

# **City of Napa**

Napa, California

## **Single Audit and Independent Auditors' Reports**

*For the Year Ended June 30, 2021*



**City of Napa**  
**Single Audit Report**  
**For the Year Ended June 30, 2021**  
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**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***

**Independent Auditors' Report**

To Honorable Mayor and Members of the City Council  
of the City of Napa  
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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napa (the "City"), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 26, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's basic 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. 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 Honorable Mayor and Members of the City Council  
of the City of Napa  
Napa, California  
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**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 black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California  
January 26, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**

**Independent Auditors' Report**

To Honorable Mayor and Members of the City Council  
of the City of Napa  
Napa, California

**Report on Compliance for Each Major Federal Program**

We have audited the City of Napa's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of the auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

To Honorable Mayor and Members of the City Council  
of the City of Napa  
Napa, California  
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## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated January 26, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinion on the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*The PwC Group, LLP*

Walnut Creek, California

March 25, 2022, except for the Schedule of Expenditures of Federal Awards, which is as of January 26, 2022.

**City of Napa**  
**Single Audit Report**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Department of Commerce</u></b>				
<i>Passed through PlaceMade:</i>				
Economic Adjustment Assistance	11.307	07-79-07646	\$ 84,145	\$ -
<b>Total U.S. Department of Commerce</b>			<b>84,145</b>	<b>-</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b>CDBG Entitlement Grant Cluster</b>				
<i>Direct Programs:</i>				
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-06-0028	937,578	282,030
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	B-19-MW-06-0028	291,892	221,500
<b>CDBG Entitlement Grant Cluster Total</b>			<b>1,229,470</b>	<b>503,530</b>
<i>Passed Through California Department of Housing and Community Development:</i>				
HOME Investment Partnership Program	14.239	15-HOME-10633	1,571,342	-
HOME Investment Partnership Program	14.239	Program Income	28,151	-
<b>HOME Investment Partnership Program Total</b>			<b>1,599,493</b>	<b>-</b>
<b>Housing Voucher Cluster:</b>				
<i>Direct Programs:</i>				
Section 8 Housing Choice Vouchers	14.871	CA 073	13,498,348	-
Emergency Housing Voucher	14.871	CA 073	1,251	-
COVID-19 - HCV CARES Act Funding	14.871	CA 073	428,926	-
Mainstream Vouchers	14.879	CA 073	359,901	-
COVID-19 - Mainstream CARES Act Funding	14.879	CA 073	107,510	-
<b>Housing Voucher Cluster Total</b>			<b>14,395,936</b>	<b>-</b>
Community Development Block Grants - Disaster Recovery	14.228	20-DRMHP-00004	6,678	-
Continuum of Care Program	14.267	B-19-MC-06-0028	114,018	-
Family Self Sufficiency Program	14.896	CA 073	123,614	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>17,469,209</b>	<b>503,530</b>
<b><u>U.S. Department of Justice</u></b>				
<i>Direct Programs:</i>				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1772	65,354	-
Bulletproof Vest Partnership Program	16.607		8,804	-
Special Data Collections and Statistical Studies	16.734	2018-FU-CX-K010	438,905	-
<i>Passed Through California Bureau of Justice Assistance:</i>				
Law Enforcement Specialized Units Program	16.588	2020-WF-AX-0044	247,821	-
<b>Total U.S. Department of Justice</b>			<b>760,884</b>	<b>-</b>
<b><u>U.S. Department of Transportation</u></b>				
<b>Highway Planning and Construction Cluster</b>				
<i>Passed Through California Department of Transportation:</i>				
Highway Planning and Construction	20.205	STPL-5042 (056)	9,419	-
Highway Planning and Construction	20.205	STPL-5042 (061)	80,945	-
<b>Highway Planning and Construction Cluster Total</b>			<b>90,364</b>	<b>-</b>
<b>Total U.S. Department of Transportation</b>			<b>90,364</b>	<b>-</b>
<b><u>U.S. Department of Treasury</u></b>				
<i>Passed through California Department of Finance:</i>				
Coronavirus Relief Fund	21.019	70158399	978,856	-
<b>Coronavirus Relief Fund Total</b>			<b>978,856</b>	<b>-</b>
<b>Total U.S. Department of Treasury</b>			<b>978,856</b>	<b>-</b>
<b><u>U.S. Department of Homeland Security</u></b>				
<i>Passed through California Governor's Office of Emergency Services:</i>				
Disaster Grants – Public Assistance	97.036	FEMA-4193-DR-CA	55,361	-
Disaster Grants – Public Assistance	97.036	FEMA-4344-DR-CA	1,931,566	-
Disaster Grants – Public Assistance	97.036	FEMA-4482-DR-CA	12,140	-
<b>Disaster Grants – Public Assistance Program Total</b>			<b>1,999,067</b>	<b>-</b>
<b>Total U.S. Department of Homeland Security</b>			<b>1,999,067</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 21,382,525</b>	<b>\$ 503,530</b>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**City of Napa**  
**Single Audit Report**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

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**Note 1 – Reporting Entity**

The City of Napa, California (the “City”) was incorporated on March 23, 1872, under the laws of the State of California. The City’s Charter was filed on October 27, 1914. The City operates under a council-manager form of government. As required by generally accepted accounting principles, these financial statements present the City of Napa and its component units. The following component units are included in the City’s reporting entity because of the significance of their operational or financial relationships with the City.

Blended component units, although legally separate entities are, in substance, part of the City’s operations and so data from these units are combined with that of the City.

*The Housing Authority of the City of Napa (the Housing Authority)* was established on May 8, 1942. On July 7, 1969, the City Council declared itself to be the Board of Commissioners of the Housing Authority in accordance with Section 34920 of the Health and Safety Code of the State of California. The City of Napa has operational responsibility for the component unit.

*The Parking Authority of the City of Napa (the Parking Authority)* was established pursuant to the Streets and Highways Code of the State of California. The City Council established the Parking Authority on April 27, 1970 and designated itself as the governing body. The primary purpose of the Authority is to acquire, maintain and operate off-street parking facilities within the City. The Parking Authority reported no financial transactions during the year ended June 30, 2021.

**Note 2 – Basis of Accounting**

The City utilizes the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the enterprise funds to prepare its basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the presentation of the City’s basic financial statements.

**Note 3 – Schedule of Expenditures Federal Awards**

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the California Bureau of Justice Assistance, California Department of Transportation, California Department of Housing and Community Development, and California Governor’s Office of Emergency Services are included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

**City of Napa**  
**Single Audit Report**  
**Notes to the Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 4 – Subrecipients**

During the year ended June 30, 2021, the City provided federal funds to the following subrecipients:

<u>CFDA Number(s)</u>	<u>Program Name / Subrecipient Names</u>	<u>Amount Provided to Subrecipients</u>
14.218	Community Development Block Grants/Entitlement Grants	
	Adobe Services	\$ 54,523
	Catholic Charities of the Diocese of Santa Rosa	7,269
	Fair Housing Napa Valley	13,085
	NEWS – Domestic Violence and Sexual Abuse Services	25,443
	CARES NEWS – Domestic Violence and Sexual Abuse Services	20,000
	CARES On The Move	131,500
	CARES Community Action Napa Valley	30,000
	CARES Salvation Army	33,552
	CARES ParentsCAN	6,448
	Capital Improvement Projects COVID19	181,710
	<b>Total Amount Provided to Subrecipients</b>	<b>\$ 503,530</b>

**Note 5 – Indirect Cost Rate**

The City has not elected to use the 10-percent de minimis indirect rate as allowed under the Uniform Guidance.

**City of Napa**  
**Single Audit Report**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

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**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None noted

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness (es) identified? No
- Significant deficiency (ies) identified? None noted

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
14.218	CDBG - Entitlement Grant Cluster	\$ 1,229,470
14.239	Home Investment Partnership Program	1,599,493
14.871/14.879	Housing Vouchers Cluster	14,395,936
21.019	Coronavirus Relief Fund	978,856
	<b>Total Expenditures of All Major Federal Programs</b>	<b>\$ 18,203,755</b>
	<b>Total Expenditures of Federal Awards</b>	<b>\$ 21,382,525</b>

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? Yes

**City of Napa**  
**Single Audit Report**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2021**

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**Section II – Financial Statement Findings**

**A. Current Year Findings – Financial Statement Audit**

No findings were noted on the City’s financial statement audit for the year ended June 30, 2021.

**B. Prior Year Findings – Financial Statement Audit**

No findings were noted on the City’s financial statement audit for the year ended June 30, 2020.

**Section III – Federal Award Findings**

**A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit**

No findings or questioned costs were noted on the City’s major federal programs for the year ended June 30, 2021.

**B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit**

No findings or questioned costs were noted on the City’s major federal programs for the year ended June 30, 2020.