

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

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2011**

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

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Napa County Regional Park and Open Space District (District), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 10, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule, 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 conducted for the purpose of forming an opinion on the financial statements of the District as a whole. The Schedule of Revenues and Expenditures by Activity is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

Gallina LLP

Roseville, California
October 10, 2011

NAPA COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2011

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

As management of the District, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2011. 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 \$430,168, an increase of \$88,770 from the prior year. Of that amount, \$271,163 is restricted for future expenditures at Moore Creek, and \$50,000 is restricted for future expenditures at Camp Berryessa, leaving \$109,005 available for general District operations.
- The District received a donation in the amount of \$50,000 from the Mead Foundation for the Camp Berryessa Project.
- The District received three donations of land valued at a total of \$4,250,000 from Bob and Evalyn Trincherro. The total is comprised of Spanish Valley Ranch, valued at \$3,450,000, and Crystal Flats and Stone Corral Ranches, valued at \$800,000.
- The District secured State and other grant funding in the amount of \$172,073.
- 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 \$744,710.
- The District organized 3,300 hours of volunteer work projects, valued at over \$68,000.
- By the end of the fiscal year, the District had completed all plans and specifications for Phase I of the Napa River and Bay Trail, and was ready to go out to bid for construction.
- At the planned Moore Creek Park, the District constructed one mile of new trail, did erosion control work on three miles of existing dirt roads, removed invasive French Broom along one mile of canyon, and made extensive repairs to the existing structures on the property, all in preparation for opening the park to the public in the spring of 2012.
- The District completed all environmental reviews and signed a 25 year agreement with the Bureau of Reclamation allowing the District to construct and operate an environmental education camp at Lake Berryessa, and obtained a \$1,500,000 grant to construct the camp.

NAPA COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Statements

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

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

The *statement of activities and governmental fund revenues, expenditures and changes in fund balance* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

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

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

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

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

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

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.

FINANCIAL ANALYSIS OF THE DISTRICT

Net Assets

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

Condensed Statement of Net Assets			
As of June 30,			
	2011	2010	Variance
Current assets	\$ 494,988	\$ 148,539	\$ 346,449
Non-current assets	7,228,314	2,986,827	4,241,487
Total assets	7,723,302	3,135,366	4,587,936
Current liabilities	64,820	59,769	5,051
Total liabilities	64,820	59,769	5,051
Net assets:			
Invested in capital assets, net of related debt	7,228,314	2,986,827	4,241,487
Restricted	321,163	--	321,163
Unrestricted	109,005	88,770	20,235
Total net assets	\$ 7,658,482	\$ 3,075,597	\$ 4,582,885

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$7,658,482 as of June 30, 2011, due primarily to purchased and donated land and buildings over the past couple of years.

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

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

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.

Changes in Net Assets

A summary of the District's Statement of Activities, recapping the District's revenues earned during the fiscal year ended June 30, 2011, and the expenditures incurred are as follows:

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

	<u>2011</u>	<u>2010</u>	<u>Variance</u>
Revenues:			
Operating grants	\$ 916,783	\$ 442,800	\$ 473,983
Capital grants & contributions	4,250,000	61,431	4,188,569
Rents	9,973	11,981	(2,008)
Donations	1,400	--	1,400
Interest	800	998	(198)
Total revenues	<u>5,178,956</u>	<u>517,210</u>	<u>4,661,746</u>
Expenses:			
Parks and recreation	<u>596,071</u>	<u>454,978</u>	<u>141,093</u>
Total expenses	<u>596,071</u>	<u>454,978</u>	<u>141,093</u>
Changes in net assets	4,582,885	62,232	4,520,653
Net assets - Beginning of year	<u>3,075,597</u>	<u>3,013,365</u>	<u>62,232</u>
Net assets - Ending of year	<u><u>\$ 7,658,482</u></u>	<u><u>\$ 3,075,597</u></u>	<u><u>\$ 4,582,885</u></u>

Financial Analysis of the District's Governmental Fund

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

For the fiscal year ending June 30, 2011, the District reported an ending fund balance of \$430,168, an increase of \$341,398. Of this increase, \$321,163 is restricted by the funding source, leaving \$109,001 unassigned and available for on-going District activities. The increase in restricted funding was the result of a \$50,000 grant from the Mead Foundation for the construction of Camp Berryessa, and a \$271,163 grant from the County of Napa for improvements to Moore Creek Park.

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

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

BUDGETARY HIGHLIGHTS

Total revenues exceeded final budget by \$122,281, or 15.2%, and total expenditures were under final budget by \$208,386, or 26.2%. Revenues increased primarily due to a County of Napa grant for Moore Creek Park improvements.

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

CAPITAL ASSETS

For the fiscal year ending June 30, 2011, 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 3,400 acres known as Spanish Valley, Crystal Flats and Stone Corral, and 0.2 acres known as the Keene parcel.

DEBT ADMINISTRATION

For the fiscal year ending June 30, 2011, the District did not have any long-term obligations outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's primary source of revenue for general operations comes via a grant agreement with the County of Napa. The County funds this agreement using a portion of its General Fund identified in the County budget as Special Project Funds. Special Project Funds are derived from a portion of the County's Transient Occupancy Tax (TOT), which was increased through voter approval in 2002 from 10.5 to 12 percent of gross receipts for overnight accommodations provided by facilities operating in the unincorporated parts of the County. The County Board of Supervisors has adopted a policy of allocating 60% of the increased TOT revenues to parks and open space purposes. For fiscal year 2011-2012, the County has agreed to provide the District \$596,174 for operational costs.

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

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

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

CONTACTING THE DISTRICT

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

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

Statement of Net Assets
June 30, 2011

ASSETS

Current Assests:

Cash in County treasury	\$ 381,619
Due from other governments	113,369

Non-current Assets:

Land	6,792,319
Buildings, net of accumulated depreciation	<u>435,995</u>

Total Assets \$ 7,723,302

LIABILITIES

Current Liabilities:

Accounts payable	<u>\$ 64,820</u>
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Total Liabilities 64,820

NET ASSETS

Invested in capital assets	7,228,314
Restricted	321,163
Unrestricted	<u>109,005</u>

Total Net Assets 7,658,482

Total Liabilities and Net Assets \$ 7,723,302

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, 2011

PROGRAM EXPENSES

Administrative charges	\$ 201,970
Accounting and auditing	8,127
Insurance	2,844
Legal expense	12,295
Consulting/engineering	156,900
Maintenance	187,163
Depreciation	8,513
Other	18,259
	<hr/>
Total Program Expenses	596,071

PROGRAM REVENUES

Operating grants and contributions:	
Contribution from County of Napa	744,710
State and other grants	172,073
Capital contribution	4,250,000
Donations	1,400
Rents	9,973
	<hr/>
Total Program Revenues	5,178,156
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Net Program Revenues	4,582,085

GENERAL REVENUES

Interest	800
	<hr/>
Change in Net Assets	4,582,885
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Net Assets - Beginning of Year	3,075,597
	<hr/>
Net Assets - End of Year	\$ 7,658,482
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The accompanying notes are an integral part of these financial statements.

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

Balance Sheet
June 30, 2011

ASSETS

Cash in County treasury	\$ 381,619
Due from other governments	<u>113,369</u>
Total Assets	<u><u>\$ 494,988</u></u>

LIABILITIES

Accounts payable	<u>\$ 64,820</u>
Total Liabilities	<u>64,820</u>

FUND BALANCE

Restricted	321,163
Unassigned	<u>109,005</u>
Total Fund Balance	<u>430,168</u>
Total Liabilities and Fund Balance	<u><u>\$ 494,988</u></u>

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

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

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2011

Fund Balance - total governmental fund (page 11)	\$ 430,168
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>7,228,314</u>
Net assets of governmental activities (page 9)	<u><u>\$ 7,658,482</u></u>

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

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

Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2011

REVENUES

Intergovernmental revenues	\$ 916,783
Rents	9,973
Donations	1,400
Interest	800
Total Revenues	<u>928,956</u>

EXPENDITURES

Administrative charges	201,970
Accounting and auditing	8,127
Insurance	2,844
Legal expenditures	12,295
Consulting/engineering	156,900
Maintenance	187,163
Other	18,259
Total Expenditures	<u>587,558</u>
Net Change in Fund Balance	341,398
Fund Balance - Beginning of Year	<u>88,770</u>
Fund Balance - End of Year	<u>\$ 430,168</u>

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

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

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2011

Net change to fund balance - total governmental fund (page 13) \$ 341,398

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:

Depreciation (8,513)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in governmental funds.

Donated capital assets 4,250,000

Change in net assets of governmental activities (page 10) \$ 4,582,885

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, 2011

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

A. Reporting Entity

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

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

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

B. Basis of Presentation and Accounting

Government-Wide Statements

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

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

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

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

Notes to the Financial Statements
June 30, 2011

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

B. Basis of Presentation and Accounting (continued)

Fund Financial Statements

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

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

The District reports the following major governmental fund:

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

C. Capital Assets

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

The estimated useful lives are as follows:

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

Notes to the Financial Statements
June 30, 2011

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

D. Use of Estimates

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

E. Implementation of New Standards

Governmental Accounting Standards Board Statement 54

For the fiscal year ended June 30, 2011, the District implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes new accounting and financial reporting standards for all governments that report governmental funds. The statement provides more clearly defined categories within fund balance to make the nature and extent of the constraints placed on the fund balance more transparent. GASB 54 also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund statements. Implementation of GASB 54 required changed presentation of fund balance and new reporting disclosures.

Note 2: **Cash and Investments**

Cash at June 30, 2011, consisted of the following:

Cash in County treasury	\$ <u>381,619</u>
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The District maintains all of its cash and investments with the Napa County Treasurer in an investment pool. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Napa's financial statements may be obtained by contacting the County of Napa's Auditor-Controller's office at 1195 Third Street, Room B-10, Napa, California 94559. The Napa County Treasury Oversight Committee oversees the Treasurer's investments and policies.

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

Notes to the Financial Statements
June 30, 2011

Note 2: **Cash and Investments** (continued)

Required disclosures for the District's deposit and investment risks at June 30, 2011, 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**

The District purchased land and buildings in the current fiscal year. Capital assets activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Retirements	Adjustments	Balance June 30, 2011
Capital assets, not being depreciated:					
Land	\$ 2,542,319	\$ 4,250,000	\$ --	\$ --	\$ 6,792,319
Construction in progress	61,431	--	--	(61,431)	--
Total capital assets, not being depreciated	<u>2,603,750</u>	<u>4,250,000</u>	<u>--</u>	<u>(61,431)</u>	<u>6,792,319</u>
Capital assets, being depreciated:					
Buildings	394,925	--	--	61,431	456,356
Less accumulated depreciation for:					
Buildings	(11,848)	(8,513)	--	--	(20,361)
Total capital assets, being depreciated, net	<u>383,077</u>	<u>(8,513)</u>	<u>--</u>	<u>61,431</u>	<u>435,995</u>
Total capital assets, net	<u>\$ 2,986,827</u>	<u>\$ 4,241,487</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,228,314</u>

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

Notes to the Financial Statements
June 30, 2011

Note 4: **Net Assets/Fund Balance**

Net Assets

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets (net of related debt), restricted and unrestricted. The Commission has unrestricted funds and 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 assets consist of all other net assets 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 spend. 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.

Beginning fund balances for the District have been restated to reflect the above classifications.

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

Notes to the Financial Statements
June 30, 2011

Note 4: **Net Assets/Fund Balance** (continued)

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.

Note 5: **Related Party Transactions**

During the year ended June 30, 2011, the District paid the County of Napa, a related party \$215,918 for accounting, management, administrative, and legal services. The District also received grants from the County in the amount of \$380,394 for administration, planning and operations and \$364,316 for specific capital and trail improvement projects.

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.

REQUIRED SUPPLEMENTARY INFORMATION

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

Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ 1,778,324	\$ 798,175	\$ 916,783	\$ 118,608
Rents	8,000	8,500	9,973	1,473
Donations	--	--	1,400	1,400
Interest	--	--	800	800
Total Revenues	<u>1,786,324</u>	<u>806,675</u>	<u>928,956</u>	<u>122,281</u>
<u>EXPENDITURES</u>				
Administrative charges	219,000	224,820	201,970	22,850
Accounting and auditing	9,000	9,000	8,127	873
Insurance	3,500	2,870	2,844	26
Legal expenditures	6,000	14,000	12,295	1,705
Consulting/engineering	272,000	181,230	156,900	24,330
Maintenance	994,824	260,854	187,163	73,691
Other	282,000	103,170	18,259	84,911
Total Expenditures	<u>1,786,324</u>	<u>795,944</u>	<u>587,558</u>	<u>208,386</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ 10,731</u>	341,398	<u>\$ 330,667</u>
Fund Balance - Beginning of Year			<u>88,770</u>	
Fund Balance - End of Year			<u>\$ 430,168</u>	

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

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

Notes to the Required Supplementary Information
For the Year Ended June 30, 2011

BUDGET AND BUDGETARY ACCOUNTING

The District prepares and legally adopts a final budget on or before August 30th of each fiscal year. The District's operation, commencing July 1st, 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

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

Schedule of Revenues and Expenditures by Activity
For the Year Ended June 30, 2011

	Moore Creek	Oat Hill Mine Trail	Napa River and Bay Trail	Camp Berryessa
<u>REVENUES</u>				
Grants:				
Napa County	\$ 424,887	\$ 1,184	\$ 12,793	\$ 67,267
State Coastal Conservancy	--	--	--	--
Resources Agency	--	--	108,830	--
Mead Foundation	--	--	--	50,000
Rents	9,973	--	--	--
Donations	--	--	--	--
Interest	35	--	(48)	18
Total Revenues	<u>434,895</u>	<u>1,184</u>	<u>121,575</u>	<u>117,285</u>
<u>EXPENDITURES</u>				
Professional services (County)	37,344	--	--	--
Professional services (Non-County)	47,697	1,173	17,508	67,047
Construction contracts	63,299	--	107,003	--
Legal expense	--	--	--	--
Insurance	644	--	--	--
Memberships	--	--	--	--
Office expense	--	--	--	--
Materials and supplies	--	11	--	--
Utilities	882	--	--	--
Audit and accounting services	--	--	--	--
Election services	--	--	--	--
Contingencies/special projects	7,366	--	--	--
Transportation and travel	352	--	46	--
Training	--	--	--	--
Total Expenditures	<u>157,584</u>	<u>1,184</u>	<u>124,557</u>	<u>67,047</u>
Net Surplus/(Deficit)	<u>\$ 277,311</u>	<u>\$ --</u>	<u>\$ (2,982)</u>	<u>\$ 50,238</u>

continued

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

Schedule of Revenues and Expenditures by Activity (continued)
For the Year Ended June 30, 2011

	Berryessa Vista	NRER	General Fund	Total
<u>REVENUES</u>				
Grants:				
Napa County	\$ 50	\$ 13,386	\$ 225,143	\$ 744,710
State Coastal Conservancy	--	13,243	--	13,243
Resources Agency	--	--	--	108,830
Mead Foundation	--	--	--	50,000
Rents	--	--	--	9,973
Donations	--	--	1,400	1,400
Interest	--	(35)	830	800
Total Revenues	<u>50</u>	<u>26,594</u>	<u>227,373</u>	<u>928,956</u>
<u>EXPENDITURES</u>				
Professional services (County)	--	--	162,572	199,916
Professional services (Non-County)	50	11,370	12,055	156,900
Construction contracts	--	--	--	170,302
Legal expense	--	--	12,295	12,295
Insurance	--	--	2,200	2,844
Memberships	--	--	1,000	1,000
Office expense	--	--	696	696
Materials and supplies	--	16,851	--	16,862
Utilities	--	--	--	882
Audit and accounting services	--	--	8,127	8,127
Election services	--	--	830	830
Contingencies/special projects	--	--	8,001	15,367
Transportation and travel	--	11	948	1,357
Training	--	--	180	180
Total Expenditures	<u>50</u>	<u>28,232</u>	<u>208,904</u>	<u>587,558</u>
Net Surplus/(Deficit)	<u>\$ --</u>	<u>\$ (1,638)</u>	<u>\$ 18,469</u>	<u>\$ 341,398</u>

OTHER REPORT



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

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

We have audited the financial statements of Napa County Regional Park and Open Space District (District) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Gallina LLP

Roseville, California
October 10, 2011