579</u>	<u>897,383</u>	<u>82,196</u>
Coroner				
Salaries and benefits	283,243	283,243	270,810	12,433
Services and supplies	228,406	229,206	194,897	34,309
Subtotal	<u>511,649</u>	<u>512,449</u>	<u>465,707</u>	<u>46,742</u>
Public Admin-Guardian				
Salaries and benefits	134,580	167,952	153,059	14,893
Services and supplies	18,777	34,777	33,070	1,707
Subtotal	<u>153,357</u>	<u>202,729</u>	<u>186,129</u>	<u>16,600</u>
Conservation, Development, Planning				
Salaries and benefits	2,993,311	2,993,311	2,748,343	244,968
Services and supplies	2,067,916	2,269,436	1,569,433	700,003
Subtotal	<u>5,061,227</u>	<u>5,262,747</u>	<u>4,317,776</u>	<u>944,971</u>
Emergency Services				
Salaries and benefits	122,616	122,651	122,651	--
Services and supplies	125,042	467,655	334,445	133,210
Subtotal	<u>247,658</u>	<u>590,306</u>	<u>457,096</u>	<u>133,210</u>
Animal Control				
Salaries and benefits	609,149	609,149	597,117	12,032
Services and supplies	106,710	106,710	88,548	18,162
Subtotal	<u>715,859</u>	<u>715,859</u>	<u>685,665</u>	<u>30,194</u>
Environmental Management				
Salaries and benefits	2,278,688	2,278,688	2,072,930	205,758
Services and supplies	394,920	468,400	384,676	83,724
Subtotal	<u>2,673,608</u>	<u>2,747,088</u>	<u>2,457,606</u>	<u>289,482</u>
<i>Total Public Protection</i>	<u>65,934,624</u>	<u>69,155,673</u>	<u>65,896,630</u>	<u>3,259,043</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Public Ways and Facilities:</i>				
Public Works/Engineering				
Salaries and benefits	\$ 5,831,878	\$ 5,831,878	\$ 5,241,922	\$ 589,956
Services and supplies	486,475	486,475	470,212	16,263
Other charges	5,000	5,000	1,000	4,000
Subtotal	<u>6,323,353</u>	<u>6,323,353</u>	<u>5,713,134</u>	<u>610,219</u>
Road Department				
Services and supplies	39,857	52,501	24,935	27,566
Subtotal	<u>39,857</u>	<u>52,501</u>	<u>24,935</u>	<u>27,566</u>
<i>Total Public Ways and Facilities</i>	<u>6,363,210</u>	<u>6,375,854</u>	<u>5,738,069</u>	<u>637,785</u>
<i>Health and Sanitation:</i>				
Public Health Department				
Salaries and benefits	5,118,819	5,211,820	4,920,984	290,836
Services and supplies	1,919,896	2,546,077	2,235,051	311,026
Other charges	3,206,401	3,206,401	3,205,733	668
Capital assets	--	12,539	12,216	323
Other financing uses	--	75,000	--	75,000
Subtotal	<u>10,245,116</u>	<u>11,051,837</u>	<u>10,373,984</u>	<u>677,853</u>
Local Enforcement Program				
Salaries and benefits	196,161	201,611	201,593	18
Services and supplies	87,778	87,778	78,827	8,951
Subtotal	<u>283,939</u>	<u>289,389</u>	<u>280,420</u>	<u>8,969</u>
Mental Health				
Salaries and benefits	8,464,153	7,644,421	6,930,278	714,143
Services and supplies	3,027,715	3,754,990	2,897,562	857,428
Other charges	5,034,032	6,238,582	5,765,713	472,869
Other financing uses	--	104,493	124,410	(19,917)
Transfers out	--	63,319	--	63,319
Subtotal	<u>16,525,900</u>	<u>17,805,805</u>	<u>15,717,963</u>	<u>2,087,842</u>
Alcoholism and Drug Abuse				
Salaries and benefits	3,172,141	3,203,448	2,848,399	355,049
Services and supplies	<u>1,845,332</u>	<u>2,505,641</u>	<u>2,046,236</u>	<u>459,405</u>
Subtotal	<u>5,017,473</u>	<u>5,709,089</u>	<u>4,894,635</u>	<u>814,454</u>
Health and Human Services Admin				
Salaries and benefits	3,064,137	3,064,137	2,903,702	160,435
Services and supplies	1,487,759	1,511,487	1,406,231	105,256
Capital assets	--	24,974	10,409	14,565
Intrafund transfers	--	--	173,187	(173,187)
Transfers out	646,689	655,189	461,098	194,091
Subtotal	<u>5,198,585</u>	<u>5,255,787</u>	<u>4,954,627</u>	<u>301,160</u>
<i>Total Health and Sanitation</i>	<u>37,271,013</u>	<u>40,111,907</u>	<u>36,221,629</u>	<u>3,890,278</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Public Assistance:</i>				
Social Services				
Salaries and benefits	\$ 11,732,756	\$ 11,078,388	\$ 10,535,609	\$ 542,779
Services and supplies	3,850,504	4,455,764	3,807,792	647,972
Other charges	10,239,632	10,674,332	10,673,044	1,288
Subtotal	<u>25,822,892</u>	<u>26,208,484</u>	<u>25,016,445</u>	<u>1,192,039</u>
Employment Training Office				
Salaries and benefits	586,332	627,032	591,277	35,755
Services and supplies	498,197	531,205	458,596	72,609
Other charges	10,500	10,500	2,170	8,330
Subtotal	<u>1,095,029</u>	<u>1,168,737</u>	<u>1,052,043</u>	<u>116,694</u>
Regional Training Employment				
Salaries and benefits	--	105	--	105
Services and supplies	110,708	145,176	101,467	43,709
Intrafund transfers	--	--	14,951	(14,951)
Transfers out	33,934	60,258	27,779	32,479
Subtotal	<u>144,642</u>	<u>205,539</u>	<u>144,197</u>	<u>61,342</u>
Workforce Investment Act				
Services and supplies	35,309	15,309	10,998	4,311
Intrafund transfers	--	48,000	33,950	14,050
Subtotal	<u>35,309</u>	<u>63,309</u>	<u>44,948</u>	<u>18,361</u>
In Home Supportive Services				
Salaries and benefits	217,668	217,669	172,831	44,838
Services and supplies	40,300	40,300	37,889	2,411
Subtotal	<u>257,968</u>	<u>257,969</u>	<u>210,720</u>	<u>47,249</u>
Care of Juvenile Ward				
Services and supplies	9,315	15,316	15,315	1
Other charges	511,975	540,824	491,749	49,075
Subtotal	<u>521,290</u>	<u>556,140</u>	<u>507,064</u>	<u>49,076</u>
<i>Total Public Assistance</i>	<u>27,877,130</u>	<u>28,460,178</u>	<u>26,975,417</u>	<u>1,484,761</u>
<i>Education:</i>				
U. C. Cooperative Extension				
Salaries and benefits	200,424	211,224	193,521	17,703
Services and supplies	170,406	170,406	156,679	13,727
Subtotal	<u>370,830</u>	<u>381,630</u>	<u>350,200</u>	<u>31,430</u>
<i>Total Education</i>	<u>370,830</u>	<u>381,630</u>	<u>350,200</u>	<u>31,430</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Recreation and Cultural Services:</i>				
Parks				
Services and supplies	1,427,395	1,363,427	220,599	1,142,828
Transfers out	--	56,956	56,956	--
Subtotal	<u>1,427,395</u>	<u>1,420,383</u>	<u>277,555</u>	<u>1,142,828</u>
<i>Total Recreation and Cultural Services</i>	<u>1,427,395</u>	<u>1,420,383</u>	<u>277,555</u>	<u>1,142,828</u>
Total Charges to Appropriations	<u>192,164,093</u>	<u>202,577,056</u>	<u>180,106,973</u>	<u>22,470,083</u>
Budgetary fund balances, June 30	<u>\$ 55,926,546</u>	<u>\$ 51,882,720</u>	<u>\$ 72,787,794</u>	<u>\$ 20,905,074</u>

COUNTY OF NAPA

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2007

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement	\$ 178,941,271
Receipts from funds reclassified from County Agency Funds, not budgeted	5,441,578
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but not revenues for budgetary purposes	<u>(1,603,386)</u>
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - governmental funds	<u>\$ 182,779,463</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement	\$ 180,106,973
Disbursements from funds reclassified from County Agency Funds, not budgeted	3,362,004
Differences - budget to GAAP:	
Intrafund transfers to other departments are outflows of budgetary resources but are not expenditures for budgetary purposes	(259,928)
Transfers to other funds are outflows of budgetary resources but are not expenditures for budgetary purposes	<u>(15,396,339)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 167,812,710</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Napa County Flood Protection and Watershed Improvement Authority
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 36,713,903	\$ 36,713,903	\$ 36,713,903	\$ --
Resources (inflows):				
Taxes	11,347,250	11,347,250	14,166,937	2,819,687
Revenue from use of money and property	266,986	266,986	1,651,191	1,384,205
Transfers in	4,400	4,400	--	(4,400)
Amounts available for appropriation	<u>11,618,636</u>	<u>11,618,636</u>	<u>15,818,128</u>	<u>4,199,492</u>
Charges to appropriations (outflows):				
Public way and facilities	2,196,000	11,957,475	8,714,124	3,243,351
Debt service	5,534,650	5,534,650	5,435,462	99,188
Other financing uses	10,000,000	10,000,000	--	10,000,000
Total charges to appropriations	<u>17,730,650</u>	<u>27,492,125</u>	<u>14,149,586</u>	<u>13,342,539</u>
Budgetary fund balances, Ending	<u>\$ 30,601,889</u>	<u>\$ 20,840,414</u>	<u>\$ 38,382,445</u>	<u>\$ 17,542,031</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
Affordable Housing
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 18,586,528	\$ 18,586,528	\$ 18,586,528	\$ --
Resources (inflows):				
Revenue from use of money and property	160,000	160,000	289,286	129,286
Charges for services	1,700,000	1,700,000	2,060,370	360,370
Amounts available for appropriation	<u>1,860,000</u>	<u>1,860,000</u>	<u>2,349,656</u>	<u>489,656</u>
Charges to appropriations (outflows):				
Services and supplies	185,758	239,060	94,707	144,353
Transfers out	59,702	959,702	959,702	--
Total charges to appropriations	<u>245,460</u>	<u>1,198,762</u>	<u>1,054,409</u>	<u>144,353</u>
Budgetary fund balances, Ending	<u>\$ 20,201,068</u>	<u>\$ 19,247,766</u>	<u>\$ 19,881,775</u>	<u>\$ 634,009</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 1,054,409

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (959,702)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Affordable Housing Fund \$ 94,707

COUNTY OF NAPA

Budgetary Comparison Schedule
Roads
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 441,841	\$ 441,841	\$ 441,841	\$ --
Resources (inflows):				
Licenses and permits	40,000	40,000	51,726	11,726
Fines, forfeitures and penalties	400,000	400,000	430,661	30,661
Revenue from use of money and property	80,000	80,000	52,055	(27,945)
Aid from other governments	4,645,761	12,348,441	8,701,565	(3,646,876)
Charges for services	42,000	42,000	142,617	100,617
Other	3,500	3,500	20,511	17,011
Amounts available for appropriation	<u>5,211,261</u>	<u>12,913,941</u>	<u>9,399,135</u>	<u>(3,514,806)</u>
Charges to appropriations (outflows):				
Salaries and employee benefits	2,546,027	2,546,027	2,459,367	86,660
Services and supplies	2,453,830	11,495,509	4,222,982	7,272,527
Other charges	50,000	--	--	--
Contingencies and reserves	200,000	--	--	--
Capital assets	445,950	600,000	902,887	(302,887)
Transfers out	200,000	200,000	57,846	142,154
Total charges to appropriations	<u>5,895,807</u>	<u>14,841,536</u>	<u>7,643,082</u>	<u>7,198,454</u>
Budgetary fund balances, Ending	<u>\$ (242,705)</u>	<u>\$ (1,485,754)</u>	<u>\$ 2,197,894</u>	<u>\$ 3,683,648</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 7,643,082

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (57,846)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Roads Fund \$ 7,585,236

COUNTY OF NAPA

Note to Required Supplementary Information For the Year Ended June 30, 2007

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 Resolution. This resolution 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 not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the County Executive office and must be approved by the Board of Supervisors. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Pursuant to Board Resolution No. 01-83 adopted as of June 19, 2001 and revised as per Resolution no. 02-122, effective June 18, 2002, the County Executive Officer is authorized to approve transfers and revision of appropriations in excess of \$10,000 within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and amended during the fiscal year by resolutions approved by the Board of Supervisors. The General Fund Budgetary Schedule on pages 64-71 includes actual revenues and expenditures of agency funds that were grouped with the General Fund during the County's implementation of GASB 34. The County did not budget for these activities.

The County uses an encumbrance 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).

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**



NONMAJOR GOVERNMENTAL FUNDS



COUNTY OF NAPA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 16,503,264	\$ 22,951,639	\$ 2,022,232	\$ 41,477,135
Restricted assets:				
Cash with fiscal agent	--	--	1,385,095	1,385,095
Imprest cash	1,000	--	--	1,000
Receivable (Net):				
Taxes	348,336	--	--	348,336
Special assessments	17,567	--	--	17,567
Accounts receivable	91,909	12,000	--	103,909
Due from other government agencies	998,005	--	--	998,005
Advances to other funds	--	--	1,543,800	1,543,800
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 17,960,081</u>	<u>\$ 22,963,639</u>	<u>\$ 4,951,127</u>	<u>\$ 45,874,847</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 162,608	\$ 249,898	\$ --	\$ 412,506
Accrued payroll	282,100	--	--	282,100
Due to other funds	245,584	--	--	245,584
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>690,292</u>	<u>249,898</u>	<u>--</u>	<u>940,190</u>
<u>FUND BALANCES</u>				
Reserved for:				
Encumbrances	958,595	2,540	--	961,135
General	2,491,094	--	--	2,491,094
Imprest cash	1,000	--	--	1,000
Loans receivable and advances	--	--	1,543,800	1,543,800
Unreserved:				
Designated	3,035,981	9,452,302	--	12,488,283
Undesignated:				
Special revenue funds	10,783,119	--	--	10,783,119
Capital projects funds	--	13,258,899	--	13,258,899
Debt service funds	--	--	3,407,327	3,407,327
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>17,269,789</u>	<u>22,713,741</u>	<u>4,951,127</u>	<u>44,934,657</u>
Total Liabilities and Fund Balances	<u>\$ 17,960,081</u>	<u>\$ 22,963,639</u>	<u>\$ 4,951,127</u>	<u>\$ 45,874,847</u>

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2007

	Special Revenue	Capital Projects	Debt Service	Total
Revenues:				
Taxes	\$ 12,797,795	\$ --	\$ --	\$ 12,797,795
Licenses and permits	2,919,181	--	--	2,919,181
Fines, forfeits and penalties	139,665	537,326	--	676,991
Revenue from use of money and property	728,601	777,218	116,814	1,622,633
Aid from other governments	5,689,237	708,503	--	6,397,740
Charges for services	2,830,780	--	--	2,830,780
Contributions and donations	--	250,000	--	250,000
Other	315,836	47,387	--	363,223
Total Revenues	<u>25,421,095</u>	<u>2,320,434</u>	<u>116,814</u>	<u>27,858,343</u>
Expenditures:				
Current:				
General government	--	552,126	--	552,126
Public protection	15,716,854	--	--	15,716,854
Public assistance	509,662	--	--	509,662
Health and sanitation	178,493	--	--	178,493
Education	5,260,750	--	--	5,260,750
Capital outlay	--	5,518,499	--	5,518,499
Debt Service:				
Principal	--	--	2,325,000	2,325,000
Interest and fiscal charges	--	--	1,638,751	1,638,751
Administration, issuance and arbitrage fees	--	--	9,870	9,870
Total Expenditures	<u>21,665,759</u>	<u>6,070,625</u>	<u>3,973,621</u>	<u>31,710,005</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,755,336</u>	<u>(3,750,191)</u>	<u>(3,856,807)</u>	<u>(3,851,662)</u>
Other Financing Sources (Uses):				
Long-term debt issued	--	1,000,000	--	1,000,000
Transfers in	1,042,275	13,715,529	5,489,442	20,247,246
Transfers out	(718,529)	(4,196,359)	--	(4,914,888)
Total Other Financing Sources (Uses)	<u>323,746</u>	<u>10,519,170</u>	<u>5,489,442</u>	<u>16,332,358</u>
Net change in fund balances	4,079,082	6,768,979	1,632,635	12,480,696
Fund Balance - Beginning of Year	<u>13,190,707</u>	<u>15,944,762</u>	<u>3,318,492</u>	<u>32,453,961</u>
Fund Balance - End of Year	<u>\$ 17,269,789</u>	<u>\$ 22,713,741</u>	<u>\$ 4,951,127</u>	<u>\$ 44,934,657</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Fire Protection

This fund provides appropriations for fire protection services in the unincorporated areas of the County. The Napa County Fire Department contracts with the California Department of Forestry (CDF) for fire protection services under a County Fire Plan. The County contracts with the City of St. Helena, Napa State Hospital and Schell-Vista Fire Protection District for the provision of fire protection services to specified unincorporated areas adjoining these agencies. The Department provides dispatching for the American Canyon Fire Protection District and Napa State Hospital Fire Department. The County contracts with the California Veterans Home and the Town of Yountville to provide fire services to those jurisdictions.

Fire Protection Assessment

This fund collects the delinquent amounts of direct assessments for fire protection services for all unincorporated parcels. This direct assessment was discontinued after the 1999-2000 fiscal year.

Library

The Napa City-County Library's mission is to enrich people's lives with books and information. It serves Napa County by providing free and equal access to public library facilities, resources, and services which enable the County's diverse population to acquire information, pursue life-long learning, explore ideas, experience recreational and cultural enrichment and enjoy the pleasure of reading. The Library endorses the tenets of the American Library Association Library Bill of Rights and Freedom to Read Statement. The Library's service area is all of Napa County, excluding the City of St. Helena.

Wildlife Conservation Commission

This fund is completely supported by fines from Fish and Game Code violations. It provides for expenditures related to the propagation and conservation of local fish and game and their habitats. The County Wildlife Conservation Commission, which is appointed by the Board of Supervisors, recommends the expenditure programs for the year to the Board of Supervisors.

SPECIAL REVENUE FUNDS (continued):

Building and Code Enforcement

The Building Inspection function was moved from the General Fund to the Building Code Enforcement Fund that was established by the Board of Supervisors in fiscal year 2005-2006. This action is consistent with the Boards' goals of making the Building Inspection function self-sufficient. In previous years, the Board approved fee increases designed to ensure that Building Inspection revenues covered service delivery costs. This action will ensure that any revenues in excess of expenditures received in a given year are retained in fund balance and can be used to help cover Building Inspection costs in future years.

In-Home Supportive Services (IHSS)

In-Home Supportive Services (IHSS) provides in-home care to those eligible aged, blind and disabled individuals (including children) who are unable to remain safely in their own homes without assistance. IHSS is an alternative to out-of-home care. IHSS is a state-mandated program funded through a combination of federal, state and local funds.

Zone I Garbage

Receives and accounts for franchise and rate surcharge fees collected as a result of the new Zone 1 garbage franchise agreement. Money received in this fund is distributed to various County operating departments to help defray the cost of administering the franchise agreement.

Child Support Services

Child support is a non-general fund department with state and federal dollars constituting its revenues. Its mission is to serve the community and enhance the lives of children through establishing paternity, child support orders and collecting support.

VARIOUS SPECIAL DISTRICTS UNDER BOARD:

County Service Area No. 3

County Service Area No. 3 was formed in 1979 to provide street sweeping, street and highway lighting, street-side landscaping, and fire protection services to the unincorporated area surrounding the Napa County Airport. These services are funded from annual assessments on parcels located within County Service Area No. 3.

SPECIAL REVENUE FUNDS (continued):

VARIOUS SPECIAL DISTRICTS UNDER BOARD (continued):

County Service Area No. 4

County Service Area No. 4 was created in 2002 to provide funding for farmworker housing in Napa County. Revenues for this fund are derived from an annual assessment on vineyard acreage located within the service area and are used to support publicly operated farmworker housing programs in Napa County.

Silverado Community Services

The Silverado Community Services District was established in 1967. Its service area encompasses the present Silverado Country Club development area. The district provides landscape maintenance, street sweeping, street lighting, and weed abatement services for parcels located within the district. These services are funded from annual assessments on parcels located within the district.

Silverado Maintenance Assessment

Property Tax revenue is collected in this budget unit and then apportioned to the Silverado Community Services District.

Monticello Public Cemetery

This fund was established for the purpose of providing maintenance and administrative services the Monticello Public Cemetery District. Revenue for this fund comes from collected Property Tax assessments on parcels located within the district.

Monticello Endowment

This fund was established by legislation and the principal may not be appropriated for any expenditures. However, interest earned on the principal may be used for the upkeep of the cemetery.

COUNTY OF NAPA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

	Fire Protection	Fire Protection Assessment	Library
<u>ASSETS</u>			
Cash and investments	\$ 7,220,769	\$ 1,346	\$ 6,726,747
Imprest cash	200	--	500
Receivable (Net):			
Taxes	245,799	--	102,070
Special assessments	--	204	--
Accounts receivable	2,100	--	--
Due from other government agencies	478,982	--	--
	<u>7,947,850</u>	<u>1,550</u>	<u>6,829,317</u>
Total Assets	\$ 7,947,850	\$ 1,550	\$ 6,829,317
<u>LIABILITIES</u>			
Accounts payable	\$ 55,750	\$ --	\$ 26,381
Accrued payroll	--	--	113,705
Due to other funds	--	--	--
	<u>55,750</u>	<u>--</u>	<u>140,086</u>
Total Liabilities	55,750	--	140,086
<u>FUND BALANCES</u>			
Reserved for:			
Encumbrances	769,321	--	103,050
General	137,043	--	2,311,945
Imprest cash	200	--	500
Unreserved:			
Designated for:			
Equipment purchases	548,505	--	--
Library expansion	--	--	2,065,844
Future program costs	--	--	--
Capital maintenance and repairs	--	--	--
Undesignated:			
Special revenue funds	6,437,031	1,550	2,207,892
	<u>7,892,100</u>	<u>1,550</u>	<u>6,689,231</u>
Total Fund Balances	7,892,100	1,550	6,689,231
	<u>\$ 7,947,850</u>	<u>\$ 1,550</u>	<u>\$ 6,829,317</u>
Total Liabilities and Fund Balances	\$ 7,947,850	\$ 1,550	\$ 6,829,317

continued

COUNTY OF NAPA

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2007

	<u>Wildlife Conservation Commission</u>	<u>Building Code Enforcement</u>	<u>IHSS</u>
<u>ASSETS</u>			
Cash and investments	\$ 163,953	\$ 1,199,355	\$ --
Imprest cash	--	--	--
Receivable (Net):			
Taxes	--	--	--
Special assessments	--	--	--
Accounts receivable	--	--	--
Due from other government agencies	--	--	157,248
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 163,953</u>	<u>\$ 1,199,355</u>	<u>\$ 157,248</u>
<u>LIABILITIES</u>			
Accounts payable	\$ --	\$ 3,984	\$ 188
Accrued payroll	--	55,003	--
Due to other funds	--	--	148,133
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u>58,987</u>	<u>148,321</u>
<u>FUND BALANCES</u>			
Reserved for:			
Encumbrances	--	23,460	37,438
General	26,960	--	--
Imprest cash	--	--	--
Unreserved:			
Designated for:			
Equipment purchases	--	--	--
Library expansion	--	--	--
Future program costs	--	--	--
Capital maintenance and repairs	--	--	--
Undesignated:			
Special revenue funds	136,993	1,116,908	(28,511)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>163,953</u>	<u>1,140,368</u>	<u>8,927</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 163,953</u>	<u>\$ 1,199,355</u>	<u>\$ 157,248</u>

continued

COUNTY OF NAPA

Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
June 30, 2007

	<u>Zone 1- Garbage</u>	<u>Child Support Services</u>	<u>Various Special Districts Under Board</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 715,463	\$ --	\$ 475,631	\$ 16,503,264
Imprest cash	--	300	--	1,000
Receivable (Net):				
Taxes	--	--	467	348,336
Special assessments	--	--	17,363	17,567
Accounts receivable	40,299	49,510	--	91,909
Due from other government agencies	--	361,775	--	998,005
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 755,762</u>	<u>\$ 411,585</u>	<u>\$ 493,461</u>	<u>\$ 17,960,081</u>
<u>LIABILITIES</u>				
Accounts payable	\$ --	\$ 71,272	\$ 5,033	\$ 162,608
Accrued payroll	--	113,392	--	282,100
Due to other funds	--	97,451	--	245,584
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u>282,115</u>	<u>5,033</u>	<u>690,292</u>
<u>FUND BALANCES</u>				
Reserved for:				
Encumbrances	2,140	15,857	7,329	958,595
General	--	--	15,146	2,491,094
Imprest cash	--	300	--	1,000
Unreserved:				
Designated for:				--
Equipment purchases	--	--	--	548,505
Library expansion	--	--	--	2,065,844
Future program costs	152,346	38,133	--	190,479
Capital maintenance and repairs	--	--	231,153	231,153
Undesignated:				
Special revenue funds	601,276	75,180	234,800	10,783,119
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>755,762</u>	<u>129,470</u>	<u>488,428</u>	<u>17,269,789</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 755,762</u>	<u>\$ 411,585</u>	<u>\$ 493,461</u>	<u>\$ 17,960,081</u>

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2007

	<u>Fire Protection</u>	<u>Fire Protection Assessment</u>	<u>Library</u>
Revenues:			
Taxes	\$ 7,687,209	\$ --	\$ 5,085,779
Licenses and permits	503,497	--	--
Fines, forfeits and penalties	--	--	--
Revenue from use of money and property	368,522	57	273,740
Aid from other governments	603,154	--	267,010
Charges for services	479,832	--	481,164
Other	34,428	--	89,811
Total Revenues	<u>9,676,642</u>	<u>57</u>	<u>6,197,504</u>
Expenditures:			
Current:			
Public protection	8,680,722	--	--
Public assistance			
Health and sanitation	--	--	--
Education	--	--	5,260,750
Total Expenditures	<u>8,680,722</u>	<u>--</u>	<u>5,260,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>995,920</u>	<u>57</u>	<u>936,754</u>
Other Financing Sources (Uses):			
Transfers in	255,000	--	342,724
Transfers out	<u>(50,000)</u>	<u>--</u>	<u>(56,696)</u>
Total Other Financing Sources (Uses)	<u>205,000</u>	<u>--</u>	<u>286,028</u>
Net change in fund balances	<u>1,200,920</u>	<u>57</u>	<u>1,222,782</u>
Fund Balance - Beginning of Year	<u>6,691,180</u>	<u>1,493</u>	<u>5,466,449</u>
Fund Balance - End of Year	<u>\$ 7,892,100</u>	<u>\$ 1,550</u>	<u>\$ 6,689,231</u>

continued

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2007

	Wildlife Conservation Commission	Building Code Enforcement	IHSS
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	1,872,214	--
Fines, forfeits and penalties	139,665	--	--
Revenue from use of money and property	2,087	32,931	(6,554)
Aid from other governments	--	--	581,119
Charges for services	--	1,027,802	--
Other	--	23,608	8,149
Total Revenues	141,752	2,956,555	582,714
Expenditures:			
Current:			
Public protection	40,306	2,323,121	--
Public assistance	--	--	509,662
Health and sanitation	--	--	--
Education	--	--	--
Total Expenditures	40,306	2,323,121	509,662
Excess (Deficiency) of Revenues Over (Under) Expenditures	101,446	633,434	73,052
Other Financing Sources (Uses):			
Transfers in	--	301,596	139,886
Transfers out	--	--	(210,720)
Total Other Financing Sources (Uses)	--	301,596	(70,834)
Net change in fund balances	101,446	935,030	2,218
Fund Balance - Beginning of Year	62,507	205,338	6,709
Fund Balance - End of Year	\$ 163,953	\$ 1,140,368	\$ 8,927

continued

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2007

	Zone 1- Garbage	Child Support Services	Various Special Districts Under Board	Total
Revenues:				
Taxes	\$ --	\$ --	\$ 24,807	\$ 12,797,795
Licenses and permits	543,470	--	--	2,919,181
Fines, forfeits and penalties	--	--	--	139,665
Revenue from use of money and property	20,338	11,525	25,955	728,601
Aid from other governments	--	4,237,798	156	5,689,237
Charges for services	--	12,228	829,754	2,830,780
Other	--	149,833	10,007	315,836
Total Revenues	563,808	4,411,384	890,679	25,421,095
Expenditures:				
Current:				
Public protection	--	4,299,760	372,945	15,716,854
Public assistance	--	--	--	509,662
Health and sanitation	77,234	--	101,259	178,493
Education	--	--	--	5,260,750
Total Expenditures	77,234	4,299,760	474,204	21,665,759
Excess (Deficiency) of Revenues Over (Under) Expenditures	486,574	111,624	416,475	3,755,336
Other Financing Sources (Uses):				
Transfers in	--	--	3,069	1,042,275
Transfers out	--	(58,000)	(343,113)	(718,529)
Total Other Financing Sources (Uses)	--	(58,000)	(340,044)	323,746
Net change in fund balances	486,574	53,624	76,431	4,079,082
Fund Balance - Beginning of Year	269,188	75,846	411,997	13,190,707
Fund Balance - End of Year	\$ 755,762	\$ 129,470	\$ 488,428	\$ 17,269,789

COUNTY OF NAPA

Combining Balance Sheet
 Nonmajor Special Districts Under the Board of Supervisors
 June 30, 2007

	<u>County Service Area No. 3</u>	<u>County Service Area No. 4</u>	<u>Silverado Community Services</u>	<u>Silverado Maintenance Assessment</u>
<u>ASSETS</u>				
Cash and investments	\$ 98,125	\$ 146,587	\$ 69,060	\$ --
Receivable (Net):				
Taxes	--	--	--	--
Special assessments	<u>15,754</u>	<u>1,544</u>	<u>65</u>	<u>--</u>
Total Assets	<u><u>\$ 113,879</u></u>	<u><u>\$ 148,131</u></u>	<u><u>\$ 69,125</u></u>	<u><u>\$ --</u></u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ 1,003</u>	<u>\$ --</u>	<u>\$ 3,872</u>	<u>\$ --</u>
Total Liabilities	<u>1,003</u>	<u>--</u>	<u>3,872</u>	<u>--</u>
<u>FUND BALANCES</u>				
Reserved for:				
Encumbrances	7,329	--	--	--
General	--	--	870	--
Unreserved:				
Designated for capital maintenance and repairs	137,434	86,771	667	--
Undesignated:				
Special revenue funds	<u>(31,887)</u>	<u>61,360</u>	<u>63,716</u>	<u>--</u>
Total Fund Balances	<u>112,876</u>	<u>148,131</u>	<u>65,253</u>	<u>--</u>
Total Liabilities and Fund Balances	<u><u>\$ 113,879</u></u>	<u><u>\$ 148,131</u></u>	<u><u>\$ 69,125</u></u>	<u><u>\$ --</u></u>

continued

COUNTY OF NAPA

Combining Balance Sheet (continued)
 Nonmajor Special Districts Under the Board of Supervisors
 June 30, 2007

	Monticello Public Cemetery	Monticello Endowment	Total
<u>ASSETS</u>			
Cash and investments	\$ 38,179	\$ 123,680	\$ 475,631
Receivable (Net):			
Taxes	467	--	467
Special assessments	--	--	17,363
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 38,646</u>	<u>\$ 123,680</u>	<u>\$ 493,461</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 158	\$ --	\$ 5,033
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>158</u>	<u>--</u>	<u>5,033</u>
<u>FUND BALANCES</u>			
Reserved for:			
Encumbrances	--	--	7,329
General	14,276	--	15,146
Unreserved:			
Designated for capital maintenance and repairs	6,281	--	231,153
Undesignated:			
Special revenue funds	17,931	123,680	234,800
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>38,488</u>	<u>123,680</u>	<u>488,428</u>
Total Liabilities and Fund Balances	<u>\$ 38,646</u>	<u>\$ 123,680</u>	<u>\$ 493,461</u>

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Districts Under the Board of Supervisors
For the Year Ended June 30, 2007

	<u>County Service Area No. 3</u>	<u>County Service Area No. 4</u>	<u>Silverado Community Services</u>	<u>Silverado Maintenance Assessment</u>
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Revenue from use of money and property	12,462	4,331	2,506	--
Aid from other governments	--	--	--	--
Charges for services	306,775	413,392	103,714	--
Other	150	--	--	--
Total Revenues	<u>319,387</u>	<u>417,723</u>	<u>106,220</u>	<u>--</u>
Expenditures:				
Current:				
Public protection	60,705	278,938	--	--
Health and sanitation	--	--	101,259	--
Total Expenditures	<u>60,705</u>	<u>278,938</u>	<u>101,259</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>258,682</u>	<u>138,785</u>	<u>4,961</u>	<u>--</u>
Other Financing Sources (Uses):				
Transfers in	--	--	3,069	--
Transfers out	<u>(340,044)</u>	<u>--</u>	<u>--</u>	<u>(3,069)</u>
Total Other Financing Sources (Uses)	<u>(340,044)</u>	<u>--</u>	<u>3,069</u>	<u>(3,069)</u>
Net change in fund balance	(81,362)	138,785	8,030	(3,069)
Fund Balance - Beginning of Year	<u>194,238</u>	<u>9,346</u>	<u>57,223</u>	<u>3,069</u>
Fund Balance - End of Year	<u>\$ 112,876</u>	<u>\$ 148,131</u>	<u>\$ 65,253</u>	<u>\$ --</u>

continued

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Nonmajor Special Districts Under the Board of Supervisors
For the Year Ended June 30, 2007

	<u>Monticello Public Cemetery</u>	<u>Monticello Endowment</u>	<u>Total</u>
Revenues:			
Taxes	\$ 24,807	\$ --	\$ 24,807
Revenue from use of money and property	1,528	5,128	25,955
Aid from other governments	156	--	156
Charges for services	5,873	--	829,754
Other	7,972	1,885	10,007
Total Revenues	<u>40,336</u>	<u>7,013</u>	<u>890,679</u>
Expenditures:			
Current:			
Public protection	33,302	--	372,945
Health and sanitation	--	--	101,259
Total Expenditures	<u>33,302</u>	<u>--</u>	<u>474,204</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,034</u>	<u>7,013</u>	<u>416,475</u>
Other Financing Sources (Uses):			
Transfers in	--	--	3,069
Transfers out	--	--	(343,113)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(340,044)</u>
Net change in fund balance	7,034	7,013	76,431
Fund Balance - Beginning of Year	<u>31,454</u>	<u>116,667</u>	<u>411,997</u>
Fund Balance - End of Year	<u>\$ 38,488</u>	<u>\$ 123,680</u>	<u>\$ 488,428</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
Fire Protection
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 6,691,180	\$ 6,691,180	\$ 6,691,180	\$ --
Resources (inflows):				
Taxes	7,034,352	7,034,352	7,687,209	652,857
Licenses and permits	450,000	450,000	503,497	53,497
Revenue from use of money and property	178,800	178,800	368,522	189,722
Aid from other governments	580,563	580,563	603,154	22,591
Charges for services	437,862	437,862	479,832	41,970
Other	10,000	50,500	34,428	(16,072)
Transfers in	150,000	150,000	255,000	105,000
Amounts available for appropriation	<u>8,841,577</u>	<u>8,882,077</u>	<u>9,931,642</u>	<u>1,049,565</u>
Charges to appropriations (outflows):				
Salaries and employee benefits	126,428	126,428	126,428	--
Services and supplies	8,782,445	9,407,889	7,577,897	1,829,992
Capital assets	1,041,600	1,649,924	976,397	673,527
Contingencies and reserves	300,000	300,000	--	300,000
Transfers out	16,000	66,000	50,000	16,000
Total charges to appropriations	<u>10,266,473</u>	<u>11,550,241</u>	<u>8,730,722</u>	<u>2,819,519</u>
Budgetary fund balances, Ending	<u>\$ 5,266,284</u>	<u>\$ 4,023,016</u>	<u>\$ 7,892,100</u>	<u>\$ 3,869,084</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement \$ 9,931,642

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (255,000)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds \$ 9,676,642

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 8,730,722

Differences - budget to GAAP:

 Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (50,000)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds \$ 8,680,722

COUNTY OF NAPA

Budgetary Comparison Schedule
 Fire Protection Assessment
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, Beginning	\$ 1,493	\$ 1,493	\$ 1,493	\$ --
Resources (inflows):				
Revenue from use of money and property	--	--	57	57
Amounts available for appropriation	--	--	57	57
Budgetary fund balances, Ending	\$ 1,493	\$ 1,493	\$ 1,550	\$ 57

COUNTY OF NAPA

Budgetary Comparison Schedule
Library
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 5,466,449	\$ 5,466,449	\$ 5,466,449	\$ --
Resources (inflows):				
Taxes	4,421,485	4,421,485	5,085,779	664,294
Revenue from use of money and property	47,145	47,145	273,740	226,595
Aid from other governments	246,342	253,942	267,010	13,068
Charges for current services	403,327	403,327	481,164	77,837
Other	164,800	169,800	89,811	(79,989)
Transfers in	520,406	520,406	342,724	(177,682)
Amounts available for appropriation	<u>5,803,505</u>	<u>5,816,105</u>	<u>6,540,228</u>	<u>724,123</u>
Charges to appropriations (outflows):				
Salaries and employee benefits	3,228,072	3,228,072	3,244,538	(16,466)
Services and supplies	2,170,714	2,265,017	2,016,212	248,805
Contingencies and reserves	144,000	134,000	--	134,000
Transfers out	256,162	256,162	56,696	199,466
Total charges to appropriations	<u>5,798,948</u>	<u>5,883,251</u>	<u>5,317,446</u>	<u>565,805</u>
Budgetary fund balances, Ending	<u>\$ 5,471,006</u>	<u>\$ 5,399,303</u>	<u>\$ 6,689,231</u>	<u>\$ 1,289,928</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement \$ 6,540,228

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (342,724)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds \$ 6,197,504

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 5,317,446

Differences - budget to GAAP:

 Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (56,696)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds \$ 5,260,750

COUNTY OF NAPA

Budgetary Comparison Schedule
Wildlife Conservation Commission
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 62,507	\$ 62,507	\$ 62,507	\$ --
Resources (inflows):				
Fines, forfeits and penalties	6,900	6,900	139,665	132,765
Revenue from use of money and property	2,000	2,000	2,087	87
Amounts available for appropriation	<u>8,900</u>	<u>8,900</u>	<u>141,752</u>	<u>132,852</u>
Charges to appropriations (outflows):				
Services and supplies	12,025	12,025	11,806	219
Capital assets	36,373	36,373	28,500	7,873
Total charges to appropriations	<u>48,398</u>	<u>48,398</u>	<u>40,306</u>	<u>8,092</u>
Budgetary fund balances, Ending	<u>\$ 23,009</u>	<u>\$ 23,009</u>	<u>\$ 163,953</u>	<u>\$ 140,944</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Building Code Enforcement
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balances, Beginning	\$ 205,338	\$ 205,338	\$ 205,338	\$ --
Resources (inflows):				
Licenses and permits	1,447,161	1,447,161	1,872,214	425,053
Revenue from use of money and property	2,000	2,000	32,931	30,931
Charges for services	771,574	771,574	1,027,802	256,228
Aid from other governments	2,000	2,000	--	(2,000)
Other	5,000	5,000	23,608	18,608
Transfers in	137,943	439,539	301,596	(137,943)
Amounts available for appropriation	<u>2,365,678</u>	<u>2,667,274</u>	<u>3,258,151</u>	<u>590,877</u>
Charges to appropriations (outflows):				
Salaries and employee benefits	1,547,529	1,599,529	1,545,691	53,838
Services and supplies	1,016,149	1,031,149	777,430	253,719
Contingencies and reserves	--	239,596	--	239,596
Total charges to appropriations	<u>2,563,678</u>	<u>2,870,274</u>	<u>2,323,121</u>	<u>547,153</u>
Budgetary fund balances, Ending	<u>\$ 7,338</u>	<u>\$ 2,338</u>	<u>\$ 1,140,368</u>	<u>\$ 1,138,030</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement				\$ 3,258,151
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.				<u>(301,596)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds				<u>\$ 2,956,555</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
IHSS
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, Beginning	\$ 6,709	\$ 6,709	\$ 6,709	\$ --
Resources (inflows):				
Revenues from use of money and property	--	--	(6,554)	(6,554)
Aid from other governments	638,185	638,185	581,119	(57,066)
Other	--	--	8,149	8,149
Transfers in	150,672	150,672	139,886	(10,786)
Amounts available for appropriation	<u>788,857</u>	<u>788,857</u>	<u>722,600</u>	<u>(66,257)</u>
Charges to appropriations (outflows):				
Services and supplies	530,889	566,421	509,662	56,759
Transfers out	257,968	257,968	210,720	47,248
Total charges to appropriations	<u>788,857</u>	<u>824,389</u>	<u>720,382</u>	<u>104,007</u>
Budgetary fund balances, Ending	<u>\$ 6,709</u>	<u>\$ (28,823)</u>	<u>\$ 8,927</u>	<u>\$ 37,750</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement \$ 722,600

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (139,886)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds \$ 582,714

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 720,382

Differences - budget to GAAP:

 Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (210,720)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds \$ 509,662

COUNTY OF NAPA

Budgetary Comparison Schedule
 Zone 1 - Garbage
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, Beginning	\$ 269,188	\$ 269,188	\$ 269,188	\$ --
Resources (inflows):				
Licenses and permits	250,000	250,000	543,470	293,470
Revenue from use of money and property	--	--	20,338	20,338
Amounts available for appropriation	<u>250,000</u>	<u>250,000</u>	<u>563,808</u>	<u>313,808</u>
Charges to appropriations (outflows):				
Services and supplies	250,000	278,710	77,234	201,476
Total charges to appropriations	<u>250,000</u>	<u>278,710</u>	<u>77,234</u>	<u>201,476</u>
Budgetary fund balances, Ending	<u>\$ 269,188</u>	<u>\$ 240,478</u>	<u>\$ 755,762</u>	<u>\$ 515,284</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Child Support Services
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 75,846	\$ 75,846	\$ 75,846	\$ --
Resources (inflows):				
Revenue from use of money and property	3,000	3,000	11,525	8,525
Aid from other governments	4,128,500	4,287,500	4,237,798	(49,702)
Charges for current services	--	13,000	12,228	(772)
Other	139,299	151,527	149,833	(1,694)
Transfers in	2,000	2,000	--	(2,000)
Amounts available for appropriation	<u>4,272,799</u>	<u>4,457,027</u>	<u>4,411,384</u>	<u>(45,643)</u>
Charges to appropriations (outflows):				
Salaries and employee benefits	3,509,448	3,291,676	3,251,246	40,430
Services and supplies	763,351	1,065,465	1,020,848	44,617
Capital assets	--	30,000	27,666	2,334
Transfers out	--	58,000	58,000	--
Total charges to appropriations	<u>4,272,799</u>	<u>4,445,141</u>	<u>4,357,760</u>	<u>87,381</u>
Budgetary fund balances, Ending	<u>\$ 75,846</u>	<u>\$ 87,732</u>	<u>\$ 129,470</u>	<u>\$ 41,738</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 4,357,760
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.				<u>(58,000)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds				<u>\$ 4,299,760</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Districts Governed by the Board of Supervisors - County Service Area No. 3
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
Budgetary fund balances, Beginning	\$ 194,238	\$ 194,238	\$ 194,238	\$ --
Resources (inflows):				
Revenue from use of money and property	--	--	12,462	12,462
Charges for current services	503,071	503,071	306,775	(196,296)
Other	--	--	150	150
Amounts available for appropriation	<u>503,071</u>	<u>503,071</u>	<u>319,387</u>	<u>(183,684)</u>
Charges to appropriations (outflows):				
Services and supplies	287,882	292,308	60,705	231,603
Transfers out	340,189	340,189	340,044	145
Total charges to appropriations	<u>628,071</u>	<u>632,497</u>	<u>400,749</u>	<u>231,748</u>
Budgetary fund balances, Ending	<u>\$ 69,238</u>	<u>\$ 64,812</u>	<u>\$ 112,876</u>	<u>\$ 48,064</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 400,749
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.				<u>(340,044)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds				<u>\$ 60,705</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Districts Governed by the Board of Supervisors - County Service Area No. 4
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 9,346	\$ 9,346	\$ 9,346	\$ --
Resources (inflows):				
Revenue from use of money and property	--	--	4,331	4,331
Charges for current services	428,193	428,193	413,392	(14,801)
Amounts available for appropriation	428,193	428,193	417,723	(10,470)
Charges to appropriations (outflows):				
Services and supplies	1,883	1,883	712	1,171
Other charges	--	278,226	278,226	--
Transfers out	426,310	148,084	--	148,084
Total charges to appropriations	428,193	428,193	278,938	149,255
Budgetary fund balances, Ending	\$ 9,346	\$ 9,346	\$ 148,131	\$ 138,785

COUNTY OF NAPA

Budgetary Comparison Schedule
 Districts Governed by the Board of Supervisors - Silverado Community Services
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balances, Beginning	\$ 57,223	\$ 57,223	\$ 57,223	\$ --
Resources (inflows):				
Revenue from use of money and property	1,500	1,500	2,506	1,006
Charges for current services	104,107	104,107	103,714	(393)
Transfers in	2,000	2,000	3,069	1,069
Amounts available for appropriation	<u>107,607</u>	<u>107,607</u>	<u>109,289</u>	<u>1,682</u>
Charges to appropriations (outflows):				
Services and supplies	107,588	108,293	101,259	7,034
Capital assets	53,000	53,000	--	53,000
Total charges to appropriations	<u>160,588</u>	<u>161,293</u>	<u>101,259</u>	<u>60,034</u>
Budgetary fund balances, Ending	<u>\$ 4,242</u>	<u>\$ 3,537</u>	<u>\$ 65,253</u>	<u>\$ 61,716</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement				\$ 109,289
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.				<u>(3,069)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds				<u>\$ 106,220</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Districts Governed by the Board of Supervisors - Silverado Maintenance Assessment
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balances, Beginning	\$ 3,069	\$ 3,069	\$ 3,069	\$ --
Resources (inflows):				
Charges for current services	103,000	103,000	--	(103,000)
Amounts available for appropriation	<u>103,000</u>	<u>103,000</u>	<u>--</u>	<u>(103,000)</u>
Charges to appropriations (outflows):				
Transfers out	--	--	3,069	(3,069)
Total charges to appropriations	<u>--</u>	<u>--</u>	<u>3,069</u>	<u>(3,069)</u>
Budgetary fund balances, Ending	<u>\$ 106,069</u>	<u>\$ 106,069</u>	<u>\$ --</u>	<u>\$ (106,069)</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 3,069
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.				<u>(3,069)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Special Revenue Funds				<u>\$ --</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Districts Governed by the Board of Supervisors - Monticello Public Cemetery
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 31,454	\$ 31,454	\$ 31,454	\$ --
Resources (inflows):				
Taxes	18,650	18,650	24,807	6,157
Revenue from use of money and property	750	750	1,528	778
Aid from other governments	130	130	156	26
Charges for current services	100	100	5,873	5,773
Other	--	--	7,972	7,972
Transfers in	10,000	10,000	--	(10,000)
Amounts available for appropriation	<u>29,630</u>	<u>29,630</u>	<u>40,336</u>	<u>10,706</u>
Charges to appropriations (outflows):				
Services and supplies	<u>38,188</u>	<u>40,159</u>	<u>33,302</u>	<u>6,857</u>
Total charges to appropriations	<u>38,188</u>	<u>40,159</u>	<u>33,302</u>	<u>6,857</u>
Budgetary fund balances, Ending	<u>\$ 22,896</u>	<u>\$ 20,925</u>	<u>\$ 38,488</u>	<u>\$ 17,563</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Districts Governed by the Board of Supervisors - Monticello Endowment
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, Beginning	\$ 116,667	\$ 116,667	\$ 116,667	\$ --
Resources (inflows):				
Revenue from use of money and property	--	--	5,128	5,128
Other	--	--	1,885	1,885
Amounts available for appropriation	--	--	7,013	7,013
Budgetary fund balances, Ending	\$ 116,667	\$ 116,667	\$ 123,680	\$ 7,013



NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR CAPITAL PROJECTS FUNDS:

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

Special Projects Fund

This fund was established so that the Board of Supervisors can allocate monies from the General Fund for specific parks, open space and/or visitor management projects the Board deems appropriate.

Construction Fund

This fund is used primarily to finance or reimburse the financing of various improvements including the renovation, acquisition and construction of capital projects.

Criminal Justice Facility Construction

This fund provides for the expenditure of certain fine and forfeiture revenue, restricted by Government Code Section 76101 for support of “construction, reconstruction, expansion, improvement, operation or maintenance of County criminal justice and Court facilities, and for improvement of criminal justice automated information systems.

Courthouse Fund

This fund provides for the appropriation of Court Construction Funds, restricted by law to be used for the development or enhancement of Court facilities.

Accumulated Capital Outlay

This fund provides Board designated reserves for future capital needs.

County Center Improvement Fund

This fund was established to provide for the expenditure of funds generated from the sale of County real property. Use of these funds is limited to the acquisition, development or enhancement of capital facilities or property.

COUNTY OF NAPA

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2007

	<u>Special Projects Fund</u>	<u>Construction Fund</u>	<u>Criminal Justice Facility Construction</u>	<u>Courthouse Fund</u>
<u>ASSETS</u>				
Cash and investments	\$ 946,664	\$ 337,775	\$ 624,781	\$ 656,712
Accounts receivable	--	--	12,000	--
 Total Assets	<u>\$ 946,664</u>	<u>\$ 337,775</u>	<u>\$ 636,781</u>	<u>\$ 656,712</u>
<u>LIABILITIES</u>				
Accounts payable	\$ --	\$ --	\$ --	\$ --
 Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>FUND BALANCES</u>				
Reserved for encumbrances	--	--	--	2,540
Unreserved:				
Designated	--	--	52,033	--
Undesignated:				
Capital projects funds	<u>946,664</u>	<u>337,775</u>	<u>584,748</u>	<u>654,172</u>
 Total Fund Balances	<u>946,664</u>	<u>337,775</u>	<u>636,781</u>	<u>656,712</u>
 Total Liabilities and Fund Balances	<u>\$ 946,664</u>	<u>\$ 337,775</u>	<u>\$ 636,781</u>	<u>\$ 656,712</u>

continued

COUNTY OF NAPA

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2007

	Accumulated Capital Outlay Fund	County Center Improvement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and investments	\$ 9,207,515	\$ 11,178,192	\$ 22,951,639
Accounts receivable	--	--	12,000
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,207,515</u>	<u>\$ 11,178,192</u>	<u>\$ 22,963,639</u>
<u>LIABILITIES</u>			
Accounts payable	\$ --	\$ 249,898	\$ 249,898
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u>249,898</u>	<u>249,898</u>
<u>FUND BALANCES</u>			
Reserved for encumbrances	--	--	2,540
Unreserved:			
Designated	9,207,515	192,754	9,452,302
Undesignated:			
Capital projects funds	--	10,735,540	13,258,899
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>9,207,515</u>	<u>10,928,294</u>	<u>22,713,741</u>
Total Liabilities and Fund Balances	<u>\$ 9,207,515</u>	<u>\$ 11,178,192</u>	<u>\$ 22,963,639</u>

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Capital Projects Fund
For the Year Ended June 30, 2007

	Special Projects Fund	Construction Fund	Criminal Justice Facility Construction	Courthouse Fund
Revenues:				
Fines, forfeits and penalties	\$ --	\$ --	\$ 112,286	\$ 425,040
Revenue from use of money and property	--	54,291	27,182	26,257
Aid from other governments	--	--	--	13,503
Contributions and donations	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>--</u>	<u>54,291</u>	<u>139,468</u>	<u>464,800</u>
Expenditures:				
Current:				
General government	298,770	--	--	--
Capital outlay	--	220,000	--	49,504
Total Expenditures	<u>298,770</u>	<u>220,000</u>	<u>--</u>	<u>49,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(298,770)</u>	<u>(165,709)</u>	<u>139,468</u>	<u>415,296</u>
Other Financing Sources (Uses):				
Long-term debt issued	--	--	--	--
Transfers in	900,000	--	--	--
Transfers out	<u>(242,066)</u>	<u>(1,822,125)</u>	<u>(56,696)</u>	<u>(231,971)</u>
Total Other Financing Sources (Uses)	<u>657,934</u>	<u>(1,822,125)</u>	<u>(56,696)</u>	<u>(231,971)</u>
Net change in fund balance	359,164	(1,987,834)	82,772	183,325
Fund Balance - Beginning of Year	<u>587,500</u>	<u>2,325,609</u>	<u>554,009</u>	<u>473,387</u>
Fund Balance - End of Year	<u>\$ 946,664</u>	<u>\$ 337,775</u>	<u>\$ 636,781</u>	<u>\$ 656,712</u>

continued

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance (continued)
Nonmajor Capital Projects Fund
For the Year Ended June 30, 2007

	Accumulated Capital Outlay Fund	County Center Improvement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Fines, forfeits and penalties	\$ --	\$ --	\$ 537,326
Revenue from use of money and property	198,860	470,628	777,218
Aid from other governments	--	695,000	708,503
Contributions and donations	--	250,000	250,000
Other	19,404	27,983	47,387
Total Revenues	<u>218,264</u>	<u>1,443,611</u>	<u>2,320,434</u>
 Expenditures:			
Current:			
General government	--	253,356	552,126
Capital outlay	63,121	5,185,874	5,518,499
Total Expenditures	<u>63,121</u>	<u>5,439,230</u>	<u>6,070,625</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>155,143</u>	 <u>(3,995,619)</u>	 <u>(3,750,191)</u>
 Other Financing Sources (Uses):			
Long-term debt issued	--	1,000,000	1,000,000
Transfers in	9,878,892	2,936,637	13,715,529
Transfers out	(1,843,501)	--	(4,196,359)
Total Other Financing Sources (Uses)	<u>8,035,391</u>	<u>3,936,637</u>	<u>10,519,170</u>
 Net change in fund balance	 8,190,534	 (58,982)	 6,768,979
 Fund Balance - Beginning of Year	 <u>1,016,981</u>	 <u>10,987,276</u>	 <u>15,944,762</u>
 Fund Balance - End of Year	 <u>\$ 9,207,515</u>	 <u>\$ 10,928,294</u>	 <u>\$ 22,713,741</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
Special Projects Fund
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
Budgetary fund balances, Beginning	<u>\$ 587,500</u>	<u>\$ 587,500</u>	<u>\$ 587,500</u>	<u>\$ --</u>
Resources (inflows):				
Transfers in	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>--</u>
Amounts available for appropriation	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>--</u>
Charges to appropriations (outflows):				
Services and supplies	1,125,000	1,187,500	298,770	888,730
Transfers out	<u>300,000</u>	<u>300,000</u>	<u>242,066</u>	<u>57,934</u>
Total charges to appropriations	<u>1,425,000</u>	<u>1,487,500</u>	<u>540,836</u>	<u>946,664</u>
Budgetary fund balances, Ending	<u>\$ 62,500</u>	<u>\$ --</u>	<u>\$ 946,664</u>	<u>\$ 946,664</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement \$ 900,000

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (900,000)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Capital Projects Fund \$ --

COUNTY OF NAPA

Budgetary Comparison Schedule
 Construction Fund
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
Budgetary fund balances, Beginning	<u>\$ 2,325,609</u>	<u>\$ 2,325,609</u>	<u>\$ 2,325,609</u>	<u>\$ --</u>
Resources (inflows):				
Revenue from use of money and property	--	--	54,291	54,291
Proceeds from issuance of debt	<u>100,000</u>	<u>220,000</u>	<u>--</u>	<u>(220,000)</u>
Amounts available for appropriation	<u>100,000</u>	<u>220,000</u>	<u>54,291</u>	<u>(165,709)</u>
Charges to appropriations (outflows):				
Capital assets	100,000	220,000	220,000	--
Transfers out	<u>--</u>	<u>--</u>	<u>1,822,125</u>	<u>(1,822,125)</u>
Total charges to appropriations	<u>100,000</u>	<u>220,000</u>	<u>2,042,125</u>	<u>(1,822,125)</u>
Budgetary fund balances, Ending	<u>\$ 2,325,609</u>	<u>\$ 2,325,609</u>	<u>\$ 337,775</u>	<u>\$ (1,987,834)</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 2,042,125
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.				<u>(1,822,125)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Capital Projects Fund				<u>\$ 220,000</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Criminal Justice Facility Construction Fund
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balances, Beginning	\$ 554,009	\$ 554,009	\$ 554,009	\$ --
Resources (inflows):				
Fines, forfeitures, and penalties	98,000	98,000	112,286	14,286
Revenue from use of money and property	<u>16,000</u>	<u>16,000</u>	<u>27,182</u>	<u>11,182</u>
Amounts available for appropriation	<u>114,000</u>	<u>114,000</u>	<u>139,468</u>	<u>25,468</u>
Charges to appropriations (outflows):				
Services and supplies	71	71	--	71
Transfers out	<u>56,793</u>	<u>56,793</u>	<u>56,696</u>	<u>97</u>
Total charges to appropriations	<u>56,864</u>	<u>56,864</u>	<u>56,696</u>	<u>168</u>
Budgetary fund balances, Ending	<u>\$ 611,145</u>	<u>\$ 611,145</u>	<u>\$ 636,781</u>	<u>\$ 25,636</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 56,696
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.				<u>(56,696)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Capital Projects Fund				<u>\$ --</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
 Courthouse Fund
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balances, Beginning	\$ 473,387	\$ 473,387	\$ 473,387	\$ --
Resources (inflows):				
Fines, forfeitures, and penalties	389,000	389,000	425,040	36,040
Revenue from use of money and property	11,000	11,000	26,257	15,257
Aid from other governments	--	--	13,503	13,503
Other	--	13,507	--	(13,507)
Amounts available for appropriation	<u>400,000</u>	<u>413,507</u>	<u>464,800</u>	<u>51,293</u>
Charges to appropriations (outflows):				
Services and supplies	430	430	--	430
Capital assets	157,321	170,828	49,504	121,324
Transfers out	242,249	242,249	231,971	10,278
Total charges to appropriations	<u>400,000</u>	<u>413,507</u>	<u>281,475</u>	<u>132,032</u>
Budgetary fund balances, Ending	<u>\$ 473,387</u>	<u>\$ 473,387</u>	<u>\$ 656,712</u>	<u>\$ 183,325</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 281,475
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.				<u>(231,971)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Capital Projects Fund				<u>\$ 49,504</u>

COUNTY OF NAPA

Budgetary Comparison Schedule
Accumulated Capital Outlay Fund
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balances, Beginning	\$ 1,016,981	\$ 1,016,981	\$ 1,016,981	\$ --
Resources (inflows):				
Revenue from use of money and property	30,000	30,000	198,860	168,860
Other	32,842	32,842	19,404	(13,438)
Transfers in	9,878,892	9,878,892	9,878,892	--
Amounts available for appropriation	<u>9,941,734</u>	<u>9,941,734</u>	<u>10,097,156</u>	<u>155,422</u>
Charges to appropriations (outflows):				
Services and supplies	50	50	--	50
Capital assets	62,792	63,147	63,121	26
Transfers out	--	1,843,501	1,843,501	--
Total charges to appropriations	<u>62,842</u>	<u>1,906,698</u>	<u>1,906,622</u>	<u>76</u>
Budgetary fund balances, Ending	<u>\$ 10,895,873</u>	<u>\$ 9,052,017</u>	<u>\$ 9,207,515</u>	<u>\$ 155,498</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement \$ 10,097,156

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (9,878,892)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Capital Projects Fund \$ 218,264

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 1,906,622

Differences - budget to GAAP:

 Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (1,843,501)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Capital Projects Fund \$ 63,121

COUNTY OF NAPA

Budgetary Comparison Schedule
County Center Improvement Fund
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
Budgetary fund balances, Beginning	<u>\$ 10,987,276</u>	<u>\$ 10,987,276</u>	<u>\$ 10,987,276</u>	<u>\$ --</u>
Resources (inflows):				
Revenue from use of money and property	30,000	30,000	470,628	440,628
Aid from other governments	--	--	695,000	695,000
Contributions and donations	--	--	250,000	250,000
Other	3,806,000	6,914,499	27,983	(6,886,516)
Long-term debt proceeds	--	1,000,000	1,000,000	--
Transfers in	<u>363,136</u>	<u>2,036,637</u>	<u>2,936,637</u>	<u>900,000</u>
Amounts available for appropriation	<u>4,199,136</u>	<u>9,981,136</u>	<u>5,380,248</u>	<u>(4,600,888)</u>
Charges to appropriations (outflows):				
Services and supplies	113,356	253,356	253,356	--
Capital assets	<u>14,551,709</u>	<u>19,223,158</u>	<u>5,185,874</u>	<u>14,037,284</u>
Total charges to appropriations	<u>14,665,065</u>	<u>19,476,514</u>	<u>5,439,230</u>	<u>14,037,284</u>
Budgetary fund balances, Ending	<u>\$ 521,347</u>	<u>\$ 1,491,898</u>	<u>\$ 10,928,294</u>	<u>\$ 9,436,396</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement				\$ 5,380,248
Differences - budget to GAAP:				
Receipt of loan proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.				(1,000,000)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.				<u>(2,936,637)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Capital Projects Fund				<u>\$ 1,443,611</u>



NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND:

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

COUNTY OF NAPA

Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, Beginning, as restated	\$ 3,318,492	\$ 3,318,492	\$ 3,318,492	\$ --
Resources (inflows):				
Revenue from use of money and property	--	--	116,814	116,814
Transfers in	3,983,751	3,983,751	5,489,442	1,505,691
Amounts available for appropriation	3,983,751	3,983,751	5,606,256	1,622,505
Charges to appropriations (outflows):				
Debt service	3,983,751	3,983,751	3,973,621	10,130
Total charges to appropriations	3,983,751	3,983,751	3,973,621	10,130
Budgetary fund balances, Ending	\$ 3,318,492	\$ 3,318,492	\$ 4,951,127	\$ 1,632,635
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement				\$ 5,606,256
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.				<u>(5,489,442)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Debt Service Funds				<u>\$ 116,814</u>

NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Lake Berryessa Resort Improvement

The Lake Berryessa Resort Improvement District (LBRID) was established in the 1960's by the Resort Improvement Act. LBRID's only functions are the provision of water and wastewater services within the district. Revenue is generated primarily from water and sewer availability charges, user fees, and property taxes.

Napa Berryessa Resort Improvement

The Napa Berryessa Resort Improvement District (NBRID) was established in the 1960's by the Resort Improvement Act. NBRID's only functions are the provision of water and wastewater services within the district. Revenue is generated primarily from water and sewer availability charges, user fees, and property taxes.

Napa County Housing Authority

The Napa County's farm worker housing system which currently includes three (3) centers – one in the Yountville area, one near St. Helena and one near Calistoga – with a collective capacity of 180 beds. The purpose of these centers is to house and feed farm workers that are not permanent local residents.

COUNTY OF NAPA

Combining Statement of Fund Net Assets Nonmajor Enterprise Funds June 30, 2007

	Lake Berryessa Resort Improvement	Napa Berryessa Resort Improvement	Napa County Housing Authority	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 580,790	\$ 132,463	\$ 3	\$ 713,256
Accounts receivable	34,000	17,000	--	51,000
Assessments receivable	13,099	5,465	--	18,564
Total Current Assets	<u>627,889</u>	<u>154,928</u>	<u>3</u>	<u>782,820</u>
Noncurrent Assets:				
Capital Assets:				
Nondepreciable:				
Land	5,050	44,402	--	49,452
Depreciable:				
Buildings and improvements	1,774,694	1,676,797	--	3,451,491
Equipment	148,935	99,560	--	248,495
Accumulated depreciation	(1,207,993)	(1,241,363)	--	(2,449,356)
Total Noncurrent Assets	<u>720,686</u>	<u>579,396</u>	<u>--</u>	<u>1,300,082</u>
Total Assets	<u>\$ 1,348,575</u>	<u>\$ 734,324</u>	<u>\$ 3</u>	<u>\$ 2,082,902</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 74,032	\$ 29,599	\$ 1,688	\$ 105,319
Customer deposits	26,341	40,577	--	66,918
Total Current Liabilities	<u>100,373</u>	<u>70,176</u>	<u>1,688</u>	<u>172,237</u>
NET ASSETS				
Invested in capital assets, net of related debt	720,686	579,396	--	1,300,082
Unrestricted	527,516	84,752	(1,685)	610,583
Total Net Assets	<u>1,248,202</u>	<u>664,148</u>	<u>(1,685)</u>	<u>1,910,665</u>
Total Liabilities and Net Assets	<u>\$ 1,348,575</u>	<u>\$ 734,324</u>	<u>\$ 3</u>	<u>\$ 2,082,902</u>

COUNTY OF NAPA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2007

	Lake Berryessa Resort Improvement	Napa Berryessa Resort Improvement	Napa County Housing Authority	Total
Operating Revenues:				
Charges for services	\$ 543,516	\$ 389,059	\$ --	\$ 932,575
Total Operating Revenues	<u>543,516</u>	<u>389,059</u>	<u>--</u>	<u>932,575</u>
Operating Expenses:				
Services and supplies	491,790	603,802	242,779	1,338,371
Other charges	69,545	--	--	69,545
Depreciation and amortization	81,662	53,213	--	134,875
Total Operating Expenses	<u>642,997</u>	<u>657,015</u>	<u>242,779</u>	<u>1,542,791</u>
Operating Income (Loss)	<u>(99,481)</u>	<u>(267,956)</u>	<u>(242,779)</u>	<u>(610,216)</u>
Non-Operating Revenues (Expenses):				
Aid from other governmental units	263	385	--	648
Tax revenue	40,508	55,869	--	96,377
Interest income	8,584	9,670	3	18,257
Other revenues (expenses)	--	1,173	50,000	51,173
Total Non-Operating Revenues (Expenses)	<u>49,355</u>	<u>67,097</u>	<u>50,003</u>	<u>166,455</u>
Net Income Before Contributions and Transfers	(50,126)	(200,859)	(192,776)	(443,761)
Capital contributions - special assessments	386,184	--	--	386,184
Transfers in	--	--	191,091	191,091
Change in Net Assets	336,058	(200,859)	(1,685)	133,514
Net Assets - Beginning of Year	<u>912,144</u>	<u>865,007</u>	<u>--</u>	<u>1,777,151</u>
Net Assets - End of Year	<u>\$ 1,248,202</u>	<u>\$ 664,148</u>	<u>\$ (1,685)</u>	<u>\$ 1,910,665</u>

COUNTY OF NAPA

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2007

	<u>Lake Berryessa Resort Improvement</u>	<u>Napa Berryessa Resort Improvement</u>	<u>Napa County Housing Authority</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 524,709	\$ 398,782	\$ --	\$ 923,491
Cash paid to suppliers for goods and services	<u>(498,451)</u>	<u>(575,331)</u>	<u>(241,091)</u>	<u>(1,314,873)</u>
Net Cash Provided (Used) by Operating Activities	<u>26,258</u>	<u>(176,549)</u>	<u>(241,091)</u>	<u>(391,382)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Aid from other governmental units	263	385	--	648
Transfers in	--	--	191,091	191,091
Contributions	--	--	50,000	50,000
Taxes	<u>40,508</u>	<u>57,042</u>	<u>--</u>	<u>97,550</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>40,771</u>	<u>57,427</u>	<u>241,091</u>	<u>339,289</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments related to the acquisition of capital assets	(30,309)	(21,074)	--	(51,383)
Special assessments	<u>386,184</u>	<u>--</u>	<u>--</u>	<u>386,184</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>355,875</u>	<u>(21,074)</u>	<u>--</u>	<u>334,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>8,584</u>	<u>9,670</u>	<u>3</u>	<u>18,257</u>
Net Cash Provided by Investing Activities	<u>8,584</u>	<u>9,670</u>	<u>3</u>	<u>18,257</u>
Net Increase (Decrease) in Cash and Cash Equivalents	431,488	(130,526)	3	300,965
Cash and Cash Equivalents, Beginning of Year	<u>149,302</u>	<u>262,989</u>	<u>--</u>	<u>412,291</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 580,790</u></u>	<u><u>\$ 132,463</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 713,256</u></u>

continued

COUNTY OF NAPA

Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2007

	<u>Lake Berryessa Resort Improvement</u>	<u>Napa Berryessa Resort Improvement</u>	<u>Napa County Housing Authority</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by				
Operating Activities:				
Operating income (loss)	\$ (99,481)	\$ (267,956)	\$ (242,779)	\$ (610,216)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	81,662	53,213	--	134,875
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(27,941)	5,372	--	(22,569)
Assessment receivable	9,134	4,351	--	13,485
Increase (decrease) in:				
Accounts payable	63,783	28,379	1,688	93,850
Customer deposits	(899)	92	--	(807)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 26,258</u>	<u>\$ (176,549)</u>	<u>\$ (241,091)</u>	<u>\$ (391,382)</u>



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments on a cost-reimbursement basis. Internal Service Funds used at the County are listed below:

Equipment Pool Service Fund, Equipment Replacement Fund and Vehicle Replacement Fund

These are working capital funds for the acquisition, operation and maintenance of the County-owned vehicle fleet and road maintenance equipment. Vehicles purchased are assigned to the operating departments. The departments are then charged mileage for the use of the vehicles. The revenue offsets the cost of the program.

Information Technology Services

ITS is responsible for the development, operation and maintenance of all County information technology systems (computer network and voice communications.) ITS is organized as an Internal Service Fund within County government, where appropriations are offset by revenue derived from charges for services to all departments and agencies that use the County's information technology systems.

Workers' Compensation

A self-insured Workers' Compensation Program and Internal Service Fund (ISF) was established in 1978 to partially self-insure against work-related losses. The current self-insured level is \$250,000 per claim occurrence. Coverage in excess of this limit, up to the statutory limit, is provided through participation in the California State Association of Counties Excess Insurance Authority (CSAC EIA). Annual charges for services for each department are based on a formula calculated from past claims experience and an assigned risk exposure for each employee/job classification within the department.

General Liability

The self-insured Liability program provides liability coverage for an initial portion of all losses resulting from tort or inverse condemnation. The current self-insured level is \$300,000 per claim occurrence. Excess liability coverage is provided through participation in the California State Association of Counties Excess Insurance Authority (CSAC EIA).

Annual charges for services for each department are based on a formula calculated from past claims experience and an assigned risk exposure for each department.

COUNTY OF NAPA

Combining Statement of Fund Net Assets Internal Service Funds June 30, 2007

	Equipment Pool Service Fund	Equipment Replacement	Vehicle Replacement	Information Technology Services
ASSETS				
Current Assets:				
Cash and Investments	\$ 131,888	\$ 2,897,358	\$ 1,515,805	\$ 1,700,749
Imprest cash	--	--	--	100
Inventories	11,429	--	--	--
Accounts receivable	2,182	--	--	1,858
Due from other funds	--	350,000	--	--
Deposits	--	--	--	--
Total Current Assets	145,499	3,247,358	1,515,805	1,702,707
Noncurrent Assets:				
Depreciable:				
Equipment	148,090	5,191,398	4,267,753	2,211,895
Accumulated depreciation	(148,090)	(2,672,851)	(1,822,578)	(1,720,383)
Total Noncurrent Assets	--	2,518,547	2,445,175	491,512
Total Assets	\$ 145,499	\$ 5,765,905	\$ 3,960,980	\$ 2,194,219
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 12,004	\$ --	\$ --	\$ 23,075
Accrued salaries and benefits	9,072	--	--	162,112
Due to other funds	350,000	--	--	--
Liability for unpaid claims	--	--	--	--
Liability for compensated absences	3,350	--	--	52,242
Total Current Liabilities	374,426	--	--	237,429
Long-Term Liabilities:				
Liability for unpaid claims	--	--	--	--
Liability for compensated absences	8,606	--	--	176,377
Total Liabilities	383,032	--	--	413,806
NET ASSETS				
Invested in capital assets, net of related debt	--	2,518,547	2,445,175	491,512
Unrestricted	(237,533)	3,247,358	1,515,805	1,288,901
Total Net Assets	(237,533)	5,765,905	3,960,980	1,780,413
Total Liabilities and Net Assets	\$ 145,499	\$ 5,765,905	\$ 3,960,980	\$ 2,194,219

continued

COUNTY OF NAPA

Combining Statement of Fund Net Assets (continued) Internal Service Funds June 30, 2007

ASSETS	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Current Assets:			
Cash and Investments	\$ 7,672,053	\$ 3,877,488	\$ 17,795,341
Imprest cash	--	70,332	70,432
Inventories	--	--	11,429
Accounts receivable	--	--	4,040
Due from other funds	--	--	350,000
Deposits	157,607	50,000	207,607
Total Current Assets	<u>7,829,660</u>	<u>3,997,820</u>	<u>18,438,849</u>
Noncurrent Assets:			
Depreciable:			
Equipment	--	--	11,819,136
Accumulated depreciation	--	--	(6,363,902)
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>5,455,234</u>
Total Assets	<u><u>\$ 7,829,660</u></u>	<u><u>\$ 3,997,820</u></u>	<u><u>\$ 23,894,083</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 95,140	\$ --	\$ 130,219
Accrued salaries and benefits	--	--	171,184
Due to other funds	--	--	350,000
Liability for unpaid claims	2,905,383	1,139,506	4,044,889
Liability for compensated absences	--	--	55,592
Total Current Liabilities	<u>3,000,523</u>	<u>1,139,506</u>	<u>4,751,884</u>
Long-Term Liabilities:			
Liability for unpaid claims	2,185,617	1,900,494	4,086,111
Liability for compensated absences	--	--	184,983
Total Liabilities	<u>5,186,140</u>	<u>3,040,000</u>	<u>9,022,978</u>
NET ASSETS			
Invested in capital assets, net of related debt	--	--	5,455,234
Unrestricted	2,643,520	957,820	9,415,871
Total Net Assets	<u>2,643,520</u>	<u>957,820</u>	<u>14,871,105</u>
Total Liabilities and Net Assets	<u><u>\$ 7,829,660</u></u>	<u><u>\$ 3,997,820</u></u>	<u><u>\$ 23,894,083</u></u>

COUNTY OF NAPA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2007

	Equipment Pool Service Fund	Equipment Replacement	Vehicle Replacement	Information Technology Services
Operating Revenues:				
Charges for services	\$ 21,810	\$ --	\$ --	\$ 7,274,293
Maintenance Charges:				
Equipment	505,413	--	--	--
Vehicle	546,112	--	--	--
Replacement charges	--	310,264	494,051	--
Other revenue	5,100	--	15,349	85,247
	<u>1,078,435</u>	<u>310,264</u>	<u>509,400</u>	<u>7,359,540</u>
Operating Expenses:				
Salaries and employee benefits	278,698	--	--	4,634,236
Services and supplies	1,224,210	--	--	2,080,454
Claims expense	--	--	--	--
Depreciation and amortization	--	310,264	494,051	144,707
	<u>1,502,908</u>	<u>310,264</u>	<u>494,051</u>	<u>6,859,397</u>
Operating Income (Loss)	<u>(424,473)</u>	<u>--</u>	<u>15,349</u>	<u>500,143</u>
Non-Operating Revenues (Expenses):				
Interest income	(3,127)	133,878	59,500	39,449
Gain (loss) on disposition of capital assets	--	22,529	34,054	--
	<u>(3,127)</u>	<u>156,407</u>	<u>93,554</u>	<u>39,449</u>
Net Income Before Transfers	(427,600)	156,407	108,903	539,592
Transfers in	57,846	--	101,399	--
Transfers out	--	(205,000)	--	--
Change in Net Assets	(369,754)	(48,593)	210,302	539,592
Net Assets - Beginning of Year	132,221	5,814,498	3,750,678	1,240,821
Net Assets - End of Year	<u>\$ (237,533)</u>	<u>\$ 5,765,905</u>	<u>\$ 3,960,980</u>	<u>\$ 1,780,413</u>

continued

COUNTY OF NAPA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)

Internal Service Funds

For the Year Ended June 30, 2007

	Workers' Compensation	General Liability	Total
Operating Revenues:			
Charges for services	\$ 1,866,443	\$ 1,480,483	\$ 10,643,029
Maintenance Charges:			
Equipment	--	--	505,413
Vehicle	--	--	546,112
Replacement charges	--	--	804,315
Other revenue	112,939	342	218,977
 Total Operating Revenues	1,979,382	1,480,825	12,717,846
Operating Expenses:			
Salaries and employee benefits	--	--	4,912,934
Services and supplies	496,848	96,012	3,897,524
Claims expense	981,725	1,044,019	2,025,744
Depreciation and amortization	--	--	949,022
 Total Operating Expenses	1,478,573	1,140,031	11,785,224
Operating Income (Loss)	500,809	340,794	932,622
Non-Operating Revenues (Expenses):			
Interest income	309,092	151,701	690,493
Gain (loss) on disposition of capital assets	--	--	56,583
 Total Non-Operating Revenues (Expenses)	309,092	151,701	747,076
Net Income Before Transfers	809,901	492,495	1,679,698
Transfers in	--	--	159,245
Transfers out	(348,958)	(258,940)	(812,898)
Change in Net Assets	460,943	233,555	1,026,045
Net Assets - Beginning of Year	2,182,577	724,265	13,845,060
Net Assets - End of Year	\$ 2,643,520	\$ 957,820	\$ 14,871,105

COUNTY OF NAPA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2007

	<u>Equipment Pool Service Fund</u>	<u>Equipment Replacement</u>	<u>Vehicle Replacement</u>	<u>Information Technology Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from internal services provided	\$ 1,079,395	\$ 310,264	\$ 509,400	\$ 7,364,532
Cash paid to suppliers for goods and services	(1,224,419)	--	(23,093)	(2,093,965)
Cash paid to employees for services	<u>(273,997)</u>	<u>--</u>	<u>--</u>	<u>(4,619,316)</u>
Net Cash Provided (Used) by Operating Activities	<u>(419,021)</u>	<u>310,264</u>	<u>486,307</u>	<u>651,251</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	407,846	--	101,399	--
Transfers out	<u>--</u>	<u>(555,000)</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>407,846</u>	<u>(555,000)</u>	<u>101,399</u>	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds of sales of capital assets	--	25,218	61,674	--
Payments related to the acquisition of capital assets	<u>--</u>	<u>(50,890)</u>	<u>(591,602)</u>	<u>(254,458)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(25,672)</u>	<u>(529,928)</u>	<u>(254,458)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	<u>(3,127)</u>	<u>133,878</u>	<u>59,500</u>	<u>39,449</u>
Net Cash Provided by Investing Activities	<u>(3,127)</u>	<u>133,878</u>	<u>59,500</u>	<u>39,449</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(14,302)	(136,530)	117,278	436,242
Cash and Cash Equivalents, Beginning of Year	<u>146,190</u>	<u>3,033,888</u>	<u>1,398,527</u>	<u>1,264,607</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 131,888</u></u>	<u><u>\$ 2,897,358</u></u>	<u><u>\$ 1,515,805</u></u>	<u><u>\$ 1,700,849</u></u>

continued

COUNTY OF NAPA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2007

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from internal services provided	\$ 1,979,382	\$ 1,495,619	\$ 12,738,592
Cash paid to suppliers for goods and services	(1,341,598)	(1,261,963)	(5,945,038)
Cash paid to employees for services	<u> --</u>	<u> --</u>	<u>(4,893,313)</u>
Net Cash Provided (Used) by Operating Activities	<u>637,784</u>	<u>233,656</u>	<u>1,900,241</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	--	--	509,245
Transfers out	<u>(348,958)</u>	<u>(258,940)</u>	<u>(1,162,898)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(348,958)</u>	<u>(258,940)</u>	<u>(653,653)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds of sales of capital assets	--	--	86,892
Payments related to the acquisition of capital assets	<u> --</u>	<u> --</u>	<u>(896,950)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u> --</u>	<u> --</u>	<u>(810,058)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	<u>309,092</u>	<u>151,701</u>	<u>690,493</u>
Net Cash Provided by Investing Activities	<u>309,092</u>	<u>151,701</u>	<u>690,493</u>
Net Increase (Decrease) in Cash and Cash Equivalents	597,918	126,417	1,127,023
Cash and Cash Equivalents, Beginning of Year	<u>7,074,135</u>	<u>3,821,403</u>	<u>16,738,750</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 7,672,053</u></u>	<u><u>\$ 3,947,820</u></u>	<u><u>\$ 17,865,773</u></u>

continued

COUNTY OF NAPA

Combining Statement of Cash Flows (continued)
 Internal Service Funds
 For the Year Ended June 30, 2007

	<u>Equipment Pool Service Fund</u>	<u>Equipment Replacement</u>	<u>Vehicle Replacement</u>	<u>Information Technology Services</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (424,473)	\$ --	\$ 15,349	\$ 500,143
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	--	310,264	494,051	144,707
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	960	--	--	4,992
Inventory	2,723	--	--	--
Deposits	--	--	--	--
Increase (decrease) in:				
Accounts payable	(2,932)	--	(23,093)	(13,511)
Accrued salaries	384	--	--	6,603
Compensated absences	4,317	--	--	8,317
Net Cash Provided (Used) by Operating Activities	<u>\$ (419,021)</u>	<u>\$ 310,264</u>	<u>\$ 486,307</u>	<u>\$ 651,251</u>

continued

COUNTY OF NAPA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2007

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 500,809	\$ 340,794	\$ 932,622
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	--	--	949,022
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	--	14,794	20,746
Inventory	--	--	2,723
Deposits	42,393	--	42,393
Increase (decrease) in:			
Accounts payable	94,582	(121,932)	(66,886)
Accrued salaries	--	--	6,987
Compensated absences	--	--	12,634
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 637,784</u>	<u>\$ 233,656</u>	<u>\$ 1,900,241</u>



FIDUCIARY FUNDS

INVESTMENT TRUST FUNDS:

These funds are used by the County to account for the assets of legally separate entities who deposit cash with the County Treasurer. These include school and community college districts, other special districts governed by local boards, regional boards and authorities, courts and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

School Districts

The school districts are legally separate primary governmental units. The financial reporting for these governmental entities, which are independent of the County of Napa, is limited to the total amount of cash and investments and the related fiduciary responsibilities of the County for disbursement of these assets. Activities of the school districts are administered by boards which are separately elected and which are independent of the County Board of Supervisors and have been excluded from the County's basic financial statements.

Special Districts

The special districts are legally separate primary governmental units. The financial reporting for these governmental entities, which are independent of the County of Napa, is limited to the total amount of cash and investments and the related fiduciary responsibilities of the County for disbursement of these assets. Activities of the local board governed districts are administered by boards which are separately elected and which are independent of the County Board of Supervisors and have been excluded from the County's basic financial statements.

AGENCY FUNDS:

Agency funds account for assets held by the County as an agent for various local governments and individuals.

COUNTY OF NAPA

Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2007

ASSETS	<u>Schools Districts</u>	<u>Special Districts</u>	<u>Total</u>
Current Assets:			
Cash and investments	\$ 173,949,346	\$ 58,985,227	\$ 232,934,573
Total Current Assets	<u>\$ 173,949,346</u>	<u>\$ 58,985,227</u>	<u>\$ 232,934,573</u>
 NET ASSETS			
Net assets held in trust for investment pool participants	\$ 173,949,346	\$ 58,985,227	\$ 232,934,573
Total Net Assets	<u>\$ 173,949,346</u>	<u>\$ 58,985,227</u>	<u>\$ 232,934,573</u>

COUNTY OF NAPA

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2007

	<u>Schools Districts</u>	<u>Special Districts</u>	<u>Total</u>
<u>ADDITIONS</u>			
Contributions:			
Contributions to investment pool	\$ 18,430,670	\$ 96,483,766	\$ 114,914,436
Total Contribution	<u>18,430,670</u>	<u>96,483,766</u>	<u>114,914,436</u>
Net Investment Income:			
Interest	<u>6,513,896</u>	<u>2,782,852</u>	<u>9,296,748</u>
Net Investment Income	<u>6,513,896</u>	<u>2,782,852</u>	<u>9,296,748</u>
 Total Additions	 <u>24,944,566</u>	 <u>99,266,618</u>	 <u>124,211,184</u>
<u>DEDUCTIONS</u>			
Distributions from investment pool	<u>8,172,493</u>	<u>79,909,455</u>	<u>88,081,948</u>
Total Deductions	<u>8,172,493</u>	<u>79,909,455</u>	<u>88,081,948</u>
 Change in Net Assets	 16,772,073	 19,357,163	 36,129,236
 Net Assets, Beginning	 <u>157,177,273</u>	 <u>39,628,064</u>	 <u>196,805,337</u>
 Net Assets, Ending of Year	 <u>\$ 173,949,346</u>	 <u>\$ 58,985,227</u>	 <u>\$ 232,934,573</u>

COUNTY OF NAPA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2007

ASSETS	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2007</u>
Current Assets:				
Cash and investments	\$ 48,151,130	\$ 635,007,974	\$ 643,914,742	\$ 39,244,362
Taxes receivable	<u>9,993,145</u>	<u>1,645,371</u>	<u>--</u>	<u>11,638,516</u>
Total Current Assets	<u>\$ 58,144,275</u>	<u>\$ 636,653,345</u>	<u>\$ 643,914,742</u>	<u>\$ 50,882,878</u>
 LIABILITIES				
Agency funds held for others	<u>\$ 58,144,275</u>	<u>\$ 636,653,345</u>	<u>\$ 643,914,742</u>	<u>\$ 50,882,878</u>
Total Liabilities	<u>\$ 58,144,275</u>	<u>\$ 636,653,345</u>	<u>\$ 643,914,742</u>	<u>\$ 50,882,878</u>



Statistical Section

COUNTY OF NAPA

Statistical Section

This part of the County of Napa’s comprehensive annual financial report presents detailed information as a context for understanding this year’s financial statements, note disclosures, and required supplementary information.

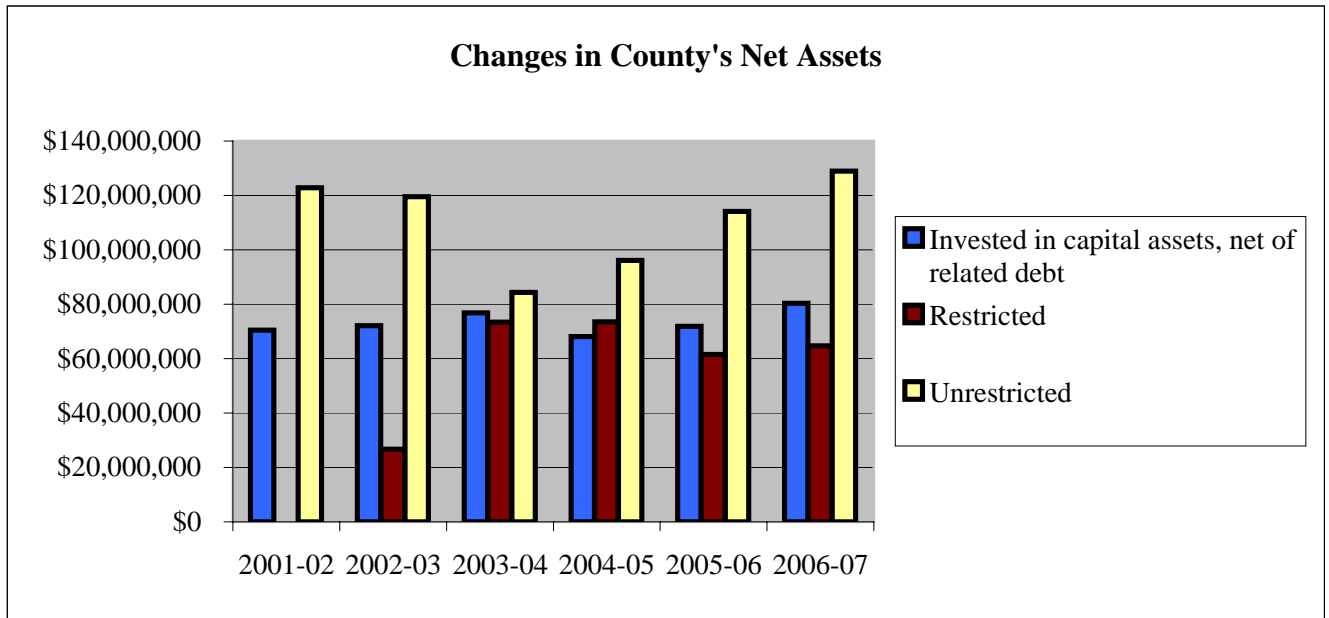
	<u>Page</u>
Financial Trends Information	
These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective	142
Revenue Capacity Information	
These schedules contain information that may assist the reader in assessing the viability of the County’s two most significant local revenue sources; property taxes and sales taxes.....	148
Debt Capacity Information	
These schedules present information that may assist the reader in analyzing the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future	153
Demographic & Economic Information	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader’s understanding of the County’s present and ongoing financial status.....	158
Operating Information	
This schedule contains service and infrastructure indicators about how the information in the County’s financial statements relates to the services the County provides and the activities it performs	160

Notes: The County implemented GASB Statement No. 34 in 2001-2002; schedules presenting government-wide information include information beginning in that year.

COUNTY OF NAPA

**Government-wide Net Assets by Component,
Last Six Fiscal Years
(accrual basis of accounting)**

	Fiscal Year					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Governmental activities						
Invested in capital assets, net of related debt ¹	\$ 58,975,246	\$ 60,088,718	\$ 66,892,363	\$ 55,998,181	\$ 57,639,390	\$ 61,332,361
Restricted	-	26,658,643	73,467,180	73,543,466	61,499,414	64,749,020
Unrestricted	124,753,532	119,685,666	81,546,729	92,878,429	110,659,585	127,517,769
Total governmental activities net assets	\$ 183,728,778	\$ 206,433,027	\$ 221,906,272	\$ 222,420,076	\$ 229,798,389	\$ 253,599,150
Business-type activities						
Invested in capital assets, net of related debt	\$ 11,486,607	\$ 12,061,886	\$ 9,972,402	\$ 12,139,129	\$ 14,259,931	\$ 18,962,458
Unrestricted	(1,976,428)	(186,815)	2,756,267	3,254,322	3,403,166	1,374,931
Total business-type activities net assets	\$ 9,510,179	\$ 11,875,071	\$ 12,728,669	\$ 15,393,451	\$ 17,663,097	\$ 20,337,389
Primary government						
Invested in capital assets, net of related debt	\$ 70,461,853	\$ 72,150,604	\$ 76,864,765	\$ 68,137,310	\$ 71,899,321	\$ 80,294,819
Restricted	-	26,658,643	73,467,180	73,543,466	61,499,414	64,749,020
Unrestricted	122,777,104	119,498,851	84,302,996	96,132,751	114,062,751	128,892,700
Total primary government net assets²	\$ 193,238,957	\$ 218,308,098	\$ 234,634,941	\$ 237,813,527	\$ 247,461,486	\$ 273,936,539
Percent of increase (decrease) in primary government net assets	N/A	12.97%	7.48%	1.35%	4.06%	10.70%



Notes:

¹ Capital assets include land, easements, infrastructure, construction in progress, structures and improvements, and equipment.

² Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.

COUNTY OF NAPA

Changes in Net Assets, Last Six Fiscal Years (accrual basis of accounting)

	Fiscal Year					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Expenses						
Governmental activities:						
General government	\$ 32,049,841	\$ 35,498,520	\$ 33,547,309	\$ 24,611,200	\$ 28,808,510	\$ 30,344,422
Public protection	54,093,413	59,155,040	62,616,759	70,316,699	77,954,632	82,810,854
Public ways and facilities	21,127,537	16,877,819	23,224,824	28,269,848	40,796,290	27,263,089
Health and sanitation	27,125,790	29,123,849	27,777,318	29,561,078	32,373,467	35,941,958
Public assistance	28,898,408	26,085,613	27,306,722	31,683,117	29,420,309	28,526,647
Education	4,382,122	4,869,614	4,827,336	5,194,812	5,628,848	5,716,827
Recreational and cultural services	-	44,978	300,142	1,021,586	120,152	206,468
Debt service:						
Interest and fiscal charges	3,640,446	3,549,288	4,474,723	3,882,913	4,180,859	3,799,558
Administration and arbitrage fees	-	171,193	11,209	1,507,883	459,566	14,770
Total governmental activities expenses	171,317,557	175,375,914	184,086,342	196,049,136	219,742,633	214,624,593
Business-type activities:						
Airport	1,251,864	1,435,205	1,715,493	1,676,592	1,935,407	2,152,164
Lake Berryessa Resort Improvement	480,768	574,405	709,545	710,296	886,976	642,997
Napa Berryessa Public Improvement	489,437	584,255	567,119	634,032	709,907	657,015
Napa County Housing Authority	-	-	-	-	-	242,779
Total business-type activities expenses	2,222,069	2,593,865	2,992,157	3,020,920	3,532,290	3,694,955
Total primary government expenses	\$ 173,539,626	\$ 177,969,779	\$ 187,078,499	\$ 199,070,056	\$ 223,274,923	\$ 218,319,548
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 5,706,775	\$ 4,976,957	\$ 3,368,205	\$ 3,305,175	\$ 3,689,381	\$ 6,487,957
Public protection	9,023,197	9,203,552	11,616,975	15,100,425	15,670,287	19,003,569
Other activities	6,000,804	10,147,260	11,226,993	9,947,969	11,345,970	14,895,429
Operating grants and contributions	78,530,500	77,087,961	81,430,737	73,472,534	75,847,921	78,904,254
Capital grants and contributions	-	-	40,000	-	5,298,042	1,016,938
Total governmental activities program revenues	99,261,276	101,415,730	107,682,910	101,826,103	111,851,601	120,308,147
Business-type activities:						
Charges for services:						
Airport	1,492,907	1,554,468	1,540,253	1,571,022	1,590,342	1,645,614
Lake Berryessa Resort Improvement	505,227	514,730	583,130	557,551	658,117	543,516
Napa Berryessa Public Improvement	550,526	521,361	633,931	576,164	676,043	389,059
Operating grants and contributions	1,367,540	1,187,475	945,373	2,975,901	2,730,512	84,114
Capital grants and contributions	-	-	-	-	-	3,241,463
Total business-type activities program revenues	3,916,200	3,778,034	3,702,687	5,680,638	5,655,014	5,903,766
Total primary government program revenues	\$ 103,177,476	\$ 105,193,764	\$ 111,385,597	\$ 107,506,741	\$ 117,506,615	\$ 126,211,913
Net (Expense)/Revenue ¹						
Governmental activities	\$ (72,056,281)	\$ (73,960,184)	\$ (76,403,432)	\$ (94,223,033)	\$ (107,891,032)	\$ (94,316,446)
Business-type activities	1,694,131	1,184,169	710,530	2,659,718	2,122,724	2,208,811
Total primary government net expense	\$ (70,362,150)	\$ (72,776,015)	\$ (75,692,902)	\$ (91,563,315)	\$ (105,768,308)	\$ (92,107,635)

(Continued)

- Notes:
- 1 New (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, indicating program revenues were greater than expenses.
 - 2 Beginning in 2006, motor vehicle in-lieu fee revenue is reported under property tax due to the Triple-Flip legislation.

Source: Basic Financial Statements and Comprehensive Annual Financial Reports - County of Napa, California

COUNTY OF NAPA

Changes in Net Assets, Last Six Fiscal Years, continued
(accrual basis of accounting)

	Fiscal Year					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 41,161,336	\$ 45,288,344	\$ 42,424,261	\$ 44,667,099	\$ 63,266,398	\$ 69,224,026
Sales and use taxes	23,897,615	25,700,246	27,920,438	27,065,296	29,109,022	30,597,528
Other	-	-	6,161,383	7,535,043	9,301,602	9,653,862
Motor vehicle in lieu taxes ²				9,417,773	-	-
Unrestricted interest and investment earnings	5,172,876	4,012,538	2,968,228	3,713,125	5,258,985	6,968,520
Miscellaneous	8,562,503	6,653,267	7,166,948	2,535,650	8,265,641	336,689
Special items	-	-	1,801,309	-	-	-
Transfers	276,009	(667,395)	77,476	85,840	67,697	(131,796)
Total governmental activities	<u>79,070,339</u>	<u>80,987,000</u>	<u>88,520,043</u>	<u>95,019,826</u>	<u>115,269,345</u>	<u>116,648,829</u>
Business-type activities:						
Property taxes	30,598	52,721	59,710	13,362	28,267	96,377
Investment earnings	19,453	62,215	36,415	69,232	117,305	115,832
Miscellaneous	124,962	398,392	124,419	106,447	69,047	121,476
Transfers	(276,009)	667,395	(77,476)	(85,840)	(67,697)	131,796
Total business-type activities	<u>(100,996)</u>	<u>1,180,723</u>	<u>143,068</u>	<u>103,201</u>	<u>146,922</u>	<u>465,481</u>
Total primary government	<u>\$ 78,969,343</u>	<u>\$ 82,167,723</u>	<u>\$ 88,663,111</u>	<u>\$ 95,123,027</u>	<u>\$ 115,416,267</u>	<u>\$ 117,114,310</u>
Change in Net Assets						
Governmental activities	\$ 7,014,058	\$ 7,026,816	\$ 12,116,611	\$ 796,793	\$ 7,378,313	\$ 22,332,383
Business-type activities	1,593,135	2,364,892	853,598	2,762,919	2,269,646	2,674,292
Total primary government	<u>\$ 8,607,193</u>	<u>\$ 9,391,708</u>	<u>\$ 12,970,209</u>	<u>\$ 3,559,712</u>	<u>\$ 9,647,959</u>	<u>\$ 25,006,675</u>

- Notes:
- 1 New (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, indicating program revenues were greater than expenses.
 - 2 Beginning in 2006, motor vehicle in-lieu fee revenue is reported under property tax due to the Triple-Flip legislation.

Source: Basic Financial Statements and Comprehensive Annual Financial Reports - County of Napa, California

COUNTY OF NAPA

**Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)**

Fiscal Year	Property Tax ¹	Sales & Use Tax ²	Transient Occupancy Tax	Property Transfer Tax ³	Other Taxes	Total
1998	\$ 23,349,954	\$ 10,274,084	\$ 4,393,654	\$ 657,862	\$ 12,614	\$ 38,688,168
1999	25,573,812	18,878,339	4,865,146	866,531	1,887	50,185,715
2000	27,653,695	22,863,411	5,029,392	1,103,203	2,975	56,652,676
2001	31,858,409	25,402,154	5,743,126	1,127,920	3,452	64,135,061
2002	34,344,592	24,359,026	4,293,481	1,054,546	1,543	64,053,188
2003	39,213,921	25,858,407	4,774,394	1,140,502	1,365	70,988,589
2004	42,424,260	28,065,192	4,718,763	1,440,722	1,899	76,650,836
2005	44,667,099	27,065,296	5,743,951	1,790,692	400	79,267,438
2006	63,266,398	29,109,022	7,045,286	2,253,151	3,165	101,677,022
2007	69,224,026	30,597,528	8,076,701	1,576,809	353	109,475,417
Change 1998-2007	196.5%	197.8%	83.8%	139.7%	-97.2%	183.0%

Notes:

¹ Property tax revenues increased 196.5% in the last 10 fiscal years due to additional assessments by the Assessor's Office based on reappraisals of real property due to changes in ownership or completion of new construction. Beginning in 2006, motor vehicle in-lieu fee revenue is reported under property tax due to the Triple-Flip legislation.

² Sales and use tax revenues increased 197.8% in the last ten years due to a combination of rate increases (an additional 1/2 cent sales tax for flood improvements began in July of 1998) and general growth in taxable sales.

³ Property transfer tax revenues increased 139.7% in the last 10 years due to an increase in the number of changes in ownerships.

Source: Auditor-Controller's Office - County of Napa, California

COUNTY OF NAPA

**Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)
(in thousands)

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
General Fund										
Reserved	\$ 4,052	\$ 9,205	\$ 11,089	\$ 11,798	\$ 26,413	\$ 21,971	\$ 8,225	\$ 7,394	\$ 11,136	\$ 11,696
Unreserved	10,889	10,032	14,644	27,693	42,563	44,317	56,471	57,574	62,817	63,431
Total general fund	<u>\$ 14,941</u>	<u>\$ 19,237</u>	<u>\$ 25,733</u>	<u>\$ 39,491</u>	<u>\$ 68,976</u>	<u>\$ 66,288</u>	<u>\$ 64,696</u>	<u>\$ 64,968</u>	<u>\$ 73,953</u>	<u>\$ 75,127</u>
All Other Governmental Funds										
Reserved	\$ 21,212	\$ 14,746	\$ 47,783	\$ 17,091	\$ 33,416	\$ 68,644	\$ 20,546	\$ 17,551	\$ 17,498	\$ 18,872
Unreserved, reported in:										
Special revenue funds	4,859	10,926	22,607	31,081	6,927	22,579	52,154	61,985	53,213	60,407
Capital projects funds	568	714	-	-	991	534	12,710	7,124	15,945	22,711
Debt service funds	-	-	-	-	7,800	5,365	4,296	1,490	1,541	3,407
Total all other governmental funds	<u>\$ 26,639</u>	<u>\$ 26,386</u>	<u>\$ 70,390</u>	<u>\$ 48,172</u>	<u>\$ 49,134</u>	<u>\$ 97,122</u>	<u>\$ 89,706</u>	<u>\$ 88,150</u>	<u>\$ 88,197</u>	<u>\$ 105,397</u>

Source: Basic Financial Statements and Comprehensive Annual Financial Reports - County of Napa, California

COUNTY OF NAPA

Changes in Fund Balance, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting) (in thousands)

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Revenues:										
Taxes	\$ 38,696	\$ 49,791	\$ 46,398	\$ 62,874	\$ 65,059	\$ 70,989	\$ 76,506	\$ 88,685	\$ 101,677	\$ 109,475
Licenses, fees and permits	5,637	2,518	1,888	2,605	4,325	2,936	3,590	3,981	4,293	5,286
Fines, forfeits and penalties	57,137	57,997	70,874	68,339	1,769	1,927	2,263	1,385	2,941	2,617
Use of money and property	1,380	2,794	2,398	1,761	4,522	3,551	2,700	3,312	4,727	6,278
Aid from other governments	2,655	2,203	4,744	6,205	78,530	77,088	77,462	73,473	82,455	80,589
Charges for services	11,871	13,199	11,296	13,190	14,496	19,140	19,620	22,988	23,472	32,460
Contributions and donations	-	-	-	-	-	-	-	-	-	250
Other	6,780	4,129	7,503	10,204	8,560	6,970	7,186	4,101	8,360	1,249
Total Revenues	124,156	132,631	145,101	165,178	177,261	182,601	189,327	197,925	227,925	238,204
Expenditures:										
Current:										
General government	19,266	25,443	24,769	28,944	27,344	36,207	29,906	24,887	27,565	30,797
Public protection	48,777	39,202	40,464	38,463	53,186	58,057	61,253	69,203	76,328	83,403
Public ways and facilities	5,234	10,148	17,502	44,963	14,814	10,527	16,859	22,298	34,410	22,037
Health and sanitation	18,400	19,458	20,577	24,453	26,976	28,963	27,663	29,404	32,076	35,863
Public assistance	23,237	23,514	22,916	19,748	28,746	25,924	27,110	31,566	29,211	28,478
Education	2,780	2,941	3,007	3,167	4,297	4,783	4,735	5,075	5,506	5,611
Recreational and cultural services	-	-	-	-	-	45	300	1,022	120	207
Capital Outlay	10,099	5,615	1,171	3,909	7,132	7,710	21,505	20,048	4,162	5,518
Debt Service:										
Principal	2,050	2,640	2,790	2,950	3,110	9,870	3,880	4,365	5,495	5,627
Interest	2,160	2,044	3,920	3,808	3,641	3,421	4,472	3,941	3,977	3,796
Administration and arbitrage fees	-	-	-	-	-	1,091	11	1,508	581	15
Total Expenditures	132,003	131,005	137,116	170,405	169,246	186,598	197,694	213,317	219,431	221,352
Excess of revenue over (under) expenditures	(7,847)	1,626	7,985	(5,227)	8,015	(3,997)	(8,367)	(15,392)	8,494	16,852
Other Financing Sources (Uses)										
Proceeds from borrowing	-	611	43,620	-	-	32,417	-	14,002	450	1,000
Transfers in	8,121	8,279	5,300	4,567	4,871	16,052	4,738	5,857	10,490	21,851
Transfers out	(7,532)	(5,729)	(4,550)	(4,887)	(4,366)	(15,048)	(5,378)	(5,468)	(10,403)	(21,329)
Total other financing sources (uses)	589	3,161	44,370	(320)	505	33,421	(640)	14,391	537	1,522
Net change in fund balances	\$ (7,258)	\$ 4,787	\$ 52,355	\$ (5,547)	\$ 8,520	\$ 29,424	\$ (9,007)	\$ (1,001)	\$ 9,031	\$ 18,374
Debt service as a percentage of noncapital expenditures	3.45%	3.74%	4.94%	4.06%	4.16%	7.43%	4.74%	4.30%	4.40%	4.37%

Source: Basic Financial Statements and Comprehensive Annual Financial Reports - County of Napa, California

COUNTY OF NAPA

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)**

Fiscal Year Ended June 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate	Net Increase	
						Amount	Percentage
1998	\$ 9,862,414	\$ 529,589	\$ 504,450	\$ 9,887,553	1.0%	\$ 371,461	3.90%
1999	10,379,531	628,954	518,199	10,490,286	1.0%	602,733	6.10%
2000	11,347,969	626,689	539,918	11,434,740	1.0%	944,454	9.00%
2001	12,509,849	623,099	550,129	12,582,819	1.0%	1,148,079	10.04%
2002	14,086,106	691,127	588,735	14,188,498	1.0%	1,605,679	12.76%
2003	15,617,221	713,924	674,258	15,656,887	1.0%	1,468,389	10.35%
2004	17,193,975	757,097	712,053	17,239,019	1.0%	1,582,132	10.11%
2005	18,805,536	794,875	736,767	18,863,644	1.0%	1,624,625	9.42%
2006	20,927,596	843,571	792,749	20,978,418	1.0%	2,114,774	11.21%
2007	23,145,479	907,930	802,511	23,250,898	1.0%	2,272,480	10.83%

Notes:

¹ Article XIII A, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased:

- a. to reflect annual inflation up to two percent;
- b. To reflect current market value at time of ownership change and
- c. To reflect market value for new construction

Source: Assessor's Office - County of Napa

COUNTY OF NAPA

**Direct and Overlapping Property Tax Rates¹
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

Fiscal Year	County Direct Rate	Overlapping Rates²			Total Direct and Overlapping²
		Local Special Districts	Schools	Cities	
1998	1.00	0.67	0.05	0.06	1.78
1999	1.00	0.67	0.16	0.05	1.88
2000	1.00	0.52	0.09	0.05	1.66
2001	1.00	0.42	0.08	0.04	1.54
2002	1.00	0.28	0.07	0.04	1.39
2003	1.00	0.28	0.13	0.04	1.45
2004	1.00	0.28	0.17	0.03	1.48
2005	1.00	0.28	0.16	0.03	1.47
2006	1.00	0.28	0.15	0.03	1.46
2007	1.00	0.28	0.16	0.03	1.47

Notes:

¹ California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978. The rates shown above are percentages of assessed valuation.

² These rates represent the maximum rate charged to taxpayers if all rates applied to them. In reality, the rates applicable to tax rate areas will vary at amounts lower than these totals.

Source: Auditor-Controller's Office - County of Napa, California.

COUNTY OF NAPA

**Principal Property Tax Payers
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>2007</u>			<u>1998</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
	Beringer Wine Estates	\$ 179,540,835	1	0.77%	\$ 83,852,745	3
Pacific Gas and Electric Company	119,928,946	2	0.52%	109,311,150	1	1.11%
IDV North America Inc.	106,151,338	3	0.46%	—		—
Sterling Vineyards Inc.	102,236,169	4	0.44%	36,264,503	9	0.37%
Robert Mondavi Winery/Properties	94,694,645	5	0.41%	—		—
Dey Laboratories	91,193,452	6	0.39%	53,899,215	8	0.55%
Sutter Home Winery Inc.	49,751,569	7	0.21%	56,434,948	7	0.57%
First Napa Acquisitions LLC	45,401,390	8	0.20%	—		—
Pokka USA Inc.	41,939,488	9	0.18%	—		—
Domaine Chandon Inc.	41,090,166	10	0.18%	—		—
First American Title Co of Napa	—		—	84,106,227	2	0.85%
Heublein Inc.	—		—	80,466,459	4	0.81%
Pacific Bell	—		—	74,448,153	5	0.75%
Silverado County Club	—		—	57,175,868	6	0.58%
Oregon Steel Mills	—		—	35,018,935	10	0.35%
Total	\$ 871,927,998		3.76%	\$ 670,978,203		6.79%
Total Assessed Value			#####			#####

Source: Auditor-Controller's Office - County of Napa, California.

COUNTY OF NAPA

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Cumulative Uncollected Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
1998	\$ 110,321,364	\$ 107,611,776	97.54%	\$ 2,708,256	\$ 110,320,032	100.00%	\$ 1,332	0.00%
1999	118,072,074	115,611,143	97.92%	2,459,633	118,070,776	100.00%	1,298	0.00%
2000	126,413,149	124,436,238	98.44%	1,975,301	126,411,539	100.00%	1,610	0.00%
2001	138,346,760	136,022,226	98.32%	2,321,919	138,344,145	100.00%	2,615	0.00%
2002	154,095,824	151,698,269	98.44%	2,380,426	154,078,695	99.99%	17,129	0.01%
2003	170,449,903	167,419,783	98.22%	2,986,227	170,406,010	99.97%	43,893	0.03%
2004	194,623,245	191,764,130	98.53%	2,783,564	194,547,694	99.96%	75,551	0.04%
2005	211,298,951	207,475,991	98.19%	3,634,398	211,110,389	99.91%	188,562	0.09%
2006	236,138,313	232,228,016	98.34%	2,907,094	235,135,110	99.58%	1,003,203	0.42%
2007	259,125,199	253,101,850	97.68%	-	253,101,850	97.68%	6,023,349	2.32%

Source: Auditor-Controller's Office - County of Napa, California

COUNTY OF NAPA

**Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

Fiscal Year	State			Direct Government		Overlapping Government	Total	
	General Fund ²	Local Revenue Fund	Local Public Safety Fund	Fiscal Recovery Fund ³	County Operations ³	County Transportation		Flood Authority ¹
1998	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.00%	7.25%
1999	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2000	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2001	4.75%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.50%
2002	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2003	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2004	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2005	5.00%	0.50%	0.50%	0.25%	0.75%	0.25%	0.50%	7.75%
2006	5.00%	0.50%	0.50%	0.25%	0.75%	0.25%	0.50%	7.75%
2007	5.00%	0.50%	0.50%	0.25%	0.75%	0.25%	0.50%	7.75%

Notes:

¹ In March of 1998, the County of Napa citizens approved an additional 1/2 cent sales tax increase for flood improvements, effective July 1, 1998.

² The sales tax rate for the State General Fund's portion has remained at 5.00% for the past ten years except in 2001 when it was temporarily reduced by 0.25% to 4.75%.

³ Proposition 57 authorized the State of California to issue \$15 billion in economic recovery bonds to be repaid via a dedicated revenue source. Therefore, 0.25% of the County Operations share of sales and use taxes were shifted to the new State Fiscal Recovery Fund.

Source: California State Board of Equalization

COUNTY OF NAPA

**Ratios of Total Debt Outstanding by Type
Last Ten Fiscal Years**

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities				Total	Business-Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Sales Tax Revenue Bonds	Certificates of Participation	Term Loan Payable	Improvement Bonds		Term Loan Payable				
1998	\$ -	\$ 37,760	\$ -	\$ 37,760	\$ 380	\$ -	\$ 38,140	0.97%	\$ 318	
1999	-	35,120	-	35,120	275	-	35,395	0.83%	291	
2000	43,650	32,330	-	75,980	170	-	76,150	1.62%	619	
2001	43,650	29,380	-	73,030	60	-	73,090	1.52%	586	
2002	43,650	26,270	-	69,920	-	500	70,420	1.44%	551	
2003	43,650	48,750	-	92,400	-	480	92,880	1.84%	714	
2004	41,555	46,965	-	88,520	-	460	88,980	1.65%	675	
2005	53,025	44,925	-	97,950	-	439	98,389	1.70%	743	
2006	49,845	42,665	-	92,510	-	415	92,925	1.50%	697	
2007	46,565	40,340	1,407	88,312	-	390	88,702	unavailable	660	

Notes:

¹ See the Demographic and Economic Statistics Schedule for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Source: Auditor-Controller's Office - County of Napa

COUNTY OF NAPA

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1998	n/a		-		
1999	n/a		-		
2000	n/a		-		
2001	n/a		-		
2002	n/a		-		
2003	n/a		-		
2004	n/a		-		
2005	n/a		-		
2006	n/a		-		
2007	n/a		-		

Notes: The County of Napa does not have any general obligation bonds.

COUNTY OF NAPA

Direct and Overlapping Debt As of June 30, 2007

Assessed Valuation (including unitary utility valuation)	\$23,416,737,017
Less: Redevelopment incremental valuation ¹	<u>337,149,429</u>
Adjusted assessed valuation	\$23,079,587,588

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	Debt Outstanding	Percentage Applicable	County's Share of Overlapping Debt
Direct General Fund Obligation Debt			
Napa County Certificates of Participation	\$ 40,340,000	100.000%	\$ 40,340,000
Overlapping General Fund Obligation Debt			
<i>School Districts</i>			
Napa County Board of Education Certificates of Participation	3,710,000	100.000%	3,710,000
Calistoga Joint Unified School District Certificates of Participation	1,095,000	87.535%	958,508
Fairfield-Suisun Unified School District Certificates of Participation	450,000	0.906%	4,077
<i>Cities</i>			
City of American Canyon General Fund Obligations	3,380,000	100.000%	3,380,000
City of Calistoga Certificates of Participation	<u>1,130,000</u>	100.000%	<u>1,130,000</u>
Total Overlapping General Fund Obligation Debt	<u>9,765,000</u>		<u>9,182,585</u>
Total Direct and Overlapping General Fund Obligation Debt	<u>50,105,000</u>		<u>49,522,585</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:			
<i>School Districts</i>			
Napa Valley Community College District	86,362,030	99.167%	85,642,634
Calistoga Joint Unified School District	2,090,000	87.535%	1,829,482
Fairfield-Suisun Joint Unified School District	91,755,000	0.906%	831,300
Napa Valley Unified School District	197,085,000	100.000%	197,085,000
St. Helena Unified School District	15,930,000	100.000%	15,930,000
Howell Mountain School District	1,699,055	100.000%	1,699,055
<i>Cities</i>			
City of Calistoga	-	100.000%	-
City of St. Helena	1,410,000	100.000%	1,410,000
City of American Canyon 1915 Act Bonds	25,130,000	100.000%	25,130,000
City of Napa 1915 Act Bonds	2,485,000	100.000%	2,485,000
<i>Unincorporated Areas</i>			
Napa County 1915 Act Bonds	-	100.000%	-
California Statewide Community Development Authority Assessment District No. 05-01	<u>2,179,542</u>	100.000%	<u>2,179,542</u>
Total Overlapping Tax and Assessment Debt	<u>426,125,627</u>		<u>334,222,013</u>
COMBINED TOTAL DEBT	<u>\$ 476,230,627</u> ²		<u>\$ 383,744,598</u>

Ratio to 2006-07 Assessed Valuation:
 Total Overlapping Tax and Assessment Debt.....1.43%

Ratios to Adjusted Assessed Valuation:
 Combined Direct Debt (\$40,340,000).....0.17%
 Combined Total Debt1.66%

Notes:
¹ Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas of properties in areas designated for redevelopment. Base year assessed value is the agreed upon value of a property at the time the redevelopment agency was established

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

COUNTY OF NAPA

**Legal Debt Margin Information
As of June 30, 2007
(dollars in thousands)**

	<u>Fiscal Year 2007</u>	
	<u>1.25%</u>	<u>3.75%</u>
Debt limit	\$ 310,699	\$ 846,147
Total net debt applicable to limit	<u>38,955</u>	<u>82,987</u>
Legal debt margin	<u>\$ 271,744</u>	<u>\$ 763,160</u>
Total net debt applicable to the limit as a percentage of debt limit	12.54%	9.81%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 24,053,409	\$ 24,053,409
Add back: exempt real property	<u>802,511</u>	<u>802,511</u>
Total assessed value	<u>\$ 24,855,920</u>	<u>\$ 24,855,920</u>

CERTIFICATES OF PARTICIPATION

Debt limit (1.25% and 3.75% of total assessed value)	\$ 310,699 ¹	\$ 932,097 ¹
Debt applicable to limit:		
Certificates of Participation	40,340	40,340
Less: Amount set aside for repayment of outstanding debt	<u>(1,385)</u>	<u>(1,385)</u>
Total net debt applicable to limit	<u>38,955</u>	
Legal debt margin	<u>\$ 271,744</u>	

SALES TAX REVENUE BONDS

Debt applicable to limit:		
Sales Tax Revenue Bonds		46,565
Less: Amount set aside for repayment of outstanding debt		<u>(2,533)</u>
Total net debt applicable to limit		<u>82,987</u>
Legal debt margin		<u>\$ 849,110</u>

Notes:

- ¹ Using the California Attorney General's Opinion regarding Revenue and Taxation Code section 135 and applying that opinion to the California Government Code Section 29909, the County of Napa's outstanding bonded debt should not exceed 1.25% of total assessed property value. However, for flood control purposes, Napa County's outstanding bonded debt may exceed 1.25% but shall not exceed 3.75% of the total assessed property value. By law, the bonded debt subject to these limitations may be offset by amounts set aside for repaying bonded debt. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

COUNTY OF NAPA

**Pledged Revenue Bond Coverage
Last Ten Fiscal Years
(dollars in thousands)**

Fiscal Year	Revenue Bonds - Measure A						Improvement Bonds ¹				
	Sales Tax Revenue	Less: Administrative Cost	Net Available Revenue	Debt Service		Coverage	Property Tax Collections ²	Debt Service		Coverage	
				Principal	Interest			Principal	Interest		
1998	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 99	\$ 95	\$ 27	0.81	
1999	7,826	121	7,705	-	-	-	109	105	21	0.87	
2000	9,990	122	9,868	-	-	-	152	105	14	1.28	
2001	10,445	128	10,317	-	2,071	4.98	45	110	8	0.38	
2002	10,918	143	10,775	-	2,071	5.20	-	60	2	-	
2003	10,619	151	10,468	-	2,071	5.05	-	-	-	-	
2004	11,993	164	11,829	2,277	2,063	2.73	-	-	-	-	
2005	11,593	146	11,447	1,974	2,326	2.66	-	-	-	-	
2006	13,125	123	13,002	2,408	1,188	3.62	-	-	-	-	
2007	14,167	131	14,036	2,425	1,642	3.45	-	-	-	-	

Notes:

¹ Napa Berryessa Resort and Lake Berryessa Resort Improvement Bonds have been combined as Improvement Bonds.

² Property tax collections are adjusted annually to cover debt requirements. This is accomplished through the establishment of a tax rate applied to the secured and unsecured tax rolls. There are fund balances and reserves that ensure payment of the improvement bonds. The reserve accounts are liquidated in the final year of payment.

Details regarding the County's outstanding debt can be found in the notes to the financial statements. Administrative cost is equal to the California State Board of Equalization's administrative charge for collecting the 1/2 cent sales tax for flood improvements.

Source: Auditor-Controller's Office - County of Napa, California

COUNTY OF NAPA

Demographic & Economic Statistics Last Ten Fiscal years

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income¹</u>	<u>Per Capita Personal Income²</u>	<u>School Enrollment³</u>	<u>Unemployment Rate¹</u>
1998	121,583	\$ 3,922,807,000	\$ 32,264	18,977	3.8%
1999	123,026	4,278,668,000	34,779	19,303	3.0%
2000	124,636	4,713,537,000	37,818	19,381	3.5%
2001	127,741	4,805,753,000	37,621	19,341	3.2%
2002	130,015	4,898,598,000	37,677	19,461	4.2%
2003	131,799	5,054,752,000	38,352	19,673	4.7%
2004	132,394	5,405,000,000	40,835	19,765	4.5%
2005	133,294	5,787,000,000	43,669	19,654	4.1%
2006	134,326	6,180,000,000	46,286	19,908	3.6%
2007	135,969	unavailable	unavailable	20,087	3.9%

Sources:

¹ California State Department of Finance

² US Department of Commerce, Bureau of Economic Analysis

³ California Department of Education, Educational Demographics Office

COUNTY OF NAPA

**Principal Employers
Current Year and Nine Years Ago**

2007			1998		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Napa State Hospital	1,778	1.36%	Napa State Hospital	1,973	1.69%
Napa Valley Unified School District	1,650	1.26%	Napa Valley Unified School District	1,500	1.28%
County of Napa	1,375	1.05%	Napa County	1,206	1.03%
Queen of the Valley Hospital	1,200	0.92%	Queen of the Valley Hospital	1,200	1.03%
Veterans' Home of California	1,100	0.84%	St. Helena Hospital	960	0.82%
Dey Laboratories, Inc.	850	0.65%	Veterans Home of California	950	0.81%
Napa Valley Community College	800	0.61%	Robert Mondavi Winery	900	0.77%
Cultured Stone	700	0.54%	Beringer Vineyards	740	0.63%
St. Helena Hospital	635	0.49%	Dey Laboratories, Inc.	650	0.56%
Sutter Home	538	0.41%	Silverado Country Club	630	0.54%
Total	10,626	8.13%	Total	10,709	9.15%

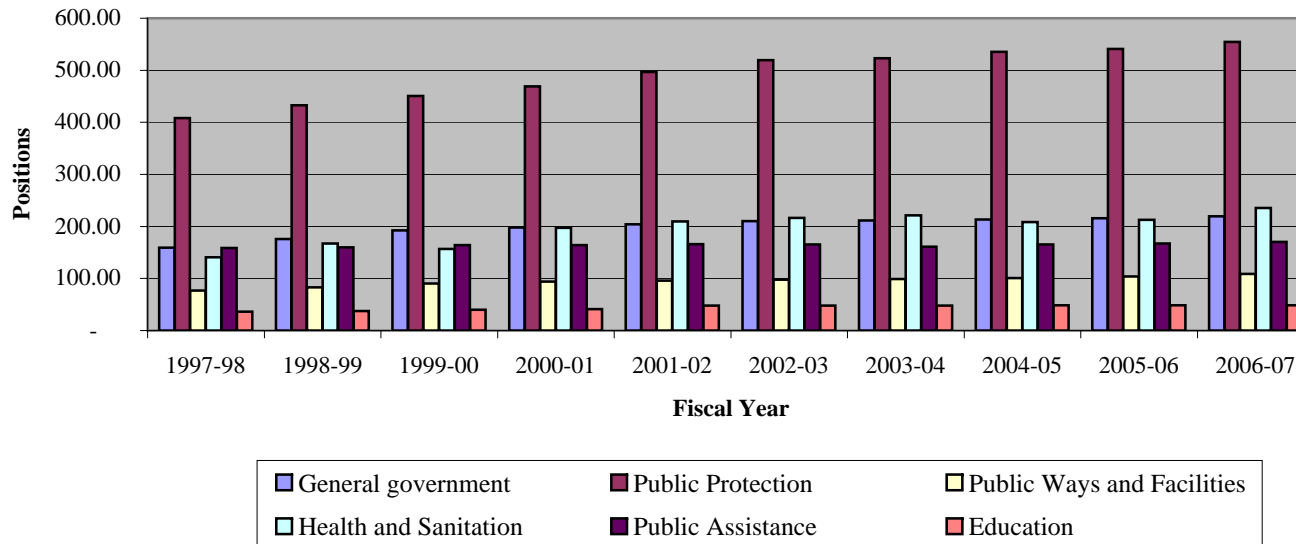
Sources: Napa Valley Economic Development Corporation
 Napa Chamber of Commerce
 State of California Employment Development Department
 County Executive Office - County of Napa, California

COUNTY OF NAPA

Full-time Equivalent County Government Employees by Function Last Ten Fiscal Years

<u>Function/program</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
General government	159.35	175.85	192.50	197.90	204.15	210.15	211.60	213.20	215.95	219.20
Public Protection	408.50	433.00	450.75	469.25	497.00	519.50	523.10	535.68	540.88	554.38
Public Ways and Facilities	77.00	83.00	90.50	94.10	96.10	98.00	99.00	101.00	104.00	109.00
Health and Sanitation	140.90	167.40	156.90	197.53	209.40	216.50	221.40	208.50	212.50	235.65
Public Assistance	158.53	159.98	164.23	164.35	166.25	165.25	161.25	165.25	167.25	170.25
Education	36.35	37.35	39.85	41.35	47.85	47.85	47.85	48.35	48.85	48.85
Total full-time equivalent employees	980.63	1,056.58	1,094.73	1,164.48	1,220.75	1,257.25	1,264.20	1,271.98	1,289.43	1,337.33

FTE By Function



Source: Auditor-Controller's Office - County of Napa, California.

COUNTY OF NAPA

Operating Indicators by Function Last Two Fiscal Years

Function	Fiscal Year	
	2006	2007
Airport		
Annual Operations	118,354	126,712
Avigation Easements issued	13	10
Hangar leases	172	172
Culture and recreation		
Athletic field permits issued	n/a	n/a
Community center admissions	n/a	n/a
Education		
Library branches located in the county	4	4
Items checked out	728,390	741,130
Library cards issued	53,521	51,964
Number of computers provided for public use	58	58
Fire		
Number of calls answered	3,486	3,041
Inspections	1,100	1,100
Health & Human Services		
Public Guardian total clients (conservatees + additional referrals)	55	67
Public Administrator Total Clients	n/a	54
Public Health		
Women, Infants, and Children visits	42,376	45,557
Public Health home visiting programs visits	3,180	3,552
Immunizations	7,521	6,961
Clinics visits	2,742	2,528
Car Seat Program installations	221	265
Mental Health		
Emergency Response	820	928
Adult Medication Clinic	659	649
Children's Medication Support	206	233
Total Mental Health clients served	2,173	2,504
Substance Abuse		
Adult Recovery Program clients	416	464
Women's Recovery Program/Perinatal Outreach clients	309	212
Prevention (school-based groups) youths	157	176
STOP clients	412	167
Total Substance Abuse clients served	3,710	1,075
Social Services		
Adult Protective Services total clients served	627	627
CalWORKS average caseload	550	546
Child Welfare Services total number clients served	2,022	2,263
County Medical Services Program average number of continuing cases/eligibles	703	748
Food Stamps average caseload	1,190	1,194
Foster care average number of cases	149	136
In Home Supportive Services total clients served	696	668
Medi-Cal average number of eligibles	10,788	12,565
Workforce Investment Act total number enrolled	124	182

(Continued)

Note: Indicators are not available for the general government function
The County began tracking these statistics in fiscal year 2005-2006 with the implementation of GASB 44, therefore prior year information is not available.

Source: Various Napa County departments

COUNTY OF NAPA

**Operating Indicators by Function
Last Two Fiscal Years, continued**

Function	Fiscal Year	
	2006	2007
Highways and streets		
Street resurfacing (miles)	6	4
Potholes repaired	1,000	1,200
Sheriff		
Physical arrests	1,903	2,004
Parking violations	2,054	1,410
Traffic violations	3,206	3,141
Water		
New connections	21	5
Water mains breaks	4	5
Average daily consumption (thousands of gallons)	160	286
Wastewater		
Average daily sewage treatment (thousands of gallons)	131	109

Notes: Indicators are not available for the general government function
The County began tracking these statistics in fiscal year 2005-2006 with the implementation of GASB 44, therefore prior year information is not available.

Source: Various Napa County departments

COUNTY OF NAPA

**Capital Asset Statistics by Function
Last Two Fiscal Years**

Function	Fiscal Year	
	2006	2007
Public Safety		
Sheriff:		
Stations (Headquarters and 4 substations)	5	5
Patrol units	21	29
Fire stations:		
Stations	13	13
Fire Engines	28	31
Fire Trucks	2	2
Culture and recreation		
Parks acreage	855	855
Parks	6	6
Education		
Library branches	4	4
Library books	64,974	178,370
Health & Sanitation		
Public Health		
10" Kaultronics Dish System (satellite dish)	1	1
Lab refrigerator	1	1
7x4' trailers	2	2
Cysco Analog Phone Gateway	1	1
Digital Logging Recorder	1	1
Mental Health	-	-
Substance Abuse		
Wolf range	1	1
Stero dishwasher	1	1
Victory freezer	1	1
Victory refrigerator	1	1
Health & Human Services Administration	-	-
Social Services (TEC)		
Micro Vax Server	1	1
Public Ways & Facilities		
Airport		
Runway miles	2.6	2.6
Taxiway miles	3.6	3.6
Highways and streets		
Streets (miles)	466	466
Street lights (approximate number)	70	70
Traffic signals	32	32
Water		
Water mains (miles)	13	13
Fire hydrants	109	109
Maximum daily capacity (thousands of gallons)	536	536
Wastewater		
Sanitary sewers (miles)	14	14
Storm sewers (miles)	n/a	n/a
Maximum daily treatment capacity (thousands of gallons)	210	210

Notes: Indicators are not available for the general government function.
The County began tracking these statistics in fiscal year 2005-2006 with the implementation of GASB 44, therefore prior year information is not available.

Source: Various Napa County departments