

**NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT**

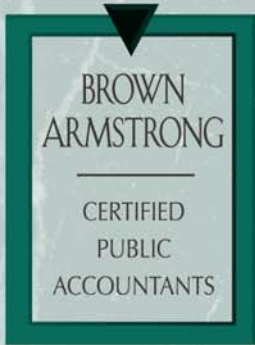
**BOARD OF DIRECTORS AND
MANAGEMENT REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT
JUNE 30, 2020**

TABLE OF CONTENTS

	<u>Page</u>
Required Communication to the Board in Accordance with Professional Standards (SAS 114)	1
Agreed-Upon Conditions Report Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting	4
Corrected Audit Adjustments	7
Government-Wide Journal Entries	8



BROWN ARMSTRONG

Certified Public Accountants

REQUIRED COMMUNICATION TO THE BOARD IN ACCORDANCE WITH PROFESSIONAL STANDARDS (SAS 114)

To the Honorable Members
of the Board of Directors
Napa County Mosquito Abatement District
Napa, California

We have audited the financial statements of the Napa County Mosquito Abatement District (the District) as of and for the fiscal year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 March 3, 2020. 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 the District are described in Note 2 to the financial statements. As described in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, during the fiscal year ended June 30, 2020. We noted no transactions entered into by the District 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 District's financial statements were:

Management's estimates of the net pension and other-post employment benefits (OPEB) assets are based on actuarial calculations. We evaluated the key factors and assumptions used to develop the actuarial calculations in determining that they are reasonable in relation to the financial statements taken as a whole. We also evaluated the key factors and assumptions used to develop the compensated absences accrual, capital asset lives and depreciation expense, and fair value of investments in the financial instruments in determining that they are reasonable in relation to the financial statements taken as a whole.

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

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

Note 8 – Defined Benefit Pension Plans

Note 10 – Post-Employment Benefits Other Than Retirement (OPEB)

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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. See list of corrected audit adjustments and government-wide journal entries attached.

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 January 13, 2021.

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 the District'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 the District'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 the Management's Discussion and Analysis, the Budgetary Comparison Schedule of the General Fund, the Proportionate Share of Net Pension Liability (Asset), Schedule of Contributions – Pension, Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios, and Schedule of Contributions – OPEB, which are required supplementary information (RSI) that supplement 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.

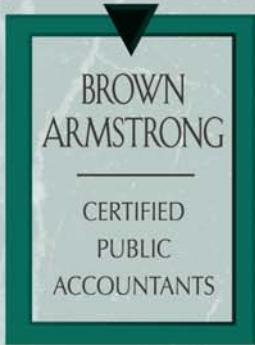
Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District 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
January 13, 2021



BROWN ARMSTRONG
Certified Public Accountants

**AGREED-UPON CONDITIONS REPORT DESIGNED TO INCREASE
EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING**

To the Honorable Members
of the Board of Directors
Napa County Mosquito Abatement District
Napa, California

**BAKERSFIELD OFFICE
(MAIN OFFICE)**

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

We have audited the basic financial statements of the Napa County Mosquito Abatement District (the District) as of and for the fiscal year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America and have issued our report thereon dated January 13, 2021. In planning and performing our audit of the financial statements of the District, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

As a result of our audit, we noted some agreed-upon conditions involving the internal control structure and its operation that are opportunities for strengthening internal controls and operating efficiency. The recommendations that are listed in this report summarize the conditions and suggestions regarding the matters.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
January 13, 2021

Current Year Agreed-Upon Conditions and Recommendations

2020-001 General Ledger Reconciliation:

Criteria

In accordance with accounting standards generally accepted in the United States of America, the District's financial records must be properly maintained.

Condition

The District maintains the account detail for the VCJPA, pesticide inventory, and capital assets outside of the County of Napa's general ledger system, Peoplesoft, which resulted in discrepancies between the District's records and Peoplesoft. The Auditor-Controller's Office did not book the adjustments in Peoplesoft to properly reflect the correct balances supported by the District's schedules.

Cause

The prior year was a transition year for the Auditor-Controller to oversee the District's financial records, and there was a lack of communication between the District and the Auditor-Controller's Office.

Recommendation

We recommend that the District provide the detailed account information noted above on a quarterly or annual basis to the Auditor-Controller's Office such that the records in Peoplesoft reflect the correct balances for the District. The Auditor-Controller's Office then needs to book the proper journal entries in Peoplesoft such that it reflects the District's supporting schedules. We also suggest that the District review the year end trial balance in Peoplesoft to verify that the Auditor-Controller has properly captured all the activity in the general ledger for the year.

Management's Response

The District will continued to work with the Auditor-Controller's Office to ensure ledgers and records are current.

Prior Year Agreed-Upon Conditions and Recommendations

2019-001 General Ledger Reconciliation:

Criteria

In accordance with accounting standards generally accepted in the United States of America, the District's financial records must be properly maintained.

Condition

The District maintains the account detail for the VCJPA, pesticide inventory, and capital assets outside of the County of Napa's general ledger system, Peoplesoft, which resulted in discrepancies between the District's records and Peoplesoft. The Auditor-Controller's Office did not book the adjustments in Peoplesoft to properly reflect the correct balances supported by the District's schedules.

Cause

This year was a transition year for the Auditor-Controller to oversee the District's financial records, and there was a lack of communication between the District and the Auditor-Controller's Office.

Recommendation

We recommend that the District provide the detailed account information noted above on a quarterly or annual basis to the Auditor-Controller's Office such that the records in Peoplesoft reflect the correct balances for the District. The Auditor-Controller's Office then needs to book the proper journal entries in Peoplesoft such that it reflects the District's supporting schedules. We also suggest that the District review the year end trial balance in Peoplesoft to verify that the Auditor-Controller has properly captured all the activity in the general ledger for the year.

Management's Response

The District will work with the Auditor-Controller's Office to ensure ledgers and records are current.

Current Year Status

See 2020-001.

Client: 57218 - County of Napa
 Engagement: 57218.017 - 6/30/20 Napa County Mosquito Abatement District
 Period Ending: 6/30/2020
 Trial Balance:
 Workpaper: 27-2-2 - SAS Attachment

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
E & H				
To accrue inventories.				
16100	Inventories		71,068.00	
53600	Special Departmental Expense			71,068.00
Total			71,068.00	71,068.00
Adjusting Journal Entries JE # 7				
To record the interest for the Vector Control Joint Powers Agency account.				
15100	Deposits with Others		77,970.00	
45100	Interest			77,970.00
Total			77,970.00	77,970.00
	Total Adjusting Journal Entries		149,038.00	149,038.00
	Total All Journal Entries		149,038.00	149,038.00

Client: 57218 - County of Napa
Engagement: 57218.017 - 6/30/20 Napa County Mosquito Abatement District
Period Ending: 6/30/2020
Trial Balance:
Workpaper: 27-2-2 - SAS Attachment

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 2				
To accrue beginning balances for government wide.				
11201	Net OPEB asset		851,829.00	
19500	Deferred Outflow of Resources - OPEB		773,536.00	
19600	Deferred outflow of Resources - Pension		1,134,925.00	
22600	Net Pension Liability		240,236.00	
22105	Compensated Absences Payable			30,102.00
22500	Compensated Absences due in more than one year			2,524.00
22700	Deferred Inflow of Resources - OPEB			278,694.00
22800	Deferred Inflow of Resources - Pension			197,483.00
31100	FB - Restricted for OPEB Trust			2,491,723.00
Total			<u>3,000,526.00</u>	<u>3,000,526.00</u>
Reclassifying Journal Entries JE # 3				
To record pension adjustments.				
22600	Net Pension Liability		554,573.00	
19600	Deferred outflow of Resources - Pension			429,446.00
22800	Deferred Inflow of Resources - Pension			4,723.00
51600	Retirement			120,404.00
Total			<u>554,573.00</u>	<u>554,573.00</u>
Reclassifying Journal Entries JE # 4				
To record OPEB adjustments.				
11201	Net OPEB asset		996,760.00	
19500	Deferred Outflow of Resources - OPEB			295,793.00
22700	Deferred Inflow of Resources - OPEB			466,168.00
51605	Other Post Employment Benefits			234,799.00
Total			<u>996,760.00</u>	<u>996,760.00</u>
Reclassifying Journal Entries JE # 6				
To record compensated absences.				
22105	Compensated Absences Payable		9,327.00	
51130	Vacation Pay-Out		18,099.00	
22500	Compensated Absences due in more than one year			27,426.00
Total			<u>27,426.00</u>	<u>27,426.00</u>
Reclassifying Journal Entries JE # 8				
To record the PARS pension and OPEB Trusts.				
11202	PARS Pension Trust		354,038.00	
11202	PARS Pension Trust		643,018.00	
11203	PARS OPEB Trust		125,000.00	
11200	Cash with Fiscal Agent			354,038.00
45100	Interest			15,724.00
51600	Retirement			627,294.00
51605	Other Post Employment Benefits			125,000.00
Total			<u>1,122,056.00</u>	<u>1,122,056.00</u>
Total Reclassifying Journal Entries			<u>5,701,341.00</u>	<u>5,701,341.00</u>
Total All Journal Entries			<u>5,701,341.00</u>	<u>5,701,341.00</u>