

To the Honorable Members
of the Board of Directors
Napa Valley Transportation Authority
Napa, California

We have audited the financial statements of Napa Valley Transportation Authority (NVTA) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 28, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NVTA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2022. We noted no transactions entered into by NVTA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the NVTA's financial statements were:

Management's estimate of the useful lives of capital assets for the purposes of calculation of annual depreciation expense. Estimated useful lives range from one to twenty years. We evaluated the key factors and assumptions used to develop the estimate of the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Postemployment Benefits Other than Pensions (OPEB) is based on actuarial valuations that involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. We evaluated the key factors and assumptions used to annual OPEB estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the net pension liability, related expense, and deferred outflows of resources and inflows of resources are based on actuarial valuations that involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. We evaluated the key factors and assumptions used to develop the estimates of the net pension liability, related expense, and deferred outflows and inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures of Capital Assets, Pension Plan, and OPEB in Notes 4, 8, and 9 to the financial statements, respectively.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 16, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to NVTA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as NVTA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Governmental Fund – Planning Fund; Schedule of Changes in Net OPEB Asset and Related Ratios; Schedule of Contributions – OPEB; Schedule of NVTA's Proportionate Share of the Net Pension Liability; and Schedule of Contributions – Pension, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Statements of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund – Transit Related by Operation, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information

complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of NVTA 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 16, 2022

Napa Valley Transportation Authority
Journal Entries
June 30, 2022

| Account No. | Description | Debit | Credit |
|--|--------------------------------|-------------------|-------------------|
| Adjusting Journal Entries JE # 1 | | | |
| To reclass GASB 75 balances for financial statement presentation purposes. | | | |
| 18110 | Deferred Outflow - OPEB | \$ 166,734 | \$ - |
| 28500 | Net OPEB Obligation/(Asset) | 73,294 | - |
| 8301001 26300 | Deferred Inflows - Pension | 69,702 | - |
| 18110-1 | Deferred Inflow - OPEB | - | 69,702 |
| 8301001 18110 | Deferred Outflows-Contribution | - | 166,734 |
| 8301001 28500 | Net Pension Obligation-NC | - | 73,294 |
| Total | | \$ 309,730 | \$ 309,730 |