



BROWN ARMSTRONG

Certified Public Accountants

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

We have audited the financial statements of Napa Valley Transportation Authority (NVTA) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 24, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NVTA are described in Note 1 to the financial statements. During the year ended June 30, 2018, NVTA implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*. We noted no transactions entered into by NVTA during the year for which there is a lack of authoritative guidance or consensus in the proper period.

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

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 24, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund – Planning Fund; Schedule of Changes in the Net Pension Liability and Related Ratios; Schedule of Contributions; and Schedule of Funding Progress – Other Postemployment Benefits which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards; Combining Statement of Fiduciary Net Position; Combining Statement of Changes in Fiduciary Net Position; and the Statement of Revenues, Expenses, and Changes in Fund Net Position, which accompany the financial Statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 24, 2018

Client: **57204 - Napa Valley Transportation Authority**
 Engagement: **06/30/2018 Audit**
 Period Ending: **6/30/2018**
 Trial Balance: **TB**
 Workpaper: **PSR-27-1 - AJE**

Account	Description	W/P Ref	Debit	Credit
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Adjusting Journal Entries JE # 1

PSR-23-1

Record clients journal entry to include all additions in the current year to fixed assets

8302-19300	Machinery and Equipment		8,574.00	
8302-19300	Machinery and Equipment		8,593.00	
8302-19300	Machinery and Equipment		30,526.00	
8309-57900	Intrafund Transfers Out		8,574.00	
8309-57900	Intrafund Transfers Out		8,593.00	
8309-57900	Intrafund Transfers Out		30,526.00	
8302-49900	Intrafund Transfers-In			8,574.00
8302-49900	Intrafund Transfers-In			8,593.00
8302-49900	Intrafund Transfers-In			30,526.00
8309-55900	Capital Outlay Offset			8,574.00
8309-55900	Capital Outlay Offset			8,593.00
8309-55900	Capital Outlay Offset			30,526.00
Total			95,386.00	95,386.00

Adjusting Journal Entries JE # 2

PSR-23-2

Record additional consulting fees client received after year-end

8301-52310	Consulting Services		55,906.00	
8301-21105	Supplemental Accounts Payable			55,906.00
Total			55,906.00	55,906.00

Adjusting Journal Entries JE # 3

PSR-23-3

Record clients reclass of insurance premiums out of other professional services account

8302-52705	Insurance - Premiums		9,395.00	
8302-52705	Insurance - Premiums		10,706.00	
8302-52705	Insurance - Premiums		10,981.00	
8302-52705	Insurance - Premiums		14,181.00	
8302-52705	Insurance - Premiums		38,418.00	
8302-52705	Insurance - Premiums		270,583.00	
8302-52490	Other Professional Services			9,395.00
8302-52490	Other Professional Services			10,706.00
8302-52490	Other Professional Services			10,981.00
8302-52490	Other Professional Services			14,181.00
8302-52490	Other Professional Services			38,418.00
8302-52490	Other Professional Services			270,583.00
Total			354,264.00	354,264.00

Adjusting Journal Entries JE # 4

PSR-23-4

Record clients reclass of STA expenses

8301-21105	Supplemental Accounts Payable		98.00	
8301-21105	Supplemental Accounts Payable		5,264.00	
8303-52490	Other Professional Services		5,264.00	
8301-52310	Consulting Services			98.00
8301-52310	Consulting Services			5,264.00
8303-21105	Supplemental Accounts Payable			5,264.00
Total			10,626.00	10,626.00

Adjusting Journal Entries JE # 5		LL-1-1		
To record current year pension entries.				
8301-18110	Deferred Outflows-Contribution		106,129.00	
8301-18110	Deferred Outflows-Contribution		124,099.00	
8301-26300	Deferred Inflows - Pension		52,310.00	
8301-28500	Net Pension Obligation-NC		117,333.00	
8301-51600	Retirement		194,911.00	
8301-18110	Deferred Outflows-Contribution			117,333.00
8301-18110	Deferred Outflows-Contribution			143,184.00
8301-26300	Deferred Inflows - Pension			9,860.00
8301-28500	Net Pension Obligation-NC			200,306.00
8301-51600	Retirement			124,099.00
Total			<u>594,782.00</u>	<u>594,782.00</u>
Adjusting Journal Entries JE # 6		LL-2-1		
To record current year OPEB and related deferred inflows/outflows				
18110	Deferred outflow - OPEB		28,540.00	
28500	Net OPEB Obligation/(Asset)		113,740.00	
51605	GASB Expense		1,229.00	
33520	Unrestricted net position			143,509.00
Total			<u>143,509.00</u>	<u>143,509.00</u>
Adjusting Journal Entries JE # 7		PSR-23-5		
To record additional expense - PBC				
8301-52310	Consulting Services		10,412.00	
8301-21105	Supplemental Accounts Payable			10,412.00
Total			<u>10,412.00</u>	<u>10,412.00</u>
Adjusting Journal Entries JE # 8		PSR-23-6		
Record June 2018 transdev payment				
8302-52490	Other Professional Services		740,981.00	
8302-21105	Supplemental Accounts Payable			740,981.00
Total			<u>740,981.00</u>	<u>740,981.00</u>
Adjusting Journal Entries JE # 9		PY		
Correct AJE #4 from 6/30/16 Audit binder				
8300-33100	Fund Balance		200,000.00	
8300-13100	Accounts Receivables			200,000.00
Total			<u>200,000.00</u>	<u>200,000.00</u>