

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Napa County Flood Control and  
Water Conservation District  
Napa, California

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and the governmental funds of the Napa County Flood Control and Water Conservation District (the District), as of and for the fiscal year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the governmental funds of the District, as of June 30, 2023, and the respective changes in financial position 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 District, 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.

#### 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 District'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 District's internal control. 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 District'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.

## **Required Supplementary Information**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Balance Sheet – Divisional Breakdown and Statement of Revenues, Expenditures, and Changes in Fund Balances – Divisional Breakdown are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Balance Sheet – Divisional Breakdown and Statement of Revenues, Expenditures, and Changes in Fund Balances – Divisional Breakdown are the responsibility of management and were derived from and relate 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 Balance Sheet – Divisional Breakdown and Statement of Revenues, Expenditures, and Changes in Fund Balances – Divisional Breakdown are 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 February 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
February 20, 2024

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

This management's discussion and analysis presents our discussion and analysis of the Napa County Flood Control and Water Conservation District's (the District) financial performance during the fiscal year ended June 30, 2023. It should be read in conjunction with the basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- As of June 30, 2023, total assets of the District exceeded liabilities by \$166,289,855; the majority is made up of capital assets and assets held for others pertaining to the Napa River/Napa Creek Flood Protection Project and Measure A (1/2 cent voter approved sales tax from 1998 – 2018) funding.
- As of June 30, 2023, the District's governmental funds reported combined fund balances of \$76,091,892. The majority of this amount is restricted for the following:
  - Napa River/Napa Creek Measure A – Flood Project in the amount of \$50,470,437.
  - Flood Project, in accordance with Measure A, in the amount of \$6,574,987. These funds are segregated in a special revenue division to be used for capital expenditures authorized for the Napa River/Creek Project.
  - Flood Project Future Maintenance, in accordance with Measure A, in the amount of \$13,874,710. These funds are segregated in a special revenue division to be used for the Napa River/Creek maintenance.
  - Flood and Watershed Management in the amount of \$4,144,434.
- The District received \$12,050,150 in water supply contracts during the fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

These financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District's financial position and activity.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's organization. These statements report the District's financial position and activity.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that includes budgetary comparison information for the District.

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities, including long-term debt. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or position. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively.

### Fund Financial Statements

The fund financial statements provide a detailed short-term view and do not include information related to the District's capital assets and long-term liabilities. Additional information is provided on separate schedules that reconcile the differences between the government-wide financial statements and the fund financial statements.

## **FINANCIAL ANALYSIS OF THE DISTRICT**

### Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$166,289,855 at the close of the most recent fiscal year. A summary of the District's Statements of Net Position is as follows:

	2023	2022	Increase (Decrease) \$	Increase (Decrease) %
<b>Assets</b>				
Current assets	\$ 77,692,925	\$ 78,385,360	\$ (692,435)	-0.9%
Noncurrent assets	89,743,992	89,882,629	(138,637)	-0.2%
<b>Total Assets</b>	<b>167,436,917</b>	<b>168,267,989</b>	<b>(831,072)</b>	<b>-0.5%</b>
<b>Liabilities</b>				
Current liabilities	1,147,062	833,729	313,333	37.6%
<b>Total Liabilities</b>	<b>1,147,062</b>	<b>833,729</b>	<b>313,333</b>	<b>37.6%</b>
<b>Net Position</b>				
Net investment in capital assets	89,743,992	89,882,629	(138,637)	-0.2%
Restricted	75,405,882	77,039,873	(1,633,991)	-2.1%
Unrestricted	1,139,981	511,758	628,223	122.8%
<b>Total Net Position</b>	<b>\$ 166,289,855</b>	<b>\$ 167,434,260</b>	<b>\$ (1,144,405)</b>	<b>-0.7%</b>

Total assets decreased primarily due to the decrease in the net book value of capital assets resulting from depreciation expense incurred in the normal course of business (see Note 4).

The largest portion of the District's Net Position reflects property acquired due to the Napa River/Napa Creek Flood Protection Project being built in connection with the U.S. Army Corps of Engineers. These assets are divided into two categories: Invested in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets still outstanding, and restricted assets that are capital assets that have been acquired and will ultimately be transferred to another entity when the project is completed.

### Changes in Net Position

The following table provides a summary of the District's Statements of Activities, recapping the District's revenues earned and expenses incurred during the fiscal years ended June 30, 2023 and 2022:

	2023	2022	Increase (Decrease) \$	Increase (Decrease) %
<b>Expenses</b>				
Public protection	\$ 17,001,110	\$ 15,289,708	\$ 1,711,402	11.2%
<b>Total Expenses</b>	<b>17,001,110</b>	<b>15,289,708</b>	<b>1,711,402</b>	<b>11.2%</b>
<b>Program Revenues</b>				
Charges for services	12,342,734	11,757,142	585,592	5.0%
Capital grants	894,958	415,804	479,154	115.2%
Special assessment	1,757,993	1,573,838	184,155	11.7%
Interest income	861,020	647,715	213,305	32.9%
<b>Total Program Revenues</b>	<b>15,856,705</b>	<b>14,394,499</b>	<b>1,462,206</b>	<b>10.2%</b>
<b>Change in Net Position</b>	<b>(1,144,405)</b>	<b>(895,209)</b>	<b>(249,196)</b>	<b>27.8%</b>
<b>Net Position, Beginning</b>	<b>167,434,260</b>	<b>168,329,469</b>	<b>(895,209)</b>	<b>-0.5%</b>
<b>Net Position, Ending</b>	<b>\$ 166,289,855</b>	<b>\$ 167,434,260</b>	<b>\$ (1,144,405)</b>	<b>-0.7%</b>

Total expenses increased \$1,711,402 over the prior year mainly due to increases in professional services and water purchases during the fiscal year ended June 30, 2023. Total revenues increased \$1,462,206 over the prior year primarily due increased water supply contract revenue. The District ended the year with a decrease in net position of \$1,144,405.

### **BUDGETARY HIGHLIGHTS**

The District adopts an annual budget that includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain comments from the public before finalizing the budget. The District's budget has historically been adopted by the District Board of Directors on or before June 30<sup>th</sup> of each year. Section 7(c) of the Napa County Flood Control and Water Conservation District Act and Sections 29080 through 29092 of the California Government Code require that final budgets are adopted no later than October 2 of each year. Subsequent increases or decreases to the original budget must be approved by the Board of Directors.

### **CAPITAL ASSETS AND CAPITAL IMPROVEMENT**

The District's capital assets include 13 miles of drainage channels which it maintains annually. In addition, in 1999 the District embarked on the largest public works project in Napa County history in conjunction with the U.S. Army Corps of Engineers. The Napa River/Napa Creek Flood Protection Project (Project) extends from Highway 29 at the Butler Bridge on the south to Trancas Street on the north, encompassing six miles of the Napa River and one mile of Napa Creek. The Project is designed to provide a 100-year flood protection level for the City of Napa. Flood water levels are reduced through constructing riverbank terracing, removing or replacing bridges that impede flood flows, and the creation of dry bypass channels at the Napa River and Napa Creek. Additionally, floodwalls, levees, and riverside trails are constructed as part of the Project. The U.S. Army Corps of Engineers estimated total project costs to \$555.3 million.

The primary funding sources for this project include Federal contributions, State Subvention funding, and proceeds from a locally voter approved ½ cent sales tax measure (Measure A) that was in effect July 1, 1998 through June 30, 2018. The tax measure raised over \$163 million over the 20 years for this project.



Upon completion of the Project, the District is responsible for operation, repair, and maintenance of the entire Project. Additional information regarding the District's capital assets can be found in the Notes to the Basic Financial Statements.

### **CONTACTING THE DISTRICT**

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. For questions about this report or any additional information, contact the Napa County Auditor-Controller's Office at 1195 Third Street, Suite B-10, Napa, California 94559.

## **BASIC FINANCIAL STATEMENTS**

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<u>2023</u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash in County treasury	\$ 76,730,268
Assessments receivable	38,303
Accounts receivable	<u>924,354</u>
<b>Total Current Assets</b>	<u>77,692,925</u>
<b>Noncurrent Assets:</b>	
Assets held for others	1,742,489
Capital assets:	
Nondepreciable	84,395,503
Depreciable, net	<u>3,606,000</u>
<b>Total Noncurrent Assets</b>	<u>89,743,992</u>
<b>Total Assets</b>	<u>167,436,917</u>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable	1,137,432
Unearned revenue	<u>9,630</u>
<b>Total Current Liabilities</b>	<u>1,147,062</u>
<b>Total Liabilities</b>	<u>1,147,062</u>
<b>NET POSITION</b>	
Net investment in capital assets	89,743,992
Restricted	75,405,882
Unrestricted	<u>1,139,981</u>
<b>Total Net Position</b>	<u><u>\$ 166,289,855</u></u>

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

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2023</u>
<b>Expenses</b>	
Public protection	
Insurance	\$ 7,378
Repairs and maintenance	893,771
Legal charges	97,140
Administration and other charges	156,862
Professional services	2,405,390
Water purchases	11,799,308
Flood project related expenses	1,502,624
Depreciation	<u>138,637</u>
<b>Total Expenses</b>	<u>17,001,110</u>
<b>Program Revenues</b>	
Charges for services	12,342,734
Capital grants	894,958
Special assessments	<u>1,757,993</u>
<b>Total Program Revenues</b>	<u>14,995,685</u>
<b>Net Program Expenses</b>	<u>(2,005,425)</u>
<b>General Revenues</b>	
Interest income	<u>861,020</u>
<b>Total General Revenues</b>	<u>861,020</u>
<b>Change in Net Position</b>	(1,144,405)
<b>Net Position - Beginning</b>	<u>167,434,260</u>
<b>Net Position - Ending</b>	<u><u>\$ 166,289,855</u></u>

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

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
BALANCE SHEET  
JUNE 30, 2023**

	Total Governmental Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 76,730,268
Assessments receivable	38,303
Accounts receivable	924,354
	<hr/>
<b>Total Assets</b>	<b>\$ 77,692,925</b>
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,137,432
Unearned revenue	9,630
	<hr/>
<b>Total Liabilities</b>	<b>1,147,062</b>
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	453,971
	<hr/>
<b>FUND BALANCES</b>	
Restricted for:	
Napa River/Napa Creek Flood Protection Project	6,574,987
Flood and watershed management	4,144,434
Oakville-Oak Knoll Community Facilities District	341,314
Measure A - Flood Project	50,470,437
Measure A - Flood Project Maintenance	13,874,710
Unassigned	686,010
	<hr/>
<b>Total Fund Balances</b>	<b>76,091,892</b>
	<hr/>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 77,692,925</b>
	<hr/>

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

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE GOVERNMENT-WIDE  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

Fund balances - total governmental funds (Page 10)	\$ 76,091,892
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Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	88,001,503
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Assets held for others used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	1,742,489
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Unavailable revenues represent amounts that are not available to fund current Expenditures and ,therefore, are not reported in the governmental fund	<u>453,971</u>
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Net Position of Governmental Activities (Page 8)	<u><u>\$ 166,289,855</u></u>
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The accompanying notes are an integral part of these basic financial statements.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Total Governmental Funds
<b>Revenues</b>	
Charges for services	\$ 12,342,734
Revenue from use of money and property	861,020
Revenue from other governments	440,987
Special assessments	1,757,993
<b>Total Revenues</b>	<u>15,402,734</u>
<b>Expenditures</b>	
Insurance	7,378
Repairs and maintenance	893,771
Legal charges	97,140
Administration and other charges	156,862
Professional services	2,405,390
Water purchases	11,799,308
Planning, engineering, and design	1,427,334
Construction and management	70,170
Equipment	5,120
<b>Total Expenditures</b>	<u>16,862,473</u>
<b>Net Change in Fund Balances</b>	(1,459,739)
<b>Fund Balances - Beginning</b>	<u>77,551,631</u>
<b>Fund Balances - End</b>	<u><u>\$ 76,091,892</u></u>

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

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net change in fund balances - total governmental funds (Page 12)	\$ (1,459,739)
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Amounts reported for governmental activities in the statement of activities are different because:

The governmental funds report capital outlay and accumulated project costs as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense while the accumulated project costs are held as assets until the time of donation.

Less current year depreciation	(138,637)
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Revenues in the statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund

453,971

Change in Net Position of Governmental Activities (Page 9)	<u><u>\$ (1,144,405)</u></u>
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The accompanying notes are an integral part of these basic financial statements.



**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**A. Reporting Entity**

The Napa County Flood Control and Water Conservation District (the District) was formed by the California legislature in 1951 for the purpose of providing flood control and water conservation for Napa County (the County). The District's mission is the conservation and management of flood and storm waters to protect life and property; the maintenance of the County watershed using the highest level of environmentally sound practices; and to provide coordinated planning for water supply needs for the community.

Operations of the District are divided into six divisions:

*Flood and Watershed Management* – This division funds the following four projects: County-Wide Watershed Management; Stormwater Management; Rutherford Maintenance; and Oakville-Oak Knoll Community Facilities District.

*Napa River/Napa Creek Flood Protection Project* – This division contains the expenditures by the District for the Napa River/Napa Creek Flood Protection Project to be built in conjunction with the U.S. Army Corps of Engineers and paid for with the voter approved Measure A, Napa County Flood Protection and Watershed Improvement Sales Tax. The District is the Local Sponsor of this project and is obligated to acquire all necessary lands, easements, and rights-of-way, and to relocate existing facilities currently inside the project boundaries, including several bridges, utilities, and recreation facilities.

*Measure A – Flood Project* – This division is a non-operating special revenue division, created at the sunset of the voter approved 1998 Measure A half-cent sales measure to fund county-wide flood projects. During the taxing period, these receipts were maintained by the Napa County Flood Protection and Watershed Improvement Authority (NCFPWIA). With the sunset of the tax June 30, 2018, the NCFPWIA disbursed all remaining funds to each taxing jurisdiction. This non-operating special revenue fund will maintain the balance and earn interest, until such funds are drawn upon to offset authorized expenditures in the Napa River/Napa Creek Flood Protection Project Division.

*Measure A – Flood Project Maintenance* – This division is a non-operating special revenue division, created at the sunset of the voter approved 1998 Measure A half-cent sales measure to fund county-wide flood projects. During the taxing period, these receipts were maintained by the NCFPWIA. With the sunset of the tax June 30, 2018, the NCFPWIA disbursed all remaining funds to each taxing jurisdiction. This non-operating special revenue fund will maintain the balance and earn interest, until such funds are drawn upon to offset authorized expenditures for maintaining the Napa River/Napa Creek Flood Protection Project.

*Water Supply Contracts* – This division meets the responsibilities of the District to ensure that Napa County's municipal, industrial, and agricultural water needs are met. The District is the local contracting agency with the State and Federal government for water from the State Water Project and for water from Lake Berryessa. The District, in turn, subcontracts for the sale of the water to local agencies and property owners.

*Oakville-Oak Knoll Community Facilities District* – This division funds a variety of public services such as maintenance, monitoring, and restoration of the Napa River between Oakville-Oak Knoll reach. The objectives of the services are to minimize bank erosion, maintain the function of constructed instream habitat enhancement structures, and control target non-native invasive and Pierce's disease host plants.

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

### **A. Reporting Entity** (Continued)

Effective January 1, 1997, the Napa County Flood Control and Water Conservation District Act was amended to reorganize and expand the governing board of the District from a five-member Board of Directors comprised of the County Board of Supervisors serving ex officio to an eleven-member Board of Directors composed as follows: five directors who are members of the Napa County Board of Supervisors, serving ex officio; five directors who are the mayors of the Cities of Napa, Calistoga, St. Helena, and American Canyon, and the Town of Yountville, serving ex officio; and one director who is a member of the Napa City Council, appointed annually by the Napa City Council.

The District is not a component unit of the County. The District is legally separate and fiscally independent of the County. The District includes all activities (operations of its administrative staff and District officers) considered to be a part of the District. The District reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 61 relating to the financial reporting entity to determine whether the District is financially accountable for other entities. The District has determined that no other outside entity meets the required criteria, and therefore, no agency has been included as a component unit in the financial statements. In addition, the District is not aware of any entity that would be financially accountable for the District that would result in the District being considered a component unit of that entity.

### **B. Basis of Presentation**

#### *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 non-fiduciary financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and information sales. At June 30, 2023, the District had no business-type activities.

The Statement of Activities demonstrates the degree to which the program expenses of a given function or identifiable activity are offset by program revenues. Program expenses are those that are clearly identifiable with a specific function or identifiable activity, and allocated indirect expenses. Interest expense related to long-term debt is reported as a direct expense. Program revenues include 1) fees, fines, and charges paid by the recipient of goods, services, or privileges provided by the program 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 and investment earnings, are presented instead as general revenues. When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

#### *Fund Financial Statements*

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The District had two governmental funds and no enterprise funds for the fiscal year ended June 30, 2023.

The District reports the following major governmental funds:

- The General Funds are the District's primary operating funds. They account for all financial resources of the general government.

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

### **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 and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Nonexchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes and grants. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Sales taxes, interest, certain State and federal grants, and charges for services revenues are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures are recorded only when payment is due.

### **D. Memorandum of Understanding (MOU)/Joint Powers Agreement (JPA)**

On November 1, 1998, the District; the County of Napa; NCFPWIA; the Cities of American Canyon, Napa, St. Helena, and Calistoga; and the Town of Yountville entered into a Joint Powers Agreement (JPA) regarding the distribution of local sales tax revenues generated from a Measure A tax passed by the voters for 20 years. The related ordinance required the revenues to be used only for flood protection, water supply reliability, and wastewater projects identified in the Napa County Flood Protection and Watershed Improvement Expenditure Plan contained in the ordinance.

As of the sunset of the tax on June 30, 2018, the unspent revenues held by the NCFPWIA were distributed in accordance with the ordinance to each jurisdiction. The NCFPWIA and JPA were subsequently dissolved by resolution on April 9, 2019. The District maintains the remaining revenues in two separate special revenue funds, to be used in accordance with the ordinance. One fund is for projects specified in the above-mentioned expenditure plan the other fund is for on-going maintenance of the Napa River/Napa Creek flood protection project.

### **E. Agreement with the City of Napa**

In July 1999, the District entered into an agreement with the City of Napa under which the District would delegate to the City of Napa the implementation and management of specified tasks related to the Napa River/Napa Creek Flood Control Project (River Project). These tasks involve infrastructures over which, upon completion of the River Project, the City of Napa will retain long-term ownership, including but not limited to design aspects of reconstruction projects for specified bridges, relocation analyses for the City of Napa's ball fields, other public recreational use facilities and parking lots, and storm drain analysis.

### **F. Receivables**

Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

### **G. Assets Held for Others**

Assets held for others consist of costs associated with land acquisition and construction in progress for the River Project that will be donated to other entities (i.e., title and ownership of the assets will be transferred). Since these assets will not be used in the District's operations, the assets held for others are not considered to be capital assets of the District.

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

### **H. Project Cooperation Agreement with the Department of the Army**

On February 1, 2000, the District ("Non-Federal Sponsor") signed a cooperation agreement with the Department of the Army ("Government") for the construction of the River Project ("Project"). This construction was authorized by the 1965 Flood Control Act, House Document No. 222, 89<sup>th</sup> Congress, 1<sup>st</sup> Session, and modified by the 1976 Flood Control Act. Section 103 of the Water Resources Development Act of 1986, Public Law 99-662, as amended, specifies the cost-sharing requirements applicable to the Project.

The Project costs do not include costs for design activities completed prior to 1986; costs for operation, maintenance, repair, replacement, or rehabilitation; costs due to betterments; or any costs of dispute resolution. Upon notification of completion of the entire Project or a functional portion of the Project, the Non-Federal Sponsor shall operate, maintain, repair, replace, and rehabilitate the entire Project or the functional portion of the Project, as provided in the agreement, at no cost to the Government. The Non-Federal Sponsor shall contribute a minimum of 25 percent, but not to exceed 50 percent, of the total Project flood control costs in accordance with certain provisions. The Non-Federal Sponsor shall also contribute 50 percent of total Project costs. The Government shall perform a final accounting to determine the contributions provided by the Non-Federal Sponsor, and to determine whether the Non-Federal Sponsor has met its obligations. Each party to the agreement is responsible for certain parts of the Project. Prior to construction, the Non-Federal Sponsor shall, as determined by the Government, acquire all lands, easements, and rights-of-way, as well as construct improvements required on lands, easements, and rights-of-way. The Non-Federal Sponsor shall also perform, or ensure the performance of, relocations necessary for the construction, operation, and maintenance of the Project, including those necessary to enable the removal of borrow materials and the proper disposal of dredged or excavated material. The Non-Federal Sponsor shall receive credit toward its share of total project flood control costs for the value of the lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas, as well as for the value of the relocations it either performed or ensured the performance thereof. Estimate of total Project costs was \$555.3 million. The Non-Federal Sponsor will obtain an appraisal and record the assets for the entire Project in the year of completion. The Non-Federal Sponsor is also responsible for a certain amount of cash contribution, from which the Government shall draw as deemed necessary to cover the non-Federal proportionate share for financial obligations for construction incurred prior to the commencement of the period of construction, and during the period of construction.

### **I. Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for equipment and \$150,000 for building and improvements and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide financial statements. Depreciation begins on the first day of the fiscal year following the period the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

The estimated useful lives are as follows:

Equipment	5 years
Buildings and improvements	25 to 30 years
Infrastructures	50 to 100 years

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

### **J. Interfund Transactions**

Interfund transactions are reflected either as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation, and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces the related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

### **K. Insurance and Risk of Loss**

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 participates in the County’s risk pool. Claims in excess of \$350,000 for workers’ compensation and \$300,000 for general liability are covered according to the terms of the risk pool agreement with PRISM (Public Risk Innovation, Solutions, and Management), formerly California State Association of Counties (CSAC) Excess Insurance Authority.

### **L. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 expenses during the reporting period. Actual results could differ from those estimates.

### **M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from one source: intergovernmental revenue. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

### **N. New Accounting Pronouncements Implemented**

**GASB Statement No. 91 – Conduit Debt Obligations.** The requirements of this statement are effective for fiscal years beginning after December 15, 2021. Earlier application is encouraged. This statement does not impact the financial statements or disclosures of the District as the District does not have these types of transactions.

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

### **N. New Accounting Pronouncements Implemented** (Continued)

**GASB Statement No. 94** – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all fiscal years thereafter. This statement does not impact the financial statements or disclosures of the District as the District does not have these types of transactions.

**GASB Statement No. 96** – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. This statement does not impact the financial statements or disclosures of the District as the District does not have these types of transactions.

**GASB Statement No. 99** – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all fiscal years thereafter.

This statement does not impact the financial statements or disclosures of the District as the District does not have these types of transactions.

### **O. Future Accounting Pronouncements**

**GASB Statement No. 100** – *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. For fiscal years beginning after June 15, 2023, and all fiscal years thereafter. Earlier application is encouraged. The District has not fully judged the impact of implementation of this standard on the financial statements.

**GASB Statement No. 101** – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all fiscal years thereafter. Earlier application is encouraged. The District has not fully judged the impact of implementation of this standard on the financial statements.

## **NOTE 2 – CASH AND INVESTMENTS**

Cash at June 30, 2023, consisted of the following:

Cash in County Treasury	<u>\$ 76,730,268</u>
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The District maintains all of its cash and investments with the County Treasurer in an investment pool. On a quarterly basis, the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's Annual Comprehensive Financial Report. The County's Annual Comprehensive Financial Report may be obtained by contacting the County's Auditor-Controller's Office at 1195 Third Street, Suite B-10, Napa, California 94559. The County Treasury Oversight Committee oversees the Treasurer's investments and policies.

**NOTE 2 – CASH AND INVESTMENTS** (Continued)

Required disclosures for the District's deposit and investment risks at June 30, 2023, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

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

**NOTE 3 – ASSETS HELD FOR OTHERS**

For the fiscal year ended June 30, 2023, the change in assets held for others was as follows:

	Balance July 1, 2022	Additions	Retirements / Adjustments	Balance June 30, 2023
Land held for others	\$ 1,742,489	\$ -	\$ -	\$ 1,742,489
Total Assets Held for Others	<u>\$ 1,742,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,742,489</u>

During the fiscal year ended June 30, 2023, the District had no additions or retirements to land held for others.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2023
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 82,059,615	\$ -	\$ -	\$ -	\$ 82,059,615
Construction in progress	14,079	-	-	(14,079)	-
Intangible assets	<u>2,335,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,335,888</u>
Total capital assets, not being depreciated	<u>84,409,582</u>	<u>-</u>	<u>-</u>	<u>(14,079)</u>	<u>84,395,503</u>
Capital assets, being depreciated:					
Equipment	83,385	-	-	14,079	97,464
Infrastructure	<u>8,331,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,331,189</u>
Total capital assets, being depreciated	<u>8,414,574</u>	<u>-</u>	<u>-</u>	<u>14,079</u>	<u>8,428,653</u>
Less accumulated depreciation for:					
Equipment	(65,025)	(9,583)	-	-	(74,608)
Infrastructure	<u>(4,618,991)</u>	<u>(129,054)</u>	<u>-</u>	<u>-</u>	<u>(4,748,045)</u>
Total accumulated depreciation	<u>(4,684,016)</u>	<u>(138,637)</u>	<u>-</u>	<u>-</u>	<u>(4,822,653)</u>
Total capital assets, being depreciated, net	<u>3,730,558</u>	<u>(138,637)</u>	<u>-</u>	<u>14,079</u>	<u>3,606,000</u>
Governmental activities capital assets, net	<u>\$ 88,140,140</u>	<u>\$ (138,637)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,001,503</u>

Depreciation expense was \$138,637 for the fiscal year ended June 30, 2023.

## **NOTE 5 – NET POSITION/FUND BALANCE**

### **Net Position**

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

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents amounts with 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* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

### **Fund Balance**

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The following classifications describe the relative strength of spending constraints:

- *Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint. The District did not have a committed fund balance in the current fiscal year.
- *Assigned fund balance* – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority. The District did not have an assigned fund balance in the current fiscal year.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.



**NOTE 6 – RELATED PARTY TRANSACTIONS**

During the fiscal year ended June 30, 2023, the District paid the County, a related party, \$1,434,657, of which \$1,327,489 was for engineering services and administration fees and \$107,168 was for legal, accounting, and other support services.

**NOTE 7 – CONTINGENT LIABILITIES**

The District participates in a federal grant program which is subject to examination by the grantor and the amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through February 20, 2024, which is the date the basic financial statements were available to be issued, noting no events were required to be disclosed.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Charges for services	\$ 10,690,661	\$ 10,690,661	\$ 12,342,734	\$ 1,652,073
Revenue from use of money and property	860,000	860,000	861,020	1,020
Revenue from other governments	3,357,814	5,065,939	440,987	(4,624,952)
Special assessments	1,776,421	1,776,421	1,757,993	(18,428)
Other revenue	80,650	80,650	-	(80,650)
<b>Total Revenues</b>	<b>16,765,546</b>	<b>18,473,671</b>	<b>15,402,734</b>	<b>(3,070,937)</b>
<b>Expenditures</b>				
Insurance	7,378	7,378	7,378	-
Repairs and maintenance	2,484,600	2,484,600	893,771	1,590,829
Legal charges	305,144	305,144	97,140	208,004
Administration and other charges	283,482	283,482	156,862	126,620
Professional services	4,825,461	8,196,922	2,405,390	5,791,532
Water purchases	11,961,051	11,961,051	11,799,308	161,743
Planning, engineering, and design	1,710,544	1,742,669	1,427,334	315,335
Construction and management	530,500	2,086,500	70,170	2,016,330
Equipment	9,500	9,500	5,120	4,380
Community Grants	92,000	92,000	-	92,000
Capital Outlay	12,765,300	9,513,839	-	9,513,839
<b>Total Expenditures</b>	<b>34,974,960</b>	<b>36,683,085</b>	<b>16,862,473</b>	<b>19,820,612</b>
<b>Net Change in Fund Balances</b>	<b>\$ (18,209,414)</b>	<b>\$ (18,209,414)</b>	<b>(1,459,739)</b>	<b>\$ 16,749,675</b>
<b>Fund Balances - Beginning</b>			<b>77,551,631</b>	
<b>Fund Balances - End</b>			<b>\$ 76,091,892</b>	

See accompanying note to required supplementary information.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

Napa County Flood Control and Water Conservation District (the District) operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year.

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board of Directors (the Board) resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2023, the Board approved all necessary supplemental appropriations.

An operating budget is adopted each fiscal year on the modified accrual basis of accounting, and accounting principles applied for purposes of developing data on a budgetary basis are materially the same as those used to present financial statements in accordance with accounting principles generally accepted in the United States of America. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as restricted fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year-end.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level except for capital assets which are controlled at the subobject level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges including debt service, capital outlay, contingencies, expenditure transfers, and other financing uses. Subject levels of expenditures for capital assets are land, structures and improvements, and equipment.

## **SUPPLEMENTARY INFORMATION**

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
BALANCE SHEET  
DIVISIONAL BREAKDOWN  
JUNE 30, 2023**

	Flood and Watershed Management	Napa River/ Napa Creek Flood Protection Project	Measure A - Flood Project	Measure A - Flood Project Maintenance	Water Supply Contracts	Oakville- Oak Knoll CFD	Total
<b>ASSETS</b>							
Cash in and cash equivalents	\$ 4,380,636	\$ 7,320,824	\$ 50,470,437	\$ 13,874,710	\$ 347,810	\$ 335,851	\$ 76,730,268
Assessments receivable	32,840	-	-	-	-	5,463	38,303
Accounts receivable	125,971	453,500	-	-	344,883	-	924,354
<b>Total Assets</b>	<b>\$ 4,539,447</b>	<b>\$ 7,774,324</b>	<b>\$ 50,470,437</b>	<b>\$ 13,874,710</b>	<b>\$ 692,693</b>	<b>\$ 341,314</b>	<b>\$ 77,692,925</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 384,911	\$ 745,838	\$ -	\$ -	\$ 6,683	\$ -	\$ 1,137,432
Unearned revenue	9,630	-	-	-	-	-	9,630
<b>Total Liabilities</b>	<b>394,541</b>	<b>745,838</b>	<b>-</b>	<b>-</b>	<b>6,683</b>	<b>-</b>	<b>1,147,062</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	472	453,499	-	-	-	-	453,971
<b>FUND BALANCES</b>							
Restricted for:							
Napa River/Napa Creek Flood Protection Project	-	6,574,987	-	-	-	-	6,574,987
Flood and watershed management	4,144,434	-	-	-	-	-	4,144,434
Oakville-Oak Knoll CFD	-	-	-	-	-	341,314	341,314
Measure A - Flood Project	-	-	50,470,437	-	-	-	50,470,437
Measure A - Flood Maintenance	-	-	-	13,874,710	-	-	13,874,710
Unassigned	-	-	-	-	686,010	-	686,010
<b>Total Fund Balances</b>	<b>4,144,434</b>	<b>6,574,987</b>	<b>50,470,437</b>	<b>13,874,710</b>	<b>686,010</b>	<b>341,314</b>	<b>76,091,892</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,539,447</b>	<b>\$ 7,774,324</b>	<b>\$ 50,470,437</b>	<b>\$ 13,874,710</b>	<b>\$ 692,693</b>	<b>\$ 341,314</b>	<b>\$ 77,692,925</b>

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
DIVISIONAL BREAKDOWN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Flood and Watershed Management	Napa River/ Napa Creek Flood Protection Project	Measure A - Flood Project	Measure A - Flood Project Maintenance	Water Supply Contracts	Oakville- Oak Knoll CFD	Total
<b>Revenues</b>							
Charges for services	\$ 292,584	\$ -	\$ -	\$ -	\$ 12,050,150	\$ -	\$ 12,342,734
Revenue from use of money and property	48,437	76,751	575,795	158,018	(1,972)	3,991	861,020
Revenue from other governments	208,512	232,475	-	-	-	-	440,987
Special assessments	1,656,225	-	-	-	-	101,768	1,757,993
<b>Total Revenues</b>	<b>2,205,758</b>	<b>309,226</b>	<b>575,795</b>	<b>158,018</b>	<b>12,048,178</b>	<b>105,759</b>	<b>15,402,734</b>
<b>Expenditures</b>							
Insurance	3,327	4,051	-	-	-	-	7,378
Repairs and maintenance	742,666	151,105	-	-	-	-	893,771
Legal charges	23,289	41,097	-	-	32,754	-	97,140
Administration and other charges	103,746	41,872	-	-	11,194	50	156,862
Professional services	703,238	1,686,590	-	-	15,562	-	2,405,390
Water purchases	-	-	-	-	11,799,308	-	11,799,308
Planning, engineering, and design	645,164	767,062	-	-	15,108	-	1,427,334
Construction and management	70,170	-	-	-	-	-	70,170
Equipment	2,936	2,184	-	-	-	-	5,120
<b>Total Expenditures</b>	<b>2,294,536</b>	<b>2,693,961</b>	<b>-</b>	<b>-</b>	<b>11,873,926</b>	<b>50</b>	<b>16,862,473</b>
<b>Net Change in Fund Balances Before Transfers</b>	<b>(88,778)</b>	<b>(2,384,735)</b>	<b>575,795</b>	<b>158,018</b>	<b>174,252</b>	<b>105,709</b>	<b>(1,459,739)</b>
Transfers between divisions	112,827	2,002,952	(1,556,023)	(446,929)	-	(112,827)	-
<b>Net Change in Fund Balances</b>	<b>24,049</b>	<b>(381,783)</b>	<b>(980,228)</b>	<b>(288,911)</b>	<b>174,252</b>	<b>(7,118)</b>	<b>(1,459,739)</b>
<b>Fund Balances - Beginning</b>	<b>4,120,385</b>	<b>6,956,770</b>	<b>51,450,665</b>	<b>14,163,621</b>	<b>511,758</b>	<b>348,432</b>	<b>77,551,631</b>
<b>Fund Balances - End</b>	<b>\$ 4,144,434</b>	<b>\$ 6,574,987</b>	<b>\$ 50,470,437</b>	<b>\$ 13,874,710</b>	<b>\$ 686,010</b>	<b>\$ 341,314</b>	<b>\$ 76,091,892</b>

## **OTHER REPORT**



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

Board of Directors  
Napa County Flood Control and  
Water Conservation District  
Napa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the governmental funds of the Napa County Flood Control and Water Conservation District (the District), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 20, 2024.

**Report on 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) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Report on Compliance and Other Matters

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

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

Bakersfield, California  
February 20, 2024