



**NAPA COUNTY TRANSPORTATION  
AND PLANNING AGENCY**

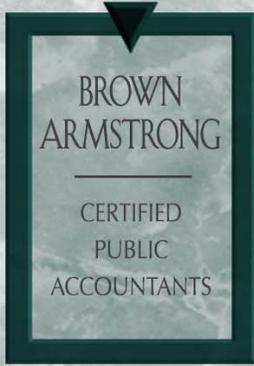
**AUDIT REPORT**

**FOR THE FISCAL YEARS  
ENDED JUNE 30, 2013 AND 2012**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
JUNE 30, 2013 AND 2012**

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# BROWN ARMSTRONG

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members  
of the Board of Directors  
Napa County Transportation and Planning Agency  
Napa, California

### Report on the Financial Statements

We have audited the accompanying 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 (NCTPA), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the NCTPA's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements 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 audits 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. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of NCTPA as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2013, NCTPA implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which modified the current financial reporting of those elements. Our opinion is not modified with respect to the matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress on pages 4 through 8, 44 through 45, and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NCTPA's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements as well as the statement of revenues, expenses, and changes in fund net position enterprise fund – transit related by operation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of the NCTPA'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* in considering NCTPA's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
December 30, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

This section of the Napa County Transportation and Planning Agency's (NCTPA) annual financial report presents our discussion and analysis of NCTPA's financial performance during the years that ended on June 30, 2013 and 2012. It should be read in conjunction with the basic financial statements contained in the independent auditor's report.

**Financial Highlights**

- At the close of the fiscal year 2012-2013, total assets of NCTPA exceeded liabilities by \$24,477,375. Of this amount, \$22,490,170 is the net investment in capital assets. The remaining \$1,987,205 represents unrestricted Net Position.
- As of June 30, 2013, NCTPA's governmental fund reported an ending fund balance of \$938,194 or 38.09% of total governmental fund expenditures.
- Capital contributions in the form of grants from the Federal and State governments increased from \$2,683,432 in fiscal year 2011-2012 to \$7,498,113 in fiscal year 2012-2013 for the procurement of 16 public transit vehicles, 12 new bus shelters and related passenger amenities, farebox replacements, equipment, and construction of the Soscol Gateway Transit Center.
- NCTPA successfully completed and took occupancy of the Soscol Gateway Transit Center and administrative offices located at 625 Burnell St. in the City of Napa. All NCTPA administrative, finance, human resources, and transit planning staff have been relocated to the new building. The new Transit Center replaces the old center located on Pearl St.
- After 20 years, VINE Transit- NCTPA's transit services arm procured and installed 85 new fareboxes and related equipment using Public Transportation Modernization, Improvement, and Service Enhancement Agency (PTMISEA) funds, Federal Transit Administration State of Good Repair grant funds, and Transportation Development Act (TDA) funds.
- Significant investments were made in VINE Transit by adding service, increasing frequency, enhancing connectivity and transferability, and improved on-time performance. Approximately 2,500 hours of additional service was added to the transit system monthly.
- The Agency continues to improve operation performance, compliance and accountability during fiscal year 2012-2013 by making investments in professional management, fiscal controls, and accounting.

**Overview of the Financial Statements**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of NCTPA's financial position and activity.

- The first two statements are *government-wide* financial statements that provide both *long-term* and *short-term* information about NCTPA's overall financial status.
- The remaining statements are *fund* financial statements that focus on individual parts of NCTPA's organization. These statements report NCTPA's financial position and activity.

The financial statement also includes notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that includes budgetary comparison information for NCTPA's governmental fund.

## Government-Wide Financial Statements

The government-wide financial statements report information about NCTPA as a whole using accounting methods similar to those used by private-sector companies. The statement of Net Position includes all of NCTPA's assets and liabilities including long-term debt. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report NCTPA's Net Position and how they have changed. Net Position – the difference between NCTPA's assets and liabilities – is one way to measure NCTPA's financial health, or position. Over time, increases or decreases in NCTPA's Net Position are indicators of whether its financial health is improving or deteriorating, respectively.

## Fund Financial Statements

The fund financial statements provide a detailed short-term view and do not include information related to NCTPA's long-term liabilities. Additional information is provided on separate schedules that reconcile the differences between the government-wide financial statements and the fund financial statements.

## **Financial Analysis of NCTPA**

### Net Position

The governmental activities Net Position decreased by \$1,791 in local funds. The business type activities Net Position increased \$9,110,448 due to new capital investments in the form of sixteen (16) fuel efficient public transit vehicles, new passenger amenities, new equipment, and completion of the Soscol Gateway Transit Center. The result is an overall increase in Net Position of \$9,108,657 or 59.27%.

The following schedule is a summary of NCTPA's Statement of Net Position.

	As of June 30, 2013			As of June 30, 2012			As of June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 1,290,618	\$ 7,644,136	\$ 8,934,754	\$ 1,235,019	\$ 3,845,765	\$ 5,080,784	\$ 710,001	\$ 4,522,632	\$ 5,232,633
Capital assets	184,214	22,305,956	22,490,170	6,495	13,404,699	13,411,194	52,250	9,311,166	9,363,416
Total assets	1,474,832	29,950,092	31,424,924	1,241,514	17,250,464	18,491,978	762,251	13,833,798	14,596,049
Current and other liabilities	426,202	6,521,347	6,947,549	191,093	2,932,167	3,123,260	267,220	3,609,034	3,876,254
Total liabilities	426,202	6,521,347	6,947,549	191,093	2,932,167	3,123,260	267,220	3,609,034	3,876,254
Net Position:									
Net investment in capital assets	184,214	22,305,956	22,490,170	6,495	13,404,699	13,411,194	52,250	9,311,166	9,363,416
Unrestricted Net Position	864,416	1,122,789	1,987,205	1,043,926	913,598	1,957,524	442,781	913,598	1,356,379
Total Net Position	\$ 1,048,630	\$ 23,428,745	\$ 24,477,375	\$ 1,050,421	\$ 14,318,297	\$ 15,368,718	\$ 495,031	\$ 10,224,764	\$ 10,719,795

## Changes in Net Position

A summary of NCTPA's Statement of Activities, recapping NCTPA's revenues earned during the fiscal years ended June 30, 2013, 2012, and 2011, and the expenses incurred are as follows:

	As of June 30, 2013			As of June 30, 2012			As of June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>									
<b>Program revenues:</b>									
Fees, fines, and charges for services	\$ -	\$ 966,429	\$ 966,429	\$ -	\$ 1,088,876	\$ 1,088,876	\$ -	\$ 978,625	\$ 978,625
Operating grants and contributions	2,281,030	10,487,025	12,768,055	2,193,893	8,533,295	10,727,188	1,978,630	10,447,953	12,426,583
Capital grants and contributions	-	7,498,113	7,498,113	-	2,683,432	2,683,432	-	1,285,836	1,285,836
<b>General revenues:</b>									
Unrestricted interest and investment earnings	4,619	15,820	20,439	6,251	13,255	19,506	4,788	22,457	27,245
Miscellaneous	29,620	-	29,620	122,194	99	122,293	47,246	-	47,246
<b>Total revenues</b>	<b>2,315,269</b>	<b>18,967,387</b>	<b>21,282,656</b>	<b>2,322,338</b>	<b>12,318,957</b>	<b>14,641,295</b>	<b>2,030,664</b>	<b>12,734,871</b>	<b>14,765,535</b>
<b>Expenses:</b>									
Transportation Planning	2,317,060	-	2,317,060	1,766,948	-	1,766,948	1,875,256	-	1,875,256
Transit	-	9,856,939	9,856,939	-	8,225,424	8,225,424	-	9,919,665	9,919,665
<b>Total expenses</b>	<b>2,317,060</b>	<b>9,856,939</b>	<b>12,173,999</b>	<b>1,766,948</b>	<b>8,225,424</b>	<b>9,992,372</b>	<b>1,875,256</b>	<b>9,919,665</b>	<b>11,794,921</b>
Change in Net Position	(1,791)	9,110,448	9,108,657	555,390	4,093,533	4,648,923	155,408	2,815,206	2,970,614
Net Position, beginning	1,050,421	14,318,297	15,368,718	495,031	10,224,764	10,719,795	339,623	7,409,558	7,749,181
Net Position, ending	\$ 1,048,630	\$ 23,428,745	\$ 24,477,375	\$ 1,050,421	\$ 14,318,297	\$ 15,368,718	\$ 495,031	\$ 10,224,764	\$ 10,719,795

## Governmental Activities

NCTPA's governmental activities financial reports capture the financial information for NCTPA's administration, transportation planning, coordinating of transportation and land use in the region and programming of regional funding activities.

Governmental activity expenses increased from \$1,766,948 in fiscal year 2011-2012 to \$2,317,060 in fiscal year 2012-2013, a difference of \$550,112 or 31.13%. The increase is attributable to increased costs associated with:

### 1. Administration Costs

An increase in spending on special studies and reports by \$622,272, offset by decreases in spending for insurance, miscellaneous expenses, and administration costs of \$109,912.

### 2. Salary and Benefits

An increase in spending on salary and benefits for the Congestion Management Agency by \$37,752. The increase is accounted by adding a part-time transportation engineer position.

Governmental activities are supported by a variety of funding sources which include:

- Federal Highway Administration (FHWA) Funds
- Federal Transit Administration (FTA) Funds
- State Programming, Planning and Monitoring Funds
- TDA Funds
- Local Support from Member Agencies
- Various Grants

The Metropolitan Transportation Commission (MTC) provides NCTPA with FHWA funds to support regional transportation planning and programming and to support the coordination of transportation and land use activities throughout the Napa County. In fiscal year 2012-2013, the level of this funding was \$638,000.

TDA funds derive from ¼ cent of the local sales tax collected. TDA is used to support transit planning, administration and the Paratransit Coordinating Council. TDA funds which are not spent within the year they are drawn must either be returned to the Napa County Local Transportation Fund (LTF (trust account for TDA)) or designated as advances for a specific project. Funds returned to the LTF become available to NCTPA again in the fiscal year following their return. The LTF is not a fund under the control of the NCTPA; it is administered by the MTC through the Napa County Auditor-Controller.

Local funds which are provided by the member agencies are unrestricted and may be placed in net position balance if not used in the fiscal year they are collected. Currently, the NCTPA has a net position balance of \$1,048,630 which is held in reserve for future regional planning projects or necessary administrative costs.

### Business-Type Activities

NCTPA's Business-Type Activities encompass the financial reports for public transit services provided by NCTPA including the VINE (fixed route transit), VINE Go (complimentary Americans with Disabilities Act (ADA) required paratransit service), American Canyon Transit (fixed deviated transit), the Yountville Trolley (fixed deviated transit), the St. Helena Shuttle (fixed deviated transit), the Calistoga Shuttle (dial-a-ride transit), and the Taxi Scrip program.

Business-type activity expenses increased considerably from \$8,225,424 in fiscal year 2011-2012 to \$9,856,939 in fiscal year 2012-2013 which is an overall increase of 19.84%. The significant growth is accounted for by VINE Transit's service expansion of hours which increased vehicle fuel costs, purchased transportation services costs, administrative cost for supplies, rents and leases, marketing, vehicle maintenance, security, and general planning and administration.

Transit operating expenses are supported by a variety of funding sources which include:

- TDA funds
- FTA funds
- Fare Revenues collected
- Various grants

Any TDA operating revenue received which is not spent on transit operations is returned to the LTF as described in the Governmental Activities section. As a result, there is no fund balance or reserve set aside for transit operations.

### **BUDGETARY HIGHLIGHTS**

NCTPA adopts an annual operating budget that includes proposed expenditures and the means of financing them. NCTPA's budget is adopted by the Board of Directors (the Board) before June 30th of each year. Subsequent increases or decreases to the original budget must be approved by the Board. Page 44 provides a budget to actual comparison of the Governmental Fund.

For NCTPA's Governmental Fund, the budget for revenues was \$4,088,100 and for expenditures was \$4,088,100. When comparing actual expenditures and revenue to the final budget, NCTPA was within budget.

## **CAPITAL ASSETS**

The governmental activities financial statements list capital assets at \$184,214 and unrestricted Net Position at \$864,416. Capital assets in total are composed of one vehicle for agency use and office furniture located at NCTPA's administrative headquarters at the Soscol Gateway Transit Center.

The business-type activities financial statements list capital assets at \$22,305,956 and unrestricted Net Position at \$1,122,789. Capital assets in total are predominantly made up of buses and other transit related equipment as well as the Soscol Gateway Transit Center. Construction of the transit center began in November 2011 and placed into service on December 3<sup>rd</sup>, 2012. Unrestricted net position primarily represent the dollar amount to maintain the VINE fleet.

Other than the Soscol Gateway Transit Center, the major additions during the year included purchases of sixteen (16) public transit vehicles, purchase of the Yountville Park and Ride lot parcel, twelve (12) bus shelters and passenger related amenities, security equipment at the vehicle maintenance yard, vehicle maintenance equipment, and purchases of eighty-five fareboxes and related farebox equipment.

For additional information on the NCTPA's capital assets and capital asset activity, please refer to Note 4 in the notes to the financial statements.

## **DEBT ADMINISTRATION**

As of June 30, 2013, NCTPA had debt for compensated absences in the amount of \$73,778. For additional information on the NCTPA's debt activity, please refer to Note 5 in the notes to the financial statements.

## **CONTACTING NCTPA**

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of NCTPA's finances and to demonstrate NCTPA's accountability for the money it receives. For questions about this report or any additional information needed, contact the NCTPA's administrative headquarters at 625 Burnell Street, Napa, California 94559-3420.

**BASIC FINANCIAL STATEMENTS –  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
<b><u>ASSETS</u></b>			
Cash and Investments in County Treasury	\$ 620,170	\$ 2,912,589	\$ 3,532,759
Imprest Cash	500	-	500
Due from Other Government Agencies	250,226	1,685,905	1,936,131
Grants Receivable	375,558	2,523,240	2,898,798
Prepaid Expenses	44,164	146,977	191,141
Inventory	-	375,425	375,425
Capital Assets:			
Land	-	1,353,692	1,353,692
Construction in Progress	-	1,221,645	1,221,645
Capital Assets, Net of Accumulated Depreciation	184,214	19,730,619	19,914,833
	<u>\$ 1,474,832</u>	<u>\$ 29,950,092</u>	<u>\$ 31,424,924</u>
Total Assets			
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 277,242	\$ 2,402,456	\$ 2,679,698
Accrued Salaries	75,182	-	75,182
Unearned Revenue	-	601,784	601,784
Due to Other Government Agencies	-	3,517,107	3,517,107
Compensated Absences	73,778	-	73,778
	<u>426,202</u>	<u>6,521,347</u>	<u>6,947,549</u>
Total Liabilities			
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	184,214	22,305,956	22,490,170
Unrestricted	864,416	1,122,789	1,987,205
	<u>1,048,630</u>	<u>23,428,745</u>	<u>24,477,375</u>
Total Net Position			
Total Liabilities and Net Position	<u>\$ 1,474,832</u>	<u>\$ 29,950,092</u>	<u>\$ 31,424,924</u>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2012**

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
<b><u>ASSETS</u></b>			
Cash and Investments in County Treasury	\$ 782,935	\$ 1,091,135	\$ 1,874,070
Imprest Cash	300	-	300
Grants Receivable	399,992	1,718,688	2,118,680
Due from Other Government Agencies	28,119	679,266	707,385
Prepaid Expenses	23,673	7,787	31,460
Inventory	-	348,889	348,889
Capital Assets:			
Land	-	1,190,000	1,190,000
Construction in Progress	-	5,221,609	5,221,609
Capital Assets, Net of Accumulated Depreciation	6,495	6,993,090	6,999,585
<b>Total Assets</b>	<b>\$ 1,241,514</b>	<b>\$ 17,250,464</b>	<b>\$ 18,491,978</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 66,394	\$ 998,290	\$ 1,064,684
Accrued Salaries	61,883	-	61,883
Unearned Revenues	13,300	259,713	273,013
Due to Other Government Agencies	7,526	1,674,164	1,681,690
Compensated Absences	41,990	-	41,990
<b>Total Liabilities</b>	<b>191,093</b>	<b>2,932,167</b>	<b>3,123,260</b>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	6,495	13,404,699	13,411,194
Unrestricted	1,043,926	913,598	1,957,524
<b>Total Net Position</b>	<b>1,050,421</b>	<b>14,318,297</b>	<b>15,368,718</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,241,514</b>	<b>\$ 17,250,464</b>	<b>\$ 18,491,978</b>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities							
Transportation Planning	\$ 2,317,060	\$ -	\$ 2,281,030	\$ -	\$ (36,030)	\$ -	\$ (36,030)
Business-Type Activities:							
Transit	9,856,939	966,429	10,487,025	7,498,113	-	9,094,628	9,094,628
Total Primary Government	<u>\$ 12,173,999</u>	<u>\$ 966,429</u>	<u>\$ 12,768,055</u>	<u>\$ 7,498,113</u>	(36,030)	9,094,628	9,058,598
		General Revenues					
		Unrestricted Interest and Investment Earnings			4,619	15,820	20,439
		Miscellaneous			29,620	-	29,620
		Change in Net Position			(1,791)	9,110,448	9,108,657
		Net Position July 1, 2012			1,050,421	14,318,297	15,368,718
		Net Position June 30, 2013			<u>\$ 1,048,630</u>	<u>\$ 23,428,745</u>	<u>\$ 24,477,375</u>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities							
Transportation Planning	\$ 1,766,948	\$ -	\$ 2,193,893	\$ -	\$ 426,945	\$ -	\$ 426,945
Business-Type Activities:							
Transit	8,225,424	1,088,876	8,533,295	2,683,432	-	4,080,179	4,080,179
Total Primary Government	<u>\$ 9,992,372</u>	<u>\$ 1,088,876</u>	<u>\$ 10,727,188</u>	<u>\$ 2,683,432</u>	426,945	4,080,179	4,507,124
		General Revenues					
		Unrestricted Interest and Investment Earnings			6,251	13,255	19,506
		Miscellaneous			122,194	99	122,293
		Change in Net Position			555,390	4,093,533	4,648,923
		Net Position July 1, 2011			495,031	10,224,764	10,719,795
		Net Position June 30, 2012			<u>\$ 1,050,421</u>	<u>\$ 14,318,297</u>	<u>\$ 15,368,718</u>

The accompanying notes are an integral part of these financial statements.

## **FUND FINANCIAL STATEMENTS**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
BALANCE SHEETS  
PLANNING FUND  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Investments in County Treasury	\$ 620,170	\$ 782,935
Imprest Cash	500	300
Grants Receivable	375,558	399,992
Due from Other Government Agencies	250,226	28,119
Prepaid Expenses	<u>44,164</u>	<u>23,673</u>
Total Current Assets	<u>1,290,618</u>	<u>1,235,019</u>
Total Assets	<u><u>\$ 1,290,618</u></u>	<u><u>\$ 1,235,019</u></u>
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts Payable	\$ 277,242	\$ 66,394
Accrued Salaries and Benefits	75,182	61,883
Unearned Revenue	-	13,300
Due to Other Governments	<u>-</u>	<u>7,526</u>
Total Current Liabilities	<u>352,424</u>	<u>149,103</u>
Total Liabilities	<u>352,424</u>	<u>149,103</u>
<b><u>FUND BALANCE</u></b>		
Unassigned	<u>938,194</u>	<u>1,085,916</u>
Total Fund Balance	<u>938,194</u>	<u>1,085,916</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,290,618</u></u>	<u><u>\$ 1,235,019</u></u>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
RECONCILIATION OF THE PLANNING FUND  
BALANCE SHEETS TO THE STATEMENTS OF NET POSITION  
JUNE 30, 2013 AND 2012**

	2013	2012
<b>Total Fund Balance - Governmental Fund</b>	\$ 938,194	\$ 1,085,916
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Capital Assets used in governmental activities are not financial resources and, therefore, are deferred in the funds. The cost of assets were \$224,813 and \$27,214 and the accumulated depreciation was \$40,600 and \$20,719 at June 30, 2013 and 2012, respectively.</p>	184,214	6,495
<p>Compensated Absence Liability is not reported in the Governmental Fund.</p>	(73,778)	(41,990)
<b>Total Net Position - Governmental Activities</b>	<b>\$ 1,048,630</b>	<b>\$ 1,050,421</b>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENTS OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
PLANNING FUND  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
Local Transportation Fund Allocation	\$ 746,300	\$ 996,900
Federal Highway Allocations	825,594	1,022,008
Programming Planning and Monitoring	363,324	-
Other Grants	46,858	109,780
Local Support	298,954	65,205
Interest	4,619	6,251
Other Revenues	<u>29,620</u>	<u>122,194</u>
Total Revenues	<u>2,315,269</u>	<u>2,322,338</u>
Expenditures		
Communications	10,023	6,168
Insurance	27,871	29,085
Office Expense	24,549	28,657
Rents and Leases	44,733	71,782
Transportation	11,151	4,850
Salary and Benefits	1,113,059	1,075,307
Miscellaneous Expense	84,234	15,556
Professional Services	<u>1,147,371</u>	<u>525,099</u>
Total Expenditures	<u>2,462,991</u>	<u>1,756,504</u>
Net Change in Fund Balance	<u>(147,722)</u>	<u>565,834</u>
Fund Balance, Beginning of Year	<u>1,085,916</u>	<u>520,082</u>
Fund Balance, End of Year	<u><u>\$ 938,194</u></u>	<u><u>\$ 1,085,916</u></u>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE PLANNING FUND  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES –  
GOVERNMENTAL ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
<b>Net Change in Fund Balance - Governmental General Fund</b>	\$ (147,722)	\$ 565,834
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	177,719	6,495
<p>Disposal of donated capital assets decreases Net Position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.</p>	-	(52,250)
<p>In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the Governmental Fund, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). The difference between the amounts earned and benefits paid was:</p>	(31,788)	35,311
<b>Total Change in Net Position - Governmental Activities</b>	<b>\$ (1,791)</b>	<b>\$ 555,390</b>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENTS OF FUND NET POSITION  
TRANSIT FUND  
JUNE 30, 2013 AND 2012**

	2013	2012
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Investments in County Treasury	\$ 2,912,589	\$ 1,091,135
Grants Receivable	2,523,240	1,718,688
Due from Other Government Agencies	1,685,905	679,266
Prepaid Expenses	146,977	7,787
Inventory	375,425	348,889
Total Current Assets	7,644,136	3,845,765
Noncurrent Assets		
Land	1,353,692	1,190,000
Capital Assets, Net of Accumulated Depreciation	20,952,264	12,214,699
Total Noncurrent Assets	22,305,956	13,404,699
Total Assets	\$ 29,950,092	\$ 17,250,464
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts Payable	\$ 2,402,456	\$ 998,290
Unearned Revenue	601,784	259,713
Due to Other Government Agencies	3,517,107	1,674,164
Total Current Liabilities	6,521,347	2,932,167
Total Liabilities	6,521,347	2,932,167
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	22,305,956	13,404,699
Unrestricted	1,122,789	913,598
Total Net Position	23,428,745	14,318,297
Total Liabilities and Net Position	\$ 29,950,092	\$ 17,250,464

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
TRANSIT FUND  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
<b>Operating Revenues</b>		
Farebox Revenues	\$ 966,429	\$ 1,088,876
Total Operating Revenues	966,429	1,088,876
<b>Operating Expenses</b>		
Marketing	234,967	99,855
Vehicle Maintenance	81,600	418
Other Maintenance	173,302	5,295
Fuel and Lubricants	1,275,667	1,078,565
Insurance	21,598	9,691
Planning and Administration	4,691	-
Security	16,954	11,012
Services	69,334	43,608
Supplies	53,179	212,196
Purchased Transportation	6,319,666	5,606,912
Rents and Leases	44,653	48,142
Utilities	3,611	3,707
Miscellaneous	13,354	12,145
Depreciation	1,210,769	830,615
Personnel Costs	333,594	263,263
Total Operating Expenses	9,856,939	8,225,424
Operating Loss	(8,890,510)	(7,136,548)
<b>Nonoperating Revenue, Net</b>		
Local Transportation Funds	7,152,784	5,203,356
Loss: Returned Local Transportation Fund Allocations	(3,517,107)	(1,674,164)
State Transit Assistance	1,240,123	1,194,231
Federal Transit Assistance - Operating	1,830,151	1,617,266
Other Federal Grants	373,239	303,252
Other Operating Grants	3,407,835	1,889,354
Interest Income	15,820	13,255
Other Revenues	-	99
Total Nonoperating Revenue, Net	10,502,845	8,546,649
<b>Change in Net Position Before Contributions</b>	1,612,335	1,410,101
Capital Contributions		
Federal Transit Assistance	2,599,127	86,604
Prop 1B Funds	1,013,172	-
Local Transportation Funds	3,885,814	2,596,828
Excess of Revenues over Expenses	9,110,448	4,093,533
Net Position, Beginning of Year	14,318,297	10,224,764
Net Position, End of Year	\$ 23,428,745	\$ 14,318,297

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENTS OF CASH FLOWS  
TRANSIT FUND  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Passengers	\$ 966,429	\$ 1,088,876
Cash Payments for General and Administrative Expenses	(713,247)	(647,865)
Cash Payments to Suppliers for Operations	<u>(6,352,412)</u>	<u>(6,525,232)</u>
Net Cash Used in Operating Activities	<u>(6,099,230)</u>	<u>(6,084,221)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Local Transportation Fund	5,941,158	4,875,307
Federal Operating Grants	996,780	1,462,619
State Transit Assistance	1,217,785	1,402,847
Other Federal Grants	373,239	230,649
Other Operating Grants	1,992,906	1,958,744
Other Revenues	<u>(3,091)</u>	<u>9,914</u>
Net Cash Provided by Noncapital Financing Activities	<u>10,518,777</u>	<u>9,940,080</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital Contributions	7,498,113	86,604
Payments for the acquisition of Capital Assets	<u>(10,112,026)</u>	<u>(4,924,149)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(2,613,913)</u>	<u>(4,837,545)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Received	<u>15,820</u>	<u>13,255</u>
Net Increase (Decrease) in Cash and Investments in County Treasury	1,821,454	(968,431)
Cash and Investments in County Treasury at Beginning of Year	<u>1,091,135</u>	<u>2,059,566</u>
Cash and Investments in County Treasury at End of Year	<u>\$ 2,912,589</u>	<u>\$ 1,091,135</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (8,890,510)	\$ (7,136,548)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	1,210,769	830,616
Changes in Assets and Liabilities:		
(Increase) Decrease in Inventory	(26,536)	-
(Decrease) in Unearned Revenue	342,071	(150,853)
Increase in Prepaid Expenses	(139,190)	(3,881)
Increase in Accounts Payable and Accrued Expenses	<u>1,404,166</u>	<u>376,445</u>
Net Cash Used in Operating Activities	<u>\$ (6,099,230)</u>	<u>\$ (6,084,221)</u>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENTS OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013 AND 2012**

	2013	2012
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Investments in County Treasury	\$ 545,236	\$ 739,614
Due from Other Government Agencies	98,759	96,138
Total Current Assets	643,995	835,752
Total Assets	\$ 643,995	\$ 835,752
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts Payable	\$ 67,340	\$ 8,650
Due to Other Governments	100,026	10,298
Total Current Liabilities	167,366	18,948
Total Liabilities	167,366	18,948
<b><u>NET POSITION</u></b>		
Net Position Held in Trust for Other Purposes	476,629	816,804
Total Net Position	476,629	816,804
Total Liabilities and Net Position	\$ 643,995	\$ 835,752

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ADDITIONS</b>		
Aid from Other Governmental Agencies	\$ 321,813	\$ 387,115
Interest Income	3,063	5,454
Total Additions	<u>324,876</u>	<u>392,569</u>
<b>DEDUCTIONS</b>		
Program Expenses	<u>665,051</u>	<u>488,309</u>
Total Deductions	<u>665,051</u>	<u>488,309</u>
<b>CHANGE IN NET POSITION</b>	(340,175)	(95,740)
Net Position, Beginning of Year	<u>816,804</u>	<u>912,544</u>
Net Position, End of Year	<u>\$ 476,629</u>	<u>\$ 816,804</u>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

Napa County Transportation and Planning Agency (NCTPA), formerly known as the Napa County Congestion Management Agency, was formed on September 3, 1991, under a Joint Powers Agreement to provide coordinated, continuous and comprehensive transportation planning for the County of Napa (the County) and the cities of the County. NCTPA consists of six member agencies with the voting power of each in parenthesis; the Cities of American Canyon (2), Calistoga (2), Napa (10), St. Helena (2), the Town of Yountville (2), and the County (4).

The work program for the activities of the NCTPA is defined by the Board of Directors (the Board) made up of elected officials from the respective member agencies and a member of the Paratransit Coordinating Council (PCC). The PCC member is ex-officio and does not have a vote.

The NCTPA was formed to serve as the countywide transportation planning body for the incorporated and unincorporated areas of the County. NCTPA is charged with coordinating short and long-term planning and funding within an intermodal policy framework in the areas of highways, streets and roads, transit and paratransit, and bicycle improvements.

NCTPA's Joint Powers Agreement was amended effective January 1, 2001, to facilitate the consolidation of transit planning and to allow transfer of Transportation Development Act (TDA) funds directly to NCTPA as claimant for transit use to the extent allowed by TDA regulations. The amendment enables NCTPA to claim all TDA funds under Articles 4, 4.5 and/or 8 of Chapter 4 of the Public Utilities Code apportioned within the County by the Metropolitan Transportation Commission. NCTPA is authorized to claim all apportionments to transit services on behalf of the jurisdictions of the County. In January 2007, the agreement was amended further to change NCTPA's name from Napa County Transportation Planning Agency to Napa County Transportation and Planning Agency. Voting powers were also amended.

Beginning July 1, 2001, NCTPA began administering all transit-related activities on behalf of the Cities of Calistoga, Napa, St. Helena, the Town of Yountville, and the County of Napa. The City of American Canyon receives funding from NCTPA for American Canyon Transit (ACT). Until June 30, 2006, American Canyon administered ACT directly. Effective July 1, 2006, the NCTPA assumed direct management of ACT.

B. Basis of Presentation

The financial statements of the NCTPA are prepared in accordance with accounting principles generally accepted in the United States of America.

*Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the primary government (NCTPA). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the NCTPA. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### B. Basis of Presentation (Continued)

The Statement of Activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes and unrestricted interest earnings, are presented instead as general revenues.

When both restricted and unrestricted Net Position are available, restricted resources are used for non-restricted purposes only after unrestricted resources are depleted.

#### *Fund Financial Statements*

The fund financial statements provide information about NCTPA's funds, including fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds. For the years ended June 30, 2013 and June 30, 2012, NCTPA did not have any nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Proprietary fund *operating* revenues result from exchange transactions. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues generally result from charges to passengers for public transit services. Operating expenses include the cost of transit service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating.

NCTPA reports the following major governmental fund:

*Planning Fund* is used as the general fund for NCTPA and all planning and administrative activities are accounted for in this fund.

NCTPA reports the following major enterprise fund:

*Transit Fund* is used to account for the revenues and expenses necessary to provide public transit services. Transit operations include the VINE, VINE GO, American Canyon Transit, the Yountville Trolley, the St. Helena Shuttle, the Calistoga Shuttle, and the Taxi Scrip program.

NCTPA reports the following additional fund types:

*Private Purpose Trust Funds* account for assets, primarily cash and investments, held by NCTPA in a trustee capacity for other governmental agencies. NCTPA is responsible for the administration of two private purpose trust funds. They are used to account for activities of the Abandoned Vehicle Abatement Authority trust fund and the Bay Area Air Quality Management trust fund.

### C. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which NCTPA gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Basis of Accounting (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Interest, state, federal and local grants and charges for services are accrued when their receipt occurs within one year after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

D. Cash and Investments

NCTPA maintains nearly all of its cash and investments with the County Treasurer in a cash and investment pool. A small independent bank account is used to pay some employee benefits. On a quarterly basis, the Treasurer allocates interest to participants based upon their average daily balances. For purposes of the accompanying Statement of Cash Flows, the enterprise fund considers all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents. The fair value of investments is obtained by using quotations obtained from independent published sources.

Required disclosure information regarding the categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Napa's financial statements may be obtained by contacting the County of Napa's Auditor-Controller's office at 1195 Third Street, Room B-10, Napa, California 94559. The County Treasury Oversight Committee oversees the Treasurer's investments and policies.

E. Receivables

NCTPA's receivables are mostly related to grants and vehicle registration fees. Management has determined NCTPA's receivables to be fully collectable. Accordingly, no allowance for doubtful accounts has been made.

F. Inventories

On August 31, 2009, NCTPA's multiyear agreement (the Agreement) with the purchased transportation contractor (the Contractor) provided the Contractor with an initial inventory of equipment, tools, and other property to be used to provide services. The Contractor shall be responsible for returning to NCTPA, at the termination of the Agreement, property, and equipment of equivalent type and value (as of date acquired) and conditions as that identified in the updated initial inventory list, subject to normal wear and tear.

During the last month of the Agreement, NCTPA shall conduct a final inventory. The Contractor will be responsible for either replacing property of equipment determined from the inventory list to be missing, damaged, or otherwise unavailable for use, or in a condition that is in excess of ordinary wear and tear or compensating NCTPA for its replacement value. NCTPA procured inventory parts for fareboxes in June 2013. These parts are not included in the multiyear agreement with the purchased transportation provider. Farebox inventory parts will be tracked separately.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. NCTPA defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

Structures	20 years
Vehicles	1-12 years
Equipment	5 years

NCTPA has acquired certain assets with funding provided by federal assistance from various grant programs. NCTPA holds title to these assets; however, the federal government retains an interest in these assets should the assets no longer be used for transit purposes.

H. Compensated Absences

NCTPA has adopted Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. The earned vacation payable upon termination is reported at the current balance of the liability, and may be accumulated up to a maximum of 600 hours by personnel.

I. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

J. Advances

Advances arise when resources are received by NCTPA before it has a legal claim to them, e.g. when grant monies are received prior to the incurrence of qualifying expenses. In subsequent periods, when both revenue recognition criteria are met, or when NCTPA has a legal claim to the resources, the liability is removed from the balance sheet and revenue is recognized.

K. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### L. Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

### M. Net Position

The government-wide financial statements utilize a Net Position presentation. Net Position is categorized as net investment in capital assets, restricted, and unrestricted.

**Net Investment in Capital Assets** – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the asset.

**Restricted Net Position** – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments, of which there is none.

**Unrestricted Net Position** – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

### N. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which NCTPA is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of NCTPA's highest level of decision-making authority (the Board) and that remain binding unless removed in the same manner. Committed fund balance does not lapse at year-end. The formal action must occur prior to the end of the reporting period. However, the amount which will be subject to the constraint may be determined in the subsequent period. The formal action required to commit fund balance shall be Board resolution.
- *Assigned fund balance* – amounts that are constrained by NCTPA's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. The Board delegated authority to assign fund balance for a specific purpose to the Manager of Finance.
- *Unassigned fund balance* – the residual classification for NCTPA's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted resources are available for use, it is NCTPA's policy to use restricted resources first, followed by the unrestricted committed, assigned, and unassigned resources as they are needed.

Minimum Fund Balance Policy:

NCTPA has not adopted and does not maintain a minimum fund balance policy.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. New Accounting Pronouncements – Implemented

**GASB Statement No. 62** – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements – Financial Accounting Standard Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The statement is effective for periods beginning after December 15, 2011. However, as the statement codifies what is in current practice, there is no net effect on NCTPA's accounting or financial reporting upon the statement's implementation.

**GASB Statement No. 63** – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* modifies current financial reporting of those elements. The statement is effective for periods beginning after December 15, 2011. NCTPA has implemented the change for the fiscal year ended June 30, 2013.

**GASB Statement No. 66** – *Technical Corrections 2012—An Amendment of GASB Statements No. 10 and No. 62* improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for periods beginning after December 15, 2012, although earlier application is encouraged. GASB Statement No. 66 will not have an effect on NCTPA's financial statements.

**GASB Statement No. 69** – *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of Statement No. 69 are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Early application is encouraged. NCTPA has fully implemented GASB Statement No. 69.

P. Future GASB Statements

**GASB Statement No. 67** – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* improves financial reporting by state and local governmental pension plans. This Statement results from a compressive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective for periods beginning after June 15, 2013, although earlier application is encouraged. GASB Statement No. 67 will not have an effect on NCTPA's financial statements.

**GASB Statement No. 68** – *Financial Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* improves financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement is effective for periods beginning after June 15, 2014, although earlier application is encouraged. NCTPA is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

P. Future GASB Statements (Continued)

**GASB Statement No. 70** – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement specifies the information required to be disclosed by governments that extended nonexchange financial guarantees. In addition, this statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this statement are effective for reporting periods beginning after June 15, 2013. NCTPA has not fully judged the effect of the implementation of GASB Statement No. 70 as of the date of the basic financial statements.

**NOTE 2 – CASH AND INVESTMENTS IN COUNTY TREASURY/IMPREST CASH**

General

NCTPA has adopted GASB Statement No. 31 which requires investments of governmental agencies to be reported at fair value. However, investment pools, such as a state or county treasury, may report the value of short-term investments with remaining maturities of less than 90 days at amortized cost. The majority of the County Treasury investments have a remaining maturity of less than 90 days. In addition, GASB Statement No. 31 does not apply to immaterial cost/value differences.

NCTPA has adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 requires governmental entities to assess categories of risk associated with their deposits and disclose these risks.

Cash and investments consisted of the following at June 30, 2013 and 2012:

	June 30, 2013			
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	\$ 9,001	\$ -	\$ 9,001	\$ -
Pooled Investments	611,669	2,912,589	3,524,258	545,236
	<u>\$ 620,670</u>	<u>\$ 2,912,589</u>	<u>\$ 3,533,259</u>	<u>\$ 545,236</u>
	June 30, 2012			
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	\$ 3,382	\$ -	\$ 3,382	\$ -
Pooled Investments	779,853	1,091,135	1,870,988	739,614
	<u>\$ 783,235</u>	<u>\$ 1,091,135</u>	<u>\$ 1,874,370</u>	<u>\$ 739,614</u>

All deposits are fully collateralized in accordance with Section 53652 of the California Government Code. The California Government Code requires California banks and savings and loan associations to secure NCTPA's deposits by pledging government securities as collateral.

The market value of pledged securities must equal at least 110% of NCTPA's deposits. California law also allows financial institutions to secure NCTPA's deposits by pledging first trust deed mortgage notes having a value of 150% of NCTPA's total deposits. Collateral is held by the pledging financial institution's trust department and is considered held in NCTPA's name. NCTPA may waive collateral requirements for deposits that are fully insured up to \$250,000 by federal depository insurance. NCTPA has \$250,000 that is covered by federal depository insurance as of June 30, 2013 and 2012.

## **NOTE 2 – CASH AND INVESTMENTS IN COUNTY TREASURY/IMPREST CASH** (Continued)

### General (Continued)

NCTPA had no deposit or investment policy that addressed a specific type of risk. Required disclosures for NCTPA's deposit and investment risks held in the County's Investment Pool at June 30, 2013 and 2012, were as follows:

### Credit risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investment Service. NCTPA establishes their credit limits based on the County's Investment Policy.

### Custodial risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, NCTPA will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year-end, NCTPA's funds in the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

### Concentration of credit risk

At June 30, 2013 and 2012, in accordance with State law and the County's Investment Policy, NCTPA did not have 5% or more of its net investment in commercial paper, corporate bonds or medium-term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund within the County's Investment Pool. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

### Interest rate risk

The County manages NCTPA's exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with the County's Investment Policy.

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.

### Investment in the County of Napa Investment Pool

NCTPA maintains all of its cash and investments with the County Treasurer in a cash and investment pool. NCTPA is considered to be an involuntary participant in the external investment pool. On a quarterly basis, the Treasurer allocates interest to participants based upon their average daily balances. For purposes of the accompanying statement of cash flows, the enterprise fund considers all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents. The fair value of investments is obtained by using quotations obtained from independent published sources.

**NOTE 2 – CASH AND INVESTMENTS IN COUNTY TREASURY/IMPREST CASH** (Continued)

Investments Authorized by the California Government Code and the County's Investment Policy

The table on the next page identifies the **investment types** that are authorized for NCTPA by the California Government Code (or the County's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or NCTPA's investment policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
State of California Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper - Select Agencies	180 days	25%	10%
Commercial Paper - Other Agencies	180 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	30 days	5%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Agreement (JPA) Pools (other investment pools)	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

**NOTE 3 – DUE FROM OTHER GOVERNMENTAL AGENCIES**

Amounts due from other governmental agencies consisted of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Federal (FTA)		
Capital	\$ 318,265	\$ 72,603
Operating	2,504,783	1,969,258
State		
STA	193,211	160,091
Grants - Capital	1,391,678	68,585
Grants - Operating	120,000	32,946
State - Other	21,750	3,220
Local		
Local Transportation Fund (LTF)	-	462,538
Cities and Country	275,178	51,925
Local - Other	108,823	101,037
Total	<u>\$ 4,933,688</u>	<u>\$ 2,922,203</u>

**NOTE 3 – DUE FROM OTHER GOVERNMENTAL AGENCIES** (Continued)

Reconciliation to Financial Statements		2013	2012
Planning fund	Grants Receivable	\$ 375,558	\$ 399,992
Planning fund	Due from Other Gov Agencies	250,226	28,119
Transit	Grants Receivable	2,523,240	1,718,688
Transit	Due from Other Gov Agencies	1,685,905	679,266
Fiduciary	Due from Other Gov Agencies	98,759	96,138
		<u>\$ 4,933,688</u>	<u>\$ 2,922,203</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Disposals	Balance June 30, 2013
Governmental Activities:				
Capital Assets, Being Depreciated				
Vehicles and Equipment	\$ 27,214	\$ 207,297	\$ (9,697)	\$ 224,814
Less Accumulated Depreciation for:				
Vehicles and Equipment	(20,719)	(29,578)	9,697	(40,600)
Governmental Activities Capital Assets, Net	<u>\$ 6,495</u>	<u>\$ 177,719</u>	<u>\$ -</u>	<u>\$ 184,214</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,190,000	\$ 163,692	\$ -	\$ 1,353,692
Construction in Progress	5,221,609	4,966,471	(8,966,435)	1,221,645
Total Capital Assets, Not Being Depreciated	<u>6,411,609</u>	<u>5,130,163</u>	<u>(8,966,435)</u>	<u>2,575,337</u>
Capital Assets, Being Depreciated:				
Vehicles and Equipment	12,317,414	13,948,298	-	26,265,712
Less Accumulated Depreciation for:				
Vehicles and Equipment	(5,324,324)	(1,210,769)	-	(6,535,093)
Total Capital Assets, Being Depreciated, Net	<u>6,993,090</u>	<u>12,737,529</u>	<u>-</u>	<u>19,730,619</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 13,404,699</u>	<u>\$ 17,867,692</u>	<u>\$ (8,966,435)</u>	<u>\$ 22,305,956</u>

Government-wide depreciation expense for the year ended June 30, 2013, was \$1,240,347.

**NOTE 4 – CAPITAL ASSETS** (Continued)

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Disposals	Balance June 30, 2012
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Donated Assets - Not in Service	\$ 52,250	\$ -	\$ (52,250)	\$ -
Capital Assets, Being Depreciated				
Vehicles and Equipment	9,698	17,516	-	27,214
Less Accumulated Depreciation for:				
Vehicles and Equipment	(9,698)	(11,021)	-	(20,719)
Governmental Activities Capital Assets, Net	<u>\$ 52,250</u>	<u>\$ 6,495</u>	<u>\$ (52,250)</u>	<u>\$ 6,495</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,190,000	\$ -	\$ -	\$ 1,190,000
Construction in Progress	1,734,740	3,486,869	-	5,221,609
Total Capital Assets, Not Being Depreciated	<u>2,924,740</u>	<u>3,486,869</u>	<u>-</u>	<u>6,411,609</u>
Capital Assets, Being Depreciated:				
Vehicles and Equipment	10,880,134	1,437,280	-	12,317,414
Less Accumulated Depreciation for:				
Vehicles and Equipment	(4,493,708)	(841,637)	11,021	(5,324,324)
Total Capital Assets, Being Depreciated, Net	<u>6,386,426</u>	<u>595,643</u>	<u>11,021</u>	<u>6,993,090</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 9,311,166</u>	<u>\$ 4,082,512</u>	<u>\$ 11,021</u>	<u>\$ 13,404,699</u>

Government wide depreciation expense for the year ended June 30, 2012, was \$852,658.

**NOTE 5 – COMPENSATED ABSENCES**

The following is a summary of current and long-term compensated absences for the years ended June 30:

	2013	2012
Beginning Balance July 1	\$ 41,990	\$ 77,301
Additions	34,142	13,903
Reductions	(2,354)	(49,214)
Ending Balance June 30	<u>\$ 73,778</u>	<u>\$ 41,990</u>
Amounts Due Within 1 Year	<u>\$ 73,778</u>	<u>\$ 41,990</u>

**NOTE 6 – OPERATING LEASES**

NCTPA has a commitment under a noncancelable long-term operating lease agreement. Future minimum operating lease commitments as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 1,439
2015	1,440
2016	<u>-</u>
Total	<u>\$ 2,879</u>

Rent expenditures were \$89,386 and \$119,924 for the years ended June 30, 2013 and 2012, respectively.

**NOTE 7 – DUE TO OTHER GOVERNMENTAL AGENCIES**

Business-Type Activities – Due to LTF

TDA funds are apportioned, allocated and disbursed in accordance with allocation instructions from the Metropolitan Transportation Commission (MTC) for specific transportation purposes. The Local Transportation Fund (LTF) allocates monies to the transit system to support operations. The TDA, which governs the use of these funds, requires that any funds not used must be returned to their sources. LTF allocations are considered earned when they are properly spent for operations by the transit system.

It is the current practice of the MTC to have excess revenue returned to the funding agency. There were excess revenues of \$3,517,107 and \$1,674,164 at June 30, 2013 and 2012, respectively. NCTPA returned \$1,674,164 and \$2,576,622 of excess capital funds not used for its intended purpose during the years ended June 30, 2013 and 2012, respectively. Money returned to LTF will be reallocated for future capital purchases.

**NOTE 7 – DUE TO OTHER GOVERNMENTAL AGENCIES** (Continued)

Allocations received but not earned were recorded as due to Other Governmental Agencies as follows:

	<u>2013</u>	<u>2012</u>
Balance - Beginning of Year	\$ 1,674,164	\$ 2,576,623
LTF - Operating	6,383,003	5,203,356
LTF - Capital	<u>4,659,187</u>	<u>2,596,828</u>
Total Local Transportation Funds	<u>11,042,190</u>	<u>7,800,184</u>
Operating Expenses	9,884,465	8,225,424
Adjustments:		
Add Back Depreciation	(1,210,769)	(830,615)
Farebox Revenues	(966,429)	(1,088,876)
State Transit Assistance	(1,264,056)	(1,194,231)
Other Revenues	(4,421,006)	(1,889,453)
Interest Income	(15,820)	(13,255)
FTA Grant Revenues	(2,204,290)	(1,617,266)
Other Federal Grants	(2,495,661)	(389,856)
Capital Asset Purchases	<u>10,218,649</u>	<u>4,924,149</u>
Net Operating Expenses	<u>7,525,083</u>	<u>6,126,021</u>
Net Increase	3,517,107	1,674,163
Return of LTF Capital	<u>(1,674,164)</u>	<u>(2,576,622)</u>
Balance - End of Year	<u>\$ 3,517,107</u>	<u>\$ 1,674,164</u>

**NOTE 8 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)**

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

During the fiscal years ended June 30, 2013, NCTPA received for \$1,348,072 in PTMISEA funds for farebox replacement and vehicle purchases.

**NOTE 8 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)** (Continued)

As of June 30, 2013 and 2012, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>2013</u>	<u>2012</u>
<b>Balance - Beginning of Year</b>	\$ 242,331	\$ 389,292
<b>Receipts:</b>		
Receipts Deposited	1,348,072	178,743
Interest Accrued	1,233	1,625
<b>Expenses:</b>		
Transit Capital	<u>(993,777)</u>	<u>(327,329)</u>
<b>Balance - End of Year</b>	<u>\$ 597,859</u>	<u>\$ 242,331</u>

**NOTE 9 – UNEARNED REVENUE**

Advances associated with multi-year projects, capital projects, and operating grants were reported in the following fund at June 30, 2013 and 2012, as follows:

	<u>2013</u>	<u>2012</u>
Proprietary Fund		
Prop 1B - Operating Funds	\$ 597,859	\$ 242,278
Cal-EMA Capital Grants	-	16,903
Pass Sales	3,925	-
Regional Measure 2 Capital Grant	<u>-</u>	<u>532</u>
<b>Total Advances - Proprietary Fund</b>	<u>\$ 601,784</u>	<u>\$ 259,713</u>

NCTPA received grants from various sources. At June 30, 2013 and 2012, eligibility requirements for recognizing the revenue had not been met. Therefore, the unexpended balance has been deferred to the next fiscal year.

**NOTE 10 – AGREEMENTS AND COMMITMENTS**

**Bay Area Air Quality Management District Agreement**

The NCTPA entered into an agreement with the Bay Area Air Quality Management District (the District) to implement specified measures to improve air quality in the County. The funding for this agreement comes from Assembly Bill (AB) 434 allowing the District to levy a surcharge on motor vehicle registration fees. Quarterly, the District must transfer 40% of the surcharge, less management fees and audit costs, to the NCTPA, as the selected Program Manager. However, the agreement may be terminated at any time by either party and there are no assurances of annual renewal. As program manager, NCTPA allocates 5% of these funds to itself to administer the program.

**NOTE 10 – AGREEMENTS AND COMMITMENTS (Continued)**

Abandoned Vehicle Abatement Program

The California legislature has enacted legislation to allow local governments to assess a fee on vehicle registration for the purpose of aiding local governments in the recovery of costs associated with the disposition of abandoned vehicles. The NCTPA is the designated agency to manage and distribute abandoned vehicle fees to participating jurisdictions within the County. These fees are collected by NCTPA and distributed to the jurisdictions based on a formula.

Metropolitan Transportation Commission

The NCTPA received a highway planning grant from the MTC. The purpose of the grant was to implement congestion planning for the County and its surrounding cities. Amounts received or receivable from the MTC are subject to audit and adjustment by the MTC. Any disallowed claims including amounts already collected, may constitute a liability of the NCTPA. The amount, if any, of expenditures which may be disallowed by MTC cannot be determined at this time although the NCTPA expects such amounts, if any, to be immaterial.

**NOTE 11 – EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

A. Plan Description

NCTPA contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions and other requirements are established by statute. Copies of CalPERS annual financial report may be obtained from their Executive Office – 400 P Street, Sacramento, California 95814.

On May 18, 2011, NCTPA Resolution 11-12 approved an amendment to the contract between the Board of Administration of CalPERS and the NCTPA's Board to provide Section 20475 (Different Level of Benefits), Section 21353 (2% at 60 full formula) effective May 21, 2011. The NCTPA established two tiers, which determine both employer and employee contribution rates. Employees joining the plan after May 21, 2011, will join into Tier 2, while all existing employees remain in Tier 1.

B. Funding Policy

Per NCTPA's draft Personnel Policies accepted by the Board on June 18, 2008, NCTPA contributes a portion of the employee share of retirement contributions for local miscellaneous members. For Tier 1, the employee's contribution rate was 8% and NCTPA's contribution rates were 13.307% and 12.749% at June 30, 2013 and 2012, respectively. For Tier 2, the employee's contribution rate was 7% and NCTPA's contribution rates were 7.846% and 7.733% at June 30, 2013 and 2012, respectively.

The contract also provides for final compensation to be determined in accordance with Section 21354.4 of Retirement Law (2.5% at age 55).

The contribution requirements of the plan members are established by State statutes and the employer contribution rate is established and may be amended by CalPERS.

**NOTE 11 – EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)** (Continued)

C. Annual Pension Cost

For the fiscal years ended June 30, 2013 and 2012, NCTPA's annual pension cost of \$114,863 and \$108,131, respectively, for CalPERS was equal to NCTPA's required and actual contributions. The required contributions were determined as part of the June 30, 2013 and 2012, actuarial valuations using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15 year period (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial plan unfunded liabilities are amortized over a closed period equal to the average amortization period at the plan's date of entry into the CalPERS Risk Pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the risk pool are amortized over a rolling 30-year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	\$ 114,863	100%	\$ -
6/30/2012	\$ 108,131	100%	\$ -
6/30/2011	\$ 108,258	100%	\$ -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/c
6/30/2012	\$ 1,837,489,422	\$ 2,254,622,362	\$ 417,132,940	81.5%	\$ 339,228,272	123.0%
6/30/2011	\$ 1,724,200,585	\$ 2,135,350,204	\$ 411,149,619	80.7%	\$ 350,121,750	117.4%
6/30/2010	\$ 1,603,482,152	\$ 1,972,910,641	\$ 369,428,489	81.3%	\$ 352,637,380	104.8%

\* Effective with the June 30, 2003, valuation, risk pools were established by CalPERS for plans containing less than 100 active members as of the valuation date. In general, plans satisfying this criterion were lumped into pools based on their benefit formula and membership category (safety/miscellaneous). NCTPA is participating in the Miscellaneous 2.5% at 55 Risk Pool plan. The plan actuarial valuation as of June 30, 2004, no longer provides the plan members' stand-alone valuation; instead it provides the valuation for the plan's Risk Pool.

## **NOTE 12 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In addition to the pension benefits described on the previous page, NCTPA provides postretirement health care benefits to all employees meeting certain selected criteria. Employees on the payroll as of June 30, 2013, who retire from the NCTPA with 3 years of Agency service and 25 years of CalPERS service will receive 1.3 times the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum dollar amounts who retire from NCTPA at or after age 50.

The GASB issued Statement No. 43, *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits*. The basic premise of the statement is that Other Post-Employment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB Statement No. 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. NCTPA implemented the provisions of GASB Statement No. 45 in the fiscal year beginning July 1, 2009, on a one-year retroactive basis.

For the GASB Statement No. 45 actuarial valuation dated June 30, 2012, NCTPA chose a new allocation strategy. In March 2011, CalPERS Board approved changes to the CERBT to allow a choice between three different asset allocations strategies with different equity vs. fixed income and base the prescribed discount rate on the asset allocation. NCTPA chose Option 3, a 6.39% discount limit based upon the 50<sup>th</sup> percentile return.

In accordance with GASB Statement No. 43, CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That annual financial report may be obtained by writing to the Napa County Transportation and Planning Agency's Finance Department at 707 Randolph Street, Napa, California 94553.

Plan Description: NCTPA participates in the California Employers' Retiree Benefit Trust (CERBT), a trust established by Chapter 331 of the 1988 Statutes and initially funded in 2007. The purpose of the trust is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for health care postemployment benefits. The CERBT is an agent multiple-employer plan as defined in GASB Statement No. 43 and is administered by the CalPERS. The Plan has 1 retirees receiving benefits and a total of 12 active participants, all of which are not currently eligible to receive benefits.

The following is a description of the current retiree benefit plan:

Benefit Types Provided	Medical only
Duration of Benefits	Lifetime
Required Service	CalPERS retirement and 5 years Agency
Minimum Age	50
Dependent Coverage	Family eligible
NCTPA Contribution %	Up to 100%
NCTPA Cap Highest	1.3 times PEMCHA minimum dollar amounts

**NOTE 12 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS** (Continued)

Annual OPEB Cost and Net OPEB Obligation: NCTPA's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. For fiscal years 2011-12 and 2012-13, the net OPEB obligation (asset) was determined as follows:

	2013	2012
Annual required contribution	\$ 22,000	\$ 22,000
Contributions made	(22,000)	-
Change in net OPEB obligation	-	22,000
Net OPEB asset, beginning of year	-	(22,000)
Net OPEB asset, end of year	\$ -	\$ -

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 22,000	\$ 22,000	100%	\$ -
6/30/2012	\$ 22,000	\$ -	0%	\$ -
6/30/2011	\$ 22,000	\$ -	0%	\$ (22,000)

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2013, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/c
June 30, 2013	\$ 109,000	\$ 218,000	\$ 109,000	50.0%	\$ 1,031,000	10.6%
June 30, 2011	\$ 77,000	\$ 78,000	\$ 1,000	98.7%	\$ 993,000	0.1%
June 30, 2009	\$ -	\$ 44,000	\$ 44,000	0.0%	\$ 988,000	4.5%

NCTPA's ARC is based on the pre-funding method. For fiscal year 2012-2013, NCTPA contributed \$22,000 to the plan.

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$218,000, and the actuarial value of assets was \$109,000 resulting in an unfunded actuarial accrued liability of \$109,000. The covered payroll (annual payroll of active employees covered) was \$1,031,000.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of NCTPA are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## **NOTE 12 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS** (Continued)

Actuarial Methods and Assumptions: Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values NCTPA's actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective.

Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

In the actuarial valuation for the Plan as of June 30, 2013, the entry age normal cost method was used. The allocation of OPEB cost is based on years of service. NCTPA used the level percentage of payroll method to allocate OPEB cost over years of service. Entry age is based on the average age at hire for eligible employees. The attribution period is determined as the difference between the average retirement age and the average age at hire. The present value of future benefits and present value of future normal costs are determined on an employee by employee basis and then aggregated. To the extent that different benefit formulas apply to different employees of the same class, the normal cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

The actuarial assumptions included a 6.25% discount rate (net of administrative expenses), which is based on an assumed long-term return on plan assets and 100% funding through the CalPERS CERBT program, and an annual healthcare cost trend rate of 4.5% including a 3% inflation assumption. The actuarial value of assets were determined using fair value (as provided by CalPERS). The UAAL will be amortized as a level percentage of projected payroll assuming a 3.25% increase per year and no increases in staff or merit increases. The remaining amortization period is 30 years.

Funding Policy: The contribution requirements of Plan members and NCTPA are established and may be amended by NCTPA Board. These contributions are neither mandated nor guaranteed. NCTPA has retained the right to unilaterally modify its payment for retiree health care benefits.

## **NOTE 13 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN**

Employees of NCTPA may participate in a deferred compensation plan adopted under the provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of NCTPA. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution through CalPERS. Under the terms of the Internal Revenue Code (IRC) Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employee.

**NOTE 14 – INSURANCE AND RISK OF LOSS**

NCTPA is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. NCTPA maintains various insurance policies for directors and officers, property and liability, commercial liability and workers compensation against potential risk of loss through private insurance carriers. NCTPA secures vehicular and liability coverage for business-type activities of up to \$5,000,000 per incident through its purchased transportation contractor.

**NOTE 15 – RELATED PARTY TRANSACTIONS**

The County personnel provides administration services to NCTPA. The County also provides legal counsel. During the fiscal years ended June 30, 2013 and 2012, NCTPA paid to the County, a related party, the following amounts:

	<u>2013</u>	<u>2012</u>
Accounting and Legal Services	\$ 56,056	\$ 147,361
Other Services and Supplies	<u>109,311</u>	<u>85,553</u>
Total Related Party Transactions	<u>\$ 165,367</u>	<u>\$ 232,914</u>

**NOTE 16 – FAREBOX RATIO**Article 4

Article 4 transit operations include VINE, American Canyon Transit and the Downtown Trolley. As agreed to by MTC, the combined farebox ratio requirement is 16%. The farebox ratios for the years ended June 30, 2013 and 2012, were 15.27% and 16.52%, respectively, as follows:

	<u>June 30, 2013</u>		
	<u>Total</u>		
<u>Article 4</u>	<u>Article 4</u>	<u>VINE</u>	<u>ACT</u>
	<u>Services</u>		
Farebox Subject to Farebox Ratio	<u>\$ 737,288</u>	<u>\$ 700,377</u>	<u>\$ 36,911</u>
Operating Cost, Net of Depreciation and Insurance	<u>\$ 4,828,663</u>	<u>\$ 4,459,933</u>	<u>\$ 368,730</u>
Farebox Ratio	<u>15.27%</u>		
	<u>June 30, 2012</u>		
	<u>Total</u>		
<u>Article 4</u>	<u>Article 4</u>	<u>VINE</u>	<u>ACT</u>
	<u>Services</u>		
Farebox Subject to Farebox Ratio	<u>\$ 874,318</u>	<u>\$ 840,024</u>	<u>\$ 34,294</u>
Operating Cost, Net of Depreciation and Insurance	<u>\$ 5,290,913</u>	<u>\$ 4,935,617</u>	<u>\$ 355,296</u>
Farebox Ratio	<u>16.52%</u>		

**NOTE 16 – FAREBOX RATIO** (Continued)

Article 4 (Continued)

Farebox revenue and operating cost used for farebox ratio calculation will not agree to the Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Fund (see page 17). Transportation Development Act Statute 99268.8 allows for extension of service to be excluded from farebox ratio calculations in determining a claimant's compliance with the launch of redesigned services commencing on December 3, 2012, and the expansion into mid-day service for VINE 29 Express. The farebox ratio calculation is exclusive of these costs services until two years after the end of the fiscal year in which the new service was put into operation.

For the fiscal year ended June 30, 2013, NCTPA was not in compliance with the minimum farebox ratio required of 16% for Article 4 transit operations. For the fiscal year ended June 30, 2012, NCTPA was in compliance with the minimum farebox ratio required of 16% for Article 4 transit operations.

Article 8

Article 8 transit operations include VINE GO, Calistoga Shuttle, St. Helena Shuttle, Yountville Trolley, and the Taxi Scrip program. TDA Section 6633.2 requires NCTPA to meet a 10% farebox revenue to total operating expenses ratio. The farebox revenue ratio for the years ended June 30, 2013 and 2012, for Article 8 transit operations were 10.89% and 11.50%, respectively, as follows:

	June 30, 2013		
<u>Article 8</u>	<u>Total Article 8 Services</u>	<u>Taxi and VINE GO</u>	<u>Calistoga, Yountville, and St. Helena</u>
Farebox Subject to Farebox Ratio	<u>\$ 199,757</u>	<u>\$ 97,422</u>	<u>\$ 102,335</u>
Operating Cost, Net of Depreciation and Insurance	<u>\$ 1,834,940</u>	<u>\$ 1,114,441</u>	<u>\$ 720,499</u>
Farebox Ratio	<u>10.89%</u>		
	June 30, 2012		
<u>Article 8</u>	<u>Total Article 8 Services</u>	<u>Taxi and VINE GO</u>	<u>Calistoga, Yountville, and St. Helena</u>
Farebox Subject to Farebox Ratio	<u>\$ 213,318</u>	<u>\$ 155,050</u>	<u>\$ 58,268</u>
Operating Cost, Net of Depreciation and Insurance	<u>\$ 1,855,562</u>	<u>\$ 1,311,885</u>	<u>\$ 543,677</u>
Farebox Ratio	<u>11.50%</u>		

For the fiscal years ended June 30, 2013 and 2012, NCTPA was in compliance with the minimum farebox ratio required for Article 8 transit operations.

**NOTE 17 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the years ended June 30, 2013 and 2012, expenditures exceeded appropriations in the Planning fund as follows:

Appropriations Category		Excess Expenditures	
		2013	2012
Planning Fund:	Communications	\$ -	\$ 668
	Insurance	-	4,085
	Miscellaneous Expense	15,834	-

**NOTE 18 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 30, 2013, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GOVERNMENTAL FUND – PLANNING FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local Transportation Fund Allocation	\$ 746,300	\$ 746,300	\$ 746,300	\$ -
Federal Highway Allocations	2,087,000	2,087,000	825,594	(1,261,406)
Programming, Planning, and Monitoring	24,000	24,000	363,324	339,324
Other Grants	1,015,800	1,090,800	46,858	(1,043,942)
Local Support	211,000	211,000	298,954	87,954
Interest	4,000	4,000	4,619	619
Other Revenues	-	-	29,620	29,620
	<u>4,088,100</u>	<u>4,163,100</u>	<u>2,315,269</u>	<u>(1,847,831)</u>
<b>Expenditures</b>				
Communications	24,000	24,000	10,023	13,977
Insurance	35,000	35,000	27,871	7,129
Office Expense	44,000	44,000	24,549	19,451
Rents and Leases	54,700	54,700	44,733	9,967
Transportation	14,000	14,000	11,151	2,849
Salary and Benefits	1,391,000	1,441,000	1,113,059	327,941
Miscellaneous Expense	43,400	68,400	84,234	(15,834)
Professional Services	2,482,000	2,482,000	1,147,371	1,334,629
	<u>4,088,100</u>	<u>4,163,100</u>	<u>2,462,991</u>	<u>1,700,109</u>
<b>Net Change in Fund Balance</b>	-	-	(147,722)	(147,722)
Fund Balance, Beginning of Fiscal Year	<u>1,085,916</u>	<u>1,085,916</u>	<u>1,085,916</u>	<u>-</u>
Fund Balance, End of Fiscal Year	<u>\$ 1,085,916</u>	<u>\$ 1,085,916</u>	<u>\$ 938,194</u>	<u>\$ (147,722)</u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GOVERNMENTAL FUND – PLANNING FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local Transportation Fund Allocation	\$ 996,900	\$ 996,900	\$ 996,900	\$ -
Programming, Planning, and Monitoring	24,000	24,000	24,000	-
Federal Highway Allocations	800,000	800,000	1,022,008	222,008
Federal Transit Administration 5303				
Planning Grant	200,000	200,000	-	(200,000)
Other Grants	745,300	745,300	85,780	(659,520)
Local Support	65,000	65,000	65,205	205
Interest	3,000	3,000	6,251	3,251
Other Revenues	-	-	122,194	122,194
	<u>-</u>	<u>-</u>	<u>122,194</u>	<u>122,194</u>
 Total Revenues	 <u>2,834,200</u>	 <u>2,834,200</u>	 <u>2,322,338</u>	 <u>(511,862)</u>
<b>Expenditures</b>				
Communications	5,500	5,500	6,168	(668)
Insurance	25,000	25,000	29,085	(4,085)
Office Expense	48,700	48,700	28,657	20,043
Rents and Leases	77,000	77,000	71,782	5,218
Transportation	17,000	17,000	4,850	12,150
Salary and Benefits	1,307,400	1,307,400	1,075,307	232,093
Miscellaneous Expense	82,789	82,789	15,556	67,233
Professional Services	1,270,811	1,270,811	525,099	745,712
	<u>1,270,811</u>	<u>1,270,811</u>	<u>525,099</u>	<u>745,712</u>
 Total Expenditures	 <u>2,834,200</u>	 <u>2,834,200</u>	 <u>1,756,504</u>	 <u>1,077,696</u>
 <b>Net Change in Fund Balance</b>	 <u>-</u>	 <u>-</u>	 <u>565,834</u>	 <u>565,834</u>
 Fund Balance, Beginning of Fiscal Year	 <u>520,082</u>	 <u>520,082</u>	 <u>520,082</u>	 <u>-</u>
 Fund Balance, End of Fiscal Year	 <u>\$ 520,082</u>	 <u>\$ 520,082</u>	 <u>\$ 1,085,916</u>	 <u>\$ 565,834</u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/c
June 30, 2013	\$ 109,000	\$ 218,000	\$ 109,000	50.0%	\$ 1,031,000	10.6%
June 30, 2011	\$ 77,000	\$ 78,000	\$ 1,000	98.7%	\$ 993,000	0.1%
June 30, 2009	\$ -	\$ 44,000	\$ 44,000	0.0%	\$ 988,000	4.5%

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

**BUDGETS AND BUDGETARY ACCOUNTING**

Formal budgetary accounting is employed as a management control by NCTPA. An annual budget is adopted each fiscal year by the Board of Directors (the Board). The accounting method used to prepare the budget is consistent with accounting principles generally accepted in the United States of America. All changes or amendments to the budget require prior approval of the Board. Unused appropriations lapse at the end of the fiscal year.

**SUPPLEMENTARY INFORMATION**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2013**

	Abandoned Vehicle Abatement	Air Quality Management	Total
<b><u>ASSETS</u></b>			
Current Assets			
Cash and Investments in County Treasury	\$ 45,515	\$ 499,721	\$ 545,236
Due from Other Government Agencies	-	98,759	98,759
Total Current Assets	<u>45,515</u>	<u>598,480</u>	<u>643,995</u>
Total Assets	<u><u>\$ 45,515</u></u>	<u><u>\$ 598,480</u></u>	<u><u>\$ 643,995</u></u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	\$ -	\$ 67,340	\$ 67,340
Due to Other Governments	-	100,026	100,026
Total Current Liabilities	<u>-</u>	<u>167,366</u>	<u>167,366</u>
Total Liabilities	<u>-</u>	<u>167,366</u>	<u>167,366</u>
<b><u>NET POSITION</u></b>			
Net Position Held in Trust for Other Purposes	<u>45,515</u>	<u>431,114</u>	<u>476,629</u>
Total Net Position	<u>45,515</u>	<u>431,114</u>	<u>476,629</u>
Total Liabilities and Net Position	<u><u>\$ 45,515</u></u>	<u><u>\$ 598,480</u></u>	<u><u>\$ 643,995</u></u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2012**

	Abandoned Vehicle Abatement	Air Quality Management	Total
<b><u>ASSETS</u></b>			
Current Assets			
Cash and Investments in County Treasury	\$ 43,404	\$ 696,210	\$ 739,614
Due from Other Government Agencies	-	96,138	96,138
Total Current Assets	<u>43,404</u>	<u>792,348</u>	<u>835,752</u>
Total Assets	<u>\$ 43,404</u>	<u>\$ 792,348</u>	<u>\$ 835,752</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	\$ -	\$ 8,650	\$ 8,650
Due to Other Governments	-	10,298	10,298
Total Current Liabilities	<u>-</u>	<u>18,948</u>	<u>18,948</u>
Total Liabilities	<u>-</u>	<u>18,948</u>	<u>18,948</u>
<b><u>NET POSITION</u></b>			
Net Position Held in Trust for Other Purposes	<u>43,404</u>	<u>773,400</u>	<u>816,804</u>
Total Net Position	<u>43,404</u>	<u>773,400</u>	<u>816,804</u>
Total Liabilities and Net Position	<u>\$ 43,404</u>	<u>\$ 792,348</u>	<u>\$ 835,752</u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013**

	Abandoned Vehicle Abatement	Air Quality Management	Total
<b>ADDITIONS</b>			
Aid from Other Governmental Agencies	\$ 130,619	\$ 191,194	\$ 321,813
Interest Income	268	2,795	3,063
Total Additions	130,887	193,989	324,876
<b>DEDUCTIONS</b>			
Program Expenses	128,776	536,275	665,051
Total Deductions	128,776	536,275	665,051
<b>CHANGE IN NET POSITION</b>	2,111	(342,286)	(340,175)
Net Position, Beginning of Year	43,404	773,400	816,804
Net Position, End of Year	<u>\$ 45,515</u>	<u>\$ 431,114</u>	<u>\$ 476,629</u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012**

	Abandoned Vehicle Abatement	Air Quality Management	Total
<b>ADDITIONS</b>			
Aid from Other Governmental Agencies	\$ 129,357	\$ 257,758	\$ 387,115
Interest Income	245	5,209	5,454
Total Additions	129,602	262,967	392,569
<b>DEDUCTIONS</b>			
Program Expenses	150,265	338,044	488,309
Total Deductions	150,265	338,044	488,309
<b>CHANGE IN NET POSITION</b>	(20,663)	(75,077)	(95,740)
Net Position, Beginning of Year	64,067	848,477	912,544
Net Position, End of Year	<u>\$ 43,404</u>	<u>\$ 773,400</u>	<u>\$ 816,804</u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
ENTERPRISE FUND – TRANSIT RELATED  
BY OPERATION  
FOR THE YEAR ENDED JUNE 30, 2013**

	VINE Go	VINE	Taxi	American Canyon	Yountville
Operating Revenues:					
Farebox Revenues	\$ 57,654	\$ 729,762	\$ 39,768	\$ 36,911	\$ 25,602
Operating Expenses:					
Marketing	614	230,485	-	-	1,098
Vehicle Maintenance	-	81,600	-	-	-
Other Maintenance	-	173,302	-	-	-
Fuel and Lubricants	169,455	973,569	-	67,387	19,179
Insurance	991	19,332	159	377	272
Planning and Administration	-	4,691	-	-	-
Security	-	16,954	-	-	-
Services	7,893	50,961	1,499	2,533	2,918
Supplies	866	50,288	1,179	131	553
Purchased Transportation	843,072	4,485,178	81,219	290,332	228,639
Rents and Leases	4,363	32,193	1,658	2,468	1,364
Utilities	-	3,611	-	-	-
Miscellaneous Expense	1,317	10,786	156	370	267
Depreciation	89,400	1,066,734	-	-	13,607
Personnel Costs	37,829	263,224	7,381	5,509	5,875
Total Operating Expenses	<u>1,155,800</u>	<u>7,462,908</u>	<u>93,251</u>	<u>369,107</u>	<u>273,772</u>
Operating Loss	<u>(1,098,146)</u>	<u>(6,733,146)</u>	<u>(53,483)</u>	<u>(332,196)</u>	<u>(248,170)</u>
Nonoperating Revenues (Expenses):					
Local Transportation Funds	679,311	6,071,373	58,500	200,000	77,100
State Transit Assistance	161,890	651,699	-	110,000	-
FTA Grant Revenues - Operating	300,000	1,166,724	-	60,000	101,143
Other Federal Grants	-	373,239	-	-	-
Other Operating Grants	-	3,407,835	-	-	-
Interest Income	1,598	10,545	612	797	1,153
Other Revenues	-	-	-	-	-
Returned LTF Allocations	(291,784)	(3,052,610)	(25,127)	(85,906)	(33,117)
Total Nonoperating Revenues	<u>851,015</u>	<u>8,628,805</u>	<u>33,985</u>	<u>284,891</u>	<u>146,279</u>
Change in Net Position Before Contributions	(247,131)	1,895,659	(19,498)	(47,305)	(101,891)
Capital Contributions:					
Federal Transit Assistance	-	2,488,464	-	-	110,663
Other Capital	-	1,013,172	-	-	-
Local Transportation Funds	-	3,885,814	-	-	-
Change in Net Position	<u>(247,131)</u>	<u>9,283,109</u>	<u>(19,498)</u>	<u>(47,305)</u>	<u>8,772</u>
Net Position, Beginning of Year	<u>445,005</u>	<u>13,643,402</u>	<u>(2,302)</u>	<u>(163,253)</u>	<u>60,849</u>
Net Position, End of the Year	<u>\$ 197,874</u>	<u>\$ 22,926,511</u>	<u>\$ (21,800)</u>	<u>\$ (210,558)</u>	<u>\$ 69,621</u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION (Continued)  
ENTERPRISE FUND – TRANSIT RELATED  
BY OPERATION  
FOR THE YEAR ENDED JUNE 30, 2013**

	St. Helena	Calistoga	Totals
Operating Revenues:			
Farebox Revenues	\$ 20,188	\$ 56,544	\$ 966,429
Operating Expenses:			
Marketing	1,541	1,229	234,967
Vehicle Maintenance	-	-	81,600
Other Maintenance	-	-	173,302
Fuel and Lubricants	26,643	19,434	1,275,667
Insurance	184	283	21,598
Planning and Administration	-	-	4,691
Security	-	-	16,954
Services	1,438	2,092	69,334
Supplies	64	98	53,179
Purchased Transportation	141,168	250,058	6,319,666
Rents and Leases	1,226	1,381	44,653
Utilities	-	-	3,611
Miscellaneous Expense	180	278	13,354
Depreciation	20,514	20,514	1,210,769
Personnel Costs	8,801	4,975	333,594
Total Operating Expenses	<u>201,759</u>	<u>300,342</u>	<u>9,856,939</u>
Operating Loss	<u>(181,571)</u>	<u>(243,798)</u>	<u>(8,890,510)</u>
Nonoperating Revenues (Expenses):			
Local Transportation Funds	10,000	56,500	7,152,784
State Transit Assistance	156,929	159,605	1,240,123
FTA Grant Revenues - Operating	101,142	101,142	1,830,151
Other Federal Grants	-	-	373,239
Other Operating Grants	-	-	3,407,835
Interest Income	647	468	15,820
Returned LTF Allocations	(4,295)	(24,268)	(3,517,107)
Total Nonoperating Revenues	<u>264,423</u>	<u>293,447</u>	<u>10,502,845</u>
Change in Net Position Before Contributions	82,852	49,649	1,612,335
Capital Contributions:			
Federal Transit Assistance	-	-	2,599,127
Other Capital	-	-	1,013,172
Local Transportation Funds	-	-	3,885,814
Change in Net Position	<u>82,852</u>	<u>49,649</u>	<u>9,110,448</u>
Net Position, Beginning of Year	<u>86,590</u>	<u>248,006</u>	<u>14,318,297</u>
Net Position, End of the Year	<u>\$ 169,442</u>	<u>\$ 297,655</u>	<u>\$ 23,428,745</u>

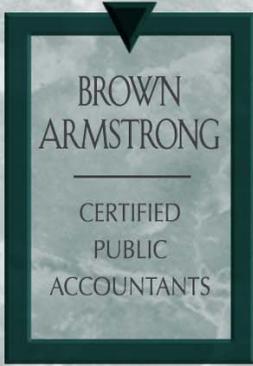
**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
ENTERPRISE FUND – TRANSIT RELATED  
BY OPERATION  
FOR THE YEAR ENDED JUNE 30, 2012**

	VINE Go	VINE	Taxi	American Canyon	Yountville
Operating Revenues:					
Farebox Revenues	\$ 87,837	\$ 841,264	\$ 67,213	\$ 34,294	\$ 19,660
Operating Expenses:					
Marketing	-	91,143	-	196	-
Vehicle Maintenance	-	418	-	-	-
Other Maintenance	-	5,295	-	-	-
Fuel and Lubricants	145,229	821,054	-	70,239	13,306
Insurance	-	9,691	-	-	-
Planning and Administration	-	-	-	-	-
Security	-	11,012	-	-	-
Services	4,871	35,387	833	553	990
Supplies	125	52,145	3,613	154,261	100
Purchased Transportation	996,502	3,745,457	123,176	276,202	178,276
Rents and Leases	6,768	26,710	3,384	4,512	2,256
Utilities	-	3,707	-	-	-
Miscellaneous Expense	-	700	-	-	-
Depreciation	88,014	661,532	-	8,665	1
Personnel Costs	21,488	230,126	5,896	439	1,218
Total Operating Expenses	<u>1,262,997</u>	<u>5,694,377</u>	<u>136,902</u>	<u>515,067</u>	<u>196,147</u>
Operating Loss	<u>(1,175,160)</u>	<u>(4,853,113)</u>	<u>(69,689)</u>	<u>(480,773)</u>	<u>(176,487)</u>
Nonoperating Revenues (Expenses):					
Local Transportation Funds	859,343	3,620,384	1,111	266,602	288,287
State Transit Assistance	463,848	418,504	-	210,885	54,398
FTA Grant Revenues - Operating	151,685	1,087,180	-	113,400	98,333
Other Federal Grants	-	303,252	-	-	-
Other Operating Grants	342,550	1,292,550	-	-	-
Interest Income	1,214	7,616	1,376	424	680
Other Revenues	-	99	-	-	-
Returned LTF Allocations	(274,790)	(1,167,981)	(355)	(85,251)	(92,185)
Total Nonoperating Revenues	<u>1,543,850</u>	<u>5,561,604</u>	<u>2,132</u>	<u>506,060</u>	<u>349,513</u>
Change in Net Position Before Contributions	368,690	708,491	(67,557)	25,287	173,026
Capital Contributions:					
Federal Transit Assistance	-	86,604	-	-	-
Local Transportation Funds	23,508	2,495,002	-	30,221	15,156
Change in Net Position	<u>392,198</u>	<u>3,290,097</u>	<u>(67,557)</u>	<u>55,508</u>	<u>188,182</u>
Net Position, Beginning of Year	<u>52,807</u>	<u>10,581,189</u>	<u>65,255</u>	<u>(218,761)</u>	<u>(127,333)</u>
Net Position, End of the Year	<u>\$ 445,005</u>	<u>\$ 13,871,286</u>	<u>\$ (2,302)</u>	<u>\$ (163,253)</u>	<u>\$ 60,849</u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION (Continued)  
ENTERPRISE FUND – TRANSIT RELATED  
BY OPERATION  
FOR THE YEAR ENDED JUNE 30, 2012**

	St. Helena	Downtown Trolley	Calistoga	Totals
Operating Revenues:				
Farebox Revenues	\$ 18,272	\$ -	\$ 20,336	\$ 1,088,876
Operating Expenses:				
Marketing	-	-	8,516	99,855
Vehicle Maintenance	-	-	-	418
Other Maintenance	-	-	-	5,295
Fuel and Lubricants	20,957	-	7,780	1,078,565
Insurance	-	-	-	9,691
Planning and Administration	-	-	-	-
Security	-	-	-	11,012
Services	589	-	385	43,608
Supplies	1,645	-	307	212,196
Purchased Transportation	136,528	-	150,771	5,606,912
Rents and Leases	2,256	-	2,256	48,142
Utilities	-	-	-	3,707
Miscellaneous Expense	-	-	11,445	12,145
Depreciation	20,571	39,748	12,084	830,615
Personnel Costs	200	-	3,896	263,263
Total Operating Expenses	182,746	39,748	197,440	8,225,424
Operating Loss	(164,474)	(39,748)	(177,104)	(7,136,548)
Nonoperating Revenues (Expenses):				
Local Transportation Funds	48,319	-	119,310	5,203,356
State Transit Assistance	46,596	-	-	1,194,231
FTA Grant Revenues - Operating	88,334	-	78,334	1,617,266
Other Federal Grants	-	-	-	303,252
Other Operating Grants	127,127	-	127,127	1,889,354
Interest Income	1,171	-	774	13,255
Other Revenues	-	-	-	99
Returned LTF Allocations	(15,451)	-	(38,151)	(1,674,164)
Total Nonoperating Revenues	296,096	-	287,394	8,546,649
Change in Net Position Before Contributions	131,622	(39,748)	110,290	1,410,101
Capital Contributions:				
Federal Transit Assistance	-	-	-	86,604
Local Transportation Funds	16,470	-	16,471	2,596,828
Change in Net Position	148,092	(39,748)	126,761	4,093,533
Net Position, Beginning of Year	(61,502)	(188,136)	121,245	10,224,764
Net Position, End of the Year	\$ 86,590	\$ (227,884)	\$ 248,006	\$ 14,318,297

## **OTHER REPORTS**



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH THE STATUTES, RULES, AND REGULATIONS OF THE CALIFORNIA TRANSPORTATION DEVELOPMENT ACT AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS OF THE METROPOLITAN TRANSPORTATION COMMISSION**

To the Honorable Members  
of the Board of Directors  
Napa County Transportation and Planning Agency  
Napa, California

We have audited the financial statements of the Napa County Transportation and Planning Agency as of and for the years ended June 30, 2013 and 2012, and have issued our report thereon dated December 30, 2013. 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.

As part of obtaining reasonable assurance about whether the 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that allocations received and expenditures incurred were in accordance with the allocation instructions and resolutions of the Metropolitan Transportation Commission and in conformance with the California Transportation Development Act. Specifically, we performed the tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to the Napa County Transportation and Planning Agency. As noted in Note 16 to the financial statements, for the fiscal year ended June 30, 2013, NCTPA's farebox ratio for Article 4 transit operations was 15.27%, while the requirement was at least 16%. Therefore, NCTPA was not in compliance with this requirement for the year ended June 30, 2013. Based on our procedures, no other instances of non compliance with applicable statutes, rules, and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission were noted.

This report is intended solely for the information and use of the Board of Directors, management, the County of Napa, the Metropolitan Transportation Commission, the California Department of Transportation, and the State Controller's Office 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 30, 2013

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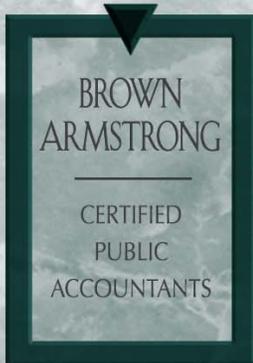
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# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S COMPLIANCE REPORT

To the Honorable Members  
of the Board of Directors  
Napa County Transportation and Planning Agency  
Napa, California

### MAIN OFFICE

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We have audited the compliance of the Napa County Transportation and Planning Agency Transportation and Development Act Article III Funds (TDA Funds) with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Napa County Transportation and Planning Agency. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the TDA funds 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 compliance based on our audit.

As part of the audit, we performed testing of the following program:

### Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

During the fiscal years ended June 30, 2013, NCTPA received for \$1,348,072 in PTMISEA funds for farebox replacement and vehicle purchases.



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As of June 30, 2013 and 2012, PTMISEA funds received and expended were verified in the course of our audit as follows:

<b>Schedule of PTMISEA Bond 1B Funds For the Year Ended June 30, 2013</b>	
<b>Description</b>	<b>Amount</b>
<b>Balance – Beginning of Year</b>	\$ 242,331
<b>Receipts:</b>	
Receivables	1,348,072
Interest Accrued	1,233
<b>Expenses:</b>	
Transit Capital	(993,777)
<b>Balance – End of Year</b>	<u>\$ 597,859</u>

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Audit 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Funds. 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, the TDA funds allocated to and received by Napa County Transportation and Planning Agency pursuant to the Act were expended in conformance with the applicable statutes, rules and regulations of the Act and the allocation instructions and resolutions of Napa County Transportation and Planning Agency.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
December 30, 2013