NC TPA Napa County Transportation & Planning Agency

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY

AUDIT REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
JUNE 30, 2010 AND 2009

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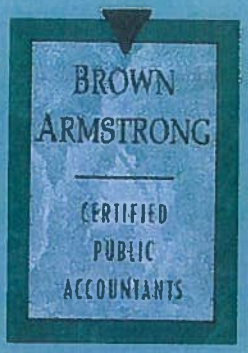
Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA



Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559.476.3592 Fax 559.476.3593

INDEPENDENT AUDITOR'S REPORT

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

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, 2010 and 2009, which collectively comprise the NCTPA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the NCTPA's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting, accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in the notes to the financial statements, NCTPA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.*

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 Napa County Transportation and Planning Agency as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other postemployment benefits on pages 3 through 7, 42 through 43, and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010, 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* and should be considered in assessing the results of our audit.

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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
December 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

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, 2010 and 2009. 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 2009-2010, total assets of NCTPA exceeded liabilities by $7,933,373. Of this amount, $6,966,560 is invested in capital assets, net of related debt. The remaining $966,813 represents unrestricted net assets.

- As of June 30, 2010, NCTPA's governmental fund reported an ending fund balance of $360,231 or 19.41% of total governmental fund expenditures.

- Capital contributions in the form of grants from the Federal and State governments increased from $400,291 in fiscal year 2008-2009 to $1,761,958 in fiscal year 2009-2010 for the procurement of four gas-electric hybrid buses, construction of the Trancas Park and Ride and ongoing construction of the Soscal Gateway Transit Center.

- The Agency continues to improve operation performance, compliance and accountability during fiscal year 2009-2010 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 statements also include 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 Statements

The government-wide statements report information about NCTPA as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets 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 statements report NCTPA's net assets and how they have changed. Net assets – 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 assets 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 Assets

In Fiscal Year 2009-2010, NCTPA net asset's, governmental and business type combined, increased by $2,383,742 or 42.95%. Under business-type activities, NCTPA made new capital investments in the form of four gasoline-electric hybrid buses, construction for a future park and ride facility, and ongoing construction for a future transit center. The governmental activities net assets increased by $186,867 in local funds. The result is an overall increase in net assets from $5,549,631 in fiscal year 2008-2009 to $7,933,373 in fiscal year 2009-2010.

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

	As of June 30, 2010			As of June 30, 2009			As of June 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 678,909	$ 5,026,186	$ 5,705,095	$ 409,420	$ 6,297,281	$ 6,706,701	$ 618,306	$ 2,847,252	$ 3,465,558
Capital assets	52,250	6,966,560	7,018,810	-	4,962,964	4,962,964	-	5,489,914	5,489,914
Total assets	731,159	11,992,746	12,723,905	409,420	11,260,245	11,669,665	618,306	8,337,166	8,955,472
Current and other liabilities	391,536	4,398,996	4,790,532	256,664	5,863,370	6,120,034	217,373	2,413,342	2,630,715
Total liabilities	391,536	4,398,996	4,790,532	256,664	5,863,370	6,120,034	217,373	2,413,342	2,630,715
Net assets:									
Invested in capital assets, net of related debt	52,250	6,966,560	7,018,810	-	4,962,964	4,962,964	-	5,489,914	5,489,914
Unrestricted net assets	287,373	627,190	914,563	152,756	433,911	586,667	400,933	433,910	834,843
Total net assets	$ 339,623	$ 7,593,750	$ 7,933,373	$ 152,756	$ 5,396,875	$ 5,549,631	$ 400,933	$ 5,923,824	$ 6,324,757

Changes in Net Assets

A summary of NCTPA's Statement of Activities, recapping NCTPA's revenues earned during the fiscal years ended June 30, 2010, 2009, and 2008, and the expenses incurred are as follows:

	As of June 30, 2010			As of June 30, 2009			As of June 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:									
Program revenues:									
Fees, fines and charges for services	$ -	$ 892,871	$ 892,871	$ -	$ 1,006,295	$ 1,006,295	$ -	$ 1,016,471	$ 1,016,471
Operating grants and contributions	1,838,333	8,834,983	10,673,316	830,770	8,421,282	9,252,052	1,174,823	6,991,852	8,166,675
Capital grants and contributions	-	1,761,958	1,761,958	-	400,291	400,291	134,920	3,575,485	3,710,405
General revenues:									
Unrestricted interest and investment earnings	3,104	52,658	55,762	4,857	97,747	102,604	16,067	110,880	126,947
Miscellaneous	176,886	132,957	309,843	168,820	42,332	211,152	4,538	56,419	60,957
Total revenues	2,018,323	11,675,427	13,693,750	1,004,447	9,967,947	10,972,394	1,330,348	11,751,107	13,081,455
Expenses:									
Transportation Planning	1,831,456	-	1,831,456	1,252,624	-	1,252,624	1,588,449	-	1,588,449
Transit	-	9,478,552	9,478,552	-	10,494,896	10,494,896	-	8,679,364	8,679,364
Total expenses	1,831,456	9,478,552	11,310,008	1,252,624	10,494,896	11,747,520	1,588,449	8,679,364	10,267,813
Change in net assets	186,867	2,196,875	2,383,742	(248,177)	(526,949)	(775,126)	(258,101)	3,071,743	2,813,642
Net assets, beginning	152,756	5,396,875	5,549,631	400,933	5,923,824	6,324,757	659,034	2,852,081	3,511,115
Net assets, ending	$ 339,623	$ 7,593,750	$ 7,933,373	$ 152,756	$ 5,396,875	$ 5,549,631	$ 400,933	$ 5,923,824	$ 6,324,757

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 $1,252,624 in fiscal year 2008-2009 to $1,831,456, in fiscal year 2009-2010, a difference of $578,832 or 46.21%. The increase is attributable to the commencement of special projects or special studies and reports and the increased administration costs associated with such projects:

1. Special Studies and Reports
   An increase of $160,474 is related to the resumption of the development of long-range countywide transportation and land use priorities, countywide planning and programming priorities, and studies for a future transportation sales-tax initiative.

2. Increased Administration Costs
   The increase in spending on special studies and reports was matched by increased administration costs of $418,358. The increase is accounted for by administration costs devoted to establishment and implementation of countywide program priorities from the recommendations of the special studies and reports, recruiting new management staff, recognizing a full payroll fiscal year, and increased costs in accounting to ensure compliance with new accounting standards, as well as other planning costs.

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

- Federal Highway Funds
- Federal Transit Administration
- State Programming, Planning and Monitoring Funds
- Transportation Development Act Funds
- Local Support from Member Agencies
- Various Grants

The Metropolitan Transportation Commission (MTC) provides NCTPA with Federal Highway 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 2009-2010, the level of this funding was $576,000.

Transportation Development Act (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 deferred revenue 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 assets balance if not used in the fiscal year they are collected. Currently, the Agency has a net assets balance of $339,623 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 ADA required paratransit service), American Canyon Transit (fixed deviated transit), the Yountville Shuttle (fixed deviated transit), the St. Helena VINE (fixed deviated transit), the Calistoga HandyVan (dial-a-ride transit), Flex-Ride (dial-a-ride transit), and the Taxi Scrip program. The Downtown Napa Trolley was discontinued in August 2009.

Business-type activity expenses decreased from $10,494,896 in FY 2008-2009 to $9,478,552 in FY 2009-2010 which is an overall decrease of 9.68% The difference is accounted for by decreased vehicle maintenance costs, decreased costs for purchased transportation services, decreased personnel costs, offset by an increase in the return of the LTF allocation.

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

- Transportation Development Act (TDA) funds
- Federal Transit Administration (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 (Board) before June 30th of each year. Subsequent increases or decreases to the original budget must be approved by the Board. Page 30 provides a budget to actual comparison of the Governmental Fund.

For NCTPA's Governmental Fund, the budget for revenues was $3,961,652 and for expenditures was $5,148,620. When comparing actual expenditures and revenue to the final budget, NCTPA was within budget.

CAPITAL ASSETS

The business-type activities financial statements list capital assets at $6,966,560 and unrestricted net assets at $627,190. Capital assets in total are predominantly made up of buses and other transit related equipment as well as a 1.26 acre parcel containing three light industrial and commercial buildings totaling approximately 24,424 square feet with six of eight existing leased spaces. Unrestricted net assets primarily represent the dollar amount to maintain the VINE fleet.

The major additions during the year included purchases of four thirty-five feet low floor gas-electric hybrid buses, rebuilt vehicle engines, a donation of ten vehicles to the Agricultural VanPool Program, and ongoing construction of the Trancas Park and Ride and Soscal Gateway Transit Center.

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, 2010, NCTPA had debt for compensated absences in the amount of $72,858. 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 office at 707 Randolph Street, Suite 100, Napa, CA 94559.

BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments in County Treasury	$ 164,570	$ 1,461,620	$ 1,626,190
Imprest Cash	300	-	300
Accounts Receivable	-	7,526	7,526
Grants Receivable	345,256	2,103,115	2,448,371
Deposits	-	9,829	9,829
Due from Other Government Agencies	87,347	1,082,374	1,169,721
Net OPEB Asset	44,000	-	44,000
Prepaid Expenses	37,436	12,833	50,269
Inventory	-	348,889	348,889
Capital Assets:			
Land	-	1,190,000	1,190,000
Construction in Progress	-	355,379	355,379
Donated Vehicles	52,250	-	52,250
Capital Assets, Net of Accumulated Depreciation	-	5,421,181	5,421,181
Total Assets	$ 731,159	$ 11,992,746	$ 12,723,905
LIABILITIES			
Accounts Payable	$ 253,670	$ 477,955	$ 731,625
Accrued Salaries	58,343	-	58,343
Deferred Revenues	-	2,154,756	2,154,756
Deposits	6,665	-	6,665
Due to Other Government Agencies	-	1,766,285	1,766,285
Compensated Absences	72,858	-	72,858
Total Liabilities	391,536	4,398,996	4,790,532
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	52,250	6,966,560	7,018,810
Unrestricted	287,373	627,190	914,563
Total Net Assets	339,623	7,593,750	7,933,373
Total Liabilities and Net Assets	$ 731,159	$ 11,992,746	$ 12,723,905

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments in County Treasury	$ -	$ 3,108,868	$ 3,108,868
Imprest Cash	300	-	300
Accounts Receivable	-	573,821	573,821
Grants Receivable	158,309	2,107,806	2,266,115
Due from Other Government Agencies	243,578	146,059	389,637
Prepaid Expenses	7,233	1,168	8,401
Deposit from Others	-	10,670	10,670
Inventory	-	348,889	348,889
Capital Assets:			
Land	-	1,190,000	1,190,000
Capital Assets, Net of Accumulated Depreciation	-	3,772,964	3,772,964
Total Assets	$ 409,420	$ 11,260,245	$ 11,669,665
LIABILITIES			
Cash Deficit	$ 113,509	$ -	$ 113,509
Accounts Payable	59,919	605,226	665,145
Accrued Salaries	31,121	-	31,121
Deferred Revenues	-	975,145	975,145
Deposits	6,665	-	6,665
Due to Other Government Agencies	-	4,282,999	4,282,999
Compensated Absences	45,450	-	45,450
Total Liabilities	256,664	5,863,370	6,120,034
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	4,962,964	4,962,964
Unrestricted	152,756	433,911	586,667
Total Net Assets	152,756	5,396,875	5,549,631
Total Liabilities and Net Assets	$ 409,420	$ 11,260,245	$ 11,669,665

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, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	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	$ 1,831,456	$ -	$ 1,838,333	$ -	$ 6,877	$ -	$ 6,877
Business-Type Activities:							
Transit	9,478,552	892,871	8,834,983	1,761,958	-	2,011,260	2,011,260
Total Primary Government	$ 11,310,008	$ 892,871	$ 10,673,316	$ 1,761,958	6,877	2,011,260	2,018,137
		General Revenues					
		Unrestricted Interest and Investment Earnings			3,104	52,658	55,762
		Miscellaneous			176,886	132,957	309,843
		Change in Net Assets			186,867	2,196,875	2,383,742
		Net Assets July 1, 2009			152,756	5,396,875	5,549,631
		Net Assets June 30, 2010			$ 339,623	$ 7,593,750	$ 7,933,373

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, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	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	$ 1,252,624	$ -	$ 830,770	$ -	$ (421,854)	$ -	$ (421,854)
Business-Type Activities:							
Transit	10,494,896	1,006,295	8,421,282	400,291	-	(667,028)	(667,028)
Total Primary Government	$ 11,747,520	$ 1,006,295	$ 9,252,052	$ 400,291	(421,854)	(667,028)	(1,088,882)
		General Revenues					
		Unrestricted Interest and Investment Earnings			4,857	97,747	102,604
		Miscellaneous			168,820	42,332	211,152
		Change in Net Assets			(248,177)	(526,949)	(775,126)
		Net Assets July 1, 2008, as restated			400,933	5,923,824	6,324,757
		Net Assets June 30, 2009			$ 152,756	$ 5,396,875	$ 5,549,631

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

FUND FINANCIAL STATEMENTS

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 164,570	$ -
Imprest Cash	300	300
Accounts Receivable	-	5,040
Grants Receivable	345,256	153,269
Due from Other Government Agencies	87,347	243,578
Net OPEB Asset	44,000	-
Prepaid Expenses	37,436	7,233
Fixed Assets	-	-
Total Current Assets	678,909	409,420
TOTAL ASSETS	$ 678,909	$ 409,420
LIABILITIES		
Current Liabilities		
Cash Deficit	$ -	$ 113,509
Accounts Payable	253,670	59,919
Accrued Salaries and Benefits	58,343	31,121
Deposits	6,665	6,665
Total Current Liabilities	318,678	211,214
Total Liabilities	318,678	211,214
FUND BALANCE		
Reserved		
Imprest Cash	300	300
Unreserved	359,931	197,906
Total Fund Balance	360,231	198,206
TOTAL LIABILITIES AND FUND BALANCE	$ 678,909	$ 409,420

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
RECONCILIATION OF THE GOVERNMENTAL GENERAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010 AND 2009

	2010	2009
Total Fund Balance - Governmental Fund	$ 360,231	$ 198,206
Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	52,250	-
Compensated Absence Liability is not reported in the Governmental Fund.	(72,858)	(45,450)
Total Net Assets (Deficit) - Governmental Activities	$ 339,623	$ 152,756

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Revenues		
Local Transportation Fund Allocation	$ 1,153,476	$ 593,123
Federal Highway Allocations	537,840	30,000
Programming Planning and Monitoring	48,000	-
Other Grants	90,719	109,195
Local Support	8,298	98,452
Interest	3,104	4,857
Other Revenues	176,886	168,820
Total Revenues	2,018,323	1,004,447
Expenditures		
Communications	5,926	4,213
Insurance	2,427	10,429
Office Expense	31,048	52,672
Rents and Leases	60,501	56,091
Transportation	10,107	16,548
Salary and Benefits	1,060,269	581,723
Miscellaneous Expense	14,555	17,498
Professional Services	671,465	510,991
Total Expenditures	1,856,298	1,250,165
Net Change in Fund Balance	162,025	(245,718)
Fund Balance, Beginning of Year As Previously Reported	198,206	443,924
Fund Balance, End of Year	$ 360,231	$ 198,206

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Net Change in Fund Balance - Governmental General Fund	$ 162,025	$ (245,718)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	52,250	-
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). Current year amounts earned exceeded the vacation used by:	(27,408)	(2,459)
Total Change in Net Assets - Governmental Activities	$ 186,867	$ (248,177)

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 1,461,620	$ 3,108,868
Accounts Receivable	7,526	573,821
Grants Receivable	2,103,115	2,107,806
Due from Other Government Agencies	1,082,374	146,059
Prepaid Expenses	12,833	1,168
Deposits from Others	9,829	10,670
Inventory	348,889	348,889
Total Current Assets	5,026,186	6,297,281
Noncurrent Assets		
Land	1,190,000	1,190,000
Capital Assets, Net of Accumulated Depreciation	5,776,560	3,772,964
Total Noncurrent Assets	6,966,560	4,962,964
TOTAL ASSETS	$ 11,992,746	$ 11,260,245
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 477,955	$ 605,226
Deferred Revenue	2,154,756	975,145
Due to Other Government Agencies	1,766,285	4,282,999
Total Current Liabilities	4,398,996	5,863,370
Total Liabilities	4,398,996	5,863,370
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	6,966,560	4,962,964
Unrestricted	627,190	433,911
Total Net Assets	7,593,750	5,396,875
TOTAL LIABILITIES AND NET ASSETS	$ 11,992,746	$ 11,260,245

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Operating Revenues		
Farebox Revenues	$ 892,871	$ 1,006,295
Total Operating Revenues	892,871	1,006,295
Operating Expenses		
Marketing	205,649	28,410
Vehicle Maintenance	49,264	362,499
Other Maintenance	2,500	27,442
Fuel and Lubricants	725,352	664,809
Insurance	3,119	290,776
Planning and Administration	79	3,135
Security	8,729	9,915
Services	49,271	89,683
Supplies	174,101	35,455
Purchased Transportation	5,489,023	4,851,229
Rents and Leases	38,107	36,903
Utilities	3,457	23,578
Miscellaneous	14,570	27,236
Depreciation	698,750	638,863
Personnel Costs	250,296	438,037
Total Operating Expenses	7,712,267	7,527,970
Operating Income (Loss)	(6,819,396)	(6,521,675)
Non-Operating Revenue (Expenses)		
Local Transportation Funds	4,166,915	5,605,562
State Transit Assistance	1,988,655	859,218
Federal Transit Assistance - Operating	1,961,123	1,801,567
Other Federal Grants	231,674	154,935
Other Operating Grants	486,616	-
Interest Income	52,658	97,747
Other Revenues	132,957	42,332
Returned LTF Allocations	(1,766,285)	(2,966,926)
Total Non-Operating Revenue (Expenses)	7,254,313	5,594,435
Change in Net Assets Before Contributions	434,917	(927,240)
Capital Contributions		
Federal Transit Assistance	533,631	400,291
Local Transportation Funds	1,228,327	-
Change in Net Assets	2,196,875	(526,949)
Net Assets, Beginning of Year As Previously Reported	5,396,875	5,923,824
Net Assets, End of Year	$ 7,593,750	$ 5,396,875

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passengers	$ 904,010	$ 1,028,627
Cash payments for general and administrative expenses	(682,696)	(868,660)
Cash payments to suppliers for operations	(6,468,916)	(5,514,132)
Net Cash Used in Operating Activities	(6,247,602)	(5,354,165)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Local Transportation Fund	959,610	5,605,562
Federal Operating Grants	1,965,814	1,669,863
State Transit Assistance	1,143,540	859,218
Other Federal Grants	231,674	154,935
Other Operating Grants	524,342	(588,984)
Other Revenues	132,957	42,332
Net Cash Provided by Noncapital Financing Activities	4,957,937	7,742,926
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	2,292,105	400,291
Payments for the acquisition of Capital Assets	(2,702,346)	(111,913)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(410,241)	288,378
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	52,658	97,747
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,647,248)	2,774,886
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,108,868	333,982
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,461,620	$ 3,108,868
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	$ (6,819,396)	$ (6,521,675)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	698,750	638,863
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	11,139	22,332
(Increase) Decrease in Deposits	841	(10,670)
(Increase) Decrease in Inventory	-	34,339
(Increase) Decrease in Deferred Revenue	-	667,985
(Increase) Decrease in Prepaid Expenses	(11,665)	(456)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(127,271)	(184,883)
Increase (Decrease) in Amounts due Governments	-	-
Net Cash Used in Operating Activities	$ (6,247,602)	$ (5,354,165)

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 867,860	$ 689,034
Due from Other Government Agencies	94,547	310,037
Total Current Assets	962,407	999,071
TOTAL ASSETS	$ 962,407	$ 999,071
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 50,201	$ -
Total Current Liabilities	50,201	-
TOTAL LIABILITIES	50,201	-
NET ASSETS		
Net Assets Held in Trust for Other Purposes	912,206	999,071
Total Net Assets	912,206	999,071
TOTAL LIABILITIES AND NET ASSETS	$ 962,407	$ 999,071

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
ADDITIONS		
Aid from Other Governmental Agencies	$ 223,007	$ 391,665
Interest Income	9,171	23,025
Total Additions	232,178	414,690
DEDUCTIONS		
Program Expenses	319,043	83,916
Total Deductions	319,043	83,916
CHANGE IN NET ASSETS	(86,865)	330,774
Net Assets, Beginning of Year	999,071	668,297
Net Assets, End of Year	$ 912,206	$ 999,071

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

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 Napa 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 of Napa (4).

The work program for the activities of the NCTPA is defined by 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 Napa 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 Napa County by the Metropolitan Transportation Commission. NCTPA is authorized to claim all apportionments to transit services on behalf of the jurisdictions of Napa County. In January 2007, the agreement was amended further to change the Agency'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 assets 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 assets 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, 2010 and June 30, 2009, 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, VINEGO, American Canyon Transit, the Downtown Trolley, the Yountville Shuttle, the St. Helena VINE Shuttle, the Calistoga Handy Van, 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 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.

For its business-type activities and enterprise funds, NCTPA has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

D. Cash and Investments

NCTPA maintains all of its cash and investments with the Napa County Treasurer in a cash and 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.

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, CA 94559. The Napa 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 ("Agreement") with the purchased transportation contractor ("Contractor") provided Contractor with an initial inventory of equipment, tools, and other property to be used to provide services. 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. 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.

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	10 – 20 years
Vehicles	5 – 12 years
Equipment	5 – 10 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 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. Deferred Revenues

Deferred revenues 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 expenses during the reporting period. Actual results could differ from these estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Current Governmental Accounting Standards Board Statements – Implemented Pronouncements

Governmental Accounting Standards Board Statement No. 51

In June of 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement is effective for financial statements for periods beginning after June 15, 2009. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The objective of this statement is to establish accounting and financial reporting requirements for intangible assets to enhance the comparability of the accounting and financial reporting of such assets among state and local governments. This statement requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, this statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated. This statement also establishes guidance specific to intangible assets related to amortization. The implementation of this statement had no material effect on the NCTPA financial statements.

Governmental Accounting Standards Board Statement No. 53

In June of 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts. Governments enter into derivative instruments as investments; as hedges of identified financial risks associated with assets or liabilities, or expected transactions (that is, hedgeable items); or to lower the costs for borrowings. Governments often enter into derivative instruments with the intention of effectively fixing cash flows or synthetically fixing prices. Governments also enter into derivative instruments to offset the changes in fair value of hedgeable items. A key provision in this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, are reported at fair value. The objectives, terms, and risks of hedging derivative instruments are required disclosures. Disclosures also include a summary of derivative instrument activity that provides an indication of the location of fair value amounts reported on the financial statements. The disclosures for investment derivative instruments are similar to the disclosures of other investments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The implementation of this statement had no material effect on the NCTPA financial statements.

M. Future Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 54

In March of 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. NCTPA has elected not to early implement GASB Statement No. 54 and has not determined its effect on the NCTPA financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Future Governmental Accounting Standards Board Statements (Continued)

Governmental Accounting Standards Board Statement No. 57

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible. The provisions related to the use and reporting of the alternative measurement method were effective upon issuance, and the provisions related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in financial statements of other postemployment benefit plans are effective for periods beginning after June 15, 2011. NCTPA does not expect the implementation of this statement to have an effect on the NCTPA financial statements.

Governmental Accounting Standards Board Statement No. 58

In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. This statement is effective for periods beginning after June 15, 2009. The implementation of this statement will not have an effect on the NCTPA financial statements as of June 30, 2010.

Governmental Accounting Standards Board Statement No. 59

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments:

- National Council on Governmental Accounting Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, is updated to be consistent with the amendments to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, regarding certain financial guarantees.
- Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.
- Statement No. 31, is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Future Governmental Accounting Standards Board Statements (Continued)

Governmental Accounting Standards Board Statement No. 59 (Continued)

- Statement No. 40, *Deposit and Investment Risk Disclosures*, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool.
- Statement 53 is amended to:
  - Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance
  - Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be investment derivative instruments entered into primarily for the purpose of obtaining income or profit
  - Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53
  - Provide that one of the "leveraged yield" criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010. NCTPA has elected not to early implement GASB Statement No. 59 and has not determined its effect on the NCTPA financial statements.

Governmental Accounting Standards Board Statement No. 60

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The Statement provides guidance on whether the transferor or the operator should report the capital asset in its financial statements, when to recognize up-front payments from an operator as revenue, and how to record any obligations of the transferor to the operator. The requirements for Statement No. 60 are effective for financial statements for periods beginning after December 15, 2011, and NCTPA has not determined its effect on the NCTPA financial statements.

NOTE 2 – DEPOSIT AND INVESTMENT

General

The Agency has adopted Governmental Accounting Standards Board Statement No. 31 (GASB 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 31 does not apply to immaterial cost/value differences.

The Agency 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.

NOTE 2 – DEPOSIT AND INVESTMENT (Continued)

Cash and investments consisted of the following at June 30, 2010 and 2009:

	June 30, 2010			
	Governmental Funds	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	$ 300	$ -	$ 300	$ -
Pooled Investments	164,570	1,461,620	1,626,190	867,680
	$ 164,870	$ 1,461,620	$ 1,626,490	$ 867,680

	June 30, 2009			
	Governmental Funds	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	$ 300	$ -	$ 300	$ -
Pooled Investments	-	3,108,868	3,108,868	689,034
	$ 300	$ 3,108,868	$ 3,109,168	$ 689,034

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 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, 2010 and 2009, 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.

NOTE 2 – DEPOSIT AND INVESTMENT (Continued)

Concentration of credit risk

At June 30, 2010 and 2009, 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 Napa County Investment Pool

NCTPA maintains all of its cash and investments with the Napa County Treasurer in a cash and investment pool. The Agency 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.

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**.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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
Banker's 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
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, 2010 and 2009:

	2010	2009
Federal (FTA)		
Capital	$ 245,392	$ 400,291
Operating	2,112,177	1,815,784
State		
STA	379,080	-
Grants - Capital	413,292	45,000
Grants - Operating	124,882	48,690
State - Other	31,920	-
Local		
LTF	152,633	125,623
Cities and Country	158,716	215,324
Local - Other	94,547	310,037
Total	$ 3,712,639	$ 2,960,749

Reconciliation to Financial Statements		2010	2009
Planning fund	Grants Receivable	$ 345,256	$ 153,269
Planning fund	Due from Other Gov Agencies	87,347	243,578
Proprietary	Grants Receivable	2,103,115	2,107,806
Proprietary	Due from Other Gov Agencies	1,082,374	146,059
Fiduciary	Due from Other Gov Agencies	94,547	310,037
		$ 3,712,639	$ 2,960,749

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Disposals	Balance June 30, 2010
Governmental Activities:				
Capital assts, not being depreciated				
Donated Vehicles	$ -	$ 52,250	$ -	$ 52,250
Capital assets, being depreciated				
Equipment	9,698	-	-	9,698
Less accumulated depreciation for:				
Equipment	(9,698)	-	-	(9,698)
Governmental activities capital assets, net	$ -	$ 52,250	$ -	$ 52,250

NOTE 4 – CAPITAL ASSETS (Continued)

	Balance July 1, 2009	Additions	Disposals	Balance June 30, 2010
Business-type activities:				
Capital assts, not being depreciated				
Land	$ 1,190,000	$ -	$ -	$ 1,190,000
Construction in Progress	-	355,379	-	355,379
Total capital assets, not being depreciated	1,190,000	355,379	-	1,545,379
Capital assets, being depreciated:				
Vehicles and equipment	7,622,053	2,346,967	(129,870)	9,839,150
Less accumulated depreciation for:				
Vehicles and equipment	(3,849,089)	(698,750)	129,870	(4,417,969)
Total Capital Assets, being depreciated, net	3,772,964	1,648,217	-	5,421,181
Business-type activities, capital assets, net	$ 4,962,964	$ 2,003,596	$ -	$ 6,966,560

Depreciation expense for the year ended June 30, 2010, was $698,750.

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Disposals	Balance June 30, 2009
Governmental Activities:				
Capital assets, being depreciated				
Equipment	$ 9,698	$ -	$ -	$ 9,698
Less accumulated depreciation for:				
Equipment	(9,698)	-	-	(9,698)
Governmental activities capital assets, net	$ -	$ -	$ -	$ -
Business-type activities:				
Capital assts, not being depreciated				
Land	$ 1,190,000	$ -	$ -	$ 1,190,000
Capital assets, being depreciated:				
Vehicles and equipment	7,510,140	111,913	-	7,622,053
Less accumulated depreciation for:				
Vehicles and equipment	(3,210,226)	(638,863)	-	(3,849,089)
Business-type activities, capital assets, net	$ 5,489,914	$ (526,950)	$ -	$ 4,962,964

Depreciation expense for the year ended June 30, 2009, was $638,863.

NOTE 5 – COMPENSATED ABSENCES

The following is a summary of current and long-term compensated absences for the year ended June 30, 2010:

Balance July 1, 2009	$	45,450
Additions		32,717
Reductions		(5,309)
Balance June 30, 2010	$	72,858
Amounts Due Within 1 Year	$	72,858

The following is a summary of current and long-term compensated absences for the year ended June 30, 2009:

Balance July 1, 2008	$	42,991
Additions		2,459
Reductions		-
Balance June 30, 2009	$	45,450
Amounts Due Within 1 Year	$	45,450

NOTE 6 – OPERATING LEASES

The Agency has a commitment under a noncancelable long-term operating lease agreement. Future minimum operating lease commitments as of June 30, 2010, are as follows:

Year Ending June 30,		
2011	$	112,686
2012		77,146
2013		3,855
2014		1,439
2015		1,439
Total	$	196,565

Rent expenditures were $96,206 and $90,585 for the years ended June 30, 2010 and 2009, respectively.

NOTE 7 – DUE TO OTHER GOVERNMENTAL AGENCIES

Due to LTF

Transportation Development Act (TDA) funds are apportioned, allocated and disbursed in accordance with allocation instructions from 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.

NOTE 7 – DUE TO OTHER GOVERNMENTAL AGENCIES (Continued)

Due to LTF (Continued)

It is the current practice of the MTC to have excess revenue returned to the funding agency. There were excess revenues of $1,766,285 and $2,966,926 at June 30, 2010 and 2009, respectively.

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

	2010	2009
Balance - Beginning of Year	$ 4,282,999	$ 1,316,073
Local Transportation Funds - operating	4,166,915	5,605,562
Local Transportation Funds - capital	1,228,327	-
Total Local Transportation Funds	5,395,242	5,605,562
Operating Expenses	7,712,267	7,527,970
Adjustments:		
Add back depreciation	(698,750)	(638,863)
Fare box revenues	(892,447)	(1,006,294)
State Transit Assistance	(1,133,328)	(859,218)
Other revenues	(1,474,900)	(42,332)
Interest income	(52,658)	(97,747)
FTA grant revenues	(2,494,754)	(2,201,858)
Other federal grants	(38,819)	(154,936)
Capital asset purchases	2,702,346	111,914
Net Operating Expenses	3,628,957	2,638,636
Net Increase	1,766,285	2,966,926
Transfer back to LTF	(4,282,999)	-
Balance - End of Year	$ 1,766,285	$ 4,282,999

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, 2010, NCTPA applied for $389,292 in PTMISEA funds for passenger amenities and acquisition for rolling stock of paratransit vehicles. The $389,292 has been recorded as a receivable until such time until the State of California sells the bonds to fund the award.

During the fiscal years ended June 30, 2009 and 2008, NCTPA received $555,157 and $300,170, respectively, from the State's PTMISEA account for the acquisition of rolling stock. The funds were used to purchase two gas-electric hybrid buses in August 2009.

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

As of June 30, 2010 and 2009, PTMISEA funds received and expended were verified in the course of our audit as follows:

	2010	2009
Balance - beginning of year	$ 867,332	$ 305,370
Receipts:		
Receivable	389,292	-
Receipts Deposited	-	555,157
Interest Accrued	-	6,805
Expenses:		
Hybrid Bus Purchase	(867,332)	-
Balance - end of year	$ 389,292	$ 867,332

NOTE 9 – DEFERRED REVENUES

Deferred revenues associated with multi-year projects, capital projects and operating grants were reported in the following fund at June 30, 2010 and 2009, as follows:

	2010	2009
Transit		
FTA - Capital Grant	$ 6,990	$ 6,990
Local Transportation Funds - Capital	920,912	-
LTF Transit Center Match	826,822	-
Bus Amenities	10,740	-
Prop 1B - Operating Funds	389,292	855,327
Transportation for Clean Air Grant	-	112,828
Total Deferred Revenues - Transit Fund	$ 2,154,756	$ 975,145

NCTPA received grants from various sources. At June 30, 2010 and 2009, eligibility requirements for recognizing the revenue had not been met. Therefore, the unexpended balance has been deferred to the next fiscal year.

NOTE 10 – NET ASSETS/FUND BALANCES

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted. NCTPA had only invested in capital assets, net of related debt and unrestricted net assets at June 30, 2010 and 2009.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

- *Unrestricted Net Assets* – This category represents net assets of NCTPA, not restricted for any project or other purpose.

NOTE 10 – NET ASSETS/FUND BALANCES (Continued)

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of June 30, 2010 and 2009, reservations of fund balance included:

- *Reserve for Imprest Cash* was created to represent the portion of fund balance that is not available for expenditure because NCTPA maintains revolving funds for daily operations.

NOTE 11 – AGREEMENTS AND COMMITMENTS

Bay Area Air Quality Management District Agreement

The NCTPA entered into an agreement with the Bay Area Air Quality Management District (District) to implement specified measures to improve air quality in Napa 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 forty percent 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 the NCTPA can allocate 5% of these funds to itself to administer the program.

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 of Napa. 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 Metropolitan Transportation Commission (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 12 – EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

A. Plan Description

NCTPA contributes to the California Public Employees Retirement System (PERS), 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. PERS 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 PERS annual financial report may be obtained from their Executive Office– 400 P Street, Sacramento, CA 95814.

NOTE 12 – EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

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. The employee's contribution rate was 8% and NCTPA's contribution rates were 9.294% and 8.783% at June 30, 2010 and 2009, 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 Cal PERS.

C. Annual Pension Cost

For the fiscal year ended June 30, 2010, NCTPA's annual pension cost of $122,942 for CalPERS was equal to the Agency's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation 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 plans 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
6/30/2010	$ 122,942	100%	$ -

Comparative three-year trend data is unavailable. NCTPA was not a member of CalPERS prior to fiscal year 2008. In future years, three-year trend information will be presented.

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
6/30/2003	$ 2,372,879,034	$ 2,596,966,545	$ 224,087,511	91.4%	$ 725,020,458	30.9%
6/30/2004	$ 2,460,944,656	$ 2,746,095,668	$ 285,151,012	89.6%	$ 743,691,970	38.3%
6/30/2005	$ 2,588,713,000	$ 2,891,460,651	$ 302,747,651	89.5%	$ 755,046,679	40.1%
6/30/2006	$ 2,492,226,176	$ 2,754,396,608	$ 262,170,432	90.5%	$ 699,897,835	37.5%
6/30/2007	$ 2,391,434,447	$ 2,611,746,790	$ 220,312,343	91.6%	$ 665,522,859	33.1%

* 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). The Agency 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 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits described above, NCTPA provides postretirement health care benefits to all employees meeting certain selected criteria. Employees on the payroll as of June 30, 2010, who retire from the NCTPA with 3 years of Agency service and 25 years of CalPERS service will receive 1.3 times the PEMHCA minimum dollar amounts who retire from the Agency at or after age 50.

The Governmental Accounting Standards Board (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 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. The Agency implemented the provisions of GASB Statement No. 45 in the fiscal year beginning July 1, 2009 on a one-year retroactive basis.

Expenses for postretirement health care benefits are recognized as medical premiums as paid. During the year ended June 30, 2010, expenses of $25,000 were recognized for postretirement health care.

In accordance with GASB Statement No. 43, the Agency 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, CA 94553.

Plan Description: The Napa County Transportation and Planning Agency (the Agency) 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 Governmental Accounting Standards Board (GASB) Statement No. 43 and is administered by the California Public Employees Retirement System (CalPERS). The Plan has 0 retirees receiving benefits and a total of 12 active participants, all of which are not currently eligible to receive benefits.

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
Agency Contribution %	Up to 100%
Agency Cap Highest	1.3 times PEMCHA minimum dollar amounts

NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost and Net OPEB Obligation: The Napa County Transportation and Planning Agency's annual other postemployment benefit (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 year 2009-10, the Agency's annual OPEB cost for was $25,000. The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010, were as follows:

	2010
Annual required contribution	$ 25,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	25,000
Contributions made	(69,000)
Change in net OPEB obligation	(44,000)
Net OPEB obligation (asset), beginning of year	-
Net OPEB obligation (asset), end of year	$ (44,000)

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
6/30/2010	$ 25,000	$ (69,000)	276%	$ (44,000)

Trend Information: Fiscal year ended June 30, 2010, was the year of implementation of GASB Statement No. 45 and the Agency has elected to implement prospectively. As such, comparative data for prior years is not available. In future years, three-year trend information will be presented.

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2009, the end of the first year of GASB 45 applicability, 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, 2009	$ -	$ 44,000	$ 44,000	0.0%	$ 988,000	4.5%

The Agency's required contribution is based on the pre-funding method. For fiscal year 2009-2010, the Agency contributed $69,000 to the plan.

As of June 30, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $44,000, all of which has been funded. The covered payroll (annual payroll of active employees covered) was $988,000.

NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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 Annual Required Contributions of the Agency 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 vale of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because 2009-10 is the year of implementation of GASB Statement No. 45, trend information is not applicable. In future years, required three year trend analysis will be presented.

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 the Agency'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, 2009, the entry age normal cost method was used. The allocation of OPEB cost is based on years of service. We 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 7.75% investment rate of return (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 8.4% for 2011, 7.8% for 2012, and 4.5% thereafter 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 the Agency are established and may be amended by the Agency Board. These contributions are neither mandated nor guaranteed. The Agency has retained the right to unilaterally modify its payment for retiree health care benefits.

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. The Agency 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 of Napa personnel provides administration services to NCTPA. The County also provides legal counsel. During the fiscal years ended June 30, 2010 and 2009, NCTPA paid to the County of Napa, a related party, the following amounts:

	2010	2009
Accounting and Legal Services	$ 71,474	$ 112,611
Other Services and Supplies	73,241	32,694
Total Related Party Transactions	$ 144,715	$ 145,305

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, 2010 and 2009, were 13.59% and 16.09%, respectively, as follows:

June 30, 2010

Article 4	Total Article 4 Services	VINE	Downtown Trolley	ACT
Farebox subject to Farebox Ratio	$ 671,033	$ 652,121	$ -	$ 18,912
Operating Cost, net of Depreciation and Insurance	$ 4,939,336	$ 4,718,449	$ 41,247	$ 179,640
Farebox Ratio	13.59%			

June 30, 2009

Article 4	Total Article 4 Services	VINE	Downtown Trolley	ACT
Farebox subject to Farebox Ratio	$ 734,490	$ 687,233	$ 28,275	$ 18,982
Operating Cost, net of Depreciation and Insurance	$ 4,564,533	$ 4,042,145	$ 310,168	$ 212,220
Farebox Ratio	16.09%			

For the fiscal year ended June 30, 2010, the Agency was not in compliance with the minimum farebox ratio required of 16% for Article 4 transit operations. For the fiscal year ended June 30, 2009, the Agency was in compliance with the minimum farebox ratio required for Article 4 transit operations.

NOTE 16 – FAREBOX RATIO (Continued)

Article 8

Article 8 transit operations include VINE GO Flex-Ride, Calistoga, St. Helena, Yountville 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, 2010 and 2009, for Article 8 transit operations were 13.13% and 13.36%, respectively, as follows:

June 30, 2010				
Article 8	Total Article 8 Services	Taxi & VINE GO	Calistoga, Yountville, and St. Helena	Flex-Ride
Farebox subject to Farebox Ratio	$ 237,133	$ 187,991	$ 48,694	$ 448
Operating Cost, net of Depreciation and Insurance	$ 1,805,911	$ 1,284,799	$ 482,133	$ 38,979
Farebox Ratio	13.13%			

June 30, 2009				
Article 8	Total Article 8 Services	Taxi & VINE GO	Calistoga, Yountville, and St. Helena	Flex-Ride
Farebox subject to Farebox Ratio	$ 271,805	$ 217,904	$ 53,653	$ 248
Operating Cost, net of Depreciation and Insurance	$ 2,033,798	$ 1,491,425	$ 515,214	$ 27,159
Farebox Ratio	13.36%			

For the fiscal years ended June 30, 2010 and 2009, the Agency was in compliance with the minimum farebox ratio required for Article 8 transit operations.

NOTE 17 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 2010, expenditures exceeded appropriations in the Planning fund as follows:

Appropriations Category		Excess Expenditures 2010	Excess Expenditures 2009
Planning Fund:	Rents and Leases	$ 4,079	$ 919
	Transportation	-	3,548
	Miscellaneous Expense	-	17,499
	Professional Services	-	475,991

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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Local Transportation Fund Allocation	$ 1,241,029	$ 1,127,727	$ 1,153,476	$ 25,749
Programming, Planning, and Monitoring	24,000	24,000	48,000	24,000
Federal Highway Allocations	-	1,414,000	537,840	(876,160)
FTA 5307 Capital Grant	1,479,530	-	-	-
FTA 5303 Planning Grant	300,000	-	-	-
Other Grants	709,304	1,072,150	90,719	(981,431)
Local Support	52,350	-	8,298	8,298
Interest	12,000	12,000	3,104	(8,896)
Other Revenues	282,000	311,775	176,886	(134,889)
Total Revenues	4,100,213	3,961,652	2,018,323	(1,943,329)
Expenditures				
Communications	6,360	6,477	5,926	551
Insurance	11,700	21,780	2,427	19,353
Office Expense	76,320	44,861	31,048	13,813
Rents and Leases	54,819	56,422	60,501	(4,079)
Transportation	18,000	17,659	10,107	7,552
Miscellaneous Expense	61,432	54,181	14,555	39,626
Salary and Benefits	733,128	1,159,395	1,060,269	99,126
Depreciation	-	10,000	-	10,000
Professional Services	2,922,280	3,777,845	671,465	3,106,380
Total Expenditures	3,884,039	5,148,620	1,856,298	3,292,322
Net Change in Fund Balance	216,174	(1,186,968)	162,025	1,348,993
Fund Balance, Beginning of Fiscal Year	198,206	198,206	198,206	-
Fund Balance, End of Fiscal Year	$ 414,380	$ (988,762)	$ 360,231	$ 1,348,993

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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Local Transportation Fund Allocation	$ 590,000	$ 590,000	$ 593,123	$ 3,123
Programming, Planning, and Monitoring	-	-	-	-
Federal Highway Allocations	610,000	610,000	30,000	(580,000)
Other Grants	231,333	231,333	109,195	(122,138)
Local Support	52,350	52,350	98,452	46,102
Interest	-	-	4,857	4,857
Other Revenues	195,000	195,000	168,820	(26,180)
Total Revenues	1,678,683	1,678,683	1,004,447	(674,236)
Expenditures				
Communications	6,200	6,200	4,213	1,987
Insurance	11,500	11,500	10,429	1,071
Office Expense	75,000	75,000	52,672	22,328
Rents and Leases	55,172	55,172	56,091	(919)
Transportation	13,000	13,000	16,548	(3,548)
Miscellaneous Expense	-	-	17,498	(17,498)
Salary and Benefits	1,338,168	1,338,168	581,723	756,445
Professional Services - Pass Through	35,000	35,000	510,991	(475,991)
Total Expenditures	1,534,040	1,534,040	1,250,165	283,875
Net Change in Fund Balance	144,643	144,643	(245,718)	(390,361)
Fund Balance, Beginning of Fiscal Year	443,924	443,924	443,924	-
Fund Balance, End of Fiscal Year	$ 588,567	$ 588,567	$ 198,206	$ (390,361)

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2010

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, 2009	$ -	$ 44,000	$ 44,000	0.0%	$ 988,000	4.5%

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 (Board). The accounting method used to prepare the budget is consistent with generally accepted accounting principles 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 ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2010

	Abandoned Vehicle Abatement	Air Quality Management	Total
ASSETS			
Current Assets			
Cash and Investments in County Treasury	$ 55,335	$ 812,525	$ 867,860
Due from Other Government Agencies	-	94,547	94,547
Total Current Assets	55,335	907,072	962,407
TOTAL ASSETS	$ 55,335	$ 907,072	$ 962,407
LIABILITIES			
Current Liabilities			
Accounts Payable	$ -	$ 50,201	$ 50,201
Total Current Liabilities	-	50,201	50,201
TOTAL LIABILITIES	-	50,201	50,201
NET ASSETS			
Net Assets Held in Trust for Other Purposes	55,335	856,871	912,206
Total Net Assets	55,335	856,871	912,206
TOTAL LIABILITIES AND NET ASSETS	$ 55,335	$ 907,072	$ 962,407

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2009

	Abandoned Vehicle Abatement	Air Quality Management	Total
ASSETS			
Current Assets			
Cash and Investments in County Treasury	$ 146,147	$ 542,887	$ 689,034
Due from Other Government Agencies	-	310,037	310,037
Total Current Assets	146,147	852,924	999,071
TOTAL ASSETS	$ 146,147	$ 852,924	$ 999,071
NET ASSETS			
Net Assets Held in Trust for Other Purposes	$ 146,147	$ 852,924	$ 999,071
Total Net Assets	146,147	852,924	999,071
TOTAL LIABILITIES AND NET ASSETS	$ 146,147	$ 852,924	$ 999,071

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Abandoned Vehicle Abatement	Air Quality Management	Total
ADDITIONS			
Aid from Other Governmental Agencies	$ 129,376	$ 93,631	$ 223,007
Interest Income	994	8,177	9,171
Total Additions	130,370	101,808	232,178
DEDUCTIONS			
Program Expenses	221,182	97,861	319,043
Total Deductions	221,182	97,861	319,043
CHANGE IN NET ASSETS	(90,812)	3,947	(86,865)
Net Assets, Beginning of Year	146,147	852,924	999,071
Net Assets, End of Year	$ 55,335	$ 856,871	$ 912,206

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Abandoned Vehicle Abatement	Air Quality Management	Total
ADDITIONS			
Aid from Other Governmental Agencies	$ 130,455	$ 261,210	$ 391,665
Interest Income	2,424	20,601	23,025
Total Additions	132,879	281,811	414,690
DEDUCTIONS			
Program Expenses	54,805	29,111	83,916
Total Deductions	54,805	29,111	83,916
CHANGE IN NET ASSETS	78,074	252,700	330,774
Net Assets, Beginning of Year	68,073	600,224	668,297
Net Assets, End of Year	$ 146,147	$ 852,924	$ 999,071

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2010

	VINE Go	VINE	Taxi	American Transit	Yountville
Operating Revenues:					
Fare Box Revenues	$ 74,196	$ 639,621	$ 113,795	$ 16,117	$ 19,370
Operating Expenses:					
Marketing	55	186,071	-	2,770	55
Vehicle Maintenance	2,582	46,682	-	-	-
Other Maintenance	-	2,500	-	-	-
Fuel and Lubricants	109,887	574,267	-	12,942	7,650
Insurance	-	3,119	-	-	-
Planning and Administration	-	79	-	-	-
Security	-	8,729	-	-	-
Services	2,683	42,862	1,024	578	414
Supplies	34,693	136,961	2,447	-	-
Purchased Transportation	910,227	3,715,740	188,988	164,196	179,498
Rents and leases	6,203	25,257	1,329	1,329	886
Utilities	-	3,457	-	-	-
Miscellaneous Expense	1,338	(249)	61	331	195
Depreciation	83,368	540,715	-	8,665	-
Personnel Costs	20,754	203,365	2,528	6,307	5,662
Total Operating Expenses	1,171,790	5,489,555	196,377	197,118	194,360
Operating Loss	(1,097,594)	(4,849,934)	(82,582)	(181,001)	(174,990)
Non-Operating Revenues (Expenses):					
Local Transportation Funds	1,249,661	2,039,307	88,890	232,845	198,023
State Transit Assistance	8,567	1,977,452	-	-	-
FTA Grant Revenues - Operating	57,984	1,895,519	-	1,905	1,905
Other Federal Grants	-	231,674	-	-	-
Other Operating Grants	-	486,616	-	-	-
Interest Income	7,034	38,560	1,417	1,770	414
Other Revenues	1,828	128,515	-	2,614	-
Returned LTF Allocations	(529,710)	(864,427)	(37,679)	(98,699)	(83,939)
Total Non-Operating Revenues (Expenses)	795,364	5,933,216	52,628	140,435	116,403
Change in Net Assets Before Contributions	(302,230)	1,083,282	(29,954)	(40,566)	(58,587)
Capital Contributions:					
Federal Transit Assistance	-	533,631	-	-	-
Local Transportation Funds	8,567	1,214,488	-	1,318	1,318
Change in Net Assets	(293,663)	2,831,401	(29,954)	(39,248)	(57,269)
Net Assets, Beginning of the Year	(545,083)	6,186,519	5,496	(99,917)	(124,417)
Net Assets, End of the Year	$ (838,746)	$ 9,017,920	$ (24,458)	$ (139,165)	$ (181,686)

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS (Continued)
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2010

	St. Helena	Downtown Trolley	Calistoga	Flex-Ride	Totals
Operating Revenues:					
Fare Box Revenues	$ 14,505	$ -	$ 14,819	$ 448	$ 892,871
Operating Expenses:					
Marketing	7,207	-	9,302	189	205,649
Vehicle Maintenance	-	-	-	-	49,264
Other Maintenance	-	-	-	-	2,500
Fuel and Lubricants	7,988	2,498	4,506	5,614	725,352
Insurance	-	-	-	-	3,119
Planning and Administration	-	-	-	-	79
Security	-	-	-	-	8,729
Services	439	589	412	270	49,271
Supplies	-	-	-	-	174,101
Purchased Transportation	125,901	44,656	129,676	30,141	5,489,023
Rents and Leases	886	443	886	888	38,107
Utilities	-	-	-	-	3,457
Miscellaneous Expense	67	43	12,694	90	14,570
Depreciation	16,974	41,956	7,072	-	698,750
Personnel Costs	2,818	1,784	3,325	3,753	250,296
Total Operating Expenses	162,280	91,969	167,873	40,945	7,712,267
Operating Loss	(147,775)	(91,969)	(153,054)	(40,497)	(6,819,396)
Non-Operating Revenues (Expenses):					
Local Transportation Funds	113,907	116,216	124,070	3,996	4,166,915
State Transit Assistance	1,318	-	1,318	-	1,988,655
FTA Grant Revenues - Operating	1,905	-	1,905	-	1,961,123
Other Federal Grants	-	-	-	-	231,674
Other Operating Grants	-	-	-	-	486,616
Interest Income	1,923	(578)	767	1,351	52,658
Other Revenues	-	-	-	-	132,957
Returned LTF Allocations	(48,283)	(49,262)	(52,591)	(1,695)	(1,766,285)
Total Non-Operating Revenues (Expenses)	70,770	66,376	75,469	3,652	7,254,313
Change in Net Assets Before Contributions	(77,005)	(25,593)	(77,585)	(36,845)	434,917
Capital Contributions:					
Federal Transit Assistance	-	-	-	-	533,631
Local Transportation Funds	1,318	-	1,318	-	1,228,327
Change in Net Assets	(75,687)	(25,593)	(76,267)	(36,845)	2,196,875
Net Assets, Beginning of the Year	(32,754)	(120,587)	85,944	41,674	5,396,875
Net Assets, End of the Year	$ (108,441)	$ (146,180)	$ 9,677	$ 4,829	$ 7,593,750

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2009

	VINE Go	VINE	Taxi	American Transit	Yountville
Operating Revenues:					
Fare Box Revenues	$ 72,048	$ 687,233	$ 145,856	$ 18,982	$ 20,218
Operating Expenses:					
Marketing	536	23,252	-	375	85
Vehicle Maintenance	-	351,970	-	-	-
Other Maintenance	-	27,442	-	-	-
Fuel and Lubricants	75,766	542,618	-	10,459	7,673
Insurance	-	223,047	-	9,840	6,933
Planning and Administration	630	2,505	-	-	-
Security	-	9,915	-	-	-
Services	21,631	57,471	2,067	2,092	1,506
Supplies	682	20,341	9,299	-	-
Purchased Transportation	1,064,785	2,663,075	225,825	185,550	176,387
Rents and Leases	6,007	23,171	1,288	1,287	858
Utilities	-	23,578	-	-	-
Miscellaneous Expense	-	27,236	-	-	-
Depreciation	89,153	475,042	-	8,665	-
Personnel Costs	70,601	269,571	12,308	12,457	8,739
Total Operating Expenses	1,329,791	4,740,234	250,787	230,725	202,181
Operating Loss	(1,257,743)	(4,053,001)	(104,931)	(211,743)	(181,963)
Non-Operating Revenues (Expenses):					
Local Transportation Funds	1,402,829	2,847,713	98,848	252,692	189,456
State Transit Assistance	30,902	776,758	51,558	-	-
FTA Grant Revenues - Operating	29,068	1,772,499	-	-	-
Other Grants	99,145	55,790	-	-	-
Interest Income	18,257	58,303	2,883	3,802	1,436
Other Revenues	-	39,003	-	3,224	-
Returned LTF Allocations	(742,385)	(1,507,455)	(52,311)	(133,726)	(100,261)
Total Non-Operating Revenues (Expenses)	837,816	4,042,611	100,978	125,992	90,631
Change in Net Assets Before Contributions	(419,927)	(10,390)	(3,953)	(85,751)	(91,332)
Capital Contributions:					
Federal Transit Assistance	-	400,291	-	-	-
Local Transportation Funds	-	-	-	-	-
Change in Net Assets	(419,927)	389,901	(3,953)	(85,751)	(91,332)
Net Assets, Beginning of the Year	(125,156)	5,796,618	9,449	(14,166)	(33,085)
Net Assets, End of the Year	$ (545,083)	$ 6,186,519	$ 5,496	$ (99,917)	$ (124,417)

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS (Continued)
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2009

	St. Helena	Downtown Trolley	Calistoga	Flex-Ride	Totals
Operating Revenues:					
Fare Box Revenues	$ 15,938	$ 28,275	$ 17,497	$ 248	$ 1,006,295
Operating Expenses:					
Marketing	85	3,942	85	50	28,410
Vehicle Maintenance	-	10,529	-	-	362,499
Other Maintenance	-	-	-	-	27,442
Fuel and Lubricants	4,293	18,232	5,768	-	664,809
Insurance	6,933	29,133	7,443	7,447	290,776
Planning and Administration	-	-	-	-	3,135
Security	-	-	-	-	9,915
Services	(833)	3,506	1,387	856	89,683
Supplies	-	5,133	-	-	35,455
Purchased Transportation	139,300	230,301	150,052	15,954	4,851,229
Rents and Leases	858	1,717	859	858	36,903
Utilities	-	-	-	-	23,578
Miscellaneous Expense	-	-	-	-	27,236
Depreciation	16,975	41,956	7,072	-	638,863
Personnel Costs	8,739	36,808	9,373	9,441	438,037
Total Operating Expenses	176,350	381,257	182,039	34,606	7,527,970
Operating Loss	(160,412)	(352,982)	(164,542)	(34,358)	(6,521,675)
Non-Operating Revenues (Expenses):					
Local Transportation Funds	188,506	342,894	202,784	79,840	5,605,562
State Transit Assistance	-	-	-	-	859,218
FTA Grant Revenues - Operating	-	-	-	-	1,801,567
Other Grants	-	-	-	-	154,935
Interest Income	5,369	2,772	2,500	2,425	97,747
Other Revenues	-	105	-	-	42,332
Returned LTF Allocations	(99,759)	(181,462)	(107,315)	(42,252)	(2,966,926)
Total Non-Operating Revenues (Expenses)	94,116	164,309	97,969	40,013	5,594,435
Change in Net Assets Before Contributions	(66,296)	(188,673)	(66,573)	5,655	(927,240)
Capital Contributions:					
Federal Transit Assistance	-	-	-	-	400,291
Local Transportation Funds	-	-	-	-	-
Change in Net Assets	(66,296)	(188,673)	(66,573)	5,655	(526,949)
Net Assets, Beginning of the Year	33,542	68,086	152,517	36,019	5,923,824
Net Assets, End of the Year	$ (32,754)	$ (120,587)	$ 85,944	$ 41,674	$ 5,396,875

OTHER REPORTS

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559.476.3592 Fax 559.476.3593

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, 2010 and 2009, and have issued our report thereon dated December 22, 2010. 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. Based on these procedures, we noted no instances of noncompliance with applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. This report is intended solely for the information and use of the 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 22, 2010

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

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559.476.3592 Fax 559.476.3593

INDEPENDENT AUDITOR'S COMPLIANCE REPORT

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

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 year ended June 30, 2010, Napa County Transportation and Planning Agency applied for $389,292 from the State's PTMISEA account for the acquisition of passenger amenities and paratransit rolling stock. As of June 30, 2010, PTMISEA funds received and expended were verified in the course of our audit as follows:

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Schedule of PTMISEA Bond 1B Funds
For the Year Ended June 30, 2010

Description	Amount
Balance – beginning of the year	$ 867,332
Receipts:	
Receivable	389,292
Interest accrued 7/1/2009 through 6/30/2010	0
Expenses:	
Hybrid Bus Purchase	867,332
Balance – end of year	$ 389,292

Expenditures incurred on these grant funds for the year ended June 30, 2010, was $867,332.

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

Bakersfield, California
December 22, 2010

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
CURRENT YEAR FINDING AND RECOMMENDATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Current Year Finding

Finding

Napa County Transportation Planning Agency is subject to TDA provisions requiring the calculation of and adherence to fare and local support ratios for TDA Transit Enterprise Funding. Accordingly, the Agency's Enterprise Fund must maintain a minimum fare ratio of 16%. The Fund's ratio of operating revenues to operating expenses for the fiscal year ended June 30, 2010, was 13.59%, and shows the Agency is not in conformance with the provisions of the TDA.

Recommendation

We recommend that Napa County Transportation Planning Agency take steps to increase their farebox revenue, increase local support, or decrease their operating expenses. This is the first year the Agency has been out of compliance. A penalty may be assessed if the claimant is out of compliance for three consecutive years.

Management Response

NCTPA management concurs with the above observation and recommendations regarding compliance with TDA provisions. The Agency will make up the 1% difference in FY09/10 with a 10 cent increase in VINE and VINE Go fares beginning in January 2010, savings achieved from the elimination of the Trolley service, savings achieved from the multi-year contract with our purchased transportation contract provider, increased ridership from expected route changes, and initiation of regional marketing campaigns to encourage the use public transportation as a viable alternative.

NCTPA management concurs with the above observation and recommendations regarding compliance with TDA provisions.

The Transportation Development Act (TDA) statute 99268.8 allows transit operators to delay reporting required ratios of fare revenues on new services until two years after the end of the fiscal year in which the new service was put into operation. NCTPA has not utilized this exemption for continued operating costs associated with newly launched Express service. New service costs typically lower farebox recovery ratios. Reporting the ratio of fare revenues two years after the implementation of new service will modify the reporting year's ratios.

Also, the Agency will make up the difference with savings achieved from the multi-year contract with our purchased transportation contract provider which began in September 2009 and increased ridership from expected route changes.

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