



AGENDA

NAPA COUNTY RESOURCE CONSERVATION DISTRICT

1303 Jefferson Street, Suite 500B, Napa, CA 94559, 707-252-4189

Thursday

November 10, 2016

8:00 A.M.

District President: Beth Painter

Vice President: Jon Kanagy

District Directors: Ashley Anderson Bennett, Rainer Hoenicke,

Gretchen Stranzl McCann, Jim Lincoln, Bill Pramuk

Executive Director: Leigh Sharp District Secretary: Anna Mattinson District Counsel: Susie Altman

GENERAL INFORMATION

The Napa County Resource Conservation District (RCD) will hold a regular Meeting on Thursday, November 10, 2016 at 8:00 A.M. The meeting room is wheelchair accessible. Assistive listening devices and interpreters are available through the Secretary of the Board. Requests for disability related modifications or accommodations, aids or services must be made to the RCD office no less than 72 hours prior to the meeting date by contacting 707-252-4189, ext. 3110. Time for public commentary will be provided prior to Consent Calendar. Time limitations for individual speakers may be set at the discretion of the Chair. All materials relating to the agenda are available for public inspection at the District Office Monday through Friday, between the hours of 8:00 A.M. and 4:00 P.M., except for District Holidays.

1. WELCOME AND CALL TO ORDER BY CHAIR, 8:00 A.M. ROLL CALL. The meeting is to be called to order and roll call taken at 8:00 A.M.

A. Roll Call

The District Secretary will take attendance.

B. Approval of Meeting Minutes

The Board will consider approval of minutes from the October 13, 2016 regular meeting.

C. Welcome to new NRCS District Conservationist for the Napa Field Office

D. Ratification of District Bills

The Board will review and ratify bills that were authorized for payment by the Executive Director.

E. Approval of District Bills

The board will review and consider approval of the District bills for October 2016.

2. PUBLIC COMMENTS

In this time period anyone may comment to the Board regarding any subject over which the district has jurisdiction. No comments will be allowed involving any subject matter scheduled for hearing, action, or discussion as part of the current agenda other than to request discussion on a specific consent item. Individuals are requested to limit their comment to three minutes. No action will be taken by the Board as a result of any item presented at this time.

3. EDUCATIONAL PRESENTATION

There will be no educational presentation this month.

4. CONSENT CALENDAR

All items on the consent calendar are considered ministerial or non-substantive and subject to a single motion approval. With the concurrence of the Chair, a Board member may request discussion of an item on the consent calendar.

A. RCD Activity Report for October

B. NRCS Activity Report for October

C. Authorization for the President to sign Landowner Right of Entry Agreement for Bale Slough Planning Project.

This Right of Entry Agreement provides RCD employees, agents and contractors the right to enter private property for the purpose of conducting field surveys to inform completion of conceptual-level restoration plans in the Bale Slough and Bear Creek watersheds.

D. Approve Amendment No. 1 to Vehicle Agreement No. 120-405-13 between NRCS and RCD allowing RCD employees to use NRCS vehicles and Statement of Understanding by RCD drivers of NRCS vehicles.

The subject amendment authorizes designated RCD employees to drive NRCS vehicles through December 31, 2018. The statement of understanding identifies RCD employees who are approved to drive NRCS vehicles and are covered by the RCDs automobile insurance policy.

5. SET ITEMS OR PUBLIC HEARINGS

8:10 AM. Presentation, discussion and authorization to accept the 2015-2016 Audit Report. Tracy Schulze, Napa County Auditor Controller

The draft audit for FY 15-16 was completed on October 18, 2016 by Larry Bain, C.P.A. It is the opinion of the auditor that the financial statements of the District present fairly, in all material respects, the respective financial position of the governmental activities of the District as of June 30, 2016, and the financial position for the year ended in conformity with accounting principles generally accepted in the

U.S.A. There were no internal control comments or findings. The draft audit was presented by Larry Bain and reviewed by the RCD Finance Committee at their October 27, 2016 meeting.

6. UNFINISHED BUSINESS

A. Huichica Creek Vineyard update and possible action to create, by resolution, a Huichica Creek Sustainable Vineyard & Orchard Advisory Committee. *Charles*

Charles will provide an update on activities and conditions at the Huichica Creek property. Staff would like to request that a standing committee be formed for HCV. As conceptualized the committee would meet approximately quarterly and the purpose of the committee would be to discuss and provide input to operation of the property including: management decisions, budget, future stages of replant and/or other changes. The committee could be comprised of Board members, Associate Directors, and/or members of the public. Members of the committee would need to be appointed by the Board and meetings would be subject to the Brown Act.

B. Update regarding San Francisco Regional Water Quality Control Board proposed Waste Discharge Requirements for Vineyards in the Napa River and Sonoma Creek Watersheds. *Leigh*

Leigh will provide an update based upon discussion with Water Board staff at local meetings held to discuss specific elements of the proposed WDR, including a meeting that was hosted by the RCD.

C. Update on RCD Director and Associate Director expertise and interests.

7. NEW BUSINESS

A. Review and Discuss District Financial Reports. *Anna*

Accounts Receivable, Cash Flow and First Quarter Financial Report will be presented. The First Quarter Financial Report was reviewed by the RCD Finance Committee at their October 27, 2016 meeting.

B. Review and approve RCD Budget Amendment No. 1 for Fiscal Year 2016/17. *Leigh*

Leigh

The proposed budget amendment recognizes new revenue and expenses in the amount of \$34,800 and budget neutral line item adjustments. Under the proposed amendment, budgeted revenues and expenses increase from \$1,455,770 to \$1,490,570. The budget amendment was reviewed by the RCD Finance Committee at their October 27, 2016 meeting and the finance committee recommends that the Board approve the amendment as proposed.

C. Required ethics training. *Leigh*

Pursuant to California law, RCD Directors and Associate Directors are required to take a 2-hour ethics training course for local officials related to the ethical standards required of individuals working in local government. Information about how to obtain the training on-line will be provided.

D. Discuss Upcoming Events and Possible Director Participation. *Leigh*

- Napa Give!Guide. Nov. 1 – Dec. 31. On-line at www.napavalleygiveguide.org.
- Racing to Zero, in Pursuit of Zero Waste. Nov. 17, 6:30 PM at Napa Valley College Performing Arts Center. A documentary film screening and panel discussion hosted by Environmental Education Coalition of Napa County (EECNC).
- LandSmart Vineyard Farm Planning Workshop. Nov. 16. 8:30 – 12:30 at UCCE Community Room. 12:30 – 4:00 in the field. Must RSVP to frances@naparcd.org.
- Community Oak Planting Day. Nov. 19. 9:30 – 11:30 at Alston Park.
- Laundry to Landscape. December 4. 10 – 4 at private residence. Must RSVP to jemma@naparcd.org.
- Watershed- and Wallet-Friendly Roads: Classroom and Field Training for heavy equipment operators and land managers who maintain dirt roads and vineyard avenues. Dec. 6. 9 – 12 @ location near Napa. Must RSVP to frances@naparcd.org. \$10 for lunch.

E. Identify possible agenda/discussion items for future meeting(s).

F. Correspondence

1. Resignation from RCD Finance Committee – John Nogue
2. Grower Advocate – Napa County Farm Bureau
3. Thrive California – Sustainable Conservation Newsletter
4. CSDA Newsletter – September/October

8. REPORT FROM EXECUTIVE DIRECTOR, DISTRICT CONSERVATIONIST AND DIRECTORS' COMMENTS Leigh and an NRCS representative will give an update on current projects and activities. Board Directors comments and updates may also be given.

9. ADJOURNMENT

FUTURE BOARD MEETING DATES:

December 8 – Board Meeting 8:00 A.M.

January 12 - Board Meeting 8:00 A.M.

February 9 - Board Meeting 8:00 A.M.

March 9 - Board Meeting 8:00 A.M.

April 13 - Board Meeting 8:00 A.M.



MEETING MINUTES

NAPA COUNTY RESOURCE CONSERVATION DISTRICT

1303 Jefferson Street, Suite 500B, Napa, CA 94559, 707-252-4188

Thursday October 13, 2016 8:00 A.M.

District President: Beth Painter Vice President: Jon Kanagy
District Directors: Rainer Hoenicke, Gretchen Stranzl McCann, Jim Lincoln,
Ashley Anderson Bennett, Bill Pramuk

Executive Director: Leigh Sharp District Secretary: Anna Mattinson District Counsel: Susie Altman

1. CALL TO ORDER A regular meeting of the Napa County Resource Conservation District was called to order at 8:00 a.m. on Thursday, October 13, 2016, by Board President Beth Painter.

A. Roll Call.

Directors present included Beth Painter, Bill Pramuk, Gretchen Stranzl McCann and Rainer Hoenicke. Directors Ashley Anderson Bennett, Jon Kanagy, and Jim Lincoln were excused. Associate Directors present included Joan Bennett and Margaret Woodbury. RCD staff present included Leigh Sharp, Jonathan Koehler, Frances Knapczyk and Anna Mattinson. NRCS was represented by Rachael Bryson and Kelly Gin. Counsel Susie Altman was not present.

B. Approval of Meeting Minutes.

Approve September 16, 2016 special minutes.

MOTION: Hoenicke; SECOND: Pramuk; AYES: Painter, Pramuk Hoenicke; NOES: None; ABSENT: Lincoln, Anderson-Bennett, Kanagy; ABSTENSIONS: Stranzl McCann. Motion carried.

C. Ratification of District Bills.

Ratify bills in the amount of \$2,033.00.

MOTION: Hoenicke; SECOND: Pramuk; AYES: Painter, Pramuk, Hoenicke, Stanzl McCann; NOES: None; ABSENT: Lincoln, Anderson-Bennett, Kanagy; ABSTENSIONS: None. Motion carried.

2. PUBLIC COMMENTS

- Director Hoenicke reported that CDFW awarded grant funds to Napa County for implementation of a portion of the Oakville to Oak Knoll restoration project.

- Associate Director Bennett reported that the City of American Canyon was awarded the Beacon Award for sustainability actions.

3. EDUCATIONAL PRESENTATION

Jonathan Koehler presented recent results from the RCD fisheries monitoring program. Directors encouraged him to give this presentation elsewhere in our community and to our funders.

4. REPORT FROM EXECUTIVE DIRECTOR, DISTRICT CONSERVATIONIST AND DIRECTORS' COMMENTS

Leigh reported on the following:

- Laundry to Landscape workshop is being coordinated for December 4. We've had lots of volunteers' request that the workshop be held (and system be installed) at their home.
- Coastal Clean-Up Day was a success and Jemma did a great job coordinating all of the sites and site captains. Approximately 400 volunteers covered 36.75 miles of waterways and streets and collected nearly 9,000 lbs. of trash and recycling.
- Winterization site visits in the municipal watersheds began on Sept. 15 and are wrapped-up. 5% spot checks are being coordinated and conducted as time allows, and non-municipal watershed site visits will begin next week. Bill and Charles are utilizing the iPad and entering information into ArcGIS Collector this year. It seems to be working okay and reduces time spent in the office completing reports.
- Paul and Jonathan have completed storm drain outfall monitoring for all of the municipalities. Noticeably, results continue to indicate that dry season discharges are within water quality thresholds.
- Paul has been getting ready for streamgaging season and we're excited to have some rain in the forecast.
- RCD staff will be participating in two upcoming symposiums related to carbon sequestration in vineyards. One, which we are co-sponsoring with other RCDs, NRCS, and UCCE, will be held on November 4 and the audience will be technical staff who advise viticultural practices. The second will be as a participant in a workshop session related to Carbon Farm Planning at the CalCAN Summit in February.
- Three LandSmart Farm Planning workshops are scheduled over the next 6 months.
- Community Oak Planting Days are November 5 and 19 at Alston Park. Come join us and/or gather acorns and bring them to the office.

- Coordination and planning for the Youth Stewardship Council is underway and we hired an Extra Help Conservation Education Coordinator to help us. Lupe will be with us approximately 16 hours per month through May.
- Bill is providing technical assistance and construction oversight for road work happening under direction of Hess and Land Trust of Napa County.
- Implementation of road improvements at Light House for the Blind concluded on September 21. A licensed geologist has visited the site and affirmed that treatments were implemented correctly. During construction Bill hosted several onsite tours with a variety of groups that have responsibilities for managing unpaved roads.
- Charlie visited with us in late September/early October and helped us prepare for the financial Audit. Larry Bain, the independent Auditor, and his team were in the offices for a couple of days last week and are currently writing up the audit report. Preliminarily, all looks good.

Rachael and Kelly reported on the following:

- Rita is officially retired and was honored at a retirement party on October 1.
- NRCS staff are in the initial planning stages of a forest management plan in the Dry Creek watershed, a rangeland management plan to improve rangeland health and manage noxious weeds, and a riparian vegetation plan to control Pierce's Disease.
- NRCS has completed projects related to hillside erosion control plan in St. Helena, monitoring report for streambank protection, and assistance to landowners for practices scheduled for implementation.
- Liz Colby has been selected as the new NRCS Field Office Engineer. She will provide assistance to Napa, Vacaville and Concord offices.
- Rachael Bryson will be the Acting DC for the next few weeks. After Rachael, a new Acting DC may be selected until the open position is filled.

5. CONSENT CALENDAR

Approve the consent calendar.

MOTION: Stranzl McCann; SECOND: Hoenicke; AYES: Painter, Pramuk, Hoenicke, Stranzl McCann; NOES: None; ABSENT: Lincoln, Anderson-Bennett, Kanagy; ABSTENSIONS: None. Motion carried.

A. RCD Activity Report for September

B. NRCS Activity Report for September

C. Authorization for Leigh to travel to Ontario, California for the Annual CARCD Conference.

6. SET ITEMS OR PUBLIC HEARINGS

No set items or public hearings

7. UNFINISHED BUSINESS

A. Update on proposed Waste Discharge Requirements for Vineyards in Sonoma Creek and Napa River watersheds.

Water Board staff will be meeting a variety of interested parties in response to the RCD's comment letter on Monday, October 24. Water Board will also be meeting with concerned parties at the request of Napa County Winegrowers on October 28.

B. Update on RCD Director and Associate Director expertise and interests.

The results of a survey of Directors and Associate Directors were discussed. The item will be brought back for future discussion.

8. NEW BUSINESS

A. Review and Discussion of District Financial Reports

Anna presented the financial reports.

B. Approve Amendment No. 2 to Contract 2016-06 to accommodate for unanticipated site conditions at Enchanted Hills Camp.

Approve Amendment No. 2 to RCD Contract No. 2016-06 as presented.

MOTION: Stranzl McCann; SECOND: Pramuk; AYES: Painter, Pramuk, Hoenicke, Stanzl McCann; NOES: None; ABSENT: Lincoln, Anderson-Bennett, Kanagy; ABSTENSIONS: None. Motion carried.

C. Approve Professional Service Agreement with CH2MHill for RCD to conduct a survey for California freshwater shrimp on Huichica Creek in the vicinity of Highway 12/121 as part of a Caltrans culvert replacement/retrofit project that will allow for fish passage at the site.

Approve Professional Service Agreement with presented compensation contingent on review and approval of terms by RCD Counsel.

MOTION: Hoenicke; SECOND: Pramuk; AYES: Painter, Pramuk, Hoenicke, Stanzl McCann; NOES: None; ABSENT: Lincoln, Anderson-Bennett, Kanagy; ABSTENSIONS: None. Motion carried.

D. Approval of District Bills.

Approve bills in the amount of \$147,169.08 (\$10,749.40 RCD regular batch, \$0 Preauthorization, \$129,641.18 Extra Batch, \$2,018.75 Journal Entries, \$4,759.75 Kaiser).

MOTION: Stranzl McCann; SECOND: Hoenicke; AYES: Painter, Pramuk, Hoenicke, Stranzl McCann; NOES: None; ABSENT: Lincoln, Anderson-Bennett, Kanagy; ABSTENSIONS: None. Motion carried.

E. Approve amendment to RCD Policy 3105 related to RCD Budget.

Approve amendment to RCD Policy 3105 with change to section 3105.4 deleting requirement for 3/5ths approval from the District Board for budget amendment adoption.

MOTION: Hoenicke; SECOND: Stranzl McCann; AYES: Painter, Pramuk, Hoenicke, Stranzl McCann; NOES: None; ABSENT: Lincoln, Anderson-Bennett, Kanagy; ABSTENSIONS: None. Motion carried.

F. Huichica Creek Vineyard update and possible action to create a HCV Advisory Committee.

Leigh provided a brief update of activities at the vineyard. Charles will provide a more complete update at a future meeting. The Board discussed the concept of creating a standing advisory committee for HCV and the item will be brought back at a future meeting.

G. Update on CARCD Conference and possible action to designate a representative and an alternate to serve as the District's voting delegate at the 2016 CARCD Conference.

No board members or associates will be attending the CARCD conference this year.

H. Review and discuss CARCD Resolutions.

Leigh reviewed CARCD Resolutions with the Board.

I. Discuss Upcoming Events and Possible Director Participation. Leigh

- Napa Sanitation District Open House. October 15. 10 - 2.
- California Native Plant Sale. October 15 and 16, 10 – 4 at Skyline Park.
- Food Day @ Farmers Market. October 22 at Napa Farmers Market.
- Food Day @ NVUSD Auditorium. October 24, 4:30 – 8:00. Focus on school lunches. Screening of “Lunch Line”
- Wild American Canyon – Raptors in Rehab. Nov. 2 at American Canyon Library. 6:30 – 7:30.
- Wild Napa – Dragonfly. November 9 at Napa Library. 7:00 – 8:00.

J. Identify possible agenda/discussion items for future meeting(s).

- Rearrange future agendas to include reports from NRCS District Conservationist and RCD Executive Director later in the meeting when more time can be spent in discussion without concern of losing a quorum needed for action items.
- Illegal marijuana grows in Napa County.

- Update on activities, maintenance, status of VHS raingarden.

K. Correspondence

1. Climate Ready North Bay – Informational Resources
2. 24th Annual Western Plant Health Association and Fertilizer Research and Education Program Conference
3. The Lay of the Land: Newsletter of Solano RCD
4. NACD Forestry Notes
5. SDRMA President’s Special Acknowledgement Award to recognize members with no “paid” claims during the prior five consecutive years.
6. The Crush, October 2016. California Association of Winegrape Growers

9. ADJOURNMENT

Motion to end the meeting at 9:12 a.m.

MOTION: Stranzl McCann; SECOND: Hoenicke; AYES: Painter, Pramuk, Hoenicke, Stranzl McCann; NOES: None; ABSENT: Lincoln, Anderson-Bennett, Kanagy; ABSTENSIONS: None. Motion carried.

Respectfully submitted,

Anna Mattinson, District Secretary

(Recording #60)

**NAPA COUNTY RESOURCE
CONSERVATION DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2016

**NAPA COUNTY RESOURCE
CONSERVATION DISTRICT**

TABLE OF CONTENTS

Independent Auditor’s Report	1-2
Management Discussion and Analysis	3-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet	10
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Fund to the Government-Wide Statement of Activities – Governmental Activities	13
Notes to the Financial Statements	14
Required Supplementary Information:	
Budgetary Comparison Schedule:	
General Fund	25
Schedule of the District’s Proportionate Share of the Net Pension Liability	26
Schedule of the District Pension Contributions	27
Note to the Required Supplementary Information	28
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	29-30

LARRY BAIN, CPA

AN ACCOUNTING CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Napa County Resource Conservation District
Napa, CA

We have audited the accompanying financial statements of the governmental activities and fund information which comprise the basic financial statements of Napa County Resource Conservation District as of and for the fiscal year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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 fund information of the Napa County Resource Conservation District as of June 30, 2016, and the changes in financial position, of those activities and funds for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

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 3–6, the budgetary comparison for the General fund on page 25 the Napa County Resource Conservation District Employees' Retirement System Schedule of the District's Proportionate Share of the Net Pension Liability and the Retirement System Schedule of the District's Contributions on pages 26 and 27,; be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2016 on our consideration of the Napa County Resource Conservation 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 Napa County Resource Conservation District's internal control over financial reporting and compliance.

Larry Bain, CPA
An Accounting Corporation

October 18, 2016



Management's Discussion and Analysis June 30, 2016

As management of the Napa County Resource Conservation District (District), we offer the following summary analysis (Analysis) to the financial statements for the period July 1, 2015 to June 30, 2016 (hereinafter referred to as Fiscal Year 2016). This Analysis is intended to provide an overview of the District's financial activity, focus on significant financial issues, and identify major changes in the District's financial position.

Financial Highlights for Fiscal Year 2016

During Fiscal Year 2016, the District had government-wide expenses of \$1,157,514 and earned \$1,352,322 in program, tax and other revenues resulting in \$194,808 net revenue.

At the end of Fiscal Year 2016, the general fund had a fund balance of \$817,506.

The District purchased streamgaging equipment and a new computer network server, and initiated land improvements at the District's Huichica Creek Vineyard Demonstration Property. These activities resulted in an addition of \$111,155 to capital assets in Fiscal Year 2016.

The major financial components for the fiscal year ending June 30, 2016 are shown below:

Revenues for Fiscal Year 2016 (\$ 1,352,322)

Program revenues (76%) include charges for services under grant contracts to private entities (e.g., non-profits, businesses) and to state, local and federal agencies (\$944,217), as well as income from the District's demonstration vineyard (\$89,209). General revenues (24%) include county taxes (\$303,896), interest on funds invested in the county's pooled fund and other miscellaneous sources (\$15,000).

Expenses for Fiscal Year 2016 (\$ 1,157,514)

Expenses for the District are broken down as follows: Personnel services (68%, \$785,957, net of \$122,267 pension expense adjustment); Grant Services and Supplies (31%, \$358,639); Depreciation (1%, \$12,421); and Interest (<1%, \$497).

Condensed Financial Information

The following financial information is a condensed version of the Audit Report. The Notes to the Financial Statements in the Audit Report provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Statement of Net Position

The Statement of Net Position (including assets and liabilities) and the Governmental Fund Balance Sheet are found in the Audit Report. The Condensed Statement of Net Position, shown in Table 1 below, presents information on all of the District’s assets and liabilities, with the difference between the two reported as total net position. Over time, changes in total net position may serve as a useful indicator of whether the financial position of the District is improving or declining. In Fiscal Year 2016, total net position is greater than it was in Fiscal Year 2015 by \$96,486.

The District’s Statement of Net Position for the year ended June 30, 2016 includes, for the second year, a net pension liability. This liability was placed on the books due to a change in accounting standards (GASB Statement No. 68) that went into effect in Fiscal Year 2015, but it does not represent a sudden deterioration in the District’s actual financial condition. The liability has accumulated over time as the pension benefits were earned by District employees and adjusted for District contributions, actual benefit payments, and updated actuarial assumptions. Most local governments with defined benefit pension plans saw significant accounting adjustments last year as a result of the implementation of this new standard. Refer to note 6 in these financial statements for additional information.

Table 1	Condensed Statement of Net Position	<u>2015/2016</u>	<u>2014/2015</u>
	Current and other assets	\$ 996,316	\$ 1,001,896
	Land	350,100	350,100
	Other capital assets, net of depreciation	163,003	64,269
	Deferred outflows - pensions	209,019	182,577
	Total Assets & Deferred Outflows	<u>\$1,718,438</u>	<u>\$ 1,598,842</u>
	Current liabilities	\$ 121,966	\$ 104,553
	Non-current liabilities	554,318	671,657
	Deferred inflows of resources	226,903	103,867
	Total Liabilities & Deferred Inflows	<u>\$ 903,187</u>	<u>\$ 880,077</u>
	Total Net Position	<u>\$ 815,251</u>	<u>\$ 718,765</u>
 Breakdown of Total Net Position:			
	Net investment in capital assets	\$ 504,115	\$ 396,630
	Unrestricted assets	311,136	322,135
	Total Net Position	<u>\$ 815,251</u>	<u>\$ 718,765</u>

Change in Net Position

The Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance are found in the Audit Report. The Condensed Statement of Activities, shown in Table 2, presents information showing how the District’s net position changed during the fiscal year. The Statement of Activities in the Audit Report also provides important information on the District’s governmental activities, how these services were financed in the short term and what remains for future spending.

Table 2	Condensed Statement of Activities	<u>2015/2016</u>	<u>2014/2015</u>
Total Program Revenues		\$1,033,426	\$1,152,432
Total General Revenues		<u>318,896</u>	<u>307,004</u>
Total Revenues		<u>\$1,352,322</u>	<u>\$1,459,436</u>
Total operating expenses		<u>\$ 1,157,514</u>	<u>\$1,374,301</u>
Change in Net Position		<u>\$ 194,808</u>	<u>\$ 85,135</u>

For Table 2, Program Revenues include charges for services under grant contracts to private entities (e.g., non-profits, businesses) and to state, local and federal agencies, as well as income from the District's demonstration vineyard. General Revenues include property tax, investment income and miscellaneous sources such as donations and fundraising events.

Actual Compared to Budget

The Budgetary Comparison Schedule of the Audit Report, and summarized in Table 3 of this Analysis, reviews all actual revenues received within 90 days of the end of the fiscal year and expenditures for the fiscal year and compares them to the annual budget. The District's actual expenditures exceeded actual revenue by \$53,456 for the fiscal year.

Table 3 Actual Compared to Budget-General Funds

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Favorable (Unfavorable) Variance</u>
Intergovernmental Revenue	\$989,300	\$1,075,500	\$1,022,381	\$ 41,296
Tax Revenue	262,600	262,600	303,896	(53,119)
Use of Money/Property Revenue	120,000	89,000	95,192	6,192
Miscellaneous Revenue	<u>46,300</u>	<u>60,890</u>	<u>9,017</u>	<u>(51,873)</u>
Total Revenues	<u>\$1,418,200</u>	<u>\$1,487,990</u>	<u>\$1,430,486</u>	<u>\$ (57,504)</u>
Total Expenses	<u>\$1,418,200</u>	<u>\$ 1,487,990</u>	<u>\$1,385,173</u>	<u>\$ 102,817</u>
Net excess/(deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,313</u>	<u>\$ 45,313</u>

* Intergovernmental revenue includes only those earned revenues that are received within 90 days from the end of the fiscal year. As of September 30, 2016, 90 days after the end of the fiscal year, the District had \$117,407 in outstanding invoices that we anticipate will be paid within 120 days of the end of the fiscal year. Delays in payment are primarily due to the structure of our grant contracts. If all earned revenues and outstanding invoices had been paid within the 90 day required period, total revenue would have been \$1,527,395 and revenue would have exceeded expenses by \$63,951.

Capital Assets

At the end of Fiscal Year 2016, the District had \$513,103 in capital assets, including land, computer equipment, a vehicle, field equipment and vineyard equipment (including depreciation). This amount represents a net increase of \$98,734 over the previous fiscal year.

Table 4 Capital Assets at Year-end (Net of Depreciation, in dollars)

	<u>2015-2016</u>	<u>2014-2015</u>
Land	\$ 350,100	\$ 350,100
Construction in Progress	79,339	0
Computer Equipment	9,971	0
Vehicles	22,414	26,668
Hydrologic Equipment	18,804	0
Vineyard & Field Equipment	<u>32,473</u>	<u>37,601</u>
Total capital assets	<u>\$ 513,103</u>	<u>\$ 414,369</u>

In Fiscal Year 2016, the District purchased streamgaging equipment (\$20,420), a computer network server (\$11,396), and initiated land improvements at the District's Huichica Creek Sustainable Demonstration Vineyard (\$79,339).

Deferred Inflows of Resources

At the end of Fiscal Year 2016 in the fund financial statements, the District had \$56,845 in deferred inflows of resources (the previous term for this was Deferred Revenue). The Deferred Inflows of Resources is broken down into two categories. *Unearned Revenue* in the amount of \$11,394 reflects money we received in advance for specific services, but have not yet earned. *Unavailable Revenue* in the amount of \$45,451 is money that we have earned but have not yet received (e.g., outstanding invoices that were not paid within ninety days of the end of the fiscal year and funds that are retained by granting agency until the end of contracts).

Debt

The District's Loan payable consist of a loan agreement with the State Revolving Fund Loan Program, dated May 23, 1997 and is due in annual installments of \$9,248 on July 23 at an interest rate of 2.8%. The proceeds were used for District improvements. The balance at June 30, 2015 was \$ 17,739.

Table 5 Outstanding Debt at Year-end

	<u>2015-2016</u>	<u>2014-2015</u>
State Revolving Fund Loan	<u>\$ 8,988</u>	<u>\$ 17,739</u>

Economic Factors and Fiscal Year 2017 Budget

The District Board and management considered many factors when determining the budget for Fiscal Year 2017 (July 1, 2016 – June 30, 2017). Revenue was estimated on the basis of prior years' experience and our expectations for grant and fee-for-service funding in this and subsequent years. The budget assumes stable staffing and no purchases of capital assets.

District management believes that the revenue assumptions underlying the Fiscal Year 2017 budget are conservative. Among the possible funding sources we have identified for Fiscal Year 2017, the budget includes only those already committed to be available, and tax revenues are projected to remain the same as the previous

year. The District estimates revenue and expenses for Fiscal Year 2017 to be \$1,455,770. Budget amendments will be made throughout Fiscal Year 2017 as necessary.

Contacting the District's Financial Management

This Analysis is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District at 1303 Jefferson Street, Suite 500B, Napa, CA 94559 (707) 252-4189.

NAPA COUNTY RESOURCE CONSERVATION DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2016**

	Governmental Activities
	<u> </u>
Assets	
Cash and investments	\$ 740,778
Imprest cash	300
Grants and other receivables	247,880
Prepaid insurance	5,358
Prepaid expense	2,000
Total Current Asset	<u>996,316</u>
Noncurrent assets	
Capital assets-net	513,103
Total Assets	<u>1,509,419</u>
Deferred outflows of resources	
Deferred outflows-pensions	209,019
Total Assets and Deferred Outflows of Resources	\$ <u><u>1,718,438</u></u>
 Liabilities	
Current liabilities:	
Accounts payables	\$ 69,373
Accrued payroll	52,593
Total Current Liabilities	<u>121,966</u>
Noncurrent liabilities:	
Due within one year	28,299
Due in more than one year	526,019
Total Noncurrent Liabilities	<u>554,318</u>
Total Liabilities	<u>676,284</u>
Deferred inflows of resources	
Deferred revenue-advances	17,602
Deferred inflows-pensions	209,301
Total Deferred inflows of resources	<u>226,903</u>
Net Position	
Net investment in capital assets	504,115
Unrestricted	311,136
Total Net Position	\$ <u><u>815,251</u></u>

The notes to the financial statements are an integral part of this statement

NAPA COUNTY RESOURCE CONSERVATION DISTRICT

**STATEMENT OF ACTIVITIES
JUNE 30, 2016**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Natural resource conservation	\$ 1,157,017	\$ 89,209	\$ 944,217	\$ (123,591)
Interest expense	<u>497</u>			<u>(497)</u>
 Total Governmental Activities	 <u>\$ 1,157,514</u>	 <u>\$ 89,209</u>	 <u>\$ 944,217</u>	 <u>(124,088)</u>

General Revenues:

Property tax, levied for general purposes	303,896
Investment income	5,983
Miscellaneous	<u>9,017</u>
Total general revenues	<u>318,896</u>
Change in net position	194,808
Net position restated- beginning	<u>620,443</u>
Net position - ending	<u>\$ 815,251</u>

The notes to the financial statements are an integral part of this statement

NAPA COUNTY RESOURCE CONSERVATION DISTRICT

GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2016

	<u>General Fund</u>
Assets	
Cash and investments	\$ 740,778
Imprest cash	300
Prepaid expenses	7,358
Grants and other receivables	247,880
Total Assets	<u>\$ 996,316</u>
Liabilities	
Accounts payable and accrued expenses	\$ 69,372
Accrued payroll	52,593
Total Liabilities	<u>121,965</u>
Deferred Inflows of Resources	
Unearned revenue-grants and contributions	11,394
Unavailable revenue-operating grants	45,451
Total Deferred Inflows of Resources	<u>56,845</u>
Fund balances	
Restricted for imprest cash	300
Nonspendable-prepaid expenses	7,358
Assigned for next year budget	89,179
Unassigned	720,669
Total Fund Balances	<u>817,506</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 996,316</u>

The notes to the financial statements are an integral part of this statement

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balances of governmental funds	\$	817,506
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 funds.		513,103
Deferred outflows of resources related to pensions are recorded as deferred outflows in the government wide financial statements and are not recorded in the funds		209,019
Long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds.		(554,318)
Certain revenues received after ninety days from the end of the fiscal year are recorded as deferred revenue in the funds and as revenues in the government wide statement.		<u>(170,059)</u>
Net position of governmental activities	\$	<u><u>815,251</u></u>

The notes to the financial statements are an integral part of this statement

NAPA COUNTY RESOURCE CONSERVATION DISTRICT

GOVERNMENTAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
JUNE 30, 2016**

	<u>General Fund</u>
Revenues	
Taxes	\$ 303,896
Intergovernmental	1,022,381
Use of money and property	95,192
Miscellaneous	9,017
Total Revenues	<u>1,430,486</u>
Expenditures Paid	
Salaries and benefits	906,131
Services and supplies	358,639
Debt service	
Principal	8,751
Interest	497
Capital outlay	<u>111,155</u>
Total Expenditures	<u>1,385,173</u>
Net Change in Fund Balance	45,313
Fund Balance, July 1, 2015	<u>772,193</u>
Fund Balance, June 30, 2016	<u>\$ 817,506</u>

The notes to the financial statements are an integral part of this statement

NAPA COUNTY RESOURCE CONSERVATION DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2016**

Net Change in Fund Balance - Total Governmental Funds \$ 45,313

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Capital outlay	111,155
Current year depreciation expense	(12,421)

Changes in compensated absences do not effect expenditures in the governmental funds but the change is adjusted through salary expense in the Statement of Net Position (2,093)

Changes in long-term debt do not effect liabilities in the governmental funds, but the change is adjusted through principal expense in the Statement of Net Position 8,751

Changes in proportions from the pension do not effect expenditures in the governmental funds, but the change is adjusted through expense in the government wide statement. 122,267

Certain revenues received after ninety days from the end of the fiscal year are recorded as deferred revenue in the funds and as revenues in the government wide statement. (78,164)

Change in net position of governmental activities \$ 194,808

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies

The Napa County Soil Conservation District (District) was organized on June 5, 1945, under Article 1.5, Division IX (currently Chapter 3, Division 9) of the Public Resources Code of the State of California. On December 14, 1971, the Board of Directors (Board) changed the District's name to the Napa County Resource Conservation District. The District is organized for the purposes in open areas, agricultural areas, urban development, wildlife areas, recreational developments, watershed management, the protection of water quality and water reclamation, the development of storage and distribution of water, and the treatment of each acre of land according to its needs. The District is governed by a Board of Directors that is selected pursuant to Government Code Section 1780. The basic operations of the District are financed by federal and state grants and local grants administered through Napa County.

The accounting policies of the Napa County Resource Conservation District conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with U. S. generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

No operations of other entities met the aforementioned oversight criteria for inclusion or exclusion from the accompanying financial statements in accordance with GASB Statement No. 61.

B. Basis of Presentation

Government-Wide Financial 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 government. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

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

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in separate columns. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

The District reports the following governmental fund:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

C. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after fiscal year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

When applicable, the District reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue source does not meet both the measurable and available criteria for recognition in the current period. Other than property taxes, the District considers revenue available if received within ninety-days after fiscal year end. Deferred revenues also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the occurrences of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Grants Receivable

Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

E. Capital Assets

Capital assets have been acquired for general District purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost or estimated cost where no historical records are available. The District defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are depreciated using the straight-line method over their estimated useful lives. The useful lives are as follows:

Land Improvements	20 years
Computer Equipment	3 years
Hydrologic Equipment	5 years
Field Equipment	7-20 years

F. Property Taxes

The District receives property taxes from the County of Napa (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on July 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10. Property taxes on unsecured roll are due on the July 1 lien date and become delinquent if unpaid by August 31.

The District participates in the County's "Teeter Plan" method of property tax distribution and this receives 100% of the District's apportionment each fiscal year, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest on the related delinquent taxes. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following minimum schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. Property tax is recognized when it is available and measurable. The District considers property tax as available if it is received within 60 days after fiscal year end.

G. Fund Equity

The unassigned fund balances for governmental fund represents the amount available for budgeting future operations. Unrestricted net position represents the net position available for future operations.

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

Restricted net position represents the net position legally identified for specific purposes.

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

H. Compensated Absences

Employee's eligible for paid leave, which includes leave for vacation, sick days and personal necessities, include full time and part time employees that work a minimum of 20 hours per week.

During the first five years of employment, a full time employee earns seventy-eight (78) hours of vacation and sick leave each per year and cannot carry more than eighty (80) hours into the next calendar year. Those employed five to ten years and are full time with the District earn one hundred seventeen (117) hours and may not carry more than one hundred and twenty (120) into the next calendar year. For those employed over ten years and are full time with the District earn one hundred and fifty six (156) hours and may not carry more than one hundred and sixty (160) hours into the next calendar year. Upon termination of employment from the District, an employee will be paid for vacation time accrued through the employee's last day on the payroll. No portion of accrued sick leave is paid out at termination. No current portion of this the accrued vacation liability is recorded at year-end.

I. Employee Benefits and Indirect Costs

The District's Employee Benefits and Indirect Costs are allocated based upon actual expenditures to all grants in accordance with the Office of Management and Budget Circular A-87. The District's employee benefits are allocated to grant projects as a percentage of the District's direct labor cost. Indirect costs necessary to sustain overall operations are allocated as a percentage of total allowable direct costs charged to grant projects. Contribution to indirect costs represent revenues that offset certain costs included in the Indirect Cost Pool

J. Budgetary Reporting

The District prepares an annual operating and capital budget, which is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 2: Cash and Investments

Cash and investments at June 30, 2016, consisted of the following:

Napa County	\$ 740,778
Imprest cash	300
Total cash and investments	\$ 741,078

A. Investment in Government Pool

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Napa County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2016, is as follows:

	Balance July 1, 2015	Additions	Retirements/ Adjustments	Balance June 30, 2016
Capital assets not depreciated				
Land and right of way	\$ 350,100	\$ -	\$ -	\$ 350,100
Construction in progress		79,339		79,339
Capital assets, being depreciated:				
Vineyard land improvements	32,340		-	32,340
Computer equipment	25,812			25,812
Hydrologic equipment	11,447		-	11,447
Vineyard equipment and improvements	66,876	31,816	-	98,692
Vehicles	34,392		-	34,392
Total capital assets, being depreciated	142,253	31,816	-	202,683
Less accumulated depreciation	(106,598)	(12,421)		(119,019)
Governmental activities, capital assets, net	\$ 399,142	\$ 98,734	\$ -	\$ 513,103

Current year depreciation expense of \$12,421 was charged.

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 4: Long-Term Liabilities

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Retirements/ Adjustments	Balance June 30, 2016	Due Within One Year
Governmental Activities					
Loan payable	\$ 17,739	\$ -	\$ (8,751)	\$ 8,988	\$ 8,988
Net pension liability	630,553		(110,681)	519,872	-
Compensated absences	23,365	40,714	(38,621)	25,458	19,311
Totals	<u>\$ 671,657</u>	<u>\$ 40,714</u>	<u>\$ (158,053)</u>	<u>\$ 554,318</u>	<u>\$ 28,299</u>

The District's Loan payable consist of a loan agreement with the State Revolving Fund Loan Program, dated May 23, 1997 and is due in annual installments of \$9,248 on July 23 at an interest rate of 2.8%. The proceeds were used for District improvements.

The annual requirements to amortize the loan as of June 30, 2016, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 8,988	\$ 262	\$ 9,250
Totals	<u>\$ 8,988</u>	<u>\$ 262</u>	<u>\$ 9,250</u>

Note 5: Net Position/Fund Balances

Net Position – Government-Wide Financial Statements

The government-wide financial statements utilize a net position presentation. Net position are categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balance of debt that are attributable to capital assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the District, not restricted for any project or any other purpose.

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

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 5: Net Position/Fund Balances (Continued)

Fund Balances – Governmental Funds

The District has adopted a policy for GASB Statement No. 54, Fund Balance Reporting. GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the District's various governmental funds were revised, the implementation of this standard had no effect on total fund balance.

- *Nonspendable* – The fund balance includes those amounts that are not in a spendable form or are required to be maintained intact. The District has recorded prepaid expense as Nonspendable fund balance.
- *Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources. The District has imprest cash as restricted fund balance.
- *Committed* – The fund balance includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision-making authority. The District has no committed fund balance.
- *Assigned* – The fund balance includes amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official, or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. The District has assigned fund balance for next years budget.
- *Unassigned* – The fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension Plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan is applied as specified by the Public Employees' Retirement Law.

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan

The Plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

		Miscellaneous	
		Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula		2% @ 60	2% @ 62
Benefit vesting schedule		5 years service	5 years service
Benefit payments		monthly for life	monthly for life
Retirement age		55-60	52 - 67
Monthly benefits , % of eligible compensation		1.5% to 2%	1.0% to 2%
Required employee contribution rates		7%	6.25%
Required employer contribution rates		6.709%	6.25%

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for the miscellaneous Plan was as follows:

Contributions-employer	\$	129,703
Contributions-employee (paid by employer)	\$	-

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate share of Net pension liability
Miscellaneous Plan	\$ 519,872

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension Plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the net pension liability as of measurement dates June 30, 2014 and 2015 were as follows:

Proportion - June 30, 2014	0.02551%
Proportion - June 30, 2015	0.01895%
Change - Increase (Decrease)	-0.00656%

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan

For the year ended June 30, 2016, the District recognized pension expense of \$132,602. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,572	\$ -
Changes of assumptions		(33,799)
Net difference between projected and actual earnings on pension plan investments	-	(16,944)
Changes in proportion and differences between District contributions and proportionate share of contributions	75,744	(158,558)
District contributions subsequent to the measurement date	129,703	-
Total	\$ 209,019	\$ (209,301)

\$129,703 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period

Ended June 30:

2016	\$ (47,309)
2017	(48,210)
2018	(56,123)
2019	21,657
2020	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Assumptions

	Miscellaneous
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43
Inflation Sensitive	6%	0.45%	3.36
Private Equity	10%	6.83%	6.95
Real Estate	10%	4.50%	5.13
Infrastructure and Forestland	2%	4.50%	5.09
Liquidity	2%	-0.55%	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Misc Tier I	\$ 871,703	\$ 519,872	\$ 229,222

Note 7: Deferred Inflows of Resources

Deferred inflows of resources (other than those accruing from pensions) in governmental funds arise when potential revenue does not meet the “available” criteria for recognition in the current period. Deferred inflows of resources (deferred revenue in accrual based statements) also arises when resources are received by the District before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

Note 8: Restatement of Net Position

Beginning net position was restated because of the implementation of Governmental Accounting Standards Board Statement 68 for defined benefit pension plans. The change in the proportionate share of the prior year net pension liability, deferred inflows and deferred outflows of resources resulted in a \$98,322 reduction to beginning net position.

Note 9: 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; injuries to employees; and natural disasters. The District is exposed to various risks of loss related to general liability and workers’ compensation. Insurance for the District is secured through commercial insurance for both general liability and workers’ compensation. Settlements have not exceeded insurance coverage in any of the last three years.

Note 10: Commitments and Contingencies

Grant Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.

Contingent Liability

The District is a participant in the Cal-Card, credit card program administered by U.S. Bank. As of June 30, 2016 the total credit limit available to 9 District employees was \$54,000.

Commitments

At June 30, 2016 the District has open contracts related to professional service agreements.

**NAPA COUNTY RESOURCE
CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues				
Taxes	\$ 262,600	\$ 262,600	\$ 303,896	\$ 41,296
Intergovernmental	989,300	1,075,500	1,022,381	(53,119)
Use of money and property	120,000	89,000	95,192	6,192
Miscellaneous	46,300	60,890	9,017	(51,873)
Total Revenues	<u>1,418,200</u>	<u>1,487,990</u>	<u>1,430,486</u>	<u>(57,504)</u>
Expenditures				
Salaries and benefits	941,500	918,000	906,131	11,869
Services and supplies	455,450	447,240	358,639	88,601
Debt Service				
Principal	8,751	8,751	8,751	-
Interest	499	499	497	2
Capital outlay	<u>12,000</u>	<u>113,500</u>	<u>111,155</u>	<u>2,345</u>
Total Expenditures	<u>1,418,200</u>	<u>1,487,990</u>	<u>1,385,173</u>	<u>102,817</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	45,313	<u>\$ 45,313</u>
Fund Balance, July 1, 2015			<u>772,193</u>	
Fund Balance, June 30, 2016			<u>\$ 817,506</u>	

**NAPA COUNTY RESOURCE
 CONSERVATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 JUNE 30, 2016**

<u>Actuarial Valuation Date</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
6/30/2014	0.02551%	\$630,553	\$695,347	90.68%	72.95%
6/30/2015	0.01895%	\$519,872	\$674,440	77.08%	79.25%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

**NAPA COUNTY RESOURCE
 CONSERVATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
 JUNE 30, 2016**

<u>Actuarial Valuation Date</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employees payroll</u>	<u>Contribution as a percentage of covered-employee payroll</u>
6/30/2014	\$134,948	(\$134,948)	\$0	\$695,347	19.41%
6/30/2015	\$117,030	(\$117,030)	\$0	\$674,440	17.35%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

**NAPA COUNTY RESOURCE
CONSERVATION DISTRICT
Note to Required Supplementary Information
June 30, 2016**

Budgets and Budgetary Accounting

The District is required to prepare a budget each year based on estimates of revenues and expected expenditures. The budget is adopted on a basis consistent with U.S. generally accepted accounting principles. The legal level of budgetary control is exercised at the budget unit (departmental) level. All changes to the budget during the year are reflected in these financial statements and require the approval of the governing board. All unencumbered appropriations lapse at the end of each fiscal year.

The budgetary data presented in the accompanying financial statements includes all revisions approved by the Board of Directors.

LARRY BAIN, CPA

AN ACCOUNTING CORPORATION

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lpbain@sbcglobal.net

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

Board of Directors
Napa County Resource Conservation District
Napa, California

We have audited, 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, the financial statements of the governmental activities of Napa County Resource Conservation District (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2016 .

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Napa County Resource Conservation 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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Napa County Resource Conservation 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors, management, Napa County Auditor Controllers Office and the Controller's Office of the State of California.

Larry Bain, CPA,
An Accounting Corporation
October 18, 2016



Napa County Resource Conservation District
1303 Jefferson St., Ste. 500B
Napa, California 94559
Phone: (707) 252-4189

www.naparcd.org

RESOLUTION NO. 2016-07

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NAPA COUNTY RESOURCE CONSERVATION DISTRICT ESTABLISHING A HUICHICA CREEK SUSTAINABLE VINEYARD & ORCHARD ADVISORY COMMITTEE

WHEREAS, the Napa County Resource Conservation District (RCD) is authorized by Public Resource Code 9420 to appoint advisory committees to assist in coordinating conservation programs and activities, and to share information relating to the functions or purposes of the district; and

WHEREAS, the RCD operates a sustainable agriculture demonstration project on RCD owned property in the southern Napa County, hereinafter referred to as “Huichica Creek Sustainable Vineyard & Orchard Demonstration”; and

WHEREAS, pursuant to the foregoing, the Napa County Resource Conservation District (RCD), wishes to form an advisory committee for the purpose of providing input to the operation and long-term goals of the RCD’s Huichica Creek Sustainable Vineyard & Orchard Demonstration property;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The RCD Board hereby establishes a Huichica Creek Sustainable Vineyard & Orchard Advisory Committee to provide input related to the operation and long-term goals of the RCD’s program.
2. The committee shall be composed of members appointed by the RCD Board of Directors each calendar year, in January, or following an unexpected vacancy, as follows:
 - a. No more than three RCD Board Directors;
 - b. Interested Associate Directors; and
 - c. Up to five members of the public with knowledge in sustainable agriculture and property management.
3. A quorum of the committee shall be at least one (1) member from group (a) and two (2) members from groups (a) through (c) of Paragraph 2, above.
4. The Huichica Creek Sustainable Vineyard & Orchard Advisory Committee shall be a standing committee for purposes of the Brown Act (Government Code 54950 et seq.) due to its continuing subject matter jurisdiction, but due to nature of the subject matter, all meetings of the Huichica Creek Vineyard & Orchard Advisory Committee shall be “Special Meetings,” as defined and regulated by the Brown Act.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED by the Board of Directors of the Napa County Resource Conservation District at a regular meeting of the Board held on the 10th day of November, 2016, by the following vote:

AYES:

NOES:

ABSENT:

Signed: _____
Beth Painter, Board President, NCRCD

ATTEST: Anna Mattinson,
Secretary of the Napa County Resource Conservation District



Proposed Vineyard WDR Discussion

October 24, 2016

Attendees: Beth Painter, Debra Dommen, Molly Moran, Brian Bordona, Patrick Lowe, Wesley Salter, Bernhard Krevet, Jamison Crosby, Michelle Novi, Michelle Benvenuto, Erica Yelensky, Bob Zlomke, Jonathan Koehler, Jim Ponton, Mike Napolitano, Frances Knapczyk, Charles Schembre, Leigh Sharp, Jeff Sharp, Shari Gardner, Bill Pramuk, Ashley Anderson

1. Update from Water Board

Water Board received 13 comment letters during the comment period for the Draft EIR. 6 of the letters specifically discussed issues pertaining in the Draft EIR.

2. Third Party Qualified Professionals

RCD Comment: Water Board approval requirements should not be too burdensome for third party qualified professionals interested in assisting with Plan development.

WB Comment: Water Board staff has decided that it would be best if they were not in the position of approving individual professionals because of liability, possible interference with professional certifications, and lack of staffing to properly vet professionals.

Vineyards operators will need to work with Water Board approved third party certification program(s) or Water Board to get certified. WB will encourage independent professionals to work with approved third party farm plan templates.

Tier 2 will include vineyards that work with an approved third party. Tier 3 will include vineyards that submit their plan to WB for approval.

3. Economic Hardship

RCD Comment: RCD estimates it may cost \$50k-\$300k per mile to treat roads to performance standards in WDR; the WB's estimate that 75% of the cost will be paid for by public funds is not realistic; BMP effectiveness monitoring, as proposed in the WDR, is likely to be expensive and especially burdensome for family business.

WB Comment: WB does not want to create financial hardship. WB designed performance standards for roads so that actions would likely be Categorical Exempt under CEQA and not require permits. Meeting performance standards for unpaved roads may require road surface drainage treatments, critical dips and trash racks (to reduce plug potential, diversion potential), rolling dips and ditch relief culverts. These treatments should be inexpensive relative to treating stream crossings. WB estimates \$25K per mile for this type of road improvement work. WB anticipates that there will be sufficient grant funds to reduce burden for those with hardship.

WB estimates that in Napa River watershed, 100-200 miles of roads need to be treated to achieve 25% disconnection from waterways. WB estimates 100K/year will be available from public funds, and road work will cost, at most, \$25K per mile. WB estimates \$2,500,000 price tag to fix roads. Landowners have ten years to achieve performance standards. WB estimates do take into account prevailing wage.

WB would like to reconcile difference in cost estimates between WB and RCD. RCD agreed.

4. BMP Effectiveness Monitoring

RCD Comment: TMDL target monitoring is recommended as the way to monitor progress on meeting goals related to sediment delivery. RCD recommends using an academic approach to evaluate BMP effectiveness, and recommends against individual landowners or entities conducting BMP effectiveness monitoring, as is proposed in the WDR.

WB Comment: WB staff agrees and will follow up with RCD to determine appropriate program for TMDL target (scour, gravel permeability) monitoring. Group monitoring will require an administrator to collect funds and oversee the program and reporting.

WB still wants to evaluate bmp effectiveness, but has decided to do so outside the WDR process.

5. Consideration of Fisheries Monitoring Results

RCD Comment: Based on 8 years of fisheries monitoring, RCD opines that the goal of a self-sustaining chinook salmon population is misguided – it may be unachievable, and there is no evidence to suggest this existed in the Napa River. Steelhead should be focus of limited energy and public funds available for restoration. Lack of summer time flow, base flow persistence, and habitat connectivity are suspected to be main limiting factors in the watershed for steelhead recovery. RCD worries that the focus on sediment delivery is a distraction from working with landowners to improve base flow persistence. Napa River is currently producing big/healthy steelhead smolts, which suggests habitat conditions are pretty good. Sediment TMDL and Basin Report were based on a series of hypotheses that have since been discredited by RCD research and monitoring. RCD has found that where there is flow, there are fish.

WB Comment: WB's goal is to create a robust resilient steelhead population. To build the steelhead population size, WB thinks that it is important to address all stressors on their lifecycle. The sediment TMDL goal is to create functioning condition, more living space, and better habitat conditions. Especially in drought, important to have properly functioning main stem and lower reaches.

6. Additional Comments/Questions from Group

Comment: Requirements for stream setbacks to meet Tier 1 standard should be revised to allow pumps and pipes for needed infrastructure.

WB Comment: WB agrees and exclusion of pipelines and pumps will be removed from WDR's setback requirements for meeting the Tier 1 category.

WB estimates that 20% of FFF certified vineyards may qualify for Tier 1.

WB wants to create good incentives for vineyards to achieve Tier 1 status, and is interested in suggestions from the community.

Comment: Tier 3 participants should not be denied access to participate in group monitoring.

WB Comment: WB staff agrees. However, WB staff has to develop some form of monitoring for individuals who do not select to participate in group monitoring. WB staff would like to see independent efforts contribute to knowledge about the effectiveness of different BMPs and welcomes input from the community as to how that could be done.

Question: Will water diversion infrastructure and drainage pipes in stream setbacks be permissible for Tier 1 status?

WB Comment: WB answered yes.

Question: Will certified plans with planned managed retreats from streams be permissible for Tier 1 status?

WB Comment: WB indicated that landowners working under a WB approved restoration plan, such as the Carneros Project or the Napa River Restoration Project, would be eligible. It was less clear whether individual certified plans with planned retreat would be eligible for Tier 1 status.

Question: Will WDR prevent deep ripping?

WB Comment: WB answered no, however, it does not agree with modeling results that show deep ripping can improve permeability.

Comment: *Inclusion of parcels that do not have vineyards but are under the same ownership and contiguous to parcels that have vineyard might have unintended consequences, such as push owners to develop or sell to developer.*

WB comment: WB answered that inclusion of those parcels is the way they can achieve 90% implementation of performance standards in the watershed. WB estimates that financial burden on non-vineyard parcels will be minimal, assuming its estimates for road treatments are accurate.

Question: When calculating vineyard acreage to know whether you need to enroll in the program is it net vineyard acres?

WB Comment: Yes, net. The calculation includes only the planted acreage.

7. Water Board Next Steps

WB welcomes follow-up conversations with anyone interested in discussing the draft WDR program. They welcome input and want the results of the program to be effective.

WB will consult with RCD to determine sound estimate for road erosion control costs.

WB will consult with RCD to discuss approach and costs for TMDL targets monitoring and what it would take to have centralized group monitoring option.

WB is planning for a Board hearing of the revised (based on public comment) WDR in March 2017

Napa County Resource Conservation District A/R Aging Summary

As of November 2, 2016

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	
Carneros/Huichica Streamgages	0.00	1,059.42	0.00	767.97	0.00	1,827.39	
City of Napa	0.00	1,182.35	0.00	0.00	0.00	1,182.35	
DFW DRY SEASON	0.00	463.76	0.00	0.00	0.00	463.76	
DFW WING CANYON	0.00	15,324.36	-0.01	0.00	0.00	15,324.35	9/16 Invoice
DWR CEMAR Fisheries Monitoring	0.00	0.00	0.00	0.00	10,777.57	10,777.57	6,539.01 Inv. 4,238.56 retention
DWR Mobile Irrigation Lab	0.00	3,975.11	3,569.37	757.14	22,093.58	30,395.20	15K Inv, 15K retention
EPA - 319(h) Wing Canyon	0.00	95,601.71	106,439.06	0.00	39.89	202,080.66	2 large invoices
FCD - NCSPPP Support	0.00	22,904.18	0.00	0.00	0.00	22,904.18	1 Invocie
FONR KAYAK	0.00	0.00	0.00	5,524.20	0.00	5,524.20	
FONR YOUTH	0.00	0.00	0.00	0.00	379.56	379.56	
JW Oaks	0.00	0.00	0.00	0.00	-22,000.00	-22,000.00	Deferred Revenue
LandSmart Davies Ag Fund	0.00	0.00	214.52	0.00	0.00	214.52	
Napa Valley Vintners RST	0.00	0.00	0.00	0.00	-3.56	-3.56	
NBWA - LandSmart	0.00	-450.74	0.00	450.74	0.00	0.00	
NBWA CONF.	0.00	0.00	0.00	0.00	1,447.80	1,447.80	
NRCS MALT	0.00	5,064.26	8,084.45	9,080.86	0.00	22,229.57	3 Invoices
PG&E OAKS	0.00	0.00	0.00	-5,000.00	0.00	-5,000.00	Deferred Revenue
Public Works RRR	0.00	560.05	0.00	-60.74	0.00	499.31	
Putah Creek Watershed Group - Ag Waiver	0.00	176.82	0.00	-7.68	0.00	169.14	
RCD	0.00	0.00	0.00	0.00	0.00	0.00	
SCC MRCD	0.00	1,926.70	942.58	0.00	0.00	2,869.28	
SRCD LANDSMART	0.00	0.00	380.90	0.00	0.00	380.90	
SRCD MIL	0.00	0.00	0.00	1,433.97	0.00	1,433.97	
State Coastal Conservancy	0.00	4,488.57	191.22	192.34	1,943.70	6,815.83	
SWRCB BALE SLOUGH	0.00	2,860.88	7,518.01	0.00	0.00	10,378.89	2 Invoices
SWRCB LS	0.00	0.00	1,393.95	3,676.75	0.00	5,070.70	
WICC	0.00	4,326.80	4,886.33	-0.01	0.00	9,213.12	2 Invoices
TOTAL	0.00	159,464.23	133,620.38	16,815.54	14,678.54	324,578.69	

Estimated Cash Available

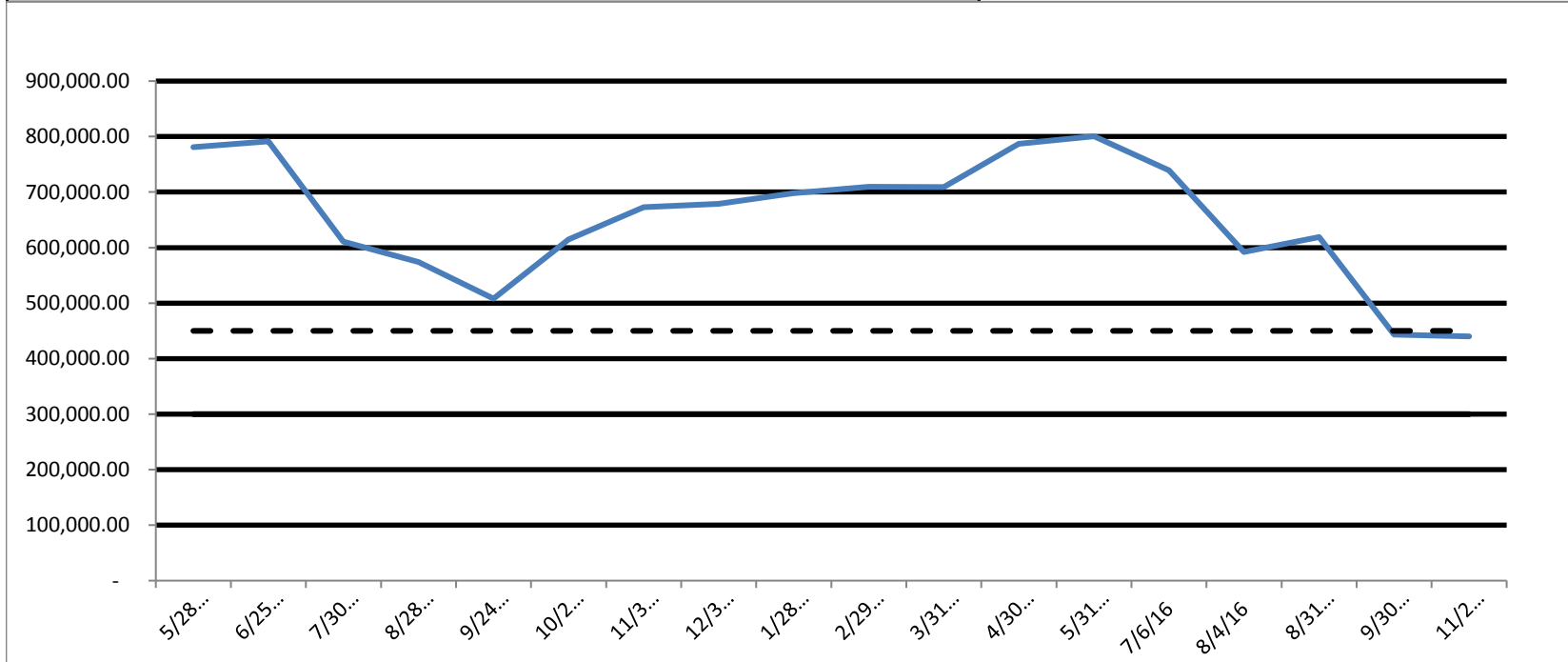
AS OF

CASH AVAILABLE	11/2/2016	\$	444,041.25
ACCOUNTS RECEIVABLE		\$	324,578.69
CASH AVAILABLE + ACCOUNTS RECEIVABLE		\$	768,619.94
Current Liabilities (estimated)			
Payroll ending 10/21/16			31,380.23
Accrued Vacation 10/21/16			21,966.64
Accrued Sick 10/21/16			30,767.54
Current Batch (estimated)			33,000.00
Deferred Revenue(earmarked)	11/2/2016	\$	27,000.00
TOTAL		\$	144,114.41
NET CASH AVAILABLE (including accounts receivable & current liability)		\$	624,505.53

* Deferred Rev.	Received
22,000.00 JW Oaks	7/13/2016
5,000.00 PG&E Oaks	8/26/2016

27,000.00 Total

* All of the deferred revenue listed above falls under the Other Grants category in the budget.





A Tradition of Stewardship
A Commitment to Service

Periods 1-3, 2016

		Budget						Budget vs	Percent of	Notes
		Adopted Budget	Adjustments	Adjusted Budget	Encumbrances	Actual YTD	YTD Total	Actual	Budget	
Revenues										
41100	Property Taxes-Current Secured	250,000.00	-	250,000.00	-	26.44	26.44	249,973.56	0.01%	
41150	Property Taxes - Cur Unsecured	10,000.00	-	10,000.00	-	-	-	10,000.00	0.00%	
41200	Property Taxes - PY Secured	200.00	-	200.00	-	-	-	200.00	0.00%	Property taxes are deposited later in the
41205	Property Taxes - PY Unsecured	200.00	-	200.00	-	-	-	200.00	0.00%	year
41300	Suppl Property Taxes - Current	5,000.00	-	5,000.00	-	-	-	5,000.00	0.00%	
41305	Suppl Property Taxes - Pr Year	100.00	-	100.00	-	-	-	100.00	0.00%	
43410	State-Coastal Conservancy	59,500.00	-	59,500.00	-	14,592.54	14,592.54	45,798.53	24.53%	On target
43415	State-Dept of Fish and Game	82,300.00	-	82,300.00	-	38,550.33	38,550.33	59,826.36	46.84%	Construction Project Work Done
43425	State-Dept of Water Resources	75,000.00	-	75,000.00	-	22,757.46	22,757.46	57,363.05	30.34%	On target
43790	State-Other Funding	3,500.00	-	3,500.00	-	1,433.97	1,433.97	2,066.03	40.97%	Project almost complete
43890	Federal-Other Funding	462,850.00	-	462,850.00	-	257,077.89	257,077.89	312,495.72	55.54%	Major Construction Work Done
43910	County of Napa	126,500.00	-	126,500.00	-	27,359.56	27,359.56	114,116.79	21.63%	On target
43915	Napa County Flood Control Distr	215,370.00	-	215,370.00	-	46,213.36	46,213.36	191,710.82	21.46%	On target
43950	Other-Governmental Agencies	15,000.00	-	15,000.00	-	4,276.33	4,276.33	11,906.02	28.51%	On target
45100	Interest	4,000.00	-	4,000.00	-	-	-	4,000.00	0.00%	
45200	Dividends/Rebates	1,500.00	-	1,500.00	-	335.15	335.15	1,164.85	22.34%	On target
47110	Sales - Non-Taxable	95,000.00	-	95,000.00	-	57,212.99	57,212.99	95,000.00	60.22%	Grape harvest low
47150	Other Grants	41,300.00	-	41,300.00	-	32,821.60	32,821.60	37,398.58	79.47%	includes LHB at \$31,762.00
47500	Donations and Contributions	7,450.00	-	7,450.00	-	816.76	816.76	6,633.24	10.96%	GiveGuide and events later in year
47900	Miscellaneous	1,000.00	-	1,000.00	-	-	-	1,000.00	0.00%	
Total Revenues		1,455,770.00	-	1,455,770.00	-	249,816.45	249,816.45	1,205,953.55	17.16%	
Expenses										
51100	Salaries and Wages	691,902.00	-	691,902.00	-	135,620.31	135,620.31	556,281.69	19.60%	On target
51105	Extended Hours	2,617.00	-	2,617.00	-	-	-	2,617.00	0.00%	
51110	Extra Help	3,000.00	-	3,000.00	-	859.50	859.50	2,140.50	28.65%	Future amendment
51300	Medicare	10,114.00	-	10,114.00	-	1,978.93	1,978.93	8,135.07	19.57%	
51305	FICA	-	-	-	-	53.29	53.29	(53.29)	0.00%	
51400	Employee Insurance-Premiums	58,103.00	-	58,103.00	-	16,073.40	16,073.40	42,029.60	27.66%	
51405	Workers Compensation	6,000.00	-	6,000.00	-	6,751.85	6,751.85	(751.85)	112.53%	Payment complete
51410	Unemployment Compensation	4,340.00	-	4,340.00	-	53.29	53.29	4,286.71	1.23%	
51600	Retirement	143,924.00	-	143,924.00	-	101,534.20	101,534.20	42,389.80	70.55%	Large lump sum paid in July
Total for: Salaries and Benefits		920,000.00	-	920,000.00	-	262,924.77	262,924.77	657,075.23	28.58%	



A Tradition of Stewardship
A Commitment to Service

Periods 1-3, 2016

		Budget		Encumb	Actual YTD	YTD Total	Budget vs	Percent of	Notes
		Adopted Budget	Adjustme nts						
52115	Property Tax/Assessment Admin	3,500.00	-	3,500.00	-	-	3,500.00	0.00%	Later in year
52120	Agricultural Services	89,240.00	-	89,240.00	-	16,456.23	72,783.77	18.44%	On target
52125	Accounting/Auditing Services	31,500.00	-	31,500.00	-	1,475.00	30,025.00	4.68%	Audit cost pending
52130	Information Technology Service	28,450.00	-	28,450.00	-	2,042.53	26,407.47	7.18%	
52140	Legal Services	4,000.00	-	4,000.00	-	-	4,000.00	0.00%	1st quarter bill not showing ~\$1K
52360	Construction Services	188,575.00	-	188,575.00	-	96,248.85	92,326.15	51.04%	Project almost complete
52490	Other Professional Services	44,250.00	-	44,250.00	-	10,066.57	34,183.43	22.75%	
52500	Maintenance-Equipment	1,000.00	-	1,000.00	-	476.00	524.00	47.60%	May need to amend
52510	Maintenance-B&I-PW Charges	2,380.00	-	2,380.00	-	-	2,380.00	0.00%	This should be Maint - Software
52515	Maintenance-Software	-	-	-	-	127.98	(127.98)	0.00%	
52520	Maintenance-Vehicles	2,500.00	-	2,500.00	-	422.09	2,077.91	16.88%	
52605	Rents and Leases - Bldg/Land	29,000.00	-	29,000.00	-	6,000.00	23,000.00	20.69%	
52705	Insurance - Premiums	12,125.00	-	12,125.00	-	9,189.82	2,935.18	75.79%	Mostly paid for year
52800	Communications/Telephone	3,600.00	-	3,600.00	-	2,294.79	1,305.21	63.74%	May need to amend
52820	Printing & Binding	3,100.00	-	3,100.00	-	558.38	2,541.62	18.01%	Later in year
52840	Permits/License Fees	1,500.00	-	1,500.00	-	-	1,500.00	0.00%	Later in year
52900	Training/Conference Expenses	6,500.00	-	6,500.00	-	681.80	5,818.20	10.49%	
52905	Business Travel/Mileage	5,175.00	-	5,175.00	-	640.54	4,534.46	12.38%	
53100	Office Supplies	2,500.00	-	2,500.00	-	114.84	2,385.16	4.59%	
53110	Freight/Postage	600.00	-	600.00	-	25.86	574.14	4.31%	
53120	Memberships/Certifications	7,400.00	-	7,400.00	-	6,000.00	1,400.00	81.08%	Mostly paid for year
53345	Construction Supplies/Material	50,475.00	-	50,475.00	-	17,137.02	33,337.98	33.95%	
53400	Minor Equipment/Small Tools	4,550.00	-	4,550.00	-	1,050.20	3,499.80	23.08%	
53600	Special Departmental Expense	4,250.00	-	4,250.00	-	-	4,250.00	0.00%	Should be Meals & Supplies
53650	Business Related Meal/Supplies	-	-	-	-	141.63	(141.63)	0.00%	
Total for: Services and Supplies		526,170.00	-	526,170.00	-	171,150.13	355,019.87	32.53%	
54325	Administration - Other LT Debt	9,250.00	-	9,250.00	-	-	9,250.00	0.00%	
54500	Taxes and Assessments	350.00	-	350.00	-	-	350.00	0.00%	
Total for: Other Expenses		9,600.00	-	9,600.00	-	-	9,600.00	0.00%	
Total Expenditures		1,455,770.00	-	1,455,770.00	-	434,074.90	1,021,695.10	29.82%	
Net Surplus (Deficit)		-	-	-	-	(184,258.45)	(184,258.45)		Expenses exceed revenue, as expected.



A Tradition of Stewardship
A Commitment to Service

Periods 1-3, 2016

	Budget								
	Adjusted	Adjusted	Encumb			Budget vs	Percent of		
	Budget	Budget	rances	Actual YTD	YTD Total	Actual	Budget	Notes	
	Adopted Budget	ments							
33100 - Available Fund Balance				864,819.51					
Net Surplus (Deficit)				<u>(184,258.45)</u>					
33100 - Ending Fund Balance				<u>680,561.06</u>					

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
DRAFT Annual Budget Amendment No. 1, Fiscal Year 2016/2017:

REVENUE

DESCRIPTION	ACCOUNT	June 9, 2016	Change	Nov. 10, 2016	NOTES
TAXES AND INTEREST					
TOTAL TAXES AND INTEREST		\$ 271,000	\$ -	\$ 271,000	
INTERGOVERNMENTAL REVENUES					
State: Dept. of Conservation	43420	-	-	-	
State: Dept. of Water Resources	43425	75,000	-	75,000	
State: Coastal Conservancy	43410	59,500	-	59,500	
State: Dept. of Fish and Wildlife	43415	82,300	-	82,300	
State: Other	43790	3,500	-	3,500	
Federal: Other	43890	462,850	-	462,850	
County: Napa	43910	126,500	-	126,500	
County: Flood Control District	43915	215,370	1,000	216,370	1 (5)
Other Governmental Agencies	43950	15,000	-	15,000	
TOTAL INTERGOVERNMENTAL		\$ 1,040,020	\$ 1,000	\$ 1,041,020	
OTHER REVENUES					
Professional Services/Other Grants	47150	41,300	33,800	75,100	2 (6)(7)
Sales: Non Taxable	47110	95,000	-	95,000	
Donations/Membership/Events (DME)	47500	7,450	-	7,450	
Miscellaneous	47900	1,000	-	1,000	
TOTAL OTHER REVENUES		\$ 144,750	\$ 33,800	\$ 178,550	
TOTAL REVENUE		\$ 1,455,770	\$ 34,800	\$ 1,490,570	

EXPENDITURES

DESCRIPTION	ACCOUNT				
SALARIES & EMPLOYEE BENEFITS					
TOTAL SALARIES AND BENEFITS		\$ 920,000	\$ -	\$ 920,000	
SERVICES					
Property Tax Assessment Fee	52115	3,500	-	3,500	
Agricultural Services	52120	89,240	(11,700)	77,540	3
Accounting and Auditing Services	52125	31,500	-	31,500	
IT Services	52130	28,450	550	29,000	4 (6)
Legal Services	52140	4,000	-	4,000	
Maintenance: Equipment	52500	1,000	-	1,000	
Maintenance: Software	52515	2,380	-	2,380	
Maintenance: Vehicle	52520	2,500	-	2,500	
Rents and Leases	52605	29,000	-	29,000	
Insurance	52705	12,125	-	12,125	
Communications/Advertising	52800	3,600	3,000	6,600	5 (1)(6)
Printing & Binding	52820	3,100	-	3,100	
Permits / License Fees	52840	1,500	-	1,500	
Training/Conference Expenses	52900	6,500	-	6,500	
Business Travel/Mileage	52905	5,175	-	5,175	
Other Professional Services	52490	44,250	(750)	43,500	6 (2)(4)(5)
Construction Services	52360	188,575	42,425	231,000	7 (2)(8)
TOTAL SERVICES		\$ 456,395	\$ 33,525	\$ 489,920	
SUPPLIES & OTHER					
Office Supplies	53100	2,500	-	2,500	
Memberships/Certifications	53120	7,400	-	7,400	
Minor Equipment	53400	4,550	-	4,550	
Postage/Delivery	53110	600	-	600	
Business Related Meals/supplies/awards	53560	4,250	-	4,250	
Construction/Field/Project Supplies	53345	50,475	(21,125)	29,350	8 (7)(9)
Long-Term Debt: State Revolving Fund Loan	54325	9,250	-	9,250	
Taxes and Assessments	54500	350	-	350	
TOTAL SUPPLIES & OTHER		79,375	(21,125)	58,250	
CAPITAL ASSETS					
Land Improvements	55150	-	11,700	11,700	3
Infrastructure	55500	-	10,700	10,700	9 (8)
TOTAL CAPITAL ASSETS		-	22,400	22,400	
TOTAL EXPENDITURES		\$ 1,455,770	\$ 34,800	\$ 1,490,570	

Add to / (Use of) Fund Balance	\$	(0)	\$	-	\$	(0)
DIFFERENCE (REVENUE - EXPENSE)	\$	-	\$	-	\$	-

NAPA COUNTY RESOURCE CONSERVATION DISTRICT
DRAFT Budget - Amendmend No. 1, Fiscal Year 2016/2017

DESCRIPTION OF PROPOSED CHANGES

1. Added revenue consistent with contract to pay for advertising for stormwater events (related to note #5)
2. Revenue from Lighthouse for the Blind (\$32,000) to cover a portion of added construction expense at Wing Canyon (related to note #7). Contribution by private contributor (\$1,800) for VHS Raingarden (related to note #6)
3. Budget line item transfer. \$11,700 from Agricultural Services to Capital Asset: Land Improvement for HCV Replant.
4. Added IT expense to purchase data plan to operate iPads. Expense is offset by reduction in professional services (related to note #6).
5. Added communication/advertising expense for stormwater events (\$1,000 offset by FCD #1) and volunteer appreciation shirts (\$2000 offset by transfer from professional services #6).
6. Reflects net change of adding \$1800 to professional services related to VHS raingarden (note #2) and transferring \$2,550 from professional services (\$2000 to communication/advertising (note #5) and \$550 to ITS (note #4)).
7. Reflects increased cost of construction at Wing Canyon. This added expense is offset by revenue from Lighthouse (\$32,000) and a tranfer of funds (\$10,425) from construction supplies to construction services (notes #2 and 8 respectively)
8. Budget line item transfer. \$10,425 transfer from Construction Supplies to Construction Services (note #7). \$10,700 from construction supplies to capital asset for a culvert associated with the Wing Canyon project (note #9).
9. Transferred from construction supplies to capital asset for culvert associated with Wing Canyon project (note #8).