

**NAPA COUNTY
TRANSPORTATION AND
PLANNING AGENCY**

**INDEPENDENT AUDITOR'S
REPORTS AND SCHEDULE OF
EXPENDITURES OF TRANSPORTATION
FUND FOR CLEAN AIR PROGRAM
MANAGER FUND PROJECTS**

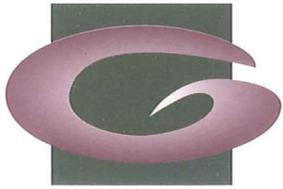
PROJECT PERIOD ENDED JUNE 30, 2011

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Napa County Transportation and Planning Agency
Napa, California**

**Board of Directors
Bay Area Air Quality Management District
San Francisco, California**

We have audited the accompanying Schedule of Expenditures of Projects (Schedule) of the Napa County Transportation and Planning Agency's (Agency) Transportation Fund for Clean Air (TFCA) Program Manager Fund Projects for the project period ended June 30, 2011. This Schedule is the responsibility of the Agency's management. Our responsibility is to express an opinion on this Schedule based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule was prepared to present expenditures of the Agency's TFCA funding as described in Note 1 and is not intended to be a complete presentation of the Agency's financial position or changes in financial position.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of the projects of the Agency's TFCA Program for the project period ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2012, on our consideration of the Agency's internal control over financial reporting pertaining to the Agency's TFCA Program and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

August 29, 2012

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

SCHEDULE OF EXPENDITURES OF PROJECTS FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>Original TFCA Project Allocation</u>	<u>Final TFCA Project Allocation</u>	<u>Final Project Expenditures through 6/30/11</u>
Napa County Transportation Planning Agency				
Hybrid Transit Buses	06NAP07	\$ 112,828	\$ 112,828	\$ 112,828
City of Calistoga				
Calistoga Employee Bicycling Incentives Project (Bikes, Bike Lockers and Racks)	09NAP05	8,500	8,500	7,759
City of Napa				
Trancas Class - 2 Bicycle Lane	06NAP02	100,000	100,000	81,816
Commuter Bike Path Phase III - Class I Bike Path from Marin Street to Vallejo Street	09NAP06	105,000	120,604	120,602
City of St. Helena				
Fleet Modernization: Purchase of Four Hybrid Vehicles	07NAP05	8,000	8,000	4,000
County of Napa				
Light-Duty Hybrid Vehicle Purchase	07NAP02	30,000	30,000	26,000
Napa City-County Bicycle Lockers	09NAP01	7,800	7,800	7,800
Solano Transportation Authority				
Commuter Incentives and Guaranteed Ride Home	06NAP05	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total		<u>\$ 397,128</u>	<u>\$ 412,732</u>	<u>\$ 385,805</u>

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

NOTES TO THE SCHEDULE OF EXPENDITURES OF PROJECTS FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

1. PROGRAM DESCRIPTION

Health and Safety Code Sections 44223 and 44225 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Bay Area Air Quality Management District (Air District) and local governments specifically for programs to reduce air pollution from motor vehicles. The Department of Motor Vehicles collects the surcharge and allocates the amounts to the Air District. The Air District administers these funds through the Transportation Fund for Clean Air (TFCA) Program. Under the TFCA Program, money is allocated to two funds: (1) 60% is placed in the Regional Fund and allocated to agencies on a competitive basis by the Air District and (2) 40% is placed in the Program Managers Fund and allocated to designated agencies. Allowable projects under Health and Safety Code Section 44241 include the following:

- Ridesharing program
- Purchase or lease of clean fuel school and transit buses
- Feeder or shuttle bus service to rail and ferry stations and airports
- Arterial traffic management
- Demonstrations in congestion pricing of highways, bridges, and public transit
- Rail bus integration and regional transit information systems
- Low emission vehicle projects
- Bicycle facility improvement projects
- Physical improvements that support "Smart Growth" projects

Relationship to Napa County Transportation and Planning Agency's Basic Financial Statements

The Napa County Transportation and Planning Agency (Agency) is the designated Program Manager for the County of Napa, and accounts for TFCA Program activities within a special revenue fund. The accompanying Schedule of Expenditures of Projects (Schedule) represents only the TFCA Program Manager Funds allocated to the Agency for certain projects and is not intended to present fairly the financial position and changes in financial position of the Agency in conformity with accounting principles generally accepted in the United States of America.

2. PROGRAM MANAGER PROJECTS

The Schedule reports on certain TFCA projects selected by the Air District for audit. The projects in the Schedule represent projects funded through the Program Manager Fund and completed between July 1, 2008, and June 30, 2011. Projects may have started several years earlier.

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

NOTES TO THE SCHEDULE OF EXPENDITURES OF PROJECTS FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

3. BASIS OF ACCOUNTING

The TFCA Program funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, expenditures are recorded in the accounting period in which the liability is incurred. Expenditures as noted in the Schedule represent only the amount funded by the Air District. Expenditures of matching and other funding sources are not included on the Schedule.

4. INVESTMENT POOL

The Agency maintains cash deposits of the TFCA Program Manager Fund with the County of Napa (County) and voluntarily participates in the external investment pool of the County. On June 30, 2011, the Agency's position in the County's pool is stated at fair value. However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of Agency's position in the pool. Any interest earned on TFCA cash deposits in the pool is used for TFCA Program Manager Fund projects.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
THE SCHEDULE OF EXPENDITURES OF PROJECTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND
REQUIREMENTS OF SECTION 44241 OF THE CALIFORNIA HEALTH AND
SAFETY CODE**

**Board of Directors
Napa County Transportation and Planning Agency
Napa, California**

**Board of Directors
Bay Area Air Quality Management District
San Francisco, California**

We have audited the Schedule of Expenditures of Projects (Schedule) of the Napa County Transportation and Planning Agency's (Agency) Transportation Fund for Clean Air (TFCA) Program Manager Fund Projects for the project period ended June 30, 2011, and have issued our report thereon dated August 29, 2012. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting of the Schedule as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting of the Schedule. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting of the TFCA Program.

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 Agency's Schedule will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting of the Schedule that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's Schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 44241 of the California Health and Safety Code, noncompliance with which could have a direct and material effect on the determination of Schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit of the Schedule, 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*.

This report is intended solely for the information and use of the Agency's Board of Directors and management, and the Bay Area Air Quality Management District's Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

August 29, 2012