

County of Napa, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2012



TRACY A. SCHULZE
Auditor-Controller

Mission Statement

The County of Napa is dedicated to preserving agriculture and the environment and to providing leadership and services to advance the health, safety and economic well-being of current and future generations.

*Adopted by the
Napa County Board of Supervisors – April 6, 2009*

Core Values

Integrity - Demonstrate the highest ideals of honesty and fairness.

Accountability - Seek always to uphold the law, be fiscally prudent and open to the public.

Service - Value public service as a calling and strive for excellence in all that we do.

*Adopted by the
Napa County Board of Supervisors – April 10, 2007*

County of Napa, California
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2012



TRACY A. SCHULZE
Auditor-Controller



COUNTY OF NAPA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2012

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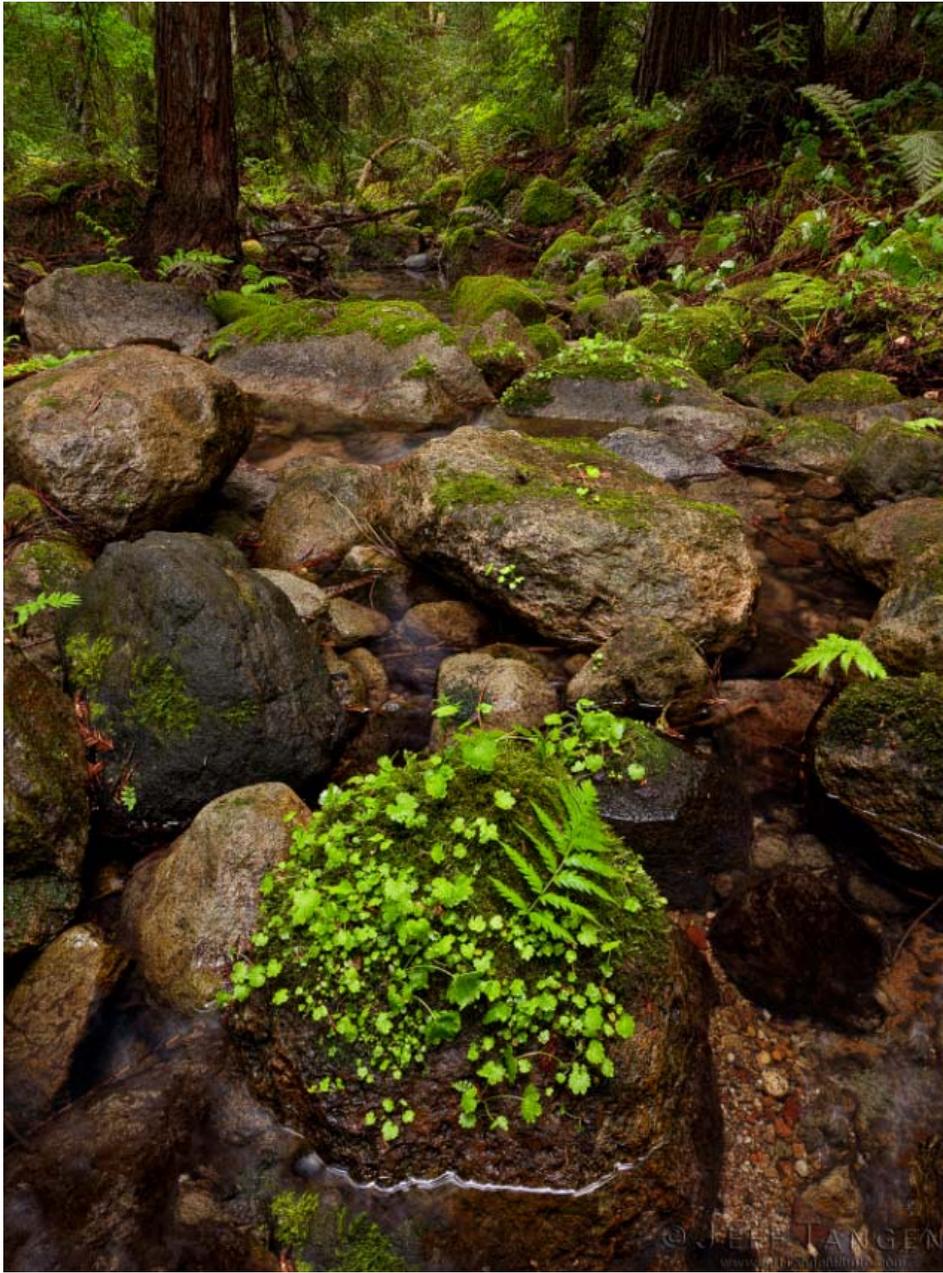
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Photography by Jeff Tangen, <http://www.jefftangenphoto.com>

LAS POSADAS STATE FOREST

Las Posadas is located 3 miles S.E. of Calistoga in Angwin. This trail system has everything a mountain biker could want. Shady single track through manzanita tunnels, smooth fast descents down the back side fire roads, lazy table tops, rock drops and beautiful views from Inspiration Point.



Introductory Section



Photography Courtesy of Napa County Parks and Open Space District

Egret along Napa River and Bay Trail

The Napa River rises in northwestern Napa County just south of the summit of Mount Saint Helena in the Mayacamas Mountains of the California Coast Ranges.



A Tradition of Stewardship
A Commitment to Service

County Executive Office

Nancy Watt
County Executive Officer

Auditor-Controller

Tracy A. Schulze
Auditor-Controller

December 17, 2012

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, 2012.

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.

Gallina LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of Napa's financial statements for the year ended June 30, 2012. 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 population. 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, environmental management, health services, senior citizen assistance, a variety of public assistance programs, library services, airport services, road maintenance, and fire protection.

The Board of Supervisors is required to adopt a final budget no later than October 2. 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 division (e.g., Sheriff). With certain limitations, department heads may transfer resources within a division as they see fit. Transfers between divisions, however, need special approval from the Board of Supervisors.

Local Economy

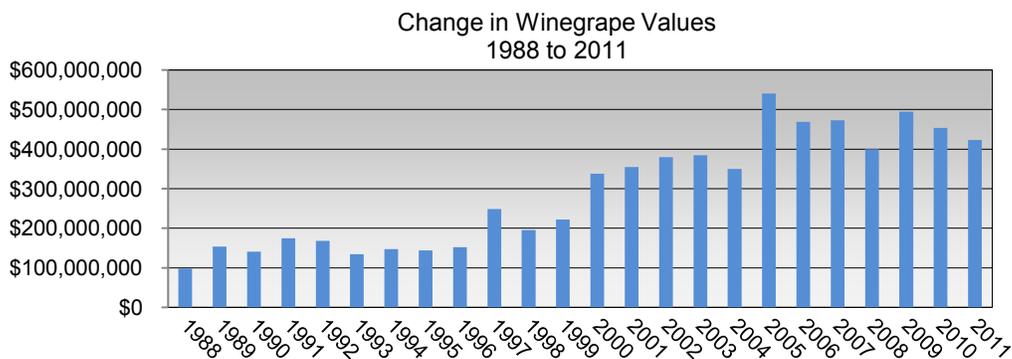
In the heart of the wine country, the County of Napa includes one of California's most beautiful valleys. The temperate year round climate provides ideal weather for the growth of world-class wine grapes. The valley's unique microclimates also allow residents and visitors the opportunity to take full 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 138,255 resides primarily in the five municipalities 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.

The most recent study (2012) prepared by Stonebridge Research Group LLC for the Napa Valley Vintners shows a total economic impact of more than \$13.3 billion on the Napa County economy from the local wine industry in 2011. In addition, the Napa Valley's wine and vineyard sector directly, and indirectly through services and products, provides nearly 46,000 jobs in the County and generates nearly \$5.2 billion in taxes, across federal, state, and local levels.

According to the Napa County Agricultural Commissioner's Annual Crop Report for 2011, wine grapes represent 98.4% of the value of all agricultural production in the County. Without factoring inflation, the annual value of wine grape production decreased 6.7% when compared to 2010. 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 following graph demonstrates the trend of winegrape values from 1988 through the end of fiscal year 2011.



Major industries located within the County's boundaries, or in close proximity, include grape growers and wine producers and manufacturers of wine industry related products. The State of California also has a significant economic presence due to a major mental health facility that provides employment to more than 2,300 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.

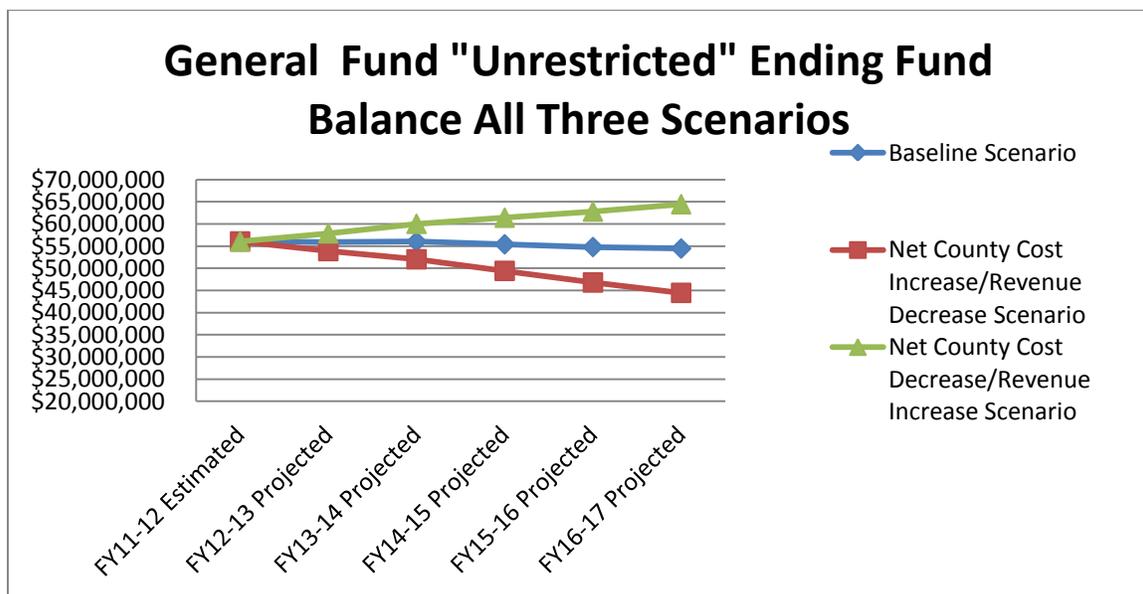
Napa County's unemployment rate has consistently been well below the State average, although it does follow the State trend generally. As of June 30, 2012, according to the California Employment Development Department data, during the past ten years, the unemployment rate in Napa County increased from 4.8 percent (2003) to 9.3% (2010) before falling to 7.8 percent (2012), following recent state and national trends. As a comparison Statewide, Napa County has the third lowest unemployment rate, with the statewide average rate of 10.7 percent as of June 30, 2012.

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 assignments. In fiscal year 2010-11 the General Fund reserves, including commitments and assignments, was \$35.1 million or 17.5 percent of total General Fund expenditures; in fiscal year 2011-12 it was \$58.8 million or 29.4 percent. These include funds assigned 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.

The County issued 2012 Refunding Certificates of Participations during the 2011-12 fiscal year. Proceeds from the issuance refunded the outstanding 2003 Certificates of Participation, provided funding for a reserve, and covered the costs of issuance. The refunding debt was issued to take advantage of lower interest costs and will generate net present value savings in excess of \$2.2 million over the life of the issuance. In FY2011-12, General Fund debt service represented 1.3% of General Fund expenditures and over the last five fiscal years, General Fund debt service has ranged between 1.24% and 1.46% of General Fund expenditures. The County has an historical practice of not issuing new General Fund supported debt until existing debt is paid in full.

In 2012, the County prepared a formal General Fund five-year revenue and expenditure forecast for consideration by the Board of Supervisors (see following graph). The five year forecast projected the unrestricted General Fund ending balance (which includes committed, assigned and unassigned fund balance categories) 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 scenario that assumed a \$2 million increase in Net County Cost starting fiscal year 2012-13; and a revenue increase/expenditure decrease scenario, that assumed a \$2 million decrease in Net County Cost starting in fiscal year 2012-13.



The baseline scenario projected a fiscal year 2016-17 General Fund unrestricted ending balance of approximately \$55 million, a decrease of approximately \$850,000 from the estimated fiscal year 2011-12 unrestricted ending balance. The revenue reduction/expenditure increase scenario resulted in an estimated fiscal year 2015-16 unrestricted ending balance of approximately \$45 million. The revenue increase/expenditure decrease scenario resulted in a fiscal year 2016-17 unrestricted fund balance projection of approximately \$65 million.

A projected fiscal year 2016-17 unrestricted ending fund balance that ranges from \$45 to \$65 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 significant change in economic conditions, policies, or programs: (1) the County's General Fund will likely be close to structural balance over the next five years, with the downside risks being slightly greater than the upside risks; and (2) given the relatively robust nature of the General Fund's fund balance, even under the worst case scenario the County would likely have time to address the problem in a careful and thoughtful way by implementing the Board's approved Fiscal Contingency Plan. And, in fact, the Board has already approved implementing all of the short-term actions in the County Strategic Financial Plan's Fiscal Contingency Strategy and seven of the 13 longer-term actions. The County plans to continue to use the tools provided for in the Fiscal Contingency Strategy to carefully calibrate our budget actions to address the General Fund structural imbalance, while avoiding unnecessarily disruptive expenditure reductions.

One of the major factors that will impact the fiscal condition of the General Fund is the amount of returned property tax the County will receive in the form of excess Education Revenue Augmentation Fund (ERAF) contributions. Excess ERAF is a relatively uncertain revenue source for Napa. Fiscal year 2008-09 was the first year the County General Fund received excess ERAF in the amount of \$6.6 million. That amount has grown to \$12.4 million in fiscal year 2011-12. The increase in funding from this source is related in large part to reductions in State funding for schools. The Five Year Forecast projections assume that the General Fund will receive \$5 million each year in excess ERAF. Although the revenues received have been higher in the past, this funding is very volatile. The projections are consistent with Board policy which states that the County should not rely on the General Fund receiving more than \$5 million a year in excess ERAF revenue to fund on-going operations. That policy further states that any excess ERAF revenue received in each year above the \$5 million level be transferred to the Accumulated Capital Outlay Fund or used for other one-time-only needs.

The County has developed a Facilities Master Plan for our Health and Human Services and Downtown Napa Campuses, and staff has prepared for Board consideration a Five-Year Capital Improvement Plan (CIP). The Board of Supervisors has approved an Adult Correctional System Master Plan which, among other things, calls for implementing evidence-based practices designed to reduce offender recidivism and for increasing the number of jail beds by approximately 32 percent by 2025. 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 2006-07 budget, the Board of Supervisors established an Accumulated Capital Outlay Fund that is being used to set aside available resources now to fund future capital needs. For a number of years, the Board has adopted a budget policy that called for placing any remaining discretionary resources after all current year operating, capital, reserve and contingency requirements were met (including, any excess ERAF revenue above \$5 million a year) in capital reserves. At the end of fiscal year 2011-12, the Accumulated Capital Outlay Fund balance stood at approximately \$35.2 million.

The County of Napa contracts with CalPERS to provide retirement benefits and Other Post Employment Benefits (OPEB) for approximately 1,280 County employees. CalPERS is the largest pension system in the Country providing benefits to 1.6 million public employees and retirees and has total assets of approximately \$239 billion as of June 30, 2011 in its pension portfolio. The annual cost of retirement benefits is the result of a number of factors including the actuarial cost of future benefits, the value of current plan assets, and projected investment earnings. The County's fiscal year 2012-2013 adopted budget includes approximately \$19.4 for the County's share of pension costs, which

makes up approximately 5.1% of the overall County budget. The General Fund portion of this cost is approximately \$11.9 million, which represents approximately 6.9% of the total General Fund budget. In addition to the County's contribution, non-safety employees contribute approximately 23.6% of their overall cost of retirement benefits, while safety employees currently contribute approximately 21.3% of their overall cost of retirement benefits. The County began prepaying its pension obligation for miscellaneous members in fiscal year 2010-2011 and will continue this practice in the foreseeable future to take advantage of the approximate \$450,000 discount.

Finally, in fiscal year 2006-07, the Board of Supervisors made the decision to fully fund the County's \$34 million Other Post Employment Benefits (OPEB) unfunded liability. Currently, the County is funding this liability over a 20 year period. Funding for this purpose began in fiscal year 2007-08 and is included annually in County budgets.

Relevant Financial Policies

In February of 2012, the Board of Supervisors approved the County's current Strategic Financial Plan. That Plan lays out various principles and policies (including a Resource Allocation Strategy and Fiscal Contingency Strategy) designed to ensure the County's fiscal sustainability over the five year period ending in FY2016-17).

Budget policies are also adopted annually 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 the Fiscal Contingency Plan and these policies, the Board of Supervisors has established the following reserve and contingency guidelines:

- Maintain the balance of General Reserve equivalent to 10% percent of General Fund appropriations, excluding the appropriation for Contingency and General Fund transfer to the ACO Fund. General Reserves are typically used for two purposes: to provide funds that can be used in future years to balance the budget during a fiscal emergency (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.
- Maintain the balance of the Designation for Fiscal Uncertainty equivalent to 10% percent of General Fund appropriations, with the same exclusions as for the General Reserve. This Designation would be used, if necessary, to help balance the General Fund in times of fiscal distress.
- Place a minimum of 3% of General Fund appropriations into a Contingency appropriation. The contingency would be utilized to cover the impact of unanticipated cost increases or revenue decreases during the fiscal year.
- Once the General Reserve and Designation for Fiscal Uncertainty equal 20 percent of General Fund appropriations, all remaining un-appropriated discretionary resources will be transferred to the Accumulated Capital Outlay fund for future County capital improvement needs.

Major Initiatives

In 1998, the voters of Napa County approved Measure A which authorized 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 fourteen 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. Progress continues to be made on 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 \$561.1 million with the Federal government responsible for 50 to 75 percent of the total costs and the local sponsor responsible for 25 to 50 percent of the total costs. Monies for the Project are derived from Napa County Measure A; 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 California Coastal Conservancy.

On December 7, 2010, the Board of Supervisors authorized the allocation of \$500,000 of the County's Affordable Housing Trust Fund to initiate a pilot Worker Proximity Housing Assistance program. The program was launched in Spring 2011. The Board has subsequently allocated an additional \$886,000 for this program, bringing the total to \$1,386,000. As of November 2012, the pilot program has received over 200 inquiries and 41 applications. Thirty-one applications have been approved and 18 loans have been closed, totaling \$582,000. We have committed \$300,000 for individuals who have not yet closed on their homes.

In July of 2010, the Board of Supervisors established the Napa Valley Tourism Improvement District (NVTID). The purpose of the NVTID is to promote tourism throughout Napa County, and its activities are funded by a 2% assessment on gross short term (less than 30 days) room rentals on lodging businesses. The NVTID encompasses lodging businesses who pay Transient Occupancy Taxes in the unincorporated area, as well as within the cities of St. Helena, Napa, Calistoga, American Canyon, and the Town of Yountville. The NVTID also approves the Management District Plan (Plan) and the levy of assessments. In fiscal year 2011-12, the assessment brought in approximately \$3.9 million for marketing throughout the valley.

Awards and Acknowledgements

Napa County's Auditor-Controller's Office received its twelfth straight "Award for Achieving Excellence in Financial Reporting" from the California State Controller's Office. This award is given to California counties that meet the criteria and timeliness for State financial transactions reporting.

In 2011, Napa County's Information Technology Services Department received national recognition as the result of a survey conducted by the Center for Digital Government. Napa County ranked second in the nation for counties with a population of 150,000 or less. This is an award recognizing innovation and achievement in technology implemented by county governments. In 2012, Napa County was ranked fifth in the nation in the same survey.

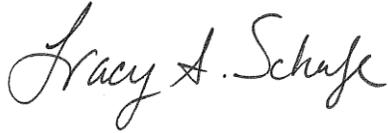
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Napa County for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the seventh consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must 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 County was awarded the California State Association of Counties 2012 Challenge Award recognizing innovation in county government. The award was presented to the County for the success of its Worker Proximity Housing Assistance Program which promotes affordable workforce housing, while reducing greenhouse gasses and commutes for people who work in Napa County.

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 Offices. 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,



Tracy A. Schulze
Auditor-Controller



Nancy Watt
County Executive Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Napa California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

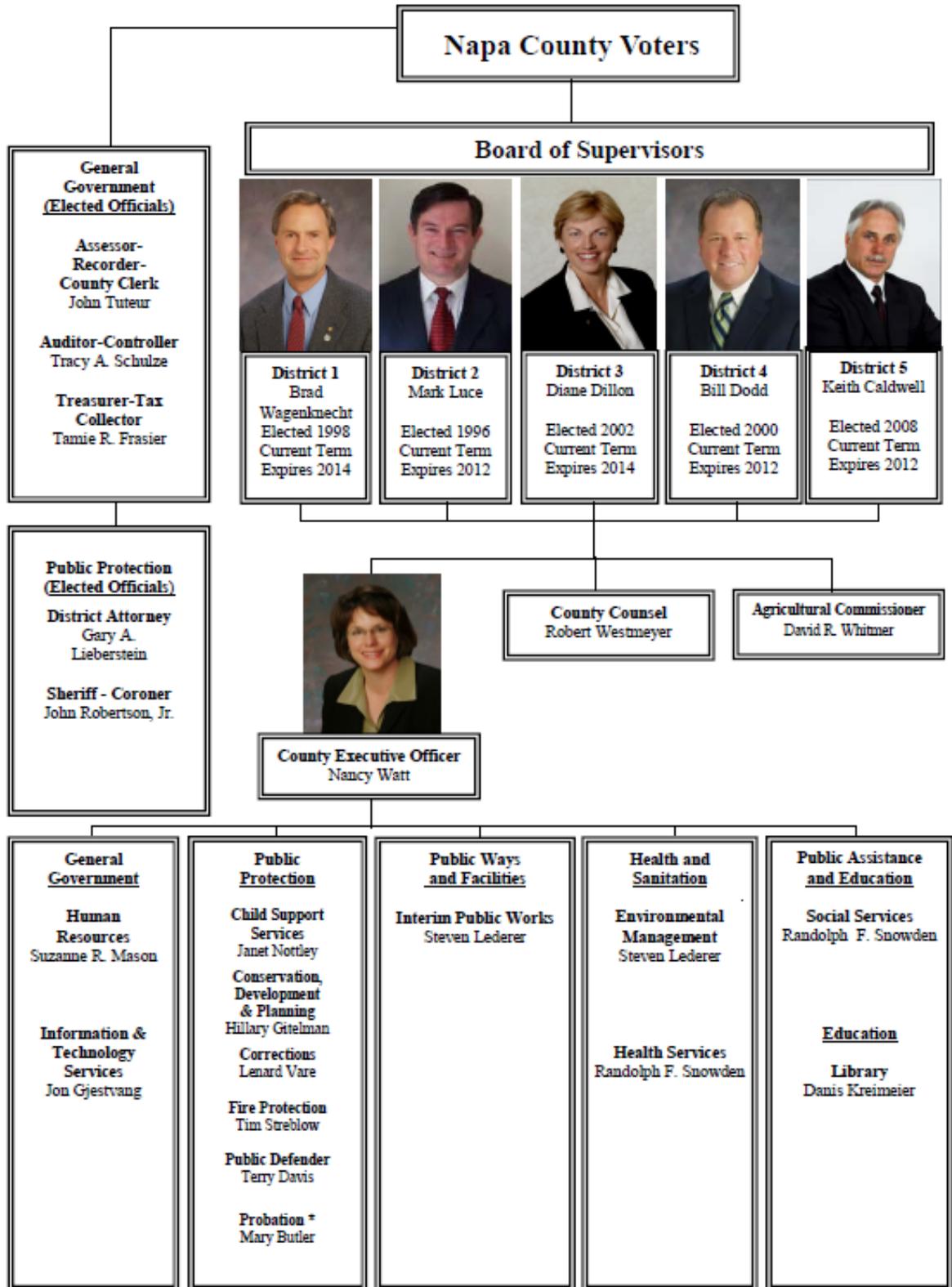


Christopher P. Morinell

President

Jeffrey R. Emer

Executive Director



* Appointed by the Napa County Superior Court

ELECTED OFFICIALS**June 30, 2012**

| | |
|--------------------------------|---------------------|
| Supervisor, District 1 | Brad Wagenknecht |
| Supervisor, District 2 | Mark Luce |
| Supervisor, District 3 | Diane Dillon |
| Supervisor, District 4 | Bill Dodd |
| Supervisor, District 5 | Keith Caldwell |
| Assessor-Recorder-County Clerk | John Tuteur |
| Auditor-Controller | Tracy A. Schulze |
| District Attorney | Gary A. Lieberstein |
| Sheriff-Coroner | John Robertson, Jr. |
| Treasurer-Tax Collector | Tamie R. Frasier |

APPOINTED OFFICIALS

| | |
|--|---------------------|
| Agricultural Commissioner | David R. Whitmer |
| Child Support Services Director | Janet Nottley |
| Clerk of the Board | Gladys Coil |
| Conservation Development and Planning Director | Hillary Gitelman |
| Corrections Director | Lenard Vare |
| County Counsel | Robert Westmeyer |
| County Executive Officer | Nancy Watt |
| Environment Management Director | Steve Lederer |
| Fire Protection | Tim Streblov |
| Health & Human Services Director | Randolph F. Snowden |
| Human Resources Director | Suzanne R. Mason |
| Information Technology Systems Director | Jon Gjestvang |
| Library Director | Danis Kreimeier |
| Chief Probation Officer | Mary Butler |
| Public Defender | Terry Davis |
| Interim Public Works Director | Steve Lederer |



Financial Section



Photography Courtesy of Napa County Parks and Open Space District

Oat Hill Mine Trail



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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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, 2012, 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 17, 2012, 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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, combining and individual nonmajor 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 combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Gallina LLP

Roseville, California
December 17, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS





Photography Courtesy of Napa County Parks and Open Space District

Bothe-Napa Valley State Park

Bothe-Napa Valley State Park is a state park of California, USA, preserving forested land in Napa Valley. It contains the farthest inland coast redwoods in a California state park.

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, 2012. 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 2011-2012 fiscal year by \$367,050,737 (*net assets*). Of this amount, \$134,060,538 (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, \$100,073,111 is restricted for debt service, capital projects, grants and special taxes, and \$132,917,088 is invested in capital assets, net of related debt.
- As of June 30, 2012, spendable fund balance for the general fund was \$93,579,804, or 46.7%, of total general fund expenditures. These funds will be considered in subsequent fiscal years' budgets.
- As of June 30, 2012, the total County governmental funds reported combined fund balances of \$239,330,760. Approximately 98.9% of the combined fund balances, \$236,254,382, is available to meet the County's current and future needs (spendable fund balance).
- The County's total long-term debt, consisting of certificates of participation, bonds and loans, decreased by \$5,257,362 in comparison with the prior year. The net decrease was due to the County making scheduled debt service payments and the refunding of the 2003 Certificates of Participations during the year.

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 principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions 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 and cultural services. The business-type activities of the County include Napa County Airport, Lake Berryessa Resort Improvement District, Fifth Street Parking Garage, Napa Berryessa Resort Improvement District, Napa County Housing Authority, and Napa County Animal Shelter.

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 25-27 of this report.

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 102 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, Accumulated Capital Outlay Fund and Roads Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Fund data for these non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

The governmental funds financial statements can be found on pages 31-34 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, Fifth Street Parking Garage, Napa Berryessa Resort Improvement District, Napa County Housing Authority, and Napa County Animal Shelter operations. *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 fleet maintenance and replacement, information technology services, workers' compensation insurance and long-term disability, personal injury and property damage, and employee/retiree benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The County's five internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for both the nonmajor enterprise and the internal service funds is provided in the supplementary information section of this report.

The proprietary funds financial statements can be found on pages 35-38 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 39-40 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 41-75 of this report.

Required Supplementary Information is presented concerning actuarial information related to the County's retirement and retiree healthcare plans as well as certain budgetary information. Budgetary comparison schedules have been provided for all major governmental funds to demonstrate compliance with the County's adopted annual appropriated budget for each fund.

The required supplementary information can be found on pages 79-93 of this report.

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

The required combining and individual fund statements and schedules can be found on pages 98-153 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 \$367,050,737 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 | | Dollar | Percent |
|---|-------------------|-------------------|-----------------|------------------|-------------------|-------------------|------------------|--------------|
| | Activities | | Activities | | | | Change | Change |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | | |
| Current and other assets | \$ 290,460 | \$ 278,022 | \$ 5,514 | \$ 6,629 | \$ 295,974 | \$ 284,651 | \$ 11,323 | 4.0% |
| Capital assets | 118,772 | 121,310 | 47,367 | 46,305 | 166,139 | 167,615 | (1,476) | -0.9% |
| Total assets | \$ 409,232 | \$ 399,332 | \$52,881 | \$ 52,934 | \$ 462,113 | \$ 452,266 | 9,847 | 2.2% |
| Current and other liabilities | \$ 28,405 | \$ 27,024 | \$ 896 | \$ 1,222 | \$ 29,301 | \$ 28,246 | \$ 1,055 | 3.7% |
| Long-term liabilities | 60,973 | 66,391 | 4,788 | 4,961 | 65,761 | 71,352 | (5,591) | -7.8% |
| Total liabilities | 89,378 | 93,415 | 5,684 | 6,183 | 95,062 | 99,598 | (4,536) | -4.6% |
| Net assets: | | | | | | | | |
| Invested in capital assets, net of related debt | 87,909 | 89,334 | 45,008 | 44,265 | 132,917 | 133,599 | (682) | -0.5% |
| Restricted net assets | 99,747 | 93,329 | 326 | 328 | 100,073 | 93,657 | 6,416 | 6.9% |
| Unrestricted net assets | 132,198 | 123,254 | 1,863 | 2,157 | 134,061 | 125,411 | 8,650 | 6.9% |
| Total net assets | \$ 319,854 | \$ 305,917 | \$47,197 | \$ 46,750 | \$ 367,051 | \$ 352,667 | \$ 14,384 | 4.1% |

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

- The largest portion of the County's net assets (36.2%) reflects its investment of \$132.9 million in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets 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 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.
- An additional portion of the County's net assets, (\$100.1 million or 27.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$134.1 million or 36.5%) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net assets have increased by \$14.4 million during the current fiscal year. This increase is the result of the County continuing its conservative spending approach to minimize the impact of the current recession, and increases in certain tax revenues and fees, fines and charges for services. Fiscal year 2011-2012 had a decrease in property tax revenue due to the County recouping one time excess Educational Revenue Augmentation Fund (ERAF) revenues during fiscal year 2010-2011 which were attributable to prior years. This decrease in revenue was expected and taken into consideration when developing the County's fiscal year 2011-2012 appropriations budget.

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

- The County's total assets as of June 30, 2012 amount to \$462.1 million, an increase of \$9.8 million, or 2.2%, from the prior year. The increase in total assets is due to positive operational results reflected in an increase in cash and investments of \$10.9 million and caused by conservative spending policies adopted by the Board of Supervisors.
- The County's total liabilities as of June 30, 2012, are \$95.0 million, a decrease of \$4.6 million, or 4.6%, from the prior year. This decrease was mainly the result of the payment of annual debt service of \$5.3 million.

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

| | Governmental | | Business-type | | Total | | Total | |
|---|-------------------|-------------------|------------------|------------------|-------------------|-------------------|------------------|--------------|
| | Activities | | Activities | | Total | | Dollar | Percent |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | Change | Change |
| Revenues: | | | | | | | | |
| Program revenues: | | | | | | | | |
| Fees, fines and charges for services | \$ 47,596 | \$ 46,060 | \$ 4,454 | \$ 4,905 | \$ 52,050 | \$ 50,965 | \$ 1,085 | 2.1% |
| Operating grants and contributions | 97,658 | 96,232 | 178 | 154 | 97,836 | 96,386 | 1,450 | 1.5% |
| Capital grants and contributions | 1,181 | 1,237 | 2,681 | 1,611 | 3,862 | 2,848 | 1,014 | 35.6% |
| General revenues: | | | | | | | | |
| Property taxes | 92,483 | 99,140 | 99 | 125 | 92,582 | 99,265 | (6,683) | -6.7% |
| Sales and use taxes | 20,016 | 18,010 | - | - | 20,016 | 18,010 | 2,006 | 11.1% |
| Other taxes | 10,656 | 9,533 | - | - | 10,656 | 9,533 | 1,123 | 11.8% |
| Unrestricted interest and investment earnings | 1,622 | 1,849 | 47 | 59 | 1,669 | 1,908 | (239) | -12.5% |
| Gain (loss) on sale of assets | 41 | 26 | (45) | - | (4) | 26 | (30) | n/a |
| Miscellaneous | 309 | 1,288 | 2 | 2 | 311 | 1,290 | (979) | -75.9% |
| Total revenues | <u>271,562</u> | <u>273,375</u> | <u>7,416</u> | <u>6,856</u> | <u>278,978</u> | <u>280,231</u> | <u>(1,253)</u> | <u>-0.4%</u> |
| Expenses: | | | | | | | | |
| General government | 40,650 | 37,039 | - | - | 40,650 | 37,039 | 3,611 | 9.7% |
| Public protection | 99,880 | 100,258 | - | - | 99,880 | 100,258 | (378) | -0.4% |
| Public ways and facilities | 25,605 | 23,826 | - | - | 25,605 | 23,826 | 1,779 | 7.5% |
| Health and sanitation | 38,684 | 40,839 | - | - | 38,684 | 40,839 | (2,155) | -5.3% |
| Public assistance | 40,218 | 37,019 | - | - | 40,218 | 37,019 | 3,199 | 8.6% |
| Education | 7,198 | 7,541 | - | - | 7,198 | 7,541 | (343) | -4.5% |
| Recreation and cultural studies | 615 | 1,265 | - | - | 615 | 1,265 | (650) | -51.4% |
| Interest on long-term debt | 3,165 | 2,916 | - | - | 3,165 | 2,916 | 249 | 8.5% |
| Administration and issuance costs | 560 | 16 | - | - | 560 | 16 | 544 | 3400.0% |
| Napa County Airport | - | - | 3,053 | 2,678 | 3,053 | 2,678 | 375 | 14.0% |
| Lake Berryessa Improvement District | - | - | 1,176 | 1,178 | 1,176 | 1,178 | (2) | -0.2% |
| Napa County Housing Authority | - | - | 1,258 | 1,249 | 1,258 | 1,249 | 9 | 0.7% |
| Napa Berryessa Improvement District | - | - | 889 | 950 | 889 | 950 | (61) | -6.4% |
| Napa County Animal Shelter | - | - | 1,166 | 1,088 | 1,166 | 1,088 | 78 | 7.2% |
| Fifth Street Parking Garage | - | - | 476 | 455 | 476 | 455 | 21 | 4.6% |
| Total expenses | <u>256,575</u> | <u>250,719</u> | <u>8,018</u> | <u>7,598</u> | <u>264,593</u> | <u>258,317</u> | <u>6,276</u> | <u>2.4%</u> |
| Excess (deficiency) before transfers | 14,987 | 22,656 | (602) | (742) | 14,385 | 21,914 | (7,529) | |
| Transfers | (1,049) | (497) | 1,049 | 497 | - | - | - | 0.0% |
| Change in net assets | 13,938 | 22,159 | 447 | (245) | 14,385 | 21,914 | (7,529) | -34.4% |
| Net assets - beginning | 305,916 | 283,757 | 46,750 | 46,995 | 352,666 | 330,752 | 21,914 | 6.6% |
| Net assets - ending | <u>\$ 319,854</u> | <u>\$ 305,916</u> | <u>\$ 47,197</u> | <u>\$ 46,750</u> | <u>\$ 367,051</u> | <u>\$ 352,666</u> | <u>\$ 14,385</u> | <u>4.1%</u> |

Governmental activities. Governmental activities increased the County's net assets by \$14.0 million, thereby accounting for 96.9% of the total growth in the net assets of the County. This increase is attributable to conservative spending policies adopted by the Board of Supervisors and the recovery of certain tax revenues and fees, fines and charges for services.

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

- Property taxes decreased by \$6.7 million, or 6.7%, from the prior year. The decrease was due to the recognition of one time excess ERAF revenues attributable to prior years during fiscal year 2010-2011. Without considering the one time revenues, property tax revenues would have increased during fiscal year 2011-2012 by \$1.3 million.
- Sales and use tax increased by \$2.0 million, or 11.1%, from the prior year as the local economy begins to recover from the current recession.
- Other taxes increased by \$1.1 million, or 11.8%, from the prior year due to an increase of transient occupancy tax revenue generated by the recovering of the local tourism industry.

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

- General Government expenses increased by \$3.6 million, or 9.7%, from the prior year. A significant portion of this increase, \$1.6 million, was attributable to tourism marketing expenses resulting from the tourism improvement assessment while \$1.0 million was related to remodel work begun on the County Administration Building to consolidate permitting functions and provide a more user friendly and efficient process.
- Public assistance expenses increased by \$3.2 million, or 8.6%, from the prior year. This increase was due to the allocation of \$3.0 million of administrative costs reported with health and sanitation in previous years. This increase is partially offset by a decrease in health and sanitation expenditures.
- Debt administration and issuance costs increased by \$0.5 million, or 3400%, from the prior year. The increase was due to costs incurred while refunding the 2003 Certificates of Participation with the newly issued 2012 Certificates of Participation.

Business-type activities. Business-type activities increased the County's net assets by \$0.5 million, thereby accounting for 3.1% of the total growth in the net assets of the County. This increase was due to additional Federal funding received by the Napa County Airport which offset decreases in the net assets of all other business-type funds.

Key elements of the increase/decrease in revenues for business-type activities are as follows:

- Fees, fines and charges for services decreased by \$451,000, or 9.2%, from the prior year. A significant portion of the decrease was the result of lost revenues from Japan Airlines vacating the Napa County Airport midway through fiscal year 2010-2011.
- Capital grants and contributions increased by \$1.0 million, or 66.4%, from the prior year. The increase was due to a \$2.2 million increase in Federal reimbursements received by the Napa County Airport partially offset by a \$1.0 million decrease in 2009 Federal American Recovery and Reinvestment Act funding received by Lake Berryessa Resort Improvement District.

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, total fund balance less the nonspendable portion is a useful measure of a government's resources available for spending at the end of the fiscal year.

At June 30, 2012 the County's governmental funds reported combined fund balances of \$239,330,760, an increase of \$8,262,783 in comparison with last year. Approximately 98.9%, or \$236.3 million, of the total fund balance is available to meet the County's current and future needs. With approval of the Board of Supervisors, a portion of fund balance can be earmarked to a particular function, project or activity, within both the current and future fiscal years. With the exception of the nonspendable portion, fund balances are available for appropriation at any time. The components of total fund balance are as follows (for more information, see Note 9 – Fund Balance):

- *Nonspendable fund balance*, \$3.1 million. Represents amounts that are not in spendable form, or are legally or contractually required to remain intact. The nonspendable portion of fund balance is comprised of (1) long term loans receivable and advances from the General Fund, Accumulated Capital Outlay and Debt Service funds of \$2.8 million, (2) prepaid items and an endowment totaling \$276,400.
- *Restricted fund balance*, \$149.7 million. Represents amounts with constraints put on their use by external imposed creditors, grantors, contributors, laws, regulations or enabling legislation. Examples of restrictions on funds are those imposed by (1) enabling legislation and purpose of the fund, \$144.5 million, of which \$53.6 million is restricted within the Napa County Flood Protection and Watershed Improvement Authority, and \$23.8 million is restricted for Affordable Housing (Other Governmental Funds), (2) creditors, \$2.4 million restricted within Debt Service fund (Other Governmental Funds), and (3) \$2.8 million restricted within Capital Projects funds (Other Governmental Funds).
- *Committed fund balance*, \$1.4 million. Represents amounts for specific purposes determined by the Board of Supervisors. This balance is committed to the purchase of Skyline Park.
- *Assigned fund balance*, \$72.2 million. Represents amounts set aside including strategic reserves of \$21.7 million, Tobacco Master Settlement funds of \$11.2 million for future health care programs, Accumulated Capital Outlay funds of \$35.2 million for future major facilities repairs or construction and \$4.1 covering various other programs.
- *Unassigned fund balance*, \$13.6 million. Represents the residual classification for the County's General Fund of \$13.8 million, as well as governmental funds where expenditures exceed other available fund balance, including Child Support Services (\$56,977), In-Home Support Services Authority (\$112,527), and Major Capital Projects Fund (\$6,695).

General Fund: The General Fund is the chief operating fund of the County. At June 30, 2012, the total fund balance of the General Fund was \$95.8 million. The General Fund's total fund balance increased \$7.3 million, or 8.3%, as compared to the prior year. The increase in fund balance is the result of the County continuing its conservative spending approach.

As a measure of the General Fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. Spendable fund balance represents 46.7% of the total fund expenditures. Of the General Fund's spendable fund balance, \$42.5 million, or 45.4%, is restricted while \$1.4 million, or 1.4%, is committed.

Napa County Flood Protection and Watershed Improvement Authority: 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 to be completed over approximately 20 years. At June 30, 2012, the total fund balance of the Flood Authority was \$53.7 million, all of which is restricted. This is an increase of \$1.1 million, or 2.0%, from the prior year due to higher sales tax revenue received in relation to the jurisdictional draws for approved flood projects.

Accumulated Capital Outlay: The Accumulated Capital Outlay fund is used to provide Board of Supervisor designated reserves for future capital needs. At June 30, 2012, the total fund balance was \$35.2 million, all of which is assigned. Total fund balance increased by \$1.7 million, or 5.2%, from the prior year due to contributions from the General Fund.

Roads: 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 roads in the unincorporated area. At June 30, 2012, the total fund balance was \$2.7 million, all of which is restricted. Total fund balance of the Roads fund decreased by \$1.7 million, or 38.8%, due to the expenditure of remaining one time State Proposition 1B funds which were received and recognized in prior fiscal years.

Other governmental funds: The total fund balances of the remaining governmental funds remained relatively stable, decreasing 0.3%, or \$167,674.

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

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

| Revenues by Source | FY 2012 | | FY 2011 | | Increase/(Decrease) | |
|--|-------------------|------------------|-------------------|------------------|---------------------|-------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of change |
| Taxes | \$ 123,155 | 46.0% | \$ 126,682 | 46.3% | \$ (3,527) | -2.8% |
| Licenses and permits | 6,625 | 2.5% | 4,400 | 1.6% | 2,225 | 50.6% |
| Fines, forfeitures and penalties | 3,923 | 1.5% | 3,777 | 1.4% | 146 | 3.9% |
| Revenue from use of money and property | 1,631 | 0.6% | 1,961 | 0.7% | (330) | -16.8% |
| Aid from other governments | 96,937 | 36.2% | 99,079 | 36.2% | (2,142) | -2.2% |
| Charges for services | 34,135 | 12.8% | 35,961 | 13.1% | (1,826) | -5.1% |
| Contributions and donations | 769 | 0.3% | 716 | 0.2% | 53 | 7.4% |
| Other | 344 | 0.1% | 1,293 | 0.5% | (949) | -73.4% |
| Total | \$ 267,519 | 100.0% | \$ 273,869 | 100.0% | \$ (6,350) | -2.3% |

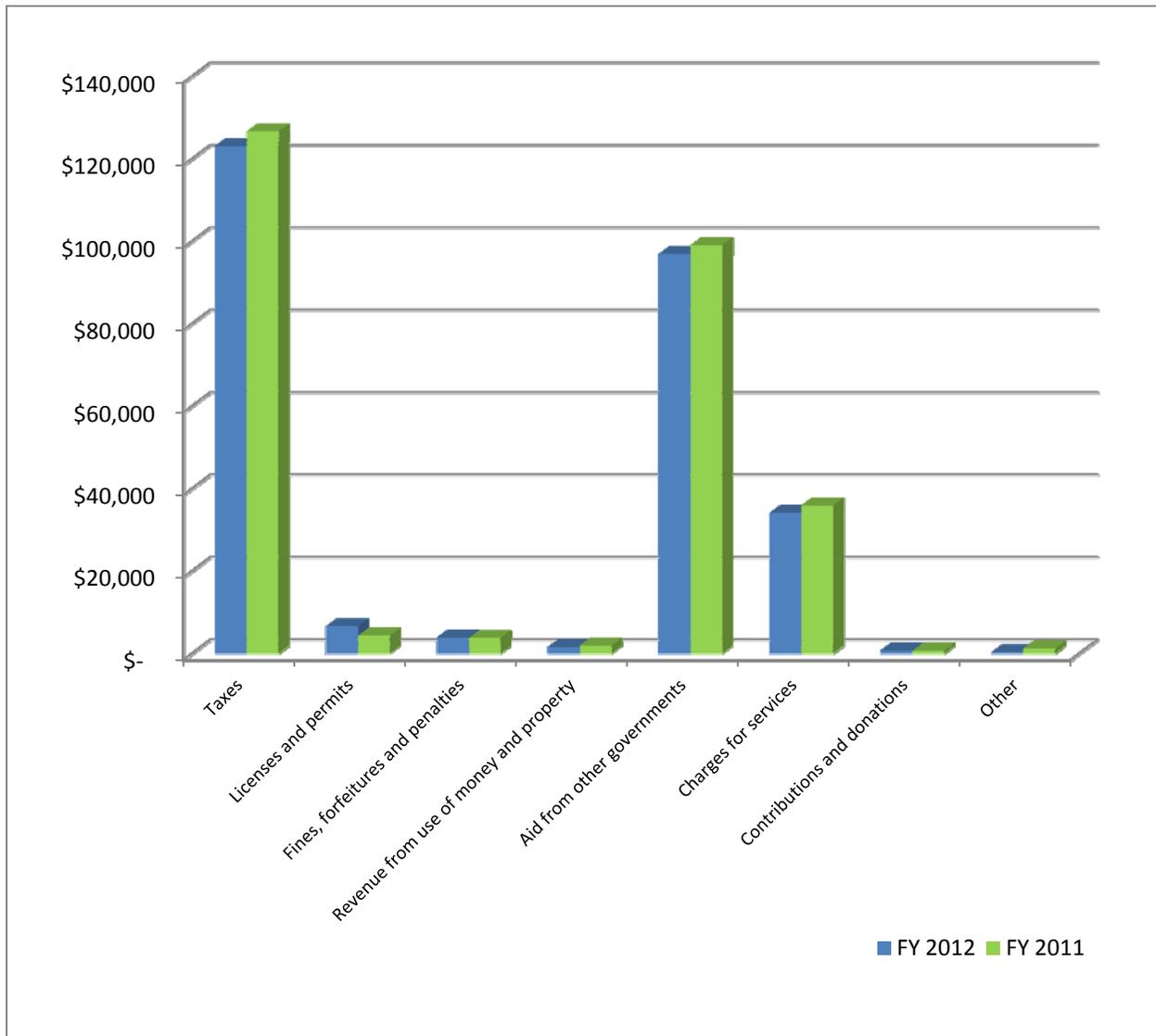
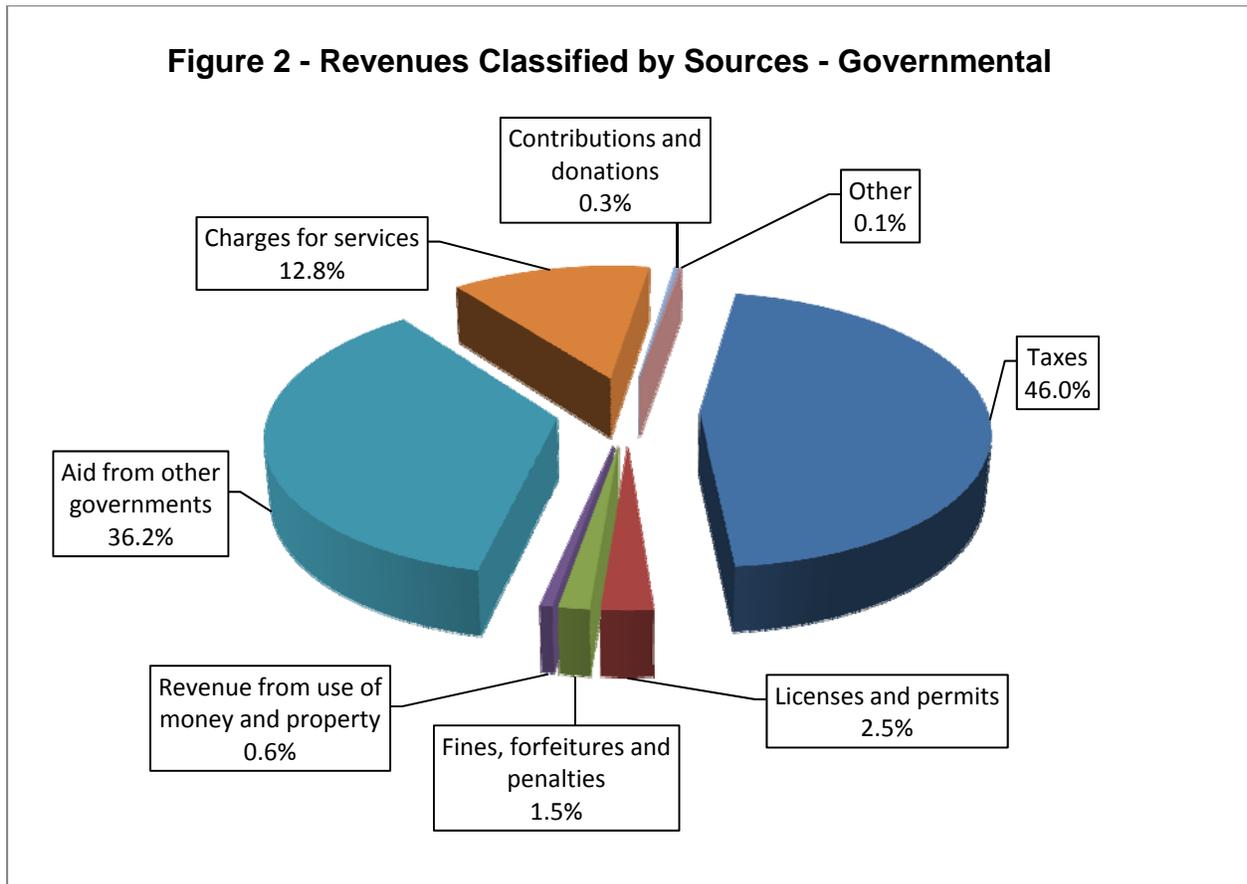


Figure 2 - Revenues Classified by Sources - Governmental



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

- Taxes decreased by \$3.5 million, or 2.8%, from the prior year. Property taxes decreased by \$6.7 million due to the recognition of one time excess ERAF revenues attributable to prior years during fiscal year 2010-2011. Without considering the one time revenues, taxes would have increased by \$4.5 million.
- Licenses and permits increased by \$1.9 million, or 44.0%, from the prior year. A majority of the increase, \$1.3 million, came from the reclassification of Planning revenues formerly included as charges for services (with a corresponding decrease in charges for services) and an increase of \$275,000 in building permits.

Governmental activities. Governmental activities increased the County's net assets by \$14.0 million, thereby accounting for 96.9% of the total growth in the net assets of the County. This increase is attributable to conservative spending policies adopted by the Board of Supervisors and the recovery of certain tax revenues and fees, fines and charges for services.

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

- Property taxes decreased by \$6.7 million, or 6.7%, from the prior year. The decrease was due to the recognition of one time excess ERAF revenues attributable to prior years during fiscal year 2010-2011. Without considering the one time revenues, property tax revenues would have increased during fiscal year 2011-2012 by \$1.3 million.
- Sales and use tax increased by \$2.0 million, or 11.1%, from the prior year as the local economy begins to recover from the current recession.
- Other taxes increased by \$1.1 million, or 11.8%, from the prior year due to an increase of transient occupancy tax revenue generated by the recovering of the local tourism industry.

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

- General Government expenses increased by \$3.6 million, or 9.7%, from the prior year. A significant portion of this increase, \$1.6 million, was attributable to tourism marketing expenses resulting from the tourism improvement assessment while \$1.0 million was related to remodel work begun on the County Administration Building to consolidate permitting functions and provide a more user friendly and efficient process.
- Public assistance expenses increased by \$3.2 million, or 8.6%, from the prior year. This increase was due to the allocation of \$3.0 million of administrative costs reported with health and sanitation in previous years. This increase is partially offset by a decrease in health and sanitation expenditures.
- Debt administration and issuance costs increased by \$0.5 million, or 3400%, from the prior year. The increase was due to costs incurred while refunding the 2003 Certificates of Participation with the newly issued 2012 Certificates of Participation.

Business-type activities. Business-type activities increased the County's net assets by \$0.5 million, thereby accounting for 3.1% of the total growth in the net assets of the County. This increase was due to additional Federal funding received by the Napa County Airport which offset decreases in the net assets of all other business-type funds.

Key elements of the increase/decrease in revenues for business-type activities are as follows:

- Fees, fines and charges for services decreased by \$451,000, or 9.2%, from the prior year. A significant portion of the decrease was the result of lost revenues from Japan Airlines vacating the Napa County Airport midway through fiscal year 2010-2011.
- Capital grants and contributions increased by \$1.0 million, or 66.4%, from the prior year. The increase was due to a \$2.2 million increase in Federal reimbursements received by the Napa County Airport partially offset by a \$1.0 million decrease in 2009 Federal American Recovery and Reinvestment Act funding received by Lake Berryessa Resort Improvement District.

Figure 3 - Expenditures by Function - Governmental

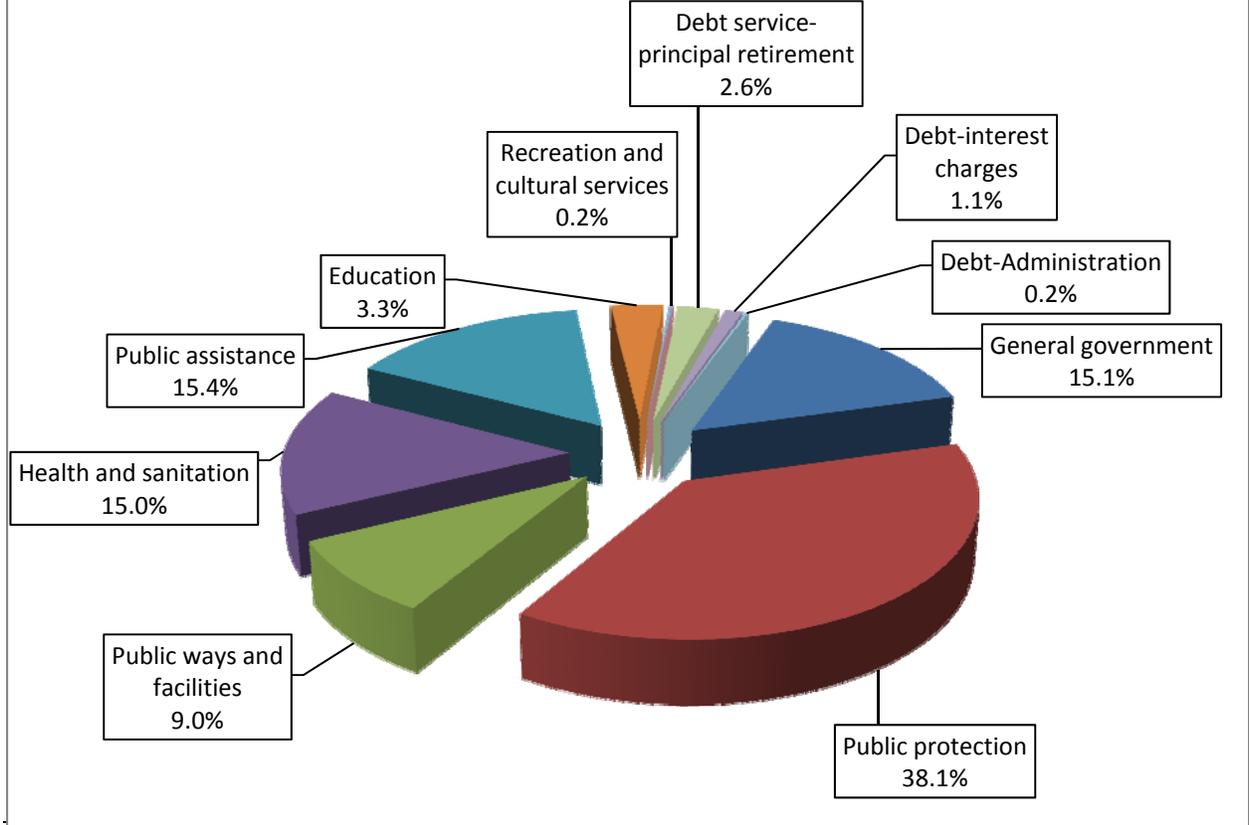


Table 5 details the changes in fund balance for each governmental fund as of June 30, 2012.

Table 5 - Changes in Fund Balances - Governmental Funds
(in thousands)

| | Major Funds | | | | Non-Major Funds | | | Total |
|--|--------------|-----------------|----------------------------|------------|-----------------------|------------------------|-------------------|------------|
| | General Fund | Flood Authority | Accumulated Capital Outlay | Roads Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Fund | |
| Revenues | \$ 216,752 | \$ 14,743 | \$ 246 | \$ 5,384 | \$ 29,864 | \$ 529 | \$ - | \$ 267,518 |
| Expenditures | 200,349 | 13,671 | - | 8,476 | 30,456 | 950 | 4,491 | 258,393 |
| Other financing sources (uses), net | (9,061) | - | 1,496 | 1,366 | (486) | 563 | 5,260 | (862) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 7,342 | 1,072 | 1,742 | (1,726) | (1,078) | 142 | 769 | 8,263 |
| Fund balances - July 1, 2011 | 88,448 | 52,594 | 33,479 | 4,453 | 47,430 | 2,614 | 2,050 | 231,068 |
| Fund balances - June 30, 2012 | \$ 95,790 | \$ 53,666 | \$ 35,221 | \$ 2,727 | \$ 46,352 | \$ 2,756 | \$ 2,819 | \$ 239,331 |

Significant changes in the fund balances of governmental funds are summarized as follows:

- The fund balance of the County's General Fund increased by \$7.3 million during the fiscal year. This increase is the result of the County continuing its conservative spending approach to minimize the impact of the current recession, and increases in certain tax and fees, fines, and charges for services revenues. Fiscal year 2011-2012 showed an overall decrease in revenue but this decrease was anticipated and taken into consideration when developing the fiscal year 2011-2012 appropriations budget.
- The fund balance of the Accumulated Outlay Fund increased \$1.7 million during the fiscal year. This increase was attributable to contributions from the General Fund to the Accumulated Capital Outlay Fund partially offset by contributions to various capital projects including the phased redevelopment of Napa County Health & Human Services campuses and improvements to County owned properties in downtown Napa to support the long term space requirements for Law & Justice and Administrative functions.
- The fund balance of the Roads Fund decreased by \$1.7 million during the fiscal year. This decrease was due to the use of the remaining State Proposition 1B funds received and recognized in previous fiscal years.

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 6 details the changes in fund balances for each proprietary fund as of June 30, 2012.

Napa County Airport: The Napa County Airport is used to fund general Airport operations and the maintenance of Airport facilities. At June 30, 2012, unrestricted net assets of the airport are \$3.1 million while total net assets reached \$19.5 million. As a measure of the airport's liquidity, it may be useful to compare unrestricted net assets to total operating expenditures. Unrestricted net assets represent 101.1% of the total operating expenditures. Total net assets of the airport increased by \$976,300. A significant portion of the increase was due to Federally funded capital improvement projects.

Lake Berryessa Resort Improvement District: Lake Berryessa Resort Improvement District is used to provide water and wastewater services within district boundaries. At June 30, 2012, unrestricted net assets of the Districts are negative \$1.2 million while total net assets decreased to \$2.4 million. Unrestricted net assets are negative due to operating expenses continuing to exceed operating revenues over the past several years. The District has raised rates to try and offset previous losses, but the current recession coupled with a building moratorium has limited the impact of these rate increases.

Fifth Street Parking Garage: Fifth Street Parking Garage was established to provide parking in the downtown area for local businesses, shoppers and County employees. At June 30, 2012, unrestricted net assets of the Garage are \$132,701 while total net assets decreased to \$15.8 million. Total net assets decreased by \$347,670 primarily due to annual depreciation.

Table 6 - Changes in Net Assets - Proprietary Funds
(in thousands)

| | Napa County Airport | Lake Berryessa Resort Improvement | Fifth Street Parking Garage | Other Enterprise Funds | Total |
|--|------------------------------------|--|--|---------------------------------------|--------------|
| Operating revenues | \$ 1,789 | \$ 592 | \$ 82 | \$ 1,991 | \$ 4,454 |
| Operating expenses | 3,039 | 906 | 476 | 3,306 | 7,727 |
| Operating income (loss) | (1,250) | (314) | (394) | (1,315) | (3,273) |
| Non-operating revenues (expenses), net | 8 | (258) | 1 | 238 | (11) |
| Net income (loss) before contributions and Transfers | (1,242) | (572) | (393) | (1,077) | (3,284) |
| Capital contributions | 2,240 | 441 | - | - | 2,681 |
| Transfers in (out) | (22) | - | 45 | 1,026 | 1,049 |
| Change in Net Assets | 976 | (131) | (348) | (51) | 446 |
| Net assets - July 1, 2011 | 18,510 | 2,578 | 16,143 | 9,520 | 46,751 |
| Net assets - June 30, 2012 | \$ 19,486 | \$ 2,447 | \$ 15,795 | \$ 9,469 | \$ 47,197 |

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$8.9 million increase in appropriations between the original budget and the final amended budget. Following are the main components of the increase:

- \$3.8 million increase for additional flood protection projects approved during the year
- \$1.3 million increase to the Agricultural Commissioner to fund eradication efforts of the European Grapevine Moth.
- \$1.3 million increase for expenditures in public assistance functions mainly due to increased social services costs.

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, 2012, amounted to \$166.1 million (net of accumulated depreciation) a decrease of \$1.5 million, or 0.9%, from the prior year. The decrease was the result of annual depreciation expense exceeding capital asset additions. This investment in capital assets includes infrastructure, land and easements, structures and improvements, equipment, intangible assets, and construction in progress. For more detailed capital assets information, see notes to the basic financial statements, specifically pages 58-59.

Table 7 provides a comparison of the County's capital assets for the governmental and business-type activities for the current and prior years. Figures are presented net of depreciation.

Table 7 - County's Capital Assets
(in thousands)

| | Governmental | | Business-type | | | | Increase/(Decrease) | |
|-----------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|---------------------|----------------|
| | Activities | | Activity | | Total | | Amount | Percent Change |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | | |
| Land and easements | \$ 4,752 | \$ 4,752 | \$ 5,172 | \$ 5,172 | \$ 9,924 | \$ 9,924 | \$ - | 0.0% |
| Intangible assets | 916 | 283 | - | - | 916 | 283 | 633 | 223.7% |
| Construction in progress | 5,694 | 2,499 | 1,028 | 2,506 | 6,722 | 5,005 | 1,717 | 34.3% |
| Infrastructure | 26,734 | 29,796 | - | - | 26,734 | 29,796 | (3,062) | -10.3% |
| Structures and improvements | 72,258 | 74,335 | 41,010 | 38,406 | 113,268 | 112,741 | 527 | 0.5% |
| Equipment | 8,418 | 9,645 | 157 | 221 | 8,575 | 9,866 | (1,291) | -13.1% |
| Total | \$ 118,772 | \$ 121,310 | \$ 47,367 | \$ 46,305 | \$ 166,139 | \$ 167,615 | \$ (1,476) | -0.9% |

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

- Construction in progress (the value of projects incomplete at the end of the fiscal year) increased by \$1.7 million, or 34.3%, from the prior year. The increase of \$3.2 million in governmental activities was attributable to Library renovations and Road construction projects; the decrease of \$1.5 million in the business-type activities was due to the completion of Lake Berryessa Resort Improvement District's new water treatment plant partially offset by increases in Napa County Airport construction projects.
- Infrastructure decreased by \$3.1 million, or -10.3%, from the prior year, due to the net effect of completed road projects of \$807,000 and the annual depreciation of \$3.9 million.
- Equipment decreased by \$1.3 million, or -13.1%, from the prior fiscal year. The decrease was due to annual depreciation of \$2.5 million exceeding equipment acquisitions.

Long-term debt

At June 30, 2012, the County Governmental Activities total long-term debt outstanding was \$75.1 million as compared to \$79.6 million in the prior year. This amount was comprised of the following:

- \$20,825,000 of Napa County Flood 2005 Series Partial Refunding of 1999 Series A bonds,
- \$7,175,000 of Napa County Flood 2005 Series A bonds,
- \$126,236 of unamortized premiums for outstanding bond issues,
- \$26,330,000 of Certificates of Participation,
- \$3,324,135 of unamortized premiums for outstanding Certificates of Participation,
- \$1,208,284 for loans payable,
- \$7,251,208 for compensated absences, and
- \$8,890,000 in liability for unpaid insurance claims.

During the year, the County's Finance Corporation issued \$20,225,000 worth of 2012 Certificates of Participation at a \$3,249,340 premium. Proceeds from the issuance were used to refund the remaining \$21,850,000 2003 Certificates of Participation and fund a \$1,011,396 reserve. In addition to the refunding, during the fiscal year retirement of Bonds amounted to \$4,000,000 and retirement of Certificates of Participation amounted to \$2,635,000.

Standard & Poor's, in its April 24, 2012 credit report, assigned a AA/Stable rating to all of the County's appropriation debt.

Rationale behind the rating reflects the agency's view of:

- The long-term credit worthiness of the County,
- The County's strong wine and tourism based economy,
- The County's very strong financial performance and reserves,
- Extremely strong wealth and income indicators within the county, and
- The County's low to moderate debt levels.

Partially offsetting the above factors are the County's limited revenue-raising capability combined with mandated costs and State funding cuts, including recent State action to realign certain services at the local level that will require permanent funding sources in the future.

For more detailed long-term debt information, see notes to the basic financial statements, specifically pages 60-64.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following known factors were considered in preparing the County's budget for fiscal year 2012-2013:

- The continuing impact of the national, state and local economic downturns on the County's revenues and programs. Given these economic conditions and the State's fiscal problems, and consistent with the County Board of Supervisor's budget policies, the fiscal year 2012-2013 budget generally maintains General Fund programs at their current or reduced staffing levels and, after adjusting for transfers to reserves and certain one-time capital expenditures, holds the fiscal year 2012-2013 Net County Cost close to the fiscal year 2011-2012 Adopted Budget level (a 1.5% increase for 2012-2013).
- A \$2.7 million (2.0%) increase in discretionary and semi-discretionary (1991 Realignment and Proposition 172) revenue, and minimal ARRA funding.
- Approximately \$15.1 in 2011 Public Safety Realignment funding is included for certain law enforcement, corrections and health and human services programs. The 2011 Realignment funding for law enforcement and health and human services programs (approximately \$14.0 million) generally replaces other State funding sources. A key part of the 2011 Public Safety Realignment was the shift in responsibility for certain low level offenders from the State Corrections Department to the counties for which the adopted budget includes approximately \$1.1 million of funding and appropriation.
- Consistent with the Board's adopted budget policies, the budget reflects payments necessary to fully fund the County's Other Post-Employment Benefit (OPEB) unfunded liability over a 20-year period.

- Compared to the fiscal year 2011-2012 final budget, the budget reflects increases in employee and benefit costs for existing employees and benefits of \$7.0 million. The increase reflects cost of living adjustments for all employees during fiscal years 2011-2012 and 2012-2013 totaling 3%. The 1.5% increase for fiscal year 2010-2011 was the result of union negotiations and was not included in the fiscal year 2011-2012 adopted budget resulting in the full 3.0% change reflected in the 2012-2013 budget.

It should be noted the State budget was prepared before the Governor issued the May Revision to his Proposed Fiscal Year 2012-2013 State Budget. The County will make adjustments to its adopted budget as a result of significant changes in State funding.

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. This entire report is also available online at www.countyofnapa.org.



Photography Courtesy of Napa County Parks and Open Space District

Moore Creek Park



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



Photography Courtesy of Napa County Parks and Open Space District

Volunteer at the Bale Grist Mill

Bale Grist Mill State Historic Park is a California state park located in Napa County between Saint Helena and Calistoga.

COUNTY OF NAPA

Statement of Net Assets
June 30, 2012

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS | Governmental Activities | Business-Type Activities | Total |
| Cash and investments | \$ 219,013,974 | \$ 5,237,920 | \$ 224,251,894 |
| Restricted Assets: | | | |
| Cash with fiscal agent | 2,854,557 | 325,929 | 3,180,486 |
| Cash held for capital projects | -- | 1,953,270 | 1,953,270 |
| Imprest cash | 130,644 | 275 | 130,919 |
| Receivables, net | | | |
| Taxes | 20,344,940 | 31,704 | 20,376,644 |
| Special assessments | 41,258 | 198,622 | 239,880 |
| Accounts | 807,200 | 352,345 | 1,159,545 |
| Due from other government agencies | 27,728,325 | 251,029 | 27,979,354 |
| Prepaid items | 1,026,147 | -- | 1,026,147 |
| Deposits | 65,656 | -- | 65,656 |
| Deferred charges | -- | 245,662 | 245,662 |
| Internal balances | 3,354,750 | (3,354,750) | -- |
| Assets held for resale | 990,202 | -- | 990,202 |
| Loans receivable, net | 14,102,737 | 271,820 | 14,374,557 |
| Capital Assets: | | | |
| Nondepreciable | 11,361,351 | 6,199,787 | 17,561,138 |
| Depreciable, net | 107,410,211 | 41,167,396 | 148,577,607 |
| | \$ 409,231,952 | \$ 52,881,009 | \$ 462,112,961 |
| LIABILITIES | | | |
| Accounts payable | \$ 5,702,806 | \$ 220,965 | \$ 5,923,771 |
| Accrued salaries and benefits | 6,275,522 | 52,843 | 6,328,365 |
| Due to other government agencies | 1,863,844 | -- | 1,863,844 |
| Interest payable | 222,902 | 60,516 | 283,418 |
| Customer deposits | -- | 92,965 | 92,965 |
| Unearned revenue | 182,881 | 271,820 | 454,701 |
| Long-Term Liabilities: | | | |
| Portion due or payable within one year: | | | |
| Loan payable | 1,074,308 | 37,109 | 1,111,417 |
| Bonds payable | 4,175,000 | 85,000 | 4,260,000 |
| Certificates of participation | 2,525,000 | -- | 2,525,000 |
| Liability for unpaid stipulated judgement | -- | 40,000 | 40,000 |
| Compensated absences | 3,852,018 | 35,103 | 3,887,121 |
| Liability for unpaid insurance claims | 2,530,800 | -- | 2,530,800 |
| Portion due or payable after one year: | | | |
| Loan payable | 133,976 | 196,328 | 330,304 |
| Bonds payable | 23,951,236 | 4,320,000 | 28,271,236 |
| Certificates of participation | 27,129,135 | -- | 27,129,135 |
| Liability for unpaid stipulated judgement | -- | 240,000 | 240,000 |
| Compensated absences | 3,399,190 | 31,757 | 3,430,947 |
| Liability for unpaid insurance claims | 6,359,200 | -- | 6,359,200 |
| | 89,377,818 | 5,684,406 | 95,062,224 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 87,909,143 | 45,007,945 | 132,917,088 |
| Restricted for: | | | |
| Debt service | 2,365,969 | 325,929 | 2,691,898 |
| Capital projects | 2,762,700 | -- | 2,762,700 |
| Grants and special taxes | 94,618,513 | -- | 94,618,513 |
| Unrestricted | 132,197,809 | 1,862,729 | 134,060,538 |
| Total Net Assets | 319,854,134 | 47,196,603 | 367,050,737 |
| | \$ 409,231,952 | \$ 52,881,009 | \$ 462,112,961 |

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

COUNTY OF NAPA

Statement of Activities
For the Year Ended June 30, 2012

| Functions/Programs | Expenses | Program Revenues | |
|-----------------------------------|-----------------------|--|--|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions |
| Primary Government: | | | |
| Governmental Activities: | | | |
| General government | \$ 40,649,466 | \$ 11,519,193 | \$ 6,583,512 |
| Public protection | 99,879,755 | 21,754,326 | 26,603,337 |
| Public ways and facilities | 25,605,034 | 5,419,710 | 5,214,550 |
| Health and sanitation | 38,684,095 | 7,520,884 | 25,018,770 |
| Public assistance | 40,218,330 | 1,236,008 | 33,752,975 |
| Education | 7,198,100 | 145,401 | 485,089 |
| Recreation and cultural services | 615,265 | -- | -- |
| Debt Service: | | | |
| Interest and fiscal charges | 3,164,637 | -- | -- |
| Administration and arbitrage fees | 560,067 | -- | -- |
| Total Governmental Activities | <u>256,574,749</u> | <u>47,595,522</u> | <u>97,658,233</u> |
| Business-Type Activities: | | | |
| Napa County Airport | 3,052,810 | 1,789,025 | -- |
| Lake Berryessa Resort Improvement | 1,175,728 | 591,915 | 171 |
| Fifth Street Parking Garage | 475,932 | 82,245 | -- |
| Napa County Housing Authority | 1,258,235 | 539,460 | 165,000 |
| Napa Berryessa Resort Improvement | 889,276 | 819,750 | 272 |
| Napa County Animal Shelter | 1,166,207 | 631,633 | 12,337 |
| Total Business-Type Activities: | <u>8,018,188</u> | <u>4,454,028</u> | <u>177,780</u> |
| Total Primary Government | <u>\$ 264,592,937</u> | <u>\$ 52,049,550</u> | <u>\$ 97,836,013</u> |

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Transient occupancy taxes

Property transfer taxes

Unrestricted interest and investment earnings

Gain (Loss) on sale of assets

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net assets - July 1, 2011

Net assets - June 30, 2012

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

| Net (Expense) Revenue and Changes in Net Assets | | | |
|--|----------------------------|-----------------------------|-----------------------|
| Capital Grants and Contributions | Primary Government | | |
| | Governmental Activities | Business-Type Activities | Total |
| \$ -- | \$ (22,546,761) | \$ -- | \$ (22,546,761) |
| 201,866 | (51,320,226) | -- | (51,320,226) |
| 963,819 | (14,006,955) | -- | (14,006,955) |
| 15,182 | (6,129,259) | -- | (6,129,259) |
| -- | (5,229,347) | -- | (5,229,347) |
| -- | (6,567,610) | -- | (6,567,610) |
| -- | (615,265) | -- | (615,265) |
| -- | (3,164,637) | -- | (3,164,637) |
| -- | (560,067) | -- | (560,067) |
| <u>1,180,867</u> | <u>(110,140,127)</u> | <u>--</u> | <u>(110,140,127)</u> |
| 2,239,994 | -- | 976,209 | 976,209 |
| 441,214 | -- | (142,428) | (142,428) |
| -- | -- | (393,687) | (393,687) |
| -- | -- | (553,775) | (553,775) |
| -- | -- | (69,254) | (69,254) |
| -- | -- | (522,237) | (522,237) |
| <u>2,681,208</u> | <u>--</u> | <u>(705,172)</u> | <u>(705,172)</u> |
| <u>\$ 3,862,075</u> | <u>(110,140,127)</u> | <u>(705,172)</u> | <u>(110,845,299)</u> |
| | 92,482,789 | 98,999 | 92,581,788 |
| | 20,015,566 | -- | 20,015,566 |
| | 9,226,611 | -- | 9,226,611 |
| | 1,429,927 | -- | 1,429,927 |
| | 1,621,798 | 46,920 | 1,668,718 |
| | 40,945 | (45,066) | (4,121) |
| | 309,325 | 1,452 | 310,777 |
| | <u>(1,049,027)</u> | <u>1,049,027</u> | <u>--</u> |
| | <u>124,077,934</u> | <u>1,151,332</u> | <u>125,229,266</u> |
| | 13,937,807 | 446,160 | 14,383,967 |
| | <u>305,916,327</u> | <u>46,750,443</u> | <u>352,666,770</u> |
| | <u>\$ 319,854,134</u> | <u>\$ 47,196,603</u> | <u>\$ 367,050,737</u> |

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



Photography by Jeff Tangen, <http://www.jefftangphoto.com>

Bell Creek



**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**



Photography Courtesy of Napa Valley Tourism Improvement District

Napa Valley Welcome Center

Featured at the center are photos of the Napa Valley, a 3-D topographical map, an illustrative appellations map, a concierge desk with personal guidance and assistance with restaurant and hotel reservations, looped videos showing images of the valley.

COUNTY OF NAPA
Balance Sheet
Governmental Funds
June 30, 2012

| | General | Napa County Flood Protection and Watershed Improvement Authority | Accumulated Capital Outlay Fund | Roads | Other Governmental Funds | Total |
|--|------------------------------|--|---------------------------------------|----------------------------|--------------------------------|------------------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 75,283,863 | \$ 50,889,967 | \$ 34,676,524 | \$ 2,877,612 | \$ 34,792,001 | \$ 198,519,967 |
| Restricted Assets: | | | | | | |
| Cash with fiscal agent | -- | 488,588 | -- | -- | 2,365,969 | 2,854,557 |
| Imprest cash | 99,773 | -- | -- | -- | 850 | 100,623 |
| Receivable, net: | | | | | | |
| Taxes | 16,712,515 | 2,752,777 | -- | -- | 879,648 | 20,344,940 |
| Special assessments | -- | -- | -- | -- | 41,258 | 41,258 |
| Accounts | 359,769 | -- | -- | -- | 446,108 | 805,877 |
| Due from other government agencies | 25,744,379 | -- | -- | 1,526,638 | 457,308 | 27,728,325 |
| Due from other funds | 1,360,831 | -- | -- | -- | -- | 1,360,831 |
| Prepaid items | 233,958 | -- | -- | -- | 22,500 | 256,458 |
| Assets held for resale | -- | -- | -- | -- | 990,202 | 990,202 |
| Loans receivable, net | -- | -- | -- | -- | 14,102,737 | 14,102,737 |
| Advances to other funds | 1,976,000 | -- | 545,000 | -- | 279,000 | 2,800,000 |
| Total Assets | <u>\$ 121,771,088</u> | <u>\$ 54,131,332</u> | <u>\$ 35,221,524</u> | <u>\$ 4,404,250</u> | <u>\$ 54,377,581</u> | <u>\$ 269,905,775</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 3,804,933 | \$ 9,542 | \$ 171 | \$ 394,129 | \$ 1,053,977 | \$ 5,262,752 |
| Accrued salaries and benefits | 5,458,655 | -- | -- | 114,792 | 369,713 | 5,943,160 |
| Due to other funds | -- | -- | -- | -- | 130,874 | 130,874 |
| Due to other government agencies | 1,148,552 | 455,287 | -- | -- | 260,005 | 1,863,844 |
| Deferred revenue | 15,386,305 | -- | -- | 1,168,990 | 636,209 | 17,191,504 |
| Unearned revenue | 182,881 | -- | -- | -- | -- | 182,881 |
| Total Liabilities | <u>25,981,326</u> | <u>464,829</u> | <u>171</u> | <u>1,677,911</u> | <u>2,450,778</u> | <u>30,575,015</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | 2,209,958 | -- | 545,000 | -- | 321,420 | 3,076,378 |
| Restricted | 42,509,064 | 53,666,503 | -- | 2,726,339 | 50,787,382 | 149,689,288 |
| Committed | 1,357,015 | -- | -- | -- | -- | 1,357,015 |
| Assigned | 35,946,127 | -- | 34,676,353 | -- | 994,200 | 71,616,680 |
| Unassigned | 13,767,598 | -- | -- | -- | (176,199) | 13,591,399 |
| Total Fund Balances | <u>95,789,762</u> | <u>53,666,503</u> | <u>35,221,353</u> | <u>2,726,339</u> | <u>51,926,803</u> | <u>239,330,760</u> |
| Total Liabilities and Fund Balances | <u>\$ 121,771,088</u> | <u>\$ 54,131,332</u> | <u>\$ 35,221,524</u> | <u>\$ 4,404,250</u> | <u>\$ 54,377,581</u> | <u>\$ 269,905,775</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, 2012

| | | |
|---|-----------------|-----------------------|
| Fund Balance - total governmental funds (page 31) | | \$ 239,330,760 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities (excluding Internal Service Funds) are not financial resources therefore, are not reported in the governmental funds. | | 112,119,834 |
| 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 | \$ (26,330,000) | |
| Unamortized premiums | (3,324,135) | |
| Bonds payable | (28,000,000) | |
| Unamortized premiums | (963,344) | |
| Deferred refunding charges | 837,108 | |
| Loan payable | (1,208,284) | |
| Accrued interest on debt | (222,902) | |
| Compensated absences | (6,871,947) | |
| Total long-term liabilities | | (66,083,504) |
| 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. | | 17,191,503 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal service funds are included with governmental activities in the statement of net assets. | | <u>17,295,541</u> |
| Net assets of governmental activities (page 25) | | <u>\$ 319,854,134</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, 2012

| | General | Napa County Flood Protection and Watershed Improvement Authority | Accumulated Capital Outlay Fund | Roads | Other Governmental Funds | Total |
|--|----------------------|--|---------------------------------------|---------------------|--------------------------------|-----------------------|
| Revenues: | | | | | | |
| Taxes | \$ 94,014,439 | \$ 14,381,196 | \$ -- | \$ -- | \$ 14,759,258 | \$ 123,154,893 |
| Licenses and permits | 4,221,678 | -- | -- | 48,260 | 2,355,575 | 6,625,513 |
| Fines, forfeitures and penalties | 3,378,205 | -- | -- | -- | 544,596 | 3,922,801 |
| Revenue from use of money and property | 699,998 | 362,062 | 245,778 | 21,684 | 300,879 | 1,630,401 |
| Aid from other governments | 86,481,897 | -- | -- | 5,221,065 | 5,234,125 | 96,937,087 |
| Charges for services | 27,045,307 | -- | -- | 74,633 | 7,015,011 | 34,134,951 |
| Contributions and donations | 615,672 | -- | -- | -- | 153,274 | 768,946 |
| Other revenue | 294,730 | -- | -- | 18,626 | 30,633 | 343,989 |
| Total Revenues | <u>216,751,926</u> | <u>14,743,258</u> | <u>245,778</u> | <u>5,384,268</u> | <u>30,393,351</u> | <u>267,518,581</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 33,849,974 | -- | -- | -- | 5,239,024 | 39,088,998 |
| Public protection | 82,502,387 | -- | -- | -- | 16,025,613 | 98,528,000 |
| Public ways and facilities | 6,429,844 | 8,229,796 | -- | 8,476,345 | 185,880 | 23,321,865 |
| Health and sanitation | 38,392,425 | -- | -- | -- | 273,238 | 38,665,663 |
| Public assistance | 38,124,061 | -- | -- | -- | 1,651,177 | 39,775,238 |
| Education | 378,242 | -- | -- | -- | 8,031,387 | 8,409,629 |
| Recreation and cultural services | 615,414 | -- | -- | -- | -- | 615,414 |
| Debt Service: | | | | | | |
| Principal | 47,181 | 4,000,000 | -- | -- | 2,635,000 | 6,682,181 |
| Interest and fiscal charges | 9,628 | 1,433,885 | -- | -- | 1,303,281 | 2,746,794 |
| Administration, issuance and arbitrage fees | -- | 7,250 | -- | -- | 552,817 | 560,067 |
| Total Expenditures | <u>200,349,156</u> | <u>13,670,931</u> | <u>--</u> | <u>8,476,345</u> | <u>35,897,417</u> | <u>258,393,849</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>16,402,770</u> | <u>1,072,327</u> | <u>245,778</u> | <u>(3,092,077)</u> | <u>(5,504,066)</u> | <u>9,124,732</u> |
| Other Financing Sources (Uses): | | | | | | |
| Issuance of refunding debt | -- | -- | -- | -- | 20,225,000 | 20,225,000 |
| Premium on issuance of refunding debt | -- | -- | -- | -- | 3,249,340 | 3,249,340 |
| Redemption of refunded debt | -- | -- | -- | -- | (21,850,000) | (21,850,000) |
| Transfers in | 374,887 | -- | 2,954,129 | 1,365,852 | 5,183,278 | 9,878,146 |
| Transfers out | (9,435,546) | -- | (1,457,663) | -- | (1,471,226) | (12,364,435) |
| Total Other Financing Sources (Uses) | <u>(9,060,659)</u> | <u>--</u> | <u>1,496,466</u> | <u>1,365,852</u> | <u>5,336,392</u> | <u>(861,949)</u> |
| Net change in fund balances | 7,342,111 | 1,072,327 | 1,742,244 | (1,726,225) | (167,674) | 8,262,783 |
| Fund Balance - Beginning of Year | <u>88,447,651</u> | <u>52,594,176</u> | <u>33,479,109</u> | <u>4,452,564</u> | <u>52,094,477</u> | <u>231,067,977</u> |
| Fund Balance - End of Year | <u>\$ 95,789,762</u> | <u>\$ 53,666,503</u> | <u>\$ 35,221,353</u> | <u>\$ 2,726,339</u> | <u>\$ 51,926,803</u> | <u>\$ 239,330,760</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, 2012

| | | |
|---|--------------------|-----------------------------|
| Net change in fund balances - total governmental funds (page 33) | | \$ 8,262,783 |
| <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 | \$ 4,629,282 | |
| Less: current year depreciation | <u>(7,368,574)</u> | (2,739,292) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 3,313,966 |
| <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> | | |
| Proceeds from the issuance of long-term debt | (23,474,340) | |
| Principal payments | <u>28,532,181</u> | 5,057,841 |
| <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 | 31,257 | |
| Amortization of debt premium, refunding and issuance costs | (449,100) | |
| Change in compensated absences | <u>(225,096)</u> | (642,939) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported within governmental activities. | | <u>685,448</u> |
| Change in net assets of governmental activities (pages 26-27) | | <u><u>\$ 13,937,807</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, 2012

| | Business-Type Activities - Enterprise Funds | | | | Governmental | |
|---|---|---|-----------------------------------|------------------------------|----------------------|------------------------------|
| | Napa County Airport | Lake Berryessa Resort Improvement | Fifth Street Parking Garage | Other Enterprise Funds | Total | Internal Service Funds |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and investments | \$ 3,193,144 | \$ 757,032 | \$ 131,025 | \$ 1,156,719 | \$ 5,237,920 | \$ 20,494,007 |
| Restricted Assets: | | | | | | |
| Cash with fiscal agent | -- | 325,929 | -- | -- | 325,929 | -- |
| Cash held for capital projects | -- | 1,953,270 | -- | -- | 1,953,270 | -- |
| Imprest cash | 100 | -- | -- | 175 | 275 | 30,021 |
| Taxes receivable | -- | 16,686 | -- | 15,018 | 31,704 | -- |
| Accounts receivable | 133,042 | 51,739 | 5,176 | 162,388 | 352,345 | 1,323 |
| Assessments receivable | -- | 175,282 | -- | 23,340 | 198,622 | -- |
| Due from other government agencies | 127,900 | 2,797 | -- | 120,332 | 251,029 | -- |
| Prepaid items | -- | -- | -- | -- | -- | 769,689 |
| Deposits | -- | -- | -- | -- | -- | 65,656 |
| Total Current Assets | <u>3,454,186</u> | <u>3,282,735</u> | <u>136,201</u> | <u>1,477,972</u> | <u>8,351,094</u> | <u>21,360,696</u> |
| Noncurrent Assets: | | | | | | |
| Long-term note receivable | 271,820 | -- | -- | -- | 271,820 | -- |
| Deferred charges | -- | 245,662 | -- | -- | 245,662 | -- |
| Capital Assets: | | | | | | |
| Nondepreciable: | | | | | | |
| Land | 1,886,002 | 205,050 | -- | 3,080,824 | 5,171,876 | -- |
| Construction in progress | 55,228 | 864,382 | -- | 108,301 | 1,027,911 | -- |
| Intangible assets | -- | -- | -- | -- | -- | 1,014,299 |
| Depreciable: | | | | | | |
| Structures and improvements | 35,085,836 | 5,650,266 | 16,841,341 | 8,952,081 | 66,529,524 | -- |
| Equipment | 154,247 | 407,420 | -- | 126,090 | 687,757 | 12,521,109 |
| Accumulated depreciation | (20,533,450) | (1,719,402) | (1,178,894) | (2,618,139) | (26,049,885) | (6,883,680) |
| Total Noncurrent Assets | <u>16,919,683</u> | <u>5,653,378</u> | <u>15,662,447</u> | <u>9,649,157</u> | <u>47,884,665</u> | <u>6,651,728</u> |
| Total Assets | <u>\$ 20,373,869</u> | <u>\$ 8,936,113</u> | <u>\$ 15,798,648</u> | <u>\$ 11,127,129</u> | <u>\$ 56,235,759</u> | <u>\$ 28,012,424</u> |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | \$ 33,529 | \$ 33,300 | \$ 3,500 | \$ 150,636 | \$ 220,965 | \$ 440,054 |
| Accrued salaries and benefits | 30,387 | -- | -- | 22,456 | 52,843 | 332,362 |
| Customer deposits | -- | 34,321 | -- | 58,644 | 92,965 | -- |
| Interest payable | -- | 60,516 | -- | -- | 60,516 | -- |
| Due to other funds | -- | 80,750 | -- | 474,000 | 554,750 | 675,207 |
| Loan payable | 37,109 | -- | -- | -- | 37,109 | -- |
| Bonds payable | -- | 85,000 | -- | -- | 85,000 | -- |
| Liability for unpaid stipulated judgment | -- | 40,000 | -- | -- | 40,000 | -- |
| Liability for unpaid claims | -- | -- | -- | -- | -- | 2,530,800 |
| Liability for compensated absences | 19,012 | -- | -- | 16,091 | 35,103 | 197,737 |
| Total Current Liabilities | <u>120,037</u> | <u>333,887</u> | <u>3,500</u> | <u>721,827</u> | <u>1,179,251</u> | <u>4,176,160</u> |
| Noncurrent Liabilities: | | | | | | |
| Advances from other funds | 279,000 | 1,596,000 | -- | 925,000 | 2,800,000 | -- |
| Deferred revenue | 271,820 | -- | -- | -- | 271,820 | -- |
| Loan payable | 196,328 | -- | -- | -- | 196,328 | -- |
| Bonds Payable | -- | 4,320,000 | -- | -- | 4,320,000 | -- |
| Liability for unpaid stipulated judgment | -- | 240,000 | -- | -- | 240,000 | -- |
| Liability for unpaid claims | -- | -- | -- | -- | -- | 6,359,200 |
| Liability for compensated absences | 20,568 | -- | -- | 11,189 | 31,757 | 181,523 |
| Total Noncurrent Liabilities | <u>767,716</u> | <u>6,156,000</u> | <u>--</u> | <u>936,189</u> | <u>7,859,905</u> | <u>6,540,723</u> |
| Total Liabilities | <u>887,753</u> | <u>6,489,887</u> | <u>3,500</u> | <u>1,658,016</u> | <u>9,039,156</u> | <u>10,716,883</u> |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | 16,414,426 | 3,281,915 | 15,662,447 | 9,649,157 | 45,007,945 | 6,651,728 |
| Restricted for debt service reserve | -- | 325,929 | -- | -- | 325,929 | -- |
| Unrestricted | 3,071,690 | (1,161,618) | 132,701 | (180,044) | 1,862,729 | 10,643,813 |
| Total Net Assets | <u>19,486,116</u> | <u>2,446,226</u> | <u>15,795,148</u> | <u>9,469,113</u> | <u>47,196,603</u> | <u>17,295,541</u> |
| Total Liabilities and Net Assets | <u>\$ 20,373,869</u> | <u>\$ 8,936,113</u> | <u>\$ 15,798,648</u> | <u>\$ 11,127,129</u> | <u>\$ 56,235,759</u> | <u>\$ 28,012,424</u> |

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, 2012

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities |
|---|---|-----------------------------------|-----------------------------|------------------------|----------------------|-------------------------|
| | Napa County Airport | Lake Berryessa Resort Improvement | Fifth Street Parking Garage | Other Enterprise Funds | Total | Internal Service Funds |
| Operating Revenues: | | | | | | |
| Charges for services | \$ 1,776,327 | \$ 520,152 | \$ 75,991 | \$ 1,990,843 | \$ 4,363,313 | \$ 17,663,357 |
| Maintenance Charges: | | | | | | |
| Equipment | -- | -- | -- | -- | -- | 672,914 |
| Vehicle | -- | -- | -- | -- | -- | 1,275,848 |
| Replacement charges | -- | -- | -- | -- | -- | 847,217 |
| Other revenue | 12,698 | 71,763 | 6,254 | -- | 90,715 | 731,808 |
| Total Operating Revenues | 1,789,025 | 591,915 | 82,245 | 1,990,843 | 4,454,028 | 21,191,144 |
| Operating Expenses: | | | | | | |
| Salaries and employee benefits | 704,557 | -- | -- | 550,563 | 1,255,120 | 12,103,571 |
| Services and supplies | 917,509 | 681,909 | 104,129 | 2,541,135 | 4,244,682 | 5,846,928 |
| Insurance | 13,101 | 10,500 | 20,771 | 16,658 | 61,030 | -- |
| Other charges | 14,592 | -- | 14,205 | -- | 28,797 | -- |
| Claims expense | -- | -- | -- | -- | -- | 3,086,591 |
| Depreciation and amortization | 1,389,022 | 214,238 | 336,827 | 197,595 | 2,137,682 | 1,042,108 |
| Total Operating Expenses | 3,038,781 | 906,647 | 475,932 | 3,305,951 | 7,727,311 | 22,079,198 |
| Operating Income (Loss) | (1,249,756) | (314,732) | (393,687) | (1,315,108) | (3,273,283) | (888,054) |
| Non-Operating Revenues (Expenses): | | | | | | |
| Aid from other governments | -- | 171 | -- | 272 | 443 | -- |
| Tax revenue | -- | 38,170 | -- | 60,829 | 98,999 | -- |
| Non-operating revenues | -- | -- | -- | 178,789 | 178,789 | -- |
| Interest income | 22,258 | 17,374 | 968 | 6,320 | 46,920 | 129,959 |
| Interest expense | (14,029) | (250,936) | -- | (7,767) | (272,732) | -- |
| Bond administration expense | -- | (18,145) | -- | -- | (18,145) | -- |
| Gain (loss) on disposition of assets | -- | (45,066) | -- | -- | (45,066) | 6,281 |
| Total Non-Operating Revenues (Expenses) | 8,229 | (258,432) | 968 | 238,443 | (10,792) | 136,240 |
| Net Income (Loss) Before Contributions and Transfers | (1,241,527) | (573,164) | (392,719) | (1,076,665) | (3,284,075) | (751,814) |
| Capital contributions, grants and assessments | 2,239,994 | 441,214 | -- | -- | 2,681,208 | -- |
| Transfers in | -- | -- | 45,049 | 1,026,145 | 1,071,194 | 1,437,262 |
| Transfers out | (22,167) | -- | -- | -- | (22,167) | -- |
| Change in Net Assets | 976,300 | (131,950) | (347,670) | (50,520) | 446,160 | 685,448 |
| Net Assets - Beginning of Year | 18,509,816 | 2,578,176 | 16,142,818 | 9,519,633 | 46,750,443 | 16,610,093 |
| Net Assets - End of Year | \$ 19,486,116 | \$ 2,446,226 | \$ 15,795,148 | \$ 9,469,113 | \$ 47,196,603 | \$ 17,295,541 |

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, 2012

| | Business-Type Activities - Enterprise Funds | | | | | Governmental |
|---|---|---|-----------------------------------|------------------------------|---------------------|------------------------------|
| | Napa County Airport | Lake Berryessa Resort Improvement | Fifth Street Parking Garage | Other Enterprise Funds | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash receipts from customers | \$ 1,740,774 | \$ 601,333 | \$ 93,251 | \$ 1,945,547 | \$ 4,380,905 | \$ -- |
| Cash receipts from internal services provided | -- | -- | -- | -- | -- | 21,184,887 |
| Cash paid to suppliers for goods and services | (953,006) | (843,760) | (139,521) | (2,513,863) | (4,450,150) | (8,486,128) |
| Cash paid to employees for services | (703,407) | -- | -- | (544,307) | (1,247,714) | (12,812,813) |
| Net Cash Provided (Used) by Operating Activities | <u>84,361</u> | <u>(242,427)</u> | <u>(46,270)</u> | <u>(1,112,623)</u> | <u>(1,316,959)</u> | <u>(114,054)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| Aid from other government agencies | -- | 171 | -- | 272 | 443 | -- |
| Transfers in | -- | -- | 45,049 | 1,026,145 | 1,071,194 | 1,437,262 |
| Transfers out | (22,167) | -- | -- | -- | (22,167) | -- |
| Due to other funds | -- | (4,750) | -- | -- | (4,750) | -- |
| Advances from other funds | (269,700) | 751,000 | -- | 325,000 | 806,300 | 675,207 |
| Non-operating revenues | -- | -- | -- | 178,789 | 178,789 | -- |
| Taxes | -- | 34,529 | -- | 65,523 | 100,052 | -- |
| Stipulated judgment payments | -- | (40,000) | -- | -- | (40,000) | -- |
| Interest payments for non-capital activities | -- | (6,881) | -- | (7,767) | (14,648) | -- |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>(291,867)</u> | <u>734,069</u> | <u>45,049</u> | <u>1,587,962</u> | <u>2,075,213</u> | <u>2,112,469</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Proceeds of sales of capital assets | -- | -- | -- | -- | -- | 20,393 |
| Principal repayments related to capital purposes | (35,156) | (90,000) | -- | -- | (125,156) | -- |
| Interest repayments related to capital purposes | (14,029) | (244,718) | -- | -- | (258,747) | -- |
| Bond administration payments related to capital purposes | -- | (18,145) | -- | -- | (18,145) | -- |
| Capital grants and contributions | 2,136,192 | 926,459 | -- | -- | 3,062,651 | -- |
| Special assessments | -- | 316,342 | -- | -- | 316,342 | -- |
| Payments related to the acquisition of capital assets | (2,338,431) | (861,989) | -- | (34,969) | (3,235,389) | (1,257,504) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(251,424)</u> | <u>27,949</u> | <u>--</u> | <u>(34,969)</u> | <u>(258,444)</u> | <u>(1,237,111)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Interest received | 22,258 | 17,374 | 968 | 6,320 | 46,920 | 129,959 |
| Net Cash Provided by Investing Activities | <u>22,258</u> | <u>17,374</u> | <u>968</u> | <u>6,320</u> | <u>46,920</u> | <u>129,959</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>(436,672)</u> | <u>536,965</u> | <u>(253)</u> | <u>446,690</u> | <u>546,730</u> | <u>891,263</u> |
| Cash and Cash Equivalents, Beginning of Year (including imprest cash of \$275 and \$77,073 for enterprise funds and internal service funds, respectively, and cash with fiscal agent of \$328,155 for Lake Berryessa Resort Improvement) | <u>3,629,916</u> | <u>2,499,266</u> | <u>131,278</u> | <u>710,204</u> | <u>6,970,664</u> | <u>19,632,765</u> |
| Cash and Cash Equivalents, End of Year (including imprest cash of \$275 and \$30,021 for enterprise funds and internal service funds, respectively, and cash with fiscal agent of \$325,929 and held for capital projects of \$1,953,270 for Lake Berryessa Resort Improvement) | <u>\$ 3,193,244</u> | <u>\$ 3,036,231</u> | <u>\$ 131,025</u> | <u>\$ 1,156,894</u> | <u>\$ 7,517,394</u> | <u>\$ 20,524,028</u> |

continued

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

COUNTY OF NAPA

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2012

| | Business-Type Activities - Enterprise Funds | | | | | Governmental |
|---|---|---|-----------------------------------|------------------------------|-----------------------|------------------------------|
| | Napa County Airport | Lake Berryessa Resort Improvement | Fifth Street Parking Garage | Other Enterprise Funds | Total | Internal Service Funds |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | |
| Operating income (loss) | \$(1,249,756) | \$ (314,732) | \$ (393,687) | \$(1,315,108) | \$(3,273,283) | \$ (888,054) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation and amortization | 1,389,022 | 214,238 | 336,827 | 197,595 | 2,137,682 | 1,042,108 |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in: | | | | | | |
| Accounts receivable | 173,128 | 2,238 | 11,006 | (10,290) | 176,082 | 8,392 |
| Assessments receivable | -- | -- | -- | (3,780) | (3,780) | -- |
| Deposits | -- | -- | -- | -- | -- | (14,649) |
| Due from other government agencies | -- | -- | -- | (44,554) | (44,554) | -- |
| Prepaid items | -- | 10,536 | -- | 13,533 | 24,069 | (768,490) |
| Increase (decrease) in: | | | | | | |
| Accounts payable | (7,804) | (161,887) | (416) | 30,397 | (139,710) | 75,542 |
| Deferred revenue | (221,379) | -- | -- | -- | (221,379) | -- |
| Customer deposits | -- | 7,180 | -- | 13,328 | 20,508 | -- |
| Accrued salaries | 390 | -- | -- | 3,766 | 4,156 | 27,953 |
| Compensated absences | 760 | -- | -- | 2,490 | 3,250 | 31,144 |
| Claims liability | -- | -- | -- | -- | -- | 372,000 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 84,361</u> | <u>\$ (242,427)</u> | <u>\$ (46,270)</u> | <u>\$ (1,112,623)</u> | <u>\$ (1,316,959)</u> | <u>\$ (114,054)</u> |

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

COUNTY OF NAPA

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

| ASSETS | <u>Investment Trust Funds</u> | <u>Private Purpose Trust Funds</u> | <u>Agency Funds</u> |
|--|-----------------------------------|--|-------------------------|
| Current Assets: | | | |
| Cash and investments | \$ 220,912,122 | \$ 1,860,746 | \$ 33,867,900 |
| Taxes receivable | -- | -- | 14,474,364 |
| Total Assets | <u>\$ 220,912,122</u> | <u>\$ 1,860,746</u> | <u>\$ 48,342,264</u> |
| LIABILITIES | | | |
| Agency funds held for others | \$ -- | \$ -- | \$ 48,342,264 |
| Total Liabilities | <u>--</u> | <u>--</u> | <u>48,342,264</u> |
| NET ASSETS | | | |
| Net assets held in trust for (reserved for) endowment purpose | -- | 1,860,746 | -- |
| Net assets held in trust for investment pool participants | <u>220,912,122</u> | <u>--</u> | <u>--</u> |
| Total Net Assets | <u>220,912,122</u> | <u>1,860,746</u> | <u>--</u> |
| Total Liabilities and Net Assets | <u>\$ 220,912,122</u> | <u>\$ 1,860,746</u> | <u>\$ 48,342,264</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, 2012

| | <u>Investment Trust Funds</u> | <u>Private Purpose Trust Funds</u> |
|-----------------------------------|-----------------------------------|--|
| <u>ADDITIONS</u> | | |
| Contribution: | | |
| Contribution to investment pool | \$ 524,831,793 | \$ 2,425,181 |
| Total Contribution | <u>524,831,793</u> | <u>2,425,181</u> |
| Net Investment Income: | | |
| Interest | 1,848,988 | 13,850 |
| Net Investment Income | <u>1,848,988</u> | <u>13,850</u> |
| Total Additions | <u>526,680,781</u> | <u>2,439,031</u> |
| <u>DEDUCTIONS</u> | | |
| Distribution from investment pool | <u>561,757,482</u> | <u>2,659,954</u> |
| Total Deductions | <u>561,757,482</u> | <u>2,659,954</u> |
| Change in Net Assets | (35,076,701) | (220,923) |
| Net Assets, Beginning of Year | <u>255,988,823</u> | <u>2,081,669</u> |
| Net Assets, Ending of Year | <u>\$ 220,912,122</u> | <u>\$ 1,860,746</u> |

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

COUNTY OF NAPA

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.

| | |
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COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

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.

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, Napa Valley Tourism Improvement District 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 which may be obtained at the County of Napa administrative offices:

- Napa County Flood Protection and Watershed Improvement Authority
- In-Home Supportive Services Public Authority of Napa County
- Napa County Housing Authority

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies** (continued)

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

Excluded Joint Power Authorities

Joint Power Authorities (JPA) are legally separate from the County and have their own governing boards. Each JPA is a jointly govern organization for which the County does not have any ongoing financial interest or responsibility and therefore are not considered joint ventures.

- Napa County Flood Control and Water Conservation District: The District's goals and objectives are to provide protection from flood events to the life, property and public highways in the District by enhancing and constructing storm drainage systems and flood control and prevention projects.
- 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 represented.
- Upper Valley Waste Management Agency: 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 Service Zones 3 and 4, the northern portion of the county.
- Napa County Transportation Planning Agency: 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.

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 activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees 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.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies** (continued)

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

Government-Wide Financial Statements (continued)

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 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 for projects which meet the voter approved Measure A requirements.
- The *Accumulated Capital Outlay Fund* is a capital fund used to build up resources for major County facility construction projects. A majority of its funding comes from contributions made by the General Fund.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies** (continued)

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

Fund Financial Statements (continued)

- The *Roads Fund* provides for the County Road Program 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 with a majority of revenues coming from State, Federal, and General Fund resources.

The County reports the following major enterprise funds:

- 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 *Lake Berryessa Resort Improvement District* is used to provide water and waste water services within district boundaries. The District funds operations, maintenance and capital improvements for water delivery and treatment facilities. Major revenue sources include annual assessments, interest earnings and debt financing.
- The *Fifth Street Parking Garage* is used to provide parking for up to 485 vehicles in the downtown section of the City of Napa. The major sources of revenues come from contributions made by the City and County of Napa and three private participants to fund operations, maintenance and capital improvements to the parking structure.

The County reports the following additional fund types:

- *Internal Service Funds* are used to provide goods or services to County departments on a cost reimbursement basis. These funds include fleet management, information technology services, workers' compensation, general liability and employee/retiree benefits.
- 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, special districts governed by local boards, regional boards and authorities. 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 in an agency capacity for individuals or other government units. Since they are custodial in nature they do not involve measurement of results of operations, nor do they have equity accounts since all assets are due to individuals or entities at some future time. These funds include pass through funds established for the distribution of tax collections for the State, cities and town.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

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 which have no measurement focus.

With accrual accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County 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 eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, 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 90 days of the end of the 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.

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.

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.

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.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

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. Assets held in the investment pool are recorded at cost which approximates fair market value at June 30, 2012.

E. Restricted Assets

Certain resources set aside for the repayment of both governmental and business-type debts and to fund business-type capital projects are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

F. Inventory and Prepaid Items

Inventory is historically stated at cost using the first-in first-out method for governmental activities within proprietary funds. Inventory recorded by proprietary funds includes materials and supplies for County vehicle and equipment maintenance. Inventories are recorded as expenditures at the time the inventory is consumed. The County had no material inventories at June 30, 2012. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Property Tax Receivable and Revenue

The property taxes receivable balance is \$14,474,364 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 current tax levied 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. For fiscal year 2011-2012, the County opted to use method (2) which required a tax loss reserve of at least 25 percent of total delinquent taxes levied on the secured roll. The balance in the tax loss reserve as of June 30, 2012 is \$8,196,966.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies** (continued)

H. 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 using the straight-line method over their estimated useful lives in the government-wide statements and proprietary funds. Depreciation begins in the fiscal year the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

The County reports infrastructure assets on a network basis and has five networks; roads, water/sewer, lighting, drainage, and flood control. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the County chose to include all such items regardless of their acquisition date or amount. When available, historical costs were used otherwise an appraisal was obtained.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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 |
| Intangible assets | 2 to 10 years |

I. Assets Held for Resale

Assets held for resale represents 1.1 acres of land located within the City of Napa. The land is available for purchase and may be used for the development of affordable housing units. Land held for resale is valued at the lower of cost or market value.

J. 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, 2012

1. **Summary of Significant Accounting Policies** (continued)

J. **Compensated Absences** (continued)

Public Service Employees

The chart below is to be used for unused vacation benefits accrual by all other non-law enforcement personnel.

| <u>Continuous County Service</u> | <u>Max. Accrual of Vacation Benefits</u> |
|----------------------------------|--|
| Years 1 through 3 | 240 maximum hours |
| Years 4 through 10 | 300 maximum hours |
| Years 11 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.

| <u>Continuous County Service</u> | <u>Max. Accrual of Vacation Benefits</u> |
|----------------------------------|--|
| Years 1 through 3 | 360 maximum hours |
| Years 4 through 10 | 360 maximum hours |
| Years 11 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.

| <u>Continuous County Service</u> | <u>Max. Accrual of Vacation Benefits</u> |
|----------------------------------|--|
| Years 1 through 3 | 240 maximum hours |
| Years 4 through 10 | 300 maximum hours |
| Years 11 or more | 400 maximum hours |

K. **Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

K. Interfund Transactions (continued)

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.

L. 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.

M. Future Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statements Numbers 60-68 listed below will be implemented in future financial statements:

| | | |
|------------------|---|---|
| Statement No. 60 | <i>Accounting and Financial Reporting for Service Concession Arrangements</i> | The provisions of this Statement are effective for financial statement periods beginning after December 15, 2011. |
| Statement No. 61 | <i>The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34</i> | The provisions of this Statement are effective for financial statement periods beginning after June 15, 2012. |
| Statement No. 62 | <i>Codification of Accounting and Financial Reporting Guidance</i> | The provisions of this Statement are effective for financial statement periods beginning after December 15, 2011. |
| Statement No. 63 | <i>Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position</i> | The provisions of this Statement are effective for financial statement periods beginning after December 15, 2011. |
| Statement No. 64 | <i>Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53</i> | The provisions of this Statement are effective for financial statement periods beginning after December 15, 2011. |
| Statement No. 65 | <i>Items Previously Reported as Assets and Liabilities</i> | The provisions of this Statement are effective for financial statement periods beginning after December 15, 2012. |
| Statement No. 66 | <i>Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62</i> | The provisions of this Statement are effective for financial statement periods beginning after December 15, 2012. |
| Statement No. 67 | <i>Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25</i> | The provisions of this Statement are effective for financial statement periods beginning after December 15, 2013. |
| Statement No. 68 | <i>Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27</i> | The provisions of this Statement are effective for financial statement periods beginning after December 15, 2014. |

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies** (continued)

N. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based on the extent to which the County is bound to honor various constraints.

- Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Board of Supervisors) and which remain in place unless removed by taking the same type of action it employed to commit those amounts. The formal action that commits fund balance to a specific purpose should occur prior to the end of the reporting period.
- Assigned fund balance – amounts that are constrained by the County's intent to be used for specific purposes. Intent is expressed by the Board of Supervisors itself or a body (a budget or finance committee, for example) or official to which the governing body has delegated authority to assign amounts to be used for specific purposes. This is also the classification for residual funds in the County's special revenue funds.
- Unassigned fund balance – the residual classification for the General Fund that includes amounts not contained in the preceding classifications. In other governmental funds, the unassigned classification is used when expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. This can be done through the adoption of the budget and subsequent budget amendments that occur throughout the year.

O. Fund Balance Policy

The County is committed to maintaining adequate reserves to protect against unanticipated events that would otherwise adversely affect the financial condition of the County and jeopardize the continuation of necessary public services. The purpose of the County's fund balance policy is to maintain sufficient levels of fund balance to:

- provide cash flow for daily financial requirements,
- provide reserves to guard against economic downturns,
- provide reserves to protect against unforeseen expenditures related to emergencies, and
- provide reserves to maintain investment grade bond ratings.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies** (continued)

O. **Fund Balance Policy** (continued)

In order to accomplish this goal, the County has adopted a policy to achieve and maintain a minimum unrestricted fund balance in the General Fund of 20% of budgeted operating expenditures on an annual basis, which is slightly higher than the recommended minimum level set forth by the Government Finance Officers Association of 17%.

Order of Spending

The fund balance policy also sets the County's order of spending when multiple funding sources are available. When both restricted and unrestricted resources are available for use, expenditures are to be made using restricted resources first, followed in order by committed, assigned and lastly unassigned resources.

2. **Cash and Investments**

Cash and investments include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer. The Napa County Treasury Pool (Pool) is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. Interest earned on pooled investments is apportioned quarterly to certain participating funds based upon each fund's average daily balance with all remaining interest deposited in the General Fund. The Statements of Net Assets and the Balance Sheet include investments that reside outside of the Pool and are held with fiscal agents.

The Pool includes both statutory and voluntary 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.

Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of State statutes and the County's investment policy is primarily to safeguard investment principal by mitigating exposure to risk factors, secondarily maintaining sufficient liquidity to meet cash flow needs, and lastly to attain a return on the funds. 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.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

2. Cash and Investments (continued)

At June 30, 2012, total County cash and investments were as follows:

| | |
|--|-----------------------|
| Cash: | |
| Cash on hand | \$ 13,500,603 |
| Imprest cash | 130,919 |
| Certificates of deposit | 100,000 |
| Outstanding warrants and reconciliations | (10,433,110) |
| Total Cash | <u>3,298,412</u> |
| Investments: | |
| In Treasurer's pool | 479,678,439 |
| With fiscal agents external to the pool | 3,180,486 |
| Total Investments | <u>482,858,925</u> |
| Total Cash and Investments | <u>\$ 486,157,337</u> |

Total cash and investments at June 30, 2012 were presented in the County's financial statements as follows:

| | |
|--------------------------------|-----------------------|
| Total governmental activities | \$ 221,999,175 |
| Total business-type activities | 7,517,394 |
| Private purpose trust funds | 1,860,746 |
| Investment trust funds | 220,912,122 |
| Agency funds | 33,867,900 |
| Total Cash and Investments | <u>\$ 486,157,337</u> |

Custodial Credit Risk related to Deposits

Custodial credit risk for deposits is the risk that the County will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. This risk is mitigated in that the Pool's bank deposits are insured by the Federal Depository Insurance Corporation (FDIC). Effective December 31, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Act) fully guarantees all funds in non-interest bearing transaction deposit accounts held at FDIC-insured depository institutions. As the Pool's deposits are fully insured under the Act, collateralization under Government Code Section 53652 is waived.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

2. Cash and Investments (continued)

Investments

The table below identifies the investment types that are authorized for the Pool 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% |
| Commercial Paper | 270 days | 40% | 10% |
| Negotiable Certificates of Deposit | 5 years | 30% | None |
| Repurchase Agreements | 1 year | None | None |
| Medium-Term Notes | 5 years | 30% | None |
| Local Agency Investment Fund (LAIF) | N/A | \$50 million | None |

At June 30, 2012, the County had the following investments:

| | Interest Rates | Maturities | Par | Cost | Fair Value | WAM (Years) |
|--|-------------------|-----------------|-----------------------|-----------------------|-----------------------|----------------|
| Investments in Investment Pool | | | | | | |
| U.S. Agency Obligations - fixed | .125%-4.07% | 10/25/12-5/3/17 | \$ 227,925,000 | \$ 227,971,645 | \$ 228,448,101 | 2.89 |
| U.S. Agency Obligations - discount | .05%-.17% | 7/5/12-2/1/13 | 153,000,000 | 152,885,478 | 152,893,484 | 0.26 |
| U.S. Treasury Obligations | .08%-.14% | 8/9/12-2/7/13 | 40,000,000 | 39,971,139 | 39,977,301 | 0.29 |
| Corporate Bonds | 2.125% | 12/26/2012 | 6,000,000 | 6,000,565 | 6,055,260 | 0.49 |
| Teeter notes | 1.15%-1.91% | 9/1/13-9/1/16 | 4,849,612 | 4,849,612 | 4,849,612 | 3.29 |
| Local Agency Investment Fund (LAIF) | 0.38% | on demand | 48,000,000 | 48,000,000 | 48,000,000 | 0.00 |
| Total Treasurer's Pooled Investments | | | 479,774,612 | 479,678,439 | 480,223,758 | 1.5 |
| Investments Controlled by Fiscal Agents | | | | | | |
| U.S. Treasury Obligations | | | 3,180,486 | 3,180,486 | 3,180,486 | |
| Total Investments | | | <u>\$ 482,955,098</u> | <u>\$ 482,858,925</u> | <u>\$ 483,404,244</u> | |

At June 30, 2012, the difference between the cost and fair value of cash and investments was not material (fair value was 100.1% of carrying value). Therefore, an adjustment to fair value was not made.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

2. Cash and Investments (continued)

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity (WAM) 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

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, 2012.

| | S & P | Moody's | % of Portfolio |
|-------------------------------------|---------|---------|-------------------|
| U.S. Agency Obligations - fixed | AAA | Aaa | 47.57% |
| U.S. Agency Obligations - discount | AAA | Aaa | 31.84% |
| U.S. Treasury Obligations | AAA | Aaa | 8.32% |
| Corporate Bonds | AAA | Aaa | 1.26% |
| Teeter notes | Unrated | Unrated | 1.01% |
| Local Agency Investment Fund (LAIF) | Unrated | Unrated | 10.00% |
| Total | | | 100.00% |

At June 30, 2012, in accordance with State law and the County's Investment Policy, the County did not have 10% or more of its net investment in any one money market mutual fund. Investments in any one issuer (other than U.S. treasury securities, money market mutual funds and external investment pools) that represent 5% or more of the total Pool investments are as follows:

| | | | |
|--|----------------------|----------------|--------|
| Federal Home Loan Bank | Government Sponsored | \$ 137,579,799 | 28.65% |
| Federal Farm Credit Bank | Government Sponsored | 120,287,310 | 25.05% |
| Federal Home Loan Mortgage Corporation | Government Sponsored | 66,419,051 | 13.83% |
| Federal National Mortgage Association | Government Sponsored | 57,055,425 | 11.88% |

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2012

2. Cash and Investments (continued)

Local Agency Investment Fund

The Pool's total investment in the Local Agency Investment Fund (LAIF), managed by the Treasurer for the State of California is \$48.0 million at June 30, 2012. The total amount invested by all public agencies in LAIF at June 30, 2012, was \$21.9 billion. LAIF is part of the State of California Pooled Money Investment Account (PMIA), whose balance at June 30, 2012 was \$62.7 billion. Of that amount, 3.47% was invested in medium and short term structured notes and asset-backed securities. PMIA is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The average maturity of PMIA investments was 270 days as of June 30, 2012. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool.

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, 2012:

Statement of Net Assets

| | |
|---------------------------------------|-----------------------|
| Net assets held for pool participants | <u>\$ 482,845,932</u> |
| Equity of internal pool participants | 261,933,810 |
| Equity of external pool participants | <u>220,912,122</u> |
| Total net assets | <u>\$ 482,845,932</u> |

Statement of Changes in Net Assets

| | |
|--|-----------------------|
| Net asset held for pool participants at July 1, 2011 | \$ 511,385,384 |
| Net change in investments by pool participants | <u>(28,539,452)</u> |
| Net assets held for pool participants at June 30, 2012 | <u>\$ 482,845,932</u> |

3. Interfund Transactions

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2012 are as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|------------------------|-------------------------------|---------------------|---|
| General Fund | Other Governmental Fund | \$ 130,874 | IHSS cash advance |
| | Internal Service Fund | 675,207 | Employee/Retiree Benefits cash advance |
| | Lake Berryessa Resort Improv. | 80,750 | Revenue anticipation advance |
| | Other Enterprise Funds | <u>474,000</u> | Napa Berryessa revenue anticipation advance |
| | | <u>\$ 1,360,831</u> | |

The above balances reflect temporary cash advances.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

3. **Interfund Transactions** (continued)

Interfund Receivables/Payables (continued)

The amounts payable to the General Fund and the Accumulated Capital Outlay Fund reflect loans made to Lake Berryessa and Napa Berryessa Resort Improvement Districts to help fund capital improvements and maintenance projects. None of the balances outstanding are scheduled to be repaid in the subsequent year.

The Napa County Airport fund has received an advance from the County to construct certain projects at the Airport. The advance includes a repayment schedule with the entire outstanding balance, \$270,000, due in the following year.

Advance to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------------------|-------------------------------|---------------------|-----------------------------|
| General Fund | Lake Berryessa Resort Improv. | \$ 1,096,000 | Operating advance |
| | Other Enterprise Fund | 880,000 | Operating & capital advance |
| Accum. Capital Outlay | Lake Berryessa Resort Improv. | 500,000 | Capital advance |
| | Other Enterprise Fund | 45,000 | Capital advance |
| Other Governmental Funds | Napa County Airport | 279,000 | Capital advance |
| | | <u>\$ 2,800,000</u> | |

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 | Roads Fund | \$ 1,194,852 | Road contribution |
| | Accumulated Capital Outlay | 2,863,497 | Capital projects |
| | Fifth Street Parking Garage | 45,049 | Operating contribution |
| | Other Governmental Funds | 3,181,592 | Debt service |
| | Other Governmental Funds | 177,685 | Library contribution |
| | Other Governmental Funds | 166,349 | IHSS contribution |
| | Other Governmental Funds | 8,597 | Other contributions |
| | Other Enterprise Funds | 499,433 | Animal Shelter contribution |
| | Internal Service Funds | 1,298,492 | Other post employment contribution |
| | Accumulated Capital Outlay | General Fund | 374,888 |
| Other Governmental Funds | | 944,005 | Capital projects |
| Internal Service Funds | | 138,770 | Other contributions |
| Other Governmental Funds | Roads | 171,000 | Road maintenance |
| | Accumulated Capital Outlay | 90,632 | Return of unspent project funds |
| | Other Governmental Funds | 431,678 | Debt service |
| | Other Governmental Funds | 251,204 | Fire protection |
| | Other Enterprise Funds | 526,712 | Farmworker centers |
| Napa County Airport | Other Governmental Funds | 22,167 | Debt service |
| | | <u>\$ 12,386,602</u> | |

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

4. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

| | Balance July 1, 2011 | Additions | Retirements | Transfers & Adjustments | Balance June 30, 2012 |
|--|-------------------------|-----------------------|--------------------|----------------------------|--------------------------|
| Governmental Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 4,751,515 | \$ - | \$ - | \$ - | \$ 4,751,515 |
| Intangible assets | 282,976 | 633,052 | - | - | 916,028 |
| Construction in progress | 2,498,655 | 4,001,665 | - | (806,512) | 5,693,808 |
| Total capital assets, not being depreciated | <u>7,533,146</u> | <u>4,634,717</u> | <u>-</u> | <u>(806,512)</u> | <u>11,361,351</u> |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 179,726,682 | - | - | 806,512 | 180,533,194 |
| Structures and improvements | 101,509,793 | - | - | - | 101,509,793 |
| Equipment | 29,377,829 | 1,252,069 | (914,326) | - | 29,715,572 |
| Total capital assets, being depreciated | <u>310,614,304</u> | <u>1,252,069</u> | <u>(914,326)</u> | <u>806,512</u> | <u>311,758,559</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (149,930,775) | (3,868,085) | - | - | (153,798,860) |
| Structures and improvements | (27,174,128) | (2,077,782) | - | - | (29,251,910) |
| Equipment | (19,732,977) | (2,464,815) | 900,214 | - | (21,297,578) |
| Total accumulated depreciation | <u>(196,837,880)</u> | <u>(8,410,682)</u> | <u>900,214</u> | <u>-</u> | <u>(204,348,348)</u> |
| Total capital assets, being depreciated, net | <u>113,776,424</u> | <u>(7,158,613)</u> | <u>(14,112)</u> | <u>806,512</u> | <u>107,410,211</u> |
| Government activities capital assets, net | <u>\$ 121,309,570</u> | <u>\$ (2,523,896)</u> | <u>\$ (14,112)</u> | <u>\$ -</u> | <u>\$ 118,771,562</u> |
| Business-type Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 5,171,876 | \$ - | \$ - | \$ - | \$ 5,171,876 |
| Construction in progress | 2,505,532 | 2,586,917 | - | (4,064,538) | 1,027,911 |
| Total capital assets, not being depreciated | <u>7,677,408</u> | <u>2,586,917</u> | <u>-</u> | <u>(4,064,538)</u> | <u>6,199,787</u> |
| Capital assets, being depreciated: | | | | | |
| Structures and improvements | 62,123,765 | 648,472 | (307,251) | 4,064,538 | 66,529,524 |
| Equipment | 687,757 | - | - | - | 687,757 |
| Total capital assets, being depreciated | <u>62,811,522</u> | <u>648,472</u> | <u>(307,251)</u> | <u>4,064,538</u> | <u>67,217,281</u> |
| Less accumulated depreciation for: | | | | | |
| Structures and improvements | (23,717,398) | (2,064,264) | 262,185 | - | (25,519,477) |
| Equipment | (466,817) | (63,591) | - | - | (530,408) |
| Total accumulated depreciation | <u>(24,184,215)</u> | <u>(2,127,855)</u> | <u>262,185</u> | <u>-</u> | <u>(26,049,885)</u> |
| Total capital assets, being depreciated, net | <u>38,627,307</u> | <u>(1,479,383)</u> | <u>(45,066)</u> | <u>4,064,538</u> | <u>41,167,396</u> |
| Business-type activities capital assets, net | <u>\$ 46,304,715</u> | <u>\$ 1,107,534</u> | <u>\$ (45,066)</u> | <u>\$ -</u> | <u>\$ 47,367,183</u> |

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

4. Capital Assets (continued)

Transfers and Adjustments

During fiscal year 2011-2012 the following construction projects were completed and transferred from construction in progress:

- The Roads Fund completed construction on the Duhig Road – Las Amigas bicycle path. The completion of this project resulted in \$806,512 being transferred to structures and improvements.
- The Lake Berryessa Resort Improvement District completed construction on a water treatment plant resulting in \$1,727,151 being transferred to structures and improvements.
- The Airport completed a runway rehabilitation project resulting in \$2,337,387 being transferred to structures and improvements.

Construction Commitments

With the completion of the Lake Berryessa Resort Improvement District water treatment plant and the Napa County Airport runway rehabilitation project, the County has no material construction commitments as of June 30, 2012.

Depreciation

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---------------------|
| General government | \$ 2,600,308 |
| Public protection | 1,515,949 |
| Public ways and facilities | 3,897,082 |
| Health and sanitation | 11,619 |
| Public assistance | 287,986 |
| Education | 97,738 |
| Total Depreciation Expense - Governmental Functions | <u>\$ 8,410,682</u> |

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

| | |
|--|---------------------|
| Napa County Airport | \$ 1,389,022 |
| Lake Berryessa Resort Improvement District | 204,411 |
| Fifth Street Parking Garage | 336,827 |
| Napa Berryessa Resort Improvement District | 35,071 |
| Napa County Housing Authority | 62,257 |
| Napa County Animal Shelter | 100,267 |
| Total Depreciation Expense - Business-Type Functions | <u>\$ 2,127,855</u> |

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

5. Long-Term Debt

The following is a summary of long-term liabilities transactions for the year ended June 30, 2012:

| | Balance July 1, 2011 | Additions | Reductions | Balance June 30, 2012 | Amounts Due Within One Year |
|---|-------------------------|----------------------|------------------------|--------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Bonds payable | \$ 32,000,000 | \$ - | \$ (4,000,000) | \$ 28,000,000 | \$ 4,175,000 |
| Plus deferred amounts: | | | | | |
| For issuance premiums | 1,123,902 | - | (160,558) | 963,344 | - |
| For refunding | (976,626) | - | 139,518 | (837,108) | - |
| Certificates of participation | 30,590,000 | 20,225,000 | (24,485,000) | 26,330,000 | 2,525,000 |
| Plus deferred amounts: | | | | | |
| For issuance premiums | 130,073 | 3,249,340 | (55,278) | 3,324,135 | - |
| Loans payable | 1,255,465 | - | (47,181) | 1,208,284 | 1,074,308 |
| Compensated absences | 6,994,969 | 6,036,343 | (5,780,104) | 7,251,208 | 3,852,018 |
| Liability for unpaid claims | 8,518,000 | 3,458,591 | (3,086,591) | 8,890,000 | 2,530,800 |
| | | | | | |
| Total Governmental Activities Long-term liabilities | <u>\$ 79,635,783</u> | <u>\$ 32,969,274</u> | <u>\$ (37,475,194)</u> | <u>\$ 75,129,863</u> | <u>\$ 14,157,126</u> |
| Business-type Activities | | | | | |
| Bonds payable | \$ 4,495,000 | \$ - | \$ (90,000) | \$ 4,405,000 | \$ 85,000 |
| Loan payable | 268,593 | - | (35,156) | 233,437 | 37,109 |
| Stipulated judgment | 320,000 | - | (40,000) | 280,000 | 40,000 |
| Compensated absences | 63,610 | 50,796 | (47,546) | 66,860 | 35,103 |
| | | | | | |
| Total Business-type Activities Long-term liabilities | <u>\$ 5,147,203</u> | <u>\$ 50,796</u> | <u>\$ (212,702)</u> | <u>\$ 4,985,297</u> | <u>\$ 197,212</u> |

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2012

5. Long-Term Debt (continued)

As of June 30, 2012, annual debt service requirements of governmental and business-type activities to maturity are as follows:

| Year Ending June 30: | Governmental Activities | | | | | |
|-------------------------|-------------------------|---------------------|-------------------------------|---------------------|---------------------|------------------|
| | Bonds Payable | | Certificates of Participation | | Loan Payable | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2013 | \$ 4,175,000 | \$ 1,259,060 | \$ 2,525,000 | \$ 1,145,784 | \$ 1,074,308 | \$ 10,905 |
| 2014 | 4,375,000 | 1,061,160 | 2,630,000 | 1,038,575 | 52,024 | 4,784 |
| 2015 | 4,570,000 | 859,375 | 2,715,000 | 953,775 | 54,099 | 2,709 |
| 2016 | 4,745,000 | 688,500 | 2,810,000 | 866,225 | 27,853 | 551 |
| 2017 | 4,950,000 | 481,000 | 2,930,000 | 744,700 | - | - |
| 2018-2022 | 5,185,000 | 246,100 | 9,525,000 | 2,178,250 | - | - |
| 2023-2024 | - | - | 3,195,000 | 169,550 | - | - |
| | <u>\$ 28,000,000</u> | <u>\$ 4,595,195</u> | <u>\$ 26,330,000</u> | <u>\$ 7,096,859</u> | <u>\$ 1,208,284</u> | <u>\$ 18,949</u> |

| Year Ending June 30: | Business-type Activities | | | |
|-------------------------|----------------------------------|---------------------|-------------------|------------------|
| | Special Assessment Bonds Payable | | Loans Payable | |
| | Principal | Interest | Principal | Interest |
| 2013 | \$ 85,000 | \$ 239,831 | \$ 37,109 | \$ 12,192 |
| 2014 | 90,000 | 235,238 | 39,063 | 10,255 |
| 2015 | 90,000 | 230,512 | 41,016 | 8,214 |
| 2016 | 95,000 | 225,656 | 42,969 | 6,072 |
| 2017 | 100,000 | 220,538 | 44,922 | 3,828 |
| 2018-2022 | 590,000 | 1,013,194 | 28,358 | 1,481 |
| 2023-2027 | 775,000 | 826,463 | - | - |
| 2028-2032 | 1,010,000 | 582,150 | - | - |
| 2033-2037 | 1,305,000 | 262,376 | - | - |
| 2038 | 265,000 | 7,354 | - | - |
| | <u>\$ 4,405,000</u> | <u>\$ 3,843,312</u> | <u>\$ 233,437</u> | <u>\$ 42,042</u> |

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2012

5. Long-Term Debt (continued)

Long-term liabilities at June 30, 2012 consisted of the following:

| | <u>Date of Issue</u> | <u>Maturity</u> | <u>Interest Rates</u> | <u>Annual Principal Installments</u> | <u>Original Issue Amount</u> | <u>Outstanding at June 30, 2012</u> |
|--|--------------------------|-----------------|---------------------------|--|--------------------------------------|---|
| Governmental Activities | | | | | | |
| Bonds Payable | | | | | | |
| 2005 Series Refunding (to refund a portion of the Napa County Flood Protection and Watershed Improvement Authority's Limited Tax Bonds, 1999 Series A, and to pay the costs of issuance of the Series 2005 Bonds. The 1999 Series A Bonds were issued to finance or reimburse the Authority for certain costs of the Napa River/Napa Creek Flood Protection Project and other costs associated with the issuance.) | | | | | | |
| Bonds Payable | 7/1/2005 | 2018 | 3.25-5.00% | \$50,000-\$3,870,000 | \$ 29,710,000 | \$ 20,825,000 |
| 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 | 3/1/2005 | 2018 | 3.00-4.50% | \$830,000-\$1,315,000 | <u>13,655,000</u> | <u>7,175,000</u> |
| Total Bonds Payable | | | | | <u>43,365,000</u> | <u>28,000,000</u> |
| Certificates of Participation | | | | | | |
| 2012 issue (to refund the County's 2003 COP issue used to fund the construction of a new Sheriff's facility, the construction and renovation of the County's Juvenile Justice Center and refund the 1993 COP issue; to establish a reserve fund for the Certificates; and to pay certain costs incurred in connection with the execution of the Certificates). | | | | | | |
| Certificates of Participation | 5/15/2012 | 2024 | 2.00-5.00% | \$980,000-\$2,215,000 | 20,225,000 | 20,225,000 |
| 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 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>6,105,000</u> |
| Total Certificates of Participation | | | | | <u>33,500,000</u> | <u>26,330,000</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 | 11/17/2006 | 2016 | 3.95% | \$20,000 - \$27,853 | 448,372 | 208,284 |

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2012

5. 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, 2012</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 | 7/1/2004 | 2014 | 3.00% | Various | <u>1,000,000</u> | <u>1,000,000</u> |
| Total Loans Payable | | | | | <u>1,448,372</u> | <u>1,208,284</u> |
| Total Governmental Activities | | | | | <u>\$ 78,313,372</u> | <u>\$ 55,538,283</u> |

Business-type Activities

Special Assessment Bonds Payable

2007 Series A Bonds (to finance or reimburse the Lake Berryessa Resort Improvement District for certain costs to acquire and construct sewer and water treatment improvements; to fund a reserve fund for the Bonds; to pay capitalized interest if necessary; and to pay the costs of issuance of the 2007 Series A Bonds. These bonds will be paid from amounts levied against property owners benefited by these improvements.)

| | | | | | | |
|---------------|----------|------|------------|--------------------|--------------|--------------|
| Bonds Payable | 9/2/2007 | 2037 | 5.25-5.55% | \$55,841-\$295,000 | \$ 4,755,841 | \$ 4,405,000 |
|---------------|----------|------|------------|--------------------|--------------|--------------|

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>233,437</u> |
| Total Business-Type Activities | | | | | <u>\$ 5,255,841</u> | <u>\$ 4,638,437</u> |

Certificates of participation retirements and related interest payments are paid from a debt service fund. Bond retirements and related interest payments are paid from the Napa County Flood Protection and Watershed Improvement Authority and the Lake Berryessa Resort Improvement District. Loans payable retirements and related interest payments are paid from the both the General Fund and the Airport Fund. Insurance claims and judgments are paid from the County's Worker's Compensation and General Liability Funds. Stipulated judgment payments are paid from the Lake Berryessa Resort Improvement District. 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 two enterprise funds. 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.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

5. Long-Term Debt (continued)

Bond Discounts, Bond Premiums, and Issuance Costs

In the governmental funds, bond discounts, bond premiums and issuance costs are treated as period costs in the year of issue. In the proprietary funds (and for the governmental activities in the government-wide statements) bond discounts, bond premiums and issuance costs are deferred and amortized over the term of the debt using the straight-line method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the outstanding balance of bonds payable, whereas issuance costs are recorded as deferred charges.

Arbitrage Earnings

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. During the current year, the County reviewed investment earnings on all remaining bond proceeds and does not anticipate a significant arbitrage liability at June 30, 2012.

6. Operating Leases

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

| <u>Fiscal Year Ending June 30,</u> | <u>Payments</u> |
|--|---------------------|
| 2013 | \$ 1,167,031 |
| 2014 | 642,044 |
| 2015 | 557,352 |
| 2016 | 400,985 |
| 2017 | 333,107 |
| 2018-2022 | 1,208,070 |
| 2023-2027 | 120,000 |
| 2028-2032 | 120,000 |
| 2033-2037 | 120,000 |
| 2038-2042 | 120,000 |
| 2043-2045 | 72,000 |
| Total | <u>\$ 4,860,589</u> |

Rent expenditures were \$1,494,186 for the year ended June 30, 2012.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

7. Unearned and Deferred Revenues

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, the government-wide statement of net assets as well as governmental and enterprise funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Assets recognized in connection with a transaction before the earning process is complete are offset by a corresponding liability for unearned revenue.

Under the modified accrual basis of accounting, it is not enough that the revenue has been earned if it is to be recognized in the current period. Revenue must also be available to finance expenditures of the current period. Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate, as liabilities of the current period.

As of June 30, 2012, the various components of deferred and unearned revenue reported were as follows:

| | Unearned | Deferred (Unavailable) | Total |
|--|------------|---------------------------|---------------|
| Governmental Activities: | | | |
| General Fund: | | | |
| SB 90 mandated costs | \$ -- | \$ 8,550,154 | \$ 8,550,154 |
| State grants & reimbursements | -- | 2,874,269 | 2,874,269 |
| Federal grants & reimbursements | 182,881 | 3,796,743 | 3,979,624 |
| Other | -- | 165,139 | 165,139 |
| Roads Fund: | | | |
| State disaster assistance | -- | 249,670 | 249,670 |
| State grants & reimbursements | -- | 91,414 | 91,414 |
| Federal disaster assistance | -- | 749,010 | 749,010 |
| Federal grants & reimbursements | -- | 78,896 | 78,896 |
| Nonmajor Governmental Funds: | | | |
| State grants & reimbursements | -- | 92,085 | 92,085 |
| Federal grants & reimbursements | -- | 157,679 | 157,679 |
| Other | -- | 386,445 | 386,445 |
| Total unearned and deferred revenue | \$ 182,881 | \$ 17,191,504 | \$ 17,374,385 |
| Business-type Activities: | | | |
| Napa County Airport: | | | |
| Long-term hangar lease agreement with State of California | \$ 271,820 | \$ -- | \$ 271,820 |
| Total unearned and deferred revenue | \$ 271,820 | \$ -- | \$ 271,820 |

8. 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.

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.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

8. Net Assets (continued)

- *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, 2012 are net assets restricted by enabling legislation of \$71,320,959.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

9. Fund Balances

Classification

In accordance with the provisions of GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances for all major and nonmajor governmental funds as of June 30, 2012, were distributed as follows:

| | General | Napa County Flood Protection and Watershed Improvement Authority | Accumulated Capital Outlay | Roads | Other Governmental Funds | Total |
|--------------------------|----------------------|--|-------------------------------|---------------------|--------------------------------|-----------------------|
| Nonspendable: | | | | | | |
| Prepaid items | \$ 233,958 | \$ - | \$ - | \$ - | \$ 22,500 | \$ 256,458 |
| Advances | 1,976,000 | - | 545,000 | - | 279,000 | 2,800,000 |
| Endowment | - | - | - | - | 19,920 | 19,920 |
| Subtotal | <u>2,209,958</u> | <u>-</u> | <u>545,000</u> | <u>-</u> | <u>321,420</u> | <u>3,076,378</u> |
| Restricted for: | | | | | | |
| General government | 22,479,410 | - | - | - | 65,617 | 22,545,027 |
| Public protection | 8,931,399 | 53,666,503 | - | - | 10,358,154 | 72,956,056 |
| Public ways & facilities | 2,430,656 | - | - | 2,726,339 | 326,002 | 5,482,997 |
| Health & sanitation | 7,486,315 | - | - | - | 1,242,669 | 8,728,984 |
| Public assistance | 1,181,284 | - | - | - | 24,019,966 | 25,201,250 |
| Education | - | - | - | - | 9,646,305 | 9,646,305 |
| Capital projects | - | - | - | - | 2,762,700 | 2,762,700 |
| Debt service | - | - | - | - | 2,365,969 | 2,365,969 |
| Subtotal | <u>42,509,064</u> | <u>53,666,503</u> | <u>-</u> | <u>2,726,339</u> | <u>50,787,382</u> | <u>149,689,288</u> |
| Committed to: | | | | | | |
| Recreation & culture | 1,357,015 | - | - | - | - | 1,357,015 |
| Subtotal | <u>1,357,015</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,357,015</u> |
| Assigned to: | | | | | | |
| General government | 21,845,254 | - | - | - | - | 21,845,254 |
| Public protection | 698,533 | - | - | - | 820,172 | 1,518,705 |
| Public ways & facilities | 20,192 | - | - | - | - | 20,192 |
| Health & sanitation | 12,189,574 | - | - | - | - | 12,189,574 |
| Capital projects | 1,192,574 | - | 34,676,353 | - | - | 35,868,927 |
| Debt service | - | - | - | - | 174,028 | 174,028 |
| Subtotal | <u>35,946,127</u> | <u>-</u> | <u>34,676,353</u> | <u>-</u> | <u>994,200</u> | <u>71,616,680</u> |
| Unassigned | <u>13,767,598</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(176,199)</u> | <u>13,591,399</u> |
| Total | <u>\$ 95,789,762</u> | <u>\$ 53,666,503</u> | <u>\$ 35,221,353</u> | <u>\$ 2,726,339</u> | <u>\$ 51,926,803</u> | <u>\$ 239,330,760</u> |

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

9. **Fund Balances** (continued)

Encumbrances

The following is a summary of encumbrances included in fund balance as of June 30, 2012:

| | Restricted | Assigned |
|--------------------------------------|------------|------------|
| General Fund | | |
| General government | \$ - | \$ 81,620 |
| Public protection | - | 115,899 |
| Public ways and facilities | - | 20,192 |
| Total General Fund | - | 217,711 |
| Other Governmental Funds | | |
| Public protection | 36,050 | - |
| Education | 191,110 | - |
| Total Other Governmental Funds | 227,160 | - |
| Total Governmental Fund Encumbrances | \$ 227,160 | \$ 217,711 |

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 does not represent available spending resources.

Deficit Fund Balance/Net Assets

- In Home Support Services special revenue fund had a deficit fund balance of \$112,527 as of June 30, 2012. The deficit is expected to be eliminated in future years through the collection and recognition of revenues deferred in the current year, increase of future revenues and/or transfers from other funds.
- Child Support Services special revenue fund had a deficit fund balance of \$56,200 as of June 30, 2012. The deficit is expected to be eliminated in future years through the collection and recognition of revenues deferred in the current year.
- Major Capital Projects fund had a deficit fund balance of \$6,695 as of June 30, 2012. The deficit is expected to be eliminated in future years through transfers from other funds.
- Napa Berryessa Resort Improvement District enterprise fund had deficit net assets of \$297,576 as of June 30, 2012. The deficit is expected to be eliminated in future years through service rate increases and/or operational efficiency savings.
- Workers' Compensation internal service fund had deficit net assets of \$471,531 as of June 30, 2012. The deficit is expected to be eliminated in future years through rate increases charged to County departments.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

10. County Employees Retirement Plan (Defined Benefit Pension Plan)

A. Plan Description

The County's defined benefit pension provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. The County's Safety and Miscellaneous Plans are part of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and other requirements are established by State statute within the Public Employees' Retirement Law. The County selects optional benefit provisions by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report; however, a separate report for the County's Safety and Miscellaneous Plans are not available. Copies of CalPERS annual financial reports which include required supplementary information (RSI) for each plan may be obtained from CalPERS Executive Offices, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

During fiscal year 2011-2012, the County and the local miscellaneous bargaining unit agreed to implement an additional 2% at age 60 retirement tier for non-safety employees beginning service after October 29, 2011.

B. Funding Policy and Status

Active plan members in the Miscellaneous and Safety Plans are required to contribute 8% and 9%, respectively of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established by CalPERS. Both the Safety and Miscellaneous Plans include cost sharing agreements which determine whether a portion of the members' contribution is paid by the County or whether a portion of the Employer's contribution is paid by the member. Results of the cost sharing agreements are as follows:

| Plan | Member Share | | County Share | | Total Member | Total County |
|-----------------------|--------------|--------|--------------|--------|--------------|--------------|
| | Member | County | Member | County | | |
| Miscellaneous | | | | | | |
| Tiers 1 and 2 | 5.38% | 2.62% | 0.00% | 15.66% | 5.38% | 18.28% |
| Safety Management | | | | | | |
| Tiers 1 and 2 | 3.10% | 5.90% | 0.00% | 24.21% | 3.10% | 30.11% |
| Tier 3 | 3.10% | 5.90% | 0.00% | 21.25% | 3.10% | 27.15% |
| Safety Non Management | | | | | | |
| Tiers 1 and 2 | 5.70% | 3.30% | 0.00% | 24.21% | 5.70% | 27.51% |
| Tier 3 | 5.70% | 3.30% | 0.00% | 21.25% | 5.70% | 24.55% |

Employee contributions cannot be withdrawn until separation from employment.

Annual Pension Cost

For fiscal year 2011-12, the County's annual pension cost was \$15,541,810. The County has traditionally contributed the annual required contribution and not needed to report a net pension obligation.

COUNTY OF NAPA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2012

10. County Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

B. Funding Policy and Status (continued)

The actuarial methods and assumptions used to determine the contributions are as follows:

| | <u>Miscellaneous Plan</u> | <u>Safety Plan</u> |
|--|---------------------------|--------------------|
| ACTUARIAL VALUATION: | | |
| Actuarial valuation date | 6/30/2011 | 6/30/2011 |
| Basis for fiscal year 2011-2012 contribution | 6/30/2009 | 6/30/2009 |
| Actuarial cost method | Entry age normal | Entry age normal |
| AMORTIZATION: | | |
| Amortization Method | Level % of pay | Level % of pay |
| New period policy | | |
| Gains/Losses | 30 years rolling | 30 years rolling |
| Plan amendments | 20 years | 20 years |
| Actuarial assumptions | 20 years | 20 years |
| Remaining amortization period | 21 years | 19-20 years |
| ASSET VALUATION METHOD: | | |
| | 15 year | 15 year |
| | smoothed market | smoothed market |
| ACTUARIAL ASSUMPTIONS: | | |
| Investment rate of return ⁽¹⁾ | 7.50% | 7.50% |
| Projected salary increases | 3.30% to 14.20% | 3.55% to 14.45% |
| Inflation | 2.75% | 2.75% |
| Payroll growth | 3.00% | 3.00% |

(1) Assumed investment rate of return is net of administrative costs.

Three-Year Trend Information for the County's Defined Benefit Plans (in thousands)

| Fiscal Year Ended | Annual Pension Cost Miscellaneous | Annual Pension Cost Safety | Total Annual Pension Cost | Percentage of Annual Pension Cost Contributed | Net Pension Obligation |
|----------------------|---|----------------------------------|---------------------------------|--|------------------------------|
| 6/30/2010 | 10,840 | 2,886 | 13,726 | 100% | - |
| 6/30/2011 | 11,509 | 7,850 | 19,359 | 100% | - |
| 6/30/2012 | 12,762 | 2,780 | 15,542 | 100% | - |

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

10. County Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

B. **Funding Policy and Status** (continued)

The funded status of the County's Miscellaneous Plan (in thousands) as of June 30, 2011, the date of the latest actuarial valuation, is as follows:

| | | |
|---|----|---------|
| Actuarial accrued liability (AAL) | \$ | 535,067 |
| Actuarial value of plan assets | | 442,220 |
| | | <hr/> |
| Unfunded actuarial accrued liability (UAAL) | \$ | 92,847 |
| | | <hr/> |
| Funded ratio (actuarial value of plan assets/AAL) | | 83% |
| Covered payroll (active Plan members) | \$ | 90,158 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | | 103% |

Because the County's Safety Plan had less than 100 members in at least one valuation since June 30, 2003, information related to the actuarial value of assets and the funded status of the Plan is no longer available outside of the Risk Pool. A Schedule of Funding for the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the UAAL to payroll for the risk pool to which this plan belongs can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709.

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

11. Other Post Employment Benefits

In addition to the pension benefits described in Note 10, the County provides an agent multiple-employer postretirement healthcare benefits under the *Retiree Healthcare Plan*. 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 and/or dental benefits on a pay-as-you-go basis to retirees in three basic categories.

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 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.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

11. Other Post Employment Benefits (continued)

The County provides retiree medical benefits through the California Public Employees' Retirement System (CalPERS) Healthcare program. The County contributes the Public Employees Medical and Healthcare Act (PEMHCA) minimum required employer contribution (\$56.00 per month for calendar year 2012) towards the retiree monthly premium for eligible retirees participating in PEMHCA.

Funding Policy. The contribution requirements for plan members and the County are established and may be amended by the County. The County prefunds the plan through the California Employers' Retiree Benefit Trust (CERBT) by contributing at least 100% of the annual required contribution. The County began funding its liability under the Retiree Healthcare Plan in 2007-2008.

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial accrued liability (UAAL). The plan's UAAL is being amortized as a level percentage of projected payroll on a closed basis. The plan originally set the amortization period of the UAAL at 14 years. For plan years beginning after June 30, 2009, the County revised the plan by electing a closed 20 year fresh start amortization period. The remaining amortization period as of June 30, 2012 was 17 years.

For fiscal year 2011-2012, the County's ARC was \$6,184,000 which was fully funded for GASB 45 purposes. The County paid \$1,972,632 to retirees during the year, and \$4,211,368 to the CERBT.

CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to pre-fund retiree healthcare benefits. CERBT issues a publicly available financial report including GASB 43 disclosure information in aggregate with the other CERBT participating employers. That report may be obtained by contacting CalPERS.

Actuarial Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation as well as the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the County's June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of investment expenses) which included a 3.0% inflation factor and annual healthcare cost trend rates for HMO and PPO coverage. The Non-Medicare and Medicare cost trend rates start at 8.5% and 8.9%, respectively, and decline to 5% over eight years.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

11. Other Post Employment Benefits (continued)

Annual Other Post Employment Benefits (OPEB) Cost and Net OPEB Obligation.

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for the past three fiscal years are as follows (dollar amounts in thousands):

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|---|------------------------|
| 6/30/2010 | \$ 4,583 | 100% | \$ - |
| 6/30/2011 | 4,731 | 100% | - |
| 6/30/2012 | 6,184 | 100% | - |

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2011, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

| | |
|---|-----------|
| Actuarial accrued liability (AAL) | \$ 51,697 |
| Actuarial value of plan assets | 16,613 |
| Unfunded actuarial accrued liability (UAAL) | \$ 35,084 |
| Funded ratio (actuarial value of plan assets/AAL) | 32.1% |
| Covered payroll (active Plan members) | \$ 89,105 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 39.4% |

Actuarial valuations of an ongoing OPEB Plan involve estimate of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality. And the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

12. Deferred Compensation Plan

Napa County offers to its employees an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The plan is available to a vast majority of employees and permits participants to defer a portion of their salary until future years. The deferred compensation is not available for withdrawal by employees until termination, retirement, death, or unforeseen non-reimbursed emergency.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

12. Deferred Compensation Plan (continued)

The County's Section 457 plan is administered through a contract plan administrator. The County is not responsible for the investing function and has no fiduciary accountability for the plan. Therefore, the assets and associated participants' liability of the plan have been excluded from the County's financial statements.

13. 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 eligible employees. Eligible employees are defined as the County's management, confidential and non-classified officers, and elected officials. Once eligible, employees must elect to enter into a one-time irrevocable salary reduction within 30 days. 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 401(a) Retirement savings plan contains provisions which provide for an employer matching contribution to the accounts of each eligible employee who participates in, and has deferred an equivalent amount into the County's 457 deferred compensation plan. The maximum match per eligible employee is required to 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 both the 457 and 401(a) plans among the investment options provided under each 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. The County is not responsible for the investing function and has no fiduciary accountability for the plan. Therefore, the assets and associated participants' liability of the plan have been excluded from the County's financial statements.

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

The County's actual contributions for the past three fiscal years are as follows:

| <u>Ended</u> | <u>Contributions</u> |
|--------------|----------------------|
| 6/30/2010 | \$ 155,194 |
| 6/30/2011 | 156,691 |
| 6/30/2012 | 172,094 |

14. 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 \$350,000 for each workers' compensation claim and the general liability fund provides coverage up to \$300,000 for each general liability claim.

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

14. Risk Management (continued)

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 the Internal Service Funds noted in the preceding paragraph. The County has not submitted claims to the EIA in any of the past three years as claims settled during that period have not 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.

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, 2012 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. The County's General Liability and Workers' Compensation claims liabilities are set using confidence levels of 90% and 50%, respectively.

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: | | | | |
| 2009 - 2010 | \$ 3,320,000 | \$ 1,071,973 | \$ (1,474,973) | \$ 2,917,000 |
| 2010 - 2011 | 2,917,000 | 1,322,283 | (1,322,283) | 2,917,000 |
| 2011 - 2012 | 2,917,000 | 860,879 | (1,324,879) | 2,453,000 |
| Workers' Compensation: | | | | |
| 2009 - 2010 | 6,197,000 | 1,260,306 | (1,488,306) | 5,969,000 |
| 2010 - 2011 | 5,969,000 | 868,340 | (1,236,340) | 5,601,000 |
| 2011 - 2012 | 5,601,000 | 2,225,712 | (1,389,712) | 6,437,000 |

COUNTY OF NAPA

Notes to the Basic Financial Statements For the Year Ended June 30, 2012

15. 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. County Counsel has indicated that the potential uninsured claims against the County resulting from such litigation would not materially affect the financial statements of the County.

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 government agency. As of June 30, 2012, significant amounts of grant expenditures and records relating to reimbursements have not been audited by the granting agency, but the County believes that disallowed expenditures and 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.

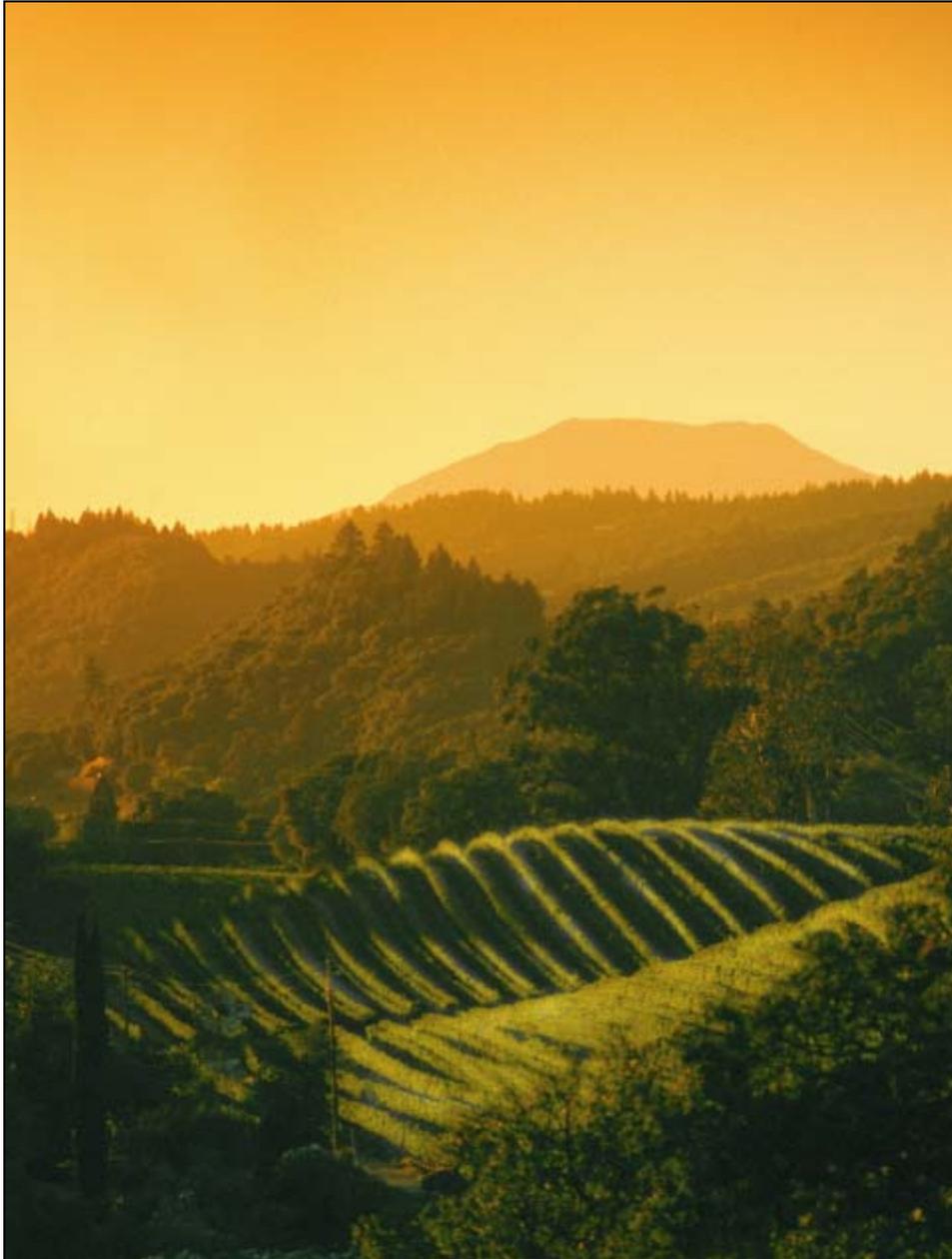


Photography by Jeff Tangen, <http://www.jefftangenphoto.com>

Rector Ridge overlooking Napa Valley



REQUIRED SUPPLEMENTARY INFORMATION



Photography Courtesy of Napa Valley Tourism Improvement District

Mount Saint Helena

Mount Saint Helena (Wappo: Kanamota, "Human Mountain") is a peak in the Mayacamas Mountains with flanks in Napa, Sonoma, and Lake counties of California.

COUNTY OF NAPA

Required Supplementary Information For the Year Ended June 30, 2012

County Employees Retirement Plan (Defined Benefit Pension Plan)

Schedule of Funding Progress

The table 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 (UAAL) as a percentage of the annual covered payroll as of June 30:

| Funded Status of Miscellaneous Plan (Dollar Amounts in Thousands) | | | | | | |
|--|---|---------------------------------|--|-----------------|------------------------------|---------------------------|
| Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded/ (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | UAAL as a % of Payroll |
| 6/30/2009 | \$ 477,564 | \$ 393,847 | \$ 83,717 | 82.5% | \$ 87,977 | 95.2% |
| 6/30/2010 | 499,989 | 415,851 | 84,138 | 83.2% | 89,211 | 94.3% |
| 6/30/2011 | 535,067 | 442,220 | 92,847 | 82.6% | 90,158 | 103.0% |

Funded status information is no longer available for the Safety Plans on a stand-alone basis. The following information presented relates to the cost-sharing plan as a whole, of which the County is a participating employer.

| Funded Status of the Risk Pool which includes the Safety Plan – 3.0% at 50 (Dollar Amounts in Thousands) | | | | | | |
|---|---|---------------------------------|--|-----------------|------------------------------|---------------------------|
| Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded/ (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | UAAL as a % of Payroll |
| 6/30/2009 | \$ 9,721,675 | \$ 8,027,159 | \$ 1,694,516 | 82.6% | \$ 973,814 | 174.0% |
| 6/30/2010 | 10,165,475 | 8,470,235 | 1,695,240 | 83.3% | 955,981 | 177.3% |
| 6/30/2011 | 10,951,745 | 9,135,654 | 1,816,091 | 83.4% | 949,833 | 191.2% |

The total annual covered payroll of the cost-sharing risk pool for the plan year ended June 30, 2011, the most recent plan year reported, was \$949,833,090 of which \$12,432,491 was attributable to the County.

COUNTY OF NAPA

Required Supplementary Information For the Year Ended June 30, 2012

County Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

Schedule of Funding Progress (continued)

Funded Status of the Risk Pool which includes the Safety Plan – 3.0% at 55
(Dollar Amounts in Thousands)

| Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded/ (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | UAAL as a % of Payroll |
|-------------------|---|---------------------------------|--|-----------------|------------------------------|---------------------------|
| 6/30/2009 | \$ 1,802,882 | \$ 1,520,081 | \$ 282,801 | 84.3% | \$ 221,600 | 127.6% |
| 6/30/2010 | 1,915,096 | 1,628,915 | 286,181 | 85.1% | 224,562 | 127.4% |
| 6/30/2011 | 2,061,924 | 1,759,287 | 302,637 | 85.3% | 225,026 | 134.5% |

The total annual covered payroll of the cost-sharing risk pool for the plan year ended June 30, 2011, the most recent plan year reported, was \$225,026,216 of which \$92,724 was attributable to the County. The 3.0% at 55 plan was added for the County's Safety members during the year ended June 30, 2011 (shaded area represents pool results for years preceding County inclusion).

Other Post Employment Benefits Plan

Schedule of Funding Progress

The table 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 (UAAL) as a percentage of the annual covered payroll as of June 30:

Funded Status of Retiree Healthcare Plan
(Dollar Amounts in Thousands)

| Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded/ (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | UAAL as a % of Payroll |
|-------------------|---|---------------------------------|--|-----------------|------------------------------|---------------------------|
| 6/30/08 | \$ 36,040 | \$ 4,363 | \$ 31,677 | 12.1% | \$ 86,030 | 36.8% |
| 6/30/10 | 48,008 | 12,519 | 35,489 | 26.1% | 86,300 | 41.1% |
| 6/30/11 | 50,678 | 16,613 | 34,065 | 32.8% | 89,105 | 38.2% |



Photography Courtesy of the Napa County Parks and Open Space District

Pacific Tree Frog

The **Pacific Tree Frogs** (*Pseudacris regilla*) are the only frogs that go "ribbit". Pacific tree frogs have a prolonged breeding season. In Napa County, breeding peaks in February and March.

COUNTY OF NAPA

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, July 1 | \$ 88,447,651 | \$ 88,447,651 | \$ 88,447,651 | \$ -- |
| Resources (inflows): | | | | |
| Taxes | 91,846,175 | 90,951,327 | 94,014,439 | 3,063,112 |
| Licenses and permits | 3,799,831 | 3,799,831 | 4,220,654 | 420,823 |
| Fines, forfeitures and penalties | 2,406,465 | 2,307,965 | 1,670,841 | (637,124) |
| Revenue from use of money and property | 662,293 | 662,293 | 467,129 | (195,164) |
| Aid from other governments | 74,590,861 | 68,125,572 | 62,171,834 | (5,953,738) |
| Charges for services | 30,779,854 | 30,235,692 | 27,780,484 | (2,455,208) |
| Contributions and donations | 509,000 | 868,199 | 603,625 | (264,574) |
| Other revenue | 975,311 | 975,311 | 274,526 | (700,785) |
| Other financing sources | 11,969,514 | 29,291,809 | 24,515,696 | (4,776,113) |
| Amounts available for appropriation | <u>217,539,304</u> | <u>227,217,999</u> | <u>215,719,228</u> | <u>(11,498,771)</u> |
| Charges to appropriatons (outflows): | | | | |
| <i>General Government:</i> | | | | |
| Board of Supervisors | | | | |
| Salaries and benefits | 615,413 | 625,913 | 625,788 | 125 |
| Services and supplies | 68,871 | 68,371 | 59,583 | 8,788 |
| Subtotal | <u>684,284</u> | <u>694,284</u> | <u>685,371</u> | <u>8,913</u> |
| County Executive Officer | | | | |
| Salaries and benefits | 2,556,916 | 2,553,916 | 2,546,260 | 7,656 |
| Services and supplies | 262,903 | 265,903 | 210,573 | 55,330 |
| Subtotal | <u>2,819,819</u> | <u>2,819,819</u> | <u>2,756,833</u> | <u>62,986</u> |
| Housing & Intergovernmental Affairs | | | | |
| Salaries and benefits | 641,092 | 641,092 | 635,638 | 5,454 |
| Services and supplies | 269,966 | 269,966 | 65,085 | 204,881 |
| Subtotal | <u>911,058</u> | <u>911,058</u> | <u>700,723</u> | <u>210,335</u> |
| Training & Organizational Development | | | | |
| Salaries and benefits | 128,357 | 138,357 | 130,423 | 7,934 |
| Services and supplies | 76,125 | 73,974 | 34,127 | 39,847 |
| Subtotal | <u>204,482</u> | <u>212,331</u> | <u>164,550</u> | <u>47,781</u> |
| Auditor-Controller | | | | |
| Salaries and benefits | 2,409,247 | 2,427,747 | 2,427,667 | 80 |
| Services and supplies | 261,004 | 278,504 | 241,987 | 36,517 |
| Subtotal | <u>2,670,251</u> | <u>2,706,251</u> | <u>2,669,654</u> | <u>36,597</u> |
| Treasurer-Tax Collector | | | | |
| Salaries and benefits | 1,322,655 | 1,322,655 | 1,214,035 | 108,620 |
| Services and supplies | 454,293 | 454,293 | 414,434 | 39,859 |
| Other charges | 250 | 250 | 100 | 150 |
| Subtotal | <u>1,777,198</u> | <u>1,777,198</u> | <u>1,628,569</u> | <u>148,629</u> |

continued

COUNTY OF NAPA

Budgetary Comparison Schedule (continued)
 General Fund
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|------------------------------------|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| Assessor | | | | |
| Salaries and benefits | \$ 2,342,982 | \$ 2,359,784 | \$ 2,359,784 | \$ -- |
| Services and supplies | 463,039 | 456,237 | 436,217 | 20,020 |
| Subtotal | <u>2,806,021</u> | <u>2,816,021</u> | <u>2,796,001</u> | <u>20,020</u> |
| County Counsel | | | | |
| Salaries and benefits | 3,178,603 | 3,178,603 | 3,100,606 | 77,997 |
| Services and supplies | 596,264 | 596,264 | 488,049 | 108,215 |
| Subtotal | <u>3,774,867</u> | <u>3,774,867</u> | <u>3,588,655</u> | <u>186,212</u> |
| Human Resources | | | | |
| Salaries and benefits | 1,583,348 | 1,568,348 | 1,547,447 | 20,901 |
| Services and supplies | 257,566 | 282,566 | 269,685 | 12,881 |
| Subtotal | <u>1,840,914</u> | <u>1,850,914</u> | <u>1,817,132</u> | <u>33,782</u> |
| Primary-General Election | | | | |
| Salaries and benefits | 468,287 | 468,287 | 443,702 | 24,585 |
| Services and supplies | 612,381 | 656,331 | 549,796 | 106,535 |
| Subtotal | <u>1,080,668</u> | <u>1,124,618</u> | <u>993,498</u> | <u>131,120</u> |
| Communications | | | | |
| Salaries and benefits | 653,438 | 663,438 | 647,916 | 15,522 |
| Services and supplies | 547,826 | 466,082 | 457,973 | 8,109 |
| Capital expenditures | -- | 81,744 | -- | 81,744 |
| Subtotal | <u>1,201,264</u> | <u>1,211,264</u> | <u>1,105,889</u> | <u>105,375</u> |
| Records Mgmt/Courier | | | | |
| Salaries and benefits | 222,852 | 232,852 | 228,937 | 3,915 |
| Services and supplies | 540,556 | 540,556 | 448,934 | 91,622 |
| Subtotal | <u>763,408</u> | <u>773,408</u> | <u>677,871</u> | <u>95,537</u> |
| Property Management | | | | |
| Salaries and benefits | 2,632,076 | 2,682,076 | 2,642,467 | 39,609 |
| Services and supplies | 2,338,556 | 2,288,556 | 2,057,923 | 230,633 |
| Debt Service | 56,809 | 56,809 | 56,809 | -- |
| Subtotal | <u>5,027,441</u> | <u>5,027,441</u> | <u>4,757,199</u> | <u>270,242</u> |
| Capital Improvement Program | | | | |
| Services and supplies | 10,734,491 | 15,040,585 | 6,447,651 | 8,592,934 |
| Capital expenditures | 3,314,162 | 3,357,933 | 752,112 | 2,605,821 |
| Transfers out | -- | -- | 46 | (46) |
| Subtotal | <u>14,048,653</u> | <u>18,398,518</u> | <u>7,199,809</u> | <u>11,198,709</u> |
| Central Services | | | | |
| Services and supplies | 1,443,018 | 1,593,018 | 970,835 | 622,183 |
| Other charges | 566,426 | 566,426 | 180,784 | 385,642 |
| Contingencies | 212,465 | 212,465 | 148,560 | 63,905 |
| Subtotal | <u>2,221,909</u> | <u>2,371,909</u> | <u>1,300,179</u> | <u>1,071,730</u> |

continued

COUNTY OF NAPA

Budgetary Comparison Schedule (continued)
 General Fund
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| Insurance | | | | |
| Services and supplies | \$ 470,146 | \$ 470,146 | \$ 432,151 | \$ 37,995 |
| Subtotal | 470,146 | 470,146 | 432,151 | 37,995 |
| General Expenditures | | | | |
| Services and supplies | 460,010 | 472,364 | 459,602 | 12,762 |
| Other charges | 902,382 | 1,278,382 | 902,382 | 376,000 |
| Transfers out | 9,686,733 | 9,682,976 | 9,677,821 | 5,155 |
| Subtotal | 11,049,125 | 11,433,722 | 11,039,805 | 393,917 |
| Employee/Retiree Benefits | | | | |
| Salaries and benefits | 852,000 | 852,000 | 567,413 | 284,587 |
| Services and supplies | 461,966 | 461,966 | 322,389 | 139,577 |
| Subtotal | 1,313,966 | 1,313,966 | 889,802 | 424,164 |
| Contingencies | | | | |
| Contingencies | 6,000,000 | 4,365,211 | -- | 4,365,211 |
| Subtotal | 6,000,000 | 4,365,211 | -- | 4,365,211 |
| <i>Total General Government</i> | <u>60,665,474</u> | <u>64,052,946</u> | <u>45,203,691</u> | <u>18,849,255</u> |
| <i>Public Protection:</i> | | | | |
| Grand Jury | | | | |
| Services and supplies | 59,051 | 88,551 | 79,684 | 8,867 |
| Subtotal | 59,051 | 88,551 | 79,684 | 8,867 |
| District Attorney - Grants | | | | |
| Salaries and benefits | 1,077,872 | 1,036,964 | 1,013,365 | 23,599 |
| Services and supplies | 247,861 | 296,308 | 213,256 | 83,052 |
| Other charges | -- | 153,461 | 140,069 | 13,392 |
| Transfers out | -- | -- | 388 | (388) |
| Subtotal | 1,325,733 | 1,486,733 | 1,367,078 | 119,655 |
| District Attorney - Consumer Fraud | | | | |
| Salaries and benefits | 247,751 | 260,281 | 260,281 | -- |
| Services and supplies | 149,206 | 136,676 | 52,663 | 84,013 |
| Subtotal | 396,957 | 396,957 | 312,944 | 84,013 |
| District Attorney | | | | |
| Salaries and benefits | 5,723,010 | 5,803,963 | 5,924,206 | (120,243) |
| Services and supplies | 1,115,660 | 1,080,660 | 1,029,169 | 51,491 |
| Other charges | 105,000 | 105,000 | 104,712 | 288 |
| Subtotal | 6,943,670 | 6,989,623 | 7,058,087 | (68,464) |
| Public Defender Services | | | | |
| Salaries and benefits | 3,265,676 | 3,291,129 | 3,291,074 | 55 |
| Services and supplies | 446,084 | 439,484 | 386,671 | 52,813 |
| Subtotal | 3,711,760 | 3,730,613 | 3,677,745 | 52,868 |

continued

COUNTY OF NAPA

Budgetary Comparison Schedule (continued)
 General Fund
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| Conflict Public Defender | | | | |
| Services and supplies | \$ 998,467 | \$ 998,467 | \$ 945,025 | \$ 53,442 |
| Subtotal | <u>998,467</u> | <u>998,467</u> | <u>945,025</u> | <u>53,442</u> |
| Sheriff | | | | |
| Salaries and benefits | 18,506,972 | 19,075,773 | 19,030,007 | 45,766 |
| Services and supplies | 5,608,602 | 5,636,978 | 5,452,292 | 184,686 |
| Capital assets | 36,696 | 220,480 | 201,866 | 18,614 |
| Subtotal | <u>24,152,270</u> | <u>24,933,231</u> | <u>24,684,165</u> | <u>249,066</u> |
| Special Investigation Unit | | | | |
| Salaries and benefits | 589,397 | 662,863 | 649,640 | 13,223 |
| Services and supplies | 232,047 | 227,581 | 224,234 | 3,347 |
| Subtotal | <u>821,444</u> | <u>890,444</u> | <u>873,874</u> | <u>16,570</u> |
| Community Corrections Service Center | | | | |
| Services and supplies | 1,207,270 | 1,217,270 | 1,179,717 | 37,553 |
| Subtotal | <u>1,207,270</u> | <u>1,217,270</u> | <u>1,179,717</u> | <u>37,553</u> |
| Department of Corrections | | | | |
| Salaries and benefits | 8,659,304 | 8,669,304 | 8,529,649 | 139,655 |
| Services and supplies | 1,612,738 | 1,679,763 | 1,618,905 | 60,858 |
| Capital assets | -- | 6,975 | 6,694 | 281 |
| Subtotal | <u>10,272,042</u> | <u>10,356,042</u> | <u>10,155,248</u> | <u>200,794</u> |
| Detention Medical Services | | | | |
| Services and supplies | 2,262,500 | 2,414,300 | 2,367,955 | 46,345 |
| Subtotal | <u>2,262,500</u> | <u>2,414,300</u> | <u>2,367,955</u> | <u>46,345</u> |
| Probation Department | | | | |
| Salaries and benefits | 7,444,172 | 7,902,460 | 7,568,614 | 333,846 |
| Services and supplies | 1,984,261 | 2,184,434 | 1,751,624 | 432,810 |
| Subtotal | <u>9,428,433</u> | <u>10,086,894</u> | <u>9,320,238</u> | <u>766,656</u> |
| Juvenile Hall | | | | |
| Salaries and benefits | 4,198,059 | 4,198,059 | 3,963,906 | 234,153 |
| Services and supplies | 622,355 | 622,355 | 559,122 | 63,233 |
| Subtotal | <u>4,820,414</u> | <u>4,820,414</u> | <u>4,523,028</u> | <u>297,386</u> |
| Ag Comm/Sealer | | | | |
| Salaries and benefits | 3,352,598 | 3,352,598 | 3,108,438 | 244,160 |
| Services and supplies | 1,239,621 | 2,566,239 | 2,285,158 | 281,081 |
| Subtotal | <u>4,592,219</u> | <u>5,918,837</u> | <u>5,393,596</u> | <u>525,241</u> |

continued

COUNTY OF NAPA

Budgetary Comparison Schedule (continued)
 General Fund
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|---|-------------------|-------------------|-------------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Clerk Recorder | | | | |
| Salaries and benefits | \$ 649,718 | \$ 623,718 | \$ 619,702 | \$ 4,016 |
| Services and supplies | 259,921 | 390,821 | 373,515 | 17,306 |
| Transfers out | 2,200 | 2,200 | 2,200 | -- |
| Subtotal | <u>911,839</u> | <u>1,016,739</u> | <u>995,417</u> | <u>21,322</u> |
| Coroner | | | | |
| Salaries and benefits | 370,220 | 370,220 | 325,802 | 44,418 |
| Services and supplies | 220,556 | 220,556 | 209,076 | 11,480 |
| Subtotal | <u>590,776</u> | <u>590,776</u> | <u>534,878</u> | <u>55,898</u> |
| Conservation, Development, & Planning | | | | |
| Salaries and benefits | 3,324,302 | 3,324,302 | 2,996,931 | 327,371 |
| Services and supplies | 1,343,150 | 1,343,150 | 1,011,761 | 331,389 |
| Subtotal | <u>4,667,452</u> | <u>4,667,452</u> | <u>4,008,692</u> | <u>658,760</u> |
| General Plan | | | | |
| Services and supplies | 240,198 | 240,198 | 239,752 | 446 |
| Subtotal | <u>240,198</u> | <u>240,198</u> | <u>239,752</u> | <u>446</u> |
| Emergency Services | | | | |
| Salaries and benefits | 64,554 | 64,554 | 54,855 | 9,699 |
| Services and supplies | 398,342 | 398,342 | 198,766 | 199,576 |
| Subtotal | <u>462,896</u> | <u>462,896</u> | <u>253,621</u> | <u>209,275</u> |
| Watershed Information Center & Conservancy | | | | |
| Services and supplies | 80,000 | 80,000 | 71,807 | 8,193 |
| Subtotal | <u>80,000</u> | <u>80,000</u> | <u>71,807</u> | <u>8,193</u> |
| Animal Services | | | | |
| Salaries and benefits | 703,345 | 720,926 | 715,965 | 4,961 |
| Services and supplies | 163,558 | 155,977 | 137,506 | 18,471 |
| Subtotal | <u>866,903</u> | <u>876,903</u> | <u>853,471</u> | <u>23,432</u> |
| Environmental Management | | | | |
| Salaries and benefits | 3,009,151 | 3,009,151 | 2,899,090 | 110,061 |
| Services and supplies | 572,913 | 572,913 | 531,749 | 41,164 |
| Subtotal | <u>3,582,064</u> | <u>3,582,064</u> | <u>3,430,839</u> | <u>151,225</u> |
| <i>Total Public Protection</i> | <u>82,394,358</u> | <u>85,845,404</u> | <u>82,326,861</u> | <u>3,518,543</u> |
| <i>Public Ways and Facilities:</i> | | | | |
| Public Works/Engineering | | | | |
| Salaries and benefits | 5,779,560 | 5,679,560 | 5,411,392 | 268,168 |
| Services and supplies | 735,269 | 835,269 | 792,929 | 42,340 |
| Subtotal | <u>6,514,829</u> | <u>6,514,829</u> | <u>6,204,321</u> | <u>310,508</u> |

continued

COUNTY OF NAPA

Budgetary Comparison Schedule (continued)
 General Fund
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|-------------------------------------|---|
| | Original | Final | | |
| Road Department | | | | |
| Services and supplies | \$ 30,000 | \$ 244,199 | \$ 225,523 | \$ 18,676 |
| Subtotal | <u>30,000</u> | <u>244,199</u> | <u>225,523</u> | <u>18,676</u> |
| <i>Total Public Ways and Facilities</i> | <u>6,544,829</u> | <u>6,759,028</u> | <u>6,429,844</u> | <u>329,184</u> |
| <i>Health and Sanitation:</i> | | | | |
| Public Health Department | | | | |
| Salaries and benefits | 5,732,616 | 5,732,616 | 5,394,546 | 338,070 |
| Services and supplies | 1,947,645 | 2,050,003 | 1,787,595 | 262,408 |
| Other charges | 3,566,909 | 3,566,909 | 3,528,985 | 37,924 |
| Capital expenditures | -- | 16,844 | 15,182 | 1,662 |
| Subtotal | <u>11,247,170</u> | <u>11,366,372</u> | <u>10,726,308</u> | <u>640,064</u> |
| Local Enforcement Program | | | | |
| Salaries and benefits | 252,220 | 258,520 | 258,490 | 30 |
| Services and supplies | 45,433 | 39,133 | 35,091 | 4,042 |
| Capital expenditures | 200 | 200 | -- | 200 |
| Subtotal | <u>297,853</u> | <u>297,853</u> | <u>293,581</u> | <u>4,272</u> |
| Mental Health | | | | |
| Salaries and benefits | 8,286,042 | 8,311,612 | 8,311,587 | 25 |
| Services and supplies | 4,833,439 | 4,907,869 | 4,825,441 | 82,428 |
| Other charges | 5,738,931 | 6,101,466 | 5,657,385 | 444,081 |
| Subtotal | <u>18,858,412</u> | <u>19,320,947</u> | <u>18,794,413</u> | <u>526,534</u> |
| Alcohol and Drug Services | | | | |
| Salaries and benefits | 2,325,898 | 2,377,043 | 2,287,845 | 89,198 |
| Services and supplies | 1,898,084 | 1,911,161 | 1,633,048 | 278,113 |
| Subtotal | <u>4,223,982</u> | <u>4,288,204</u> | <u>3,920,893</u> | <u>367,311</u> |
| Health Services Administration | | | | |
| Salaries and benefits | 346,885 | 241,055 | 339,875 | (98,820) |
| Services and supplies | 145,454 | 150,899 | 106,528 | 44,371 |
| Transfers out | 465,890 | 465,890 | 464,281 | 1,609 |
| Subtotal | <u>958,229</u> | <u>857,844</u> | <u>910,684</u> | <u>(52,840)</u> |
| Health Fiscal Services | | | | |
| Salaries and benefits | 1,580,027 | 1,580,027 | 1,570,631 | 9,396 |
| Services and supplies | 179,778 | 179,778 | 142,991 | 36,787 |
| Subtotal | <u>1,759,805</u> | <u>1,759,805</u> | <u>1,713,622</u> | <u>46,183</u> |
| Health Services Operations | | | | |
| Salaries and benefits | 570,562 | 610,129 | 607,988 | 2,141 |
| Services and supplies | 871,141 | 831,574 | 798,910 | 32,664 |
| Subtotal | <u>1,441,703</u> | <u>1,441,703</u> | <u>1,406,898</u> | <u>34,805</u> |

continued

COUNTY OF NAPA

Budgetary Comparison Schedule (continued)
 General Fund
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|--|-------------------|-------------------|-------------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Health Services Quality Mangement | | | | |
| Salaries and benefits | \$ 509,223 | \$ 509,223 | \$ 503,937 | \$ 5,286 |
| Services and supplies | 101,805 | 101,805 | 88,393 | 13,412 |
| Subtotal | <u>611,028</u> | <u>611,028</u> | <u>592,330</u> | <u>18,698</u> |
| Health Services Org. Research & Development | | | | |
| Salaries and benefits | 393,681 | 400,098 | 400,096 | 2 |
| Services and supplies | 82,684 | 98,365 | 97,881 | 484 |
| Subtotal | <u>476,365</u> | <u>498,463</u> | <u>497,977</u> | <u>486</u> |
| <i>Total Health and Sanitation</i> | <u>39,874,547</u> | <u>40,442,219</u> | <u>38,856,706</u> | <u>1,585,513</u> |
| <i>Public Assistance:</i> | | | | |
| Child Welfare Services | | | | |
| Salaries and benefits | 4,541,751 | 4,643,277 | 4,620,436 | 22,841 |
| Services and supplies | 2,138,884 | 2,295,192 | 2,093,752 | 201,440 |
| Other charges | 7,000,000 | 6,568,419 | 6,270,337 | 298,082 |
| Subtotal | <u>13,680,635</u> | <u>13,506,888</u> | <u>12,984,525</u> | <u>522,363</u> |
| Comprehensive Services for Older Adults | | | | |
| Salaries and benefits | 2,834,560 | 3,088,261 | 3,059,059 | 29,202 |
| Services and supplies | 363,720 | 373,720 | 359,230 | 14,490 |
| Other charges | 3,045,000 | 3,567,760 | 3,511,417 | 56,343 |
| Subtotal | <u>6,243,280</u> | <u>7,029,741</u> | <u>6,929,706</u> | <u>100,035</u> |
| Self Sufficiency Services | | | | |
| Salaries and benefits | 7,054,423 | 7,166,423 | 7,165,137 | 1,286 |
| Services and supplies | 2,424,159 | 3,027,798 | 2,808,597 | 219,201 |
| Other charges | 4,973,570 | 4,973,570 | 4,878,299 | 95,271 |
| Subtotal | <u>14,452,152</u> | <u>15,167,791</u> | <u>14,852,033</u> | <u>315,758</u> |
| Care of Juvenile Court Wards | | | | |
| Services and supplies | 13,311 | 13,311 | 6,815 | 6,496 |
| Other charges | 451,200 | 451,200 | 274,331 | 176,869 |
| Subtotal | <u>464,511</u> | <u>464,511</u> | <u>281,146</u> | <u>183,365</u> |
| Public Assistance Administration | | | | |
| Salaries and benefits | 226,479 | 157,383 | 221,902 | (64,519) |
| Services and supplies | 94,965 | 98,520 | 69,552 | 28,968 |
| Subtotal | <u>321,444</u> | <u>255,903</u> | <u>291,454</u> | <u>(35,551)</u> |
| Public Assistance Fiscal Services | | | | |
| Salaries and benefits | 1,031,588 | 1,031,588 | 1,025,453 | 6,135 |
| Services and supplies | 117,376 | 117,376 | 93,358 | 24,018 |
| Subtotal | <u>1,148,964</u> | <u>1,148,964</u> | <u>1,118,811</u> | <u>30,153</u> |
| Public Assistance Operations | | | | |
| Salaries and benefits | 372,516 | 398,349 | 396,951 | 1,398 |
| Services and supplies | 568,762 | 542,929 | 521,603 | 21,326 |
| Subtotal | <u>941,278</u> | <u>941,278</u> | <u>918,554</u> | <u>22,724</u> |

continued

COUNTY OF NAPA

Budgetary Comparison Schedule (continued)
 General Fund
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|-------------------------------------|---|
| | Original | Final | | |
| Public Assistance Quality Management | | | | |
| Salaries and benefits | \$ 332,468 | \$ 332,468 | \$ 329,017 | \$ 3,451 |
| Services and supplies | 66,467 | 66,467 | 57,711 | 8,756 |
| Subtotal | <u>398,935</u> | <u>398,935</u> | <u>386,728</u> | <u>12,207</u> |
| Public Assistance Org. Research & Development | | | | |
| Salaries and benefits | 257,032 | 261,221 | 261,219 | 2 |
| Services and supplies | 53,984 | 64,222 | 63,905 | 317 |
| Subtotal | <u>311,016</u> | <u>325,443</u> | <u>325,124</u> | <u>319</u> |
| <i>Total Public Assistance</i> | <u>37,962,215</u> | <u>39,239,454</u> | <u>38,088,081</u> | <u>1,151,373</u> |
| <i>Education:</i> | | | | |
| U. C. Cooperative Extension | | | | |
| Salaries and benefits | 256,524 | 256,524 | 237,901 | 18,623 |
| Services and supplies | 156,344 | 156,344 | 140,341 | 16,003 |
| Subtotal | <u>412,868</u> | <u>412,868</u> | <u>378,242</u> | <u>34,626</u> |
| <i>Total Education</i> | <u>412,868</u> | <u>412,868</u> | <u>378,242</u> | <u>34,626</u> |
| <i>Recreation and Cultural Services:</i> | | | | |
| Parks | | | | |
| Services and supplies | 504 | 504 | 104 | 400 |
| Subtotal | <u>504</u> | <u>504</u> | <u>104</u> | <u>400</u> |
| <i>Total Recreation and Cultural Services</i> | <u>504</u> | <u>504</u> | <u>104</u> | <u>400</u> |
| Total Charges to Appropriations | <u>227,854,795</u> | <u>236,752,423</u> | <u>211,283,529</u> | <u>25,468,894</u> |
| Budgetary fund balances, June 30 | <u>\$ 78,132,160</u> | <u>\$ 78,913,227</u> | <u>\$ 92,883,350</u> | <u>\$ 13,970,123</u> |

continued

COUNTY OF NAPA

Budgetary Comparison Schedule (continued) General Fund For the Year Ended June 30, 2012

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 Schedule | \$ 215,719,228 |
| Differences - budget to GAAP: | |
| Reimbursements from other funds are inflows of budgetary resources but not revenues for financial reporting purposes | (1,626,563) |
| Revenues for funds no longer meeting the special revenue fund requirement which are presented with the General Fund for financial reporting purposes | 27,174,957 |
| Transfers from other funds are inflows of budgetary resources but not revenues for financial reporting purposes | <u>(24,515,696)</u> |
| Total revenues as reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 216,751,926</u> |

Uses/outflows of resources

| | |
|---|-----------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the Budgetary Comparison Schedule | \$ 211,283,529 |
| Differences - budget to GAAP: | |
| Costs reimbursed by other funds are outflows of budgetary resources but not expenditures for financial reporting purposes | (1,626,563) |
| Expenditures by funds no longer meeting the special revenue fund requirement which are presented with the General Fund for financial reporting purposes | 836,926 |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | <u>(10,144,736)</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 200,349,156</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
 Napa County Flood Protection and Watershed Improvement Authority
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, Beginning | <u>\$ 52,594,176</u> | <u>\$ 52,594,176</u> | <u>\$ 52,594,176</u> | <u>\$ --</u> |
| Resources (inflows): | | | | |
| Taxes | 12,327,885 | 12,327,885 | 14,381,196 | 2,053,311 |
| Revenue from use of money and property | <u>566,000</u> | <u>566,000</u> | <u>362,062</u> | <u>(203,938)</u> |
| Amounts available for appropriation | <u>12,893,885</u> | <u>12,893,885</u> | <u>14,743,258</u> | <u>1,849,373</u> |
| Charges to appropriations (outflows): | | | | |
| Public way and facilities | 16,506,952 | 16,506,952 | 8,229,796 | 8,277,156 |
| Debt service | <u>5,447,885</u> | <u>5,447,885</u> | <u>5,441,135</u> | <u>6,750</u> |
| Total charges to appropriations | <u>21,954,837</u> | <u>21,954,837</u> | <u>13,670,931</u> | <u>8,283,906</u> |
| Budgetary fund balances, Ending | <u>\$ 43,533,224</u> | <u>\$ 43,533,224</u> | <u>\$ 53,666,503</u> | <u>\$ 10,133,279</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
Roads
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, Beginning | \$ 4,452,564 | \$ 4,452,564 | \$ 4,452,564 | \$ -- |
| Resources (inflows): | | | | |
| Licenses and permits | 30,000 | 30,000 | 48,260 | 18,260 |
| Revenue from use of money and property | 23,000 | 23,000 | 21,684 | (1,316) |
| Aid from other governments | 12,859,152 | 12,835,906 | 5,221,065 | (7,614,841) |
| Charges for services | 100,000 | 100,000 | 74,633 | (25,367) |
| Contributions and donations | -- | -- | -- | -- |
| Other | 16,200 | 16,200 | 18,626 | 2,426 |
| Transfers in | 1,823,401 | 2,000,693 | 1,365,852 | (634,841) |
| Amounts available for appropriation | <u>14,851,753</u> | <u>15,005,799</u> | <u>6,750,120</u> | <u>(8,255,679)</u> |
| Charges to appropriations (outflows): | | | | |
| Salaries and employee benefits | 2,839,826 | 2,839,726 | 2,664,259 | 175,467 |
| Services and supplies | 5,324,694 | 5,478,068 | 4,019,668 | 1,458,400 |
| Capital expenditures | 8,790,993 | 8,824,800 | 1,792,418 | 7,032,382 |
| Total charges to appropriations | <u>16,955,513</u> | <u>17,142,594</u> | <u>8,476,345</u> | <u>8,666,249</u> |
| Budgetary fund balances, Ending | <u>\$ 2,348,804</u> | <u>\$ 2,315,769</u> | <u>\$ 2,726,339</u> | <u>\$ 410,570</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 Schedule \$ 6,750,120

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (1,365,852)

Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds \$ 5,384,268

COUNTY OF NAPA

Note to Required Supplementary Information For the Year Ended June 30, 2012

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 through 29144 and 30200 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County adopts a budget for each fiscal year on or before October 2. 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, transfers of appropriations between line items and sub-objects within the same budget unit are allowed with County Executive Officer approval required for transfers in excess of \$10,000. 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 County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue, and 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).



Photography Courtesy of Napa County Farmworker Housing

Calistoga Farmworker Housing Center

Under contract with Napa County Housing Authority, California Human Development manages the Calistoga Farmworker Housing Center in Napa County. This dormitory-style center provides housing for unaccompanied farmworkers.



SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**



Photography Courtesy of Napa County Parks and Open Space District

Oaks in Soda Canyon



NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF NAPA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Total</u> |
|-------------------------------------|----------------------------|-----------------------------|-------------------------|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$31,786,075 | \$ 2,831,898 | \$ 174,028 | \$34,792,001 |
| Restricted Assets: | | | | |
| Cash with fiscal agent | -- | -- | 2,365,969 | 2,365,969 |
| Imprest cash | 850 | -- | -- | 850 |
| Receivable (Net): | | | | |
| Taxes | 879,648 | -- | -- | 879,648 |
| Special assessments | 41,258 | -- | -- | 41,258 |
| Accounts receivable | 446,108 | -- | -- | 446,108 |
| Due from other government agencies | 457,308 | -- | -- | 457,308 |
| Prepaid items | 22,500 | -- | -- | 22,500 |
| Assets held for resale | 990,202 | -- | -- | 990,202 |
| Loans receivable, net | 14,102,737 | -- | -- | 14,102,737 |
| Advances to other funds | -- | -- | 279,000 | 279,000 |
| | <u>\$48,726,686</u> | <u>\$ 2,831,898</u> | <u>\$ 2,818,997</u> | <u>\$54,377,581</u> |
| Total Assets | | | | |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 978,084 | \$ 75,893 | \$ -- | \$ 1,053,977 |
| Accrued payroll | 369,713 | -- | -- | 369,713 |
| Due to other funds | 130,874 | -- | -- | 130,874 |
| Due to other government agencies | 260,005 | -- | -- | 260,005 |
| Deferred revenue | 636,209 | -- | -- | 636,209 |
| | <u>2,374,885</u> | <u>75,893</u> | <u>--</u> | <u>2,450,778</u> |
| Total Liabilities | | | | |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | 42,420 | -- | 279,000 | 321,420 |
| Restricted | 45,658,713 | 2,762,700 | 2,365,969 | 50,787,382 |
| Assigned | 820,172 | -- | 174,028 | 994,200 |
| Unassigned | (169,504) | (6,695) | -- | (176,199) |
| | <u>46,351,801</u> | <u>2,756,005</u> | <u>2,818,997</u> | <u>51,926,803</u> |
| Total Fund Balances | | | | |
| Total Liabilities and Fund Balances | <u>\$48,726,686</u> | <u>\$ 2,831,898</u> | <u>\$ 2,818,997</u> | <u>\$54,377,581</u> |

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2012

| | Special Revenue | Capital Projects | Debt Service | Total |
|--|----------------------|---------------------|---------------------|----------------------|
| Revenues: | | | | |
| Taxes | \$ 14,759,258 | \$ -- | \$ -- | \$ 14,759,258 |
| Licenses and permits | 2,355,575 | -- | -- | 2,355,575 |
| Fines, forfeitures and penalties | 34,600 | 509,996 | -- | 544,596 |
| Revenue from use of money and property | 281,737 | 19,085 | 57 | 300,879 |
| Aid from other governments | 5,234,125 | -- | -- | 5,234,125 |
| Charges for services | 7,015,011 | -- | -- | 7,015,011 |
| Contributions and donations | 153,274 | -- | -- | 153,274 |
| Other revenue | 30,633 | -- | -- | 30,633 |
| Total Revenues | 29,864,213 | 529,081 | 57 | 30,393,351 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 4,288,634 | 950,390 | -- | 5,239,024 |
| Public protection | 16,025,613 | -- | -- | 16,025,613 |
| Public ways and facilities | 185,880 | -- | -- | 185,880 |
| Health and sanitation | 273,238 | -- | -- | 273,238 |
| Public assistance | 1,651,177 | -- | -- | 1,651,177 |
| Education | 8,031,387 | -- | -- | 8,031,387 |
| Debt Service: | | | | |
| Principal | -- | -- | 2,635,000 | 2,635,000 |
| Interest and fiscal charges | -- | -- | 1,303,281 | 1,303,281 |
| Administration, issuance and arbitrage fees | -- | -- | 552,817 | 552,817 |
| Total Expenditures | 30,455,929 | 950,390 | 4,491,098 | 35,897,417 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (591,716) | (421,309) | (4,491,041) | (5,504,066) |
| Other Financing Sources (Uses): | | | | |
| Issuance of refunding debt | -- | -- | 20,225,000 | 20,225,000 |
| Premium on issuance of refunding debt | -- | -- | 3,249,340 | 3,249,340 |
| Redemption of refunded debt | -- | -- | (21,850,000) | (21,850,000) |
| Transfers in | 603,835 | 944,005 | 3,635,438 | 5,183,278 |
| Transfers out | (1,090,142) | (381,084) | -- | (1,471,226) |
| Total Other Financing Sources (Uses) | (486,307) | 562,921 | 5,259,778 | 5,336,392 |
| Net change in fund balances | (1,078,023) | 141,612 | 768,737 | (167,674) |
| Fund Balance - Beginning of Year | 47,429,824 | 2,614,393 | 2,050,260 | 52,094,477 |
| Fund Balance - End of Year | <u>\$ 46,351,801</u> | <u>\$ 2,756,005</u> | <u>\$ 2,818,997</u> | <u>\$ 51,926,803</u> |

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR 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 and Fire Protection (Cal Fire) 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.

Affordable Housing

The Affordable Housing Fund is used to provide resources to be used for the development of affordable housing units in appropriate locations within the County of Napa. This fund is supported through the collection of various building fees on residential and commercial construction.

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 program expenditures for the year to the Board of Supervisors.

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 by ensuring 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 and is a state-mandated program funded through a combination of federal, state and local funds.

NONMAJOR SPECIAL REVENUE FUNDS (continued):

Zone 1 Garbage

Zone 1 Garbage receives and accounts for franchise and rate surcharge fees collected as a result of the Zone 1 unincorporated garbage franchise agreement. Money received in this fund is utilized to enhance recycling programs in the unincorporated area of Zone 1, reimburse the County's Road Fund for damages caused by collection vehicles, and reimburse various County operating departments to help defray the cost of administering the franchise agreement.

Child Support Services

Child Support Services is a County 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, establishing child support orders and collecting support.

Library

The Napa 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. The Library's main branch is in the City of Napa, with additional branches in the Cities of American Canyon and Calistoga and the Town of Yountville.

Napa Valley Tourism Improvement – Unincorporated

During fiscal year 2010-2011, the transient occupancy tax collecting municipalities (County, cities and town), in conjunction with the county's hoteliers, agreed to form the Napa Valley Tourism Improvement District (NVTID). The NVTID is charged with increasing tourism throughout the Napa Valley through marketing efforts funded by a 2% assessment on all transient lodgers. The NVTID agreement calls for the County to receive 25% of the assessments collected within only the unincorporated areas of the county to be used to increase tourism specifically within the unincorporated areas of the county.

Public, Educational, and Governmental Access Channel

The fund receives a fee of 1% imposed upon the gross revenues of cable companies operating in the unincorporated area of Napa County. Under the terms authorized by Public Utilities Code Section 5800 et seq, Public, the fees collected are to be used for capital expenditures to support Public, Educational, and Governmental access channels.

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.

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.

Monticello Public Cemetery

This fund was established for the purpose of providing maintenance and administrative services to 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 Monticello Public Cemetery.

Napa Valley Tourism Improvement District– Countywide

During fiscal year 2010-2011, the transient occupancy tax collecting municipalities (County, cities and town), in conjunction with the county's hoteliers, agreed to form the Napa Valley Tourism Improvement District (NVTID). The NVTID is charged with increasing tourism throughout the Napa Valley through marketing efforts funded by a 2% assessment on all transient lodgers. The NVTID agreement states that the district is to receive 74% of the assessments collected county-wide to improve tourism throughout the Napa Valley and 1% of collections is to be remitted to the tax collectors of each jurisdiction to cover collection costs.

COUNTY OF NAPA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

| | <u>Fire Protection</u> | <u>Affordable Housing</u> | <u>Wildlife Conservation Commission</u> | <u>Building and Code Enforcement</u> |
|-------------------------------------|----------------------------|-------------------------------|---|--|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 10,214,138 | \$ 8,831,205 | \$ 129,396 | \$ 888,075 |
| Imprest cash | -- | -- | -- | 50 |
| Receivable (Net): | | | | |
| Taxes | 162,977 | -- | -- | -- |
| Special assessments | 21,181 | -- | -- | -- |
| Accounts receivable | 404,991 | 12,486 | -- | -- |
| Due from other government agencies | -- | -- | -- | -- |
| Prepaid items | -- | -- | -- | -- |
| Assets held for resale | -- | 990,202 | -- | -- |
| Loans receivable, net | -- | 14,102,737 | -- | -- |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 10,803,287</u> | <u>\$ 23,936,630</u> | <u>\$ 129,396</u> | <u>\$ 888,125</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 105,950 | \$ 157,216 | \$ 9,266 | \$ 1,490 |
| Accrued payroll | -- | -- | -- | 66,463 |
| Due to other funds | -- | -- | -- | -- |
| Due to other government agencies | 260,002 | -- | -- | -- |
| Deferred revenue | 383,659 | -- | -- | -- |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>749,611</u> | <u>157,216</u> | <u>9,266</u> | <u>67,953</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | -- | -- | -- | -- |
| Restricted | 10,053,676 | 23,779,414 | 120,130 | -- |
| Assigned | -- | -- | -- | 820,172 |
| Unassigned | -- | -- | -- | -- |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Fund Balances | <u>10,053,676</u> | <u>23,779,414</u> | <u>120,130</u> | <u>820,172</u> |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities and Fund Balances | <u>\$ 10,803,287</u> | <u>\$ 23,936,630</u> | <u>\$ 129,396</u> | <u>\$ 888,125</u> |

continued

COUNTY OF NAPA

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2012

| | <u>IHSS</u> | <u>Zone 1 Garbage</u> | <u>Child Support Services</u> | <u>Library</u> |
|-------------------------------------|-------------------|---------------------------|---------------------------------------|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ -- | \$ 1,219,830 | \$ 22,585 | \$ 9,466,129 |
| Imprest cash | -- | -- | 300 | 500 |
| Receivable (Net): | | | | |
| Taxes | -- | -- | -- | 708,264 |
| Special assessments | -- | -- | -- | -- |
| Accounts receivable | -- | 25,000 | 1,557 | 2,074 |
| Due from other government agencies | 243,931 | -- | 213,377 | -- |
| Prepaid items | -- | -- | 777 | 21,723 |
| Assets held for resale | -- | -- | -- | -- |
| Loans receivable, net | -- | -- | -- | -- |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 243,931</u> | <u>\$ 1,244,830</u> | <u>\$ 238,596</u> | <u>\$10,198,690</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 121,033 | \$ 1,407 | \$ 25,137 | \$ 349,823 |
| Accrued payroll | -- | -- | 124,446 | 178,804 |
| Due to other funds | 130,874 | -- | -- | -- |
| Due to other government agencies | -- | -- | -- | 3 |
| Deferred revenue | 104,551 | 754 | 145,213 | 2,032 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>356,458</u> | <u>2,161</u> | <u>294,796</u> | <u>530,662</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | -- | -- | 777 | 21,723 |
| Restricted | -- | 1,242,669 | -- | 9,646,305 |
| Assigned | -- | -- | -- | -- |
| Unassigned | (112,527) | -- | (56,977) | -- |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Fund Balances | <u>(112,527)</u> | <u>1,242,669</u> | <u>(56,200)</u> | <u>9,668,028</u> |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities and Fund Balances | <u>\$ 243,931</u> | <u>\$ 1,244,830</u> | <u>\$ 238,596</u> | <u>\$10,198,690</u> |

continued

COUNTY OF NAPA

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2012

| | Napa Valley Tourism Improvement - <u>Unincorporated</u> | Public, Education, Governmental <u>Access Channel</u> | Various Special Districts <u>Under Board</u> | <u>Total</u> |
|-------------------------------------|--|---|--|----------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 2,757 | \$ 65,391 | \$ 946,569 | \$ 31,786,075 |
| Imprest cash | -- | -- | -- | 850 |
| Receivable (Net): | | | | |
| Taxes | -- | -- | 8,407 | 879,648 |
| Special assessments | -- | -- | 20,077 | 41,258 |
| Accounts receivable | -- | -- | -- | 446,108 |
| Due from other government agencies | -- | -- | -- | 457,308 |
| Prepaid items | -- | -- | -- | 22,500 |
| Assets held for resale | -- | -- | -- | 990,202 |
| Loans receivable, net | -- | -- | -- | 14,102,737 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 2,757</u> | <u>\$ 65,391</u> | <u>\$ 975,053</u> | <u>\$ 48,726,686</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 2,733 | \$ -- | \$ 204,029 | \$ 978,084 |
| Accrued payroll | -- | -- | -- | 369,713 |
| Due to other funds | -- | -- | -- | 130,874 |
| Due to other government agencies | -- | -- | -- | 260,005 |
| Deferred revenue | -- | -- | -- | 636,209 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>2,733</u> | <u>--</u> | <u>204,029</u> | <u>2,374,885</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | -- | -- | 19,920 | 42,420 |
| Restricted | 24 | 65,391 | 751,104 | 45,658,713 |
| Assigned | -- | -- | -- | 820,172 |
| Unassigned | -- | -- | -- | (169,504) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>24</u> | <u>65,391</u> | <u>771,024</u> | <u>46,351,801</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balances | <u>\$ 2,757</u> | <u>\$ 65,391</u> | <u>\$ 975,053</u> | <u>\$ 48,726,686</u> |

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

| | <u>Fire Protection</u> | <u>Affordable Housing</u> | <u>Wildlife Conservation Commission</u> | <u>Building and Code Enforcement</u> |
|--|----------------------------|-------------------------------|---|--|
| Revenues: | | | | |
| Taxes | \$ 8,303,408 | \$ -- | \$ -- | \$ -- |
| Licenses and permits | 371,195 | 287,221 | -- | 1,340,649 |
| Fines, forfeitures and penalties | 159 | -- | 14,324 | 17,434 |
| Revenue from use of money and property | 83,708 | 95,206 | 1,046 | 5,210 |
| Aid from other governments | 108,306 | -- | -- | -- |
| Charges for services | 605,223 | -- | -- | 986,281 |
| Contributions and donations | -- | -- | -- | -- |
| Other revenue | 27,949 | -- | -- | 50 |
| Total Revenues | <u>9,499,948</u> | <u>382,427</u> | <u>15,370</u> | <u>2,349,624</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | -- | -- | -- | -- |
| Public protection | 9,928,937 | -- | 40,215 | 2,031,593 |
| Public ways and facilities | -- | -- | -- | -- |
| Health and sanitation | -- | -- | -- | -- |
| Public assistance | -- | 752,462 | -- | -- |
| Education | -- | -- | -- | -- |
| Total Expenditures | <u>9,928,937</u> | <u>752,462</u> | <u>40,215</u> | <u>2,031,593</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(428,989)</u> | <u>(370,035)</u> | <u>(24,845)</u> | <u>318,031</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 251,204 | -- | -- | -- |
| Transfers out | -- | (105,346) | -- | -- |
| Total Other Financing Sources (Uses) | <u>251,204</u> | <u>(105,346)</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | (177,785) | (475,381) | (24,845) | 318,031 |
| Fund Balance - Beginning of Year | <u>10,231,461</u> | <u>24,254,795</u> | <u>144,975</u> | <u>502,141</u> |
| Fund Balance - End of Year | <u>\$ 10,053,676</u> | <u>\$ 23,779,414</u> | <u>\$ 120,130</u> | <u>\$ 820,172</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, 2012

| | <u>IHSS</u> | <u>Zone 1 Garbage</u> | <u>Child Support Services</u> | <u>Library</u> |
|--|---------------------|---------------------------|---------------------------------------|---------------------|
| Revenues: | | | | |
| Taxes | \$ -- | \$ -- | \$ -- | \$ 6,424,673 |
| Licenses and permits | -- | 324,861 | -- | -- |
| Fines, forfeitures and penalties | -- | -- | -- | -- |
| Revenue from use of money and property | -- | 9,292 | 1,828 | 77,009 |
| Aid from other governments | 670,326 | -- | 4,123,898 | 331,470 |
| Charges for services | -- | -- | -- | 141,156 |
| Contributions and donations | -- | 1,687 | -- | 151,587 |
| Other revenue | -- | -- | 1,600 | 1,034 |
| Total Revenues | <u>670,326</u> | <u>335,840</u> | <u>4,127,326</u> | <u>7,126,929</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | -- | -- | -- | -- |
| Public protection | -- | -- | 3,989,174 | -- |
| Public ways and facilities | -- | -- | -- | -- |
| Health and sanitation | -- | 273,238 | -- | -- |
| Public assistance | 888,742 | -- | -- | -- |
| Education | -- | -- | -- | 8,031,387 |
| Total Expenditures | <u>888,742</u> | <u>273,238</u> | <u>3,989,174</u> | <u>8,031,387</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(218,416)</u> | <u>62,602</u> | <u>138,152</u> | <u>(904,458)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 166,349 | -- | 8,597 | 177,685 |
| Transfers out | -- | (171,000) | -- | (56,490) |
| Total Other Financing Sources (Uses) | <u>166,349</u> | <u>(171,000)</u> | <u>8,597</u> | <u>121,195</u> |
| Net change in fund balances | (52,067) | (108,398) | 146,749 | (783,263) |
| Fund Balance - Beginning of Year | <u>(60,460)</u> | <u>1,351,067</u> | <u>(202,949)</u> | <u>10,451,291</u> |
| Fund Balance - End of Year | <u>\$ (112,527)</u> | <u>\$ 1,242,669</u> | <u>\$ (56,200)</u> | <u>\$ 9,668,028</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, 2012

| | Napa Valley Tourism Improvement - Unincorporated | Public, Educational, Governmental Access Channel | Various Special Districts Under Board | Total |
|--|---|--|---|----------------------|
| Revenues: | | | | |
| Taxes | \$ -- | \$ -- | \$ 31,177 | \$ 14,759,258 |
| Licenses and permits | -- | 31,649 | -- | 2,355,575 |
| Fines, forfeitures and penalties | -- | -- | 2,683 | 34,600 |
| Revenue from use of money and property | 226 | 336 | 7,876 | 281,737 |
| Aid from other governments | -- | -- | 125 | 5,234,125 |
| Charges for services | 377,470 | -- | 4,904,881 | 7,015,011 |
| Contributions and donations | -- | -- | -- | 153,274 |
| Other revenue | -- | -- | -- | 30,633 |
| Total Revenues | <u>377,696</u> | <u>31,985</u> | <u>4,946,742</u> | <u>29,864,213</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 377,832 | -- | 3,910,802 | 4,288,634 |
| Public protection | -- | -- | 35,694 | 16,025,613 |
| Public ways and facilities | -- | -- | 185,880 | 185,880 |
| Health and sanitation | -- | -- | -- | 273,238 |
| Public assistance | -- | -- | 9,973 | 1,651,177 |
| Education | -- | -- | -- | 8,031,387 |
| Total Expenditures | <u>377,832</u> | <u>--</u> | <u>4,142,349</u> | <u>30,455,929</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(136)</u> | <u>31,985</u> | <u>804,393</u> | <u>(591,716)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | -- | -- | -- | 603,835 |
| Transfers out | -- | -- | (757,306) | (1,090,142) |
| Total Other Financing Sources (Uses) | <u>--</u> | <u>--</u> | <u>(757,306)</u> | <u>(486,307)</u> |
| Net change in fund balances | (136) | 31,985 | 47,087 | (1,078,023) |
| Fund Balance - Beginning of Year | <u>160</u> | <u>33,406</u> | <u>723,937</u> | <u>47,429,824</u> |
| Fund Balance - End of Year | <u>\$ 24</u> | <u>\$ 65,391</u> | <u>\$ 771,024</u> | <u>\$ 46,351,801</u> |

COUNTY OF NAPA

Combining Balance Sheet
 Nonmajor Special Districts Under the Board of Supervisors
 June 30, 2012

| | <u>County Service Area No. 3</u> | <u>County Service Area No. 4</u> | <u>Silverado Community Services</u> |
|--|--|--|---|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 242,726 | \$ 234,772 | \$ 86,888 |
| Receivable (Net): | | | |
| Taxes | -- | -- | -- |
| Special assessments | <u>12,226</u> | <u>5,780</u> | <u>2,071</u> |
| Total Assets | <u><u>\$ 254,952</u></u> | <u><u>\$ 240,552</u></u> | <u><u>\$ 88,959</u></u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable | <u>\$ 989</u> | <u>\$ --</u> | <u>\$ 16,920</u> |
| Total Liabilities | <u>989</u> | <u>--</u> | <u>16,920</u> |
| <u>FUND BALANCES</u> | | | |
| Nonspendable | -- | -- | -- |
| Restricted | <u>253,963</u> | <u>240,552</u> | <u>72,039</u> |
| Total Fund Balances | <u>253,963</u> | <u>240,552</u> | <u>72,039</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 254,952</u></u> | <u><u>\$ 240,552</u></u> | <u><u>\$ 88,959</u></u> |

continued

COUNTY OF NAPA

Combining Balance Sheet (continued)
 Nonmajor Special Districts Under the Board of Supervisors
 June 30, 2012

| | <u>Monticello Public Cemetery</u> | <u>Monticello Endowment</u> | <u>Napa Valley Tourism Improvement District</u> | <u>Total</u> |
|--|---|---------------------------------|---|-------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 76,709 | \$ 121,558 | \$ 183,916 | \$ 946,569 |
| Receivable (Net): | | | | |
| Taxes | 8,407 | -- | -- | 8,407 |
| Special assessments | <u>--</u> | <u>--</u> | <u>--</u> | <u>20,077</u> |
| Total Assets | <u>\$ 85,116</u> | <u>\$ 121,558</u> | <u>\$ 183,916</u> | <u>\$ 975,053</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | <u>\$ 2,406</u> | <u>\$ --</u> | <u>\$ 183,714</u> | <u>\$ 204,029</u> |
| Total Liabilities | <u>2,406</u> | <u>--</u> | <u>183,714</u> | <u>204,029</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | -- | 19,920 | -- | 19,920 |
| Restricted | <u>82,710</u> | <u>101,638</u> | <u>202</u> | <u>751,104</u> |
| Total Fund Balances | <u>82,710</u> | <u>121,558</u> | <u>202</u> | <u>771,024</u> |
| Total Liabilities and Fund Balances | <u>\$ 85,116</u> | <u>\$ 121,558</u> | <u>\$ 183,916</u> | <u>\$ 975,053</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, 2012

| | <u>County Service Area No. 3</u> | <u>County Service Area No. 4</u> | <u>Silverado Community Services</u> |
|--|--|--|---|
| Revenues: | | | |
| Taxes | \$ -- | \$ -- | \$ -- |
| Fines, forfeitures and penalties | 1,314 | 977 | 392 |
| Revenue from use of money and property | 2,325 | 2,001 | 534 |
| Aid from other governments | -- | -- | -- |
| Charges for services | 419,165 | 448,563 | 125,819 |
| Total Revenues | <u>422,804</u> | <u>451,541</u> | <u>126,745</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | -- | -- | -- |
| Public protection | -- | -- | -- |
| Public ways and facilities | 59,117 | -- | 126,763 |
| Public assistance | -- | 9,973 | -- |
| Total Expenditures | <u>59,117</u> | <u>9,973</u> | <u>126,763</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>363,687</u> | <u>441,568</u> | <u>(18)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers out | <u>(335,940)</u> | <u>(421,366)</u> | <u>--</u> |
| Total Other Financing Sources (Uses) | <u>(335,940)</u> | <u>(421,366)</u> | <u>--</u> |
| Net change in fund balance | 27,747 | 20,202 | (18) |
| Fund Balance - Beginning of Year | <u>226,216</u> | <u>220,350</u> | <u>72,057</u> |
| Fund Balance - End of Year | <u>\$ 253,963</u> | <u>\$ 240,552</u> | <u>\$ 72,039</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, 2012

| | Monticello Public Cemetery | Monticello Endowment | Napa Valley Tourism Improvement District | Total |
|--|----------------------------------|-------------------------|---|-------------------|
| Revenues: | | | | |
| Taxes | \$ 31,177 | \$ -- | \$ -- | \$ 31,177 |
| Fines, forfeitures and penalties | -- | -- | -- | 2,683 |
| Revenue from use of money and property | 568 | 859 | 1,589 | 7,876 |
| Aid from other governments | 125 | -- | -- | 125 |
| Charges for services | 2,163 | -- | 3,909,171 | 4,904,881 |
| Total Revenues | <u>34,033</u> | <u>859</u> | <u>3,910,760</u> | <u>4,946,742</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | -- | -- | 3,910,802 | 3,910,802 |
| Public protection | 35,694 | -- | -- | 35,694 |
| Public ways and facilities | -- | -- | -- | 185,880 |
| Public assistance | -- | -- | -- | 9,973 |
| Total Expenditures | <u>35,694</u> | <u>--</u> | <u>3,910,802</u> | <u>4,142,349</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,661)</u> | <u>859</u> | <u>(42)</u> | <u>804,393</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers out | -- | -- | -- | (757,306) |
| Total Other Financing Sources (Uses) | <u>--</u> | <u>--</u> | <u>--</u> | <u>(757,306)</u> |
| Net change in fund balance | (1,661) | 859 | (42) | 47,087 |
| Fund Balance - Beginning of Year | <u>84,371</u> | <u>120,699</u> | <u>244</u> | <u>723,937</u> |
| Fund Balance - End of Year | <u>\$ 82,710</u> | <u>\$ 121,558</u> | <u>\$ 202</u> | <u>\$ 771,024</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
Fire Protection
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|----------------------|----------------------|----------------------|---------------------|
| | Original | Final | (Budgetary Basis) | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary fund balances, Beginning | <u>\$ 10,231,461</u> | <u>\$ 10,231,461</u> | <u>\$ 10,231,461</u> | <u>\$ --</u> |
| Resources (inflows): | | | | |
| Taxes | 8,202,895 | 8,202,895 | 8,303,408 | 100,513 |
| Licenses and permits | 100,000 | 100,000 | 371,195 | 271,195 |
| Fines, forfeitures and penalties | -- | -- | 159 | 159 |
| Revenue from use of money and property | 100,000 | 100,000 | 83,708 | (16,292) |
| Aid from other governments | 280,700 | 280,700 | 108,306 | (172,394) |
| Charges for services | 1,085,000 | 1,085,000 | 605,223 | (479,777) |
| Other revenue | 5,500 | 5,500 | 27,949 | 22,449 |
| Transfers in | <u>150,000</u> | <u>150,000</u> | <u>251,204</u> | <u>101,204</u> |
| Amounts available for appropriation | <u>9,924,095</u> | <u>9,924,095</u> | <u>9,751,152</u> | <u>(172,943)</u> |
| Charges to appropriations (outflows): | | | | |
| Salaries and employee benefits | 160,869 | 192,669 | 177,914 | 14,755 |
| Services and supplies | 11,209,183 | 11,218,555 | 9,215,785 | 2,002,770 |
| Capital expenditures | <u>107,324</u> | <u>567,328</u> | <u>535,238</u> | <u>32,090</u> |
| Total charges to appropriations | <u>11,477,376</u> | <u>11,978,552</u> | <u>9,928,937</u> | <u>2,049,615</u> |
| Budgetary fund balances, Ending | <u>\$ 8,678,180</u> | <u>\$ 8,177,004</u> | <u>\$ 10,053,676</u> | <u>\$ 1,876,672</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 Schedule \$ 9,751,152

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (251,204)

Total revenues as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 9,499,948

COUNTY OF NAPA

Budgetary Comparison Schedule
Affordable Housing
For the Year Ended June 30, 2012

| | <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 | <u>\$ 24,254,795</u> | <u>\$ 24,254,795</u> | <u>\$ 24,254,795</u> | <u>\$ --</u> |
| Resources (inflows): | | | | |
| Licenses and permits | 100,000 | 100,000 | 287,221 | 187,221 |
| Revenue from use of money and property | <u>260,000</u> | <u>260,000</u> | <u>95,206</u> | <u>(164,794)</u> |
| Amounts available for appropriation | <u>360,000</u> | <u>360,000</u> | <u>382,427</u> | <u>22,427</u> |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 8,158,354 | 8,158,354 | 752,462 | 7,405,892 |
| Transfers out | <u>14,427</u> | <u>14,427</u> | <u>105,346</u> | <u>(90,919)</u> |
| Total charges to appropriations | <u>8,172,781</u> | <u>8,172,781</u> | <u>857,808</u> | <u>7,314,973</u> |
| Budgetary fund balances, Ending | <u>\$ 16,442,014</u> | <u>\$ 16,442,014</u> | <u>\$ 23,779,414</u> | <u>\$ 7,337,400</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 Schedule \$ 857,808

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (105,346)

Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 752,462

COUNTY OF NAPA

Budgetary Comparison Schedule
Wildlife Conservation Commission
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------|------------------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, Beginning | \$ 144,975 | \$ 144,975 | \$ 144,975 | \$ -- |
| Resources (inflows): | | | | |
| Fines, forfeitures and penalties | 6,000 | 6,000 | 14,324 | 8,324 |
| Revenue from use of money and property | 1,500 | 1,500 | 1,046 | (454) |
| Amounts available for appropriation | <u>7,500</u> | <u>7,500</u> | <u>15,370</u> | <u>7,870</u> |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 50,116 | 69,750 | 40,215 | 29,535 |
| Total charges to appropriations | <u>50,116</u> | <u>69,750</u> | <u>40,215</u> | <u>29,535</u> |
| Budgetary fund balances, Ending | <u>\$ 102,359</u> | <u>\$ 82,725</u> | <u>\$ 120,130</u> | <u>\$ 37,405</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
 Building and Code Enforcement
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, Beginning | \$ 502,141 | \$ 502,141 | \$ 502,141 | \$ -- |
| Resources (inflows): | | | | |
| Licenses and permits | 1,000,000 | 1,019,000 | 1,340,649 | 321,649 |
| Fines, forfeitures and penalties | -- | -- | 17,434 | 17,434 |
| Revenue from use of money and property | 7,000 | 7,000 | 5,210 | (1,790) |
| Charges for services | 889,218 | 889,218 | 986,281 | 97,063 |
| Other revenue | -- | -- | 50 | 50 |
| Amounts available for appropriation | <u>1,896,218</u> | <u>1,915,218</u> | <u>2,349,624</u> | <u>434,406</u> |
| Charges to appropriations (outflows): | | | | |
| Salaries and employee benefits | 1,462,591 | 1,481,591 | 1,480,392 | 1,199 |
| Services and supplies | <u>585,463</u> | <u>585,463</u> | <u>551,201</u> | <u>34,262</u> |
| Total charges to appropriations | <u>2,048,054</u> | <u>2,067,054</u> | <u>2,031,593</u> | <u>35,461</u> |
| Budgetary fund balances, Ending | <u>\$ 350,305</u> | <u>\$ 350,305</u> | <u>\$ 820,172</u> | <u>\$ 469,867</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
IHSS
For the Year Ended June 30, 2012

| | <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 | \$ (60,460) | \$ (60,460) | \$ (60,460) | \$ -- |
| Resources (inflows): | | | | |
| Aid from other governments | 715,671 | 803,671 | 670,326 | (133,345) |
| Transfers in | <u>151,853</u> | <u>151,853</u> | <u>166,349</u> | <u>14,496</u> |
| Amounts available for appropriation | <u>867,524</u> | <u>955,524</u> | <u>836,675</u> | <u>(118,849)</u> |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | <u>867,524</u> | <u>867,524</u> | <u>888,742</u> | <u>(21,218)</u> |
| Total charges to appropriations | <u>867,524</u> | <u>867,524</u> | <u>888,742</u> | <u>(21,218)</u> |
| Budgetary fund balances, Ending | <u>\$ (60,460)</u> | <u>\$ 27,540</u> | <u>\$ (112,527)</u> | <u>\$ (140,067)</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 Schedule | | | | \$ 836,675 |
| Differences - budget to GAAP: | | | | |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. | | | | <u>(166,349)</u> |
| Total revenues as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds | | | | <u>\$ 670,326</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
Zone 1 - Garbage
For the Year Ended June 30, 2012

| | <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 | <u>\$ 1,351,067</u> | <u>\$ 1,351,067</u> | <u>\$ 1,351,067</u> | <u>\$ --</u> |
| Resources (inflows): | | | | |
| Licenses and permits | 332,400 | 332,400 | 324,861 | (7,539) |
| Fines, forfeitures and penalties | 1,000 | 1,000 | -- | (1,000) |
| Revenue from use of money and property | 10,000 | 10,000 | 9,292 | (708) |
| Contributions and donations | <u>60,000</u> | <u>60,000</u> | <u>1,687</u> | <u>(58,313)</u> |
| Amounts available for appropriation | <u>403,400</u> | <u>403,400</u> | <u>335,840</u> | <u>(67,560)</u> |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 410,419 | 410,419 | 273,238 | 137,181 |
| Transfers out | <u>--</u> | <u>171,000</u> | <u>171,000</u> | <u>--</u> |
| Total charges to appropriations | <u>410,419</u> | <u>581,419</u> | <u>444,238</u> | <u>137,181</u> |
| Budgetary fund balances, Ending | <u>\$ 1,344,048</u> | <u>\$ 1,173,048</u> | <u>\$ 1,242,669</u> | <u>\$ 69,621</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 Schedule | | | | \$ 444,238 |
| Differences - budget to GAAP: | | | | |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. | | | | <u>(171,000)</u> |
| Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds | | | | <u>\$ 273,238</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
 Child Support Services
 For the Year Ended June 30, 2012

| | <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 | <u>\$ (202,949)</u> | <u>\$ (202,949)</u> | <u>\$ (202,949)</u> | <u>\$ --</u> |
| Resources (inflows): | | | | |
| Revenue from use of money and property | 2,500 | 2,500 | 1,828 | (672) |
| Aid from other governments | 4,116,914 | 4,116,914 | 4,123,898 | 6,984 |
| Other revenue | -- | -- | 1,600 | 1,600 |
| Transfers in | -- | 8,597 | 8,597 | -- |
| Amounts available for appropriation | <u>4,119,414</u> | <u>4,128,011</u> | <u>4,135,923</u> | <u>7,912</u> |
| Charges to appropriations (outflows): | | | | |
| Salaries and employee benefits | 3,394,700 | 3,399,700 | 3,313,220 | 86,480 |
| Services and supplies | <u>724,714</u> | <u>728,311</u> | <u>675,954</u> | <u>52,357</u> |
| Total charges to appropriations | <u>4,119,414</u> | <u>4,128,011</u> | <u>3,989,174</u> | <u>138,837</u> |
| Budgetary fund balances, Ending | <u>\$ (202,949)</u> | <u>\$ (202,949)</u> | <u>\$ (56,200)</u> | <u>\$ 146,749</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 Schedule | | | | \$ 4,135,923 |
| Differences - budget to GAAP: | | | | |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. | | | | <u>(8,597)</u> |
| Total revenues as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds | | | | <u>\$ 4,127,326</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
Library
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|----------------------|----------------------|----------------------|---------------------|
| | Original | Final | (Budgetary Basis) | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary fund balances, Beginning | <u>\$ 10,451,291</u> | <u>\$ 10,451,291</u> | <u>\$ 10,451,291</u> | <u>\$ --</u> |
| Resources (inflows): | | | | |
| Taxes | 6,109,025 | 6,109,025 | 6,424,673 | 315,648 |
| Revenue from use of money and property | 84,000 | 84,000 | 77,009 | (6,991) |
| Aid from other governments | 156,213 | 158,245 | 331,470 | 173,225 |
| Charges for services | 124,500 | 124,500 | 141,156 | 16,656 |
| Contributions and donations | 31,000 | 66,850 | 151,587 | 84,737 |
| Other revenue | 3,000 | 3,000 | 1,034 | (1,966) |
| Transfers in | <u>177,685</u> | <u>177,685</u> | <u>177,685</u> | <u>--</u> |
| Amounts available for appropriation | <u>6,685,423</u> | <u>6,723,305</u> | <u>7,304,614</u> | <u>581,309</u> |
| Charges to appropriations (outflows): | | | | |
| Salaries and employee benefits | 4,358,429 | 4,225,320 | 4,025,616 | 199,704 |
| Services and supplies | 2,611,118 | 3,197,614 | 2,595,693 | 601,921 |
| Capital expenditures | 1,799,296 | 2,157,296 | 1,410,078 | 747,218 |
| Contingencies and reserves | 260,000 | 210,000 | -- | 210,000 |
| Transfers out | <u>56,541</u> | <u>56,541</u> | <u>56,490</u> | <u>51</u> |
| Total charges to appropriations | <u>9,085,384</u> | <u>9,846,771</u> | <u>8,087,877</u> | <u>1,758,894</u> |
| Budgetary fund balances, Ending | <u>\$ 8,051,330</u> | <u>\$ 7,327,825</u> | <u>\$ 9,668,028</u> | <u>\$ 2,340,203</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 Schedule \$ 7,304,614

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (177,685)

Total revenues as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 7,126,929

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the Budgetary Comparison Schedule \$ 8,087,877

Differences - budget to GAAP:

 Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (56,490)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 8,031,387

COUNTY OF NAPA

Budgetary Comparison Schedule
 Napa Valley Tourism Improvement - Unincorporated
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|---------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, Beginning | \$ 160 | \$ 160 | \$ 160 | \$ -- |
| Resources (inflows): | | | | |
| Revenue from use of money and property | -- | -- | 226 | 226 |
| Charges for services | 375,099 | 450,099 | 377,470 | (72,629) |
| Amounts available for appropriation | 375,099 | 450,099 | 377,696 | (72,403) |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 375,099 | 450,099 | 377,832 | 72,267 |
| Total charges to appropriations | 375,099 | 450,099 | 377,832 | 72,267 |
| Budgetary fund balances, Ending | \$ 160 | \$ 160 | \$ 24 | \$ (136) |

COUNTY OF NAPA

Budgetary Comparison Schedule
Public, Educational, Governmental Access Channel
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, Beginning | \$ 33,406 | \$ 33,406 | \$ 33,406 | \$ -- |
| Resources (inflows): | | | | |
| Licenses and permits | -- | -- | 31,649 | 31,649 |
| Revenue from use of money and property | -- | -- | 336 | 336 |
| Amounts available for appropriation | -- | -- | 31,985 | 31,985 |
| Budgetary fund balances, Ending | \$ 33,406 | \$ 33,406 | \$ 65,391 | \$ 31,985 |

COUNTY OF NAPA

Budgetary Comparison Schedule
 County Service Area No. 3
 For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Final Budget</u> |
|--|-------------------------|-------------------|--------------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | <u>(Budgetary Basis)</u> | <u>Positive</u> |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>(Negative)</u> |
| Budgetary fund balances, Beginning | \$ 226,216 | \$ 226,216 | \$ 226,216 | \$ -- |
| Resources (inflows): | | | | |
| Fines, forfeitures and penalties | 304 | 304 | 1,314 | 1,010 |
| Revenue from use of money and property | 2,134 | 2,134 | 2,325 | 191 |
| Charges for services | <u>415,510</u> | <u>415,510</u> | <u>419,165</u> | <u>3,655</u> |
| Amounts available for appropriation | <u>417,948</u> | <u>417,948</u> | <u>422,804</u> | <u>4,856</u> |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 76,726 | 76,726 | 59,117 | 17,609 |
| Transfers out | <u>341,222</u> | <u>341,222</u> | <u>335,940</u> | <u>5,282</u> |
| Total charges to appropriations | <u>417,948</u> | <u>417,948</u> | <u>395,057</u> | <u>22,891</u> |
| Budgetary fund balances, Ending | <u>\$ 226,216</u> | <u>\$ 226,216</u> | <u>\$ 253,963</u> | <u>\$ 27,747</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 Schedule | \$ 395,057 |
| Differences - budget to GAAP: | |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. | <u>(335,940)</u> |
| Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Districts Under the Board of Supervisors | <u>\$ 59,117</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
 County Service Area No. 4
 For the Year Ended June 30, 2012

| | <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 | \$ 220,350 | \$ 220,350 | \$ 220,350 | \$ -- |
| Resources (inflows): | | | | |
| Fines, forfeitures and penalties | -- | -- | 977 | 977 |
| Revenue from use of money and property | -- | -- | 2,001 | 2,001 |
| Charges for services | 449,563 | 449,563 | 448,563 | (1,000) |
| Amounts available for appropriation | <u>449,563</u> | <u>449,563</u> | <u>451,541</u> | <u>1,978</u> |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 9,563 | 10,063 | 9,973 | 90 |
| Transfers out | 440,000 | 439,500 | 421,366 | 18,134 |
| Total charges to appropriations | <u>449,563</u> | <u>449,563</u> | <u>431,339</u> | <u>18,224</u> |
| Budgetary fund balances, Ending | <u>\$ 220,350</u> | <u>\$ 220,350</u> | <u>\$ 240,552</u> | <u>\$ 20,202</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 Schedule | | | | \$ 431,339 |
| Differences - budget to GAAP: | | | | |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. | | | | <u>(421,366)</u> |
| Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Districts Under the Board of Supervisors | | | | <u>\$ 9,973</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
Silverado Community Services
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, Beginning | \$ 72,057 | \$ 72,057 | \$ 72,057 | \$ -- |
| Resources (inflows): | | | | |
| Fines, forfeitures and penalties | -- | -- | 392 | 392 |
| Revenue from use of money and property | 800 | 800 | 534 | (266) |
| Charges for services | 125,009 | 125,009 | 125,819 | 810 |
| Amounts available for appropriation | 125,809 | 125,809 | 126,745 | 936 |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 117,610 | 117,610 | 94,872 | 22,738 |
| Capital expenditures | 53,913 | 53,913 | 31,891 | 22,022 |
| Total charges to appropriations | 171,523 | 171,523 | 126,763 | 44,760 |
| Budgetary fund balances, Ending | \$ 26,343 | \$ 26,343 | \$ 72,039 | \$ 45,696 |

COUNTY OF NAPA

Budgetary Comparison Schedule
 Monticello Public Cemetery
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|--|------------------|------------------|-------------------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Budgetary fund balances, Beginning | \$ 84,371 | \$ 84,371 | \$ 84,371 | \$ -- |
| Resources (inflows): | | | | |
| Taxes | 30,543 | 30,543 | 31,177 | 634 |
| Revenue from use of money and property | 1,000 | 1,000 | 568 | (432) |
| Aid from other governments | 150 | 150 | 125 | (25) |
| Charges for services | 5,000 | 5,000 | 2,163 | (2,837) |
| Other revenue | 25,000 | 25,000 | -- | (25,000) |
| Amounts available for appropriation | <u>61,693</u> | <u>61,693</u> | <u>34,033</u> | <u>(27,660)</u> |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 88,710 | 88,710 | 35,694 | 53,016 |
| Total charges to appropriations | <u>88,710</u> | <u>88,710</u> | <u>35,694</u> | <u>53,016</u> |
| Budgetary fund balances, Ending | <u>\$ 57,354</u> | <u>\$ 57,354</u> | <u>\$ 82,710</u> | <u>\$ 25,356</u> |

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

COUNTY OF NAPA

Budgetary Comparison Schedule
 Monticello Endowment
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, Beginning | \$ 120,699 | \$ 120,699 | \$ 120,699 | \$ -- |
| Resources (inflows): | | | | |
| Revenue from use of money and property | 1,600 | 1,600 | 859 | (741) |
| Charges for services | 1,500 | 1,500 | -- | (1,500) |
| Amounts available for appropriation | <u>3,100</u> | <u>3,100</u> | <u>859</u> | <u>(2,241)</u> |
| Charges to appropriations (outflows): | | | | |
| Transfers out | 15,000 | 15,000 | -- | 15,000 |
| Total charges to appropriations | <u>15,000</u> | <u>15,000</u> | <u>--</u> | <u>15,000</u> |
| Budgetary fund balances, Ending | <u>\$ 108,799</u> | <u>\$ 108,799</u> | <u>\$ 121,558</u> | <u>\$ 12,759</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
 Napa Valley Tourism Improvement District
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balances, Beginning | \$ 244 | \$ 244 | \$ 244 | \$ -- |
| Resources (inflows): | | | | |
| Revenue from use of money and property | -- | -- | 1,589 | 1,589 |
| Charges for services | 3,435,457 | 4,000,000 | 3,909,171 | (90,829) |
| Amounts available for appropriation | 3,435,457 | 4,000,000 | 3,910,760 | (89,240) |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 3,435,457 | 4,000,000 | 3,910,802 | 89,198 |
| Total charges to appropriations | 3,435,457 | 4,000,000 | 3,910,802 | 89,198 |
| Budgetary fund balances, Ending | \$ 244 | \$ 244 | \$ 202 | \$ (42) |

MAJOR and NONMAJOR GOVERNMENTAL 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).

MAJOR

Accumulated Capital Outlay Fund

This fund provides Board of Supervisors assigned reserves for future capital needs.

NONMAJOR

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.

Major Capital Project Fund

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

COUNTY OF NAPA

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2012

| | <u>Criminal Justice Facility Construction</u> | <u>Courthouse Fund</u> | <u>Major Capital Projects Fund</u> | <u>Total</u> |
|--|---|-----------------------------|--|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 1,009,646 | \$ 1,753,054 | \$ 69,198 | \$ 2,831,898 |
| Total Assets | <u>\$ 1,009,646</u> | <u>\$ 1,753,054</u> | <u>\$ 69,198</u> | <u>\$ 2,831,898</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ -- | \$ -- | \$ 75,893 | \$ 75,893 |
| Total Liabilities | <u>--</u> | <u>--</u> | <u>75,893</u> | <u>75,893</u> |
| <u>FUND BALANCES</u> | | | | |
| Restricted | 1,009,646 | 1,753,054 | -- | 2,762,700 |
| Unassigned | <u> </u> | <u> </u> | <u>(6,695)</u> | <u>(6,695)</u> |
| Total Fund Balances | <u>1,009,646</u> | <u>1,753,054</u> | <u>(6,695)</u> | <u>2,756,005</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,009,646</u> | <u>\$ 1,753,054</u> | <u>\$ 69,198</u> | <u>\$ 2,831,898</u> |

COUNTY OF NAPA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2012

| | Criminal Justice Facility Construction | Courthouse Fund | Major Capital Projects Fund | Total |
|--|---|---------------------|--------------------------------------|---------------------|
| Revenues: | | | | |
| Fines, forfeitures and penalties | \$ 111,520 | \$ 398,476 | \$ -- | \$ 509,996 |
| Revenue from use of money and property | 7,005 | 12,080 | -- | 19,085 |
| Total Revenues | <u>118,525</u> | <u>410,556</u> | <u>--</u> | <u>529,081</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 331 | -- | 950,059 | 950,390 |
| Total Expenditures | <u>331</u> | <u>--</u> | <u>950,059</u> | <u>950,390</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>118,194</u> | <u>410,556</u> | <u>(950,059)</u> | <u>(421,309)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | -- | -- | 944,005 | 944,005 |
| Transfers out | <u>(56,490)</u> | <u>(233,962)</u> | <u>(90,632)</u> | <u>(381,084)</u> |
| Total Other Financing Sources (Uses) | <u>(56,490)</u> | <u>(233,962)</u> | <u>853,373</u> | <u>562,921</u> |
| Net change in fund balance | 61,704 | 176,594 | (96,686) | 141,612 |
| Fund Balance - Beginning of Year | <u>947,942</u> | <u>1,576,460</u> | <u>89,991</u> | <u>2,614,393</u> |
| Fund Balance - End of Year | <u>\$ 1,009,646</u> | <u>\$ 1,753,054</u> | <u>\$ (6,695)</u> | <u>\$ 2,756,005</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
Accumulated Capital Outlay Fund
For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|----------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary fund balances, Beginning | <u>\$ 33,479,109</u> | <u>\$ 33,479,109</u> | <u>\$ 33,479,109</u> | <u>\$ --</u> |
| Resources (inflows): | | | | |
| Revenue from use of money and property | -- | -- | 245,778 | 245,778 |
| Transfers in | -- | <u>2,112,910</u> | <u>2,954,129</u> | <u>841,219</u> |
| Amounts available for appropriation | -- | <u>2,112,910</u> | <u>3,199,907</u> | <u>1,086,997</u> |
| Charges to appropriations (outflows): | | | | |
| Transfers out | -- | <u>400,000</u> | <u>1,457,663</u> | <u>(1,057,663)</u> |
| Total charges to appropriations | -- | <u>400,000</u> | <u>1,457,663</u> | <u>(1,057,663)</u> |
| Budgetary fund balances, Ending | <u>\$ 33,479,109</u> | <u>\$ 35,192,019</u> | <u>\$ 35,221,353</u> | <u>\$ 29,334</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 Schedule \$ 3,199,907

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (2,954,129)

Total revenues as reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds \$ 245,778

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the Budgetary Comparison Schedule \$ 1,457,663

Differences - budget to GAAP:

 Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (1,457,663)

Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds \$ --

COUNTY OF NAPA

Budgetary Comparison Schedule
Criminal Justice Facility Construction
For the Year Ended June 30, 2012

| | <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 | \$ 947,942 | \$ 947,942 | \$ 947,942 | \$ -- |
| Resources (inflows): | | | | |
| Fines, forfeitures, and penalties | 98,000 | 98,000 | 111,520 | 13,520 |
| Revenue from use of money and property | 12,000 | 12,000 | 7,005 | (4,995) |
| Amounts available for appropriation | <u>110,000</u> | <u>110,000</u> | <u>118,525</u> | <u>8,525</u> |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 331 | 331 | 331 | -- |
| Transfers out | 56,541 | 56,541 | 56,490 | 51 |
| Total charges to appropriations | <u>56,872</u> | <u>56,872</u> | <u>56,821</u> | <u>51</u> |
| Budgetary fund balances, Ending | <u>\$ 1,001,070</u> | <u>\$ 1,001,070</u> | <u>\$ 1,009,646</u> | <u>\$ 8,576</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 Schedule | | | | \$ 56,821 |
| Differences - budget to GAAP: | | | | |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. | | | | <u>(56,490)</u> |
| Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds | | | | <u>\$ 331</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
 Courthouse Fund
 For the Year Ended June 30, 2012

| | <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 | <u>\$ 1,576,460</u> | <u>\$ 1,576,460</u> | <u>\$ 1,576,460</u> | <u>\$ --</u> |
| Resources (inflows): | | | | |
| Fines, forfeitures, and penalties | 407,500 | 407,500 | 398,476 | (9,024) |
| Revenue from use of money and property | <u>16,000</u> | <u>16,000</u> | <u>12,080</u> | <u>(3,920)</u> |
| Amounts available for appropriation | <u>423,500</u> | <u>423,500</u> | <u>410,556</u> | <u>(12,944)</u> |
| Charges to appropriations (outflows): | | | | |
| Capital assets | 188,658 | 188,658 | -- | 188,658 |
| Transfers out | <u>234,400</u> | <u>234,400</u> | <u>233,962</u> | <u>438</u> |
| Total charges to appropriations | <u>423,058</u> | <u>423,058</u> | <u>233,962</u> | <u>189,096</u> |
| Budgetary fund balances, Ending | <u>\$ 1,576,902</u> | <u>\$ 1,576,902</u> | <u>\$ 1,753,054</u> | <u>\$ 176,152</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 Schedule | | | | \$ 233,962 |
| Differences - budget to GAAP: | | | | |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. | | | | <u>(233,962)</u> |
| Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds | | | | <u>\$ --</u> |

COUNTY OF NAPA

Budgetary Comparison Schedule
Major Capital Projects Fund
For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|---------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary fund balances, Beginning | <u>\$ 89,991</u> | <u>\$ 89,991</u> | <u>\$ 89,991</u> | <u>\$ --</u> |
| Resources (inflows): | | | | |
| Transfers in | <u>3,200,000</u> | <u>3,200,000</u> | <u>944,005</u> | <u>(2,255,995)</u> |
| Amounts available for appropriation | <u>3,200,000</u> | <u>3,200,000</u> | <u>944,005</u> | <u>(2,255,995)</u> |
| Charges to appropriations (outflows): | | | | |
| Services and supplies | 949,033 | -- | 950,059 | (950,059) |
| Transfers out | -- | 90,633 | 90,632 | 1 |
| Total charges to appropriations | <u>949,033</u> | <u>90,633</u> | <u>1,040,691</u> | <u>(950,058)</u> |
| Budgetary fund balances, Ending | <u>\$ 2,340,958</u> | <u>\$ 3,199,358</u> | <u>\$ (6,695)</u> | <u>\$ (3,206,053)</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 Schedule \$ 944,005

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (944,005)

Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Fund \$ --

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the Budgetary Comparison Schedule \$ 1,040,691

Differences - budget to GAAP:

 Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (90,632)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds \$ 950,059



Photography Courtesy of Napa County Parks and Open Space District

Putah Creek

In Napa County, Putah Creek flows southeast, merging with Butts Creek just before it empties into Lake Berryessa.

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, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> (Budgetary Basis) | Variance with |
|--|-------------------------|---------------------|--|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Budgetary fund balances, Beginning | \$ 2,050,260 | \$ 2,050,260 | \$ 2,050,260 | \$ -- |
| Resources (inflows): | | | | |
| Revenue from use of money and property | -- | -- | 57 | 57 |
| Other financing sources | -- | 23,474,341 | 23,474,340 | (1) |
| Transfers in | 3,911,860 | 3,911,860 | 3,635,438 | (276,422) |
| Amounts available for appropriation | <u>3,911,860</u> | <u>27,386,201</u> | <u>27,109,835</u> | <u>(276,366)</u> |
| Charges to appropriations (outflows): | | | | |
| Debt service | 3,911,864 | 4,498,608 | 4,491,098 | 7,510 |
| Other financing uses | -- | 21,850,000 | 21,850,000 | -- |
| Total charges to appropriations | <u>3,911,864</u> | <u>26,348,608</u> | <u>26,341,098</u> | <u>7,510</u> |
| Budgetary fund balances, Ending | <u>\$ 2,050,256</u> | <u>\$ 3,087,853</u> | <u>\$ 2,818,997</u> | <u>\$ (268,856)</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 \$ 27,109,835

Differences - budget to GAAP:

 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (3,635,438)

 Proceeds from debt issuances are inflows of budgetary resources but are not revenues for financial reporting purposes. (23,474,340)

Total revenues as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds \$ 57

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 26,341,098

Differences - budget to GAAP:

 Retirement of refunded debt are outflows of budgetary resources but are not expenditures for financial reporting purposes. (21,850,000)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Nonmajor Debt Service Fund \$ 4,491,098

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.

Napa Berryessa Resort Improvement District

The Napa Berryessa Resort Improvement District is used to provide water and waste water services within district boundaries. Major revenue sources include water and sewer availability charges, user fees, and property taxes.

Napa County Housing Authority

The Napa County Housing Authority is used to provide safe and sanitary dwelling conditions for low income people. The Authority funds operations, maintenance and capital improvements for Napa County's farm worker housing system which currently includes three (3) centers – one near Yountville, 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. The Authority is partially funded through a special, self imposed, assessment on producing vineyard land. Additional funding is received through the collection of fees from the lodgers at each of the centers.

Napa County Animal Shelter

The Napa County Animal Shelter is used to protect the health of domestic animals and the public through various programs which have their basis in State or local legislation. Its responsibilities include receiving, housing, and caring for stray and unwanted animals; conducting/encouraging adoption and spay and neuter programs; and issuing dog licenses and kennel permits. Major revenue sources include municipal contributions and charges for the services provided.

COUNTY OF NAPA

Combining Statement of Fund Net Assets Nonmajor Enterprise Funds June 30, 2012

| | Napa Berryessa Resort Improvement | Napa County Housing Authority | Napa County Animal Shelter | <u>Total</u> |
|---|---|-------------------------------------|----------------------------------|----------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and investments | \$ 554,778 | \$ 514,795 | \$ 87,146 | \$ 1,156,719 |
| Imprest cash | -- | -- | 175 | 175 |
| Taxes receivable | 15,018 | -- | -- | 15,018 |
| Accounts receivable | 120,423 | 41,965 | -- | 162,388 |
| Assessments receivable | 23,340 | -- | -- | 23,340 |
| Due from other government agencies | -- | -- | 120,332 | 120,332 |
| Total Current Assets | <u>713,559</u> | <u>556,760</u> | <u>207,653</u> | <u>1,477,972</u> |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Nondepreciable: | | | | |
| Land | 44,402 | 2,700,000 | 336,422 | 3,080,824 |
| Construction in progress | 73,332 | -- | 34,969 | 108,301 |
| Depreciable: | | | | |
| Structures and improvements | 1,718,376 | 2,220,369 | 5,013,336 | 8,952,081 |
| Equipment | 126,090 | -- | -- | 126,090 |
| Accumulated depreciation | (1,490,778) | (249,030) | (878,331) | (2,618,139) |
| Total Noncurrent Assets | <u>471,422</u> | <u>4,671,339</u> | <u>4,506,396</u> | <u>9,649,157</u> |
| Total Assets | <u>\$ 1,184,981</u> | <u>\$ 5,228,099</u> | <u>\$ 4,714,049</u> | <u>\$ 11,127,129</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | \$ 29,169 | \$ 48,562 | \$ 72,905 | \$ 150,636 |
| Accrued salaries and benefits | -- | -- | 22,456 | 22,456 |
| Customer deposits | 54,388 | 4,256 | -- | 58,644 |
| Due to other funds | 474,000 | -- | -- | 474,000 |
| Liability for compensated absences | -- | -- | 16,091 | 16,091 |
| Total Current Liabilities | <u>557,557</u> | <u>52,818</u> | <u>111,452</u> | <u>721,827</u> |
| Noncurrent Liabilities: | | | | |
| Advances from other funds | 925,000 | -- | -- | 925,000 |
| Liability for compensated absences | -- | -- | 11,189 | 11,189 |
| Total Noncurrent Liabilities | <u>925,000</u> | <u>--</u> | <u>11,189</u> | <u>936,189</u> |
| Total Liabilities | <u>1,482,557</u> | <u>52,818</u> | <u>122,641</u> | <u>1,658,016</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 471,422 | 4,671,339 | 4,506,396 | 9,649,157 |
| Unrestricted | (768,998) | 503,942 | 85,012 | (180,044) |
| Total Net Assets | <u>(297,576)</u> | <u>5,175,281</u> | <u>4,591,408</u> | <u>9,469,113</u> |
| Total Liabilities and Net Assets | <u>\$ 1,184,981</u> | <u>\$ 5,228,099</u> | <u>\$ 4,714,049</u> | <u>\$ 11,127,129</u> |

COUNTY OF NAPA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds For the Year Ended June 30, 2012

| | Napa Berryessa Resort Improvement | Napa County Housing Authority | Napa County Animal Shelter | Total |
|---|---|-------------------------------------|----------------------------------|---------------------|
| Operating Revenues: | | | | |
| Charges for services | \$ 819,750 | \$ 539,460 | \$ 631,633 | \$ 1,990,843 |
| Total Operating Revenues | <u>819,750</u> | <u>539,460</u> | <u>631,633</u> | <u>1,990,843</u> |
| Operating Expenses: | | | | |
| Salaries and employee benefits | -- | -- | 550,563 | 550,563 |
| Services and supplies | 832,959 | 1,195,978 | 512,198 | 2,541,135 |
| Insurance | 13,479 | -- | 3,179 | 16,658 |
| Depreciation and amortization | 35,071 | 62,257 | 100,267 | 197,595 |
| Total Operating Expenses | <u>881,509</u> | <u>1,258,235</u> | <u>1,166,207</u> | <u>3,305,951</u> |
| Operating Loss | <u>(61,759)</u> | <u>(718,775)</u> | <u>(534,574)</u> | <u>(1,315,108)</u> |
| Non-Operating Revenues (Expenses): | | | | |
| Aid from other governmental units | 272 | -- | -- | 272 |
| Tax revenue | 60,829 | -- | -- | 60,829 |
| Non-operating revenues | 1,452 | 165,000 | 12,337 | 178,789 |
| Interest income | 2,136 | 3,046 | 1,138 | 6,320 |
| Interest expense | (7,767) | -- | -- | (7,767) |
| Total Non-Operating Revenues (Expenses) | <u>56,922</u> | <u>168,046</u> | <u>13,475</u> | <u>238,443</u> |
| Net Income (Loss) Before Transfers | (4,837) | (550,729) | (521,099) | (1,076,665) |
| Transfers in | -- | 526,712 | 499,433 | 1,026,145 |
| Change in Net Assets | (4,837) | (24,017) | (21,666) | (50,520) |
| Net Assets - Beginning of Year | <u>(292,739)</u> | <u>5,199,298</u> | <u>4,613,074</u> | <u>9,519,633</u> |
| Net Assets - End of Year | <u>\$ (297,576)</u> | <u>\$ 5,175,281</u> | <u>\$ 4,591,408</u> | <u>\$ 9,469,113</u> |

COUNTY OF NAPA

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

| | <u>Napa Berryessa Resort Improvement</u> | <u>Napa County Housing Authority</u> | <u>Napa County Animal Shelter</u> | <u>Total</u> |
|--|--|--|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash receipts from customers | \$ 828,255 | \$ 526,473 | \$ 590,819 | \$ 1,945,547 |
| Cash paid to suppliers for goods and services | (823,763) | (1,223,394) | (466,706) | (2,513,863) |
| Cash paid to employees for services | -- | -- | (544,307) | (544,307) |
| | <u>4,492</u> | <u>(696,921)</u> | <u>(420,194)</u> | <u>(1,112,623)</u> |
| Net Cash Used by Operating Activities | | | | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Aid from other governmental units | 272 | -- | -- | 272 |
| Transfers in | -- | 526,712 | 499,433 | 1,026,145 |
| Advances from other funds | 325,000 | -- | -- | 325,000 |
| Non-operating revenues | 1,452 | 165,000 | 12,337 | 178,789 |
| Tax revenue | 65,523 | -- | -- | 65,523 |
| Interest payments for non-capital activities | (7,767) | -- | -- | (7,767) |
| | <u>384,480</u> | <u>691,712</u> | <u>511,770</u> | <u>1,587,962</u> |
| Net Cash Provided by Noncapital Financing Activities | | | | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Payments related to the acquisition of capital assets | -- | -- | (34,969) | (34,969) |
| | <u>--</u> | <u>--</u> | <u>(34,969)</u> | <u>(34,969)</u> |
| Net Cash Used by Capital and Related Financing Activities | | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 2,136 | 3,046 | 1,138 | 6,320 |
| Net Cash Provided by Investing Activities | <u>2,136</u> | <u>3,046</u> | <u>1,138</u> | <u>6,320</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 391,108 | (2,163) | 57,745 | 446,690 |
| Cash and Cash Equivalents, Beginning of Year | <u>163,670</u> | <u>516,958</u> | <u>29,576</u> | <u>710,204</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 554,778</u> | <u>\$ 514,795</u> | <u>\$ 87,321</u> | <u>\$ 1,156,894</u> |

continued

COUNTY OF NAPA

Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2012

| | <u>Napa Berryessa Resort Improvement</u> | <u>Napa County Housing Authority</u> | <u>Napa County Animal Shelter</u> | <u>Total</u> |
|---|--|--|---|-----------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | \$ (61,759) | \$ (718,775) | \$ (534,574) | \$ (1,315,108) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization | 35,071 | 62,257 | 100,267 | 197,595 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in: | | | | |
| Accounts receivable | 94 | (14,215) | 3,831 | (10,290) |
| Assessments receivable | (3,780) | -- | -- | (3,780) |
| Due from other government agencies | 91 | -- | (44,645) | (44,554) |
| Prepaid items | 13,533 | -- | -- | 13,533 |
| Increase (decrease) in: | | | | |
| Accounts payable | 9,142 | (27,416) | 48,671 | 30,397 |
| Customer deposits | 12,100 | 1,228 | -- | 13,328 |
| Accrued salaries | -- | -- | 3,766 | 3,766 |
| Compensated absences | -- | -- | 2,490 | 2,490 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 4,492</u> | <u>\$ (696,921)</u> | <u>\$ (420,194)</u> | <u>\$ (1,112,623)</u> |



Photography by Jeff Tangen, <http://www.jefftangenphoto.com>

Ritchie Creek

Ritchie Creek drains 2.6 square miles before joining the Napa River north of Bale, California. According to the Northern Napa River Watershed Plan, Ritchie Creek provides good low gradient riffles with gravel or small cobble as the dominant substrate, which is considered good for spawning salmonids.

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

This is a working capital fund 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

Information Technology Services is responsible for the development, operation and maintenance of all County information technology systems (computer network and voice communications). Appropriations are offset by revenue derived from charges for services to all departments and outside agencies that use the County's information technology systems.

Workers' Compensation

A self-insured Workers' Compensation Program was established in 1978 to partially self-insure against work-related losses. The current self-insured level is \$350,000 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.

Employee/Retiree Benefits

Employee/Retiree Benefits Fund tracks annual other post employment benefits cost required for postretirement healthcare benefits under the Retiree Healthcare Plan. The County provides retiree medical benefits through the California Public Employees' Retirement System (CalPERS) Healthcare program.

COUNTY OF NAPA

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2012

| | Equipment Pool Service Fund | Information Technology Services | Workers' Compensation |
|---|-----------------------------------|---------------------------------------|--------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and investments | \$ 5,960,558 | \$ 3,250,883 | \$ 5,975,581 |
| Imprest cash | -- | -- | -- |
| Accounts receivable | -- | -- | -- |
| Prepaid items | -- | 1,350 | -- |
| Deposits | -- | -- | 65,656 |
| Total Current Assets | <u>5,960,558</u> | <u>3,252,233</u> | <u>6,041,237</u> |
| Noncurrent Assets: | | | |
| Capital Assets | | | |
| Nondepreciable: | | | |
| Intangible assets | -- | 1,014,299 | -- |
| Depreciable: | | | |
| Equipment | 11,002,009 | 1,519,100 | -- |
| Accumulated depreciation | <u>(5,619,401)</u> | <u>(1,264,279)</u> | -- |
| Total Noncurrent Assets | <u>5,382,608</u> | <u>1,269,120</u> | -- |
| Total Assets | <u>\$ 11,343,166</u> | <u>\$ 4,521,353</u> | <u>\$ 6,041,237</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 62,850 | \$ 296,817 | \$ 75,768 |
| Accrued salaries and benefits | 16,141 | 244,328 | -- |
| Due to other funds | -- | -- | -- |
| Liability for unpaid insurance claims | -- | -- | 1,649,800 |
| Liability for compensated absences | 11,408 | 186,329 | -- |
| Total Current Liabilities | <u>90,399</u> | <u>727,474</u> | <u>1,725,568</u> |
| Noncurrent Liabilities: | | | |
| Liability for unpaid insurance claims | -- | -- | 4,787,200 |
| Liability for compensated absences | 15,188 | 166,335 | -- |
| Total Noncurrent Liabilities | <u>15,188</u> | <u>166,335</u> | <u>4,787,200</u> |
| Total Liabilities | <u>105,587</u> | <u>893,809</u> | <u>6,512,768</u> |
| NET ASSETS | | | |
| Invested in capital assets | 5,382,608 | 1,269,120 | -- |
| Unrestricted | 5,854,971 | 2,358,424 | (471,531) |
| Total Net Assets | <u>11,237,579</u> | <u>3,627,544</u> | <u>(471,531)</u> |
| Total Liabilities and Net Assets | <u>\$ 11,343,166</u> | <u>\$ 4,521,353</u> | <u>\$ 6,041,237</u> |

continued

COUNTY OF NAPA

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
June 30, 2012

| ASSETS | <u>General Liability</u> | <u>Employee/ Retiree Benefits</u> | <u>Total</u> |
|---|------------------------------|---------------------------------------|-----------------------------|
| Current Assets: | | | |
| Cash and Investments | \$ 5,306,985 | \$ -- | \$ 20,494,007 |
| Imprest cash | 30,021 | -- | 30,021 |
| Accounts receivable | 475 | 848 | 1,323 |
| Prepaid items | -- | 768,339 | 769,689 |
| Deposits | -- | -- | 65,656 |
| Total Current Assets | <u>5,337,481</u> | <u>769,187</u> | <u>21,360,696</u> |
| Noncurrent Assets: | | | |
| Capital Assets | | | |
| Nondepreciable: | | | |
| Intangible assets | -- | -- | 1,014,299 |
| Depreciable: | | | |
| Equipment | -- | -- | 12,521,109 |
| Accumulated depreciation | -- | -- | (6,883,680) |
| Total Noncurrent Assets | <u>--</u> | <u>--</u> | <u>6,651,728</u> |
| Total Assets | <u>\$ 5,337,481</u> | <u>\$ 769,187</u> | <u>\$ 28,012,424</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 4,619 | \$ -- | \$ 440,054 |
| Accrued salaries and benefits | -- | 71,893 | 332,362 |
| Due to other funds | -- | 675,207 | 675,207 |
| Liability for unpaid insurance claims | 881,000 | -- | 2,530,800 |
| Liability for compensated absences | -- | -- | 197,737 |
| Total Current Liabilities | <u>885,619</u> | <u>747,100</u> | <u>4,176,160</u> |
| Long-Term Liabilities: | | | |
| Liability for unpaid insurance claims | 1,572,000 | -- | 6,359,200 |
| Liability for compensated absences | -- | -- | 181,523 |
| Total Noncurrent Liabilities | <u>1,572,000</u> | <u>--</u> | <u>6,540,723</u> |
| Total Liabilities | <u>2,457,619</u> | <u>747,100</u> | <u>10,716,883</u> |
| NET ASSETS | | | |
| Invested in capital assets | -- | -- | 6,651,728 |
| Unrestricted | <u>2,879,862</u> | <u>22,087</u> | <u>10,643,813</u> |
| Total Net Assets | <u>2,879,862</u> | <u>22,087</u> | <u>17,295,541</u> |
| Total Liabilities and Net Assets | <u>\$ 5,337,481</u> | <u>\$ 769,187</u> | <u>\$ 28,012,424</u> |

COUNTY OF NAPA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2012

| | Equipment Pool Service Fund | Information Technology Services | Workers' Compensation |
|---|-----------------------------------|---------------------------------------|--------------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 46,278 | \$ 9,442,391 | \$ 1,753,121 |
| Maintenance Charges: | | | |
| Equipment | 672,914 | -- | -- |
| Vehicle | 1,275,848 | -- | -- |
| Replacement charges | 847,217 | -- | -- |
| Other revenue | -- | -- | 730,973 |
| | | | |
| Total Operating Revenues | 2,842,257 | 9,442,391 | 2,484,094 |
| Operating Expenses: | | | |
| Salaries and employee benefits | 330,981 | 5,588,590 | -- |
| Services and supplies | 1,550,656 | 3,090,012 | 822,810 |
| Claims expense | -- | -- | 2,225,712 |
| Depreciation and amortization | 826,113 | 215,995 | -- |
| | | | |
| Total Operating Expenses | 2,707,750 | 8,894,597 | 3,048,522 |
| Operating Income (Loss) | 134,507 | 547,794 | (564,428) |
| Non-Operating Revenues (Expenses): | | | |
| Interest income | 38,760 | 18,104 | 37,459 |
| Gain on disposition of capital assets | 6,281 | -- | -- |
| | | | |
| Total Non-Operating Revenues (Expenses) | 45,041 | 18,104 | 37,459 |
| Net Income Before Transfers | 179,548 | 565,898 | (526,969) |
| Transfers in | 138,770 | -- | -- |
| | | | |
| Change in Net Assets | 318,318 | 565,898 | (526,969) |
| Net Assets - Beginning of Year | 10,919,261 | 3,061,646 | 55,438 |
| | | | |
| Net Assets - End of Year | \$ 11,237,579 | \$ 3,627,544 | \$ (471,531) |

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, 2012

| | General Liability | Employee/ Retiree Benefits | Total |
|---|----------------------|-------------------------------|----------------|
| Operating Revenues: | | | |
| Charges for services | \$ 1,536,049 | \$ 4,885,518 | \$ 17,663,357 |
| Maintenance Charges: | | | |
| Equipment | -- | -- | 672,914 |
| Vehicle | -- | -- | 1,275,848 |
| Replacement charges | -- | -- | 847,217 |
| Other revenue | 835 | -- | 731,808 |
| Total Operating Revenues | 1,536,884 | 4,885,518 | 21,191,144 |
| Operating Expenses: | | | |
| Salaries and employee benefits | -- | 6,184,000 | 12,103,571 |
| Services and supplies | 383,450 | -- | 5,846,928 |
| Claims expense | 860,879 | -- | 3,086,591 |
| Depreciation and amortization | -- | -- | 1,042,108 |
| Total Operating Expenses | 1,244,329 | 6,184,000 | 22,079,198 |
| Operating Income (Loss) | 292,555 | (1,298,482) | (888,054) |
| Non-Operating Revenues (Expenses): | | | |
| Interest income | 35,636 | -- | 129,959 |
| Gain on disposition of capital assets | -- | -- | 6,281 |
| Total Non-Operating Revenues (Expenses) | 35,636 | -- | 136,240 |
| Net Income Before Transfers | 328,191 | (1,298,482) | (751,814) |
| Transfers in | -- | 1,298,492 | 1,437,262 |
| Change in Net Assets | 328,191 | 10 | 685,448 |
| Net Assets - Beginning of Year | 2,551,671 | 22,077 | 16,610,093 |
| Net Assets - End of Year | \$ 2,879,862 | \$ 22,087 | \$ 17,295,541 |

COUNTY OF NAPA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

| | <u>Equipment Pool Service Fund</u> | <u>Information Technology Services</u> | <u>Workers' Compensation</u> |
|--|--|--|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash receipts from internal services provided | \$ 2,849,565 | \$ 9,442,391 | \$ 2,469,445 |
| Cash paid to suppliers for goods and services | (1,687,770) | (2,915,647) | (2,137,491) |
| Cash paid to employees for services | <u>(329,796)</u> | <u>(5,544,959)</u> | <u>--</u> |
| Net Cash Provided (Used) by Operating Activities | <u>831,999</u> | <u>981,785</u> | <u>331,954</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Advances from other funds | -- | -- | -- |
| Transfers in | <u>138,770</u> | <u>--</u> | <u>--</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>138,770</u> | <u>--</u> | <u>--</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Proceeds of sales of capital assets | 20,393 | -- | -- |
| Payments related to the acquisition of capital assets | <u>(374,327)</u> | <u>(883,177)</u> | <u>--</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(353,934)</u> | <u>(883,177)</u> | <u>--</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received (paid) | <u>38,760</u> | <u>18,104</u> | <u>37,459</u> |
| Net Cash Provided by Investing Activities | <u>38,760</u> | <u>18,104</u> | <u>37,459</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 655,595 | 116,712 | 369,413 |
| Cash and Cash Equivalents, Beginning of Year | <u>5,304,963</u> | <u>3,134,171</u> | <u>5,606,168</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 5,960,558</u></u> | <u><u>\$ 3,250,883</u></u> | <u><u>\$ 5,975,581</u></u> |

continued

COUNTY OF NAPA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2012

| | <u>General Liability</u> | <u>Employee/ Retiree Benefits</u> | <u>Total</u> |
|---|------------------------------|---------------------------------------|---------------------|
| CASH FLOWS FROM | | | |
| OPERATING ACTIVITIES: | | | |
| Cash receipts from internal services provided | \$ 1,536,409 | \$ 4,887,077 | \$21,184,887 |
| Cash paid to suppliers for goods and services | (1,745,220) | -- | (8,486,128) |
| Cash paid to employees for services | <u>--</u> | <u>(6,938,058)</u> | <u>(12,812,813)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>(208,811)</u> | <u>(2,050,981)</u> | <u>(114,054)</u> |
| CASH FLOWS FROM NONCAPITAL | | | |
| FINANCING ACTIVITIES: | | | |
| Advances from other funds | -- | 675,207 | 675,207 |
| Transfers in | <u>--</u> | <u>1,298,492</u> | <u>1,437,262</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>--</u> | <u>1,973,699</u> | <u>2,112,469</u> |
| CASH FLOWS FROM CAPITAL AND | | | |
| RELATED FINANCING ACTIVITIES: | | | |
| Proceeds of sales of capital assets | -- | -- | 20,393 |
| Payments related to the acquisition of capital assets | <u>--</u> | <u>--</u> | <u>(1,257,504)</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>--</u> | <u>--</u> | <u>(1,237,111)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received (paid) | <u>35,636</u> | <u>--</u> | <u>129,959</u> |
| Net Cash Provided by Investing Activities | <u>35,636</u> | <u>--</u> | <u>129,959</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (173,175) | (77,282) | 891,263 |
| Cash and Cash Equivalents, Beginning of Year | <u>5,510,181</u> | <u>77,282</u> | <u>19,632,765</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 5,337,006</u> | <u>\$ --</u> | <u>\$20,524,028</u> |

continued

COUNTY OF NAPA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2012

| | <u>Equipment Pool Service Fund</u> | <u>Information Technology Services</u> | <u>Workers' Compensation</u> |
|---|--|--|----------------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | \$ 134,507 | \$ 547,794 | \$ (564,428) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 826,113 | 215,995 | -- |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | 7,308 | -- | -- |
| Deposits | -- | -- | (14,649) |
| Prepaid items | -- | (151) | -- |
| Increase (decrease) in: | | | |
| Accounts payable | (137,114) | 174,516 | 75,031 |
| Accrued salaries | 3,502 | 10,170 | -- |
| Compensated absences | (2,317) | 33,461 | -- |
| Claims liability | -- | -- | 836,000 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ 831,999</u></u> | <u><u>\$ 981,785</u></u> | <u><u>\$ 331,954</u></u> |

continued

COUNTY OF NAPA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2012

| | <u>General Liability</u> | <u>Employee/ Retiree Benefits</u> | <u>Total</u> |
|---|------------------------------|---------------------------------------|---------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | \$ 292,555 | \$ (1,298,482) | \$ (888,054) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | -- | -- | 1,042,108 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | (475) | 1,559 | 8,392 |
| Deposits | -- | -- | (14,649) |
| Prepaid items | -- | (768,339) | (768,490) |
| Increase (decrease) in: | | | |
| Accounts payable | (36,891) | -- | 75,542 |
| Accrued salaries | -- | 14,281 | 27,953 |
| Compensated absences | -- | -- | 31,144 |
| Claims liability | (464,000) | -- | 372,000 |
| | <u>(464,000)</u> | <u>--</u> | <u>372,000</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (208,811)</u> | <u>\$ (2,050,981)</u> | <u>\$ (114,054)</u> |



Photography by Jeff Tangen, <http://www.jefftangenphoto.com>

Troutdale Creek

Troutdale Creek is a Stream in Napa County, California. It has an elevation of 487 meters, or 1,598 feet.

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

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

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 are custodial in nature and do not involve the measurement of results of operations. Such funds have no equity accounts since all assets are due to local governments and individuals at some future time.

COUNTY OF NAPA

Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2012

| ASSETS | School Districts | Special Districts | Total |
|--|-----------------------|----------------------|-----------------------|
| Current Assets: | | | |
| Cash and investments | \$ 155,283,725 | \$ 65,628,397 | \$ 220,912,122 |
| Total Current Assets | <u>\$ 155,283,725</u> | <u>\$ 65,628,397</u> | <u>\$ 220,912,122</u> |
| NET ASSETS | | | |
| Net assets held in trust for investment pool participants | \$ 155,283,725 | \$ 65,628,397 | \$ 220,912,122 |
| Total Net Assets | <u>\$ 155,283,725</u> | <u>\$ 65,628,397</u> | <u>\$ 220,912,122</u> |

COUNTY OF NAPA

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2012

| | <u>School Districts</u> | <u>Special Districts</u> | <u>Total</u> |
|------------------------------------|-----------------------------|------------------------------|-----------------------|
| <u>ADDITIONS</u> | | | |
| Contributions: | | | |
| Contributions to investment pool | \$ 424,948,141 | \$ 99,883,652 | \$ 524,831,793 |
| Total Contributions | <u>424,948,141</u> | <u>99,883,652</u> | <u>524,831,793</u> |
| Net Investment Income: | | | |
| Interest | 1,193,477 | 655,511 | 1,848,988 |
| Net Investment Income | <u>1,193,477</u> | <u>655,511</u> | <u>1,848,988</u> |
| Total Additions | <u>426,141,618</u> | <u>100,539,163</u> | <u>526,680,781</u> |
| <u>DEDUCTIONS</u> | | | |
| Distributions from investment pool | 448,586,688 | 113,170,794 | 561,757,482 |
| Total Deductions | <u>448,586,688</u> | <u>113,170,794</u> | <u>561,757,482</u> |
| Change in Net Assets | (22,445,070) | (12,631,631) | (35,076,701) |
| Net Assets, Beginning | <u>177,728,795</u> | <u>78,260,028</u> | <u>255,988,823</u> |
| Net Assets, Ending of Year | <u>\$ 155,283,725</u> | <u>\$ 65,628,397</u> | <u>\$ 220,912,122</u> |

COUNTY OF NAPA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2012

| ASSETS | <u>June 30, 2011</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2012</u> |
|------------------------------|----------------------|-----------------------|-----------------------|----------------------|
| Current Assets: | | | | |
| Cash and investments | \$ 38,059,094 | \$ 495,540,562 | \$ 499,731,756 | \$ 33,867,900 |
| Taxes receivable | 12,960,450 | 1,513,914 | -- | 14,474,364 |
| Total Current Assets | <u>\$ 51,019,544</u> | <u>\$ 497,054,476</u> | <u>\$ 499,731,756</u> | <u>\$ 48,342,264</u> |
| LIABILITIES | | | | |
| Agency funds held for others | \$ 51,019,544 | \$ 497,054,476 | \$ 499,731,756 | \$ 48,342,264 |
| Total Liabilities | <u>\$ 51,019,544</u> | <u>\$ 497,054,476</u> | <u>\$ 499,731,756</u> | <u>\$ 48,342,264</u> |



Statistical Section



Photography by Jeff Tangen, <http://www.jefftangphoto.com>

Zim Zim Falls – Knoxville Lake Berryessa

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.

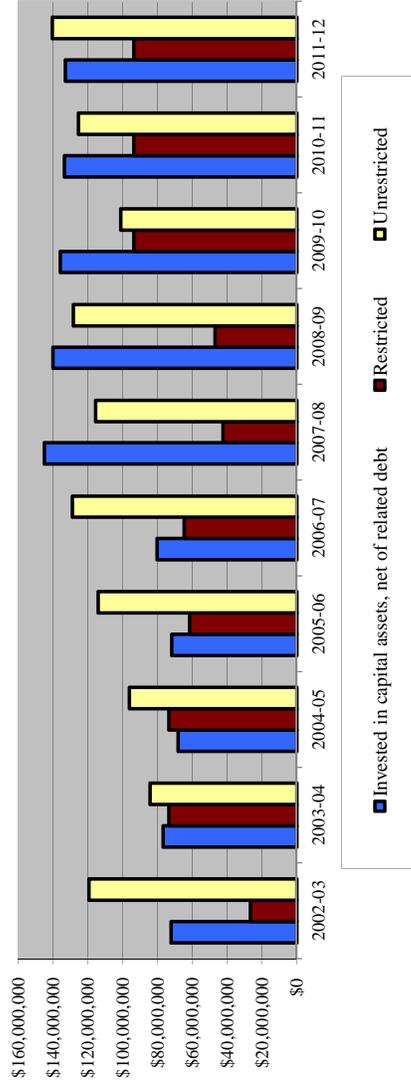
| | <u>Page</u> |
|--|--------------------|
| Financial Trends Information | |
| These schedules contain trend information that may assist the reader in assessing the County's current financial performance by placing it in historical perspective | 162 |
| Revenue Capacity Information | |
| These schedules 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 | 168 |
| 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 | 173 |
| 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..... | 178 |
| Operating Information | |
| These schedules contain 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 | 181 |

COUNTY OF NAPA

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt ¹ | \$ 60,088,718 | \$ 66,892,363 | \$ 55,998,181 | \$ 57,639,390 | \$ 61,332,361 | \$ 116,608,083 | \$ 99,084,559 | \$ 90,854,959 | \$ 89,334,032 | \$ 87,909,143 |
| Restricted | 26,658,643 | 73,467,180 | 73,543,466 | 61,499,414 | 64,749,020 | 41,875,741 | 46,450,508 | 93,346,896 | 93,328,683 | 93,328,683 |
| Unrestricted | 119,685,666 | 81,546,729 | 92,878,429 | 110,659,585 | 127,517,769 | 114,441,572 | 126,903,650 | 99,555,367 | 125,253,612 | 138,616,308 |
| Total governmental activities net assets | \$ 206,433,027 | \$ 221,906,272 | \$ 222,420,076 | \$ 229,798,389 | \$ 253,599,150 | \$ 272,925,396 | \$ 272,438,717 | \$ 283,757,222 | \$ 305,916,327 | \$ 319,854,134 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 12,061,886 | \$ 9,972,402 | \$ 12,139,129 | \$ 14,259,931 | \$ 18,962,458 | \$ 28,470,449 | \$ 40,970,781 | \$ 45,096,401 | \$ 44,264,844 | \$ 45,007,945 |
| Restricted | (186,815) | 2,756,267 | 3,254,322 | 3,403,166 | 1,374,931 | 480,549 | 479,333 | 293,479 | 328,155 | 325,929 |
| Unrestricted | \$ 11,875,071 | \$ 12,728,669 | \$ 15,393,451 | \$ 17,663,097 | \$ 20,337,389 | \$ 30,002,186 | \$ 42,922,258 | \$ 46,995,455 | \$ 46,750,443 | \$ 47,196,603 |
| Total business-type activities net assets | \$ 11,875,071 | \$ 12,728,669 | \$ 15,393,451 | \$ 17,663,097 | \$ 20,337,389 | \$ 30,002,186 | \$ 42,922,258 | \$ 46,995,455 | \$ 46,750,443 | \$ 47,196,603 |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 72,150,604 | \$ 76,864,765 | \$ 68,137,310 | \$ 71,899,321 | \$ 80,294,819 | \$ 145,078,532 | \$ 140,055,340 | \$ 135,951,360 | \$ 133,598,876 | \$ 132,917,088 |
| Restricted | 26,658,643 | 73,467,180 | 73,543,466 | 61,499,414 | 64,749,020 | 42,356,290 | 46,929,841 | 93,640,375 | 93,656,838 | 93,654,612 |
| Unrestricted | 119,498,851 | 84,302,996 | 96,132,751 | 114,062,751 | 128,892,700 | 115,492,760 | 128,375,794 | 101,160,942 | 125,411,056 | 140,479,037 |
| Total primary government net assets² | \$ 218,308,098 | \$ 234,634,941 | \$ 237,813,527 | \$ 247,461,486 | \$ 273,936,539 | \$ 302,927,582 | \$ 315,360,975 | \$ 330,752,677 | \$ 352,666,770 | \$ 367,050,737 |
| Percent of increase (decrease) in primary government net assets | 12.97% | 7.48% | 1.35% | 4.06% | 10.70% | 10.58% | 4.10% | 4.88% | 6.63% | 4.08% |

**Components of County
Net Assets**



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.

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

COUNTY OF NAPA

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 35,498,520 | \$ 33,547,309 | \$ 24,611,200 | \$ 28,808,510 | \$ 30,344,422 | \$ 36,965,695 | \$ 33,245,999 | \$ 32,201,273 | \$ 37,039,022 | \$ 40,649,466 |
| Public protection | 59,155,040 | 62,467,022 | 70,316,699 | 77,954,632 | 82,810,854 | 83,291,842 | 92,994,974 | 92,847,859 | 100,258,399 | 99,879,755 |
| Public ways and facilities | 16,877,819 | 23,224,824 | 28,269,848 | 40,796,290 | 27,263,089 | 23,234,238 | 24,440,620 | 23,542,661 | 23,825,672 | 25,605,034 |
| Health and sanitation | 29,123,849 | 27,777,318 | 29,561,078 | 32,373,467 | 35,941,958 | 38,670,267 | 40,845,070 | 39,642,405 | 40,838,624 | 38,684,095 |
| Public assistance | 26,085,613 | 27,454,506 | 31,683,117 | 29,420,309 | 28,526,647 | 30,468,421 | 32,383,758 | 34,553,156 | 37,018,759 | 40,218,330 |
| Education | 4,869,614 | 4,829,289 | 5,194,812 | 5,628,848 | 5,716,827 | 6,025,556 | 6,646,817 | 7,207,944 | 7,541,241 | 7,198,100 |
| Recreational and cultural services | 44,978 | 300,142 | 1,021,586 | 120,152 | 206,468 | 876,547 | 1,164,588 | 1,222,282 | 1,264,678 | 615,265 |
| Debt service: | | | | | | | | | | |
| Interest and fiscal charges | 3,549,288 | 4,474,723 | 3,882,913 | 4,180,859 | 3,799,558 | 3,624,153 | 3,371,954 | 3,141,097 | 2,916,514 | 3,164,637 |
| Administration and arbitrage fees | 171,193 | 11,209 | 1,507,883 | 459,566 | 14,770 | 6,315 | 17,570 | 36,684 | 15,745 | 560,067 |
| Total governmental activities expenses | \$ 175,375,914 | \$ 184,086,342 | \$ 196,049,136 | \$ 219,742,633 | \$ 214,624,593 | \$ 225,163,034 | \$ 235,111,350 | \$ 234,395,361 | \$ 250,718,654 | \$ 256,574,749 |
| Business-type activities: | | | | | | | | | | |
| Airport | 1,435,205 | 1,715,493 | 1,676,592 | 1,935,407 | 2,152,164 | 2,527,682 | 2,608,377 | 2,800,254 | 2,678,008 | 3,052,810 |
| Lake Berryessa Resort Improvement | 574,405 | 709,545 | 886,976 | 886,976 | 642,997 | 845,030 | 959,387 | 1,132,055 | 1,177,938 | 1,175,732 |
| Fifth Street Parking Garage | - | - | - | - | - | - | 221,177 | 436,478 | 454,693 | 475,932 |
| Napa County Housing Authority | - | - | - | - | 242,779 | 1,033,262 | 1,206,167 | 1,164,243 | 1,249,285 | 1,258,235 |
| Napa Berryessa Public Improvement | 584,255 | 567,119 | 634,032 | 709,907 | 657,015 | 1,238,425 | 737,780 | 765,839 | 949,895 | 889,276 |
| Napa County Animal Shelter | - | - | - | - | - | - | - | 965,424 | 1,088,049 | 1,166,207 |
| Total business-type activities expenses | \$ 2,593,865 | \$ 2,992,157 | \$ 3,020,920 | \$ 3,532,290 | \$ 3,694,955 | \$ 5,644,399 | \$ 5,732,888 | \$ 7,264,293 | \$ 7,597,868 | \$ 8,018,188 |
| Total primary government expenses | \$ 177,969,779 | \$ 187,078,499 | \$ 199,070,056 | \$ 223,274,923 | \$ 218,319,548 | \$ 230,807,433 | \$ 240,844,238 | \$ 241,659,654 | \$ 258,316,522 | \$ 264,592,937 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Fees, fines & charges for services | | | | | | | | | | |
| General government | \$ 4,976,957 | \$ 3,368,205 | \$ 3,305,175 | \$ 3,689,381 | \$ 6,487,957 | \$ 8,195,676 | \$ 11,941,868 | \$ 7,740,846 | \$ 10,993,039 | \$ 11,519,193 |
| Public protection | 9,203,552 | 11,616,975 | 15,100,425 | 15,670,287 | 19,003,569 | 15,414,106 | 19,439,874 | 20,256,916 | 20,750,613 | 21,754,326 |
| Other activities | 10,147,260 | 11,226,993 | 9,947,969 | 11,345,970 | 14,895,429 | 10,701,991 | 11,395,384 | 14,453,216 | 14,316,131 | 14,322,003 |
| Operating grants and contributions | 77,087,961 | 81,430,737 | 73,472,534 | 75,847,921 | 78,904,254 | 77,170,135 | 76,692,630 | 87,069,423 | 96,231,883 | 97,658,233 |
| Capital grants and contributions | - | 40,000 | - | 5,298,042 | 1,016,938 | 4,498,647 | 2,632,478 | 1,911,433 | 1,237,179 | 1,180,867 |
| Total governmental activities program revenues | 101,415,730 | 107,682,910 | 101,826,103 | 111,851,601 | 120,308,147 | 115,980,555 | 122,122,234 | 131,431,834 | 143,528,845 | 146,434,622 |
| Business-type activities: | | | | | | | | | | |
| Fees, fines & charges for services | | | | | | | | | | |
| Airport | 1,554,468 | 1,540,253 | 1,571,022 | 1,590,342 | 1,645,614 | 1,773,937 | 1,788,110 | 1,913,565 | 2,059,834 | 1,789,025 |
| Lake Berryessa Resort Improvement | 514,730 | 583,130 | 557,551 | 658,117 | 543,516 | 446,722 | 517,297 | 566,054 | 508,481 | 591,915 |
| Fifth Street Parking Garage | - | - | - | - | - | - | 162,287 | 111,205 | 82,245 | 128,774 |
| Napa County Housing Authority | - | - | - | - | - | 480,869 | 482,226 | 484,904 | 558,671 | 539,460 |
| Napa Berryessa Public Improvement | 521,361 | 633,931 | 576,164 | 676,043 | 389,059 | 627,018 | 619,520 | 519,467 | 671,659 | 819,750 |
| Napa County Animal Shelter | 1,187,475 | 945,373 | 2,975,901 | 2,730,512 | 84,114 | 210,446 | 169,041 | 246,408 | 153,902 | 177,780 |
| Operating grants and contributions | - | - | - | - | 3,241,463 | 10,618,507 | 1,183,867 | 1,065,762 | 1,611,169 | 2,681,208 |
| Capital grants and contributions | 3,778,034 | 3,702,687 | 5,680,638 | 5,655,014 | 5,903,766 | 14,157,499 | 4,922,348 | 5,785,546 | 6,670,097 | 7,313,016 |
| Total business-type activities program revenues | \$ 105,193,764 | \$ 111,385,597 | \$ 107,506,741 | \$ 117,506,615 | \$ 126,211,913 | \$ 130,138,054 | \$ 127,044,582 | \$ 137,217,380 | \$ 150,198,942 | \$ 153,747,638 |

(Continued)

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

COUNTY OF NAPA

Changes in Net Assets, Last Ten Fiscal Years - continued

(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---|------------------------|------------------------|------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| Net (Expense)/Revenue ¹ | | | | | | | | | | |
| Governmental activities | \$ (73,960,184) | \$ (76,403,432) | \$ (94,223,033) | \$ (107,891,032) | \$ (94,316,446) | \$ (109,182,479) | \$ (112,989,116) | \$ (102,963,527) | \$ (107,189,809) | \$ (110,140,127) |
| Business-type activities | 1,184,169 | 710,530 | 2,659,718 | 2,122,724 | 2,208,811 | 8,513,100 | (810,540) | (1,478,747) | (927,771) | (705,172) |
| Total primary government net expense | <u>\$ (72,776,015)</u> | <u>\$ (75,692,902)</u> | <u>\$ (91,563,315)</u> | <u>\$ (105,768,308)</u> | <u>\$ (92,107,635)</u> | <u>\$ (100,669,379)</u> | <u>\$ (113,799,656)</u> | <u>\$ (104,442,274)</u> | <u>\$ (108,117,580)</u> | <u>\$ (110,845,299)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 39,213,921 | \$ 42,424,261 | \$ 44,667,099 | \$ 63,266,398 | \$ 69,224,026 | \$ 75,712,896 | \$ 85,733,529 | \$ 91,575,314 | \$ 99,139,621 | \$ 92,482,789 |
| Sales and use taxes | 25,858,407 | 27,920,438 | 27,065,296 | 29,109,022 | 30,597,528 | 31,188,494 | 28,460,170 | 16,794,850 | 18,009,925 | 20,015,566 |
| Transient occupancy taxes | 4,774,394 | 4,718,763 | 5,743,951 | 7,045,286 | 8,076,701 | 9,681,766 | 8,452,117 | 7,557,503 | 8,299,325 | 9,226,611 |
| Property transfer taxes | 1,140,502 | 1,440,722 | 1,790,692 | 2,253,151 | 1,576,809 | 1,128,851 | 919,282 | 743,267 | 1,233,273 | 1,429,927 |
| Other | 1,366 | 1,898 | 400 | 3,165 | 352 | | | 40 | | |
| Motor vehicle in lieu taxes ² | - | - | 9,417,773 | - | - | - | - | - | - | - |
| Unrestricted interest and investment earnings | 4,012,538 | 2,968,228 | 3,713,125 | 5,258,985 | 6,968,520 | 8,413,728 | 5,584,576 | 2,534,248 | 1,849,337 | 1,621,798 |
| Miscellaneous | 6,653,267 | 7,166,948 | 2,535,650 | 8,265,641 | 336,689 | 1,999,522 | 778,508 | 423,790 | 1,314,079 | 350,270 |
| Special items ³ | - | 1,801,309 | - | - | - | - | - | - | - | - |
| Transfers | (667,395) | 77,476 | 85,840 | 67,697 | (131,796) | (65,119,3) | (17,425,745) | (5,346,980) | (496,646) | (1,049,027) |
| Total governmental activities | <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> | <u>127,474,064</u> | <u>112,502,437</u> | <u>114,282,032</u> | <u>129,348,914</u> | <u>124,077,934</u> |
| Business-type activities: | | | | | | | | | | |
| Taxes | 52,721 | 59,710 | 13,362 | 28,267 | 96,377 | 110,558 | 123,196 | 116,564 | 124,640 | 98,999 |
| Investment earnings | 62,215 | 36,415 | 69,232 | 117,305 | 115,832 | 303,146 | 185,110 | 76,093 | 59,244 | 46,920 |
| Miscellaneous | 398,392 | 124,419 | 106,447 | 69,047 | 121,476 | 86,800 | - | 12,307 | 2,229 | (43,614) |
| Change in estimation- capital assets ⁴ | - | - | - | - | - | - | (3,603,439) | - | - | - |
| Special items ⁵ | - | - | - | - | - | - | (400,000) | - | - | - |
| Transfers | 667,395 | (77,476) | (85,840) | (67,697) | 131,796 | 65,119,3 | 17,425,745 | 5,346,980 | 496,646 | 1,049,027 |
| Total business-type activities | <u>1,180,723</u> | <u>143,068</u> | <u>103,201</u> | <u>146,922</u> | <u>465,481</u> | <u>1,151,697</u> | <u>13,730,612</u> | <u>5,551,944</u> | <u>682,759</u> | <u>1,151,332</u> |
| Total primary government | <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> | <u>\$ 128,625,761</u> | <u>\$ 126,233,049</u> | <u>\$ 119,833,976</u> | <u>\$ 130,031,673</u> | <u>\$ 125,229,266</u> |
| Change in Net Assets | | | | | | | | | | |
| Governmental activities | \$ 7,026,816 | \$ 12,116,611 | \$ 796,793 | \$ 7,378,313 | \$ 22,332,383 | \$ 18,291,585 | \$ (486,679) | \$ 11,318,505 | \$ 22,159,105 | \$ 13,937,807 |
| Business-type activities | 2,364,892 | 853,598 | 2,762,919 | 2,269,646 | 2,674,292 | 9,664,797 | 12,920,072 | 4,073,197 | (245,012) | 446,160 |
| Total primary government | <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> | <u>\$ 27,956,382</u> | <u>\$ 12,433,393</u> | <u>\$ 15,391,702</u> | <u>\$ 21,914,093</u> | <u>\$ 14,383,967</u> |

Notes:

¹ Net (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.

³ Special item of \$1.8m was contributed by the Napa County Flood Control and Water Conservation District to relocate and rebuild the Napa County Animal Shelter.

⁴ Change in estimation - capital assets of \$3.6m change in farmworker housing centers valuation for the Napa County Housing Authority.

⁵ Special item of \$0.4m stipulated judgement against Lake Berryessa Resort Improvement.

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 ending June 30 | Property Tax ¹ | Sales & Use Tax ² | Transient Occupancy Tax ³ | Property Transfer Tax ⁴ | Other Taxes ⁵ | Total |
|---------------------------------------|--------------------------------------|---|---|---|-------------------------------------|---------------|
| 2003 | \$ 39,213,921 | \$ 25,858,407 | \$ 4,774,394 | \$ 1,140,502 | \$ 1,365 | \$ 70,988,589 |
| 2004 | 42,424,261 | 27,920,438 | 4,718,763 | 1,440,722 | 1,898 | 76,506,082 |
| 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 | 352 | 109,475,416 |
| 2008 | 75,712,794 | 31,188,494 | 9,681,766 | 1,128,851 | 102 | 117,712,007 |
| 2009 | 85,733,402 | 28,460,170 | 8,452,117 | 919,282 | 127 | 123,565,098 |
| 2010 | 91,575,314 | 16,794,850 | 7,557,503 | 743,267 | 40 | 116,670,974 |
| 2011 | 99,139,621 | 18,009,925 | 8,299,325 | 1,233,273 | - | 126,682,144 |
| 2012 | 92,482,789 | 20,015,566 | 9,226,611 | 1,429,927 | - | 123,154,893 |
| Change 2003-2012 | 135.8% | -22.6% | 93.3% | 25.4% | -100.0% | 73.5% |

Notes:

- ¹ Property tax revenues increased 135.8% in the last 10 fiscal years due to additional assessed values added 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 decreased 22.6% in the last ten years due to Proposition 172 Sales Tax Augmentation Revenues previously recorded as Sales & Use Tax is now recorded as Operating Grants and Contributions. For fiscal year 2011-2012, a total of \$12.1 million Proposition 172 Sales Tax Augmentation revenues were recorded as Operating Grants and Contributions.
- ³ Transient Occupancy Tax (12% as of January 1, 2005) increased 93.3% in the last ten years due to an increase in tourism.
- ⁴ Property transfer tax revenues increased 25.4% in the last 10 years due to an increase in value and sales activity.
- ⁵ Other Taxes (timber and racehorse taxes) have been included with Property Taxes effective with fiscal year 2010-2011.

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)

| | Fiscal year | | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|----------------------|------------------|
| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 ¹ | 2011-12 |
| General Fund | | | | | | | | | | |
| Reserved | \$21,971 | \$ 8,225 | \$ 7,394 | \$ 11,136 | \$ 11,696 | \$ 9,662 | \$ 10,397 | \$ 10,511 | \$ - | \$ - |
| Unreserved | 44,317 | 56,471 | 57,574 | 62,817 | 63,431 | 40,309 | 40,570 | 50,863 | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | 1,590 | 2,210 |
| Restricted | - | - | - | - | - | - | - | - | 28,631 | 42,509 |
| Committed | - | - | - | - | - | - | - | - | 1,009 | 1,357 |
| Assigned | - | - | - | - | - | - | - | - | 34,081 | 35,946 |
| Unassigned | - | - | - | - | - | - | - | - | 23,137 | 13,767 |
| Total general fund | \$66,288 | \$64,696 | \$64,968 | \$73,953 | \$75,127 | \$49,971 | \$50,967 | \$61,374 | \$88,448 | \$95,789 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$68,644 | \$20,545 | \$17,551 | \$17,497 | \$18,872 | \$17,723 | \$16,741 | \$16,735 | \$- | \$- |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 22,579 | 53,835 | 61,985 | 53,213 | 60,407 | 95,038 | 107,942 | 110,556 | - | - |
| Capital projects funds | 534 | 12,710 | 7,124 | 15,945 | 22,711 | 21,294 | 18,748 | 20,602 | - | - |
| Debt service funds | 5,365 | 2,616 | 1,490 | 1,541 | 3,407 | 1,550 | 1,501 | 1,502 | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | 570 | 866 |
| Restricted | - | - | - | - | - | - | - | - | 107,011 | 107,180 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | 35,304 | 35,671 |
| Unassigned | - | - | - | - | - | - | - | - | (265) | (176) |
| Total all other governmental funds | \$97,122 | \$89,706 | \$88,150 | \$88,196 | \$105,397 | \$135,605 | \$144,932 | \$149,395 | \$142,620 | \$143,541 |

Notes:

¹ Starting in FY 2010 - 2011, fund balances are presented in accordance with the General Accounting Standards Board Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions. As a result, certain funds previously shown as special revenue funds are reported under the General Fund.

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)

| | Fiscal year | | | | | | | | | |
|--|------------------|-------------------|-------------------|-----------------|------------------|-----------------|------------------|------------------|----------------------|-----------------|
| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 ¹ | 2011-12 |
| Revenues: | | | | | | | | | | |
| Taxes | \$ 70,989 | \$ 76,506 | \$ 88,685 | \$ 101,677 | \$ 109,475 | \$ 117,712 | \$ 123,565 | \$ 116,671 | \$ 126,682 | \$ 123,155 |
| Licenses, fees and permits | 2,936 | 3,590 | 3,981 | 4,293 | 5,286 | 5,023 | 4,426 | 4,566 | 4,400 | 6,626 |
| Fines, forfeits and penalties | 1,927 | 2,263 | 1,385 | 2,941 | 2,617 | 1,946 | 2,748 | 3,665 | 3,777 | 3,923 |
| Use of money and property | 3,551 | 2,700 | 3,312 | 4,727 | 6,278 | 7,657 | 5,089 | 2,471 | 1,961 | 1,630 |
| Aid from other governments | 77,088 | 77,462 | 73,473 | 82,455 | 80,589 | 74,639 | 77,127 | 89,189 | 99,079 | 96,937 |
| Charges for services | 19,140 | 19,620 | 22,988 | 23,472 | 32,460 | 26,089 | 31,944 | 32,596 | 35,960 | 34,135 |
| Contributions and donations | - | - | - | - | 250 | 3,797 | 1,255 | 896 | 717 | 769 |
| Other | 6,970 | 7,186 | 4,101 | 8,360 | 1,249 | 1,713 | 1,065 | 420 | 1,293 | 344 |
| Total Revenues | 182,601 | 189,327 | 197,925 | 227,925 | 238,204 | 238,576 | 247,219 | 250,474 | 273,869 | 267,519 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 36,207 | 29,906 | 24,887 | 27,565 | 30,797 | 34,968 | 30,181 | 30,282 | 35,071 | 38,337 |
| Public protection | 58,057 | 61,103 | 69,203 | 76,328 | 83,403 | 84,436 | 92,552 | 91,329 | 98,958 | 97,817 |
| Public ways and facilities | 10,527 | 16,859 | 22,298 | 34,410 | 22,037 | 18,394 | 20,340 | 18,380 | 19,780 | 21,530 |
| Health and sanitation | 28,963 | 27,663 | 29,404 | 32,076 | 35,863 | 38,411 | 40,692 | 39,647 | 40,911 | 38,651 |
| Public assistance | 25,924 | 27,260 | 31,566 | 29,211 | 28,478 | 30,159 | 32,111 | 34,273 | 36,811 | 39,775 |
| Education | 4,783 | 4,735 | 5,075 | 5,506 | 5,611 | 5,963 | 6,547 | 7,148 | 7,456 | 7,051 |
| Recreational and cultural services | 45 | 300 | 1,022 | 120 | 207 | 877 | 1,165 | 1,222 | 1,265 | 615 |
| Capital Outlay | 7,710 | 21,505 | 20,048 | 4,162 | 5,518 | 11,046 | 3,921 | 3,367 | 3,415 | 4,629 |
| Debt Service: | | | | | | | | | | |
| Principal | 9,870 | 3,880 | 4,365 | 5,495 | 5,627 | 5,790 | 6,007 | 6,234 | 6,455 | 6,682 |
| Interest | 3,421 | 4,472 | 3,941 | 3,977 | 3,796 | 3,622 | 3,393 | 3,162 | 2,936 | 2,747 |
| Administration and arbitrage fees | 1,091 | 11 | 1,508 | 581 | 15 | 27 | 18 | 37 | 15 | 560 |
| Total Expenditures | 186,598 | 197,694 | 213,317 | 219,431 | 221,352 | 233,693 | 236,927 | 235,081 | 253,073 | 258,394 |
| Excess of revenue over (under) expenditures | (3,997) | (8,367) | (15,392) | 8,494 | 16,852 | 4,883 | 10,292 | 15,393 | 20,796 | 9,125 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from borrowing, net | 32,417 | - | 14,002 | 450 | 1,000 | - | - | - | - | 1,624 |
| Transfers in | 16,052 | 4,738 | 5,857 | 10,490 | 21,851 | 38,588 | 16,535 | 19,719 | 20,687 | 9,878 |
| Transfers out | (15,048) | (5,378) | (5,468) | (10,403) | (21,329) | (38,419) | (16,503) | (20,244) | (21,184) | (12,364) |
| Total other financing sources (uses) | 33,421 | (640) | 14,391 | 537 | 1,522 | 169 | 32 | (525) | (497) | (862) |
| Net change in fund balances | \$ 29,424 | \$ (9,007) | \$ (1,001) | \$ 9,031 | \$ 18,374 | \$ 5,052 | \$ 10,324 | \$ 14,868 | \$ 20,299 | \$ 8,263 |
| Debt service as a percentage of non-capital expenditures | 7.43% | 4.74% | 4.30% | 4.40% | 4.37% | 4.23% | 4.03% | 4.05% | 3.76% | 3.72% |

Notes:

¹ Beginning in FY 2010-2011, certain funds previously shown as special revenue funds are reported under the General Fund in accordance with the General Accounting Standards Board Statement Number 54.

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 Years ended June 30 | Real Property | Personal Property | Less: Tax Exempt Property | Total Taxable Assessed Value ¹ | Total Direct Tax Rate | Net Increase | |
|---------------------------------------|--------------------------|------------------------------|--|--|--------------------------------------|---------------------|-------------------|
| | | | | | | Amount | Percentage |
| 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% |
| 2008 | 25,277,127 | 1,035,647 | 857,734 | 25,455,040 | 1.0% | 2,204,142 | 9.48% |
| 2009 | 26,664,701 | 1,232,835 | 917,154 | 26,980,382 | 1.0% | 1,525,342 | 5.99% |
| 2010 | 26,820,705 | 1,297,812 | 914,739 | 27,203,778 | 1.0% | 223,396 | 0.83% |
| 2011 | 26,905,706 | 1,266,041 | 956,256 | 27,215,491 | 1.0% | 11,713 | 0.04% |
| 2012 | 27,239,488 | 1,220,297 | 946,505 | 27,513,280 | 1.0% | 297,789 | 1.09% |

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
Megabyte Report: ASR70-4885-100

COUNTY OF NAPA

Direct and Overlapping Property Tax Rates ¹ Last Ten Fiscal Years (rate per \$100 of assessed value)

| <u>Fiscal Year</u> | <u>County Direct Rate</u> | <u>Overlapping Rates ²</u> | | | <u>Total Direct and Overlapping ²</u> |
|--------------------|-----------------------------------|--|----------------|---------------|--|
| | | <u>Local Special Districts</u> | <u>Schools</u> | <u>Cities</u> | |
| 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 |
| 2008 | 1.00 | 0.28 | 0.18 | 0.03 | 1.49 |
| 2009 | 1.00 | 0.28 | 0.17 | 0.02 | 1.47 |
| 2010 | 1.00 | 0.28 | 0.21 | 0.02 | 1.51 |
| 2011 | 1.00 | 0.28 | 0.19 | 0.02 | 1.49 |
| 2012 | 1.00 | 0.28 | 0.24 | 0.03 | 1.55 |

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

| | 2011/2012 | | | | 2002/2003 | | | |
|--------------------------------------|-------------------------|------|---|--|------------------------|------|---|--------------------------|
| | Taxable Assessed Value | Rank | Percentage of Total County Taxable Assessed Value | | Taxable Assessed Value | Rank | Percentage of Total County Taxable Assessed Value | |
| Realty Income Properties 2 LLC | \$ 337,499,854 | 1 | 1.23% | | | | | |
| Treasury Wine Estates | 196,331,446 | 2 | 0.71% | | \$ 139,665,007 | 1 | 0.89% | |
| Pacific Gas & Electric Company | 169,929,708 | 3 | 0.62% | | 89,069,341 | 5 | 0.57% | |
| Kaiser Foundation Hospitals | 164,373,644 | 4 | 0.60% | | | | | |
| Sutter Home Winery | 153,406,564 | 5 | 0.56% | | 50,632,868 | 7 | 0.32% | |
| Robert Mondavi Properties Inc | 103,619,216 | 6 | 0.38% | | 30,371,689 | 12 | 0.19% | |
| Dey Laboratories LP | 87,255,367 | 7 | 0.32% | | 89,990,857 | 4 | 0.57% | |
| SPP Napa Vineyards LLC | 74,755,522 | 8 | 0.27% | | | | | |
| Duckhorn Wine Co | 74,422,093 | 9 | 0.27% | | | | | |
| Hawthorn Village Limited Partnership | 61,751,490 | 10 | 0.22% | | | | | |
| Sterling Vineyards Inc | | | | | 98,913,603 | 2 | 0.63% | |
| IDV North America Inc | | | | | 93,164,108 | 3 | 0.60% | |
| Pacific Bell | | | | | 61,237,836 | 6 | 0.39% | |
| Domaine Chandon Inc | | | | | 35,149,653 | 8 | 0.22% | |
| Cordorniu Napa Inc | | | | | 35,148,182 | 9 | 0.22% | |
| Silverado County Club | | | | | 33,001,380 | 10 | 0.21% | |
| Domain Mumm Inc Et Al | | | | | 32,084,724 | 11 | 0.21% | |
| Total | \$ 1,423,344,904 | | 5.18% | | \$ 788,429,248 | | 5.03% | |
| Total Assessed Value | | | | | | | | \$ 15,656,887,034 |

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 | |
|----------------------------|----------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|------------------------------------|--------------------|
| | Fiscal Year | Amount | Percentage of Levy | | Amount | Percentage of Levy | Amount | Percentage of Levy |
| 2003 | \$ 170,449,903 | \$ 167,419,783 | 98.22% | \$ 3,021,764 | \$ 170,441,547 | 100.00% | \$ 8,356 | 0.00% |
| 2004 | 194,623,245 | 191,764,130 | 98.53% | 2,846,278 | 194,610,408 | 99.99% | 12,837 | 0.01% |
| 2005 | 211,298,951 | 207,475,991 | 98.19% | 3,796,819 | 211,272,810 | 99.99% | 26,141 | 0.01% |
| 2006 | 236,138,313 | 232,228,016 | 98.34% | 3,820,857 | 236,048,873 | 99.96% | 89,440 | 0.04% |
| 2007 | 259,125,199 | 253,101,850 | 97.68% | 5,787,753 | 258,889,603 | 99.91% | 235,596 | 0.09% |
| 2008 | 290,678,342 | 281,002,717 | 96.67% | 8,910,454 | 289,913,171 | 99.74% | 765,171 | 0.26% |
| 2009 | 306,896,476 | 295,928,750 | 96.43% | 9,589,735 | 305,518,485 | 99.55% | 1,377,991 | 0.45% |
| 2010 | 309,340,138 | 300,629,948 | 97.18% | 6,508,518 | 307,138,466 | 99.29% | 2,201,672 | 0.71% |
| 2011 | 306,060,374 | 299,497,734 | 97.86% | 4,444,716 | 299,497,734 | 97.86% | 6,562,640 | 2.14% |
| 2012 | 315,303,162 | 307,903,969 | 97.65% | N/A | 307,903,969 | 97.65% | 7,399,193 | 2.35% |

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 | Local Revenue Fund | Local Public Safety Fund | Fiscal Recovery Fund | County Operations | County Transportation | Flood Authority | Flood Authority | |
| 2003 | 5.00% | 0.50% | 0.50% | 0.00% | 1.00% | 0.25% | 0.50% | 0.50% | 7.75% |
| 2004 | 5.00% | 0.50% | 0.50% | 0.00% | 1.00% | 0.25% | 0.50% | 0.50% | 7.75% |
| 2005 | 5.00% | 0.50% | 0.50% | 0.25% | 0.75% | 0.25% | 0.50% | 0.50% | 7.75% |
| 2006 | 5.00% | 0.50% | 0.50% | 0.25% | 0.75% | 0.25% | 0.50% | 0.50% | 7.75% |
| 2007 | 5.00% | 0.50% | 0.50% | 0.25% | 0.75% | 0.25% | 0.50% | 0.50% | 7.75% |
| 2008 | 5.00% | 0.50% | 0.50% | 0.25% | 0.75% | 0.25% | 0.50% | 0.50% | 7.75% |
| 2009 | 6.00% | 0.50% | 0.50% | 0.25% | 0.75% | 0.25% | 0.50% | 0.50% | 8.75% |
| 2010 | 6.00% | 0.50% | 0.50% | 0.25% | 0.75% | 0.25% | 0.50% | 0.50% | 8.75% |
| 2011 | 6.00% | 0.50% | 0.50% | 0.25% | 0.75% | 0.25% | 0.50% | 0.50% | 8.75% |
| 2012 | 3.94% | 1.56% | 0.50% | 0.25% | 0.75% | 0.25% | 0.50% | 0.50% | 7.75% |

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 | | | 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 | Total | | | |
| 2003 | \$ 43,650 | \$ 48,750 | \$ - | \$ - | \$ - | \$ 92,400 | \$ 92,880 | 1.84% | \$ 714 |
| 2004 | 41,555 | 46,965 | - | - | 88,520 | 88,980 | 88,980 | 1.65% | 675 |
| 2005 | 53,025 | 44,925 | - | - | 97,950 | 98,389 | 98,389 | 1.70% | 743 |
| 2006 | 49,845 | 42,665 | - | - | 92,510 | 92,925 | 92,925 | 1.49% | 697 |
| 2007 | 46,565 | 40,340 | 1,407 | - | 88,312 | 88,702 | 88,702 | 1.32% | 660 |
| 2008 | 43,150 | 38,005 | 1,386 | 4,711 | 82,541 | 87,614 | 87,614 | 1.25% | 644 |
| 2009 | 39,585 | 35,605 | 1,323 | 4,655 | 76,513 | 81,501 | 81,501 | 1.20% | 592 |
| 2010 | 35,865 | 33,135 | 1,278 | 4,570 | 70,278 | 75,150 | 75,150 | 1.10% | 541 |
| 2011 | 32,000 | 30,590 | 1,255 | 4,495 | 63,845 | 68,609 | 68,609 | 0.97% | 498 |
| 2012 | 28,000 | 26,330 | 1,208 | 4,405 | 55,538 | 60,176 | 60,176 | unavailable | 435 |

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 |
|--------------------|---------------------------------|---|--------------|---|-------------------|
| 2003 | n/a | n/a | \$ - | n/a | n/a |
| 2004 | n/a | n/a | - | n/a | n/a |
| 2005 | n/a | n/a | - | n/a | n/a |
| 2006 | n/a | n/a | - | n/a | n/a |
| 2007 | n/a | n/a | - | n/a | n/a |
| 2008 | n/a | n/a | - | n/a | n/a |
| 2009 | n/a | n/a | - | n/a | n/a |
| 2010 | n/a | n/a | - | n/a | n/a |
| 2011 | n/a | n/a | - | n/a | n/a |
| 2012 | n/a | n/a | - | n/a | 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, 2012**

| | |
|--|--------------------------|
| Assessed Valuation (including unitary utility valuation) | \$ 27,674,055,965 |
| Less: Redevelopment incremental valuation | 581,504,752 |
| Adjusted assessed valuation | <u>\$ 27,092,551,213</u> |

| DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT: | Total Debt 6/30/2012 | Percentage Applicable¹ | County's Share of 6/30/12 Debt |
|---|---------------------------------|--|---|
| Direct General Fund Obligation Debt | | | |
| Napa County Certificates of Participation | \$ 26,330,000 | 100.000% | \$ 26,330,000 |
| Napa County - Loans Payable | 1,208,284 | 100.000% | 1,208,284 |
| Direct Other Fund Obligation Debt | | | |
| Napa County Sales Tax Revenue Bonds | 28,000,000 | 100.000% | 28,000,000 |
| Total Direct Obligation Debt | <u>55,538,284</u> | | <u>55,538,284</u> |
| Overlapping General Fund Obligation Debt | | | |
| <i>School Districts</i> | | | |
| Napa County Board of Education Certificates of Participation | 3,390,000 | 100.000% | 3,390,000 |
| Calistoga Joint Unified School District Certificates of Participation | 820,000 | 87.584% | 718,189 |
| Fairfield-Suisun Unified School District Certificates of Participation | 1,658,826 | 1.349% | 22,378 |
| <i>Cities</i> | | | |
| City of American Canyon General Fund Obligations | 2,465,000 | 100.000% | 2,465,000 |
| Town of Yountville General Fund Obligations | 10,355,000 | 100.000% | 10,355,000 |
| Total Overlapping General Fund Obligation Debt | <u>18,688,826</u> | | <u>16,950,566</u> |
| Total Direct and Overlapping Obligation Debt | <u>74,227,110</u> | | <u>72,488,850</u> |
| OVERLAPPING TAX AND ASSESSMENT DEBT: | | | |
| <i>School Districts</i> | | | |
| Napa Valley Community College District | 113,270,265 | 99.108% | 112,259,894 |
| Calistoga Joint Unified School District | 18,180,316 | 87.584% | 15,923,048 |
| Fairfield-Suisun Joint Unified School District | 84,390,000 | 1.349% | 1,138,421 |
| Napa Valley Unified School District | 273,960,000 | 100.000% | 273,960,000 |
| St. Helena Unified School District | 35,400,421 | 100.000% | 35,400,421 |
| Howell Mountain School District | 2,572,267 | 100.000% | 2,572,267 |
| <i>Cities</i> | | | |
| City of St. Helena | 800,000 | 100.000% | 800,000 |
| City of American Canyon 1915 Act Bonds | 22,525,000 | 100.000% | 22,525,000 |
| Lake Berryessa Resort Improvement Assessment District No. 2006-1 | 4,405,000 | 100.000% | 4,405,000 |
| California Statewide Community Development Authority Assessment Districts | 2,423,910 | 100.000% | 2,423,910 |
| Total Overlapping Tax and Assessment Debt | <u>557,927,179</u> | | <u>471,407,961</u> |
| COMBINED TOTAL DEBT | <u>\$ 632,154,289</u> | | <u>\$ 543,896,812</u> ² |

Ratio to 2011-12 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.....1.70%

Ratios to Adjusted Assessed Valuation:
Total Direct Debt (\$55,538,284).....0.20%
Combined Total Debt.....2.01%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

Notes:

¹ Percentage of overlapping agency's assessed valuation located within boundaries of the county.

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, 2012 (dollars in thousands)

| | Fiscal Year 2012 | |
|--|------------------|--------------|
| | 1.25% | 3.75% |
| Debt limit | \$ 343,916 | \$ 1,031,748 |
| Total net debt applicable to limit | 23,964 | 51,475 |
| Legal debt margin | \$ 319,952 | \$ 980,273 |
| Total net debt applicable to the limit as a percentage of debt limit | 6.97% | 4.99% |

Legal Debt Margin Calculation:

| | | |
|----------------------------|---------------|---------------|
| Assessed value | \$ 28,459,785 | \$ 28,459,785 |
| Less: Exempt real property | (946,505) | (946,505) |
| Total assessed value | \$ 27,513,280 | \$ 27,513,280 |

CERTIFICATES OF PARTICIPATION

| | | |
|---|------------|--------------|
| Debt limit (1.25% and 3.75% of total assessed value) ¹ | \$ 343,916 | \$ 1,031,748 |
| Debt applicable to limit: | | |
| Certificates of Participation | 26,330 | 26,330 |
| Less: Amount set aside for repayment of outstanding debt | (2,366) | (2,366) |
| Total net debt applicable to limit | 23,964 | 51,475 |
| Legal debt margin | \$ 319,952 | |

SALES TAX REVENUE BONDS

| | | |
|--|--|------------|
| Debt applicable to limit: | | |
| Sales Tax Revenue Bonds | | 28,000 |
| Less: Amount set aside for repayment of outstanding debt | | (489) |
| Total net debt applicable to limit | | 51,475 |
| Legal debt margin | | \$ 980,273 |

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.

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

COUNTY OF NAPA

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

| Fiscal Year | Revenue Bonds - Measure A | | | | | | Improvement Bonds | | | | |
|-------------|---------------------------|---------------------|-----------------------|--------------|----------|----------|--|----------|--------------|------|----------|
| | Sales Tax Revenue | Administrative Cost | Net Available Revenue | Debt Service | | Coverage | Property Tax Collection and Special Assessments ¹ | | Debt Service | | Coverage |
| | | | | Principal | Interest | | Principal | Interest | | | |
| 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 | 3,305 | 1,646 | 2.63 | - | - | - | - | - |
| 2007 | 14,167 | 131 | 14,036 | 3,280 | 2,151 | 2.58 | - | - | - | - | - |
| 2008 | 14,404 | 151 | 14,253 | 3,415 | 2,026 | 2.62 | 345 | 45 | 215 | 1.33 | 1.33 |
| 2009 | 12,929 | 154 | 12,775 | 3,565 | 1,879 | 2.35 | 372 | 56 | 256 | 1.19 | 1.19 |
| 2010 | 12,416 | 153 | 12,263 | 3,720 | 1,739 | 2.25 | 333 | 85 | 252 | 0.99 | 0.99 |
| 2011 | 13,015 | 147 | 12,868 | 3,865 | 1,574 | 2.37 | 329 | 75 | 248 | 1.02 | 1.02 |
| 2012 | 14,516 | 135 | 14,381 | 4,000 | 1,434 | 2.65 | 365 | 85 | 244 | 1.11 | 1.11 |

Notes:

¹ 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.

Special Assessments are levied on real property located within the Lake Berryessa Resort Improvement District Assessment District 2006-1. Upon receipt, these annual assessment installations are to be paid into the Redemption Fund to be held by the Fiscal Agent and used to pay debt service on the Bonds as it becomes due.

Details regarding the County's 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 % 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>Population</u> ¹ | <u>Personal Income</u> ² | <u>Per Capita Personal Income</u> ² | <u>School Enrollment</u> ³ | <u>Unemployment Rate</u> ⁴ |
|--------------------|--------------------------------|-------------------------------------|--|---------------------------------------|---------------------------------------|
| 2003 | 131,799 | \$ 5,054,752,000 | \$ 38,352 | 19,673 | 4.8% |
| 2004 | 132,394 | 5,405,000,000 | 40,835 | 19,765 | 4.6% |
| 2005 | 133,294 | 5,787,000,000 | 43,669 | 19,654 | 4.3% |
| 2006 | 134,326 | 6,242,000,000 | 47,971 | 19,908 | 3.7% |
| 2007 | 135,969 | 6,737,000,000 | 50,817 | 20,087 | 3.8% |
| 2008 | 136,704 | 6,994,000,000 | 52,418 | 20,108 | 4.6% |
| 2009 | 137,723 | 6,809,000,000 | 50,569 | 20,370 | 8.8% |
| 2010 | 138,917 | 6,817,000,000 | 49,808 | 20,515 | 9.3% |
| 2011 | 137,639 | 7,077,381,000 | 51,420 | 20,584 | 9.2% |
| 2012 | 138,255 | unavailable | unavailable | 20,593 | 7.8% |

Sources:

¹ California State Department of Finance - www.dof.ca.gov/research/demographic

² US Department of Commerce, Bureau of Economic Analysis - www.bea.gov

³ California Department of Education, Educational Demographics Office - www.ed-data.k12.ca.us

⁴ Employment Development Department, Labor Market Information - www.labormarketinfo.edd.ca.gov.

COUNTY OF NAPA

Principal Employers Current Fiscal Year and Ten Years Ago

| | 2012 | | 2002 | | |
|-------------------------------------|---------------|--|-------------------------------------|---------------|---|
| | Employees | Percentage of Total County Employment ¹ | Employer | Employees | Percentage of Total County Employment |
| Napa State Hospital | 2,320 | 3.24% | Napa State Hospital | 1,973 | 1.69% |
| Queen of the Valley Hospital | 1,556 | 2.17% | Napa Valley Unified School District | 1,500 | 1.28% |
| County of Napa | 1,315 | 1.84% | County of Napa | 1,206 | 1.03% |
| St. Helena Hospital | 1,285 | 1.79% | Queen of the Valley Hospital | 1,200 | 1.03% |
| Napa Valley Unified School District | 1,147 | 1.60% | St. Helena Hospital | 960 | 0.82% |
| Veterans' Home of California | 880 | 1.23% | Veterans Home of California | 950 | 0.81% |
| Trinchero Family Estates | 757 | 1.06% | Robert Mondavi Winery | 900 | 0.77% |
| Treasury Wine Estates | 685 | 0.96% | Beringer Vineyards | 740 | 0.63% |
| Silverado Resort | 575 | 0.80% | Dey Laboratories, Inc. | 650 | 0.56% |
| Comcast | 500 | 0.70% | Silverado Country Club | 630 | 0.54% |
| Total | <u>11,020</u> | <u>15.39%</u> | Total | <u>10,709</u> | <u>9.15%</u> |

Notes:

¹ Total Napa County Employment 2011-2012: 71,600

Sources: Napa Chamber of Commerce

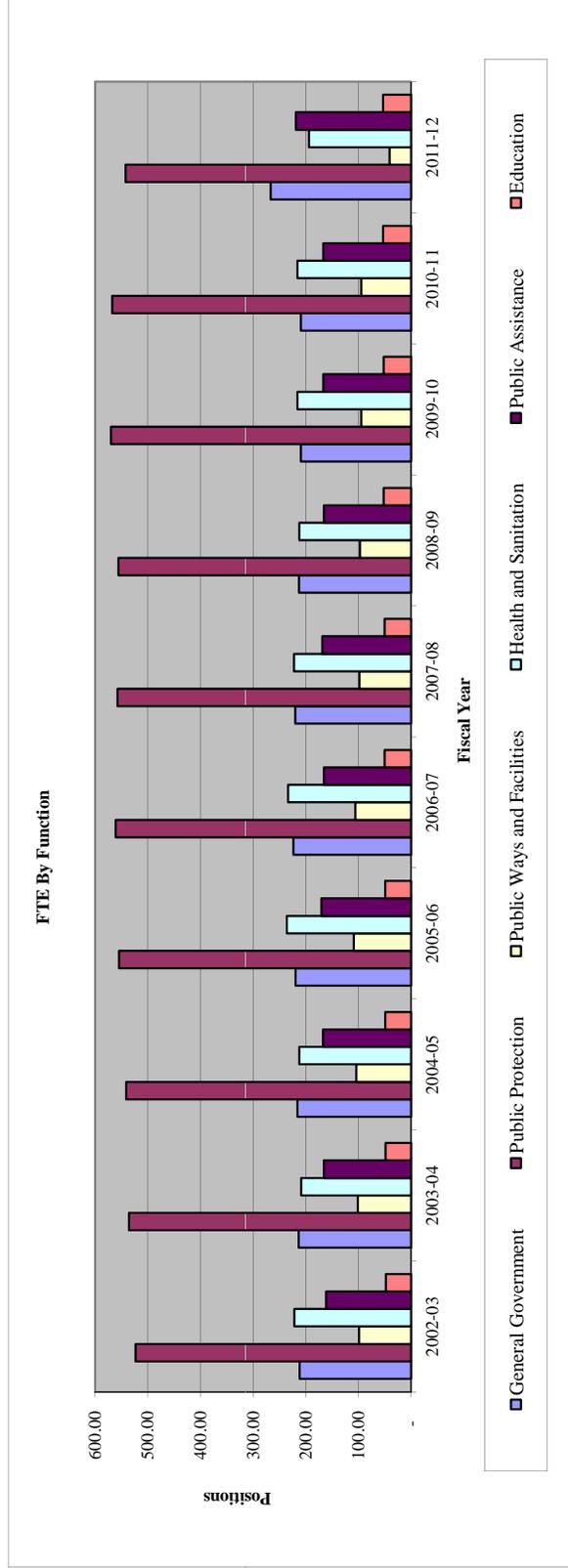
State of California Employment Development Department <http://www.calmis.ca.gov/file/iframe/1106rcou.pdf>

Direct phone survey Napa County Auditor-Controller's Office

COUNTY OF NAPA

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

| <u>Function/program</u> | <u>2002-03</u> | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Government | 210.2 | 211.6 | 213.2 | 216.0 | 219.2 | 223.2 | 219.9 | 213.1 | 209.1 | 266.4 |
| Public Protection | 519.5 | 523.1 | 535.7 | 540.9 | 554.4 | 561.1 | 557.4 | 555.4 | 569.6 | 542.1 |
| Public Ways and Facilities | 98.0 | 99.0 | 101.0 | 104.0 | 109.0 | 106.0 | 98.0 | 96.8 | 94.8 | 40.8 |
| Health and Sanitation | 216.5 | 221.4 | 208.5 | 212.5 | 235.7 | 233.4 | 222.0 | 212.0 | 215.6 | 193.9 |
| Public Assistance | 165.3 | 161.3 | 165.3 | 167.3 | 170.3 | 165.3 | 168.8 | 165.3 | 166.5 | 218.5 |
| Education | 47.9 | 47.9 | 48.4 | 48.9 | 48.9 | 50.1 | 50.1 | 52.1 | 52.1 | 53.1 |
| Total full-time equivalent employees | 1,257.3 | 1,264.2 | 1,272.0 | 1,289.4 | 1,337.3 | 1,339.0 | 1,316.1 | 1,294.5 | 1,307.7 | 1,314.8 |



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

COUNTY OF NAPA

**Operating Indicators by Function
Last Seven Fiscal Years**

| Function | Fiscal Year | | | | | | |
|--|-------------|---------|---------|---------|---------|-----------|-----------|
| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| Airport | | | | | | | |
| Annual Arrivals and Departures | 118,354 | 126,712 | 126,444 | 109,121 | 87,412 | 50,283 | 56,281 |
| Avigation Easements issued | 13 | 10 | 2 | 5 | 3 | 2 | - |
| Hangar leases | 172 | 172 | 172 | 171 | 171 | 163 | 153 |
| Culture and recreation | | | | | | | |
| Athletic field permits issued | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Community center admissions | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Education | | | | | | | |
| Library branches located in the county | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Items checked out | 728,390 | 741,130 | 813,824 | 910,000 | 988,549 | 1,022,969 | 1,092,028 |
| Library cards issued | 53,521 | 51,964 | 47,147 | 47,715 | 49,609 | 50,992 | 48,616 |
| Number of computers provided for public use | 58 | 58 | 58 | 58 | 71 | 85 | 85 |
| Fire | | | | | | | |
| Number of calls answered | 3,486 | 3,041 | 3,072 | 3,049 | 3,444 | 3,091 | 3,471 |
| Inspections | 1,100 | 1,100 | 3,252 | 2,563 | 2,272 | 2,156 | 2,216 |
| Health & Human Services | | | | | | | |
| Public Guardian total clients (conservatees + additional referrals) | 55 | 67 | 65 | 68 | 67 | 80 | 90 |
| Veterans Service Officer number of benefit claims filed | 40 | 231 | 319 | 455 | 616 | 512 | 432 |
| Public Health | | | | | | | |
| Women, Infants, and Children (WIC) visits | 25,194 | 26,257 | 26,543 | 26,567 | 25,898 | 24,052 | 23,876 |
| Public Health home visiting program visits | 3,180 | 3,552 | 3,752 | 3,816 | 4,238 | 3,317 | 3,115 |
| Immunizations ¹ | 7,521 | 6,961 | 8,021 | 8,584 | 17,821 | 15,083 | 8,884 |
| Mental Health | | | | | | | |
| Emergency Response clients | 820 | 928 | 998 | 1,135 | 841 | 792 | 944 |
| Adult Medication Clinic clients | 659 | 649 | 540 | 509 | 469 | 467 | 467 |
| Children's Medication Support clients | 206 | 233 | 173 | 198 | 236 | 235 | 194 |
| Total Mental Health clients served | 2,173 | 2,504 | 2,120 | 2,653 | 2,411 | 2,590 | 2,615 |
| Alcohol and Drug Services - Division Restructured 9/2007 | | | | | | | |
| Adult Outpatient Treatment and Recovery Services Program clients | 735 | 676 | 867 | 616 | 573 | 375 | 319 |
| Prevention (school-based youth) groups | 157 | 176 | 272 | 580 | 534 | 814 | 802 |
| PC 1210 STOP (formerly Proposition 36) clients | 412 | 167 | 120 | 217 | 154 | 359 | 95 |
| Total Alcohol and Drug Services clients served | 3,710 | 1,075 | 1,259 | 1,413 | 1,261 | 1,548 | 1,216 |
| Social Services | | | | | | | |
| Adult Protective Services total clients served | 627 | 320 | 314 | 364 | 389 | 381 | 437 |
| CalWORKs average caseload | 550 | 546 | 554 | 635 | 791 | 902 | 801 |
| Child Welfare Services total child abuse referrals received | 1,323 | 1,140 | 1,061 | 993 | 1,028 | 1,065 | 1,235 |
| Child Welfare Services percent timely investigations: | | | | | | | |
| % Timely immediate investigations | 94 | 99 | 100 | 99 | 100 | 100 | 99 |
| % Timely ten day investigations | 82 | 90 | 97 | 100 | 100 | 100 | 99 |
| County Medical Services Program average number of continuing cases/eligibles | 703 | 762 | 779 | 849 | 1,082 | 1,209 | 1,109 |
| Food Stamps average caseload | 1,190 | 1,203 | 1,305 | 1,710 | 2,009 | 3,081 | 3,429 |
| Foster care average number of cases | 149 | 133 | 110 | 109 | 124 | 143 | 120 |
| In Home Supportive Services total clients served | 696 | 668 | 722 | 841 | 838 | 852 | 917 |
| Medi-Cal average number of eligibles | 10,788 | 12,565 | 12,698 | 13,420 | 14,445 | 15,766 | 17,055 |
| Workforce Investment Act total number enrolled | 124 | 182 | 176 | 270 | 307 | 237 | 163 |
| Highways and streets | | | | | | | |
| Street resurfacing (miles) | 6 | 4 | 8 | 8 | 6 | 35 | 6 |
| Potholes repaired | 1,000 | 1,200 | 1214 | 1278 | 1470 | 1,900 | 2,300 |
| Sheriff | | | | | | | |
| Physical arrests | 1,903 | 2,004 | 1849 | 1,475 | 1,570 | 1,431 | 1,531 |
| Parking violations | 2,054 | 1,410 | 1450 | 1,447 | 1,478 | 1,405 | 1,238 |
| Traffic violations | 3,206 | 3,141 | 3600 | 2,809 | 2,585 | 3,127 | 3,139 |
| Water | | | | | | | |
| New connections | 21 | 5 | 2 | - | - | - | - |
| Water mains breaks | 4 | 5 | 2 | - | - | 1 | 3 |
| Average daily consumption (thousands of gallons) | 160 | 286 | 234 | 231 | 151 | 139 | 121 |
| Wastewater | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 131 | 109 | 118 | 95 | 57 | 72 | 62 |

Notes:

¹Immunizations in FY 2009-10 included H1N1 immunization campaign

The County began tracking these statistics in FY 05-06 with the implementation of GASB 44, therefore prior year information is not available.

Source: County Departments

COUNTY OF NAPA

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

| Function | Fiscal Year | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|
| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| Public Safety | | | | | | | |
| Sheriff: | | | | | | | |
| Stations (Headquarters and 4 substations) | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Patrol units | 21 | 29 | 29 | 29 | 29 | 29 | 29 |
| Fire stations: | | | | | | | |
| Stations | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Fire Engines | 28 | 31 | 30 | 31 | 31 | 31 | 31 |
| Fire Trucks | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Culture and recreation | | | | | | | |
| Parks acreage | 1 | 1 | 61 | 61 | 61 | 61 | 61 |
| Parks | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Education | | | | | | | |
| Library branches | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Library books and materials ¹ | 198,602 | 198,527 | 205,063 | 204,460 | 200,260 | 168,617 | 240,869 |
| Health & Sanitation | | | | | | | |
| Public Health | | | | | | | |
| 10" Kaultronics Dish System (satellite dish) | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Lab refrigerator | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 7x4' trailers | 2 | 4 | 4 | 4 | 4 | 4 | 4 |
| Cisco Analog Phone Gateway | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Digital Logging Recorder | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 2011 Ford Felix SE | - | - | - | - | - | - | - |
| Video Conferencing System | - | - | - | - | - | - | - |
| Mental Health | | | | | | | |
| Power Edge Servers | - | - | 4 | 4 | 4 | 4 | 4 |
| Substance Abuse | | | | | | | |
| Wolf range | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Stero dishwasher | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Victory freezer | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Victory refrigerator | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Health & Human Services Administration | | | | | | | |
| Cisco VG248 Analog Phone | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Social Services (TEC) | | | | | | | |
| Micro Vax Server | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

(Continued)

Notes:

¹Restated to include all books and materials.

The County began tracking these statistics in FY 05-06 with the implementation of GASB 44, therefore prior year information is not available.
Source: County Departments

COUNTY OF NAPA

**Capital Asset Statistics by Function
Last Seven Fiscal Years - continued**

| Function | Fiscal Year | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|
| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| Public Ways & Facilities | | | | | | | |
| Airport | | | | | | | |
| Runway miles | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Taxiway miles | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 |
| Highways and streets | | | | | | | |
| Streets (miles) ² | 466 | 466 | 466 | 446 | 446 | 446 | 446 |
| Street lights (approximate number) | 70 | 70 | 70 | 70 | 0 | 0 | 6 |
| Traffic signals | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| Water | | | | | | | |
| Water mains (miles) | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Fire hydrants | 109 | 109 | 109 | 109 | 109 | 109 | 109 |
| Maximum daily capacity (thousands of gallons) | 536 | 536 | 536 | 536 | 536 | 536 | 536 |
| Wastewater | | | | | | | |
| Sanitary sewers (miles) | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Storm sewers (miles) | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Maximum daily treatment capacity (thousands of gallons) | 210 | 210 | 210 | 210 | 210 | 210 | 210 |

Notes:

²In FY 2008-2009, certain roadways were assumed by various cities.

The County began tracking these statistics in FY 05-06 with the implementation of GASB 44, therefore prior year information is not available.
Source: County Departments