

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

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

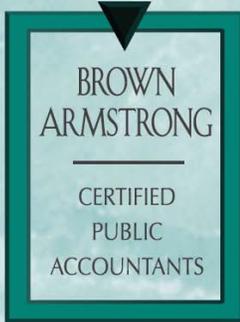
**FOR THE YEAR ENDED  
JUNE 30, 2017**

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
JUNE 30, 2017**

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## **FINANCIAL SECTION**



# BROWN ARMSTRONG

*Certified Public Accountants*

## 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 the accompanying financial statements of the governmental activities and the major fund of the Napa County Regional Park and Open Space District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### 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 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 these 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.

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2017, and the respective changes in its financial position for the year then ended, in conformity 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 on pages 3-7 and the Budgetary Comparison Schedule and related note on pages 18-19 be presented to supplement the 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 Division on pages 20-23 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

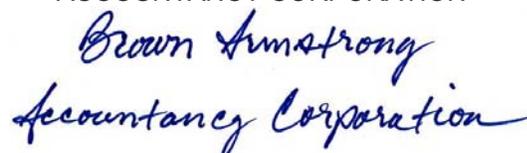
The Schedule of Revenues and Expenditures by Division is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in 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 Division 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 29, 2017, 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.

Bakersfield, California  
November 29, 2017

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

**NAPA COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

The Napa County Regional Park and Open Space District (the 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, 2017. 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 \$1,923,327, an increase of \$436,704 from the prior year. Of that amount, \$78,502 is restricted for future expenditures at Moore Creek, \$188,811 is restricted for future expenditures at Suscol Headwaters, and \$943,702 is restricted and assigned for future expenditures at the State Parks, leaving \$712,312 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 \$894,440.
- The District organized nearly 13,000 hours of volunteer work projects, valued at over \$257,940 and received \$69,265 in donations (includes cash and in-kind).
- Program revenues (camping fees, day use fees, and rental income) were \$675,823, which covers approximately 55 percent of District expenses for the fiscal year. This does not include operating revenues from the Bale Grist Mill State Historic Park of more than \$100,000, because those were collected and used by the Napa Valley State Parks Association.
- Since the formation of the District in 2006, the District has matched County grant support with other sources of support (grants, gifts, direct and indirect donations, and volunteer labor) at a ratio of 3.02 to 1.
- The District completed its fifth 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 continue to undertake extensive repairs to historic cabins within the park.

## **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; Governmental Fund Balance Sheet; Statement of Activities; and Governmental Fund Statement of 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* 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* 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.

## 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

	2017	2016	Increase (Decrease) %	Increase (Decrease) \$
<b>Assets</b>				
Current assets	\$ 2,121,170	\$ 1,680,271	26.2%	\$ 440,899
Noncurrent assets	10,578,492	10,598,964	(0.2)%	(20,472)
<b>Total Assets</b>	<u>12,699,662</u>	<u>12,279,235</u>	<u>3.4%</u>	<u>420,427</u>
<b>Liabilities</b>				
Current liabilities	197,843	193,648	2.2%	4,195
<b>Total Liabilities</b>	<u>197,843</u>	<u>193,648</u>	<u>2.2%</u>	<u>4,195</u>
<b>Net Position</b>				
Net investment in capital assets	10,578,492	10,598,964	(0.2)%	(20,472)
Restricted	1,211,015	1,101,899	9.9%	109,116
Unrestricted	712,312	384,724	85.1%	327,588
<b>Total Net Position</b>	<u>\$ 12,501,819</u>	<u>\$ 12,085,587</u>	<u>3.4%</u>	<u>\$ 416,232</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 \$12,501,819 as of June 30, 2017, 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.

## 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, 2017, and the expenses incurred, is as follows:

### **Condensed Statement of Activities For the Fiscal Years Ended June 30**

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease) %</u>	<u>Increase (Decrease) \$</u>
<b>Revenues</b>				
Operating grants	\$ 898,440	\$ 1,770,222	(49.2)%	\$ (871,782)
Concessions	645,858	563,707	14.6%	82,151
Court fines	-	42,609	(100.0)%	(42,609)
Donations and contributions	69,265	3,351,070	(97.9)%	(3,281,805)
Planning and engineering services	-	4,280	(100.0)%	(4,280)
Rents	29,965	28,668	4.5%	1,297
Miscellaneous	168	-	100%	168
Interest	13,439	10,900	23.3%	2,539
<b>Total Revenues</b>	<u>1,657,135</u>	<u>5,771,456</u>	<u>(71.3)%</u>	<u>(4,114,321)</u>
<b>Expenses</b>				
Parks and recreation	<u>1,240,903</u>	<u>2,558,097</u>	<u>(51.5)%</u>	<u>(1,317,194)</u>
<b>Total Expenses</b>	<u>1,240,903</u>	<u>2,558,097</u>	<u>(51.5)%</u>	<u>(1,317,194)</u>
<b>Change in Net Position</b>	416,232	3,213,359	(87.0)%	(2,797,127)
<b>Net Position, Beginning of Year</b>	<u>12,085,587</u>	<u>8,872,228</u>	<u>36.2%</u>	<u>3,213,359</u>
<b>Net Position, End of Year</b>	<u>\$ 12,501,819</u>	<u>\$ 12,085,587</u>	<u>3.4%</u>	<u>\$ 416,232</u>

## Financial Analysis of the District's Governmental Fund

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

The District ended the year with a fund balance of \$1,923,327, an increase of \$436,704 from the prior year. Of that amount, \$712,312 is unassigned and available for general District operations.

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

## **BUDGETARY HIGHLIGHTS**

Total revenues were over final budget by \$150,195 or 10%, and total expenditures were under final budget by \$594,430 or 33%.

Revenues were over budget primarily due to increased program income from Bothe-Napa Valley State Park, partly because 5 new cabins came on the market half way through the year, yurt occupancy rates continue to climb, and the weather was favorable. Construction expenses, construction supplies, and other professional services were lower than budget, primarily because State Parks delay in completing a new operation agreement with the District has delayed the start of the next round of deferred maintenance projects at Bothe-Napa Valley State Park and Robert Louis Stevenson State Park. Special Departmental Expenses were also lower than budgeted; this is where potential election costs had been budgeted, and those costs came in much lower than anticipated because there were no contested races for members of the Board of Directors, and the large number of matters on the ballot meant that fixed election costs were divided among more other public agencies than had been anticipated.

## **CAPITAL ASSETS**

For the fiscal year ending June 30, 2017, 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 the prior year, 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 and increased its land assets by \$3.1 million, by booking the value of the Suscol Headwaters acquisition, accepting the donation of Amy's Grove, and acquiring the Smittle Creek/Cedar Roughs property.

## **DEBT ADMINISTRATION**

For the fiscal year ending June 30, 2017, 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. 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 2017-2018, the County has agreed to provide the District \$979,923 for operational and other costs. Pursuant to revised County policy, any unused portion of this and prior grants from the County will roll over to the subsequent fiscal year through the end of the current County grant agreement, which runs through June 30, 2023.

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 fiscal year 2016-2017 the District had built up a fund balance of \$943,702. This fund balance will be used to continue to address deferred maintenance, repair historic cabins, and make other improvements at these two parks plus Robert Louis Stevenson 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**

These financial statements are 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**

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	2017
<b>ASSETS</b>	
Current Assets:	
Cash in County treasury	\$ 2,108,721
Imprest cash	200
Due from other governments	11,420
Prepays	829
Total Current Assets	2,121,170
Noncurrent Assets:	
Land	10,042,959
Buildings, net of accumulated depreciation	514,948
Equipment, net of accumulated depreciation	20,585
Total Noncurrent Assets	10,578,492
<b>Total Assets</b>	12,699,662
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	35,542
Customer deposits	162,301
Total Current Liabilities	197,843
<b>Total Liabilities</b>	197,843
<b>NET POSITION</b>	
Net Investment in Capital Assets	10,578,492
Restricted	1,211,015
Unrestricted	712,312
<b>Total Net Position</b>	\$ 12,501,819

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, 2017**

	2017
<b>PROGRAM EXPENSES</b>	
Administrative and general operations	\$ 790,728
Accounting and auditing services	11,352
Legal services	23,864
Park maintenance and operations	209,699
Consulting and engineering	171,039
Insurance	12,811
Taxes and assessments	938
Depreciation	20,472
<b>Total Program Expenses</b>	<b>1,240,903</b>
<b>PROGRAM REVENUES</b>	
Operating grants and contributions:	
County of Napa - Special Projects Fund	894,440
Other - Governmental Agencies	4,000
Concessions	645,858
Donations	69,265
Rents	29,965
Miscellaneous	168
<b>Total Program Revenues</b>	<b>1,643,696</b>
<b>Net Program Revenues</b>	<b>402,793</b>
<b>GENERAL REVENUES</b>	
Interest	13,439
<b>Change in Net Position</b>	<b>416,232</b>
<b>Net Position - Beginning</b>	<b>12,085,587</b>
<b>Net Position - Ending</b>	<b>\$ 12,501,819</b>

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

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
BALANCE SHEET  
JUNE 30, 2017**

	2017
<b>ASSETS</b>	
Cash in County treasury	\$ 2,108,721
Imprest cash	200
Due from other governments	11,420
Prepays	829
<b>Total Assets</b>	<b>2,121,170</b>
<b>LIABILITIES</b>	
Accounts payable	35,542
Customer deposits	162,301
<b>Total Liabilities</b>	<b>197,843</b>
<b>FUND BALANCE</b>	
Restricted	1,211,015
Unassigned	712,312
<b>Total Fund Balance</b>	<b>1,923,327</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,121,170</b>

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, 2017**

Fund Balance - total governmental fund (Page 10) \$ 1,923,327

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 fund. 10,578,492

Net position of governmental activities (Page 8) \$ 12,501,819

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, 2017**

	2017
<b>REVENUES</b>	
Intergovernmental revenues	\$ 898,440
Concessions	645,858
Donations	69,265
Rents	29,965
Interest	13,439
Miscellaneous	168
<b>Total Revenues</b>	<b>1,657,135</b>
<b>EXPENDITURES</b>	
Administrative and general operations	790,728
Accounting and auditing services	11,352
Legal services	23,864
Park maintenance and operations	209,699
Consulting and engineering	171,039
Insurance	12,811
Taxes and assessments	938
<b>Total Expenditures</b>	<b>1,220,431</b>
<b>Net Change in Fund Balance</b>	<b>436,704</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,486,623</b>
<b>Fund Balance - End of Year</b>	<b>\$ 1,923,327</b>

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, 2017**

Net change in fund balance - total governmental fund (Page 12)	\$	436,704
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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:

Depreciation		<u>(20,472)</u>
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Change in net position of governmental activities (Page 9)	\$	<u><u>416,232</u></u>
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The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

A. Reporting Entity

In November of 2006, Napa County (the 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, and amended by Statement No. 61, 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 other entity 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 (the 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 measurement focus 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.

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 of accounting, 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Basis of Presentation and Accounting (Continued)

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. Donated capital assets are recorded at acquisition value. 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
Equipment	5 to 8 years

D. Use of Estimates

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

**NOTE 2 – CASH AND INVESTMENTS**

Cash at June 30, 2017, consisted of the following:

Cash in County Treasury	<u>\$ 2,108,721</u>
-------------------------	---------------------

The District maintains all of its cash and investments with the 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’s financial statements may be obtained by contacting the County Auditor-Controller’s office at 1195 Third Street, Room B-10, Napa, California 94559. The County Treasury Oversight Committee oversees the Treasurer’s investments and policies.

Required disclosures for the District’s deposit and investment risks at June 30, 2017, 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 at June 30, 2017, are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 10,042,959	\$ -	\$ -	\$ 10,042,959
Total capital assets, not being depreciated	10,042,959	-	-	10,042,959
Capital assets, being depreciated:				
Equipment	42,346	-	-	42,346
Buildings	600,136	-	-	600,136
Total capital assets, being depreciated	642,482	-	-	642,482
Less accumulated depreciation for:				
Equipment	(13,292)	(8,469)	-	(21,761)
Buildings	(73,185)	(12,003)	-	(85,188)
Total accumulated depreciation	(86,477)	(20,472)	-	(106,949)
Total capital assets, being depreciated, net	556,005	(20,472)	-	535,533
Total capital assets, net	\$ 10,598,964	\$ (20,472)	\$ -	\$ 10,578,492

### NOTE 4 – NET POSITION/FUND BALANCE

#### Net Position

Net position comprises the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. Net position is 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). Net investment in capital assets 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. Restricted net position consists of amounts constrained to specific purposes by their providers or by enabling legislation. 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* – amounts 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.

**NOTE 4 – NET POSITION/FUND BALANCE** (Continued)

**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 capital 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, 2017, the District paid the County, a related party, \$713,595 for accounting, management, administrative, and legal services. The District also received grants from the County in the amount of \$894,440 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.

**NOTE 7 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 29, 2017, which is the date the basic financial statements were available to be issued. No events have occurred that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 894,440	\$ 894,440	\$ 898,440	\$ 4,000
Concessions	560,000	560,000	645,858	85,858
Donations and contributions	15,500	15,500	69,265	53,765
Rents	31,000	31,000	29,965	(1,035)
Interest	6,000	6,000	13,439	7,439
Miscellaneous	-	-	168	168
<b>Total Revenues</b>	<u>1,506,940</u>	<u>1,506,940</u>	<u>1,657,135</u>	<u>150,195</u>
<b>EXPENDITURES</b>				
Administrative services	637,911	637,911	679,996	(42,085)
Election services	-	-	77,782	(77,782)
Accounting and auditing services	15,000	15,000	11,352	3,648
Legal services	20,000	20,000	23,864	(3,864)
Waste disposal services	20,800	20,800	19,230	1,570
Landscaping services	1,500	1,500	4,080	(2,580)
Construction services	160,000	160,000	4,852	155,148
Other professional services	388,740	388,740	171,039	217,701
Maintenance - vehicles	5,750	5,750	6,651	(901)
Maintenance - infrastructure and land	12,000	12,000	41,589	(29,589)
Insurance - liability	15,450	15,450	12,811	2,639
Communications and telephone	10,200	10,200	9,481	719
Advertising and marketing	-	-	6,471	(6,471)
Printing and binding	-	-	865	(865)
Publications and legal notices	1,000	1,000	135	865
Bank charges	1,500	1,500	1,452	48
Permits and license fees	10,260	10,260	1,205	9,055
Training and conference expenses	1,500	1,500	650	850
Business travel and mileage	9,250	9,250	4,821	4,429
Office supplies	23,350	23,350	2,381	20,969
Memberships and certifications	1,500	1,500	1,159	341
Utilities - Electric	20,700	20,700	22,057	(1,357)
Utilities - Propane	600	600	351	249
Fuel	500	500	126	374
Janitorial supplies	4,000	4,000	12,713	(8,713)
Construction supplies and materials	135,000	135,000	24,187	110,813
Maintenance supplies	21,000	21,000	21,178	(178)
Minor equipment and small tools	10,100	10,100	9,848	252
Computer equipment and accessories	6,000	6,000	4,331	1,669
Special departmental expenses	280,000	280,000	42,836	237,164
Taxes and assessments	1,250	1,250	938	312
<b>Total Expenditures</b>	<u>1,814,861</u>	<u>1,814,861</u>	<u>1,220,431</u>	<u>594,430</u>
<b>Net Change in Fund Balance</b>	<u>\$ (307,921)</u>	<u>\$ (307,921)</u>	436,704	<u>\$ 744,625</u>
<b>Fund Balance - Beginning of Year</b>			<u>1,486,623</u>	
<b>Fund Balance - End of Year</b>			<u>\$ 1,923,327</u>	

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING**

The Napa County Regional Park and Open Space District (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 adopted, appropriations can only be increased by approval of the Board of Directors. Due to the nature of the work completed by the District, reallocations of budget between and within the sub-divisions of the fund are approved by the General Manager and subsequently reported to the Board of Directors at a future meeting.

An operating budget is adopted each fiscal year on the modified accrual basis of accounting. 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 fund level. On a monthly basis, the General Manager reports all expenditures and encumbrances incurred during the prior month to the Board of Directors.

The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Total expenditures were lower than appropriations by \$594,430 due to the District budgeting construction for operations of a park but the agreement had not been signed in time to commence construction during the fiscal year.

**SUPPLEMENTARY INFORMATION**

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION  
FOR THE YEAR ENDED JUNE 30, 2017**

	Moore Creek	Oat Hill Mine Trail	Napa River and Bay Trail	Camp Berryessa
<b>REVENUES</b>				
Grants:				
Napa County	\$ 49,391	\$ 5,596	\$ 7,122	\$ 35,437
Other grants	-	-	4,000	-
Concessions	-	-	-	17,820
Donations and contributions	399	-	-	-
Rents	13,180	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>62,970</b>	<b>5,596</b>	<b>11,122</b>	<b>53,257</b>
<b>EXPENDITURES</b>				
Administrative services	18,029	1,062	3,814	35,127
Election services	-	-	-	-
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	1,974	-	74	825
Landscaping services	-	-	-	-
Construction services	-	-	-	2,133
Other professional services	19,619	4,317	7,121	4,607
Maintenance - vehicles	-	-	-	-
Maintenance - infrastructure and land	292	-	-	635
Insurance - liability	826	-	-	-
Communications and telephone	2,028	-	-	-
Advertising and marketing	-	-	-	5,962
Printing and binding	-	-	-	-
Publications and legal notices	-	-	-	-
Bank charges	-	-	-	-
Permits and license fees	157	-	-	-
Training and conference expenses	-	-	-	-
Business travel and mileage	65	-	43	213
Office supplies	-	-	-	57
Memberships and certifications	-	-	-	-
Utilities - Electric	4,399	-	-	100
Utilities - Propane	-	-	-	-
Fuel	-	-	-	-
Janitorial supplies	-	-	-	680
Construction supplies and materials	-	-	-	-
Maintenance supplies	2,094	-	70	793
Minor equipment and small tools	321	-	-	1,719
Computer equipment and accessories	-	-	-	-
Special departmental expenses	695	217	-	406
Taxes and assessments	469	-	-	-
<b>Total Expenditures</b>	<b>50,968</b>	<b>5,596</b>	<b>11,122</b>	<b>53,257</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ 12,002</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017**

	Berryessa Vista	Napa River Ecological Reserve	Vine Trail	Putah Creek
<b>REVENUES</b>				
Grants:				
Napa County	\$ 586	\$ 12,174	\$ 2,508	\$ 3,754
Other grants	-	-	-	-
Concessions	-	-	-	-
Donations and contributions	-	-	-	-
Rents	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	168
<b>Total Revenues</b>	<b>586</b>	<b>12,174</b>	<b>2,508</b>	<b>3,922</b>
<b>EXPENDITURES</b>				
Administrative services	362	381	2,508	3,201
Election services	-	-	-	-
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	-	2,584	-	-
Landscaping services	-	630	-	-
Construction services	-	-	-	-
Other professional services	224	8,386	-	539
Maintenance - vehicles	-	-	-	-
Maintenance - infrastructure and land	-	-	-	-
Insurance - liability	-	-	-	-
Communications and telephone	-	-	-	-
Advertising and marketing	-	-	-	-
Printing and binding	-	-	-	-
Publications and legal notices	-	-	-	-
Bank charges	-	-	-	-
Permits and license fees	-	-	-	158
Training and conference expenses	-	-	-	-
Business travel and mileage	-	-	-	-
Office supplies	-	-	-	-
Memberships and certifications	-	-	-	-
Utilities - Electric	-	-	-	-
Utilities - Propane	-	-	-	-
Fuel	-	-	-	-
Janitorial supplies	-	-	-	-
Construction supplies and materials	-	-	-	-
Maintenance supplies	-	163	-	24
Minor equipment and small tools	-	-	-	-
Computer equipment and accessories	-	-	-	-
Special departmental expenses	-	30	-	5,000
Taxes and assessments	-	-	-	-
<b>Total Expenditures</b>	<b>586</b>	<b>12,174</b>	<b>2,508</b>	<b>8,922</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (5,000)</b>

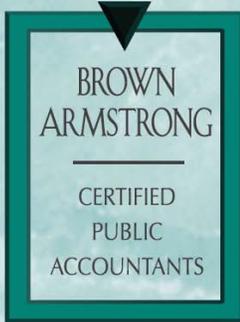
**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017**

	State Parks	Suscol Headwaters Preserve	Amy's Grove	Cedar Roughs Smittle Creek
<b>REVENUES</b>				
Grants:				
Napa County	\$ -	\$ 36,228	\$ 4,788	\$ 3,478
Other grants	-	-	-	-
Concessions	623,088	4,950	-	-
Donations and contributions	1,000	-	7,847	-
Rents	16,785	-	-	-
Interest	6,971	1,426	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>647,844</b>	<b>42,604</b>	<b>12,635</b>	<b>3,478</b>
<b>EXPENDITURES</b>				
Administrative services	335,715	26,955	10,717	1,918
Election services	-	-	-	-
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	13,773	-	-	-
Landscaping services	3,450	-	-	-
Construction services	2,719	-	-	-
Other professional services	31,965	15,649	1,878	1,560
Maintenance - vehicles	5,834	-	-	-
Maintenance - infrastructure and land	40,662	-	-	-
Insurance - liability	1,340	-	-	-
Communications and telephone	7,453	-	-	-
Advertising and marketing	-	-	-	-
Printing and binding	97	-	-	-
Publications and legal notices	-	-	-	-
Bank charges	1,452	-	-	-
Permits and license fees	50	-	-	-
Training and conference expenses	-	-	-	-
Business travel and mileage	3,682	-	13	-
Office supplies	2,166	-	27	-
Memberships and certifications	-	-	-	-
Utilities - Electric	17,558	-	-	-
Utilities - Propane	351	-	-	-
Fuel	-	-	-	-
Janitorial supplies	12,033	-	-	-
Construction supplies and materials	24,187	-	-	-
Maintenance supplies	16,848	-	-	-
Minor equipment and small tools	7,295	-	-	-
Computer equipment and accessories	3,457	-	-	-
Special departmental expenses	12,975	-	-	-
Taxes and assessments	469	-	-	-
<b>Total Expenditures</b>	<b>545,531</b>	<b>42,604</b>	<b>12,635</b>	<b>3,478</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ 102,313</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Total
<b>REVENUES</b>		
Grants:		
Napa County	\$ 733,378	\$ 894,440
Other grants	-	4,000
Concessions	-	645,858
Donations and contributions	60,019	69,265
Rents	-	29,965
Interest	5,042	13,439
Miscellaneous	-	168
	<b>798,439</b>	<b>1,657,135</b>
<b>EXPENDITURES</b>		
Administrative services	240,207	679,996
Election services	77,782	77,782
Accounting and auditing services	11,352	11,352
Legal services	23,864	23,864
Waste disposal services	-	19,230
Landscaping services	-	4,080
Construction services	-	4,852
Other professional services	75,174	171,039
Maintenance - vehicles	817	6,651
Maintenance - infrastructure and land	-	41,589
Insurance - liability	10,645	12,811
Communications and telephone	-	9,481
Advertising and marketing	509	6,471
Printing and binding	768	865
Publications and legal notices	135	135
Bank charges	-	1,452
Permits and license fees	840	1,205
Training and conference expenses	650	650
Business travel and mileage	805	4,821
Office supplies	131	2,381
Memberships and certifications	1,159	1,159
Utilities - Electric	-	22,057
Utilities - Propane	-	351
Fuel	126	126
Janitorial supplies	-	12,713
Construction supplies and materials	-	24,187
Maintenance supplies	1,186	21,178
Minor equipment and small tools	513	9,848
Computer equipment and accessories	874	4,331
Special departmental expenses	23,513	42,836
Taxes and assessments	-	938
	<b>471,050</b>	<b>1,220,431</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ 327,389</b>	<b>\$ 436,704</b>

## **OTHER REPORT**



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE 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

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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 governmental activities and the major fund of the Napa County Regional Park and Open Space District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2017.

### **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 District'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 District'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 District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
November 29, 2017