

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

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

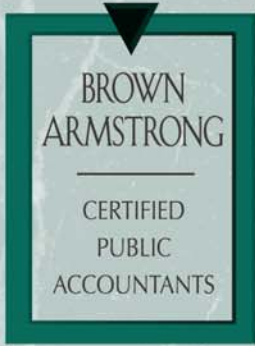
**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
JUNE 30, 2019**

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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 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, 2019, 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.

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## 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, 2019, 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, and related note on pages 18-19 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

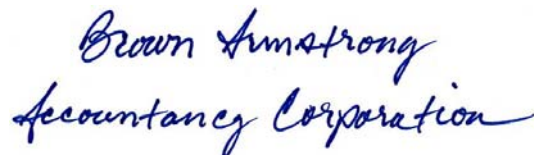
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures by Division on pages 20-23 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, 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

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style.

Bakersfield, California  
December 2, 2019

**NAPA COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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, 2019. 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 \$2,059,322, an increase of \$512,879 from the prior year. Of that amount, \$105,478 is restricted for future expenditures at Moore Creek, \$258,721 is restricted for future expenditures at Suscol Headwaters, \$7,686 is restricted for future expenditures at Amy's Grove and \$830,325 is restricted and assigned for future expenditures at the State Parks, leaving \$857,112 available for general District operations.
- The County of Napa continued its support for the District's operations and projects, granting funds from its Transient Occupancy Tax in the amount of \$1,034,343.
- The District organized just over 15,300 hours of volunteer work projects, valued at over \$306,000, and received \$12,275 in non-cash donations. The District also received cash donations of \$227,843.
- Program revenues (camping fees, day use fees, and rental income) were \$712,680, which covers approximately 42% percent of District expenses for the fiscal year. If land acquisition costs are removed, program revenues cover 42% 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 seventh 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 buildings and other deferred maintenance within the park.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

	2019	2018	Increase (Decrease) %	Increase (Decrease) \$
<b>Assets</b>				
Current assets	\$ 2,247,651	\$ 1,781,558	26.2%	\$ 466,093
Noncurrent assets	13,938,015	13,878,020	0.4%	59,995
<b>Total Assets</b>	<u>16,185,666</u>	<u>15,659,578</u>	<u>3.4%</u>	<u>526,088</u>
<b>Liabilities</b>				
Current liabilities	188,329	235,115	-19.9%	(46,786)
<b>Total Liabilities</b>	<u>188,329</u>	<u>235,115</u>	<u>-19.9%</u>	<u>(46,786)</u>
<b>Net Position</b>				
Net investment in capital assets	13,938,015	13,878,020	(0.2)%	59,995
Restricted	1,202,210	1,078,937	11.4%	123,273
Unrestricted	857,112	467,506	83.3%	389,606
<b>Total Net Position</b>	<u>\$ 15,997,337</u>	<u>\$ 15,424,463</u>	<u>3.7%</u>	<u>\$ 572,874</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 \$15,997,337 as of June 30, 2019, 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, 2019, and the expenses incurred, is as follows:

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

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease) %</u>	<u>Increase (Decrease) \$</u>
<b>Revenues</b>				
Operating grants	\$ 1,159,785	\$ 3,104,927	(49.2)%	\$ (1,945,142)
Concessions	675,975	625,597	8.1%	50,378
Court fines	27,500	15,550	(100.0)%	11,950
Donations and contributions	227,843	494,225	(97.9)%	(266,382)
Rents	36,705	25,489	44.0%	11,216
Miscellaneous	97,671	-	100%	97,671
Interest	38,496	24,063	60.0%	14,433
<b>Total Revenues</b>	<u>2,263,975</u>	<u>4,289,851</u>	<u>(71.3)%</u>	<u>(2,025,876)</u>
<b>Expenses</b>				
Parks and recreation	<u>1,691,101</u>	<u>1,367,207</u>	<u>(51.5)%</u>	<u>323,894</u>
<b>Total Expenses</b>	<u>1,691,101</u>	<u>1,367,207</u>	<u>(51.5)%</u>	<u>323,894</u>
<b>Change in Net Position</b>	572,874	2,922,644	(87.0)%	(2,349,770)
<b>Net Position, Beginning of Year</b>	<u>15,424,463</u>	<u>12,501,819</u>	<u>23.4%</u>	<u>2,922,644</u>
<b>Net Position, End of Year</b>	<u>\$ 15,997,337</u>	<u>\$ 15,424,463</u>	<u>3.7%</u>	<u>\$ 572,874</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 \$2,059,322, an increase of \$512,879 from the prior year. Of that amount, \$857,112 is unassigned and available for general District operations.

The increase of the District's fund balance is primarily due to decreased expenses as a result of a smaller acquisition of land.

### **BUDGETARY HIGHLIGHTS**

Total revenues were over final budget by \$143,581, or 6.8%, and total expenditures were under final budget by \$672,972, or 28%.

Grant revenue was down significantly from the prior year due to a one-time grants related to Suscol Headwaters Preserve that were received in FY 17-18. Concession revenue was up primarily because there was no significant loss of revenues from wildfire effects as had been the case in FY 17-18. Donations and contributions were down from the prior year because of a one-time donation to the Suscol Headwaters Preserve purchase in the prior year. The increase in miscellaneous revenue was due to a one-time insurance payout related to the wildfire damage to The Cove (part of the Amy's Grove subdivision).

## **CAPITAL ASSETS**

For the fiscal year ended June 30, 2019, 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, 2019, 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 has 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, with a cumulative fund balance of \$830,325 as of June 30, 2019. The State Parks subdivision 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 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, 2019**

	2019
<b>ASSETS</b>	
Current Assets:	
Cash in County treasury	\$ 2,121,667
Imprest cash	475
Due from other governments	105,442
Prepays	20,067
Total Current Assets	2,247,651
Noncurrent Assets:	
Land	13,442,389
Buildings, net of accumulated depreciation	490,943
Equipment, net of accumulated depreciation	4,683
Total Noncurrent Assets	13,938,015
<b>Total Assets</b>	<b>16,185,666</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	36,950
Accrued salaries and benefits	16,755
Customer deposits	134,624
Total Current Liabilities	188,329
<b>Total Liabilities</b>	<b>188,329</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	13,938,015
Restricted	1,202,210
Unrestricted	857,112
<b>Total Net Position</b>	<b>\$ 15,997,337</b>

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, 2019**

	2019
<b>PROGRAM EXPENSES</b>	
Administrative and general operations	\$ 1,362,663
Accounting and auditing services	15,248
Legal services	8,323
Consulting and engineering	255,549
Insurance	29,389
Taxes and assessments	494
Depreciation	19,435
<b>Total Program Expenses</b>	1,691,101
<b>PROGRAM REVENUES</b>	
Operating grants and contributions:	
County of Napa - Special Projects Fund	1,034,343
Other Grants	125,442
Concessions	675,975
Court fines	27,500
Donations	227,843
Rents	36,705
Miscellaneous	97,671
<b>Total Program Revenues</b>	2,225,479
<b>Net Program Revenues</b>	534,378
<b>GENERAL REVENUES</b>	
Interest	38,496
<b>Change in Net Position</b>	572,874
<b>Net Position - Beginning of Year</b>	15,424,463
<b>Net Position - End of Year</b>	\$ 15,997,337

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

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
BALANCE SHEET  
JUNE 30, 2019**

	2019
<b>ASSETS</b>	
Cash in County treasury	\$ 2,121,667
Imprest cash	475
Due from other governments	105,442
Prepays	20,067
<b>Total Assets</b>	<b>2,247,651</b>
<b>LIABILITIES</b>	
Accounts payable	36,950
Accrued salaries and benefits	16,755
Customer deposits	134,624
<b>Total Liabilities</b>	<b>188,329</b>
<b>FUND BALANCE</b>	
Restricted	1,202,210
Unassigned	857,112
<b>Total Fund Balance</b>	<b>2,059,322</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,247,651</b>

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

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

Fund Balance - total governmental fund (Page 10) \$ 2,059,322

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. 13,938,015

Net position of governmental activities (Page 8) \$ 15,997,337

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, 2019**

	2019
<b>REVENUES</b>	
Intergovernmental revenues	\$ 1,159,785
Concessions	675,975
Court fines	27,500
Donations	227,843
Rents	36,705
Interest	38,496
Miscellaneous	97,671
<b>Total Revenues</b>	<b>2,263,975</b>
<b>EXPENDITURES</b>	
Administrative and general operations	1,362,663
Accounting and auditing services	15,248
Legal services	8,323
Consulting and engineering	255,549
Insurance	29,389
Taxes and assessments	494
Land	79,430
<b>Total Expenditures</b>	<b>1,751,096</b>
<b>Net Change in Fund Balance</b>	<b>512,879</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,546,443</b>
<b>Fund Balance - End of Year</b>	<b>\$ 2,059,322</b>

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



**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Net change in fund balance - total governmental fund (Page 12) \$ 512,879

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	79,430
Depreciation	<u>(19,435)</u>

Change in net position of governmental activities (Page 9)	<u><u>\$ 572,874</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, 2019**

**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, 2019, consisted of the following:

Cash in County Treasury	<u>\$ 2,121,667</u>
-------------------------	---------------------

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

Required disclosures for the District’s deposit and investment risks at June 30, 2019, 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, 2019, are as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 13,362,959	\$ 79,430	\$ -	\$ 13,442,389
Total capital assets, not being depreciated	13,362,959	79,430	-	13,442,389
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	(30,231)	(7,432)	-	(37,663)
Buildings	(97,190)	(12,003)	-	(109,193)
Total accumulated depreciation	(127,421)	(19,435)	-	(146,856)
Total capital assets, being depreciated, net	515,061	(19,435)	-	495,626
Total capital assets, net	\$ 13,878,020	\$ 59,995	\$ -	\$ 13,938,015

Depreciation expense was \$19,435 for the year ended June 30, 2019.

### 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 of Directors (the 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, 2019, the District paid the County, a related party, \$804,181 for accounting, management, administrative, and legal services. The District also received grants from the County in the amount of \$1,034,343 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 December 2, 2019, 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 FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 1,230,344	\$ 1,230,344	\$ 1,159,785	\$ (70,559)
Concessions	652,000	652,000	675,975	23,975
Court fines	-	-	27,500	27,500
Donations and contributions	175,150	175,150	227,843	52,693
Rents	44,400	44,400	36,705	(7,695)
Interest	18,500	18,500	38,496	19,996
Miscellaneous	-	-	97,671	97,671
<b>Total Revenues</b>	<b>2,120,394</b>	<b>2,120,394</b>	<b>2,263,975</b>	<b>143,581</b>
<b>EXPENDITURES</b>				
Salaries and benefits	-	310,000	307,681	2,319
Administrative services	859,076	709,076	787,481	(78,405)
Election services	150,000	150,000	-	150,000
Accounting and auditing services	14,000	14,000	15,248	(1,248)
Legal services	25,000	25,000	8,323	16,677
Waste disposal services	20,700	20,700	32,147	(11,447)
Landscaping services	3,500	3,500	1,710	1,790
Construction services	533,000	423,000	33,906	389,094
Other professional services	244,456	194,456	255,549	(61,093)
Maintenance - vehicles	13,000	13,000	3,405	9,595
Maintenance - infrastructure and land	6,100	6,100	921	5,179
Insurance - liability	18,380	18,380	29,389	(11,009)
Communications and telephone	11,250	11,250	11,362	(112)
Advertising and marketing	1,500	1,500	1,006	494
Printing and binding	5,750	5,750	6,486	(736)
Publications and legal notices	500	500	655	(155)
Bank charges	1,125	1,125	1,170	(45)
Permits and license fees	6,450	6,450	1,684	4,766
Training and conference expenses	6,000	6,000	2,682	3,318
Business travel and mileage	19,400	19,400	3,776	15,624
Fleet charges	4,160	4,160	6,934	(2,774)
Office supplies	5,100	5,100	2,913	2,187
Books/media/publication	750	750	6,655	(5,905)
Memberships and certifications	3,000	3,000	7,110	(4,110)
Utilities - electric	22,100	22,100	21,624	476
Utilities - propane	500	500	493	7
Fuel	200	200	15	185
Janitorial supplies	850	850	3,820	(2,970)
Construction supplies and materials	60,000	60,000	17,822	42,178
Maintenance supplies	22,150	22,150	25,569	(3,419)
Minor equipment and small tools	25,150	25,150	15,759	9,391
Computer equipment and accessories	1,050	1,050	1,575	(525)
Computer software/licensing fees	7,000	7,000	3,726	3,274
Special departmental expenses	71,000	70,900	43,980	26,920
Goods for resale	-	-	8,596	(8,596)
Taxes and assessments	1,750	1,750	494	1,256
Land	260,221	260,221	79,430	180,791
<b>Total Expenditures</b>	<b>2,424,168</b>	<b>2,424,068</b>	<b>1,751,096</b>	<b>672,972</b>
<b>Net Change in Fund Balance</b>	<b>\$ (303,774)</b>	<b>\$ (303,674)</b>	<b>512,879</b>	<b>\$ 816,553</b>
<b>Fund Balance - Beginning of Year</b>			<b>1,546,443</b>	
<b>Fund Balance - End of Year</b>			<b>\$ 2,059,322</b>	

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, 2019**

**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 \$672,972 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, 2019**

	Moore Creek	Oat Hill Mine Trail	Napa River and Bay Trail	Camp Berryessa
<b>REVENUES</b>				
Grants:				
Napa County	\$ 134,885	\$ 6,480	\$ 9,414	\$ 11,418
Other grants	60,525	-	-	-
Concessions	-	-	-	19,670
Court fines	-	-	-	-
Donations and contributions	305	-	160	-
Rents	19,905	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>215,620</b>	<b>6,480</b>	<b>9,574</b>	<b>31,088</b>
<b>EXPENDITURES</b>				
Salaries and benefits	77,786	-	-	-
Administrative services	44,461	3,147	6,615	19,752
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	2,116	-	-	3,621
Landscaping services	-	-	-	-
Construction services	24,319	-	-	2,553
Other professional services	32,827	3,056	2,921	3,902
Maintenance - vehicles	-	-	-	-
Maintenance - infrastructure and land	-	-	-	-
Insurance - liability	924	-	-	-
Communications and telephone	338	-	-	-
Advertising and marketing	-	-	-	-
Printing and binding	27	-	-	-
Publications and legal notices	-	-	-	-
Bank charges	-	-	-	-
Permits and license fees	-	-	-	-
Training and conference expenses	-	-	-	-
Business travel and mileage	1,372	277	16	486
Fleet charges	-	-	-	-
Office supplies	-	-	-	-
Books/media/publications	-	-	-	-
Memberships and certifications	-	-	-	-
Utilities - electric	1,406	-	-	159
Utilities - propane	-	-	-	-
Fuel	-	-	-	-
Janitorial supplies	-	-	-	482
Construction supplies and materials	12,777	-	-	-
Maintenance supplies	2,311	-	22	133
Minor equipment and small tools	1,358	-	-	-
Computer equipment and accessories	-	-	-	-
Computer software/licensing fees	-	-	-	-
Special departmental expenses	110	-	-	-
Goods for resale	-	-	-	-
Taxes and assessments	-	-	-	-
Land	-	-	-	-
<b>Total Expenditures</b>	<b>202,132</b>	<b>6,480</b>	<b>9,574</b>	<b>31,088</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ 13,488</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Berryessa Vista	Napa River Ecological Reserve	Vine Trail	Putah Creek
<b>REVENUES</b>				
Grants:				
Napa County	\$ 85,941	\$ 19,202	\$ 2,922	\$ 6,176
Other grants	-	-	-	-
Concessions	-	-	-	-
Court fines	-	-	-	-
Donations and contributions	-	-	-	-
Rents	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>85,941</b>	<b>19,202</b>	<b>2,922</b>	<b>6,176</b>
<b>EXPENDITURES</b>				
Salaries and benefits	-	-	-	-
Administrative services	2,488	1,335	2,897	3,001
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	-	2,563	-	-
Landscaping services	-	-	-	-
Construction services	-	-	-	-
Other professional services	3,913	15,080	-	1,917
Maintenance - vehicles	-	-	-	-
Maintenance - infrastructure and land	-	-	-	-
Insurance - liability	-	-	-	-
Communications and telephone	-	-	-	-
Advertising and marketing	-	-	-	-
Printing and binding	-	-	-	-
Publications and legal notices	-	-	-	-
Bank charges	-	-	-	-
Permits and license fees	-	-	-	1,258
Training and conference expenses	-	-	-	-
Business travel and mileage	110	-	25	-
Fleet charges	-	-	-	-
Office supplies	-	-	-	-
Books/media/publications	-	-	-	-
Memberships and certifications	-	-	-	-
Utilities - electric	-	-	-	-
Utilities - propane	-	-	-	-
Fuel	-	-	-	-
Janitorial supplies	-	-	-	-
Construction supplies and materials	-	-	-	-
Maintenance supplies	-	138	-	-
Minor equipment and small tools	-	-	-	-
Computer equipment and accessories	-	-	-	-
Computer software/licensing fees	-	-	-	-
Special departmental expenses	-	86	-	-
Goods for resale	-	-	-	-
Taxes and assessments	-	-	-	-
Land	79,430	-	-	-
<b>Total Expenditures</b>	<b>85,941</b>	<b>19,202</b>	<b>2,922</b>	<b>6,176</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

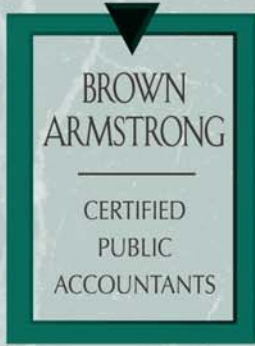
**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	State Parks	Suscol Headwaters Preserve	Amy's Grove	Cedar Roughs Smittle Creek
<b>REVENUES</b>				
Grants:				
Napa County	\$ -	\$ 8,328	\$ -	\$ 2,999
Other grants	-	-	44,917	-
Concessions	650,037	6,268	-	-
Court fines	-	-	-	-
Donations and contributions	29,881	196,000	1,497	-
Rents	16,800	-	-	-
Interest	20,532	2,561	-	-
Miscellaneous	-	-	97,671	-
<b>Total Revenues</b>	<b>717,250</b>	<b>213,157</b>	<b>144,085</b>	<b>2,999</b>
<b>EXPENDITURES</b>				
Salaries and benefits	229,895	-	-	-
Administrative services	380,433	11,068	43,829	1,274
Accounting and auditing services	-	-	-	-
Legal services	-	-	-	-
Waste disposal services	22,280	-	435	1,132
Landscaping services	1,710	-	-	-
Construction services	7,034	-	-	-
Other professional services	39,936	6,051	89,838	555
Maintenance - vehicles	3,405	-	-	-
Maintenance - infrastructure and land	921	-	-	-
Insurance - liability	1,340	-	-	-
Communications and telephone	10,629	-	-	-
Advertising and marketing	315	-	-	-
Printing and binding	6,028	-	-	-
Publications and legal notices	519	-	-	-
Bank charges	1,170	-	-	-
Permits and license fees	238	-	188	-
Training and conference expenses	1,777	-	-	-
Business travel and mileage	429	38	539	38
Fleet charges	6,838	-	-	-
Office supplies	2,222	-	-	-
Books/media/publications	-	-	-	-
Memberships and certifications	-	-	-	-
Utilities - electric	20,059	-	-	-
Utilities - propane	493	-	-	-
Fuel	-	-	15	-
Janitorial supplies	3,338	-	-	-
Construction supplies and materials	5,045	-	-	-
Maintenance supplies	21,447	-	1,479	-
Minor equipment and small tools	14,401	-	-	-
Computer equipment and accessories	1,575	-	-	-
Computer software/licensing fees	235	-	-	-
Special departmental expenses	18,425	-	-	-
Goods for resale	8,596	-	-	-
Taxes and assessments	418	-	76	-
Land	-	-	-	-
<b>Total Expenditures</b>	<b>811,151</b>	<b>17,157</b>	<b>136,399</b>	<b>2,999</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ (93,901)</b>	<b>\$ 196,000</b>	<b>\$ 7,686</b>	<b>\$ -</b>

**NAPA COUNTY  
REGIONAL PARK AND OPEN SPACE DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES BY DIVISION (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Other Projects	General Fund	Total
<b>REVENUES</b>			
Grants:			
Napa County	\$ 109,153	\$ 637,425	\$ 1,034,343
Other grants	20,000	-	125,442
Concessions	-	-	675,975
Court fines	-	27,500	27,500
Donations and contributions	-	-	227,843
Rents	-	-	36,705
Interest	-	15,403	38,496
Miscellaneous	-	-	97,671
	<u>129,153</u>	<u>680,328</u>	<u>2,263,975</u>
<b>Total Revenues</b>			
<b>EXPENDITURES</b>			
Salaries and benefits	-	-	307,681
Administrative services	77,843	189,338	787,481
Accounting and auditing services	-	15,248	15,248
Legal services	-	8,323	8,323
Waste disposal services	-	-	32,147
Landscaping services	-	-	1,710
Construction services	-	-	33,906
Other professional services	27,388	28,165	255,549
Maintenance - vehicles	-	-	3,405
Maintenance - infrastructure and land	-	-	921
Insurance - liability	-	27,125	29,389
Communications and telephone	-	395	11,362
Advertising and marketing	300	391	1,006
Printing and binding	-	431	6,486
Publications and legal notices	-	136	655
Bank charges	-	-	1,170
Permits and license fees	-	-	1,684
Training and conference expenses	-	905	2,682
Business travel and mileage	297	149	3,776
Fleet charges	-	96	6,934
Office supplies	-	691	2,913
Books/media/publications	-	6,655	6,655
Memberships and certifications	-	7,110	7,110
Utilities - electric	-	-	21,624
Utilities - propane	-	-	493
Fuel	-	-	15
Janitorial supplies	-	-	3,820
Construction supplies and materials	-	-	17,822
Maintenance supplies	-	39	25,569
Minor equipment and small tools	-	-	15,759
Computer equipment and accessories	-	-	1,575
Computer software/licensing fees	3,325	166	3,726
Special departmental expenses	20,000	5,359	43,980
Goods for resale	-	-	8,596
Taxes and assessments	-	-	494
Land	-	-	79,430
	<u>129,153</u>	<u>290,722</u>	<u>1,751,096</u>
<b>Total Expenditures</b>			
<b>Net Surplus/(Deficit)</b>	<u>\$ -</u>	<u>\$ 389,606</u>	<u>\$ 512,879</u>

**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 fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2019.

### **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  
December 2, 2019