

DRAFT

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

NAPA COUNTY
 REGIONAL PARK AND OPEN SPACE DISTRICT
 JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
<u>Financial Section</u>	
Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	3
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities.....	9
Fund Financial Statements:	
Balance Sheet.....	10
Reconciliation of the Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	13
Notes to the Basic Financial Statements	14
<u>Required Supplementary Information</u>	
Budgetary Comparison Schedule	18
Note to the Required Supplementary Information.....	19
<u>Supplementary Information</u>	
Schedule of Revenues and Expenditures by Division	20
<u>Other Report</u>	
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 <i>Government Auditing Standards</i>	24

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic 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 fiscal year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic 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 basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic 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 basic 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 basic financial statements.

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

Opinion

In our opinion, the basic 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, 2020, and the respective changes in its financial position for the fiscal 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, the Budgetary Comparison Schedule on page 18, and the related note on page 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 6, 2020, 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
November 6, 2020

**NAPA COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The Napa County Regional Park and Open Space District (the District) was formed on December 12, 2006, when the County of Napa (the County) 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, 2020. 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 \$1,234,415, a decrease of \$824,907 from the prior year. Of that amount, \$118,966 is restricted for future expenditures at Moore Creek, \$201,389 is restricted for future expenditures at Suscol Headwaters, and \$769,330 is restricted and assigned for future expenditures at the State Parks, leaving \$144,730 available for general District operations.
- The County continued its support for the District's operations and projects, granting funds from its Transient Occupancy Tax in the amount of \$914,070.
- Program revenues (camping fees, day use fees, and rental income) were \$764,516, which covers approximately 29% percent of District expenses for the fiscal year. If land acquisition costs are removed, program revenues cover 44% percent of District expenses. 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 2.6 to 1.
- The District completed its eighth full year of operation of Bothe-Napa Valley State Park and the Bale Grist Mill State Historic Park, with a sizable fund balance. However, revenues for the last quarter of FY 19-20 were significantly lower due to Covid-19 health orders which closed the campground for most of the quarter.

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 basic 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 Basic 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.

Supplementary Information (SI)

SI is presented for additional information on the breakout of revenues and expenditures by Division for the District.

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**

	2020	2019	Increase (Decrease) %	Increase (Decrease) \$
Assets				
Current assets	\$ 1,287,625	\$ 2,247,651	(42.7)%	\$ (960,026)
Noncurrent assets	14,810,642	13,938,015	6.3%	872,627
Total Assets	16,098,267	16,185,666	(0.5)%	(87,399)
Liabilities				
Current liabilities	53,210	188,329	(71.7)%	(135,119)
Total Liabilities	53,210	188,329	(71.7)%	(135,119)
Net Position				
Net investment in capital assets	14,810,642	13,938,015	6.3%	872,627
Restricted	1,089,685	1,202,210	(9.4)%	(112,525)
Unrestricted	144,730	857,112	(83.1)%	(712,382)
Total Net Position	\$ 16,045,057	\$ 15,997,337	0.3%	\$ 47,720

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 \$16,045,057 as of June 30, 2020, 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, 2020, and the expenses incurred, is as follows:

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

	2020	2019	Increase (Decrease) %	Increase (Decrease) \$
Revenues				
Operating grants	\$ 914,070	\$ 1,159,785	(21.2)%	\$ (245,715)
Concessions	724,216	675,975	7.1%	48,241
Court fines	40,960	27,500	(81.8)%	13,460
Donations and contributions	31,256	227,843	(86.3)%	(196,587)
Rents	40,300	36,705	9.8%	3,595
Miscellaneous	-	97,671	(100)%	(97,671)
Interest	50,181	38,496	30.4%	11,685
Total Revenues	1,800,983	2,263,975	(20.5)%	(462,992)
Expenses				
Parks and recreation	1,753,263	1,691,101	3.7%	62,162
Total Expenses	1,753,263	1,691,101	3.7%	62,162
Change in Net Position	47,720	572,874	(91.7)%	(525,154)
Net Position, Beginning of Year	15,997,337	15,424,463	3.7%	572,874
Net Position, End of Year	\$ 16,045,057	\$ 15,997,337	0.3%	\$ 47,720

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 \$1,234,415, a decrease of \$824,907 from the prior year. Of that amount, \$144,730 is unassigned and available for general District operations.

The decrease of the District’s fund balance is primarily due to an increased expenses as a result of a large acquisition of land in the amount of \$888,570.

BUDGETARY HIGHLIGHTS

Total revenues were under final budget by \$649,944, or 26.5%, and total expenditures were under final budget by \$347,300, or 11.7%.

Grant revenue was down significantly from the prior year due to the effects of health orders related to the COVID-19 pandemic. Donations and contributions were down because the District undertook fewer capital projects in large part because of the pandemic.

CAPITAL ASSETS

For the fiscal year ended June 30, 2020, the District owned 304 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; 40 acres along the Oat Hill Mine Trail, 160 acres known as The Cove, and 798 acres in the Suscol Headwaters.

DEBT ADMINISTRATION

For the fiscal year ended June 30, 2020, 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 2019-2020, the County agreed to provide the District \$916,001 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 every year except for FY 18-19 and FY 19-20, with a cumulative fund balance of \$769,330 as of June 30, 2020. The State Parks subdivision fund balance will be used to address revenue shortfalls due to the LNU and Glass Fires, which caused and continue to cause significant reductions in usage. To the extent the District is able, it will continue to use the fund balance to address deferred maintenance, repair historic cabins, and make other improvements at these two parks plus Robert Louis Stevenson State Park.

The District contracts with the County for much of its professional services and office space, equipment, and supplies. It has no facilities other than land, two residential buildings on that land, and the buildings it operates at Bothe-Napa Valley State Park and the Bale Grist Mill State Historic Park.

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, 2020**

	2020
ASSETS	
Current Assets:	
Cash in County treasury	\$ 1,287,150
Imprest cash	475
Total Current Assets	1,287,625
Noncurrent Assets:	
Land	14,330,959
Buildings, net of accumulated depreciation	478,940
Equipment, net of accumulated depreciation	743
Total Noncurrent Assets	14,810,642
Total Assets	16,098,267
LIABILITIES	
Current Liabilities:	
Accounts payable	26,210
Accrued salaries and benefits	22,000
Customer deposits	5,000
Total Current Liabilities	53,210
Total Liabilities	53,210
NET POSITION	
Net Investment in Capital Assets	14,810,642
Restricted	1,089,685
Unrestricted	144,730
Total Net Position	\$ 16,045,057

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

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	2020
PROGRAM EXPENSES	
Administrative and general operations	\$ 1,607,536
Accounting and auditing services	11,809
Legal services	9,962
Consulting and engineering	84,348
Insurance	20,959
Taxes and assessments	2,706
Depreciation	15,943
	1,753,263
 PROGRAM REVENUES	
Operating grants and contributions:	
County of Napa - Special Projects Fund	914,070
Concessions	724,216
Court fines	40,960
Donations and contributions	31,256
Rents	40,300
	1,750,802
 Net Program Revenues	(2,461)
 GENERAL REVENUES	
Interest	50,181
	47,720
Change in Net Position	
	47,720
Net Position - Beginning of Year	15,997,337
	15,997,337
Net Position - End of Year	\$ 16,045,057
	\$ 16,045,057

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

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
BALANCE SHEET
JUNE 30, 2020**

	2020
ASSETS	
Cash in County treasury	\$ 1,287,150
Imprest cash	475
Total Assets	\$ 1,287,625
LIABILITIES	
Accounts payable	\$ 26,210
Accrued salaries and benefits	22,000
Customer deposits	5,000
Total Liabilities	53,210
FUND BALANCE	
Restricted	1,089,685
Unassigned	144,730
Total Fund Balance	1,234,415
Total Liabilities and Fund Balance	\$ 1,287,625

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, 2020**

Fund Balance - total governmental fund (Page 10)	\$ 1,234,415
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.	<u>14,810,642</u>
Net position of governmental activities (Page 8)	<u><u>\$ 16,045,057</u></u>

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

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	2020
REVENUES	
Intergovernmental revenues	\$ 914,070
Concessions	724,216
Court fines	40,960
Donations and contributions	31,256
Rents	40,300
Interest	50,181
	Total Revenues
	1,800,983
EXPENDITURES	
Administrative and general operations	1,607,536
Accounting and auditing services	11,809
Legal services	9,962
Consulting and engineering	84,348
Insurance	20,959
Taxes and assessments	2,706
Land	888,570
	Total Expenditures
	2,625,890
Net Change in Fund Balance	(824,907)
Fund Balance - Beginning of Year	2,059,322
Fund Balance - End of Year	\$ 1,234,415

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 FISCAL YEAR ENDED JUNE 30, 2020**

Net change in fund balance - total governmental fund (Page 12)	\$ (824,907)
--	--------------

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	888,570
Depreciation	<u>(15,943)</u>

Change in net position of governmental activities (Page 9)	<u>\$ 47,720</u>
--	------------------

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, 2020**

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 (the 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 (the Board) 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, 2020, consisted of the following:

Cash in County Treasury	<u>\$ 1,287,150</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 1205 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, 2020, 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, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 13,442,389	\$ 888,570	\$ -	\$ 14,330,959
Total capital assets, not being depreciated	13,442,389	888,570	-	14,330,959
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	(37,663)	(3,940)	-	(41,603)
Buildings	(109,193)	(12,003)	-	(121,196)
Total accumulated depreciation	(146,856)	(15,943)	-	(162,799)
Total capital assets, being depreciated, net	495,626	(15,943)	-	479,683
Total capital assets, net	\$ 13,938,015	\$ 872,627	\$ -	\$ 14,810,642

Depreciation expense was \$15,943 for the fiscal year ended June 30, 2020.

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.

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

- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The District's Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of 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 fiscal year ended June 30, 2020, the District paid the County, a related party, \$952,992 for administrative, election services, accounting, legal services, and fleet charges. The District also received grants from the County in the amount of \$916,001 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 6, 2020, which is the date the basic financial statements were available to be issued. No other events have occurred that would require disclosure.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. In response, the County, followed by the Governor of California, issued a Shelter at Home order effective March 19, 2020, requiring certain non-essential businesses to temporarily close to the public. At the current time, management is unable to quantify the potential effects of this pandemic on its future financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 1,516,002	\$ 1,516,002	\$ 914,070	\$ (601,932)
Concessions	771,267	771,267	724,216	(47,051)
Court fines	-	-	40,960	40,960
Donations and contributions	103,056	103,056	31,256	(71,800)
Rents	38,700	38,700	40,300	1,600
Interest	21,902	21,902	50,181	28,279
Total Revenues	2,450,927	2,450,927	1,800,983	(649,944)
EXPENDITURES				
Salaries and benefits	423,664	523,664	530,330	(6,666)
Administrative services	760,841	719,541	801,434	(81,893)
Election services	150,000	150,000	117,835	32,165
Accounting and auditing services	15,500	15,500	11,809	3,691
Legal services	10,000	10,000	9,962	38
Waste disposal services	28,000	28,000	20,725	7,275
Landscaping services	3,500	3,500	1,000	2,500
Construction services	318,000	258,000	-	258,000
Other professional services	132,850	132,850	84,348	48,502
Maintenance - vehicles	6,000	6,000	3,974	2,026
Maintenance - infrastructure and land	1,500	1,500	1,142	358
Insurance - liability	32,500	32,500	20,959	11,541
Communications and telephone	6,260	6,260	6,040	220
Advertising and marketing	6,900	6,900	355	6,545
Printing and binding	4,750	4,750	1,759	2,991
Publications and legal notices	500	500	-	500
Bank charges	1,125	1,125	2,000	(875)
Permits and license fees	12,000	12,000	1,625	10,375
Training and conference expenses	6,000	6,000	349	5,651
Business travel and mileage	500	500	9,370	(8,870)
Fleet charges	5,000	5,000	6,007	(1,007)
Office supplies	5,500	5,500	5,026	474
Freight/postage	-	-	471	(471)
Books/media/publication	-	-	6,569	(6,569)
Memberships and certifications	3,000	3,000	5,416	(2,416)
Utilities - electric	22,200	22,200	15,163	7,037
Utilities - propane	650	650	351	299
Fuel	300	300	-	300
Clothing and personal supplies	5,300	5,300	1,248	4,052
Safety supplies	500	500	56	444
Landscaping/agriculture supply	-	-	1,104	(1,104)
Janitorial supplies	3,700	3,700	2,751	949
Construction supplies and materials	32,500	32,500	9,551	22,949
Maintenance supplies	23,700	23,700	23,355	345
Minor equipment and small tools	11,000	11,000	4,784	6,216
Computer equipment and accessories	1,000	1,000	1,087	(87)
Computer software/licensing fees	600	600	1,011	(411)
Special departmental expenses	21,100	21,100	15,226	5,874
Goods for resale	15,000	15,000	10,403	4,597
Penalties and fines	-	-	19	(19)
Taxes and assessments	1,750	3,050	2,706	344
Land	900,000	900,000	888,570	11,430
Total Expenditures	2,973,190	2,973,190	2,625,890	347,300
Net Change in Fund Balance	\$ (522,263)	\$ (522,263)	(824,907)	\$ (302,644)
Fund Balance - Beginning of Year			2,059,322	
Fund Balance - End of Year			\$ 1,234,415	

See the note to the required supplementary information.

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING

The Napa County Regional Park and Open Space District (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 (the Board) in June of the prior year.

After the budget is adopted, appropriations can only be increased by approval of the Board. 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 were lower than appropriations by \$347,300 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 FISCAL YEAR ENDED JUNE 30, 2020**

	Moore Creek	Oat Hill Mine Trail	Napa River and Bay Trail	Camp Berryessa
REVENUES				
Grants:				
Napa County	\$ 99,194	\$ 6,835	\$ 8,769	\$ 29,695
Concessions	-	-	-	9,310
Court fines	35,960	-	-	-
Donations and contributions	844	-	-	-
Rents	21,900	-	-	-
Interest	-	-	-	-
Total Revenues	157,898	6,835	8,769	39,005
EXPENDITURES				
Salaries and benefits	76,886	2,189	1,919	17,449
Administrative services	49,644	3,545	5,177	14,190
Election services	-	-	-	-
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	2,113	-	-	1,716
Landscaping services	-	-	-	-
Other professional services	4,549	-	138	4,539
Maintenance - vehicles	-	-	-	-
Maintenance - infrastructure and land	-	-	-	-
Insurance - liability	1,134	-	-	-
Communications and telephone	-	-	-	-
Advertising and marketing	-	-	-	-
Printing and binding	308	-	-	-
Bank charges	-	-	-	-
Permits and license fees	229	-	-	-
Training and conference expenses	-	-	-	-
Business travel and mileage	2,969	1,101	287	405
Fleet charges	-	-	-	-
Office supplies	65	-	-	-
Freight/postage	-	-	-	-
Books/media/publications	-	-	-	-
Memberships and certifications	-	-	-	-
Utilities - electric	-	-	-	29
Utilities - propane	-	-	-	-
Clothing and personal supplies	-	-	-	-
Safety supplies	-	-	-	-
Landscaping/agriculture supply	-	-	-	-
Janitorial supplies	-	-	-	-
Construction supplies and materials	1,680	-	-	-
Maintenance supplies	2,468	-	1,248	677
Minor equipment and small tools	-	-	-	-
Computer equipment and accessories	-	-	-	-
Computer software/licensing fees	-	-	-	-
Special departmental expenses	91	-	-	-
Goods for resale	-	-	-	-
Penalties and fines	-	-	-	-
Taxes and assessments	2,273	-	-	-
Land	-	-	-	-
Total Expenditures	144,409	6,835	8,769	39,005
Transfers	-	-	-	-
Net Surplus/(Deficit)	\$ 13,489	\$ -	\$ -	\$ -

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Berryessa Vista	Napa River Ecological Reserve	Vine Trail	Putah Creek
REVENUES				
Grants:				
Napa County	\$ 2,438	\$ 16,600	\$ 2,375	\$ 4,873
Concessions	-	-	-	-
Court fines	-	-	-	-
Donations and contributions	-	-	-	-
Rents	-	-	-	-
Interest	-	-	-	-
Total Revenues	2,438	16,600	2,375	4,873
EXPENDITURES				
Salaries and benefits	1,132	3,818	-	1,120
Administrative services	1,259	3,407	2,375	2,900
Election services	-	-	-	-
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	-	2,830	-	-
Landscaping services	-	-	-	-
Other professional services	-	5,302	-	301
Maintenance - vehicles	-	-	-	-
Maintenance - infrastructure and land	-	-	-	-
Insurance - liability	-	-	-	-
Communications and telephone	-	374	-	-
Advertising and marketing	-	-	-	-
Printing and binding	-	-	-	-
Bank charges	-	-	-	-
Permits and license fees	-	-	-	316
Training and conference expenses	-	-	-	-
Business travel and mileage	40	654	-	236
Fleet charges	-	-	-	-
Office supplies	-	-	-	-
Freight/postage	-	-	-	-
Books/media/publications	-	-	-	-
Memberships and certifications	-	-	-	-
Utilities - electric	-	-	-	-
Utilities - propane	-	-	-	-
Clothing and personal supplies	-	-	-	-
Safety supplies	-	-	-	-
Landscaping/agriculture supply	-	-	-	-
Janitorial supplies	-	-	-	-
Construction supplies and materials	-	-	-	-
Maintenance supplies	-	215	-	-
Minor equipment and small tools	-	-	-	-
Computer equipment and accessories	-	-	-	-
Computer software/licensing fees	-	-	-	-
Special departmental expenses	-	-	-	-
Goods for resale	-	-	-	-
Penalties and fines	-	-	-	-
Taxes and assessments	7	-	-	-
Land	-	-	-	-
Total Expenditures	2,438	16,600	2,375	4,873
Transfers	-	-	-	-
Net Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	State Parks	Suscol Headwaters Preserve	Amy's Grove	Cedar Roughs Smittle Creek
REVENUES				
Grants:				
Napa County	\$ -	\$ 6,950	\$ 183,634	\$ 6,723
Concessions	710,286	4,620	-	-
Court fines	-	-	-	-
Donations and contributions	21,869	-	-	-
Rents	18,400	-	-	-
Interest	19,755	5,008	-	-
Total Revenues	770,310	16,578	183,634	6,723
EXPENDITURES				
Salaries and benefits	310,032	14,972	7,450	4,233
Administrative services	389,406	55,599	13,717	1,949
Election services	-	-	-	-
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	13,340	-	726	-
Landscaping services	-	-	1,000	-
Other professional services	17,909	2,088	23,278	300
Maintenance - vehicles	3,974	-	-	-
Maintenance - infrastructure and land	1,142	-	-	-
Insurance - liability	-	-	-	-
Communications and telephone	5,666	-	-	-
Advertising and marketing	345	-	-	-
Printing and binding	468	-	-	-
Bank charges	2,000	-	-	-
Permits and license fees	-	578	502	-
Training and conference expenses	284	-	-	-
Business travel and mileage	1,655	194	920	214
Fleet charges	4,030	-	-	-
Office supplies	4,296	-	-	-
Freight/postage	471	-	-	-
Books/media/publications	-	-	-	-
Memberships and certifications	-	-	-	-
Utilities - electric	15,134	-	-	-
Utilities - propane	351	-	-	-
Clothing and personal supplies	1,215	-	-	-
Safety supplies	56	-	-	-
Landscaping/agriculture supply	1,104	-	-	-
Janitorial supplies	2,729	-	-	-
Construction supplies and materials	7,871	-	-	-
Maintenance supplies	17,790	59	629	27
Minor equipment and small tools	4,364	420	-	-
Computer equipment and accessories	-	-	-	-
Computer software/licensing fees	-	-	-	-
Special departmental expenses	14,825	-	-	-
Goods for resale	10,403	-	-	-
Penalties and fines	19	-	-	-
Taxes and assessments	426	-	-	-
Land	-	-	888,570	-
Total Expenditures	831,305	73,910	936,792	6,723
Transfers	-	-	745,472	-
Net Surplus/(Deficit)	\$ (60,995)	\$ (57,332)	\$ (7,686)	\$ -

**NAPA COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Other Projects	General Fund	Total
REVENUES			
Grants:			
Napa County	\$ 145,997	\$ 399,987	\$ 914,070
Concessions	-	-	724,216
Court fines	-	5,000	40,960
Donations and contributions	-	8,543	31,256
Rents	-	-	40,300
Interest	-	25,418	50,181
	<u>145,997</u>	<u>438,948</u>	<u>1,800,983</u>
Total Revenues			
	<u>145,997</u>	<u>438,948</u>	<u>1,800,983</u>
EXPENDITURES			
Salaries and benefits	40,673	48,457	530,330
Administrative services	80,358	177,908	801,434
Election services	-	117,835	117,835
Accounting and auditing services	-	11,809	11,809
Legal services	-	9,962	9,962
Waste disposal services	-	-	20,725
Landscaping services	-	-	1,000
Other professional services	17,559	8,385	84,348
Maintenance - vehicles	-	-	3,974
Maintenance - infrastructure and land	-	-	1,142
Insurance - liability	-	19,825	20,959
Communications and telephone	-	-	6,040
Advertising and marketing	-	10	355
Printing and binding	41	942	1,759
Bank charges	-	-	2,000
Permits and license fees	-	-	1,625
Training and conference expenses	-	65	349
Business travel and mileage	540	155	9,370
Fleet charges	-	1,977	6,007
Office supplies	21	644	5,026
Freight/postage	-	-	471
Books/media/publications	6,539	30	6,569
Memberships and certifications	132	5,284	5,416
Utilities - electric	-	-	15,163
Utilities - propane	-	-	351
Clothing and personal supplies	-	33	1,248
Safety supplies	-	-	56
Landscaping/agriculture supply	-	-	1,104
Janitorial supplies	-	22	2,751
Construction supplies and materials	-	-	9,551
Maintenance supplies	104	138	23,355
Minor equipment and small tools	-	-	4,784
Computer equipment and accessories	-	1,087	1,087
Computer software/licensing fees	30	981	1,011
Special departmental expenses	-	310	15,226
Goods for resale	-	-	10,403
Penalties and fines	-	-	19
Taxes and assessments	-	-	2,706
Land	-	-	888,570
	<u>145,997</u>	<u>405,859</u>	<u>2,625,890</u>
Total Expenditures			
	<u>145,997</u>	<u>405,859</u>	<u>2,625,890</u>
Transfers	-	(745,472)	-
	<u>-</u>	<u>(745,472)</u>	<u>-</u>
Net Surplus/(Deficit)	<u>\$ -</u>	<u>\$ (712,383)</u>	<u>\$ (824,907)</u>

OTHER REPORT

**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

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 fiscal year ended June 30, 2020, 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 6, 2020.

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

Bakersfield, California
November 6, 2020