

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2010**

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members  
of the Board of Directors  
Napa County Regional Park and Open Space District  
Napa, California

We have audited the accompanying basic financial statements of the Napa County Regional Park and Open Space District (District), as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2010, and the respective changes in financial position, 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 a report dated November 2, 2010, on our consideration of the District'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 Honorable Members  
of the Board of Directors  
Napa County Regional Park and Open Space District  
Napa, California

The Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, 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 supplementary information. However, we did not audit the information and express no opinion on it.

*Gallina LLP*

Roseville, California  
November 2, 2010

# NAPA COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Management's Discussion and Analysis  
For the Year Ended June 30, 2010

The Napa County Regional Park and Open Space District (District) was formed on December 12, 2006 when the County of Napa Board of Supervisors certified that the voters had approved its formation at the election on November 7, 2006. The purpose of the District is to plan, improve and operate a system of public parks, trails, outdoor recreational facilities, and outdoor science and conservation education programs, as well as to protect and preserve natural areas, wildlife habitat and other open space resources.

As management of the District, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2010. Please read it in conjunction with the District's Financial Statements, which follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Statement of Net Assets and Governmental Fund Balance Sheet, and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance provide information about the activities of the District. The financial statements also include various footnote disclosures, which further describe the District's activities.

### Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *statement of net assets and governmental fund balance sheet* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*.

The *statement of activities and governmental fund revenues, expenditures and changes in fund balance* presents information showing how the District'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 the statement for some items that will only result in cash flows in future fiscal periods.

### Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2010

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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements.

The District adopts an annual appropriated budget for its fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget.

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

RSI is presented concerning the District's General Fund budgetary schedule. The District 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.

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2010

**FINANCIAL ANALYSIS OF THE DISTRICT**

Net Assets

A summary of the District's Statement of Net Assets is as follows:

**Condensed Statement of Net Assets  
As of June 30,**

	2010	2009	Variance
Current assets	\$ 148,539	\$ 112,950	\$ 35,589
Non-current assets	2,986,827	2,933,295	53,532
<b>Total assets</b>	<b>3,135,366</b>	<b>3,046,245</b>	<b>89,121</b>
Current liabilities	59,769	32,880	\$ (26,889)
<b>Total liabilities</b>	<b>59,769</b>	<b>32,880</b>	<b>(26,889)</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	2,986,827	2,933,295	53,532
Unrestricted	88,770	80,070	8,700
<b>Total net assets</b>	<b>\$ 3,075,597</b>	<b>\$ 3,013,365</b>	<b>\$ 62,232</b>

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3,075,597 as of June 30, 2010, due primarily to purchasing land and a building for \$2,811,830 in the fiscal year 2009.

Cash and investments are maintained in the County's cash and investment pool where interest earned on the District's balance is apportioned to the District.

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2010

Changes in Net Assets

A summary of the District's Statement of Activities, recapping the District's revenues earned during the fiscal year ended June 30, 2010, and the expenditures incurred are as follows:

**Condensed Statement of Activities  
For the Fiscal year Ended June 30,**

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
<b>Revenues:</b>			
Operating grants	\$ 442,800	\$ 389,817	\$ 52,983
Capital grants	61,431	2,818,312	(2,756,881)
Rents	11,981	4,900	7,081
Donations	-	60	(60)
Interest	998	968	30
<b>Total revenues</b>	<u>517,210</u>	<u>3,214,057</u>	<u>(2,696,847)</u>
<b>Expenses:</b>			
Parks and recreation	454,978	388,002	(66,976)
<b>Total expenses</b>	<u>454,978</u>	<u>388,002</u>	<u>(66,976)</u>
Changes in net assets	62,232	2,826,055	(2,763,823)
Net assets - Beginning of year	<u>3,013,365</u>	<u>187,310</u>	<u>2,826,055</u>
<b>Net assets - Ending of year</b>	<u>\$ 3,075,597</u>	<u>\$ 3,013,365</u>	<u>\$ 62,232</u>

Financial Analysis of the District's Governmental Fund

As noted earlier, fund accounting is used by the District to ensure and demonstrate compliance with finance-related legal requirements.

For the fiscal year ending June 30, 2010, the District reported an ending fund balance of \$88,770, an increase of \$8,700.

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2010

**BUDGETARY HIGHLIGHTS**

Total revenues were under final budget by \$224,304, or 30.3%, and total expenditures were under final budget by \$273,004, or 35%. Total expenditures were under budget primarily because of delays in several projects. One cause of these delays was the freezing for nearly a year of funds expected from two State grants (for Napa River and Bay Trail construction and for Napa River Ecological Reserve restoration) caused by State budgetary imbalances and resultant cash flow problems, which required changes to their implementation schedules. Another project, repairs to the Oat Hill Mine Trail, is awaiting approval from the County of Napa to proceed. Finally, progress on the Camp Berryessa project was delayed while the Bureau of Reclamation completed environmental analysis required for the project.

**CAPITAL ASSETS**

For the fiscal year ending June 30, 2010, the District owned 224 acres of land, known as Berryessa Vista Wilderness Park and 673 acres of land with two residences, known as Moore Creek Park.

**DEBT ADMINISTRATION**

For the fiscal year ending June 30, 2010, the District did not have any long-term obligations outstanding.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District's primary source of revenue for general operations comes via a grant agreement with the County of Napa. The County funds this agreement using a portion of its General Fund identified in the County budget as Special Project Funds. Special Project Funds are derived from a portion of the County's Transient Occupancy Tax (TOT), which was increased through voter approval in 2002 from 10.5 to 12 percent of gross receipts for overnight accommodations provided by facilities operating in the unincorporated parts of the County. The County Board of Supervisors has adopted a policy of allocating 60% of the increased TOT revenues to parks and open space purposes. For fiscal year 2011-2012, the County has agreed to provide the District \$336,500 for operation costs and \$289,824 for various capital projects.

The District currently has no employees, and no facilities other than land and two residential buildings on that land. It contracts with the County for most of its professional services and office space, equipment and supplies.

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2010

**CONTACTING THE DISTRICT**

This audit report is designed to provide a general overview of the Napa County Regional Park and Open Space District finances for all those interested. The County of Napa provides certain management and administrative functions, including all financial management and accounting. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Napa County Regional Park and Open Space District, 1195 Third Street, Suite 210, Napa California, 94559.

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Statement of Net Assets  
June 30, 2010

**ASSETS**

Current Assets:

Cash in County treasury	\$ 110,654
Accounts receivable	850
Due from other governments	37,035

Non-current Assets:

Land	2,542,319
Construction in progress	61,431
Buildings, net of accumulated depreciation	<u>383,077</u>

Total Assets	<u><u>\$ 3,135,366</u></u>
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**LIABILITIES**

Current Liabilities:

Accounts payable	\$ 56,065
Unearned revenue	<u>3,704</u>

Total Liabilities	<u>59,769</u>
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**NET ASSETS**

Invested in capital assets	2,986,827
Unrestricted	<u>88,770</u>

Total Net Assets	<u>3,075,597</u>
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Total Liabilities and Net Assets	<u><u>\$ 3,135,366</u></u>
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The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Statement of Activities  
For the Year Ended June 30, 2010

**PROGRAM EXPENSES**

Administrative charges	\$ 197,084
Accounting and auditing	6,986
Ecology preserve	12,971
Insurance	2,050
Legal expense	6,224
Consulting/engineering	61,059
Maintenance	136,538
Depreciation	7,899
Other	<u>24,167</u>
 Total Program Expenses	 <u>454,978</u>

**PROGRAM REVENUES**

Operating grants and contributions:	
Contribution from County of Napa	442,800
Capital grants and contributions:	
State Grants	33,332
Contribution from County of Napa	28,099
Rents	<u>11,981</u>
 Total Program Revenues	 <u>516,212</u>
 Net Program Revenues	 61,234

**GENERAL REVENUES**

Interest	<u>998</u>
 Change in Net Assets	 62,232
 Net Assets - Beginning of Year	 <u>3,013,365</u>
 Net Assets - End of Year	 <u><u>\$ 3,075,597</u></u>

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

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Balance Sheet  
June 30, 2010

**ASSETS**

Cash in County treasury	\$ 110,654
Accounts receivable	850
Due from other governments	<u>37,035</u>
 Total Assets	 <u><u>\$ 148,539</u></u>

**LIABILITIES**

Accounts payable	\$ 56,065
Unearned revenue	<u>3,704</u>
 Total Liabilities	 <u>59,769</u>

**FUND BALANCE**

Fund Balance:	
Unreserved:	
Undesignated	<u>88,770</u>
Total Fund Balance	<u>88,770</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 148,539</u></u>

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

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets - Governmental Activities  
June 30, 2010

Fund Balance - total governmental fund (page 11)	\$ 88,770
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.	<u>2,986,827</u>
Net assets of governmental activities (page 9)	<u><u>\$ 3,075,597</u></u>

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

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2010

**REVENUES**

Intergovernmental revenues:	
Capital/Maintenance	\$ 183,070
Operating	321,161
Rents	11,981
Interest	998
Total Revenues	<u>517,210</u>

**EXPENDITURES**

Administrative charges	197,084
Accounting and auditing	6,986
Ecology preserve	12,971
Insurance	2,050
Legal expenditures	6,224
Consulting/engineering	61,059
Maintenance	136,538
Other	24,167
Capital outlay	61,431
Total Expenditures	<u>508,510</u>
Net Change in Fund Balance	8,700
Fund Balance - Beginning of Year	<u>80,070</u>
Fund Balance - End of Year	<u><u>\$ 88,770</u></u>

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

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of Governmental Funds to the  
Government-Wide Statement of Activities - Governmental Activities  
For the Year Ended June 30, 2010

Net change to fund balance - total governmental fund (page 13)	\$	8,700
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Amounts reported for governmental activities in the  
statement of activities are different because:

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

Capital outlay	\$	61,431
Depreciation		<u>(7,899)</u>
Change in net assets of governmental activities (page 10)	<u>\$</u>	<u>62,232</u>

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

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Notes to the Financial Statements  
June 30, 2010

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

**A. Reporting Entity**

In November of 2006 Napa County voters approved Measure I establishing the Napa County Regional Park and Open Space District. The purpose of the District is to plan, improve and operate a system of public parks, trails, outdoor recreational facilities, and outdoor science and conservation education programs, as well as to protect and preserve natural areas, wildlife habitat and other open space resources. Its jurisdiction includes all of Napa County.

The District is governed by a Board of Directors whose members are directly elected by the public in each of five wards. Ward boundaries coincide with the County's Board of Supervisors' districts.

The District includes all activities (operations of its administrative staff and District officers) considered to be a part of the District. The District reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 14, relating to the financial reporting entity to determine whether the District is financially accountable for other entities. The District has determined that no other outside entity meets the above criteria, and therefore, no District has been included as a component unit in the financial statements. In addition, the District is not aware of any entity that would be financially accountable for the District that would result in the District being considered a component unit of that entity.

**B. Basis of Presentation and Accounting**

*Government-Wide Statements*

The statement of net assets and statement of activities display information about the primary government (District). These statements include the financial activities of the overall District.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Notes to the Financial Statements  
June 30, 2010

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

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

*Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources method and the modified accrual basis of accounting. This method recognizes revenues in the accounting period in which they become measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within sixty days of the end of the current fiscal period. Significant revenues that have been treated as “susceptible” to accrual under the modified accrual basis of accounting include taxes, charges, interest and intergovernmental revenues. Expenditures are recognized in the accounting period in which the related fund liability is incurred.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) value in exchange, include sales taxes, grants, entitlements and donations. On a modified accrual basis, revenues from sales taxes are recognized when the underlying transactions take place and have met the availability criteria. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District reports the following major governmental fund:

- The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government.

**C. Capital Assets**

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. The District 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. 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:

Buildings and improvements	25 to 50 years
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**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Notes to the Financial Statements  
June 30, 2010

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

**D. Use of Estimates**

The preparation of 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: **Cash and Investments**

Cash at June 30, 2010, consisted of the following:

Cash in County treasury	\$ <u>110,654</u>
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The District maintains all of its cash and investments with the Napa County Treasurer in an investment pool. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Napa's financial statements may be obtained by contacting the County of Napa's Auditor-Controller's office at 1195 Third Street, Room B-10, Napa, California 94559. The Napa County Treasury Oversight Committee oversees the Treasurer's investments and policies.

Required disclosures for the District's deposit and investment risks at June 30, 2010, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value. The District has no deposit or investment policy that addresses a specific type of risk.

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Notes to the Financial Statements  
June 30, 2010

Note 3: **Capital Assets**

The District purchased land and buildings in the current fiscal year. Capital assets activity for the year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 2,542,319	\$ --	\$ --	\$ 2,542,319
Construction in progress	--	61,431	--	61,431
Total capital assets, not being depreciated	<u>2,542,319</u>	<u>61,431</u>	<u>--</u>	<u>2,603,750</u>
Capital assets, being depreciated:				
Buildings	394,925	--	--	394,925
Less accumulated depreciation for:				
Buildings	<u>(3,949)</u>	<u>(7,899)</u>	<u>--</u>	<u>(11,848)</u>
Total capital assets, being depreciated, net	<u>390,976</u>	<u>(7,899)</u>	<u>--</u>	<u>383,077</u>
Total capital assets, net	<u>\$ 2,933,295</u>	<u>\$ 53,532</u>	<u>\$ --</u>	<u>\$ 2,986,827</u>

Note 4: **Related Party Transactions**

During the year ended June 30, 2010, the District paid the County of Napa, a related party \$203,438 for accounting, management, administrative, and legal services. The District also received grants from the County in the amount of \$321,161 for administration, planning and operations and \$149,738 for specific capital and trail improvement projects.

Note 5: **Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Insurance to cover risk of loss for the District is secured through commercial carriers.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 834,054	\$ 728,614	\$ 504,231	\$ (224,383)
Rents	8,000	11,700	11,981	281
Interest	--	1,200	998	(202)
Total Revenues	<u>842,054</u>	<u>741,514</u>	<u>517,210</u>	<u>(224,304)</u>
<b><u>EXPENDITURES</u></b>				
Administrative charges	228,130	213,000	197,084	15,916
Accounting and auditing	6,500	8,500	6,986	1,514
Ecology preserve	14,000	14,000	12,971	1,029
Insurance	7,000	3,000	2,050	950
Legal expenditures	9,000	6,000	6,224	(224)
Professional services	105,800	124,970	122,490	2,480
Maintenance	217,624	162,184	136,538	25,646
Other	264,000	249,860	24,167	225,693
Total Expenditures	<u>852,054</u>	<u>781,514</u>	<u>508,510</u>	<u>273,004</u>
Net Change in Fund Balance	<u>\$ (10,000)</u>	<u>\$ (40,000)</u>	8,700	<u>\$ 48,700</u>
Fund Balance - Beginning of Year			<u>80,070</u>	
Fund Balance - End of Year			<u>\$ 88,770</u>	

**NAPA COUNTY REGIONAL PARK  
AND OPEN SPACE DISTRICT**

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2010

**BUDGET AND BUDGETARY ACCOUNTING**

The District prepares and legally adopts a final budget on or before August 30<sup>th</sup> of each fiscal year. The District's operation, commencing July 1<sup>st</sup>, is governed by the proposed budget, adopted by the Board of Directors in June of the prior year.

After the budget is approved, the appropriations can be added to, subtracted from or changed only by approval of the Board of Directors. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the District.

An operating budget is adopted each fiscal year on the modified accrual basis. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent years and included in the subsequent years' budgets. Unencumbered appropriations lapse at year-end.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level. For the year ended June 30, 2010, expenditures exceed appropriations in the legal expenditures category by \$224.

The budget is adopted on a basis consistent with generally accepted accounting principles.

## **OTHER REPORT**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members  
of the Board of Directors  
Napa County Regional Park and Open Space District  
Napa, California

We have audited the financial statements of Napa County Regional Park and Open Space District (District) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 2, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Members of the  
Board of Directors  
Napa County Regional Park and Open Space District  
Napa, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management of the District and state agencies and is not intended to be and should not be used by anyone other than these specified parties.



Roseville, California  
November 2, 2010