

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

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

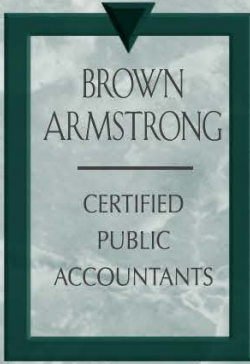
**FOR THE YEAR ENDED
JUNE 30, 2016**

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
JUNE 30, 2016**

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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, 2016, 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, 2016, 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 notes 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 October 28, 2016, 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
October 28, 2016

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

**NAPA COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. 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 \$1,486,623, an increase of \$107,021 from the prior year. Of that amount, \$66,499 is restricted for future expenditures at Moore Creek, \$188,811 is restricted for future expenditures at Suscol Headwaters, \$5,000 is restricted for Putah Creek, and \$841,589 is restricted and assigned for future expenditures at the State Parks, leaving \$384,724 available for general District operations.
- The County of Napa (the County) continued its support for the District's operations and projects, granting funds from its Transient Occupancy Tax in the amount of \$811,638.
- The District organized over 25,000 hours of volunteer work projects, valued at over \$500,000 and received \$3,425,530 in donations (includes cash and in-kind).
- Program revenues (camping fees, day use fees, and rental income) were \$592,375, which covers approximately 23 percent of District expenses for the fiscal year.
- Since the formation of the District in 2006, the District has matched County grant support with other sources of support (grants, gifts, donations, and volunteer labor) at a ratio of 3.03 to 1.
- The District completed its fourth 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.
- The District completed another approximately 0.5 miles of the Madrone Trail in the Moore Creek Unit of Moore Creek Park.
- The District completed construction of phase one of Camp Berryessa, and began operating the camp in June 2016, in partnership with Trackers Earth, a for-profit environmental education business.
- The District increased real property assets by \$3.1 million, by booking the purchase of Phase I of the Soscol Headwaters property, accepting the donation of Amy's Grove, and completing the purchase of the Smittle Creek/Cedar Roughts property.

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

	2016	2015	Increase (Decrease) %	Increase (Decrease) \$
Assets				
Current assets	\$ 1,680,271	\$ 1,792,257	-6.2%	\$ (111,986)
Noncurrent assets	10,598,964	7,492,626	41.5%	3,106,338
Total Assets	<u>12,279,235</u>	<u>9,284,883</u>	<u>32.2%</u>	<u>2,994,352</u>
Liabilities				
Current liabilities	193,648	412,655	-53.1%	(219,007)
Total Liabilities	<u>193,648</u>	<u>412,655</u>	<u>-53.1%</u>	<u>(219,007)</u>
Net Position				
Net investment in capital assets	10,598,964	7,492,626	41.5%	3,106,338
Restricted	1,101,899	886,544	24.3%	215,355
Unrestricted	384,724	493,058	-22.0%	(108,334)
Total Net Position	<u>\$ 12,085,587</u>	<u>\$ 8,872,228</u>	<u>36.2%</u>	<u>\$ 3,213,359</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 \$12,085,587 as of June 30, 2016, 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, 2016, and the expenditures incurred, is as follows:

Condensed Statement of Activities For the Fiscal Year Ended June 30

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease) %</u>	<u>Increase (Decrease) \$</u>
Revenues				
Operating grants	\$ 1,770,222	\$ 1,473,752	20.1%	\$ 296,470
Capital grants and contributions	-	132,000	-100.0%	(132,000)
Concessions	563,707	541,233	4.2%	22,474
Court fines	42,609	6,750	531.2%	35,859
Donations and contributions	3,351,070	48,127	6863.0%	3,302,943
Planning and engineering services	4,280	308	1289.6%	3,972
Rents	28,668	26,400	8.6%	2,268
Miscellaneous	-	36	-100.0%	(36)
Interest	10,900	7,933	37.4%	2,967
Total Revenues	<u>5,771,456</u>	<u>2,236,539</u>	<u>158.1%</u>	<u>3,534,917</u>
Expenses				
Parks and recreation	<u>2,558,097</u>	<u>1,926,175</u>	<u>32.8%</u>	<u>631,922</u>
Total Expenses	<u>2,558,097</u>	<u>1,926,175</u>	<u>32.8%</u>	<u>631,922</u>
Change in Net Position	3,213,359	310,364	935.4%	2,902,995
Net Position, Beginning of Year	<u>8,872,228</u>	<u>8,561,864</u>	<u>3.6%</u>	<u>310,364</u>
Net Position, End of Year	<u>\$ 12,085,587</u>	<u>\$ 8,872,228</u>	<u>36.2%</u>	<u>\$ 3,213,359</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 \$1,486,623, an increase of \$107,021 from the prior year. Of that amount, \$384,724 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 \$2,671,382 or 86%, and total expenditures were over final budget by \$1,481,932 or 35%.

Revenues were over budget primarily due to the Amy's Grove land donation, and the grant for the purchase of the Smittle Creek/Cedar Roughs acquisition. Expenses increased due to expanded operations, and repairs at the two State Parks managed by the District.

CAPITAL ASSETS

For the fiscal year ending June 30, 2016, 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. In the current year, the District 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, 2016, 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 2016-2017, the County has agreed to provide the District \$894,440 for operational and other costs. Pursuant to revised County policy, any unused portion of this grant from fiscal year 2014-2015 and 2015-2016 has been rolled into and increases the grant for 2016-2017. The County grant agreement currently runs until June 30, 2017.

The District's second largest source of funding for operations is fee revenues derived from the management of Bothe-Napa Valley State Park and the Bale Grist Mill State Historic Park, supplemented by grants and donations earmarked for these two parks. Separating out costs for capital improvements and major deferred maintenance, which are being funded from grants and donations, the District needs to be able to operate the two parks without outside subsidies. Since the District began operating these two parks in April 2012, revenues have exceeded expenses, and by the end of fiscal year 2015-2016 the District had built up a fund balance of \$841,589. 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, 2016**

	2016
ASSETS	
Current Assets:	
Cash in County treasury	\$ 1,671,662
Due from other governments	7,783
Prepays	826
Total Current Assets	1,680,271
Noncurrent Assets:	
Land	10,042,959
Buildings, net of accumulated depreciation	526,951
Equipment, net of accumulated depreciation	29,054
Total Noncurrent Assets	10,598,964
Total Assets	12,279,235
LIABILITIES	
Current Liabilities:	
Accounts payable	72,632
Customer deposits	121,016
Total Current Liabilities	193,648
Total Liabilities	193,648
NET POSITION	
Net Investment in Capital Assets	10,598,964
Restricted	1,101,899
Unrestricted	384,724
Total Net Position	\$ 12,085,587

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, 2016**

	2016
PROGRAM EXPENSES	
Administrative and general operations	\$ 662,307
Accounting and auditing services	12,198
Legal services	20,995
Park maintenance and operations	1,582,498
Consulting and engineering	247,108
Insurance	12,337
Taxes and assessments	925
Depreciation	19,729
	2,558,097
 PROGRAM REVENUES	
Operating grants and contributions:	
County of Napa - Special Projects Fund	811,638
State - Coastal Conservancy	952,671
Other grants	5,913
Concessions	563,707
Court fines	42,609
Donations	3,351,070
Planning and engineering services	4,280
Rents	28,668
	5,760,556
 Net Program Revenues	 3,202,459
 GENERAL REVENUES	
Interest	10,900
	10,900
 Change in Net Position	 3,213,359
 Net Position - Beginning	 8,872,228
 Net Position - Ending	 \$ 12,085,587

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

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
BALANCE SHEET
JUNE 30, 2016**

	2016
ASSETS	
Cash in County treasury	\$ 1,671,662
Due from other governments	7,783
Prepays	826
Total Assets	1,680,271
LIABILITIES	
Accounts payable	72,632
Customer deposits	121,016
Total Liabilities	193,648
FUND BALANCE	
Restricted	1,101,899
Unassigned	384,724
Total Fund Balance	1,486,623
Total Liabilities and Fund Balance	\$ 1,680,271

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, 2016**

Fund Balance - total governmental fund (Page 10) \$ 1,486,623

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. 10,598,964

Net position of governmental activities (Page 8) \$ 12,085,587

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, 2016**

	2016
REVENUES	
Intergovernmental revenues	\$ 1,770,222
Concessions	563,707
Court fines	42,609
Donations	3,351,070
Planning and engineering services	4,282
Rents	28,668
Interest	10,900
	Total Revenues
	5,771,458
EXPENDITURES	
Administrative and general operations	662,307
Accounting and auditing services	12,198
Legal services	20,995
Park and maintenance and operations	1,589,927
Consulting and engineering	265,748
Insurance	12,337
Taxes and assessments	925
Land	3,100,000
	Total Expenditures
	5,664,437
Net Change in Fund Balance	107,021
Fund Balance - Beginning of Year	1,379,602
Fund Balance - End of Year	\$ 1,486,623

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, 2016**

Net change in fund balance - total governmental fund (Page 12) \$ 107,021

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

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

Details of the difference are as follows:

Expenditures for general capital assets and other related adjustments	3,126,067
Depreciation	<u>(19,729)</u>

Change in net position of governmental activities (Page 9)	<u><u>\$ 3,213,359</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, 2016**

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

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, 2016, consisted of the following:

Cash in County Treasury	<u>\$ 1,671,662</u>
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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, 2016, 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, 2016, are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not being depreciated				
Land	\$ 6,924,319	\$ 3,118,640	\$ -	\$ 10,042,959
Total capital assets, not being depreciated	6,924,319	3,118,640	-	10,042,959
Capital assets, being depreciated:				
Equipment	34,919	7,427	-	42,346
Buildings	600,136	-	-	600,136
Total capital assets, being depreciated	635,055	7,427	-	642,482
Less accumulated depreciation for:				
Equipment	(5,566)	(7,726)	-	(13,292)
Buildings	(61,182)	(12,003)	-	(73,185)
Total accumulated depreciation	(66,748)	(19,729)	-	(86,477)
Total capital assets, being depreciated, net	568,307	(12,302)	-	556,005
Total capital assets, net	\$ 7,492,626	\$ 3,106,338	\$ -	\$ 10,598,964

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, 2016, the District paid the County, a related party, \$616,860 for accounting, management, administrative, and legal services. The District also received grants from the County in the amount of \$811,638 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 October 28, 2016, 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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 1,462,276	\$ 1,462,276	\$ 1,770,222	\$ 307,946
Concessions	500,000	500,000	563,707	63,707
Court fines	-	-	42,609	42,609
Donations and contributions	-	1,107,000	3,351,070	2,244,070
Planning and engineering services	-	-	4,282	4,282
Rents	26,400	26,400	28,668	2,268
Interest	4,400	4,400	10,900	6,500
Total Revenues	1,993,076	3,100,076	5,771,458	2,671,382
EXPENDITURES				
Administrative services	534,000	534,000	628,561	(94,561)
Accounting and auditing services	14,000	14,000	12,198	1,802
Legal services	20,000	20,000	20,995	(995)
Waste disposal services	18,800	18,800	22,224	(3,424)
Landscaping services	10,000	10,000	1,400	8,600
Construction services	1,196,000	1,296,000	1,292,023	3,977
Other professional services	438,500	545,035	265,748	279,287
Maintenance - vehicles	5,000	5,000	5,633	(633)
Maintenance - infrastructure and land	36,000	36,000	19,132	16,868
Insurance - liability	15,450	15,450	12,337	3,113
Communications and telephone	7,925	7,925	12,869	(4,944)
Printing and binding	-	-	2,027	(2,027)
Publications and legal notices	500	500	996	(496)
Bank charges	1,700	1,700	1,609	91
Permits and license fees	350	350	1,874	(1,524)
Training and conference expenses	1,000	1,000	891	109
Business travel and mileage	8,010	8,010	5,840	2,170
Office supplies	6,250	6,250	4,738	1,512
Memberships and certifications	1,500	1,500	1,650	(150)
Utilities - Electric	16,200	16,200	19,988	(3,788)
Utilities - Propane	500	500	439	61
Fuel	900	900	310	590
Janitorial supplies	7,000	7,000	6,403	597
Construction supplies and materials	170,700	170,700	74,964	95,736
Maintenance supplies	38,750	38,750	22,427	16,323
Minor equipment and small tools	6,500	6,500	12,873	(6,373)
Computer equipment and accessories	450	450	1,252	(802)
Special departmental expenses	518,300	518,300	112,111	406,189
Taxes and assessments	1,220	1,685	925	760
Land	-	900,000	3,100,000	(2,200,000)
Total Expenditures	3,075,505	4,182,505	5,664,437	(1,481,932)
Net Change in Fund Balance	\$ (1,082,429)	\$ (1,082,429)	107,021	\$ 1,189,450
Fund Balance - Beginning of Year			1,379,602	
Fund Balance - End of Year			\$ 1,486,623	

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 – 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 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 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.

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

Total expenditures exceeded appropriations by \$1,481,932 due to the budget neutral recording of the land donation with a corresponding revenue during the year.

SUPPLEMENTARY INFORMATION

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Moore Creek</u>	<u>Oat Hill Mine Trail</u>	<u>Napa River and Bay Trail</u>	<u>Camp Berryessa</u>
REVENUES				
Grants:				
Napa County	\$ 75,654	\$ 5,221	\$ 5,518	\$ 381,619
State - Coastal Conservancy	-	-	-	952,671
Other grants	5,913	-	-	-
Concessions	-	-	-	3,523
Court fines	-	-	-	-
Donations and contributions	655	-	-	-
Planning and engineering services	-	-	-	-
Rents	11,374	-	-	-
Interest	-	-	-	-
Total Revenues	<u>93,596</u>	<u>5,221</u>	<u>5,518</u>	<u>1,337,813</u>
EXPENDITURES				
Administrative services	20,920	1,440	2,863	62,268
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	2,329	-	36	36
Landscaping services	-	-	-	-
Construction services	-	-	-	1,237,820
Other professional services	33,162	3,438	2,442	23,620
Maintenance - vehicles	-	-	-	-
Maintenance - infrastructure and land	8,641	-	-	635
Insurance - liability	-	-	-	-
Communications and telephone	5,639	-	-	-
Printing and binding	-	-	-	-
Publications and legal notices	-	-	-	-
Bank charges	-	-	-	-
Permits and license fees	-	-	-	695
Training and conference expenses	-	-	-	-
Business travel and mileage	222	60	82	202
Office supplies	17	-	-	-
Memberships and certifications	-	-	-	-
Utilities - Electric	5,493	-	-	235
Utilities - Propane	-	-	-	-
Fuel	52	-	-	-
Janitorial supplies	-	-	-	67
Construction supplies and materials	-	-	-	1,232
Maintenance supplies	5,288	-	95	3,067
Minor equipment and small tools	-	-	-	955
Computer equipment and accessories	-	-	-	-
Special departmental expenses	6,054	283	-	56,981
Taxes and assessments	462	-	-	-
Land	-	-	-	-
Total Expenditures	<u>88,279</u>	<u>5,221</u>	<u>5,518</u>	<u>1,387,813</u>
Net Surplus/(Deficit)	<u>\$ 5,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,000)</u>

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)
FOR THE YEAR ENDED JUNE 30, 2016**

	Berryessa Vista	Napa River Ecological Reserve	Vine Trail	Putah Creek
REVENUES				
Grants:				
Napa County	\$ 99	\$ 20,006	\$ 1,861	\$ 6,113
State - Coastal Conservancy	-	-	-	-
Other grants	-	-	-	-
Concessions	-	-	-	-
Court fines	-	-	-	-
Donations and contributions	-	-	-	-
Planning and engineering services	-	-	-	-
Rents	-	-	-	-
Interest	-	-	-	-
Total Revenues	99	20,006	1,861	6,113
EXPENDITURES				
Administrative services	99	706	1,861	1,128
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	-	2,743	-	-
Landscaping services	-	1,400	-	-
Construction services	-	-	-	-
Other professional services	-	15,033	-	4,827
Maintenance - vehicles	-	-	-	-
Maintenance - infrastructure and land	-	-	-	-
Insurance - liability	-	-	-	-
Communications and telephone	-	-	-	-
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	-	-	-	-
Minor equipment and small tools	-	-	-	-
Computer equipment and accessories	-	-	-	-
Special departmental expenses	-	124	-	-
Taxes and assessments	-	-	-	-
Land	-	-	-	-
Total Expenditures	99	20,006	1,861	6,113
Net Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -

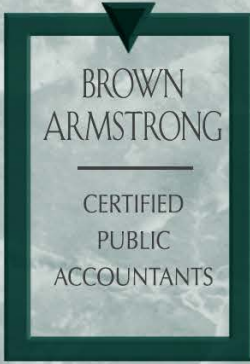
**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)
FOR THE YEAR ENDED JUNE 30, 2016**

	State Parks	Suscol Headwaters Preserve	Amy's Grove	Cedar Roughs Smittle Creek
REVENUES				
Grants:				
Napa County	\$ -	\$ -	\$ -	\$ -
State - Coastal Conservancy	-	-	-	-
Other grants	-	-	-	-
Concessions	560,184	-	-	-
Court fines	-	-	-	-
Donations and contributions	12,415	1,107,000	590,000	1,610,000
Planning and engineering services	4,282	-	-	-
Rents	17,294	-	-	-
Interest	5,238	451	-	-
Total Revenues	599,413	1,107,451	590,000	1,610,000
EXPENDITURES				
Administrative services	250,132	-	-	-
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	17,080	-	-	-
Landscaping services	-	-	-	-
Construction services	54,203	-	-	-
Other professional services	35,958	18,640	-	-
Maintenance - vehicles	4,417	-	-	-
Maintenance - infrastructure and land	9,856	-	-	-
Insurance - liability	1,340	-	-	-
Communications and telephone	7,230	-	-	-
Printing and binding	-	-	-	-
Publications and legal notices	-	-	-	-
Bank charges	1,609	-	-	-
Permits and license fees	1,021	-	-	-
Training and conference expenses	141	-	-	-
Business travel and mileage	3,246	-	-	-
Office supplies	4,412	-	-	-
Memberships and certifications	150	-	-	-
Utilities - Electric	14,260	-	-	-
Utilities - Propane	439	-	-	-
Fuel	85	-	-	-
Janitorial supplies	6,336	-	-	-
Construction supplies and materials	73,732	-	-	-
Maintenance supplies	13,360	-	-	-
Minor equipment and small tools	11,736	-	-	-
Computer equipment and accessories	-	-	-	-
Special departmental expenses	16,980	-	-	-
Taxes and assessments	463	-	-	-
Land	-	900,000	590,000	1,610,000
Total Expenditures	528,186	918,640	590,000	1,610,000
Net Surplus/(Deficit)	\$ 71,227	\$ 188,811	\$ -	\$ -

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Total
REVENUES		
Grants:		
Napa County	\$ 315,547	\$ 811,638
State - Coastal Conservancy	-	952,671
Other grants	-	5,913
Concessions	-	563,707
Court fines	42,609	42,609
Donations and contributions	31,000	3,351,070
Planning and engineering services	-	4,282
Rents	-	28,668
Interest	5,211	10,900
	394,367	5,771,458
EXPENDITURES		
Administrative services	287,144	628,561
Accounting and auditing services	12,198	12,198
Legal services	20,995	20,995
Waste disposal services	-	22,224
Landscaping services	-	1,400
Construction services	-	1,292,023
Other professional services	128,628	265,748
Maintenance - vehicles	1,216	5,633
Maintenance - infrastructure and land	-	19,132
Insurance - liability	10,997	12,337
Communications and telephone	-	12,869
Printing and binding	2,027	2,027
Publications and legal notices	996	996
Bank charges	-	1,609
Permits and license fees	-	1,874
Training and conference expenses	750	891
Business travel and mileage	2,028	5,840
Office supplies	309	4,738
Memberships and certifications	1,500	1,650
Utilities - Electric	-	19,988
Utilities - Propane	-	439
Fuel	173	310
Janitorial supplies	-	6,403
Construction supplies and materials	-	74,964
Maintenance supplies	617	22,427
Minor equipment and small tools	182	12,873
Computer equipment and accessories	1,252	1,252
Special departmental expenses	31,689	112,111
Taxes and assessments	-	925
Land	-	3,100,000
	502,701	5,664,437
Net Surplus/(Deficit)	\$ (108,334)	\$ 107,021

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, 2016, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 28, 2016.

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
October 28, 2016