



BROWN ARMSTRONG

Certified Public Accountants

To the Honorable Members
of the Board of Directors
Napa Valley Transportation Authority
Napa, California

We have audited the financial statements of Napa Valley Transportation Authority (NVTVA) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 30, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NVTVA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by NVTVA during the year for which there is a lack of authoritative guidance or consensus in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting NVTVA's financial statements were:

Management's estimate of the useful lives of capital assets for purposes of calculation annual depreciation expense. Estimated useful lives range from one to twenty years. We evaluated the key factors and assumptions used to develop the estimates of the useful lives of assets in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the Postemployment Benefits Other than Pensions (OPEB) is based on actuarial valuations that involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. We evaluated the key factors and assumptions used to develop the annual OPEB estimate in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimates of the net pension liability, related expense, and deferred outflows and inflows of resources are based on actuarial valuations that involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. We evaluated the key factors and assumptions used to develop the estimates of the net pension liability, related expense, and deferred outflows and inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures of Capital Assets, Pension Plan and OPEB in Notes 4, 8 and 9, respectively, to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to NVTA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as NVTA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Governmental Fund – Planning Fund; Schedule of Changes in Net OPEB Asset and Related Ratios; Schedule of NVTA's Proportionate Share of the Net Pension Liability; and Schedule of Contributions which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Statement of Fiduciary Net Position; Combining Statement of Changes in Fiduciary Net Position; and the Statement of Revenues, Expenses, and Changes in Fund Net Position – Transit Related by Operation, which accompany the financial Statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies

with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of NVTA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 23, 2019

Napa Valley Transportation Authority
Journal Entries
June 30, 2019

Account No.	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To post OPEB and related deferred inflows of resources and deferred outflows of resources.			
18110	Deferred outflow - OPEB	44,087	
18110	Deferred outflow - OPEB	46,772	
28500	Net OPEB Obligation/(Asset)	25,930	
51605	GASB Expense	52,962	
18110	Deferred outflow - OPEB		25,930
18110-1	Deferred inflow - OPEB		14,780
28500	Net OPEB Obligation/(Asset)		84,954
51605	GASB Expense		132
51605	GASB Expense		43,955
Total		169,751	169,751
Adjusting Journal Entries JE # 2			
To post net pension liability and related deferred inflows of resources and deferred outflows of resources.			
8301-18110	Deferred Outflows-Contribution	12,935	
8301-18110	Deferred Outflows-Contribution	142,748	
8301-26300	Deferred Inflows - Pension	18,610	
8301-28500	Net Pension Obligation-NC	124,099	
8301-51600	Retirement	194,753	
8301-18110	Deferred Outflows-Contribution		118,217
8301-18110	Deferred Outflows-Contribution		124,099
8301-26300	Deferred Inflows - Pension		2,952
8301-28500	Net Pension Obligation-NC		105,129
8301-51600	Retirement		142,748
Total		493,145	493,145
Adjusting Journal Entries JE # 3			
To establish 2017/18 ending balances for net pension liability, OPEB and related deferred inflows of resources and deferred outflows of resources.			
18110	Deferred outflow - OPEB	28,540	
28500	Net OPEB Obligation/(Asset)	113,740	
8301-18110	Deferred Outflows-Contribution		28,540
8301-28500	Net Pension Obligation-NC		113,740
Total		142,280	142,280
Adjusting Journal Entries JE # 4			
To tie out beginning net position.			
8300-33100	Fund Balance	200,000	
8301-52310	Consulting Services	104,171	
8303-33100	Fund Balance	85	
8300-13100	Accounts Receivables		200,000
8301-33100	Fund Balance		104,171
8303-52490	Other Professional Services		85
Total		304,256	304,256