

CITY OF NAPA
BICYCLE/PEDESTRIAN PROJECTS
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2012 AND 2011

CITY OF NAPA
Bicycle/Pedestrian Projects
Financial Statements
For the Years Ended June 30, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

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

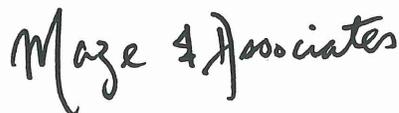
We have audited the financial statements of the Bicycle/Pedestrian Projects (Projects) of the City of Napa, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Projects and are not intended to present fairly the financial position and results of operations of the City in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Projects at June 30, 2012 and 2011, and the change in financial position for the year then ended 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 December 14, 2012, on our consideration of the Project's internal control over financial reporting 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.

A handwritten signature in black ink that reads 'Maze & Associates' in a cursive script.

December 14, 2012

CITY OF NAPA
BICYCLE/PEDESTRIAN PROJECTS
BALANCE SHEETS
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
	ASSETS	
Accounts Receivable	<u>\$0</u>	<u>\$0</u>
Total Assets	<u><u>\$0</u></u>	<u><u>\$0</u></u>
	LIABILITIES	
Due to the City	<u>\$0</u>	<u>\$0</u>
Total liabilities	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to financial statements

CITY OF NAPA
 BICYCLE/PEDESTRIAN PROJECTS
 STATEMENTS OF REVENUES AND EXPENDITURES
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
REVENUES		
TDA Article 3.0 (Note 2)	\$75,000	\$76,296
TOTAL	\$75,000	\$76,296
EXPENDITURES		
In-Pavement Lighten Crosswalk	\$75,000	
Commuter Bike Path Project		\$76,296
TOTAL	\$75,000	\$76,296

See accompanying notes to financial statements

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**CITY OF NAPA
BICYCLE/PEDESTRIAN PROJECTS
Notes to Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Napa has developed the Bicycle/Pedestrian Projects (Projects) under the Transportation Development Act (TDA), Article 3.0 for the construction of pedestrian pathways. The Projects are funded by TDA grants.

The following is a summary of significant accounting policies of the applicable to the Projects which conform to generally accepted accounting principles as applicable to governments.

A. Fund Accounting

The Projects are accounted for as part of the City Capital Projects Fund of the City of Napa. This fund is a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized. The Projects are accounted for in a governmental fund type and the modified accrual basis of accounting is used. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when they are incurred.

NOTE 2 - TDA ARTICLE 3.0 REVENUE

During the years ended June 30, 2012 and 2011, the City received allocation instructions from the Metropolitan Transportation Commission for the following projects:

Allocation Instruction #	Project Name	Grant Award	Revenue	
			2012	2011
11001081	In-Pavement Lighten Crosswalk	\$75,000	\$75,000	
10001075	Commuter Bike Path Project	130,000		\$76,296
			<u>\$75,000</u>	<u>\$76,296</u>

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE WITH THE TRANSPORTATION
DEVELOPMENT ACT AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the Bicycle/Pedestrian Projects (Projects) of the City of Napa as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 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 Projects is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Project'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 the Project's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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. Our procedures included the applicable audit procedures contained in §6666 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. 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.

As part of our audit, we prepared and issued our separate Memorandum on Internal Control, which is an integral part of our audit and should be read in conjunction with this report.

This report is intended solely for the information and use of the Metropolitan Transportation Commission, management, City Council, others within the City, 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.

Maze & Associates

December 14, 2012