

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
PERFORMANCE IN ACCORDANCE WITH NAPA VALLEY
TRANSPORTATION AUTHORITY ORDINANCE NO. 2012.01**

Independent Taxpayer Oversight Committee,
Napa Valley Transportation Authority-Tax Agency, and
the City of American Canyon
American Canyon, California

We have examined the City of American Canyon's (City) compliance and performance with Napa Countywide Road Maintenance Act (Measure T) requirements that funds allocated to and received by the City were expended in conformance with applicable statutes, rules, and regulations of the Napa Valley Transportation Authority Ordinance 2012.01 (Ordinance); the allocation instructions and resolutions of the Independent Taxpayers Oversight Committee as required by Section 11.B. of the Ordinance; and the performance goals adopted by the Napa Valley Transportation Authority-Tax Agency (NVTA-TA) during the fiscal years ended June 30, 2022 and 2021. Management of the City is responsible for the City's compliance and performance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

We are required to be independent of the City and NVTA-TA and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

We have performed the following specified procedures which include our results and findings, if any:

- a) Maintenance of Effort – The City certified to NVTA-TA that it met its Maintenance of Effort (MOE) provision of the average general fund expenditures spent in fiscal years 2007-08, 2008-09, and 2009-10 on local streets and roads maintenance and supporting infrastructure. The City must certify by January 1, 2022, for fiscal year 2020-21 and by January 31, 2023, for fiscal year 2021-22 to NVTA-TA that it met its MOE expenditures the previous fiscal year.

Result: We obtained and reviewed the MOE that the City certified to NVTA-TA that it met its MOE provision of the average general fund expenditures spent in fiscal years 2007-08, 2008-09, and 2009-10. We obtained and reviewed the MOE that the City certified by January 31, 2023, and January 1, 2022, for the fiscal years ended June 30, 2022 and 2021, respectively.

- b) Five-Year Project List – The City submitted a copy of its five-year list of projects to be funded with Measure T revenues no later than March 1, 2018, and at least biennially thereafter on December 31st.

Result: We obtained the five-year list of projects to be funded with Measure T revenues and noted the reports were certified prior to the March 1, 2018 and December 31, 2021 deadlines.

- c) Project Implementation and Reporting – The City submitted a semi-annual update on projects and expenses by September 30th and March 31st for the fiscal year ended June 30, 2021, and by September 1st and March 1st for the fiscal year ended June 30, 2022.

Result: We obtained the semi-annual update on projects and expenses and noted the updates were submitted prior to the September 1st and March 1st deadlines for the fiscal year ended June 30, 2022, and prior to the September 30th and March 31st deadlines for the fiscal year ended June 30, 2021.

- d) Attribution and Signage – For projects with funding above \$250,000, verify the City installed and maintained a sign at the construction site, utilizing the adopted Measure T logo and text, identifying the City and NVTA-TA.

Result: During the fiscal years ended June 30, 2022 and 2021, we were able to verify that the City installed and maintained a sign at the construction site, utilizing the adopted Measure T logo and text, identifying the City and NVTA-TA.

- e) Establishment of Separate Accounting – The City shall have its revenues deposited in a separate interest bearing Transportation Improvement Fund and segregated in a Special Revenue Fund specifically for Local Streets and Roads.

Result: During the fiscal years ended June 30, 2022 and 2021, we verified that Measure T revenues were recorded in a separate Special Revenue Fund specifically for Local Streets and Roads and segregated in a Special Revenue Fund specifically for Local Streets and Roads.

- f) Recordkeeping – The City shall keep the records using accrual accounting, setting up both receivables and payables as of June 30 of each year. As such, expenditures within the Special Revenue Fund shall include “transfers out” to other funds for the monies being used within a capital project that was approved by the Master Funding Agreement. The City accounted for and tracked its capital projects in a Capital Project Fund. All costs charged to projects are supported by properly prepared and documented time records, invoices, vouchers, or other documentation evidencing in detail the nature and propriety of the charges and a process in place to retain all records for five years after project closeout.

Result: The City has provided expenditure documentation of the projects subject to the audit. However, we were unable to verify that the expenditures are direct costs for the projects under review.

- g) Financial Reporting and Audits – Confirm the City submitted by January 1st of the following year a copy of its annual independent financial statement audit that includes Measure T funds recorded in a separate Special Revenue Fund and the State Controller’s Street Report to NVTA-TA.

Result: We confirmed the City submitted its annual independent financial statement audit that includes Measure T funds recorded in a separate Special Revenue Fund to NVTA-TA by January 1, 2022. The City did not submit its annual independent financial statement audit that includes Measure T funds recorded in a separate Special Revenue Fund to NVTA-TA by January 1, 2023.

- h) 6.67% Equivalent Funds Requirement – Review if the City has committed any revenues to meet the 6.67% Equivalent Fund for Class 1 bicycle facilities cumulative requirement.

Result: We reviewed that the City has committed revenues to meet the 6.67% Equivalent Fund for Class 1 bicycle facilities cumulative requirement.

In our opinion, except for the noncompliance described in f and g, the City complied, in all material respects, with the compliance and performance requirements referred to above that are applicable to the City for the fiscal years ended June 30, 2022 and 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and performance requirements and the results of that testing, and not to provide an opinion on the effectiveness of the City's compliance with the applicable bond act and state accounting requirements. 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 style and is positioned below the printed name of the corporation.

Bakersfield, California
May 18, 2023