



**NAPA COUNTY TRANSPORTATION
AND PLANNING AGENCY**

SINGLE AUDIT REPORT

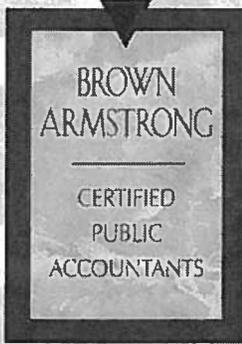
**FOR THE YEAR
ENDED JUNE 30, 2011**

**NAPA COUNTY TRANSPORTATION
AND PLANNING AGENCY**

**SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S 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

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

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We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Napa County Transportation and Planning Agency as of and for the year ended June 30, 2011, which collectively comprise Napa County Transportation and Planning Agency's basic financial statements and have issued our report thereon dated December 23, 2011. 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

In planning and performing our audit, we considered Napa County Transportation and Planning Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Napa County Transportation and Planning Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Napa County Transportation and Planning Agency's internal control over financial reporting.

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 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.

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 that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting. See Finding 2011-1. *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.



REGISTEPFD with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Napa County Transportation and Planning Agency's financial statements are free of 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 amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item 2011-1.

We noted certain matters that we reported to management in a separate letter dated December 23, 2011.

Napa County Transportation and Planning Agency's response to the finding identified in our prior year audit is described in the accompanying schedule of findings and questioned costs. We did not audit Napa County Transportation and Planning Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Napa County Transportation and Planning Agency's Board of Directors and state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
December 23, 2011



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Napa County Transportation and Planning Agency's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Napa County Transportation and Planning Agency's major federal programs for the year ended June 30, 2011. Napa County Transportation and Planning Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Napa County Transportation and Planning Agency's management. Our responsibility is to express an opinion on Napa County Transportation and Planning Agency's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 Napa County Transportation and Planning Agency'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. Our audit does not provide a legal determination of Napa County Transportation and Planning Agency's compliance with those requirements.

In our opinion, Napa County Transportation and Planning Agency complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed instances of non-compliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2011-1.

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REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Internal Control Over Compliance

The management of Napa County Transportation and Planning Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Napa County Transportation and Planning Agency's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Napa County Transportation and Planning Agency'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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 Napa County Transportation and Planning Agency, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 23, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Napa County Transportation and Planning Agency's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Napa County Transportation and Planning Agency's response to the finding identified in our prior year audit is described in the accompanying schedule of findings and questioned costs. We did not audit Napa County Transportation and Planning Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Napa County Transportation and Planning Agency's Board of Directors and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
December 23, 2011

**NAPA COUNTY TRANSPORTATION
AND PLANNING AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Federal Transit Administration	20.507*	CA-90-Y904	\$ 1,462,619
Federal Transit Administration	20.507*	CA-90-Y321	425,146
Federal Transit Administration	20.507*	CA-03-0788	439,534
Federal Transit Administration - ARRA	20.507*	CA-96-X069	<u>3,005,079</u>
Total Direct Programs			<u>5,332,378</u>
Passed through Metropolitan Transportation Commission			
Highway Planning and Construction	20.205*	--	956,672
Highway Planning and Construction	20.516	--	<u>596</u>
Total Metropolitan Transportation Commission			<u>957,268</u>
Total U.S. Department of Transportation			<u>6,289,646</u>
Total Expenditures of Federal Awards			<u><u>\$ 6,289,646</u></u>

* Major Program

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**NAPA COUNTY TRANSPORTATION
AND PLANNING AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 – REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Napa County Transportation and Planning Agency (the Agency). The Agency's reporting entity is defined in Note 1 to the Agency's basic financial statements.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the Agency's financial statements.

**NAPA COUNTY TRANSPORTATION
AND PLANNING AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION I

Financial Statements

Summary of Auditor's Results

- | | |
|--|-------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal controls over major program: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses | No |
| 2. Type of auditor's report issued on compliance for major program: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No |

4. Identification of major program:

CFDA Number

Name of Federal Program

20.507
20.205

Federal Transit Administration-Formula Grant
Highway Planning and Construction

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

SECTION II

Financial Statement Findings

Federal Award Findings and Questioned Costs Finding 2011-1

Criteria

Federal guidelines require that entities receiving Federal Funding must have adequate internal controls over allocating expenditures to each specific grant.

Condition

Under the payroll expenditures for which federal reimbursement wasn't claimed because the full amount of the Highway Planning grant, payroll hours were calculated incorrectly for reimbursement from the grant. We discovered two (2) instances where the manual task of pulling hours from the timesheets to the request for federal reimbursement was performed incorrectly. In both instances, the manual process incorrectly double counted a few hours charged to the grant.

Context

Per discussion with management, there are other allowable payroll expenses that could have been claimed in place of the over counted hours; the other payroll expenses hadn't been claimed because the entire federal award had already been claimed. Nonetheless, this is still a deficiency in internal controls associated with allocating expenses to specific grants.

Effect

The effect of this deficiency is that internal controls failed to prevent or detect the duplicate counting of certain payroll hours. If expenditures are not accurately tracked and recorded in accordance with federal guidelines, the Agency may not be reimbursed for related expenditures.

Cause

Hours worked are recorded on the timesheet by the employee. Timesheet are signed off by employee and supervisor. One person then reviews all timesheets on a quarterly basis and imputes the appropriate hours into an excel sheet for reimbursement. This is a chance for incorrect transferring of time or miscalculation of time.

Recommendation

Recommended that the input into excel is double checked by another staff.

Views of Responsible Officials

Discussed the finding with Antonio Onorato, Manager of Finance, on November 2, 2011, he agreed that error was from a double count of time. He stated in the 2011-12 fiscal year they are using a new system where the time automatically pulls from the timesheet. He will no longer have to transfer the time to another document by hand. This should eliminate this error.

SECTION III

Federal Award Findings and Questioned Costs

No matters were reported.

**NAPA COUNTY TRANSPORTATION
AND PLANNING AGENCY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Material Weaknesses

2010-01 Policies and Procedures

Criteria

Internal controls should be established and monitored to ensure policies and procedures over significant account balances and transaction classes are properly designed and operating effectively to prevent and detect material misstatements in the financial statements.

Condition

Although significant improvements have been made since the 2009 reporting period, we noted the Agency did not have sufficient policies and procedures or operating manuals in place to provide a comprehensive system of internal controls.

Context

We noted the Agency is completing the process of developing policies and procedures; however, as of June 30, 2011, those policies and procedures had not been in operation for a sufficient period of time to be tested for operating effectiveness.

Effect

Due to the lack of formal policies and procedures, inconsistencies in the application of Generally Accepted Accounting Principles and/or the ability to effectively monitor compliance with Agency guidelines may result. Adequate segregation of duties is difficult to maintain where there are insufficient policies to provide clear direction within the accounting department.

Cause

As of the date of our audit, the Agency had not completed drafting, formalizing, and approving a comprehensive set of policies and procedures.

Recommendation

Those charged with governance over the Agency should ensure the appropriate policies are implemented and continuously monitor the operating effectiveness of internal control procedures.

Views of responsible officials and planned corrective actions

The Board of Directors of NCTPA formally approved and adopted the Financial Policies, Practices, and Procedures in September 2010. The Procurement Section of the Policies Practices, and Procedures was formally approved and adopted by the Board of Directors of NCTPA in November 2010.

Current Year Status

Policies and procedures that were formally approved and adopted by the Board of Directors in November 2010 are now in effect and establish controls throughout the Agency.