

**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 Calistoga  
Calistoga, California

We have examined the City of Calistoga'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 31<sup>st</sup>.

**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.

Procedures: We obtained correspondence showing timely submission by the 9/30 and 3/31 deadlines for the year ended June 30, 2021, and by 9/1 and 3/1 deadlines for the fiscal year ended June 30, 2022. The semi-annual update on the projects were sent to [measuret@nvta.ca.gov](mailto:measuret@nvta.ca.gov).

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

- 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 verified 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; however, none of the City's projects exceeded funding above \$250,000. The City was not required to comply.

- 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 implemented Government Accounting Standards Board Statement No. 34. The project expenditures are in the General Fund as part of the larger projects. The City has detail accounts payable reports; however, it was difficult to navigate due to the complexity of the report and how the funding sources are combined. The City follows the purchasing policy as adopted to ensure compliance with regulatory agencies and partner agencies. Since we were unable to obtain the detail of expenses and review supporting documentation, we were unable to confirm that costs charged to projects are supported by properly prepared and documented time records, invoices, vouchers, or other documentation evidencing the expense.

- 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:** The City did not provide its annual independent financial statement audit for the fiscal year ended June 30, 2022, by January 1st of the following year. We noted the City's annual comprehensive financial report (ACFR) for the year ended June 30, 2021, was submitted timely to NVT-A-TA.

- 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

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
May 18, 2023