

**NAPA COUNTY
LOCAL TRANSPORTATION FUND

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**NAPA COUNTY
LOCAL TRANSPORTATION FUND
JUNE 30, 2022**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
 <u>Financial Statements</u>	
Statement of Assets and Liabilities	4
Statement of Changes in Assets and Liabilities	5
Notes to the Financial Statements	6
 <u>Supplemental Information</u>	
Schedule of Allocations and Expenditures	8
 <u>Other Reports</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9
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	11

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Local Transportation Fund (the Fund) of Napa County (the County), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents. The June 30, 2021 summarized comparative information has been derived from the 2021 financial statements and is included for additional analysis only.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund of the County, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2022, or the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 relating to the Fund. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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. Such information 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. The 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 21, 2022, on our consideration of the County's internal control over financial reporting internal control relating 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 internal control relating 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 internal control relating to the Fund.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 21, 2022

NAPA COUNTY
LOCAL TRANSPORTATION FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2022
(WITH COMPARATIVE TOTALS)

	2022	2021
Assets		
Cash and Investments	\$ 11,366,276	\$ 8,417,631
Due from Other Governments	163,517	617,772
	\$ 11,529,793	\$ 9,035,403
Total Assets		
Liabilities		
Due to Other Governments	\$ 11,529,793	\$ 9,035,403
	\$ 11,529,793	\$ 9,035,403
Total Liabilities		

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, 2022
(WITH COMPARATIVE TOTALS)**

	<u>2022</u>	<u>2021</u>
Additions		
Sales Tax	\$ 11,275,897	\$ 8,749,998
Interest	72,889	57,923
Returned Allocations	<u>163,517</u>	<u>617,772</u>
 Total Additions	 <u>11,512,303</u>	 <u>9,425,693</u>
 Deductions		
County of Napa	56,380	43,750
City of Calistoga	131,309	68,691
Napa Valley Transportation Authority	8,437,473	5,133,840
Metropolitan Transportation Commission	<u>392,751</u>	<u>278,395</u>
 Total Deductions	 <u>9,017,913</u>	 <u>5,524,676</u>
 Change in Assets and Liabilities	 2,494,390	 3,901,017
 Due to Other Governments - Beginning of Year	 <u>9,035,403</u>	 <u>5,134,386</u>
 Due to Other Governments - End of Year	 <u>\$ 11,529,793</u>	 <u>\$ 9,035,403</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, 2022**

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 are 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 to the Napa Valley Transportation Authority (NVTA) for transit purposes by way of an allocation instruction from the Metropolitan Transportation Commission. 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, 2022, the Fund allocations made to the NVTA resulted in the NVTA receiving Fund allocations of \$163,517 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, 2022, 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 21, 2022, 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, 2022**

Entity/Public Utilities Code (PUC) Section	Allocations Outstanding June 30, 2021	2021/22			Allocations Outstanding June 30, 2022
		Allocated	Expended	Expired	
County of Napa					
99233.2	\$ -	\$ 56,380	\$ 56,380	\$ -	\$ -
Total	-	56,380	56,380	-	-
City of American Canyon					
99233.3	53,000	45,454	-	-	98,454
Total	53,000	45,454	-	-	98,454
City of Calistoga					
99233.3	131,309	-	131,309	-	-
Total	131,309	-	131,309	-	-
City of St. Helena					
99233.3	50,000	-	-	-	50,000
Total	50,000	-	-	-	50,000
Town of Yountville					
99233.3	-	160,000	-	-	160,000
Total	-	160,000	-	-	160,000
Napa Valley Transportation Authority (NVTA)					
99233.3	89,928	-	89,928	-	-
99233.7/999275	-	300,000	300,000	-	-
99260A	3,440,901	7,674,200	4,553,345	211,382	6,350,374
99400C	-	424,200	424,200	-	-
99400D	-	3,070,000	3,070,000	-	-
Total	3,530,829	11,468,400	8,437,473	211,382	6,350,374
Metropolitan Transportation Commission					
99233.2	-	422,512	392,751	-	29,761
Total	-	422,512	392,751	-	29,761
Grand Total	\$ 3,765,138	\$ 12,152,746	\$ 9,017,913	\$ 211,382	\$ 6,688,589

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 Local Transportation Fund (the Fund) of Napa County (the County), as of and for the fiscal year ended June 30, 2022, 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 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) internal control relating 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 internal control relating to the Fund. Accordingly, we do not express an opinion on the effectiveness of the County's internal control internal control relating 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 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. 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 or significant deficiencies may exist that were not identified.

Report on 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 and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance internal control relating 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 internal control relating to the Fund. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 21, 2022

**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 Local Transportation Fund (the Fund) of Napa County (the County), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated December 21, 2022. We conducted our audit in accordance with auditing standard 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.

Compliance

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of the County's 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 21, 2022