



**NAPA VALLEY
TRANSPORTATION AUTHORITY**

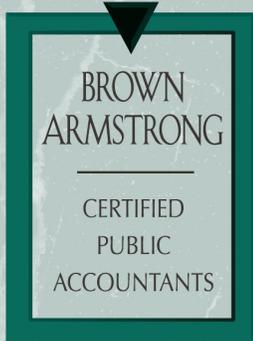
**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

**NAPA VALLEY TRANSPORTATION AUTHORITY
JUNE 30, 2019 AND 2018**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of Napa Valley Transportation Authority (NVTVA), as of and for the years ended June 30, 2019 and 2018, and the related notes to the basic financial statements, which collectively comprise NVTVA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

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

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

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Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of NVTA as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Asset and Related Ratios, Schedule of NVTA's Proportionate Share of the Net Pension Liability, and Schedule of Contributions, as listed in the table of contents, 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 (GASB), which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise NVTA's basic financial statements. The combining statement of fiduciary net position; combining statement of changes in fiduciary net position; and statement of revenues, expenses, and changes in fund net position – enterprise fund – transit related by operation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statement of fiduciary net position; combining statement of changes in fiduciary net position; and statement of revenues, expenses, and changes in fund net position – enterprise fund – transit related by operation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of fiduciary net position; combining statement of changes in fiduciary net position; and statement of revenues, expenses, and changes in fund net position – enterprise fund – transit related by operation are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of NVTAs internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NVTAs internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
December 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NAPA VALLEY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

This section of the Napa Valley Transportation Authority's (NVTA) annual financial report presents our discussion and analysis of NVTA's financial performance during the years ended June 30, 2019 and 2018. It should be read in conjunction with the basic financial statements contained in the independent auditor's report.

NVTA serves as the countywide transportation planning agency for the incorporated and unincorporated areas within Napa County (the County) and is responsible for programming State and Federal funding for transportation projects within the County. NVTA is responsible for coordinating short and long term planning and funding within an intermodal policy framework including highways, streets and roads, transit and paratransit, bicycle and pedestrian network improvements. NVTA also provides fixed route and on-demand transit services in the County including Napa Vine, American Canyon Transit, Calistoga Shuttle, Yountville Trolley, St. Helena Shuttle, and Vine Go paratransit services.

NVTA was established on September 3, 1991, as the County's congestion management agency, under a joint exercise of power. The joint powers agreement was updated in May 1998 to provide public transportation services in Napa County. The NVTA Board of Directors (the Board) adopted a name change from the Napa County Transportation and Planning Agency to the new name at its February 17, 2016 meeting. NVTA is considered a primary government since it has a separate governing body, is legally separate, and is fiscally independent of other state and local governments. NVTA is not subject to income tax.

Financial Highlights

- At the close of the fiscal year 2018-2019, total assets and deferred outflows of resources of NVTA exceeded liabilities and deferred inflows of resources of NVTA by \$26,186,894. Of this amount, \$22,508,328 is the net investment in capital assets. The remaining \$3,678,566 represents unrestricted Net Position.

At the close of the fiscal year 2017-2018, total assets and deferred outflows of resources of NVTA exceeded liabilities and deferred inflows of resources of NVTA by \$26,842,243. Of this amount, \$25,184,578 is the net investment in capital assets. The remaining \$1,657,665 represents unrestricted Net Position.

- As of June 30, 2019, NVTA's Governmental Activities reported an ending fund balance of \$2,440,230 or 48% of total governmental fund expenditures.

As of June 30, 2018, NVTA's Governmental Activities reported an ending fund balance of \$354,179 or 7% of total governmental fund expenditures.

- Capital contributions in the form of grants from the Federal and State governments decreased from \$112,854 in fiscal year 2017-2018 to \$58,016 in fiscal year 2018-2019. Capital purchases for the year were the acquisition of new bus shelters and new bus stop signs.

Capital contributions in the form of grants from the Federal and State governments decreased from \$3,683,258 in fiscal year 2016-2017 to \$112,854 in fiscal year 2017-2018. Capital purchases for the year were two engine rebuilds, additional surveillance cameras on vehicles, and transit related equipment.

- NVTA continues to improve operation performance, compliance, and accountability during fiscal year 2018-2019 by making investments in professional management, fiscal controls, and accounting.

Overview of the Basic 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 NVTA’s financial position and activity.

- The first two statements are *government-wide* financial statements that provide both *long-term* and *short-term* information about NVTA’s overall financial status.
- The remaining statements are *fund* financial statements that focus on individual parts of NVTA’s organization. These statements report NVTA’s financial position and activity. The annual report also includes notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that includes budgetary comparison information for NVTA’s governmental fund.

Government-Wide Financial Statements

The government-wide financial statements report information about NVTA as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of NVTA’s assets and liabilities, deferred outflows of resources and inflows of resources, and long-term obligations. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

Fund Financial Statements

The fund financial statements provide a detailed short-term view and do not include information related to NVTA’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.

A component unit is included in the basic financial statements and is a legally separate entity for which NVTA is financially accountable. If a component unit’s total debt is expected to be repaid entirely by NVTA, if the component unit provides services entirely to NVTA, or if the component unit has substantially the same governing board as NVTA and there is a financial benefit or burden relationship or NVTA management has operational responsibility for a component unit, then the component will be classified as a blended component unit. If a component unit does not meet any of the preceding requirements it will be presented as a discrete component unit. NVTA – Tax Agency is reported as NVTA’s discretely presented component unit.

Financial Analysis of NVTA

Net Position

In the current fiscal year, the governmental activities Net Position increased by \$2,086,051 due to revenues in excess of expenditures. The business-type activities Net Position decreased \$2,741,400. The result is an overall decrease in Net Position of \$655,349 or 2% in fiscal year 2018-2019 from fiscal year 2017-2018.

However, in the prior fiscal year, the governmental activities Net Position decreased from 2016-2017 by \$1,836,134 due to expenditures in excess of revenues. The business-type activities Net Position decreased \$3,333,685. The result is an overall decrease in Net Position of \$5,169,819 or 16% in fiscal year 2017-2018 from fiscal year 2016-2017.

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

	As of June 30, 2019			As of June 30, 2018			As of June 30, 2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 3,094,250	\$ 5,382,520	\$ 8,476,770	\$ 1,256,509	\$ 4,966,038	\$ 6,222,547	\$ 2,500,836	\$ 5,166,029	\$ 7,666,865
Capital assets	-	22,508,328	22,508,328	-	25,184,578	25,184,578	17,438	27,824,976	27,842,414
Total assets	3,094,250	27,890,848	30,985,098	1,256,509	30,150,616	31,407,125	2,518,274	32,991,005	35,509,279
Deferred outflows of resources	438,223	-	438,223	459,927	-	459,927	461,676	-	461,676
Current and other liabilities	1,053,992	4,144,184	5,198,176	1,323,128	3,662,552	4,985,680	851,567	3,169,256	4,020,823
Total liabilities	1,053,992	4,144,184	5,198,176	1,323,128	3,662,552	4,985,680	851,567	3,169,256	4,020,823
Deferred inflows of resources	38,251	-	38,251	39,129	-	39,129	81,579	-	81,579
Net position:									
Net investment in capital assets	-	22,508,328	22,508,328	-	25,184,578	25,184,578	17,438	27,824,976	27,842,414
Unrestricted net position	2,440,230	1,238,336	3,678,566	354,179	1,303,486	1,657,665	2,029,366	1,996,773	4,026,139
Total net position	\$ 2,440,230	\$ 23,746,664	\$ 26,186,894	\$ 354,179	\$ 26,488,064	\$ 26,842,243	\$ 2,046,804	\$ 29,821,749	\$ 31,868,553

Changes in Net Position

A summary of NVTA's Statement of Activities recapping NVTA's revenues earned during the fiscal years ended June 30, 2019, 2018, and 2017, and the expenses incurred is as follows:

	As of June 30, 2019			As of June 30, 2018			As of June 30, 2017		
	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	\$ -	\$ 1,276,122	\$ 1,276,122	\$ -	\$ 1,330,940	\$ 1,330,940	\$ -	\$ 1,247,968	\$ 1,247,968
Operating grants and contributions	7,117,013	9,827,361	16,944,374	2,959,228	8,677,056	11,636,284	5,200,397	9,211,610	14,412,007
Capital grants and contributions	-	58,016	58,016	-	112,854	112,854	-	3,683,258	3,683,258
General revenues:									
Unrestricted interest and investment earnings	27,406	30,986	58,392	19,238	25,744	44,982	7,330	15,311	22,641
Miscellaneous	-	3,686	3,686	-	-	-	-	-	-
Total revenues	7,144,419	11,196,171	18,340,590	2,978,466	10,146,594	13,125,060	5,207,727	14,158,147	19,365,874
Expenses:									
Transportation planning	5,058,368	-	5,058,368	4,814,600	-	4,814,600	3,829,107	-	3,829,107
Transit	-	13,937,571	13,937,571	-	13,480,279	13,480,279	-	13,324,993	13,324,993
Total expenses	5,058,368	13,937,571	18,995,939	4,814,600	13,480,279	18,294,879	3,829,107	13,324,993	17,154,100
Change in net position	2,086,051	(2,741,400)	(655,349)	(1,836,134)	(3,333,685)	(5,169,819)	1,378,620	833,154	2,211,774
Net position, beginning	354,179	26,488,064	26,842,243	2,190,313	29,821,749	32,012,062	668,184	28,988,595	29,656,779
Net position, ending	\$ 2,440,230	\$ 23,746,664	\$ 26,186,894	\$ 354,179	\$ 26,488,064	\$ 26,842,243	\$ 2,046,804	\$ 29,821,749	\$ 31,868,553

Governmental Activities

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

Governmental activity expenses increased from \$4,814,600 in fiscal year 2017-2018 to \$5,058,368 in fiscal year 2018-2019. Governmental activity expenses increased from \$3,829,107 in fiscal year 2016-2017 to \$4,814,600 in fiscal year 2017-2018.

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

- Federal Highway Administration (FHWA) Funds
- Federal Transit Administration (FTA) Funds
- State Programming, Planning, and Monitoring (PPM) Funds

- Transportation Development Act (TDA) Funds
- One Bay Area Grant (OBAG) Funds
- Local Support from Member Agencies
- Various Special and One-Time Grants

Congestion Management Agency (CMA)

The CMA is dedicated to addressing Napa County's most urgent transportation needs by:

- Pursuing funding for highway and safety improvements;
- Provide mobility choices for seniors, low income and minority populations, and people with disabilities;
- Expand travel options for commuters;
- Support local projects such as road safety and maintenance, transit facilities and Safe Routes to School (SRTS) initiatives.

Despite state and federal cutbacks in transportation funding, NVTA has been able to progress on several active projects in the pipeline. Noteworthy project and program developments during the year include:

Imola Avenue and State Route 29 (SR-29) Express Bus Improvements

To better facilitate the Vine's express bus system, NVTA recently awarded a contract for environmental and design work at the Imola Park and Ride adjacent to SR-29. The proposed project would construct two bus pullouts and platforms on SR-29, one at the northbound off-ramp at Imola Avenue and one at the southbound on-ramp. The project scope also includes implementing pedestrian infrastructure and illuminate the southbound and northbound ramps. Sidewalk and bicycle facilities will be constructed under SR-29 on the south side of Imola Avenue. This project will improve express bus run times by allowing the bus to serve passengers on the on/off ramps to avoid deviating off the highway. With environmental and design work completed in early 2020, NVTA expects to begin construction in 2021.

Soscol Junction

Unrelenting congestion has meant annually commuters must endure up to 225 hours of delay in the morning and 630 hours of delay in the evening at Soscol Junction. When completed, the Soscol Junction project will improve traffic flows at the SR-29/SR-221/Soscol Ferry road intersection. The project incorporates roundabouts underneath SR-29 to allow for continuous north-south movement of vehicles. Two roundabouts will be located on SR-221 north of SR-29 and on Soscol Ferry Road south of SR-29. The roundabouts will accommodate turning movements on and off the highways. The project is sponsored by the California Department of Transportation (Caltrans), the Federal Highway Administration (FHWA), and NVTA which is the project implementing agency. Soscol Junction is currently in the design phase of the groundbreaking expected to occur in 2021.

Napa Valley Vine Trail - St. Helena to Calistoga

The Napa Valley Vine Trail (Vine Trail) is a proposed trail will extend from the City of Calistoga to the Vallejo Ferry terminal in Solano County. The Vine Trail route incorporates several existing paved pathways in the cities of Calistoga, Napa, American Canyon, St. Helena, Vallejo, the Town of Yountville, and the County of Napa. When complete, the 47-mile multi-use paved trail will involve land controlled by twelve separate public agencies.

The next portion of the trail- an 8-mile segment will connect the Cities of St. Helena and Calistoga. The segment parallels SR 29 and connects to Bothe Napa Valley State Park. This project is essential to the economic well-being of the areas for reducing motorized traffic on SR-29 and Silverado Trail by providing a safe alternative for those using active transportation such as biking or walking. NVTA staff and its partners are currently working on the design aspects and assembling the funding for the project. Construction is scheduled to begin in 2021 and residents, workers, tourists, and recreational enthusiasts will be able to access this portion of the trail in 2023.

V-Commute

NVTA consolidated its myriad of mobility programs launched under the V-Commute moniker. The service helps the riding public understand what programs are available and assist in providing alternative transportation options for a better commuting experience.

The Metropolitan Transportation Commission (MTC) provides NVTA with FHWA funds to support regional transportation planning and programming and to support the coordination of transportation and land use activities throughout the Napa County. In fiscal year 2018-2019, the level of this funding was \$749,000.

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

Local funds which are provided by the member agencies are unrestricted and may be placed in Net Position balance if not used in the fiscal year they are collected. Currently, NVTA has a Net Position balance of \$26,186,894 which is held in reserve for future regional planning projects or necessary administrative costs.

Business-Type Activities

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

Business-type activity expenses increased from \$13,480,279 in fiscal year 2017-2018 to \$13,937,571 in fiscal year 2018-2019 which is an overall increase of 3.4%. The growth is accounted for by increases in operating expenses.

Business-type activity expenses increased from \$13,324,993 in fiscal year 2016-2017 to \$13,480,279 in fiscal year 2017-2018 which is an overall increase of 1.2%. The growth is accounted for by increases in operating expenses offset by general planning and administration costs.

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
- Regional Measure 2 (RM2) funds
- Various grants and contributions

Any TDA operating revenue received which is not spent on transit operations is returned to the LTF trust fund for future allocations as described in the Governmental Activities section.

Vine Transit System

Vine Transit continues to face persistent challenges with significant growth in operating costs and marginal increases in operating revenues coupled with decreasing passenger ridership mirroring a national trend. Overall transit ridership was lower by four percent (4%) from the previous fiscal year. Vine Transit fixed route service, commuter routes and the Yountville Trolley experienced passenger declines from the previous fiscal year. Vine's community shuttles in American Canyon, St. Helena, and Calistoga were the bright spot logging in a five percent (5%) increase from the previous fiscal year. Passenger farebox revenue was lower by six percent (6%) from the previous year, which is reflective of less passengers riding the system.

For another year, Vine Transit was the recipient of Small Transit Intensive Cities (STIC) funds which are awarded to small public transit agencies meeting specific performance measures, but the revenues are merit based and an unreliable source of future funding. Although farebox revenues were higher than the previous year, the incremental growth in farebox and non-operating revenues has not kept pace with expenses. Implementation of recommendations from the Comprehensive Operations Analysis (COA) for service improvements to encourage additional ridership and to increase operating efficiencies while

reducing costs were initiated at the end of the fiscal year. Limited commuter service on the Route 10 and 11 began in the last quarter of the fiscal year with ridership exceeding projections. Implementation of the restructuring of the local routes will occur in January 2020. These measures are in part to ensure that the agency is able to meet its statutory farebox recovery requirements in the future. If operational farebox recovery continues to lag, the NVTA Board will need to consider alternatives.

Vine Transit Bus Maintenance Facility

Current design plans call for the 8.3 acre property to feature a 20,000 sq. ft. maintenance building with six service bays, an 8,000 sq. ft. administration building and regional meeting center, modern bus wash, secured parking for up to 100 transit vehicles, and parking area for employees and visitors. The project is expected to break ground in the Summer of 2020 with an in-service date in 2021.

NVTA staff has been working with its financial advisors to secure financing from the US Department of Transportation's Transportation Infrastructure and Innovation Act (TIFIA) program. The financing program allows up to 49% of total project costs financed for transportation infrastructure projects in rural areas. The term sheet and a complete financing package will be presented to the Board in early 2020 for formal acceptance.

BUDGETARY HIGHLIGHTS

NVTA adopts a biannual operating budget that includes proposed expenditures and the means of financing them. NVTA's budget is adopted by the Board before June 30th of each even-numbered fiscal year. Subsequent increases to the original budget must be approved by the Board. Page 52 provides a budget to actual comparison of the Governmental Fund.

For NVTA's Governmental Fund for the year ended June 30, 2019, the budget for revenues was \$8,917,231 and for expenditures was \$8,640,231. For the year ended June 30, 2018, the budget for revenues was \$3,324,700 and for expenditures was \$6,283,563. When comparing actual expenditures and revenue to the final budget for both fiscal years, NVTA was within budget.

CAPITAL ASSETS

The governmental activities financial statements include capital assets of \$0 and unrestricted Net Position of \$2,440,230 for fiscal year 2018-2019. Governmental activities financial statements include capital assets of \$0 and unrestricted Net Position of \$354,179 in fiscal year 2017-2018. Capital assets in total are composed of one vehicle dedicated for agency use and office furniture located at NVTA's administrative offices at the Soscol Gateway Transit Center.

The business-type activities financial statements include capital assets of \$22,508,328 and unrestricted Net Position of \$1,238,336 in fiscal year 2018-2019. The business-type activities financial statements include capital assets of \$25,184,578 and unrestricted Net Position of \$1,303,486 in fiscal year 2017-2018. Capital assets in total are predominantly made up of buses and other transit related equipment as well as the Soscol Gateway Transit Center facility. Unrestricted Net Position primarily represents the dollar amount to maintain the Vine Transit fleet.

Major additions during the year included purchases of transit related equipment in fiscal year 2018-2019 and three paratransit vehicles and equipment necessary to support transit operations in fiscal year 2017-2018.

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

DEBT ADMINISTRATION

As of June 30, 2019, NVTA had debt of \$0, and recorded long-term obligations for compensated absences in the amount of \$105,899. For additional information on NVTA's debt activity, please refer to Note 5 in the notes to the basic financial statements.

CONTACTING NVTA

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

A separately issued financial report for NVTA's discretely presented component unit, NVTA – Tax Agency, can be obtained by contacting NVTA's administrative office at 625 Burnell Street, Napa, California 94559-3420.

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	NVTA - Tax Agency
<u>ASSETS</u>				
Cash and Investments in County Treasury	\$ 2,750,811	\$ 995,307	\$ 3,746,118	\$ 2,936,413
Imprest Cash	500	-	500	-
Investments	-	419,748	419,748	-
Due from Other Government Agencies	237,817	3,502,577	3,740,394	-
Other receivables	-	-	-	3,338,529
Prepaid Expenses	50,406	55,938	106,344	-
Inventory	-	408,950	408,950	-
Other Postemployment Benefits (OPEB)	54,716	-	54,716	-
Capital Assets, Net of Accumulated Depreciation	-	22,508,328	22,508,328	-
Total Assets	<u>3,094,250</u>	<u>27,890,848</u>	<u>30,985,098</u>	<u>6,274,942</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
OPEB	93,469	-	93,469	-
Pension Adjustments	344,754	-	344,754	-
Total Deferred Outflows of Resources	<u>438,223</u>	<u>-</u>	<u>438,223</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts Payable	512,338	2,567,422	3,079,760	6,161,386
Accrued Salaries	79,322	-	79,322	-
Unearned Revenue	-	469,636	469,636	-
Due to Other Government Agencies	-	1,107,126	1,107,126	-
Net Pension Liability	356,433	-	356,433	-
Compensated Absences	105,899	-	105,899	-
Total Liabilities	<u>1,053,992</u>	<u>4,144,184</u>	<u>5,198,176</u>	<u>6,161,386</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
OPEB	14,780	-	14,780	-
Pension Adjustments	23,471	-	23,471	-
Total Deferred Outflows of Resources	<u>38,251</u>	<u>-</u>	<u>38,251</u>	<u>-</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	-	22,508,328	22,508,328	-
Unrestricted	2,440,230	1,238,336	3,678,566	113,556
Total Net Position	<u>\$ 2,440,230</u>	<u>\$ 23,746,664</u>	<u>\$ 26,186,894</u>	<u>\$ 113,556</u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<u>ASSETS</u>			
Cash and Investments in County Treasury	\$ 1,081,035	\$ 955,839	\$ 2,036,874
Imprest Cash	500	-	500
Investments	-	224,425	224,425
Due from Other Government Agencies	10,669	3,278,689	3,289,358
Prepaid Expenses	50,565	93,976	144,541
Inventory	-	413,109	413,109
Other Postemployment Benefits (OPEB)	113,740	-	113,740
Capital Assets, Net of Accumulated Depreciation	-	25,184,578	25,184,578
 Total Assets	 <u>1,256,509</u>	 <u>30,150,616</u>	 <u>31,407,125</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
OPEB	28,540	-	28,540
Pension Adjustments	431,387	-	431,387
 Total Deferred Outflows of Resources	 <u>459,927</u>	 <u>-</u>	 <u>459,927</u>
<u>LIABILITIES</u>			
Accounts Payable	771,435	1,826,586	2,598,021
Accrued Salaries	57,416	-	57,416
Unearned Revenue	-	237,874	237,874
Due to Other Government Agencies	-	1,598,092	1,598,092
Net Pension Liability	375,403	-	375,403
Compensated Absences	118,874	-	118,874
 Total Liabilities	 <u>1,323,128</u>	 <u>3,662,552</u>	 <u>4,985,680</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Adjustments	39,129	-	39,129
<u>NET POSITION</u>			
Net Investment in Capital Assets	-	25,184,578	25,184,578
Unrestricted	354,179	1,303,486	1,657,665
 Total Net Position	 <u>\$ 354,179</u>	 <u>\$ 26,488,064</u>	 <u>\$ 26,842,243</u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	NVTA - Tax Agency
Primary Government:								
Governmental Activities:								
Transportation Planning	\$ 5,058,368	\$ -	\$ 7,117,013	\$ -	\$ 2,058,645	\$ -	\$ 2,058,645	\$ -
Business-Type Activities:								
Transit	13,937,571	1,276,122	9,827,361	58,016	-	(2,776,072)	(2,776,072)	-
Total Primary Government	\$ 18,995,939	\$ 1,276,122	\$ 16,944,374	\$ 58,016	2,058,645	(2,776,072)	(717,427)	-
Component Unit:								
NVTA - Tax Agency	\$ 19,593,102	\$ -	\$ -	\$ -	-	-	-	(19,593,102)
General Revenues								
Taxes					\$ -	\$ -	\$ -	\$ 19,669,765
Unrestricted Interest and Investment Earnings					27,406	30,986	58,392	36,893
Miscellaneous					-	3,686	3,686	-
Total general revenues					27,406	34,672	62,078	19,706,658
Change in Net Position					2,086,051	(2,741,400)	(655,349)	113,556
Net Position July 1, 2018					354,179	26,488,064	26,842,243	-
Net Position June 30, 2019					\$ 2,440,230	\$ 23,746,664	\$ 26,186,894	\$ 113,556

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Transportation Planning	\$ 4,814,600	\$ -	\$ 2,959,228	\$ -	\$ (1,855,372)	\$ -	\$ (1,855,372)
Business-Type Activities:							
Transit	13,480,279	1,330,940	8,677,056	112,854	-	(3,359,429)	(3,359,429)
Total Primary Government	<u>\$ 18,294,879</u>	<u>\$ 1,330,940</u>	<u>\$ 11,636,284</u>	<u>\$ 112,854</u>	<u>(1,855,372)</u>	<u>(3,359,429)</u>	<u>(5,214,801)</u>
		General Revenues					
		Unrestricted Interest and Investment Earnings			19,238	25,744	44,982
		Miscellaneous			-	-	-
		Change in Net Position			(1,836,134)	(3,333,685)	(5,169,819)
		Net Position July 1, 2017			2,046,804	29,821,749	31,868,553
		Prior Period Adjustment			143,509	-	143,509
		Net Position July 1, 2017, as restated			<u>2,190,313</u>	<u>29,821,749</u>	<u>32,012,062</u>
		Net Position June 30, 2018			<u>\$ 354,179</u>	<u>\$ 26,488,064</u>	<u>\$ 26,842,243</u>

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

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

**NAPA VALLEY TRANSPORTATION AUTHORITY
BALANCE SHEETS
GOVERNMENTAL FUND – PLANNING FUND
JUNE 30, 2019 AND 2018**

	2019	2018
<u>ASSETS</u>		
Current Assets		
Cash and Investments in County Treasury	\$ 2,750,811	\$ 1,081,035
Imprest Cash	500	500
Grants Receivable	237,817	10,669
Prepaid Expenses	50,406	50,565
Total Current Assets	3,039,534	1,142,769
Total Assets	\$ 3,039,534	\$ 1,142,769
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	\$ 512,338	\$ 771,435
Accrued Salaries and Benefits	79,322	57,416
Total Current Liabilities	591,660	828,851
Total Liabilities	591,660	828,851
<u>FUND BALANCE</u>		
Nonspendable	50,406	50,565
Unassigned	2,397,468	263,353
Total Fund Balance	2,447,874	313,918
Total Liabilities and Fund Balance	\$ 3,039,534	\$ 1,142,769

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE PLANNING FUND
BALANCE SHEETS TO THE STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
Total Fund Balance - Governmental Fund	\$ 2,447,874	\$ 313,918
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> <p>Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.</p>		
Compensated absences	(105,899)	(118,874)
Net pension liability	(356,433)	(375,403)
Net OPEB asset	54,716	113,740
<p>Deferred outflows of resources are not current assets or financial resources and deferred inflows of resources are not due and payable in the current period and, therefore, not reported in the governmental fund.</p>		
Deferred outflows of resources - Pension	344,754	431,387
Deferred outflows of resources - OPEB	93,469	28,540
Deferred inflows of resources - Pension	(23,471)	(39,129)
Deferred inflows of resources - OPEB	(14,780)	-
Total Net Position - Governmental Activities	\$ 2,440,230	\$ 354,179

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Revenues		
Local Transportation Fund Allocation	\$ 5,533,143	\$ 1,992,256
Federal Highway Allocations	1,287,403	818,480
Programming, Planning, and Monitoring	43,284	46,487
Other Grants	68,914	65,406
Interest	27,406	19,238
Other Revenues	<u>184,269</u>	<u>36,599</u>
Total Revenues	<u>7,144,419</u>	<u>2,978,466</u>
Expenditures		
Communications	33,005	29,327
Insurance	43,556	42,033
Office Expense	101,172	145,456
Rents and Leases	7,453	10,494
Transportation	13,250	11,669
Salaries and Benefits	1,916,121	1,714,868
Miscellaneous Expense	446,076	537,954
Professional Services	<u>2,449,830</u>	<u>2,203,519</u>
Total Expenditures	<u>5,010,463</u>	<u>4,695,320</u>
Net Change in Fund Balance	<u>2,133,956</u>	<u>(1,716,854)</u>
Fund Balance, Beginning of Year	<u>313,918</u>	<u>2,030,772</u>
Fund Balance, End of Year	<u><u>\$ 2,447,874</u></u>	<u><u>\$ 313,918</u></u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE PLANNING FUND
TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES –
GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Net Change in Fund Balance - Governmental Fund	\$ 2,133,956	\$ (1,716,854)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	-	(17,438)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Pension expense - GASB Statement No. 68	(52,005)	(70,812)
OPEB expense - GASB Statement No. 75	(8,875)	(1,229)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		
This change reflects an increase in compensated absences that occurred during the year.	12,975	(29,801)
Total Change in Net Position - Governmental Activities	\$ 2,086,051	\$ (1,836,134)

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF FUND NET POSITION
TRANSIT FUND
JUNE 30, 2019 AND 2018**

	2019	2018
<u>ASSETS</u>		
Current Assets		
Cash and Investments in County Treasury	\$ 995,307	\$ 955,839
Investments	419,748	224,425
Grants Receivable	3,502,577	3,278,689
Prepaid Expenses	55,938	93,976
Inventory	408,950	413,109
Total Current Assets	5,382,520	4,966,038
Noncurrent Assets		
Land	3,967,565	3,967,565
Capital Assets, Net of Accumulated Depreciation	18,540,763	21,217,013
Total Noncurrent Assets	22,508,328	25,184,578
Total Assets	\$ 27,890,848	\$ 30,150,616
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	\$ 2,567,422	\$ 1,826,586
Unearned Revenue	469,636	237,874
Due to Other Government Agencies	1,107,126	1,598,092
Total Current Liabilities	4,144,184	3,662,552
Total Liabilities	4,144,184	3,662,552
<u>NET POSITION</u>		
Net Investment in Capital Assets	22,508,328	25,184,578
Unrestricted	1,238,336	1,303,486
Total Net Position	23,746,664	26,488,064
Total Liabilities and Net Position	\$ 27,890,848	\$ 30,150,616

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Operating Revenues		
Farebox Revenues	\$ 1,276,122	\$ 1,330,940
Total Operating Revenues	1,276,122	1,330,940
Operating Expenses		
Marketing	62,547	114,864
Vehicle Maintenance	182,084	124,200
Other Maintenance	66,795	16,205
Fuel and Lubricants	1,200,871	1,120,360
Insurance	379,189	368,216
Security	14,873	12,772
Services	113,475	127,058
Supplies	59,525	19,599
Purchased Transportation	8,962,438	8,591,573
Rents and Leases	-	6,000
Utilities	5,964	5,180
Miscellaneous Expense	28,080	34,677
Depreciation	2,676,250	2,716,530
Personnel Costs	185,480	223,045
Total Operating Expenses	13,937,571	13,480,279
Operating Loss	(12,661,449)	(12,149,339)
Nonoperating Revenue, Net		
Local Transportation Fund	5,634,565	6,557,470
Loss: Returned Local Transportation Fund Allocations	(1,107,126)	(1,598,092)
State Transit Assistance	1,737,409	621,905
Federal Transit Assistance Grant Revenues - Operating	3,116,113	2,669,373
Other Operating Grants	446,400	426,400
Interest Income	30,986	25,744
Other Revenues	3,686	-
Total Nonoperating Revenue, Net	9,862,033	8,702,800
Change in Net Position Before Contributions	(2,799,416)	(3,446,539)
Capital Contributions		
Federal Transit Assistance	46,192	-
Local Transportation Fund	11,824	112,854
Total Capital Contributions	58,016	112,854
Change in Net Position	(2,741,400)	(3,333,685)
Net Position, Beginning of Year	26,488,064	29,821,749
Net Position, End of Year	\$ 23,746,664	\$ 26,488,064

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF CASH FLOWS
TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Passengers	\$ 1,276,122	\$ 1,330,940
Cash Payments for General and Administrative Expenses	(755,564)	(845,955)
Cash Payments to Suppliers for Operations	(9,722,724)	(9,531,585)
Net Cash Used in Operating Activities	(9,202,166)	(9,046,600)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Local Transportation Fund	4,316,560	6,001,860
Federal Operating Grants	2,758,495	3,683,031
State Transit Assistance	1,822,814	441,301
Other Operating Grants	446,400	426,400
Net Cash Provided by Noncapital Financing Activities	9,344,269	10,552,592
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	58,016	112,854
Insurance Settlement	3,686	-
Payments for the Acquisition of Capital Assets	-	(76,132)
Payment for Line of Credit	-	(990,799)
Net Cash Provided by (Used in) Capital and Related Financing Activities	61,702	(954,077)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	(195,323)	(71,220)
Interest Received	30,986	25,744
Net Cash Used in Investing Activities	(164,337)	(45,476)
Net Increase in Cash and Investments in County Treasury	39,468	506,439
Cash and Investments in County Treasury at Beginning of Year	955,839	449,400
Cash and Investments in County Treasury at End of Year	\$ 995,307	\$ 955,839
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (12,661,449)	\$ (12,149,339)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	2,676,250	2,716,530
Changes in Assets and Liabilities:		
Decrease in Inventory	4,159	3,893
Decrease in Prepaid Expenses	38,038	40,311
Increase in Accounts Payable and Accrued Expenses	740,836	257,336
Increase in Unearned Revenue	-	84,669
Net Cash Used in Operating Activities	\$ (9,202,166)	\$ (9,046,600)

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current Assets		
Cash and Investments in County Treasury	\$ 723,286	\$ 697,392
Due from Other Government Agencies	<u>101,100</u>	<u>96,250</u>
Total Current Assets	<u>824,386</u>	<u>793,642</u>
Total Assets	<u><u>\$ 824,386</u></u>	<u><u>\$ 793,642</u></u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	<u>\$ 13,766</u>	<u>\$ 7,382</u>
Total Current Liabilities	<u>13,766</u>	<u>7,382</u>
Total Liabilities	<u>13,766</u>	<u>7,382</u>
<u>NET POSITION</u>		
Net Position Held in Trust for Other Purposes	<u>810,620</u>	<u>786,260</u>
Total Net Position	<u>810,620</u>	<u>786,260</u>
Total Liabilities and Net Position	<u><u>\$ 824,386</u></u>	<u><u>\$ 793,642</u></u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
ADDITIONS		
Aid from Other Government Agencies	\$ 208,883	\$ 204,121
Interest Income	12,749	7,099
Total Additions	221,632	211,220
DEDUCTIONS		
Program Expenses	197,272	233,640
Total Deductions	197,272	233,640
CHANGE IN NET POSITION	24,360	(22,420)
Net Position, Beginning of Year	786,260	808,680
Net Position, End of Year	\$ 810,620	\$ 786,260

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

NVTA was formed to serve as the countywide transportation planning body for the incorporated and unincorporated areas of the County. NVTA 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 path improvements.

NVTA'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 NVTA as claimant for transit use to the extent allowed by TDA regulations. The amendment enables NVTA to claim all TDA funds under Articles 4, 4.5, and/or 8 of Chapter 4 of the Public Utilities Code apportioned within the County by the Metropolitan Transportation Commission. NVTA is authorized to claim all apportionments to transit services on behalf of the jurisdictions of the County. In January 2007, the agreement was amended further to change NVTA's name from Napa County Congestion Management Agency to Napa County Transportation and Planning Agency. In February 2016, the name was changed to the Napa Valley Transportation Authority.

Beginning July 1, 2001, NVTA began administering all transit-related activities on behalf of the Cities of Calistoga, Napa, and St. Helena; the Town of Yountville; and the County. Effective July 1, 2006, NVTA assumed direct management of American Canyon Transit.

B. Basis of Presentation

The basic financial statements of NVTA and its component unit are prepared in accordance with accounting principles generally accepted in the United States of America.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the primary government (NVTA) and its component unit. 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 NVTA. 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)

Government-Wide Financial Statements (Continued)

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

When both restricted and unrestricted Net Position are available, restricted resources for the purpose intended are used first then unrestricted resources as they are needed.

Fund Financial Statements

The fund financial statements provide information about NVTA'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 year ended June 30, 2019, NVTA 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.

NVTA reports the following major governmental fund:

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

NVTA reports the following major enterprise fund:

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

NVTA reports the following additional fund types:

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

Discrete Component Unit - NVTA - Tax Agency (NVTA-TA) is the local transportation sales tax authority. NVTA-TA is responsible for the oversight and administration of the Napa Countywide Maintenance Act, commonly known as Measure T, the 25-year, ½% sales tax for street and road improvements approved by the voters on November 6, 2012. Measure T became effective on July 1, 2018. NVTA-TA is discretely presented because the ordinance is a legally separate, stand-alone entity administered by the NVTA. The operations of NVTA-TA are not included in the NVTA's reporting entity since the entity is responsible for conducting its own day-to-day operations and is compelled to answer to its own separately elected governing board. A separately issued financial report can be obtained by contacting NVTA's administrative office at 625 Burnell Street, Napa, California 94559-3420.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 NVTA 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 eligibility requirements have been satisfied.

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

D. Cash and Investments

NVTA maintains nearly all of its cash and investments with the County Treasurer in a cash and investment pool. A small independent bank account is used to pay some employee benefits. On a quarterly basis, the County Treasurer allocates interest to investment pool 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 its 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's financial statements may be obtained by contacting the County's Auditor-Controller's office at 1195 Third Street, Room B-10, Napa, California 94559. The County Treasury Oversight Committee oversees the Treasurer's investments and policies.

E. Receivables

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

F. Inventories

On August 31, 2009, NVTA's multiyear agreement (the Agreement) with the purchased transportation contractor (the Contractor) provided the Contractor with an initial inventory of equipment, tools, and other property to be used to provide services. The Contractor shall be responsible for returning to NVTA, 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, NVTA shall conduct a final inventory. The Contractor will be responsible for either replacing property or 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 NVTA for its replacement value. These parts are not included in the Agreement with the Contractor. Farebox inventory parts will be tracked separately.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. NVTA defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

Structures	20 years
Vehicles	1-12 years
Equipment	1-5 years

NVTA has acquired certain assets with funding provided by federal assistance from various grant programs. NVTA 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

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

I. Interfund Transactions

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

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

J. Advances

Advances arise when resources are received by NVTA 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 NVTA 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 basic 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 basic financial statements and the reported amount of revenue and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Reclassifications

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

M. Net Position

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

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

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

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

N. Fund Balance

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance (Continued)

Minimum Fund Balance Policy:

NVTA has adopted a minimum fund balance policy. Planning Fund cash reserves should be at a minimum of \$500,000 per fiscal year. The proprietary cash reserve should be at least 25% of non-restricted funds of the current fiscal year operating budget.

O. New Accounting Pronouncements – Implemented

GASB Statement No. 83 – *Certain Asset Retirement Obligations*. The requirements of this statement are effective for the reporting periods beginning after June 15, 2018. Earlier application is encouraged. There was no effect on NVTA's accounting and financial reporting as a result of implementing this standard..

GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The requirements of this statement are effective for periods beginning after June 15, 2018. There was no effect on NVTA's accounting and financial reporting as a result of implementing this standard.

P. Future Accounting Pronouncements

GASB Statement No. 84 – *Fiduciary Activities*. The requirements for this statement are effective for fiscal years beginning after December 15, 2018. NVTA believes the statement will not apply.

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for periods beginning after December 15, 2019. NVTA has not fully judged the effect of implementation of GASB Statement No. 87 as of the date of the basic financial statements

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this statement are effective for periods beginning after December 15, 2019. NVTA has not fully judged the effect of implementation of GASB Statement No. 89 as of the date of the basic financial statements.

GASB Statement No. 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The requirements of this statement are effective for periods beginning after December 15, 2018. NVTA has not fully judged the effect of implementation of GASB Statement No. 90 as of the date of the basic financial statements.

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for periods beginning after December 15, 2020. NVTA has not fully judged the effect of implementation of GASB Statement No. 91 as of the date of the basic financial statements.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of NVTA's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and, thus, will not be recognized as an outflow of resources (expense/expenditure) until then. NVTA has only two items that qualify for reporting in this category. It is for pension contributions made after the measurement date and other pension related deferred outflows of resources. GASB Statement No. 68 does not allow the cash payments made to the Plan after the measurement date to have any effect on either the net pension liability or the pension expense that is reflected in these basic financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. NVTA has only one item, which arises as a result of the implementation of GASB Statement No. 68. Deferred inflows of resources are recorded for the net difference between projected and actual earnings on pension plan investments, adjustments due to differences in proportions, and changes in assumptions.

S. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of NVTA's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Accounting principles generally accepted in the United States of America require that the reported results must pertain to liability and asset information within certain defined timeframes.

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

General

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

NVTA 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 – CASH AND INVESTMENTS IN COUNTY TREASURY/IMPREST CASH (Continued)

General (Continued)

Cash and investments are reported in the accompanying basic financial statements as follows:

	June 30, 2019				
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Discrete Component Unit	Fiduciary Funds
Statement of Net Position:					
Cash	\$ 2,750,811	\$ 995,307	\$ 3,746,118	\$ 2,936,413	\$ 723,286
Imprest Cash	500	-	500	-	-
Investments	-	419,748	419,748	-	-
	<u>\$ 2,751,311</u>	<u>\$ 1,415,055</u>	<u>\$ 4,166,366</u>	<u>\$ 2,936,413</u>	<u>\$ 723,286</u>
	June 30, 2018				
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Discrete Component Unit	Fiduciary Funds
Statement of Net Position:					
Cash	\$ 1,081,035	\$ 955,839	\$ 2,036,874	\$ -	\$ 697,392
Imprest Cash	500	-	500	-	-
Investments	-	224,425	224,425	-	-
	<u>\$ 1,081,535</u>	<u>\$ 1,180,264</u>	<u>\$ 2,261,799</u>	<u>\$ -</u>	<u>\$ 697,392</u>

Cash and investments consisted of the following at June 30, 2019 and 2018:

	June 30, 2019				
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Discrete Component Unit	Fiduciary Funds
Cash on Hand and in Banks	\$ 10,212	\$ 29,878	\$ 40,090	\$ -	\$ -
Pooled Investments	2,741,099	965,429	3,706,528	2,936,413	723,286
Investments	-	419,748	419,748	-	-
	<u>\$ 2,751,311</u>	<u>\$ 1,415,055</u>	<u>\$ 4,166,366</u>	<u>\$ 2,936,413</u>	<u>\$ 723,286</u>
	June 30, 2018				
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Discrete Component Unit	Fiduciary Funds
Cash on Hand and in Banks	\$ 3,425	\$ 141,549	\$ 144,974	\$ -	\$ -
Pooled Investments	1,078,110	814,290	1,892,400	-	697,392
Investments	-	224,425	224,425	-	-
	<u>\$ 1,081,535</u>	<u>\$ 1,180,264</u>	<u>\$ 2,261,799</u>	<u>\$ -</u>	<u>\$ 697,392</u>

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

The market value of pledged securities must equal at least 110% of NVTA's deposits. California law also allows financial institutions to secure NVTA's deposits by pledging first trust deed mortgage notes having a value of 150% of NVTA's total deposits.

Collateral is held by the pledging financial institution's trust department and is considered held in NVTA's name. NVTA may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). NVTA has \$250,000 that is covered by the FDIC as of June 30, 2019.

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

General (Continued)

NVTA had no deposit or investment policy that addressed a specific type of risk. Required disclosures for NVTA's deposit and investment risks held in the County's investment pool at June 30, 2019, were as follows:

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standard & 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 Investors Service. NVTA establishes its credit limits based on the County's Investment Policy.

Presented below is the minimum rating required by (where applicable) NVTA's investment policy and the actual rating as of year-end for each investment type.

2019				
<u>Investments type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Ratings as of year-end</u>	<u>Not rated</u>
Pooled investments	\$6,642,941	N/A	N/A	\$6,642,941
Held by trustee:				
Certificates of deposit	<u>419,748</u>	N/A	N/A	<u>419,748</u>
	<u>\$7,062,689</u>			<u>\$7,062,689</u>
2018				
<u>Investments type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Ratings as of year-end</u>	<u>Not rated</u>
Pooled investments	\$1,892,400	N/A	N/A	\$1,892,400
Held by trustee:				
Certificates of deposit	<u>224,425</u>	N/A	N/A	<u>224,425</u>
	<u>\$2,116,825</u>			<u>\$2,116,825</u>

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, NVTA 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, NVTA's funds in the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

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

General (Continued)

Custodial credit risk (Continued)

At June 30, 2019, in accordance with State law and the County’s Investment Policy, NVTA 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

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County manages NVTA’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.

Information about the sensitivity of the fair values of NVTA’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of NVTA’s investments by maturity:

2019

<u>Investments type</u>	<u>Total</u>	<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 60 months</u>	<u>More than 60 months</u>
Pooled investments	\$ 6,642,941	\$ 6,642,941	\$ -	\$ -	\$ -
Held by trustee:					
Certificates of deposit	419,748	419,748	-	-	-
	<u>\$ 7,062,689</u>	<u>\$ 7,062,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2018

<u>Investments type</u>	<u>Total</u>	<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 60 months</u>	<u>More than 60 months</u>
Pooled investments	\$ 1,892,400	\$ 1,892,400	\$ -	\$ -	\$ -
Held by trustee:					
Certificates of deposit	224,425	224,425	-	-	-
	<u>\$ 2,116,825</u>	<u>\$ 2,116,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment in the County Investment Pool

NVTA maintains all of its cash and investments with the County Treasurer in a cash and investment pool. NVTA is considered to be an involuntary participant in the external investment pool. On a quarterly basis, the County Treasurer allocates interest to investment pool 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 its equity in the County Treasurer’s investment pool, to be cash equivalents. The fair value of investments is obtained by using quotations obtained from independent published sources.

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

Investment in the County Investment Pool (Continued)

The table below identifies the **investment types** that are authorized for NVTA 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 the County’s Investment Policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**.

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

Fair Value Measurements

NVTA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

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

Fair Value Measurements (Continued)

NVTA has the following recurring fair value measurements as of June 30, 2019 and 2018:

2019

<u>Investments by fair value level</u>	<u>Fair Value Measurements Using</u>		
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Held by trustee:			
Certificates of deposit	\$ 419,748	\$ 419,748	\$ -
	<u>\$ 419,748</u>	<u>\$ 419,748</u>	<u>\$ -</u>

2018

<u>Investments by fair value level</u>	<u>Fair Value Measurements Using</u>		
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Held by trustee:			
Certificates of deposit	\$ 224,425	\$ 224,425	\$ -
	<u>\$ 224,425</u>	<u>\$ 224,425</u>	<u>\$ -</u>

Investments in the County investment pool totaling \$3,706,528 and \$1,892,400 as of June 30, 2019 and 2018, respectively, are measured at amortized cost, which approximates fair value.

NOTE 3 – DUE FROM OTHER GOVERNMENT AGENCIES

Amounts due from other government agencies consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Federal Transit Administration (FTA)		
Operating	\$ 3,204,509	\$ 2,684,290
State		
STA	155,463	324,289
TDA	100,736	-
Regional Measure 2	88,036	-
Grants - Capital	-	-
Other	43,284	67,649
Local		
Cities and County	65,377	213,130
Local - Other	184,089	96,250
Total	<u>\$ 3,841,494</u>	<u>\$ 3,385,608</u>

NOTE 3 – DUE FROM OTHER GOVERNMENT AGENCIES (Continued)

Reconciliation to Financial Statements		2019	2018
Planning Fund	Grants Receivable	\$ 237,817	\$ 10,669
Transit Fund	Due from Other Government Agencies	3,473,365	2,741,269
Transit Fund	Other Receivables	29,212	537,420
Total per Statement of Net Position		3,740,394	3,289,358
Fiduciary Funds	Due from Other Government Agencies	101,100	96,250
Total including Fiduciary Funds		<u>\$ 3,841,494</u>	<u>\$ 3,385,608</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Governmental Activities:				
Capital Assets, Being Depreciated				
Vehicles and Equipment	\$ 224,814	\$ -	\$ -	\$ 224,814
Less Accumulated Depreciation for:				
Vehicles and Equipment	(224,814)	-	-	(224,814)
Governmental Activities				
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 3,967,565	\$ -	\$ -	\$ 3,967,565
Total Capital Assets, Not Being Depreciated	3,967,565	-	-	3,967,565
Capital Assets, Being Depreciated:				
Vehicles and Equipment	35,156,019	-	-	35,156,019
Less Accumulated Depreciation for:				
Vehicles and Equipment	(13,939,006)	(2,676,250)	-	(16,615,256)
Total Capital Assets, Being Depreciated, Net	21,217,013	(2,676,250)	-	18,540,763
Business-Type Activities,				
Capital Assets, Net	<u>\$ 25,184,578</u>	<u>\$ (2,676,250)</u>	<u>\$ -</u>	<u>\$ 22,508,328</u>
Total Government-Wide Capital Assets, Net	<u>\$ 25,184,578</u>	<u>\$ (2,676,250)</u>	<u>\$ -</u>	<u>\$ 22,508,328</u>

Government-wide depreciation expense for the year ended June 30, 2019, was \$2,676,250.

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Governmental Activities:				
Capital Assets, Being Depreciated				
Vehicles and Equipment	\$ 224,814	\$ -	\$ -	\$ 224,814
Less Accumulated Depreciation for:				
Vehicles and Equipment	(207,376)	(17,438)	-	(224,814)
Governmental Activities				
Capital Assets, Net	<u>\$ 17,438</u>	<u>\$ (17,438)</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 3,967,565	\$ -	\$ -	\$ 3,967,565
Total Capital Assets, Not Being Depreciated	<u>3,967,565</u>	<u>-</u>	<u>-</u>	<u>3,967,565</u>
Capital Assets, Being Depreciated:				
Vehicles and Equipment	35,079,887	76,132	-	35,156,019
Less Accumulated Depreciation for:				
Vehicles and Equipment	(11,222,476)	(2,716,530)	-	(13,939,006)
Total Capital Assets, Being Depreciated, Net	<u>23,857,411</u>	<u>(2,640,398)</u>	<u>-</u>	<u>21,217,013</u>
Business-Type Activities,				
Capital Assets, Net	<u>\$ 27,824,976</u>	<u>\$ (2,640,398)</u>	<u>\$ -</u>	<u>\$ 25,184,578</u>
Total Government-Wide Capital Assets, Net	<u>\$ 27,842,414</u>	<u>\$ (2,657,836)</u>	<u>\$ -</u>	<u>\$ 25,184,578</u>

Government-wide depreciation expense for the year ended June 30, 2018, was \$2,716,530.

NOTE 5 – COMPENSATED ABSENCES

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

	2019	2018
Beginning Balance July 1	\$ 118,874	\$ 89,073
Additions	22,155	35,620
Reductions	(35,130)	(5,819)
Ending Balance June 30	<u>\$ 105,899</u>	<u>\$ 118,874</u>
Amounts Due Within One Year	<u>\$ 105,899</u>	<u>\$ 118,874</u>

NOTE 6 – DUE TO OTHER GOVERNMENT AGENCIES

Business-Type Activities – Due to LTF

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

It is the current practice of NVTA to have excess revenue returned to the funding agency. NVTA had excess revenues of \$1,107,126 and \$1,598,092 at June 30, 2019 and 2018, respectively. Money returned to LTF will be reallocated for future capital purchases or operating assistance.

Allocations received but not earned were recorded as Due to Other Government Agencies as follows:

	<u>2019</u>	<u>2018</u>
Balance - Beginning of Year	\$ 1,598,092	\$ 456,002
LTF - Operating	5,634,565	6,557,470
LTF - Capital	11,824	112,854
Total LTF	<u>5,646,389</u>	<u>6,670,324</u>
Operating Expenses	13,872,421	12,739,298
Adjustments:		
Add Back Depreciation	(2,676,250)	(2,716,530)
Farebox Revenues	(1,276,122)	(1,330,940)
STA	(1,737,409)	(621,905)
Other Revenues	(446,400)	(426,400)
Interest Income	(30,986)	(25,744)
FTA Grant Revenues	(3,116,113)	(2,669,373)
Other Federal Grants	(46,192)	-
Capital Asset Outlays	-	76,132
Property Disposal	(3,686)	-
Net Operating Expenses	<u>4,539,263</u>	<u>5,024,538</u>
Net Increase	1,107,126	1,645,786
Return of LTF Capital	<u>(1,598,092)</u>	<u>(456,002)</u>
Previous Year Economic Adjustment	<u>-</u>	<u>(47,694)</u>
Balance - End of Year	<u>\$ 1,107,126</u>	<u>\$ 1,598,092</u>

A review of the previous fiscal year's calculations disclosed an overpayment was made in 2017 to the LTF trust fund. The overpayment was a result of a posting error. Accordingly, NVTA owes \$47,694 and posted an adjustment in the current fiscal year. Similarly, an adjustment of \$74,531 was made in 2017.

NOTE 7 – AGREEMENTS AND COMMITMENTS

Bay Area Air Quality Management District Agreement

NVTA entered into an agreement with the Bay Area Air Quality Management District (the District) to implement specified measures to improve air quality in the County. The funding for this agreement comes from Assembly Bill (AB) 434 allowing the District to levy a surcharge on motor vehicle registration fees. Quarterly, the District must transfer 40% of the surcharge, less management fees and audit costs, to NVTA, 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, NVTA allocates 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. NVTA is the designated service authority to manage and distribute abandoned vehicle fees to participating jurisdictions within the County. These fees are collected by NVTA and distributed to the jurisdictions based on reimbursement requests submitted to the service authority. The current program sunset on May 31, 2016, and remaining funds will be distributed to the jurisdictions until all funding has been exhausted.

Metropolitan Transportation Commission

NVTA received a federal highway administration planning grant from the MTC. The purpose of the grant was to implement congestion planning and programming activities 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 NVTA. The amount, if any, of expenditures which may be disallowed by MTC cannot be determined at this time although NVTA expects such amounts, if any, to be immaterial.

NOTE 8 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in NVTA's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by CalPERS. The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the risk pool. Accordingly, rate plans within the pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. NVTA sponsors three rate plans. Benefit provisions under the Plan are established by State statute and NVTA resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments (COLA), and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members (Tier 1) with five years of total service are eligible to retire at age 55 with statutorily reduced benefits (2.5%@Age 55). Members hired after May 21, 2011, (Tier 2) with five years of total service are eligible to retire at age 60 with statutorily reduced benefits (2%@Age 60). The California Public Employees' Pension Reform Act (PEPRA) established a separate tier for members hired after January 1, 2013. PEPRA Members with five years of total service are eligible to retire at age 62 with statutorily reduced benefits (2% at age 62). All members are eligible for non-duty disability benefits after 5 years of service. The COLAs for the Plan are applied as specified by the California Public Employees' Retirement Law.

NOTE 8 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

The rate plan provisions and benefits in effect at June 30, 2019 and 2018, are summarized as follows:

Hire Date	Prior to May 21, 2011 (Tier I)	On or after May 21, 2011 (Tier II)	On or after January 1, 2013 (PEPRA)
Benefit Formula	2.5%@55	2%@60	2%@62
Benefit Vesting Schedule	5 Years Service	5 Years Service	5 Years Service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	55	60	62
Monthly Benefits, as a Percentage of Eligible Compensation	2.5%	2%	2%
Required Employee Contribution Rates	8.000%	7.000%	6.250%
Required Employer Contribution Rates	10.022%	7.634%	6.842%

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. NVTA’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pools’ costs of benefits earned by employees during the year, and any unfunded accrued liability. NVTA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. NVTA’s contributions to the Plan for the years ended June 30, 2019 and 2018, were \$142,748 and \$124,099, respectively.

As of June 30, 2019 and 2018, NVTA reported a net pension liability for its proportionate share of the net pension liability of the Plan in the amount of \$356,433 and \$375,403, respectively.

NVTA’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018 and 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and 2016, rolled forward to June 30, 2018 and 2017, using standard update procedures. NVTA’s proportion of the net pension liability was based on a projection of NVTA’s long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. NVTA’s proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2017, was as follows:

Proportion - June 30, 2017	0.00379%
Proportion - June 30, 2018	<u>0.00370%</u>
Change - Increase (Decrease)	<u><u>-0.000090%</u></u>

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

For the years ended June 30, 2019 and 2018, NVTA recognized pension expense/(income) of \$194,753 and \$194,911. At June 30, 2019 and 2018, NVTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	\$ 13,676	\$ 4,654
Changes in Assumptions	40,634	9,959
Net Differences between Projected and Actual Earnings on Plan Investments	1,762	-
Change in Employer's Proportion	89,460	8,858
Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	56,474	-
Pension Contributions Subsequent to Measurement Date	142,748	-
Total	\$ 344,754	\$ 23,471
2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	\$ 741	\$ 10,611
Changes in Assumptions	91,896	7,007
Net Differences between Projected and Actual Earnings on Plan Investments	20,783	-
Change in Employer's Proportion	122,387	21,511
Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	71,481	-
Pension Contributions Subsequent to Measurement Date	124,099	-
Total	\$ 431,387	\$ 39,129

\$142,748 and \$124,099 reported as deferred outflows of resources related to contributions subsequent to the measurement date during the years ended June 30, 2019 and 2018, respectively, will be recognized as a reduction of the net pension liability in the years ended June 30, 2020 and 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2020	\$ 96,638
2021	76,049
2022	9,055
2023	(3,207)
2024	-
Thereafter	-
Total	\$ 178,535

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017	June 30, 2016
Measurement Date	June 30, 2018	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies ⁽¹⁾	Varies
Investment Rate of Return	7.15% ⁽²⁾	7.65%
Mortality	CalPERS ⁽³⁾	CalPERS

⁽¹⁾ Depending on age, service, and type of employment.

⁽²⁾ Net of pension plan investment expenses, including inflation.

⁽³⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 and 2016 valuations were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for June 30, 2019 and 2018, was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rates for 2019 and 2018, are applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB Statement No. 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The expected real rates of return by asset class are as follows:

2018	Current Target Allocation	Real Return Years 1 - 10 ^(b)	Real Return Years 11+ ^(c)
Asset Class ^(a)			
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

^(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

^(b) An expected inflation of 2.00% used for this period.

^(c) An expected inflation of 2.92% used for this period.

2017	Current Target Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Asset Class			
Global Equity	47.00%	4.90%	0.00%
Global Fixed Income	19.00%	0.80%	0.00%
Inflation Sensitive	6.00%	0.60%	0.00%
Private Equity	12.00%	6.60%	0.00%
Real Estate	11.00%	2.80%	0.00%
Infrastructure and Forestland	3.00%	3.90%	0.00%
Liquidity	2.00%	-0.40%	0.00%
Total	100.00%		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents NVTA’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what NVTA’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>2019</u>	<u>2018</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 716,531	\$ 678,319
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 356,433	\$ 375,403
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 59,178	\$ 124,523

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports

C. Payable to the Pension Plan

At June 30, 2019 and 2018, NVTA had no outstanding amounts for contributions to the Plan required for the years then ended.

NOTE 9 – OPEB

A. General Information about the OPEB Plan

Plan Description – NVTA 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 OPEB. The CERBT is an agent multiple-employer plan and is administered by CalPERS. A new OPEB Plan was adopted by the Board with an effective measurement date of June 30, 2018. The OPEB Plan provides postretirement health care benefits to all employees meeting certain selected criteria. Employees on the payroll as of June 30, 2019 and 2018, who retire from NVTA with 10 years of NVTA service and 20 years of CalPERS service will receive a percentage of \$500 cap (\$750 for dual coverage) based on years of service at NVTA. The PEMHCA minimum is paid for those retiring with less than 10 years of service at NVTA.

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

Benefit Types Provided	Medical only
Duration of Benefits	Lifetime
Required Service	CalPERS retirement and 10 years NVTA
Minimum Age	50
Dependent Coverage	Family eligible
NVTA Contribution %	Up to 100%
NVTA Cap Highest	\$500 (\$750 for dual coverage)

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

Employees Covered – As of the June 30, 2018 and 2017 valuation, the following current and former employees were covered by the benefit terms for the OPEB Plan:

	2019	2018
Inactive Employees or Beneficiaries Currently Receiving Benefits	1	1
Inactive Employees Entitled to but not yet Receiving Benefits	3	2
Active Employees	15	14
Total	19	17

Contributions – The contribution requirements of plan members and NVTA are established and may be amended by NVTA’s Board. These contributions are neither mandated nor guaranteed. NVTA has retained the right to unilaterally modify its payment for retiree health care benefits. Refer to the table above for the contribution requirements. For the year ended June 30, 2019 and 2018, NVTA contributed \$44,087 and \$25,930, respectively. Employees are not required to contribute to the OPEB Plan.

Net OPEB Asset – NVTA’s net OPEB asset was measured as of June 30, 2018 and 2017, and the total OPEB asset used to calculate the net OPEB asset was the Plan Fiduciary Net Position of the OPEB trust held with CalPERS. The following actuarial methods and assumptions were used:

2018	
Reporting Date	June 30, 2019
Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	5.50%
Mortality Rate	Derived using CalPERS' Membership Data for all Funds ⁽¹⁾
Pre-Retirement Turnover	Derived using CalPERS' Membership Data for all Funds ⁽²⁾

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 1997 to 2015 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

⁽²⁾ The pre-retirement turnover information was developed based on CalPERS’ specific data. For more details, please refer to the 2007 to 2015 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

2017	
Reporting Date	June 30, 2018
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	5.50%
Mortality Rate	Derived using CalPERS' Membership Data for all Funds ⁽¹⁾
Pre-Retirement Turnover	Derived using CalPERS' Membership Data for all Funds ⁽²⁾

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2017 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

⁽²⁾ The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2015 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

2018		Long-Term
	Asset Class	Expected Real Rate of Return
		Target Allocation
	Global Equity	24.00%
	Fixed Income	39.00%
	Treasury Inflation Protected Securities	26.00%
	Commodities	3.00%
	REITs	8.00%
	Total	100.00%

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

2017	Target	Long-Term
Asset Class	Allocation	Expected Real Rate of Return
Global Equity	24.00%	4.82%
Fixed Income	39.00%	1.47%
Treasury Inflation Protected Securities	26.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that NVTAs contributions will be sufficient to fully fund the obligation over a period not to exceed 30 years. Historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption were used to set the discount rate. The expected investment return was offset by the investment expenses of 15 basis points. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Asset – The changes in the net OPEB asset for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017	\$ 169,487	\$ 283,227	\$ (113,740)
Changes in the Year:			
Service Cost	31,966	-	31,966
Interest	10,999	-	10,999
Changes of Benefit Terms	20,429	-	20,429
Actual vs. Expected Experience	(16,460)	-	(16,460)
Assumption Changes	50,801	-	50,801
Contribution - Employer	-	25,930	(25,930)
Contribution - Employee	-	-	-
Net Investment Income	-	13,303	(13,303)
Administrative Expenses	-	(522)	522
Benefit Payments	(2,930)	(2,930)	-
Net Changes	<u>94,805</u>	<u>35,781</u>	<u>59,024</u>
Balance at June 30, 2018	<u>\$ 264,292</u>	<u>\$ 319,008</u>	<u>\$ (54,716)</u>

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2016	\$ 132,928	\$ 242,037	\$ (109,109)
Changes in the Year:			
Service Cost	31,035	-	31,035
Interest	8,924	-	8,924
Changes of Benefit Terms	-	-	-
Actual vs. Expected Experience	-	-	-
Assumption Changes	-	-	-
Contribution - Employer	-	34,400	(34,400)
Contribution - Employee	-	-	-
Net Investment Income	-	10,318	(10,318)
Administrative Expenses	-	(3,400)	3,400
Benefit Payments	(3,400)	(128)	(3,272)
Net Changes	36,559	41,190	(4,631)
Balance at June 30, 2017	\$ 169,487	\$ 283,227	\$ (113,740)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate – The following presents the net OPEB asset of NVTA if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

2018

1% Decrease	4.50%
Net OPEB Asset	\$ (9,369)
Current Discount Rate	5.50%
Net OPEB Asset	\$ (54,716)
1% Increase	6.50%
Net OPEB Asset	\$ (91,123)

2017

1% Decrease	4.50%
Net OPEB Asset	\$ (85,100)
Current Discount Rate	5.50%
Net OPEB Asset	\$ (113,740)
1% Increase	6.50%
Net OPEB Asset	\$ (136,730)

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Recognition of Deferred Outflows and Deferred Inflows of Resources – Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the years ended June 30, 2019 and 2018, NVTA recognized OPEB expense of \$52,962 and \$27,159, respectively. For the years ended June 30, 2019 and 2018, NVTA reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2019		
OPEB Contributions Subsequent to Measurement Date	\$ 44,087	\$ -
Differences between Actual and Expected Experience	-	14,780
Changes in Assumptions	45,617	-
Net Differences between Projected and Actual Earnings on Plan Investments	<u>3,765</u>	<u>-</u>
Total	<u>\$ 93,469</u>	<u>\$ 14,780</u>
2018		
OPEB Contributions Subsequent to Measurement Date	\$ 25,930	\$ -
Differences between Actual and Expected Experience	-	-
Changes in Assumptions	-	-
Net Differences between Projected and Actual Earnings on Plan Investments	<u>2,610</u>	<u>-</u>
Total	<u>\$ 28,540</u>	<u>\$ -</u>

The \$44,087 and \$25,930 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 and 2017 measurement date will be recognized as an increase to the net OPEB liability during the year ending June 30, 2020 and 2019, respectively.

NOTE 10 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN

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

NOTE 10 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN (Continued)

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

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

NOTE 11 – INSURANCE AND RISK OF LOSS

NVTA 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. NVTA 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. NVTA secures vehicular and liability coverage for business-type activities of up to \$5,000,000 per incident through its purchased transportation contractor.

NOTE 12 – RELATED PARTY TRANSACTIONS

County personnel provide administration services to NVTA. The County also provides legal counsel. During the years ended June 30, 2019 and 2018, NVTA paid to the County, a related party, the following amounts:

	<u>2019</u>	<u>2018</u>
Accounting and Legal Services	\$ 13,138	\$ 12,426
Other Services and Supplies	<u>132,061</u>	<u>135,409</u>
Total Related Party Transactions	<u>\$ 145,199</u>	<u>\$ 147,835</u>

NOTE 13 – FAREBOX RATIO

Article 4

Article 4 transit operations include Vine and American Canyon Transit. As agreed to by MTC, the combined farebox ratio requirement is 15%. The farebox ratio for the years ended June 30, 2019 and 2018, was 17.01% and 17.98%, respectively, as follows:

	June 30, 2019		
	Total		
<u>Article 4</u>	<u>Article 4</u>	<u>Vine</u>	<u>ACT</u>
	<u>Services</u>		
Farebox Subject to Farebox Ratio	<u>\$ 1,466,049</u>	<u>\$ 1,413,306</u>	<u>\$ 52,743</u>
Operating Cost, Net of Depreciation	<u>\$ 8,619,351</u>	<u>\$ 8,289,707</u>	<u>\$ 329,644</u>
Farebox Ratio	<u>17.01%</u>		
	June 30, 2018		
	Total		
<u>Article 4</u>	<u>Article 4</u>	<u>Vine</u>	<u>ACT</u>
	<u>Services</u>		
Farebox Subject to Farebox Ratio	<u>\$ 1,495,204</u>	<u>\$ 1,446,489</u>	<u>\$ 48,715</u>
Operating Cost, Net of Depreciation	<u>\$ 8,317,188</u>	<u>\$ 8,014,163</u>	<u>\$ 303,025</u>
Farebox Ratio	<u>17.98%</u>		

Farebox revenue and operating cost used for farebox ratio calculation will not agree to the Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Fund (see page 19). The sales of non-federal assets are eligible as farebox revenues. Supplies not directly used for transit have been removed from operating costs.

Recent changes to the TDA statutes allow for the inclusion of local funds to calculate statutory farebox ratio. California Public Utilities Code (PUC) Section 99268.19 states that: "If fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost required by this article, an operator may satisfy that requirement by supplementing its fare revenues with local funds. As used in this section, "local funds" means any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator."

For the years ended June 30, 2019 and 2018, NVTA was in compliance with the minimum farebox ratio of 15% for Article 4 transit operations.

Without the use of local funds, sale of asset revenue, and chargebacks to meet statutory requirements, operation farebox for the year ended June 30, 2019, would be 11.83%.

NOTE 13 – FAREBOX RATIO (Continued)

Article 8

Article 8 transit operations include Vine Go, Calistoga Shuttle, St. Helena Shuttle, Yountville Trolley, and the Taxi Scrip program. TDA Section 6633.2 requires NVTA to meet a 10% farebox revenue to total operating expenses ratio. The farebox revenue ratio for the years ended June 30, 2019 and 2018, for Article 8 transit operations was 9.63% and 10.53%, respectively, as follows:

	June 30, 2019		
<u>Article 8</u>	<u>Total Article 8 Services</u>	<u>Taxi Scrip and Vine Go</u>	<u>Calistoga, Yountville, and St. Helena</u>
Farebox Subject to Farebox Ratio	\$ 260,160	\$ 100,838	\$ 159,322
Operating Cost, Net of Depreciation	\$ 2,700,553	\$ 1,424,317	\$ 1,276,236
Farebox Ratio	<u>9.63%</u>		
	June 30, 2018		
<u>Article 8</u>	<u>Total Article 8 Services</u>	<u>Taxi Scrip and Vine Go</u>	<u>Calistoga, Yountville, and St. Helena</u>
Farebox Subject to Farebox Ratio	\$ 270,679	\$ 111,524	\$ 159,155
Operating Cost, Net of Depreciation	\$ 2,570,413	\$ 1,343,502	\$ 1,226,911
Farebox Ratio	<u>10.53%</u>		

For the year ended June 30, 2019, NVTA was not in compliance with the minimum farebox ratio required for Article 8 transit operations. For the year ended June 30, 2018, NVTA was in compliance with the minimum farebox ratio required for Article 8 transit operations.

NOTE 14 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the years ended June 30, 2019 and 2018, expenditures exceeded appropriations in the Planning Fund as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	
	<u>2019</u>	<u>2018</u>
Planning Fund: Communications	\$ 3,764	\$ 15,327
Rents and Leases	453	-
Transportation	-	2,494
Salaries and Benefits	48,021	-
Miscellaneous Expense	44,576	-

NOTE 15 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to net position for the year 2018 as follows:

Net Position, as Previously Reported	\$ 2,046,804
Implementation of GASB Statement No. 75 Change in Accounting Principle	<u>143,509</u>
Net Position Beginning of Year, as Restated	<u>\$ 2,190,313</u>

NOTE 16 – STATE OF GOOD REPAIR (SGR)

SGR funds of \$16,439 and \$13,449 were received during fiscal years 2019 and 2018, respectively. The unspent funds are included in unearned revenue at June 30, 2019.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 23, 2019, which is the date the basic financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local Transportation Fund Allocation	\$ 6,344,231	\$ 6,444,231	\$ 5,533,143	\$ (911,088)
Federal Highway Allocations	69,000	69,000	1,287,403	1,218,403
Programming, Planning, and Monitoring	2,374,000	2,374,000	43,284	(2,330,716)
Other Grants	-	-	68,914	68,914
Interest	20,000	20,000	27,406	7,406
Other Revenues	10,000	10,000	184,269	174,269
Total Revenues	8,817,231	8,917,231	7,144,419	(1,772,812)
Expenditures				
Communications	29,241	29,241	33,005	(3,764)
Insurance	60,000	60,000	43,556	16,444
Office Expense	117,000	147,000	101,172	45,828
Rents and Leases	7,000	7,000	7,453	(453)
Transportation	16,000	16,000	13,250	2,750
Salaries and Benefits	1,868,100	1,868,100	1,916,121	(48,021)
Miscellaneous Expense	266,500	401,500	446,076	(44,576)
Professional Services	6,146,390	6,111,390	2,449,830	3,661,560
Total Expenditures	8,510,231	8,640,231	5,010,463	3,629,768
Net Change in Fund Balance	307,000	277,000	2,133,956	(1,856,956)
Fund Balance, Beginning of Year	313,918	313,918	313,918	-
Fund Balance, End of Year	\$ 620,918	\$ 590,918	\$ 2,447,874	\$ (1,856,956)

**NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local Transportation Fund Allocation	\$ 1,926,700	\$ 2,176,700	\$ 1,992,256	\$ (184,444)
Federal Highway Allocations	700,000	700,000	818,480	118,480
Programming, Planning, and Monitoring	69,000	69,000	46,487	(22,513)
Other Grants	374,000	374,000	65,406	(308,594)
Interest	5,000	5,000	19,238	14,238
Other Revenues	-	-	36,599	36,599
	<u>3,074,700</u>	<u>3,324,700</u>	<u>2,978,466</u>	<u>(346,234)</u>
Total Revenues				
Expenditures				
Communications	10,000	14,000	29,327	(15,327)
Insurance	65,000	65,000	42,033	22,967
Office Expense	75,000	175,000	145,456	29,544
Rents and Leases	8,000	8,000	10,494	(2,494)
Transportation	21,000	21,000	11,669	9,331
Salaries and Benefits	1,907,700	1,977,700	1,714,868	262,832
Miscellaneous Expense	250,000	589,000	537,954	51,046
Professional Services	738,000	3,433,863	2,203,519	1,230,344
	<u>3,074,700</u>	<u>6,283,563</u>	<u>4,695,320</u>	<u>1,588,243</u>
Total Expenditures				
Net Change in Fund Balance	-	(2,958,863)	(1,716,854)	(1,242,009)
Fund Balance, Beginning of Year	<u>2,030,772</u>	<u>2,030,772</u>	<u>2,030,772</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,030,772</u>	<u>\$ (928,091)</u>	<u>\$ 313,918</u>	<u>\$ (1,242,009)</u>

**NAPA VALLEY TRANSPORTATION AUTHORITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control by Napa Valley Transportation Authority (NVTA). A biennial budget is adopted each even-numbered fiscal year by the Board of Directors (the Board). The accounting method used to prepare the budget is consistent with accounting principles generally accepted in the United States of America. All changes or amendments to the budget require prior approval of the Board. Unused appropriations lapse at the end of the fiscal year.

**NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)
ASSET AND RELATED RATIOS
FOR THE MEASUREMENT PERIOD ENDED JUNE 30**

<i>Measurement Period</i>	2018	2017
Total OPEB Liability		
Service Cost	\$ 31,966	\$ 31,035
Interest	10,999	8,924
Actual and Expected Experience Difference	(16,460)	-
Changes in Assumptions	50,801	-
Changes in Benefits Terms	20,429	-
Benefit Payments	(2,930)	(3,400)
Net Change in Total OPEB Liability	94,805	36,559
Total OPEB Liability - Beginning	169,487	132,928
Total OPEB Liability - Ending (a)	\$ 264,292	\$ 169,487
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 25,930	\$ 34,400
Net Investment Income	13,303	10,318
Benefit Payments	(2,930)	(3,400)
Administrative Expenses	(522)	(128)
Net Change in Plan Fiduciary Net Position	35,781	41,190
Plan Fiduciary Net Position - Beginning	283,227	242,037
Plan Fiduciary Net Position - Ending (b)	\$ 319,008	\$ 283,227
Net OPEB Asset - Ending [(a) - (b)]	\$ (54,716)	\$ (113,740)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	120.70%	167.11%
Covered Payroll	\$ 1,621,492	\$ 1,870,622
Net OPEB Asset as a Percentage of Covered Payroll	-3.37%	-6.08%

Notes to the Schedule:

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF NVTA'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2019
LAST 10 YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the Net Pension Liability	0.003700%	0.003785%	0.003379%	0.003120%	0.003084%
Proportionate Share of the Net Pension Liability	\$ 356,433	\$ 375,403	\$ 292,430	\$ 214,127	\$ 191,920
Covered Payroll	\$ 1,436,566	\$ 1,392,133	\$ 1,116,442	\$ 1,100,512	\$ 1,014,983
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	24.81%	26.97%	26.19%	19.46%	18.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	73.31%	74.06%	78.40%	79.82%

* Fiscal year 2015 was the 1st year of implementation; therefore, only five years are shown.

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014, as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. GASB Statement No. 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expenses but without reduction for pension plan administrative expenses. The discount rate of 7.15 percent used for the June 30, 2016 measurement date was net of administrative expenses.

**NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2019
LAST 10 YEARS***

	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 142,748	\$ 124,099	\$ 117,333	\$ 91,990	\$ 130,432
Contributions in Relation to the Actuarially Determined Contributions	142,748	124,099	117,333	91,990	130,432
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,515,963	\$ 1,436,566	\$ 1,392,113	\$ 100,512	\$ 1,014,983
Contributions as a Percentage of Covered Payroll	9.42%	8.64%	8.43%	91.52%	12.85%

* Fiscal year 2015 was the 1st year of implementation; therefore, only five years are shown.

Notes to Schedule:

Valuation Date	June 30, 2017	June 30, 2016
Measurement Date	June 30, 2018	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies ⁽¹⁾	Varies ⁽¹⁾
Investment Rate of Return	7.15% ⁽²⁾	7.65% ⁽²⁾
Mortality	CalPERS ⁽³⁾	CalPERS ⁽³⁾

⁽¹⁾ Depending on age, service, and type of employment.

⁽²⁾ Net of pension plan investment expenses, including inflation.

⁽³⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

SUPPLEMENTARY INFORMATION

**NAPA VALLEY TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2019**

	Abandoned Vehicle Abatement	Air Quality Management	Total
<u>ASSETS</u>			
Current Assets			
Cash and Investments in County Treasury	\$ 20	\$ 723,266	\$ 723,286
Due from Other Government Agencies	-	101,100	101,100
Total Current Assets	20	824,366	824,386
Total Assets	<u>\$ 20</u>	<u>\$ 824,366</u>	<u>\$ 824,386</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	\$ -	\$ 13,766	\$ 13,766
Total Current Liabilities	-	13,766	13,766
Total Liabilities	-	13,766	13,766
<u>NET POSITION</u>			
Net Position Held in Trust for Other Purposes	20	810,600	810,620
Total Net Position	20	810,600	810,620
Total Liabilities and Net Position	<u>\$ 20</u>	<u>\$ 824,366</u>	<u>\$ 824,386</u>

**NAPA VALLEY TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2018**

	Abandoned Vehicle Abatement	Air Quality Management	Total
<u>ASSETS</u>			
Current Assets			
Cash and Investments in County Treasury	\$ 9,839	\$ 687,553	\$ 697,392
Due from Other Government Agencies	-	96,250	96,250
Total Current Assets	<u>9,839</u>	<u>783,803</u>	<u>793,642</u>
Total Assets	<u>\$ 9,839</u>	<u>\$ 783,803</u>	<u>\$ 793,642</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	\$ -	\$ 7,382	\$ 7,382
Total Current Liabilities	<u>-</u>	<u>7,382</u>	<u>7,382</u>
Total Liabilities	<u>-</u>	<u>7,382</u>	<u>7,382</u>
<u>NET POSITION</u>			
Net Position Held in Trust for Other Purposes	<u>9,839</u>	<u>776,421</u>	<u>786,260</u>
Total Net Position	<u>9,839</u>	<u>776,421</u>	<u>786,260</u>
Total Liabilities and Net Position	<u>\$ 9,839</u>	<u>\$ 783,803</u>	<u>\$ 793,642</u>

**NAPA VALLEY TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019**

	Abandoned Vehicle Abatement	Air Quality Management	Total
ADDITIONS			
Aid from Other Government Agencies	\$ 316	\$ 208,567	\$ 208,883
Interest Income	91	12,658	12,749
Total Additions	407	221,225	221,632
DEDUCTIONS			
Program Expenses	10,310	186,962	197,272
Total Deductions	10,310	186,962	197,272
CHANGE IN NET POSITION	(9,903)	34,263	24,360
Net Position, Beginning of Year	9,923	776,337	786,260
Net Position, End of Year	<u>\$ 20</u>	<u>\$ 810,600</u>	<u>\$ 810,620</u>

**NAPA VALLEY TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Abandoned Vehicle Abatement	Air Quality Management	Total
ADDITIONS			
Aid from Other Government Agencies	\$ 1,452	\$ 202,669	\$ 204,121
Interest Income	446	6,653	7,099
Total Additions	1,898	209,322	211,220
DEDUCTIONS			
Program Expenses	113,228	120,412	233,640
Total Deductions	113,228	120,412	233,640
CHANGE IN NET POSITION	(111,330)	88,910	(22,420)
Net Position, Beginning of Year	121,169	687,511	808,680
Net Position, End of Year	<u>\$ 9,839</u>	<u>\$ 776,421</u>	<u>\$ 786,260</u>

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2019**

	Vine Go	Vine	Taxi	American Canyon	Yountville
Operating Revenues:					
Farebox Revenues	\$ 71,526	\$ 963,222	\$ 29,312	\$ 52,740	\$ 41,303
Operating Expenses:					
Marketing	1,747	60,800	-	-	-
Vehicle Maintenance	-	182,084	-	-	-
Other Maintenance	-	16,069	-	12,627	12,627
Fuel and Lubricants	171,336	956,970	-	23,075	8,402
Insurance	39,971	289,624	-	9,840	12,281
Planning and Administration	-	-	-	-	-
Security	-	14,873	-	-	-
Services	3,221	104,835	1,375	819	1,125
Supplies	1,709	55,641	-	-	-
Purchased Transportation	1,132,299	6,368,216	55,791	278,707	350,664
Rents and Leases	-	-	-	-	-
Utilities	-	5,964	-	-	-
Miscellaneous Expense	-	15,497	-	-	-
Depreciation	134,382	2,486,789	-	21,774	16,445
Personnel Costs	15,741	151,493	1,250	3,664	4,031
Total Operating Expenses	<u>1,500,406</u>	<u>10,708,855</u>	<u>58,416</u>	<u>350,506</u>	<u>405,575</u>
Operating Loss	<u>(1,428,880)</u>	<u>(9,745,633)</u>	<u>(29,104)</u>	<u>(297,766)</u>	<u>(364,272)</u>
Nonoperating Revenues (Expenses):					
Local Transportation Fund	632,417	4,090,244	42,600	210,000	210,000
State Transit Assistance	70,350	1,385,050	-	70,000	71,000
Federal Transit Assistance					
Grant Revenues - Operating	65,824	2,835,876	-	-	66,306
Other Federal Grants					
Other Operating Grants	-	446,400	-	-	-
Interest Income	2,236	26,681	529	2,111	391
Other Revenues	-	3,686	-	-	-
Returned Local Transportation					
Fund Allocations	<u>(108,400)</u>	<u>(842,420)</u>	<u>(7,302)</u>	<u>(35,995)</u>	<u>(35,995)</u>
Total Nonoperating Revenues (Expenses)	<u>662,427</u>	<u>7,945,517</u>	<u>35,827</u>	<u>246,116</u>	<u>311,702</u>
Change in Net Position Before Contributions	<u>(766,453)</u>	<u>(1,800,116)</u>	<u>6,723</u>	<u>(51,650)</u>	<u>(52,570)</u>
Capital Contributions:					
Federal Transit Assistance	-	46,192	-	-	-
Other Capital	-	-	-	-	-
Local Transportation Fund	-	11,824	-	-	-
Change in Net Position	<u>(766,453)</u>	<u>(1,742,100)</u>	<u>6,723</u>	<u>(51,650)</u>	<u>(52,570)</u>
Net Position, Beginning of Year	<u>396,717</u>	<u>27,591,259</u>	<u>(86,618)</u>	<u>(212,203)</u>	<u>(556,241)</u>
Net Position, End of the Year	<u>\$ (369,736)</u>	<u>\$ 25,849,159</u>	<u>\$ (79,895)</u>	<u>\$ (263,853)</u>	<u>\$ (608,811)</u>

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION (Continued)
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2019**

	St. Helena	Calistoga	Totals
Operating Revenues:			
Farebox Revenues	\$ 39,860	\$ 78,159	\$ 1,276,122
Operating Expenses:			
Marketing	-	-	62,547
Vehicle Maintenance	-	-	182,084
Other Maintenance	12,627	12,845	66,795
Fuel and Lubricants	15,287	25,801	1,200,871
Insurance	12,136	15,337	379,189
Planning and Administration	-	-	-
Security	-	-	14,873
Services	900	1,200	113,475
Supplies	-	2,175	59,525
Purchased Transportation	343,950	432,811	8,962,438
Rents and Leases	-	-	-
Utilities	-	-	5,964
Miscellaneous Expense	-	12,583	28,080
Depreciation	8,430	8,430	2,676,250
Personnel Costs	4,121	5,180	185,480
Total Operating Expenses	<u>397,451</u>	<u>516,362</u>	<u>13,937,571</u>
Operating Loss	<u>(357,591)</u>	<u>(438,203)</u>	<u>(12,661,449)</u>
Nonoperating Revenues (Expenses):			
Local Transportation Fund	215,109	234,195	5,634,565
State Transit Assistance	70,000	71,009	1,737,409
Federal Transit Assistance			
Grant Revenues - Operating	66,307	81,800	3,116,113
Other Federal Grants	-	-	-
Other Operating Grants	-	-	446,400
Interest Income	(36)	(926)	30,986
Other Revenues	-	-	3,686
Returned Local Transportation			
Fund Allocations	<u>(36,871)</u>	<u>(40,143)</u>	<u>(1,107,126)</u>
Total Nonoperating Revenues (Expenses)	<u>314,509</u>	<u>345,935</u>	<u>9,862,033</u>
Change in Net Position Before Contributions	<u>(43,082)</u>	<u>(92,268)</u>	<u>(2,799,416)</u>
Capital Contributions:			
Federal Transit Assistance	-	-	46,192
Other Capital	-	-	-
Local Transportation Fund	-	-	11,824
Change in Net Position	<u>(43,082)</u>	<u>(92,268)</u>	<u>(2,741,400)</u>
Net Position, Beginning of Year	<u>(349,370)</u>	<u>(295,480)</u>	<u>26,488,064</u>
Net Position, End of the Year	<u>\$ (392,452)</u>	<u>\$ (387,748)</u>	<u>\$ 23,746,664</u>

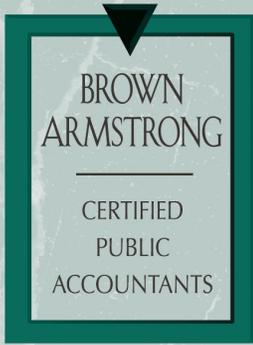
**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2018**

	Vine Go	Vine	Taxi	American Canyon	Yountville
Operating Revenues:					
Farebox Revenues	\$ 69,222	\$ 1,011,547	\$ 42,301	\$ 48,715	\$ 40,985
Operating Expenses:					
Marketing	1,992	111,100	-	356	704
Vehicle Maintenance	5,166	74,321	-	14,607	892
Other Maintenance	-	1,154	-	-	15,051
Fuel and Lubricants	144,645	888,734	-	20,712	23,316
Insurance	38,418	284,535	-	9,395	10,981
Planning and Administration	-	-	-	-	-
Security	-	12,772	-	-	-
Services	3,181	110,345	1,281	2,923	3,710
Supplies	1,511	15,296	-	221	221
Purchased Transportation	1,062,303	6,166,854	62,946	250,403	328,473
Rents and Leases	-	6,000	-	-	-
Utilities	-	5,180	-	-	-
Miscellaneous Expense	-	34,677	-	-	-
Depreciation	150,051	2,491,686	-	21,774	11,991
Personnel Costs	20,059	179,344	2,000	4,409	6,482
Total Operating Expenses	<u>1,427,326</u>	<u>10,381,998</u>	<u>66,227</u>	<u>324,800</u>	<u>401,821</u>
Operating Loss	<u>(1,358,104)</u>	<u>(9,370,451)</u>	<u>(23,926)</u>	<u>(276,085)</u>	<u>(360,836)</u>
Nonoperating Revenues (Expenses):					
Local Transportation Fund	798,391	5,002,219	54,860	150,000	172,000
State Transit Assistance	97,973	352,835	-	10,000	60,000
Federal Transit Assistance					
Grant Revenues - Operating	364,606	2,038,200	-	60,000	68,857
Other Federal Grants	-	-	-	-	-
Other Operating Grants	-	426,400	-	-	-
Interest Income	3,418	19,699	254	929	460
Other Revenues	13,226	(28,077)	-	3,011	3,717
Returned Local Transportation Fund Allocations	<u>(194,572)</u>	<u>(1,219,069)</u>	<u>(13,370)</u>	<u>(36,556)</u>	<u>(41,917)</u>
Total Nonoperating Revenues (Expenses)	<u>1,083,042</u>	<u>6,592,207</u>	<u>41,744</u>	<u>187,384</u>	<u>263,117</u>
Change in Net Position Before Contributions	<u>(275,062)</u>	<u>(2,778,244)</u>	<u>17,818</u>	<u>(88,701)</u>	<u>(97,719)</u>
Capital Contributions:					
Federal Transit Assistance	-	-	-	-	-
Other Capital	-	-	-	-	-
Local Transportation Fund	13,162	99,692	-	-	-
Change in Net Position	<u>(261,900)</u>	<u>(2,678,552)</u>	<u>17,818</u>	<u>(88,701)</u>	<u>(97,719)</u>
Net Position, Beginning of Year	<u>658,617</u>	<u>30,269,811</u>	<u>(104,436)</u>	<u>(123,502)</u>	<u>(458,522)</u>
Net Position, End of the Year	<u>\$ 396,717</u>	<u>\$ 27,591,259</u>	<u>\$ (86,618)</u>	<u>\$ (212,203)</u>	<u>\$ (556,241)</u>

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION (Continued)
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2018**

	St. Helena	Calistoga	Totals
Operating Revenues:			
Farebox Revenues	\$ 39,188	\$ 78,982	\$ 1,330,940
Operating Expenses:			
Marketing	356	356	114,864
Vehicle Maintenance	14,607	14,607	124,200
Other Maintenance	-	-	16,205
Fuel and Lubricants	22,084	20,869	1,120,360
Insurance	10,706	14,181	368,216
Planning and Administration	-	-	-
Security	-	-	12,772
Services	2,840	2,778	127,058
Supplies	221	2,129	19,599
Purchased Transportation	315,908	404,686	8,591,573
Rents and Leases	-	-	6,000
Utilities	-	-	5,180
Miscellaneous Expense	-	-	34,677
Depreciation	20,514	20,514	2,716,530
Personnel Costs	4,640	6,111	223,045
Total Operating Expenses	<u>391,876</u>	<u>486,231</u>	<u>13,480,279</u>
Operating Loss	<u>(352,688)</u>	<u>(407,249)</u>	<u>(12,149,339)</u>
Nonoperating Revenues (Expenses):			
Local Transportation Fund	154,000	226,000	6,557,470
State Transit Assistance	60,000	41,097	621,905
Federal Transit Assistance			
Grant Revenues - Operating	68,855	68,855	2,669,373
Other Federal Grants	-	-	-
Other Operating Grants	-	-	426,400
Interest Income	425	559	25,744
Other Revenues	3,633	4,490	-
Returned Local Transportation			
Fund Allocations	<u>(37,531)</u>	<u>(55,077)</u>	<u>(1,598,092)</u>
Total Nonoperating Revenues (Expenses)	<u>249,382</u>	<u>285,924</u>	<u>8,702,800</u>
Change in Net Position Before Contributions	<u>(103,306)</u>	<u>(121,325)</u>	<u>(3,446,539)</u>
Capital Contributions:			
Federal Transit Assistance	-	-	-
Other Capital	-	-	-
Local Transportation Fund	-	-	112,854
Change in Net Position	<u>(103,306)</u>	<u>(121,325)</u>	<u>(3,333,685)</u>
Net Position, Beginning of Year	<u>(246,064)</u>	<u>(174,155)</u>	<u>29,821,749</u>
Net Position, End of the Year	<u>\$ (349,370)</u>	<u>\$ (295,480)</u>	<u>\$ 26,488,064</u>

OTHER REPORTS



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC 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 Valley Transportation Authority
Napa, California

We have audited, 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, the basic financial statements of the Napa Valley Transportation Authority (NVTa) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 23, 2019.

Compliance

As part of obtaining reasonable assurance about whether NVTa's basic 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 made and expenditures paid by NVTa were made 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 each of the specific tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to NVTa. Based on our procedures, 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 were noted. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Also as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

Purpose of this Report

The purpose of this report is solely to describe the scope of our internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NVTa's internal control or on compliance. Accordingly, this report is not suitable for any other purpose.

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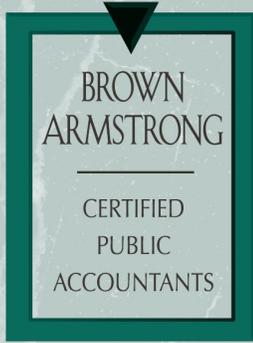
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This report is intended solely for the information and use of management, the Board of Directors, the California Department of Transportation, the State Controller's Office, and officials of applicable grantor agencies. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 23, 2019



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance with Transportation Development Act Requirements

We have audited the Napa Valley Transportation Authority's (NVTA) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by NVTA were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of NVTA's compliance requirements referred to in Section 6667, which requires that for a transit claimant, the independent auditor will perform at least the following tasks:

- (a) Determine whether the claimant was an entity eligible to receive the funds allocated to it,
- (b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99234,
- (c) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4, Sections 99275, 99275.5, and 99277 for Article 4.5 claimants, and Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract, and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000,
- (d) Determine whether the funds received by the claimants pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions,
- (e) Determine whether interest earned on funds received by the claimant, pursuant to the TDA, were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6,

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- (f) Verify the amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2,
- (g) Verify the amount of the claimant's actual fare revenues for the fiscal year,
- (h) Verify the amount of the claimant's actual local support for the fiscal year,
- (i) Verify the amount of the claimants was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649,
- (j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with Section 6633.1,
- (k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273,
- (l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251,
- (m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7, and
- (n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5.

Opinion on Compliance

In our opinion, NVTA complied, in all material respects, with the compliance requirements referred to above that are applicable to NVTA for the year ended June 30, 2019.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 23, 2019