

**NAPA COUNTY
LOCAL TRANSPORTATION FUND**

Audit Report
June 30, 2014

NAPA COUNTY LOCAL TRANSPORTATION FUND

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Napa County Local Transportation Fund (Fund), as of and for the year ended June 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Napa County Local Transportation Fund, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of a Matter

As discussed, in Note 1, the financial statements present only the Local Transportation Fund of the County of Napa and do not purport and do not present fairly the financial position of the County of Napa, as of June 30, 2014, the changes in its financial position, or where applicable, its cash flows for the 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

Prior Year Comparative Information

We have previously audited the Fund's 2013 financial statements, and we expressed an unmodified opinion on the Fund's financial statements dated February 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 are presented for purposes of additional analysis and are 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, 2014 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



Roseville, California
December 30, 2014

NAPA COUNTY LOCAL TRANSPORTATION FUND

Statement of Assets and Liabilities
June 30, 2014
(With Comparative Information as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Cash	\$ 12,493,346	\$ 10,857,521
Due from Other Government	1,534,634	3,517,107
Total Assets	<u>\$ 14,027,980</u>	<u>\$ 14,374,628</u>
Liabilities		
Due to Other Governments	\$ 14,027,980	\$ 14,374,628
Total Liabilities	<u>\$ 14,027,980</u>	<u>\$ 14,374,628</u>

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, 2014
 (With Comparative Information for the Fiscal Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Additions		
Sales tax	\$ 7,454,230	\$ 6,857,018
Interest	42,930	52,334
Returned allocations	<u>1,534,634</u>	<u>3,517,107</u>
Total Additions	<u>9,031,794</u>	<u>10,426,459</u>
Deductions		
County of Napa	37,271	34,285
City of Calistoga	60,000	--
City of American Canyon	190,000	--
City of Napa	116,908	12,534
Napa County Transportation Planning Agency	8,713,365	12,223,502
Metropolitan Transportation Commission	<u>260,898</u>	<u>239,996</u>
Total Deductions	<u>9,378,442</u>	<u>12,510,317</u>
Change in Assets and Liabilities	(346,648)	(2,083,858)
Due to Other Governments - Beginning of Year	<u>14,374,628</u>	<u>16,458,486</u>
Due to Other Governments - End of Year	<u>\$ 14,027,980</u>	<u>\$ 14,374,628</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, 2014

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

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

A. The Reporting Entity

Napa 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 Napa 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 Napa County Local Transportation Fund and is not intended to present fairly the financial position and results of operations of Napa County in conformity with accounting principles generally accepted in the United States of America.

B. Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

The accounts of the LTF 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 LTF is a fiduciary fund specifically categorized as an Agency Fund. Agency Funds account for assets held by Napa County as an agent for others.

C. Basis of Accounting

Agency 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 supplementary information section are according to Metropolitan Transportation Commission's requirements.

NAPA COUNTY LOCAL TRANSPORTATION FUND

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Use of Estimates

The preparation of the financial statements in conformity 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 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 GOVERNMENT

The LTF allocates monies by way of an allocation instruction from the Metropolitan Transportation Commission to the Napa County Transportation Planning Agency (NCTPA) for transit purposes. According to the provisions of Code Section 6634 of the Transportation Development Act, the NCTPA is only eligible to receive LTF 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, 2014, the LTF allocations made to the NCTPA resulted in the NCTPA receiving LTF allocations of \$1,534,634 in excess of their operating cost and this amount was recorded as such on these financial statements.

NOTE 3: DUE TO OTHER GOVERNMENTS

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

NOTE 4: CASH AND INVESTMENTS

The LTF maintains all of its cash and investments with the Napa 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. Napa County's financial statements may be obtained by contacting Napa County's Auditor-Controller's office at 1195 Third Street, Room B-10, Napa, CA 94559. The Napa County Treasury Oversight Committee oversees the Treasurer's compliance with the County investment policy.

Required disclosures for the LTF's deposit and investment risks at June 30, 2014 was as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	1.55 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.

SUPPLEMENTAL INFORMATION

NAPA COUNTY LOCAL TRANSPORTATION FUND

Schedule of Allocations and Expenditures
For the Fiscal Year Ended June 30, 2014

Entity/Public Utilities Code (PUC) Section	Allocations Outstanding 6/30/2013	2013/2014			Allocations Outstanding June 30, 2014
		Allocated	Expended	Expired	
County of Napa					
99233.2	\$ --	\$ 37,271	\$ 37,271	\$ --	\$ --
Total	<u> --</u>	<u> 37,271</u>	<u> 37,271</u>	<u> --</u>	<u> --</u>
City of American Canyon					
99233.3/4	190,000	--	190,000	--	--
Total	<u> 190,000</u>	<u> --</u>	<u> 190,000</u>	<u> --</u>	<u> --</u>
City of Calistoga					
99233.3/4	60,000	--	60,000	--	--
Total	<u> 60,000</u>	<u> --</u>	<u> 60,000</u>	<u> --</u>	<u> --</u>
City of Napa					
99233.3/4	228,466	163,125	116,908	--	274,683
Total	<u> 228,466</u>	<u> 163,125</u>	<u> 116,908</u>	<u> --</u>	<u> 274,683</u>
City of St. Helena					
99233.3/4	27,000	--	--	27,000	--
Total	<u> 27,000</u>	<u> --</u>	<u> --</u>	<u> 27,000</u>	<u> --</u>
Napa County Transportation Planning Agency (NCTPA)					
99233.7/99275	--	348,903	348,903	--	--
99260A	2,862,989	7,360,166	5,576,765	--	4,646,390
99400C	--	1,701,797	1,701,797	--	--
99400D	--	1,085,900	1,085,900	--	--
99233.3/4	50,000	--	--	--	50,000
Total	<u> 2,912,989</u>	<u> 10,496,766</u>	<u> 8,713,365</u>	<u> --</u>	<u> 4,696,390</u>
Metropolitan Transportation Commission					
99233.2	--	260,898	260,898	--	--
Grand Total	<u><u> \$ 3,418,455</u></u>	<u><u> \$ 10,958,060</u></u>	<u><u> \$ 9,378,442</u></u>	<u><u> \$ 27,000</u></u>	<u><u> \$ 4,971,073</u></u>

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OTHER REPORTS



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

To the Honorable Members
of the Board of Directors
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 (Fund), as of and for the year ended June 30, 2014, 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, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
December 30, 2014



**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
Napa County
Napa, California

We have audited the financial statements of the Napa County Local Transportation Fund (Fund) as of and for the year ended June 30, 2014, and have issued our report thereon dated December 30, 2014. 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 determination of financial statement amounts. 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 and in conformance with the California Transportation Development Act. 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 Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission.

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.

A handwritten signature in cursive script that reads 'Gallina LLP'.

Roseville, California
December 30, 2014