

**NAPA COUNTY  
LOCAL TRANSPORTATION FUND  
  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**NAPA COUNTY  
LOCAL TRANSPORTATION FUND  
JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the  
Board of Supervisors of Napa County  
Napa, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Napa County Local Transportation Fund (the Fund), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents. The June 30, 2020 summarized comparative information has been derived from the 2020 financial statements and is included for additional analysis only.

### 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, as it relates to the Fund, relevant to the County of Napa's (the County) 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 County's internal control as it relates to the Fund. 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund, as of June 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed, in Note 1, the financial statements present only the Fund and do not purport, and do not, present fairly the financial position of the County as of June 30, 2021, the changes in its financial position, or where applicable, its cash flows for the fiscal year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The Schedule of Allocations and Expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the County's internal control over financial reporting as it relates to the Fund 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 solely 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 the effectiveness of the County's internal control over financial reporting or on compliance as it relates to the Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance as it relates to the Fund.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
December 30, 2021

**NAPA COUNTY  
LOCAL TRANSPORTATION FUND  
STATEMENT OF ASSETS AND LIABILITIES  
JUNE 30, 2021  
(WITH COMPARATIVE TOTALS)**

	2021	2020
<b>Assets</b>		
Cash and Investments	\$ 8,417,631	\$ 2,647,991
Due from Other Governments	617,772	2,486,395
Total Assets	\$ 9,035,403	\$ 5,134,386
<b>Liabilities</b>		
Due to Other Governments	\$ 9,035,403	\$ 5,134,386
Total Liabilities	\$ 9,035,403	\$ 5,134,386

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

**NAPA COUNTY  
LOCAL TRANSPORTATION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS)**

	<u>2021</u>	<u>2020</u>
<b>Additions</b>		
Sales Tax	\$ 8,749,998	\$ 8,803,144
Interest	57,923	81,192
Returned Allocations	617,772	2,486,395
	<u>9,425,693</u>	<u>11,370,731</u>
<b>Deductions</b>		
County of Napa	43,750	44,016
City of Calistoga	68,691	-
City of American Canyon	-	348,751
City of Napa	-	11,767
City of St. Helena	-	75,000
Napa Valley Transportation Authority	5,133,840	12,208,670
Metropolitan Transportation Commission	278,395	308,110
	<u>5,524,676</u>	<u>12,996,314</u>
Change in Assets and Liabilities	3,901,017	(1,625,583)
Due to Other Governments - Beginning of Year	<u>5,134,386</u>	<u>6,759,969</u>
Due to Other Governments - End of Year	<u>\$ 9,035,403</u>	<u>\$ 5,134,386</u>

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

**NAPA COUNTY  
LOCAL TRANSPORTATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The financial statements of the Napa County Local Transportation Fund (the Fund) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Fund applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. The Reporting Entity

Napa County (the County) receives sales tax revenues generated within the County directly from the State Board of Equalization. These sales tax revenues are used for specified transportation and road improvement projects within the County. The Metropolitan Transportation Commission, as the regional transportation authoritative entity, authorizes and approves how these funds are to be spent. Generally, these funds are restricted to public transportation, bike path, and street and road improvement projects.

The financial statements are intended to present the financial position and changes in financial position of only those transactions attributable to the Fund and is not intended to present fairly the financial position and results of operations of the County in conformity with GAAP.

B. Basis of Presentation

Government-Wide Financial Statements

GASB Statement No. 34 implemented an additional set of statements called the government-wide financial statements consisting of the Statement of Net Position and the Statement of Activities. It also implemented a section entitled “Management’s Discussion and Analysis” (MD&A). Since these provisions of GASB Statement No. 34 apply to legally created state and local governmental entities and not to reports on individual funds such as this one, the MD&A, government-wide Statement of Net Position, and government-wide Statement of Activities have not been presented and included in these financial statements.

Fund Financial Statements

The accounts of the Fund are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Fund is a fiduciary fund specifically categorized as a Custodial Fund. Custodial Funds account for assets held by the County as an agent for others.

C. Basis of Accounting

Custodial funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The accrual basis of accounting is used to determine the appropriate asset and liability accounts. The additions and deletions as provided in the supplemental information section are according to Metropolitan Transportation Commission’s requirements.

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

D. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**NOTE 2 – DUE FROM OTHER GOVERNMENTS**

The Fund allocates monies by way of an allocation instruction from the Metropolitan Transportation Commission to the Napa Valley Transportation Authority (NVTA) for transit purposes. According to the provisions of Section 6634 of the Transportation Development Act, the NVTA is only eligible to receive Fund allocations to cover its actual operating cost, less state, federal, and other local grants; fare revenues; and other support. For the fiscal year ended June 30, 2021, the Fund allocations made to the NVTA resulted in the NVTA receiving Fund allocations of \$617,772 in excess of its operating cost and this amount was recorded as such on these financial statements.

**NOTE 3 – DUE TO OTHER GOVERNMENTS**

The Fund has been appropriately classified as a Custodial Fund and any assets in excess of liabilities are classified as due to other governments since the County acts as a caretaker for the funds which are due to various governmental agencies within the County. The funds are allocated and disbursed in conformance with allocation instructions from the Metropolitan Transportation Commission.

**NOTE 4 – CASH AND INVESTMENTS**

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

Required disclosures for the Fund's deposit and investment risks at June 30, 2021, are as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	1.11 years weighted average maturity

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value. The County has no deposit or investment policy that addresses a specific type of risk.

**NOTE 5 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 30, 2021, which is the date that the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in these financial statements.

**SUPPLEMENTAL INFORMATION**

**NAPA COUNTY  
LOCAL TRANSPORTATION FUND  
SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Entity/Public Utilities Code (PUC) Section	Allocations Outstanding June 30, 2020	2020/2021			Allocations Outstanding June 30, 2021
		Allocated	Expended	Expired	
County of Napa 99233.2	\$ -	\$ 43,750	\$ 43,750	\$ -	\$ -
Total	-	43,750	43,750	-	-
City of American Canyon 99233.3	53,000	-	-	-	53,000
Total	53,000	-	-	-	53,000
City of Calistoga 99233.3	85,612	117,341	68,691	2,953	131,309
Total	85,612	117,341	68,691	2,953	131,309
City of St. Helena 99233.3	50,000	-	-	-	50,000
Total	50,000	-	-	-	50,000
Napa Valley Transportation Authority (NVTA) 99233.3	-	89,928	-	-	89,928
99233.7/999275	-	382,540	382,540	-	-
99260A	677,380	6,260,721	3,497,200	-	3,440,901
99400C	-	508,000	508,000	-	-
99400D	-	746,100	746,100	-	-
Total	677,380	7,987,289	5,133,840	-	3,530,829
Metropolitan Transportation Commission 99233.2	-	278,395	278,395	-	-
Total	-	278,395	278,395	-	-
Grand Total	<u>\$ 865,992</u>	<u>\$ 8,426,775</u>	<u>\$ 5,524,676</u>	<u>\$ 2,953</u>	<u>\$ 3,765,138</u>

## **OTHER REPORTS**

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

To the Honorable Members of the  
Board of Supervisors of Napa County  
Napa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Napa County Local Transportation Fund (the Fund), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated December 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Napa's (the County) internal control over financial reporting (internal control) relevant to the Fund as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control relevant to the Fund. Accordingly, we do not express an opinion on the effectiveness of the County's internal control relevant to the Fund.

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 Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 relevant to the Fund and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance relevant to the Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance relevant to the Fund. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
December 30, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH THE STATUTES,  
RULES, AND REGULATIONS OF THE CALIFORNIA TRANSPORTATION  
DEVELOPMENT ACT AND THE ALLOCATION INSTRUCTIONS AND  
RESOLUTIONS OF THE METROPOLITAN TRANSPORTATION COMMISSION**

To the Honorable Members of the  
Board of Supervisors of Napa County  
Napa, California

We have audited the financial statements of the Napa County Local Transportation Fund (the Fund) as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated December 30, 2021. 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.

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial statements. Additionally, we performed tests to determine that allocations made and expenditures paid by the Fund were made in accordance with the allocation instructions and resolutions of the Metropolitan Transportation Commission (MTC) and in conformance with the California Transportation Development Act (TDA). Specifically, we performed the tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to the Fund. Based on these procedures, we noted no instances of noncompliance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the MTC.

**Restriction on Use**

This report is intended solely for the information and use of Napa County management, the Metropolitan Transportation Commission, the California Department of Transportation, and the California State Controller's Office and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
December 30, 2021