

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

**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

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

**AUDIT REPORT**

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited, in accordance with the 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, the accompanying financial statements of the Napa County Regional Park and Open Space District (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 23, 2015.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures by Activity is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures by Activity is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures by Activity is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Roseville, California  
November 23, 2015

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

Management's Discussion and Analysis  
For the year Ended June 30, 2015

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

As management of the District, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The District ended the year with a fund balance of \$1,379,602, an increase of \$170,350 from the prior year. Of that amount, \$61,182 is restricted for future expenditures at Moore Creek, \$50,000 is restricted for future expenditures at Camp Berryessa, \$5,000 is restricted for Putah Creek, and \$770,362 is restricted and assigned for future expenditures at the State Parks, leaving \$493,058 available for general District operations.
- The County of Napa continued its support for the District's operations and projects, granting funds from its Transient Occupancy Tax in the amount of \$753,607.
- The District organized 13,875 hours of volunteer work projects, valued at over \$277,470, received \$133,681 in donations (includes cash and in-kind), and facilitated grants to partner organizations valued at \$288,000.
- Program revenues (camping fees, day use fees, and rental income) was \$567,633, which covers approximately 25 percent of District expenses for the fiscal year.
- Since the formation of the District in 2006, the District has matched County grant support with other sources of support (grants, gifts, donations and volunteer labor) at a ratio of 2.98 to 1.
- The District completed its third full year of operation of Bothe-Napa Valley State Park and the Bale Grist Mill State Historic Park, and ended the year with a fund balance sufficient to undertake extensive repairs to historic cabins within the park.
- The District opened the 900 acre Lake Hennessey Unit of Moore Creek Park in the fall of 2014. Also at Moore Creek Park, constructed 1.1 miles of new trail at the Lake Hennessey Unit, and continued the removal of invasive French Broom.
- The District started construction of phase one of Camp Berryessa, with completion expected by November 2015.
- The District completed the installation of signage and opened the 8+ mile Berryessa Peak Trail.
- The District completed the purchase and sale agreement for 411 acres of open space on the former Kirkland Ranch to protect natural resources, a Native American site, the two freshwater springs that make Soscol Creek a year-round Steelhead creek, and provide the route for five miles of the Bay Area Ridge Trail connecting Skyline Park with Highway 12.
- The District completed the construction of 0.7 miles of the San Francisco Bay Trail connecting Soscol Ferry Road with the Napa Pipe property.

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

Management's Discussion and Analysis (continued)  
For the year Ended June 30, 2015

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

Government-Wide Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *Statement of Net Position and Governmental Fund Balance Sheet* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*.

The *Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

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

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

**Notes to the Financial Statements**

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

**Required Supplementary Information (RSI)**

RSI is presented concerning the District's General Fund budgetary schedule. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

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

Management's Discussion and Analysis (continued)  
For the year Ended June 30, 2015

**FINANCIAL ANALYSIS OF THE DISTRICT**

**Net Position**

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

**Condensed Statement of Net Position  
As of June 30**

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Current assets	\$ 1,792,257	\$ 1,425,521	\$ 366,736
Non-current assets	<u>7,492,626</u>	<u>7,352,612</u>	<u>140,014</u>
<b>Total Assets</b>	<u>9,284,883</u>	<u>8,778,133</u>	<u>506,750</u>
Current liabilities	<u>412,655</u>	<u>216,269</u>	<u>(196,386)</u>
<b>Total Liabilities</b>	<u>412,655</u>	<u>216,269</u>	<u>(196,386)</u>
<b>Net Position</b>			
Net investment in capital assets	7,492,626	7,352,612	140,014
Restricted	886,544	697,911	188,633
Unrestricted	<u>493,058</u>	<u>511,341</u>	<u>(18,283)</u>
<b>Total Net Position</b>	<u>\$ 8,872,228</u>	<u>\$ 8,561,864</u>	<u>\$ 310,364</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$8,872,228 as of June 30, 2015, due primarily to purchased and donated land and buildings over the past years.

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

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

Management's Discussion and Analysis (continued)  
For the year Ended June 30, 2015

**Statement of Activities**

A summary of the District's Statement of Activities, recapping the District's revenues earned during the fiscal year ended June 30, 2015, and the expenditures incurred are as follows:

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

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
<b>Revenues</b>			
Operating grants	\$ 1,473,752	\$ 793,807	\$ 679,945
Capital grants & contributions	132,000	10,375	121,625
Concessions	541,233	493,211	48,022
Court fines	6,750	--	6,750
Donations	48,127	11,600	36,527
Planning and engineering services	308	10,434	(10,126)
Rents	26,400	21,410	4,990
Miscellaneous	36	144	(108)
Interest	7,933	5,856	2,077
<b>Total Revenues</b>	<u>2,236,539</u>	<u>1,346,837</u>	<u>889,702</u>
<b>Expenses</b>			
Parks and recreation	1,926,175	1,109,433	(816,742)
<b>Total Expenses</b>	<u>1,926,175</u>	<u>1,109,433</u>	<u>(816,742)</u>
Changes in Net Position	310,364	237,404	72,960
Net Position - Beginning of Year	<u>8,561,864</u>	<u>8,324,460</u>	<u>237,404</u>
<b>Net Position - Ending of Year</b>	<u>\$ 8,872,228</u>	<u>\$ 8,561,864</u>	<u>\$ 310,364</u>

**Financial Analysis of the District's Governmental Fund**

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

The District ended the year with a fund balance of \$1,379,602 an increase of \$170,350 from the prior year. Of that amount, \$493,058 is unrestricted and available for general District operations.

The increase of the District's Net Position is primarily due to increased revenues generated at the State Parks.

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

Management's Discussion and Analysis (continued)  
For the year Ended June 30, 2015

**BUDGETARY HIGHLIGHTS**

Total revenues were under final budget by \$557,418 or 21%, and total expenditures were under final budget by \$1,830,664 or 49%.

Both revenues and expenditures were under budget primarily because one project budgeted for FY 2014-15 was in fact mostly completed in the prior fiscal year, and two projects experienced delays. The budget assumed most of the expense of a new fence at Moore Creek Park would be recorded in FY 2014-15, when in fact most of the cost of the project ended up being recorded in the prior fiscal year. The budget also assumed that all of the grant funding available for Phase I of Camp Berryessa would be utilized in FY 2014-15. However, due to delays in Bureau of Reclamation review of final plans and the issuance of all permits, only a small amount of construction was actually undertaken before the end of the fiscal year. Construction of Phase I should be completed by November 2015. The budget also assumed repair of historic cabins at the State Parks would be underway. However, again due to delays in permitting by California State Parks, most of the cabin repairs were not able to be made prior to the close of the fiscal year. The cabin repairs and remodeling is expected to be complete before the end of December 2015.

**CAPITAL ASSETS**

For the fiscal year ending June 30, 2015, the District owned 224 acres of land, known as Berryessa Vista Wilderness Park; 673 acres of land with two residences, known as Moore Creek Park; approximately 2,790 other acres known as Spanish Valley, Crystal Flats and Stone Corral; 0.2 acres known as the Keene parcel within the Lake Berryessa Estates subdivision, and 40 acres along the Oat Hill Mine Trail. In addition, the District acquired through donation from the Napa Valley State Parks Association an ATV valued at \$10,375 for use at Bothe-Napa Valley State Park

**DEBT ADMINISTRATION**

For the fiscal year ending June 30, 2015, the District did not have any long-term obligations outstanding.

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

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

For fiscal year 2015-2016, the County has agreed to provide the District \$811,638 for operational and other costs. Pursuant to revised County policy, any unused portion of this grant from FY 2013-14 and 2014-15 has been rolled into and increases the grant for 2015-16. The County grant agreement currently runs until June 30, 2017.

The District's second largest source of funding for operations is fee revenues derived from the management of Bothe-Napa Valley State Park and the Bale Grist Mill State Historic Park, supplemented by grants and donations earmarked for these two parks. Separating out costs for capital improvements and major deferred maintenance, which are being funded from grants and donations, the District needs to be able to operate the two parks without outside subsidies. Since the District began operating these two parks in April, 2012, revenues have exceeded expenses, and by the end of FY 2014-2015 the District had

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

Management's Discussion and Analysis (continued)  
For the year Ended June 30, 2015

built up a fund balance of \$770,362. Most of this fund balance will be expended in FY 2015-2016 to repair six historic cabins within Bothe-Napa Valley State Park.

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

**CONTACTING THE DISTRICT**

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

## **BASIC FINANCIAL STATEMENTS**

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

Statement of Net Position  
June 30, 2015

**Assets**

Current Assets:

Cash in County treasury	\$ 1,436,680
Due from other governments	355,577
Total Current Assets	<u>1,792,257</u>

Non-Current Assets:

Land	6,924,319
Buildings, net of accumulated depreciation	568,307
Total Non-Current Assets	<u>7,492,626</u>

**Total Assets** 9,284,883

**Liabilities**

Current Liabilities:

Accounts payable	306,191
Unearned revenue	106,464

**Total Liabilities** 412,655

**Net Position**

Net investment in capital assets	7,492,626
Restricted	886,544
Unrestricted	493,058

**Total Net Position** \$ 8,872,228

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

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

Statement of Activities  
For the Year Ended June 30, 2015

<b>Program Expenses</b>	
Administrative and general operations	\$ 567,867
Accounting and auditing services	11,245
Legal services	18,740
Park maintenance and operations	1,163,213
Consulting and engineering	132,907
Insurance	14,461
Taxes and assessments	1,212
Depreciation	16,530
	1,926,175
<b>Total Program Expenses</b>	
<b>Program Revenues</b>	
Operating Grants and Contributions:	
County of Napa - Special Projects Fund	753,607
State-Coastal Conservancy	593,895
Other grants	126,250
Capital grants and contributions	132,000
Concessions	541,233
Court fines	6,750
Donations	48,127
Planning and engineering services	308
Rents	26,400
Miscellaenous	36
	2,228,606
<b>Total Program Revenues</b>	
<b>Net Program Revenues</b>	
	302,431
<b>General Revenues</b>	
Interest	7,933
	7,933
<b>Change in Net Position</b>	
	310,364
<b>Net Position - Beginning of Year</b>	
	8,561,864
<b>Net Position - End of Year</b>	
	\$ 8,872,228

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

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

Balance Sheet  
June 30, 2015

**Assets**

Cash in County treasury	\$ 1,436,680
Due from other governments	<u>355,577</u>

<b>Total Assets</b>	<b><u><u>\$ 1,792,257</u></u></b>
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**Liabilities**

Accounts payable	\$ 306,191
Unearned revenue	<u>106,464</u>

<b>Total Liabilities</b>	<b><u>412,655</u></b>
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**Fund Balance**

Restricted	886,544
Unassigned	<u>493,058</u>

<b>Total Fund Balance</b>	<b><u>1,379,602</u></b>
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<b>Total Liabilities and Fund Balance</b>	<b><u><u>\$ 1,792,257</u></u></b>
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The accompanying notes are an integral part of these financial statements.

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

Reconciliation of the Balance Sheet  
to the Statement of Net Position  
June 30, 2015

Fund Balance - total governmental fund (page 11) \$ 1,379,602

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

Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the governmental funds.

7,492,626

Net position of governmental activities (page 9)

\$ 8,872,228

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

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

Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

<b>Revenues</b>	
Intergovernmental revenues	\$ 1,473,752
Concessions	541,233
Court fines	6,750
Donations	48,127
Planning and engineering services	308
Rents	26,400
Interest	7,933
Miscellaneous	<u>36</u>
<b>Total Revenues</b>	<u>2,104,539</u>
<b>Expenditures</b>	
Administrative and general operations	567,867
Accounting and auditing services	11,245
Legal services	18,740
Park maintenance and operations	1,187,757
Consulting and engineering	132,907
Insurance	14,461
Taxes and assessments	<u>1,212</u>
<b>Total Expenditures</b>	<u>1,934,189</u>
<b>Net Change in Fund Balance</b>	170,350
<b>Fund Balance - Beginning of Year</b>	<u>1,209,252</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 1,379,602</u></u>

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

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

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Statement of Activities  
For the Year Ended June 30, 2015

Net change to fund balance - total governmental fund (page 13)	\$ 170,350
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Amounts reported for governmental activities in the  
statement of activities are different because:

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

Details of the difference are as follows:

Expenditures for general capital assets and other related adjustments	156,544
Depreciation	<u>(16,530)</u>
Change in net position of governmental activities (page 10)	<u>\$ 310,364</u>

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

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

Notes to the Financial Statements  
June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

**B. Basis of Presentation and Accounting**

*Government-Wide Statements*

The Statement of Net Position and Statement of Activities display information about the primary government (District). These statements include the financial activities of the overall District.

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

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

*Fund Financial Statements*

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

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

Notes to the Financial Statements  
June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Fund Financial Statements (continued)*

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

The District reports the following major governmental fund:

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

**C. Capital Assets**

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

The estimated useful lives are as follows:

Buildings and improvements	25 to 50 years
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**D. Use of Estimates**

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

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

Notes to the Financial Statements  
June 30, 2015

**NOTE 2: CASH AND INVESTMENTS**

Cash at June 30, 2015, consisted of the following:

Cash in County Treasury	<u>\$ 1,436,680</u>
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The District maintains all of its cash and investments with the Napa County Treasurer in an investment pool. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. Napa County's financial statements may be obtained by contacting the Napa County Auditor-Controller's office at 1195 Third Street, Room B-10, Napa, California 94559. The Napa County Treasury Oversight Committee oversees the Treasurer's investments and policies.

Required disclosures for the District's deposit and investment risks at June 30, 2015, were as follows:

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

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

**Note 3: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 6,792,319	\$ 132,000	\$ --	\$ 6,924,319
Total capital assets, not being depreciated	6,792,319	132,000	--	6,924,319
Capital assets, being depreciated:				
Donated equipment	10,375	24,544	--	34,919
Buildings	600,136	--	--	600,136
Total capital assets, being depreciated	610,511	24,544	--	635,055
Less accumulated depreciation for:				
Equipment	(1,038)	(4,528)	--	(5,566)
Buildings	(49,180)	(12,002)	--	(61,182)
Total accumulated depreciation	(50,218)	(16,530)	--	(66,748)
Total capital assets, being depreciated, net	560,293	8,014	--	568,307
Total capital assets, net	\$ 7,352,612	\$ 140,014	\$ --	\$ 7,492,626

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

Notes to the Financial Statements  
June 30, 2015

**NOTE 4: NET POSITION/FUND BALANCE**

**Net Position**

Net positions comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net positions are classified in the following three components: net investment in capital assets, restricted and unrestricted. The District has restricted funds, unrestricted funds and funds invested in capital assets (net of related debt). Invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Unrestricted net position consists of all other net position not included in the above categories.

**Fund Balance**

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – amounts that are not in spendable form or are required to be maintained intact.
- *Restricted fund balance* – amount constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint.
- *Assigned fund balance* – amounts the District intends to use for a specific purpose. Intent can be expressed by the District's board or by an official or body to which the District's board delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District's board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

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

Notes to the Financial Statements  
June 30, 2015

**NOTE 5: RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2015, the District paid the Napa County, a related party \$526,376 for accounting, management, administrative, and legal services. The District also received grants from the County in the amount of \$753,607 for administration, planning and operations.

**NOTE 6: RISK MANAGEMENT**

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

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

Budgetary Comparison Schedule  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ 2,166,007	\$ 2,172,257	\$ 1,473,752	\$ (698,505)
Concessions	420,000	420,000	541,233	121,233
Court fines	--	--	6,750	6,750
Donations	300	14,300	48,127	33,827
Planning and engineering services	--	--	308	308
Rents	51,400	51,400	26,400	(25,000)
Interest	4,000	4,000	7,933	3,933
Miscellaneous	--	--	36	36
<b>Total Revenues</b>	<u>2,641,707</u>	<u>2,661,957</u>	<u>2,104,539</u>	<u>(557,418)</u>
<b>Expenditures</b>				
Administrative services	567,868	567,868	499,728	68,140
Election services	65,000	63,700	1,913	61,787
Accounting and auditing services	16,000	16,000	11,245	4,755
Legal services	20,000	20,000	18,740	1,260
Waste disposal services	22,000	22,000	23,784	(1,784)
Landscaping services	--	--	490	(490)
Construction services	1,970,000	2,494,095	1,009,594	1,484,501
Other professional services	236,580	249,990	132,907	117,083
Maintenance - buildings and improvements	500	500	--	500
Maintenance - vehicles	4,000	4,000	3,705	295
Maintenance - infrastructure and land	21,600	21,600	12,281	9,319
Insurance - liability	15,290	15,290	14,461	829
Communications and telephone	6,900	6,900	7,771	(871)
Printing and binding	--	--	555	(555)
Publications and legal notices	--	--	269	(269)
Bank charges	1,700	1,700	1,853	(153)
Permits and license fees	5,000	5,000	32,662	(27,662)
Training and conference expenses	1,000	1,000	261	739
Business travel and mileage	7,510	7,510	5,319	2,191
Office supplies	8,000	8,000	3,335	4,665
Memberships and certifications	1,500	1,500	1,500	--
Utilities - Electric	16,200	16,200	15,401	799
Utilities - Propane	500	500	202	298
Fuel	800	800	637	163
Janitorial supplies	4,000	4,000	5,971	(1,971)
Construction supplies and materials	170,700	167,700	52,919	114,781
Maintenance supplies	27,700	27,700	19,408	8,292
Minor equipment and small tools	6,000	6,000	10,309	(4,309)
Computer equipment and accessories	--	--	432	(432)
Special departmental expenses	9,500	9,500	20,781	(11,281)
Taxes and assessments	450	1,250	1,212	38
Equipment	--	24,550	24,544	6
<b>Total Expenditures</b>	<u>3,206,298</u>	<u>3,764,853</u>	<u>1,934,189</u>	<u>1,830,664</u>
<b>Net Change in Fund Balance</b>	<u>\$ (564,591)</u>	<u>\$ (1,102,896)</u>	170,350	<u>\$ 1,273,246</u>
<b>Fund Balance - Beginning of Year</b>			<u>1,209,252</u>	
<b>Fund Balance - End of Year</b>			<u>\$ 1,379,602</u>	

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

Notes to the Required Supplementary Information  
For the year Ended June 30, 2015

**BUDGET AND BUDGETARY ACCOUNTING**

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

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

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

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level.

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

**SUPPLEMENTARY INFORMATION**

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

Schedule of Revenues and Expenditures by Activity  
For the Year Ended June 30, 2015

	<u>Moore Creek</u>	<u>Oat Hill Mine Trail</u>	<u>Napa River and Bay Trail</u>	<u>Camp Berryessa</u>
<b>Revenues</b>				
Grants:				
Napa County	\$ 111,029	\$ 11,414	\$ 198,166	\$ 141,322
State-Coastal Conservancy	--	--	--	593,895
Other grants	--	--	120,000	--
Concessions	--	--	--	--
Court fines	--	--	--	--
Donations	882	--	--	--
Planning and engineering services	--	--	--	--
Rents	9,600	--	--	--
Interest	--	--	--	--
Miscellaneous	--	24	--	--
<b>Total Revenues</b>	<u>121,511</u>	<u>11,438</u>	<u>318,166</u>	<u>735,217</u>
<b>Expenditures</b>				
Administrative services	42,455	2,890	22,700	50,968
Elections services	--	--	--	--
Accounting and auditing services	--	--	--	--
Legal services	--	--	--	--
Waste disposal services	2,112	--	35	170
Landscaping services	--	--	--	--
Construction services	20,500	38	286,608	644,047
Other professional services	30,304	8,277	7,280	7,435
Maintenance - vehicles	--	--	--	--
Maintenance - infrastructure and land	469	--	--	--
Insurance - liability	845	--	--	--
Communications and telephone	919	--	--	--
Printing and binding	--	--	--	--
Publications and legal notices	--	--	--	--
Bank charges	--	--	--	--
Permits and license fees	431	--	492	31,199
Training and conference expenses	--	--	--	--
Business travel and mileage	141	--	119	--
Office supplies	418	--	--	113
Memberships and certifications	--	--	--	--
Utilities - Electric	1,401	--	--	--
Utilities - Propane	--	--	--	--
Fuel	199	--	--	--
Janitorial supplies	--	--	--	--
Construction supplies and materials	--	--	--	--
Maintenance supplies	3,333	--	932	--
Minor equipment and small tools	--	--	--	1,250
Computer Equipment/Accessories	--	--	--	--
Special departmental expenses	5,224	233	--	35
Taxes and assessments	757	--	--	--
Equipment	--	--	--	--
<b>Total Expenditures</b>	<u>109,508</u>	<u>11,438</u>	<u>318,166</u>	<u>735,217</u>
<b>Net Surplus/(Deficit)</b>	<u>\$ 12,003</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

continued

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

Schedule of Revenues and Expenditures by Activity (continued)  
For the Year Ended June 30, 2015

	Berryessa Vista	NRER	Vine Trail	Putah Creek
<b>Revenues</b>				
Grants:				
Napa County	\$ 611	\$ 19,500	\$ 1,150	\$ 8,774
State-Coastal Conservancy	--	--	--	--
Other grants	--	--	--	--
Concessions	--	--	--	--
Court fines	--	--	--	--
Donations	--	--	--	--
Planning and engineering services	--	--	--	--
Rents	--	--	--	--
Interest	--	--	--	--
Miscellaneous	--	--	--	--
<b>Total Revenues</b>	<u>611</u>	<u>19,500</u>	<u>1,150</u>	<u>8,774</u>
<b>Expenditures</b>				
Administrative services	611	188	1,127	4,940
Elections services	--	--	--	--
Accounting and auditing services	--	--	--	--
Legal services	--	--	--	--
Waste disposal services	--	2,954	--	--
Landscaping services	--	490	--	--
Construction services	--	--	--	--
Other professional services	--	15,805	--	3,508
Maintenance - equipment	--	--	--	--
Maintenance - infrastructure and land	--	--	--	--
Insurance - liability	--	--	--	--
Communications and telephone	--	--	--	--
Printing and binding	--	--	--	--
Publications and legal notices	--	--	--	--
Bank charges	--	--	--	--
Permits and license fees	--	--	--	326
Training and conference expenses	--	--	--	--
Business travel and mileage	--	--	23	--
Office supplies	--	--	--	--
Memberships and certifications	--	--	--	--
Utilities - Electric	--	--	--	--
Utilities - Electric	--	--	--	--
Fuel	--	--	--	--
Janitorial supplies	--	--	--	--
Construction supplies and materials	--	--	--	--
Maintenance supplies	--	33	--	--
Minor equipment and small tools	--	--	--	--
Computer Equipment/Accessories	--	--	--	--
Special departmental expenses	--	30	--	--
Taxes and assessments	--	--	--	--
Equipment	--	--	--	--
<b>Total Expenditures</b>	<u>611</u>	<u>19,500</u>	<u>1,150</u>	<u>8,774</u>
<b>Net Surplus/(Deficit)</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

continued

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

Schedule of Revenues and Expenditures by Activity (continued)  
For the Year Ended June 30, 2015

	State Parks	General Fund	Total
<b>Revenues</b>			
Grants:			
Napa County	\$ --	\$ 261,641	\$ 753,607
State-Coastal Conservancy	--	--	593,895
Other grants	--	6,250	126,250
Concessions	541,233	--	541,233
Court fines	--	6,750	6,750
Donations	46,995	250	48,127
Planning and engineering services	288	20	308
Rents	16,800	--	26,400
Interest	4,158	3,775	7,933
Miscellaneous	--	12	36
<b>Total Revenues</b>	<u>609,474</u>	<u>278,698</u>	<u>2,104,539</u>
<b>Expenditures</b>			
Administrative services	167,117	206,732	499,728
Elections services	--	1,913	1,913
Accounting and auditing services	--	11,245	11,245
Legal services	--	18,740	18,740
Waste disposal services	18,513	--	23,784
Landscaping services	--	--	490
Construction services	58,401	--	1,009,594
Other professional services	28,548	31,750	132,907
Maintenance - equipment	3,705	--	3,705
Maintenance - infrastructure and land	11,812	--	12,281
Insurance - liability	1,340	12,276	14,461
Communications and telephone	6,852	--	7,771
Printing and binding	--	555	555
Publications and legal notices	--	269	269
Bank charges	1,853	--	1,853
Permits and license fees	214	--	32,662
Training and conference expenses	156	105	261
Business travel and mileage	4,076	960	5,319
Office supplies	2,390	414	3,335
Memberships and certifications	--	1,500	1,500
Utilities - Electric	14,000	--	15,401
Utilities - Electric	202	--	202
Fuel	227	211	637
Janitorial supplies	5,971	--	5,971
Construction supplies and materials	52,919	--	52,919
Maintenance supplies	14,738	372	19,408
Minor equipment and small tools	8,557	502	10,309
Computer Equipment/Accessories	--	432	432
Special departmental expenses	13,799	1,460	20,781
Taxes and assessments	455	--	1,212
Equipment	17,000	7,544	24,544
<b>Total Expenditures</b>	<u>432,845</u>	<u>296,980</u>	<u>1,934,189</u>
<b>Net Surplus/(Deficit)</b>	<u>\$ 176,629</u>	<u>\$ (18,282)</u>	<u>\$ 170,350</u>

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

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

We have audited, in accordance with the 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, the financial statements of the of Napa County Regional Park and Open Space District (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 23, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California  
November 23, 2015