NC TPA Napa County Transportation & Planning Agency

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY

AUDIT REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
JUNE 30, 2011 AND 2010

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Napa County Transportation and Planning Agency (NCTPA), as of and for the years ended June 30, 2011 and 2010, which collectively comprise the NCTPA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the NCTPA's management. Our responsibility is to express opinions on these financial statements based on our 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NCTPA's internal control over financial reporting, accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in the notes to the financial statements, NCTPA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of NCTPA as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other postemployment benefits on pages 3 through 7, 44 through 45, and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011, on our consideration of the NCTPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise NCTPA's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
December 23, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

This section of the Napa County Transportation and Planning Agency's (NCTPA) annual financial report presents our discussion and analysis of NCTPA's financial performance during the years that ended on June 30, 2011 and 2010. It should be read in conjunction with the basic financial statements contained in the independent auditor's report.

Financial Highlights

- At the close of the fiscal year 2010-2011, total assets of NCTPA exceeded liabilities by $10,719,795. Of this amount, $9,363,416 is invested in capital assets, net of related debt. The remaining $1,356,379 represents unrestricted net assets.

- As of June 30, 2011, NCTPA's governmental fund reported an ending fund balance of $520,082 or 27.80% of total governmental fund expenditures.

- Capital contributions in the form of grants from the Federal and State governments decreased from $1,761,958 in fiscal year 2009-2010 to $1,285,836 in fiscal year 2010-2011 and were used for the procurement of four gas-electric hybrid buses, construction of the Trancas Park and Ride and ongoing construction of the Soscal Gateway Transit Center.

- NCTPA continues to improve operation performance, compliance and accountability during fiscal year 2010-2011 by making investments in professional management, fiscal controls, and accounting.

Overview of the Financial Statements

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

- The first two statements are *government-wide* financial statements that provide both *long-term* and *short-term* information about NCTPA's overall financial status.

- The remaining statements are *fund* financial statements that focus on individual parts of NCTPA's organization. These statements report NCTPA's financial position and activity.

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

Government-Wide Statements

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

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

Fund Financial Statements

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

Financial Analysis of NCTPA

Net Assets

In fiscal year 2010-2011, NCTPA net assets, governmental and business type combined, increased by $2,970,614 or 38.33%. Under business-type activities, NCTPA made new capital investments in the form of four gasoline-electric hybrid buses, completed construction of the Trancas Park and Ride lot, and ongoing construction for the future Soscal Gateway Transit Center. The governmental activities net assets increased by $155,408 in local funds. The result is an overall increase in net assets from $7,749,181 in fiscal year 2009-2010 to $10,719,795 in fiscal year 2010-2011.

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

	As of June 30, 2011			As of June 30, 2010			As of June 30, 2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 710,001	$ 4,522,632	$ 5,232,633	$ 678,909	$ 5,026,186	$ 5,705,095	$ 409,420	$ 6,297,281	$ 6,706,701
Capital assets	52,250	9,311,166	9,363,416	52,250	6,782,368	6,834,618	-	4,778,772	4,778,772
Total assets	762,251	13,833,798	14,596,049	731,159	11,808,554	12,539,713	409,420	11,076,053	11,485,473
Current and other liabilities	267,220	3,609,034	3,876,254	391,536	4,398,996	4,790,532	256,664	5,863,370	6,120,034
Total liabilities	267,220	3,609,034	3,876,254	391,536	4,398,996	4,790,532	256,664	5,863,370	6,120,034
Net assets:									
Invested in capital assets, net of related debt	52,250	9,311,166	9,363,416	52,250	6,782,368	6,834,618	-	4,778,772	4,778,772
Unrestricted net assets	442,781	913,598	1,356,379	287,373	627,190	914,563	152,756	433,911	586,667
Total net assets	$ 495,031	$ 10,224,764	$ 10,719,795	$ 339,623	$ 7,409,558	$ 7,749,181	$ 152,756	$ 5,212,683	$ 5,365,439

Changes in Net Assets

A summary of NCTPA's Statement of Activities, recapping NCTPA's revenues earned during the fiscal years ended June 30, 2011, 2010, and 2009, and the expenses incurred are as follows:

	As of June 30, 2011			As of June 30, 2010			As of June 30, 2009		
	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	$ -	$ 978,625	$ 978,625	$ -	$ 892,871	$ 892,871	$ -	$ 1,006,295	$ 1,006,295
Operating grants and contributions	1,978,630	10,172,266	12,150,896	1,838,333	8,834,983	10,673,316	830,770	8,421,282	9,252,052
Capital grants and contributions	-	1,561,523	1,561,523	-	1,761,958	1,761,958	-	400,291	400,291
General revenues:									
Unrestricted interest and investment earnings	4,788	22,457	27,245	3,104	52,658	55,762	4,857	97,747	102,604
Miscellaneous	47,246	-	47,246	176,886	132,957	309,843	168,820	42,332	211,152
Total revenues	2,030,664	12,734,871	14,765,535	2,018,323	11,675,427	13,693,750	1,004,447	9,967,947	10,972,394
Expenses:									
Transportation Planning	1,875,256	-	1,875,256	1,831,456	-	1,831,456	1,252,624	-	1,252,624
Transit	-	9,919,665	9,919,665	-	9,478,552	9,478,552	-	10,494,896	10,494,896
Total expenses	1,875,256	9,919,665	11,794,921	1,831,456	9,478,552	11,310,008	1,252,624	10,494,896	11,747,520
Change in net assets	155,408	2,815,206	2,970,614	186,867	2,196,875	2,383,742	(248,177)	(526,949)	(775,126)
Net assets July 1, 2010, as previously reported	339,623	7,409,558	7,749,181	152,756	5,212,683	5,365,439	400,933	5,923,824	6,324,757
Prior period adjustment (see Note 19)	-	-	-	-	-	-	-	(184,192)	(184,192)
Net assets July 1, 2010, restated	339,623	7,409,558	7,749,181	152,756	5,212,683	5,365,439	400,933	5,739,632	6,140,565
Net assets, ending	$ 495,031	$ 10,224,764	$ 10,719,795	$ 339,623	$ 7,409,558	$ 7,749,181	$ 152,756	$ 5,212,683	$ 5,365,439

Governmental Activities

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

Governmental activity expenses increased slightly from $1,831,456 in fiscal year 2009-2010 to $1,875,256 in fiscal year 2010-2011, a difference of $43,800 or 2.39%. The increase is attributable to the commencement of special projects or special studies and reports and the increased administration costs associated with such projects:

1. Increased Insurance and Administration Costs

   A decrease in spending on special studies and reports by $100,955 was matched by an increase for insurance and administration costs. The increase is accounted for by administration costs related to the addition of a part-time employee devoted to the Sub-Regional Housing Needs Allocation (RHNA) initiative. Also, insurance was previously categorized under a different cost category.

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

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

The Metropolitan Transportation Commission (MTC) provides NCTPA with FHWA funds to support regional transportation planning and programming and to support the coordination of transportation and land use activities throughout the Napa County. In fiscal year 2010-2011, the level of this funding was $656,000.

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

Local funds which are provided by the member agencies are unrestricted and may be placed in net assets balance if not used in the fiscal year they are collected. Currently, NCTPA has a net assets balance of $495,031 which is held in reserve for future regional planning projects or necessary administrative costs.

Business-Type Activities

NCTPA's Business-Type Activities encompass the financial reports for public transit services provided by NCTPA including the VINE (fixed route transit), VINE GO (complimentary ADA required paratransit service), American Canyon Transit (fixed deviated transit), the Yountville Trolley (fixed deviated transit), the St. Helena VINE (fixed deviated transit), the Calistoga HandyVan (dial-a-ride transit), and the Taxi Scrip program. The Downtown Napa Trolley was discontinued in August 2009 and the Flex-Ride (dial a ride transit) service was discontinued July 31, 2010.

Business-type activity expenses increased from $9,478,552 in fiscal year 2009-2010 to $9,919,665 in fiscal year 2010-2011 which is an overall decrease of 4.65%. The difference is accounted for by increased vehicle fuel costs, increased services costs, increased rentals and leases, and costs related to demolition of buildings at Burnell Street offset by a decreased costs for purchased transportation services, marketing, vehicle maintenance, and supplies.

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

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

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

BUDGETARY HIGHLIGHTS

NCTPA adopts an annual operating budget that includes proposed expenditures and the means of financing them. NCTPA's budget is adopted by the Board of Directors (Board) before June 30th of each year. Subsequent increases or decreases to the original budget must be approved by the Board. Page 42 provides a budget to actual comparison of the Governmental Fund.

For NCTPA's Governmental Fund, the budget for revenues was $4,641,000 and for expenditures was $4,641,000. When comparing actual expenditures and revenue to the final budget, NCTPA was within budget.

CAPITAL ASSETS

The business-type activities financial statements list capital assets at $9,311,166 and unrestricted net assets at $913,598. Capital assets in total are predominantly made up of buses and other transit related equipment as well as a 1.26 acre parcel containing three light industrial and commercial buildings totaling approximately 24,424 square feet. The buildings were demolished at the end of the fiscal year to make way for the new Soscal Gateway Transit Center. Construction of the Soscal Gateway Transit Center is expected to begin in November 2011. Unrestricted net assets primarily represent the dollar amount to maintain the VINE fleet.

The major additions during the year included purchases of four thirty-five feet low floor gas-electric hybrid buses, rebuilt vehicle engines, completion of the construction of the Trancas Park and Ride lot and ongoing construction of the Soscal Gateway Transit Center.

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

DEBT ADMINISTRATION

As of June 30, 2011, NCTPA had debt for compensated absences in the amount of $77,301. For additional information on the NCTPA's debt activity, please refer to Note 5 in the notes to the financial statements.

CONTACTING NCTPA

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of NCTPA's finances and to demonstrate NCTPA's accountability for the money it receives. For questions about this report or any additional information needed, contact the NCTPA's office at 707 Randolph Street, Suite 100, Napa, California 94559.

BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments in County Treasury	$ 440,611	$ 2,059,566	$ 2,500,177
Imprest Cash	300	-	300
Grants Receivable	170,371	1,564,955	1,735,326
Due from Other Government Agencies	45,813	545,316	591,129
Net OPEB Asset	22,000	-	22,000
Prepaid Expenses	30,906	3,906	34,812
Inventory	-	348,889	348,889
Capital Assets:			
Land	-	1,190,000	1,190,000
Construction in Progress	-	1,734,740	1,734,740
Donated Vehicles	52,250	-	52,250
Capital Assets, Net of Accumulated Depreciation	-	6,386,426	6,386,426
Total Assets	$ 762,251	$ 13,833,798	$ 14,596,049
LIABILITIES			
Accounts Payable	$ 119,852	$ 621,845	$ 741,697
Deferred Revenues	65,000	410,566	475,566
Due to Other Government Agencies	5,067	2,576,623	2,581,690
Compensated Absences	77,301	-	77,301
Total Liabilities	267,220	3,609,034	3,876,254
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	52,250	9,311,166	9,363,416
Unrestricted	442,781	913,598	1,356,379
Total Net Assets	495,031	10,224,764	10,719,795
Total Liabilities and Net Assets	$ 762,251	$ 13,833,798	$ 14,596,049

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

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments in County Treasury	$ 164,570	$ 1,461,620	$ 1,626,190
Imprest Cash	300	-	300
Accounts Receivable	-	7,526	7,526
Grants Receivable	345,256	2,103,115	2,448,371
Deposits	-	9,829	9,829
Due from Other Government Agencies	87,347	1,082,374	1,169,721
Net OPEB Asset	44,000	-	44,000
Prepaid Expenses	37,436	12,833	50,269
Inventory	-	348,889	348,889
Capital Assets:			
Land	-	1,190,000	1,190,000
Construction in Progress	-	355,379	355,379
Donated Vehicles	52,250	-	52,250
Capital Assets, Net of Accumulated Depreciation	-	5,421,181	5,421,181
Total Assets	$ 731,159	$ 11,992,746	$ 12,723,905
LIABILITIES			
Accounts Payable	$ 253,670	$ 477,955	$ 731,625
Accrued Salaries	58,343	-	58,343
Deferred Revenues	-	2,154,756	2,154,756
Deposits	6,665	-	6,665
Due to Other Government Agencies	-	1,766,285	1,766,285
Compensated Absences	72,858	-	72,858
Total Liabilities	391,536	4,398,996	4,790,532
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	52,250	6,966,560	7,018,810
Unrestricted	287,373	442,998	730,371
Total Net Assets	339,623	7,409,558	7,749,181
Total Liabilities and Net Assets	$ 731,159	$ 11,808,554	$ 12,539,713

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities							
Transportation Planning	$ 1,875,256	$ -	$ 1,978,630	$ -	$ 103,374	$ -	$ 103,374
Business-Type Activities:							
Transit	9,919,665	978,625	10,447,953	1,285,836	-	2,792,749	2,792,749
Total Primary Government	$ 11,794,921	$ 978,625	$ 12,426,583	$ 1,285,836	103,374	2,792,749	2,896,123
		General Revenues					
		Unrestricted Interest and Investment Earnings			4,788	22,457	27,245
		Miscellaneous			47,246	-	47,246
		Change in Net Assets			155,408	2,815,206	2,970,614
		Net Assets July 1, 2010			339,623	7,409,558	7,749,181
		Net Assets June 30, 2011			$ 495,031	$ 10,224,764	$ 10,719,795

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities							
Transportation Planning	$ 1,831,456	$ -	$ 1,838,333	$ -	$ 6,877	$ -	$ 6,877
Business-Type Activities:							
Transit	9,478,552	892,871	8,834,983	1,761,958	-	2,011,260	2,011,260
Total Primary Government	$ 11,310,008	$ 892,871	$ 10,673,316	$ 1,761,958	6,877	2,011,260	2,018,137
		General Revenues					
		Unrestricted Interest and Investment Earnings			3,104	52,658	55,762
		Miscellaneous			176,886	132,957	309,843
		Change in Net Assets			186,867	2,196,875	2,383,742
		Net Assets July 1, 2009, as Previously Reported			152,756	5,396,875	5,549,631
		Prior Period Adjustment (See Note 19)			-	(184,192)	(184,192)
		Net Assets July 1, 2009, restated			152,756	5,212,683	5,365,439
		Net Assets June 30, 2010			$ 339,623	$ 7,409,558	$ 7,749,181

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

FUND FINANCIAL STATEMENTS

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
BALANCE SHEETS
GOVERNMENTAL FUND
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 440,611	$ 164,570
Imprest Cash	300	300
Grants Receivable	170,371	345,256
Due from Other Government Agencies	45,813	87,347
Net OPEB Asset	22,000	44,000
Prepaid Expenses	30,906	37,436
Total Current Assets	710,001	678,909
Total Assets	$ 710,001	$ 678,909
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 119,852	$ 253,670
Accrued Salaries and Benefits	-	58,343
Deferred Revenue	65,000	-
Due to Other Governments	5,067	-
Deposits	-	6,665
Total Current Liabilities	189,919	318,678
Total Liabilities	189,919	318,678
FUND BALANCE		
Unrestricted	520,082	360,231
Total Fund Balance	520,082	360,231
Total Liabilities and Fund Balance	$ 710,001	$ 678,909

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
RECONCILIATION OF THE GOVERNMENTAL GENERAL FUND
BALANCE SHEETS TO THE STATEMENTS OF NET ASSETS
JUNE 30, 2011 AND 2010

	2011	2010
Total Fund Balance - Governmental Fund	$ 520,082	$ 360,231
Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	52,250	52,250
Compensated Absence Liability is not reported in the Governmental Fund.	(77,301)	(72,858)
Total Net Assets - Governmental Activities	$ 495,031	$ 339,623

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Revenues		
Local Transportation Fund Allocation	$ 799,000	$ 1,153,476
Federal Highway Allocations	956,672	537,840
Programming Planning and Monitoring	24,000	48,000
Other Grants	183,829	90,719
Local Support	15,129	8,298
Interest	4,788	3,104
Other Revenues	47,246	176,886
Total Revenues	2,030,664	2,018,323
Expenditures		
Communications	-	5,926
Insurance	40,793	2,427
Office Expense	22,728	31,048
Rents and Leases	52,944	60,501
Transportation	4,085	10,107
Salary and Benefits	1,124,535	1,060,269
Miscellaneous Expense	55,218	14,555
Professional Services	570,510	671,465
Total Expenditures	1,870,813	1,856,298
Net Change in Fund Balance	159,851	162,025
Fund Balance, Beginning of Year	360,231	198,206
Fund Balance, End of Year	$ 520,082	$ 360,231

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Net Change in Fund Balance - Governmental General Fund	$ 159,851	$ 162,025
Amounts reported for governmental activities in the Statement of Activities are different because:		
Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	-	52,250
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the Governmental Fund, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). Current year amounts earned exceeded the vacation used by:	(4,443)	(27,408)
Total Change in Net Assets - Governmental Activities	$ 155,408	$ 186,867

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENTS OF FUND NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 2,059,566	$ 1,461,620
Accounts Receivable	-	7,526
Grants Receivable	1,564,955	2,103,115
Due from Other Government Agencies	545,316	1,082,374
Prepaid Expenses	3,906	12,833
Deposits from Others	-	9,829
Inventory	348,889	348,889
Total Current Assets	4,522,632	5,026,186
Noncurrent Assets		
Land	1,190,000	1,190,000
Capital Assets, Net of Accumulated Depreciation	8,121,166	5,592,368
Total Noncurrent Assets	9,311,166	6,782,368
Total Assets	$ 13,833,798	$ 11,808,554
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 621,845	$ 477,955
Deferred Revenue	410,566	2,154,756
Due to Other Government Agencies	2,576,623	1,766,285
Total Current Liabilities	3,609,034	4,398,996
Total Liabilities	3,609,034	4,398,996
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	9,311,166	6,782,368
Unrestricted	913,598	627,190
Total Net Assets	10,224,764	7,409,558
Total Liabilities and Net Assets	$ 13,833,798	$ 11,808,554

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Operating Revenues		
Farebox Revenues	$ 978,625	$ 892,871
Total Operating Revenues	978,625	892,871
Operating Expenses		
Marketing	132,088	205,649
Vehicle Maintenance	16,286	49,264
Other Maintenance	2,800	2,500
Fuel and Lubricants	951,667	725,352
Insurance	2,793	3,119
Planning and Administration	725	79
Security	13,368	8,729
Services	283,157	49,271
Supplies	29,769	174,101
Purchased Transportation	5,398,264	5,489,023
Rents and Leases	100,483	38,107
Utilities	-	3,457
Miscellaneous	758	14,570
Depreciation	810,220	698,750
Personnel Costs	253,023	250,296
Total Operating Expenses	7,995,401	7,712,267
Operating Loss	(7,016,776)	(6,819,396)
Nonoperating Revenue (Expenses)		
Local Transportation Funds	4,352,101	4,166,915
State Transit Assistance	485,855	1,988,655
Federal Transit Assistance - Operating	1,462,619	1,961,123
Other Federal Grants	3,757,377	231,674
Other Operating Grants	390,001	486,616
Interest Income	22,457	52,658
Other Revenues	-	132,957
Loss from Disposal of Property (Note 18)	(1,924,264)	-
Returned LTF Allocations	-	(1,766,285)
Total Nonoperating Revenue	8,546,146	7,254,313
Change in Net Assets Before Contributions	1,529,370	434,917
Capital Contributions		
Federal Transit Assistance	864,681	533,631
Local Transportation Funds	421,155	1,228,327
Change in Net Assets	2,815,206	2,196,875
Net Assets, Beginning of Year As Previously Reported	7,409,558	5,396,875
Prior Period Adjustment (See Note 19)	-	(184,192)
Net Assets July 1, 2010, Restated	7,409,558	5,212,683
Net Assets, End of Year	$ 10,224,764	$ 7,409,558

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Passengers	$ 986,151	$ 904,010
Cash Payments for General and Administrative Expenses	(522,421)	(682,696)
Cash Payments to Suppliers for Operations	(8,244,304)	(6,468,916)
Net Cash Used in Operating Activities	(7,780,574)	(6,247,602)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Local Transportation Fund	5,621,943	959,610
Federal Operating Grants	2,057,674	1,965,814
State Transit Assistance	864,935	1,143,540
Other Federal Grants	3,767,936	231,674
Other Operating Grants	412,547	524,342
Other Revenues	29,629	132,957
Net Cash Provided by Noncapital Financing Activities	12,754,664	4,957,937
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	864,681	2,292,105
Payments for the acquisition of Capital Assets	(5,263,282)	(2,702,346)
Net Cash Used in Capital and Related Financing Activities	(4,398,601)	(410,241)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	22,457	52,658
Net Increase (Decrease) in Cash and Cash Equivalents	597,946	(1,647,248)
Cash and Cash Equivalents at Beginning of Year	1,461,620	3,108,868
Cash and Cash Equivalents at End of Year	$ 2,059,566	$ 1,461,620
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	$ (7,016,776)	$ (6,819,396)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	810,220	698,750
Changes in Assets and Liabilities:		
Decrease in Receivables	7,526	11,139
Decrease in Deposits	9,829	841
Increase in Deferred Revenue	(1,744,190)	-
(Increase) Decrease in Prepaid Expenses	8,927	(11,665)
Increase (Decrease) in Accounts Payable and Accrued Expenses	143,890	(127,271)
Net Cash Used in Operating Activities	$ (7,780,574)	$ (6,247,602)

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENTS OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 819,091	$ 867,860
Due from Other Government Agencies	93,453	94,547
Total Current Assets	912,544	962,407
Total Assets	$ 912,544	$ 962,407
LIABILITIES		
Current Liabilities		
Accounts Payable	$ -	$ 50,201
Total Current Liabilities	-	50,201
Total Liabilities	-	50,201
NET ASSETS		
Net Assets Held in Trust for Other Purposes	912,544	912,206
Total Net Assets	912,544	912,206
Total Liabilities and Net Assets	$ 912,544	$ 962,407

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
ADDITIONS		
Aid from Other Governmental Agencies	$ 316,810	$ 223,007
Interest Income	7,008	9,171
Total Additions	323,818	232,178
DEDUCTIONS		
Program Expenses	323,480	319,043
Total Deductions	323,480	319,043
CHANGE IN NET ASSETS	338	(86,865)
Net Assets, Beginning of Year	912,206	999,071
Net Assets, End of Year	$ 912,544	$ 912,206

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

B. Basis of Presentation

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

Government-Wide Financial Statements

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

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

B. Basis of Presentation (Continued)

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

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

Fund Financial Statements

The fund financial statements provide information about NCTPA's funds, including fiduciary funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds. For the years ended June 30, 2011 and June 30, 2010, NCTPA did not have any nonmajor funds.

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

NCTPA reports the following major governmental fund:

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

NCTPA reports the following major enterprise fund:

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

NCTPA reports the following additional fund types:

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

C. Basis of Accounting

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

D. Cash and Investments

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

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

E. Receivables

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

F. Inventories

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

During the last month of the Agreement, NCTPA shall conduct a final inventory. The Contractor will be responsible for either replacing property of equipment determined from the inventory list to be missing, damaged, or otherwise unavailable for use, or in a condition that is in excess of ordinary wear and tear or compensating NCTPA for its replacement value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

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

The estimated useful lives are as follows:

Structures	10 – 20 years
Vehicles	5 – 12 years
Equipment	5 – 10 years

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

H. Compensated Absences

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

I. Interfund Transactions

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

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

J. Deferred Revenues

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

K. Use of Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Reclassifications

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

M. Net Assets

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

Invested in Capital Assets – This category groups all capital assets into one component of net assets. Accumulated depreciation reduces the balance in this category.

Restricted Net Assets – This category presents external restrictions imposed by creditor, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

N. Fund Balance

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

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

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

Minimum Fund Balance Policy:

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

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

O. Current Governmental Accounting Standards Board Statements – Implemented Pronouncements

GASB Statement No. 54

For the fiscal year ended June 30, 2011, NCTPA implemented GASB Statement No. 54, *Fund Balance Reporting and governmental Fund Type Definitions.* The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied, and it clarifies the existing governmental fund type definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in the Fund Balance section of this footnote.

P. Future Governmental Accounting Standards Board Statements

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

GASB Statement No. 60 – *Accounting and Financial Reporting for Service Concession Arrangements* addresses accounting and financial reporting issues related to public-private and public-public partnerships. The statement is effective for periods beginning after December 15, 2011. GASB Statement No. 60 will not have an effect NCTPA.

GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34* modifies a number of provisions with regard to reporting of component units within a financial reporting entity. The statement is effective for periods beginning after June 15, 2012. As of the date of these financial statements, NCTPA has not made an assessment of any changes that will occur upon this statement's implementation.

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

P. Future Governmental Accounting Standards Board Statements (Continued)

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

GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* modifies current financial reporting of those elements. The statement is effective for periods beginning after December 15, 2011. GASB Statement No. 63 will not have an effect on NCTPA's financial statements.

GASB Statement No. 64 – *Derivative Instruments: Application of Hedge Accounting Termination Provisions* – GASB Statement No. 64 amends current accounting and financial reporting related to terminations of swap agreements due to default or other termination events. In certain instances where swap counterparties or credit support providers are replaced, hedge accounting may continue rather than cease. The provisions of GASB Statement No. 64 are effective for financial statements beginning after June 15, 2011. Because NCTPA does not enter into hedge agreements with swap providers for the purposes of managing risk beyond investment return, GASB Statement No. 64 will not apply.

NOTE 2 – <u>CASH AND INVESTMENTS IN COUNTY TREASURY/IMPREST CASH</u>

<u>General</u>

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

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

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

General (Continued)

Cash and investments consisted of the following at June 30, 2011 and 2010:

	June 30, 2011			
	Governmental Funds	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Imprest Cash	$ 300	$ -	$ 300	$ -
Cash and Investments in County Treasury	440,611	2,059,566	2,500,177	819,091
	$ 440,911	$ 2,059,566	$ 2,500,477	$ 819,091

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

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

The market value of pledged securities must equal at least 110% of NCTPA's deposits. California law also allows financial institutions to secure NCTPA's deposits by pledging first trust deed mortgage notes having a value of 150% of NCTPA's total deposits. Collateral is held by the pledging financial institution's trust department and is considered held in NCTPA's name. NCTPA may waive collateral requirements for deposits that are fully insured up to $250,000 by federal depository insurance. NCTPA has $250,000 that is covered by federal depository insurance as of June 30, 2011 and 2010.

NCTPA had no deposit or investment policy that addressed a specific type of risk. Required disclosures for NCTPA's deposit and investment risks held in the County's Investment Pool at June 30, 2011 and 2010, were as follows:

Credit risk

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

Custodial risk

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

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

General (Continued)

Concentration of credit risk

At June 30, 2011 and 2010, in accordance with State law and the County's Investment Policy, NCTPA did not have 5% or more of its net investment in commercial paper, corporate bonds or medium-term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund within the County's Investment Pool. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

Interest rate risk

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

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

Investment in the County of Napa Investment Pool

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

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

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

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

NOTE 3 – DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies consisted of the following at June 30, 2011 and 2010:

	2011	2010
Federal (FTA)		
Capital	$ -	$ 245,392
Operating	1,608,990	2,112,177
State		
STA	-	379,080
Grants - Capital	413,292	413,292
Grants - Operating	102,336	124,882
State - Other	9,903	31,920
Local		
LTF	114,284	152,633
Cities and Country	77,650	158,716
Local - Other	93,453	94,547
Total	$ 2,419,908	$ 3,712,639

Reconciliation to Financial Statements		2011	2010
Planning fund	Grants Receivable	$ 170,371	$ 345,256
Planning fund	Due from Other Gov Agencies	45,813	87,347
Proprietary	Grants Receivable	1,564,955	2,103,115
Proprietary	Due from Other Gov Agencies	545,316	1,082,374
Fiduciary	Due from Other Gov Agencies	93,453	94,547
		$ 2,419,908	$ 3,712,639

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Disposals	Adjustments	Balance June 30, 2011
Governmental Activities:					
Capital Assts, Not Being Depreciated					
Donated Assets - Not in Service	$ 52,250	$ -	$ -	$ -	$ 52,250
Capital Assets, Being Depreciated					
Equipment	9,698	-	-	-	9,698
Less Accumulated Depreciation for:					
Equipment	(9,698)	-	-	-	(9,698)
Governmental Activities Capital Assets, Net	$ 52,250	$ -	$ -	$ -	$ 52,250
Business-Type Activities:					
Capital Assts, Not Being Depreciated					
Land	$ 1,190,000	$ -	$ -	$ -	$ 1,190,000
Construction in Progress	355,379	1,665,770	(286,409)	-	1,734,740
Total Capital Assets, Not Being Depreciated	1,545,379	1,665,770	(286,409)	-	2,924,740
Capital Assets, Being Depreciated:					
Vehicles and Equipment	9,654,958	3,883,921	(2,658,745)	-	10,880,134
Less Accumulated Depreciation for:					
Vehicles and Equipment	(4,417,969)	(810,220)	734,481	-	(4,493,708)
Total Capital Assets, Being Depreciated, Net	5,236,989	3,073,701	(1,924,264)	-	6,386,426
Business-Type Activities, capital Assets, Net	$ 6,782,368	$ 4,739,471	$ (2,210,673)	$ -	$ 9,311,166

Depreciation expense for the year ended June 30, 2011, was $810,220.

NOTE 4 – CAPITAL ASSETS (Continued)

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

	Balance July 1, 2009	Additions	Disposals	Adjustments	Balance June 30, 2010
Governmental Activities:					
Capital Assts, Not Being Depreciated					
Donated Assets - Not in Service	$ -	$ 52,250	$ -	$ -	$ 52,250
Capital Assets, Being Depreciated					
Equipment	9,698	-	-	-	9,698
Less Accumulated Depreciation for:					
Equipment	(9,698)	-	-	-	(9,698)
Governmental Activities Capital Assets, net	$ -	$ 52,250	$ -	$ -	$ 52,250
Business-Type Activities:					
Capital Assts, Not Being Depreciated					
Land	$ 1,190,000	$ -	$ -	$ -	$ 1,190,000
Construction in Progress	-	355,379	-	-	355,379
Total Capital Assets, Not Being Depreciated	1,190,000	355,379	-	-	1,545,379
Capital Assets, Being Depreciated:					
Vehicles and Equipment	7,622,053	2,346,967	(129,870)	(184,192)	9,654,958
Less Accumulated Depreciation for:					
Vehicles and Equipment	(3,849,089)	(698,750)	129,870	-	(4,417,969)
Total Capital Assets, Being Depreciated, Net	3,772,964	1,648,217	-	(184,192)	5,236,989
Business-Type Activities, Capital Assets, Net	$ 4,962,964	$ 2,003,596	$ -	$ (184,192)	$ 6,782,368

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

See Note 19 for additional disclosure on Capital Asset adjustment.

NOTE 5 – COMPENSATED ABSENCES

The following is a summary of current and long-term compensated absences for the year ended June 30, 2011:

Balance July 1, 2010	$	72,858
Additions		13,322
Reductions		(8,879)
Balance June 30, 2011	$	77,301
Amounts Due Within 1 Year	$	77,301

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

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

NOTE 6 – OPERATING LEASES

NCTPA has a commitment under a noncancelable long-term operating lease agreement. Future minimum operating lease commitments as of June 30, 2011, are as follows:

Year Ending June 30,		
2012	$	77,146
2013		3,855
2014		1,439
2015		1,439
Total	$	83,879

Rent expenditures were $153,427 and $96,206 for the years ended June 30, 2011 and 2010, respectively.

NOTE 7 – DUE TO OTHER GOVERNMENTAL AGENCIES

Governmental Activities – Due to California Public Employees' Retirement System (CalPERS)

A liability to the California Employees' Retirement System (CalPERS) of $5,067 was reclassified from "Accounts Payable" to "Due to Other Governments" at the end of the fiscal year. All payables to government agencies are now posted to "Due to Other Governments" while all other vendors will remain in the "Accounts Payable" classification.

NOTE 7 – DUE TO OTHER GOVERNMENTAL AGENCIES (Continued)

Business-Type Activities – Due to LTF

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

It is the current practice of the MTC to have excess revenue returned to the funding agency. There were excess revenues of $110,574 and $1,766,285 at June 30, 2011 and 2010, respectively. Also, NCTPA will return $920,912 of excess capital funds not used for its intended purpose during the year. The money will be returned to LTF and reallocated for future capital purchases.

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

	2011	2010
Balance - Beginning of Year	$ 1,766,285	$ 4,282,999
Local Transportation Funds - Operating	4,241,527	4,166,915
Local Transportation Funds - Capital	421,155	1,228,327
Total Local Transportation Funds	4,662,682	5,395,242
Operating Expenses	7,995,400	7,712,267
Adjustments:		
Add Back Depreciation	(810,220)	(698,750)
Farebox Revenues	(978,625)	(892,447)
State Transit Assistance	(485,855)	(1,133,328)
Other Revenues	(1,141,703)	(1,474,900)
Interest Income	(22,457)	(52,658)
FTA Grant Revenues	(5,332,379)	(2,494,754)
Other Federal Grants	(596)	(38,819)
Capital Asset Purchases	5,549,691	2,702,346
Net Operating Expenses	4,773,256	3,628,957
Net Increase	(110,574)	1,766,285
Return Excess Capital Allocation	920,912	-
Transfer Back to LTF	-	(4,282,999)
Balance - End of Year	$ 2,576,623	$ 1,766,285

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

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

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

During the fiscal years ended June 30, 2010, NCTPA applied for $389,292 in PTMISEA funds for passenger amenities and acquisition for rolling stock of paratransit vehicles. The $389,292 has been recorded as a receivable until such time as the State of California sells the bonds to fund the award.

As of June 30, 2011 and 2010, PTMISEA funds received and expended were verified in the course of our audit as follows:

	2011	2010
Balance - Beginning of Year	$ 389,292	$ 867,332
Receipts:		
Receivable	-	389,292
Expenses:		
Hybrid Bus Purchase	-	(867,332)
Balance - End of Year	$ 389,292	$ 389,292

NOTE 9 – DEFERRED REVENUES

Deferred revenues associated with multi-year projects, capital projects and operating grants were reported in the following fund at June 30, 2011 and 2010, as follows:

	2011	2010
Proprietary Fund		
FTA - Capital Grant	$ 6,990	$ 6,990
Local Transportation Funds - Capital	-	920,912
LTF Transit Center Match	-	826,822
Bus Amenities	10,740	10,740
Prop 1B - Operating Funds	389,292	389,292
Pass Sales	3,544	-
Total Deferred Revenues - Proprietary Fund	$ 410,566	$ 2,154,756
Government Fund		
County of Napa - Sub-RHNA	$ 65,000	$ -
Total Deferred Revenues - Government Fund	$ 65,000	$ -

NCTPA received grants from various sources. At June 30, 2011 and 2010, eligibility requirements for recognizing the revenue had not been met. Therefore, the unexpended balance has been deferred to the next fiscal year.

NOTE 10 – AGREEMENTS AND COMMITMENTS

Bay Area Air Quality Management District Agreement

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

Abandoned Vehicle Abatement Program

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

Metropolitan Transportation Commission

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

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

A. Plan Description

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

On May 18, 2011, NCTPA Resolution 11-12 approved an amendment to the contract between the Board of Administration of CalPERS and the Board's NCTPA to provide Section 20475 (Different Level of Benefits), Section 21353 (2% at 60 full formula) effective May 21, 2011. The contract amendment has no material impact on fiscal year 2010-11, but will have a material impact in fiscal year 2011-12.

B. Funding Policy

Per NCTPA's draft Personnel Policies accepted by the Board on June 18, 2008, NCTPA contributes a portion of the employee share of retirement contributions for local miscellaneous members. The employee's contribution rate was 8% and NCTPA's contribution rates were 8% and 9.68% at June 30, 2011 and 2010, respectively. The contract also provides for final compensation to be determined in accordance with Section 21354.4 of Retirement Law (2.5% at age 55).

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

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

C. Annual Pension Cost

For the fiscal year ended June 30, 2011, NCTPA's annual pension cost of $108,258 for CalPERS was equal to NCTPA's required and actual contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15 year period (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial plan unfunded liabilities are amortized over a closed period equal to the average amortization period at the plan's date of entry into the CalPERS Risk Pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the risk pool are amortized over a rolling 30-year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	$ 108,258	100%	$ -
6/30/2010	$ 122,942	100%	$ -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/c
6/30/2008	$ 1,337,707,835	$ 1,537,909,933	$ 200,202,098	87.0%	$ 333,307,600	60.1%
6/30/2009	$ 1,493,430,831	$ 1,834,424,640	$ 340,993,809	81.4%	$ 355,150,151	96.0%
6/30/2010	$ 1,603,482,152	$ 1,972,910,641	$ 369,428,489	81.3%	$ 352,637,380	104.8%

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

NOTE 12 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits described above, NCTPA provides postretirement health care benefits to all employees meeting certain selected criteria. Employees on the payroll as of June 30, 2011, who retire from the NCTPA with 3 years of Agency service and 25 years of CalPERS service will receive 1.3 times the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum dollar amounts who retire from NCTPA at or after age 50.

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

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

Expenses for postretirement health care benefits are recognized as medical premiums as paid. During the year ended June 30, 2010 and 2011, expenses of $25,000 and $22,000 were recognized for postretirement health care.

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

Plan Description: NCTPA participates in the California Employers' Retiree Benefit Trust (CERBT), a trust established by Chapter 331 of the 1988 Statutes and initially funded in 2007. The purpose of the trust is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for health care postemployment benefits. The CERBT is an agent multiple-employer plan as defined in GASB Statement No. 43 and is administered by the CalPERS. The Plan has 0 retirees receiving benefits and a total of 12 active participants, all of which are not currently eligible to receive benefits.

Following is a description of the current retiree benefit plan:

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

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

Annual OPEB Cost and Net OPEB Obligation: NCTPA's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. For fiscal year 2010-11, NCTPA's annual OPEB cost for was $22,000. NCTPA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011, were as follows:

	2011	2010
Annual required contribution	$ 22,000	$ 25,000
Annual OPEB cost	22,000	25,000
Contributions made	-	(69,000)
Change in net OPEB obligation	22,000	(44,000)
Net OPEB asset, beginning of year	(44,000)	-
Net OPEB asset, end of year	$ (22,000)	$ (44,000)

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
6/30/2011	$ 22,000	$ -	0%	$ (22,000)
6/30/2010	$ 25,000	$ (69,000)	276%	$ (44,000)

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2011, was as follows:

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

NCTPA's ARC is based on the pre-funding method. For fiscal year 2010-2011, NCTPA contributed $0 to the plan.

As of June 30, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $78,000, all but $1,000 of which has been funded. The covered payroll (annual payroll of active employees covered) was $993,000.

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

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

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

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

In the actuarial valuation for the Plan as of June 30, 2011, the entry age normal cost method was used. The allocation of OPEB cost is based on years of service. We used the level percentage of payroll method to allocate OPEB cost over years of service. Entry age is based on the average age at hire for eligible employees. The attribution period is determined as the difference between the average retirement age and the average age at hire. The present value of future benefits and present value of future normal costs are determined on an employee by employee basis and then aggregated. To the extent that different benefit formulas apply to different employees of the same class, the normal cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

The actuarial assumptions included a 7.75% investment rate of return (net of administrative expenses), which is based on an assumed long-term return on plan assets and 100% funding through the CalPERS CERBT program, and an annual healthcare cost trend rate of 8.4% for 2011, 7.8% for 2012, and 4.5% thereafter including a 3% inflation assumption. The actuarial value of assets were determined using fair value (as provided by CalPERS). The UAAL will be amortized as a level percentage of projected payroll assuming a 3.25% increase per year and no increases in staff or merit increases. The remaining amortization period is 30 years.

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

NOTE 13 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN

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

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

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

NOTE 14 – INSURANCE AND RISK OF LOSS

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

NOTE 15 – RELATED PARTY TRANSACTIONS

The County of Napa personnel provides administration services to NCTPA. The County also provides legal counsel. During the fiscal years ended June 30, 2011 and 2010, NCTPA paid to the County, a related party the following amounts:

	2011	2010
Accounting and Legal Services	$ 125,600	$ 71,474
Other Services and Supplies	43,473	73,241
Total Related Party Transactions	$ 169,073	$ 144,715

NOTE 16 – FAREBOX RATIO

Article 4

Article 4 transit operations include VINE, American Canyon Transit and the Downtown Trolley. As agreed to by MTC, the combined farebox ratio requirement is 16%. The farebox ratios for the years ended June 30, 2011 and 2010, were 16.13% and 13.59%, respectively, as follows:

June 30, 2011				
Article 4	Total Article 4 Services	VINE	Downtown Trolley	ACT
Farebox Subject to Farebox Ratio	$ 696,143	$ 670,692	$ -	$ 25,451
Operating Cost, Net of Depreciation and Insurance	$ 4,314,792	$ 4,063,519	$ -	$ 251,273
Farebox Ratio	16.13%			

June 30, 2010				
Article 4	Total Article 4 Services	VINE	Downtown Trolley	ACT
Farebox Subject to Farebox Ratio	$ 671,033	$ 652,121	$ -	$ 18,912
Operating Cost, Net of Depreciation and Insurance	$ 4,939,336	$ 4,718,449	$ 41,247	$ 179,640
Farebox Ratio	13.59%			

NOTE 16 – FAREBOX RATIO (Continued)

Farebox revenue and operating cost used for farebox ratio calculation will not agree to the Statement of Revenue and Expenses for the Proprietary Fund. The TDA statute 99268.8 allows transit operators to delay reporting required ratios of fare revenues on new servces until two years after the end of the fiscal year in which the new service was put into operation. NCTPA has opted to utilize this exemption for operating costs associated with newly launched VINE 29 Express and Route 1C. New service costs typically lower farebox recovery ratios. Reporting the ratio of fare revenues two years after the implementation of new service will modify the reporting year's ratios.

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

Article 8

Article 8 transit operations include VINE GO Flex-Ride, Calistoga, St. Helena, Yountville and the Taxi Scrip program. TDA Section 6633.2 requires NCTPA to meet a 10% farebox revenue to total operating expenses ratio. The farebox revenue ratio for the years ended June 30, 2011 and 2010, for Article 8 transit operations were 12.23% and 13.13%, respectively, as follows:

June 30, 2011

Article 8	Total Article 8 Services	Taxi & VINE GO	Calistoga, Yountville, and St. Helena	Flex-Ride
Farebox Subject to Farebox Ratio	$ 241,814	$ 167,595	$ 74,219	$ -
Operating Cost, Net of Depreciation and Insurance	$ 1,976,835	$ 1,275,958	$ 700,877	$ -
Farebox Ratio	12.23%			

June 30, 2010

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

For the fiscal years ended June 30, 2011 and 2010, NCTPA was in compliance with the minimum farebox ratio required for Article 8 transit operations.

NOTE 17 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

Appropriations Category		Excess Expenditures 2011	Excess Expenditures 2010
Planning Fund:	Insurance	$ 18,793	$ -
	Rents and Leases	-	4,079

NOTE 18 – LOSS FROM REAL PROPERTY DISPOSAL

During fiscal year 2010-11, the three light industrial and commercial structures located at 625 Burnell St. were razed to make way for construction of the Soscal Gateway Transit Center. A non-cash charge of $1,924,264 was taken for the disposal of this property.

NOTE 19 – PRIOR PERIOD ADJUSTMENT – DISPOSAL OF FIXED ASSETS

An internal audit of fixed assets discovered a difference of $184,192 in the fixed assets module compared to the general ledger. The error was discovered recently, but seems to have occurred when the fixed asset module was created in fiscal year 2007-2008. A prior period adjustment of $184,192 was recorded in the general ledger to account for this difference.

REQUIRED SUPPLEMENTARY INFORMATION

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Local Transportation Fund Allocation	$ 799,000	$ 799,000	$ 799,000	$ -
Programming, Planning and Monitoring	24,000	24,000	24,000	-
Federal Highway Allocations	1,920,000	1,920,000	956,672	(963,328)
Federal Transit Administration 5303 Planning Grant	200,000	200,000	-	(200,000)
Other Grants	888,000	888,000	183,829	(704,171)
Local Support	673,000	673,000	15,129	(657,871)
Interest	12,000	12,000	4,788	(7,212)
Other Revenues	125,000	125,000	47,246	(77,754)
Total Revenues	4,641,000	4,641,000	2,030,664	(2,610,336)
Expenditures				
Communications	6,500	6,500	-	6,500
Insurance	22,000	22,000	40,793	(18,793)
Office Expense	63,000	63,000	22,728	40,272
Rents and Leases	77,000	77,000	52,944	24,056
Transportation	17,600	17,600	4,085	13,515
Salary and Benefits	1,195,500	1,195,500	1,124,535	70,965
Miscellaneous Expense	129,400	129,400	55,218	74,182
Professional Services	3,130,000	3,130,000	570,510	2,559,490
Total Expenditures	4,641,000	4,641,000	1,870,813	2,770,187
Net Change in Fund Balance	-	-	159,851	159,851
Fund Balance, Beginning of Fiscal Year	360,231	360,231	360,231	-
Fund Balance, End of Fiscal Year	$ 360,231	$ 360,231	$ 520,082	$ 159,851

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEAR ENDED JUNE 30, 2010

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2011

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

BUDGETS AND BUDGETARY ACCOUNTING

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

SUPPLEMENTARY INFORMATION

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2011

	Abandoned Vehicle Abatement	Air Quality Management	Total
ASSETS			
Current Assets			
Cash and Investments in County Treasury	$ 64,067	$ 755,024	$ 819,091
Due from Other Government Agencies	-	93,453	93,453
Total Current Assets	64,067	848,477	912,544
Total Assets	$ 64,067	$ 848,477	$ 912,544
LIABILITIES			
Current Liabilities			
Accounts Payable	$ -	$ -	$ -
Total Current Liabilities	-	-	-
Total Liabilities	-	-	-
NET ASSETS			
Net Assets Held in Trust for Other Purposes	64,067	848,477	912,544
Total Net Assets	64,067	848,477	912,544
Total Liabilities and Net Assets	$ 64,067	$ 848,477	$ 912,544

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2010

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Abandoned Vehicle Abatement	Air Quality Management	Total
ADDITIONS			
Aid from Other Governmental Agencies	$ 130,373	$ 186,437	$ 316,810
Interest Income	524	6,484	7,008
Total Additions	130,897	192,921	323,818
DEDUCTIONS			
Program Expenses	122,165	201,315	323,480
Total Deductions	122,165	201,315	323,480
CHANGE IN NET ASSETS	8,732	(8,394)	338
Net Assets, Beginning of Year	55,335	856,871	912,206
Net Assets, End of Year	$ 64,067	$ 848,477	$ 912,544

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

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2011

	VINE GO	VINE	Taxi	American Transit	Yountville
Operating Revenues:					
Farebox Revenues	$ 81,106	$ 711,370	$ 86,489	$ 25,451	$ 20,555
Operating Expenses:					
Marketing	-	127,814	-	4,274	-
Vehicle Maintenance	-	16,286	-	-	-
Other Maintenance	-	-	-	-	2,800
Fuel and Lubricants	126,778	788,920	-	10,355	13,264
Insurance	-	2,793	-	-	-
Planning and Administration	-	725	-	-	-
Security	-	13,368	-	-	-
Services	3,167	58,289	1,014	934	69,920
Supplies	468	18,930	5,642	3,024	59
Purchased Transportation	944,938	3,645,843	153,971	221,130	174,092
Rents and leases	13,524	74,551	3,384	2,256	2,256
Miscellaneous Expense	-	758	-	-	-
Depreciation	52,221	690,404	-	8,665	-
Personnel Costs	20,997	208,795	2,075	9,301	4,781
Total Operating Expenses	1,162,093	5,647,476	166,086	259,939	267,172
Operating Loss	(1,080,987)	(4,936,106)	(79,597)	(234,488)	(246,617)
Nonoperating Revenues (Expenses):					
Local Transportation Funds	1,135,551	2,470,473	123,129	177,633	187,053
State Transit Assistance	25,844	270	45,000	45,000	101,993
FTA Grant Revenues - Operating	600,000	862,619	-	-	-
Other Federal Grants	-	3,757,377	-	-	-
Other Operating Grants	-	390,001	-	-	-
Interest Income	1,571	15,994	1,181	855	820
Loss from Disposal of Property and Equipment	-	(1,924,264)	-	-	-
Total Nonoperating Revenues	1,762,966	5,572,470	169,310	223,488	289,866
Change in Net Assets Before Contributions	681,979	636,364	89,713	(11,000)	43,249
Capital Contributions:					
Federal Transit Assistance	-	864,681	-	-	-
Local Transportation Funds	-	382,565	-	-	11,104
Change in Net Assets	681,979	1,883,610	89,713	(11,000)	54,353
Net Assets, Beginning of Year	(629,172)	8,692,749	(24,458)	(207,761)	(181,686)
Net Assets, End of the Year	$ 52,807	$ 10,576,359	$ 65,255	$ (218,761)	$ (127,333)

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS (Continued)
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2011

	St. Helena	Downtown Trolley	Calistoga	Flex-Ride	Totals
Operating Revenues:					
Farebox Revenues	$ 27,932	$ -	$ 25,722	$ -	$ 978,625
Operating Expenses:					
Marketing	-	-	-	-	132,088
Vehicle Maintenance	-	-	-	-	16,286
Other Maintenance	-	-	-	-	2,800
Fuel and Lubricants	7,071	-	5,279	-	951,667
Insurance	-	-	-	-	2,793
Planning and Administration	-	-	-	-	725
Security	-	-	-	-	13,368
Services	61,635	-	88,198	-	283,157
Supplies	32	-	1,614	-	29,769
Purchased Transportation	129,555	-	128,735	-	5,398,264
Rents and Leases	2,256	-	2,256	-	100,483
Miscellaneous Expense	-	-	-	-	758
Depreciation	16,974	41,956	-	-	810,220
Personnel Costs	2,564	-	4,510	-	253,023
Total Operating Expenses	220,087	41,956	230,592	-	7,995,401
Operating Loss	(192,155)	(41,956)	(204,870)	-	(7,016,776)
Nonoperating Revenues (Expenses):					
Local Transportation Funds	101,889	-	156,373	-	4,352,101
State Transit Assistance	123,886	-	143,862	-	485,855
FTA Grant Revenues - Operating	-	-	-	-	1,462,619
Other Federal Grants	-	-	-	-	3,757,377
Other Operating Grants	-	-	-	-	390,001
Interest Income	1,097	-	939	-	22,457
Loss from Disposal of Property and Equipment	-	-	-	-	(1,924,264)
Total Nonoperating Revenues	226,872	-	301,174	-	8,546,146
Change in Net Assets Before Contributions	34,717	(41,956)	96,304	-	1,529,370
Capital Contributions:					
Federal Transit Assistance	-	-	-	-	864,681
Local Transportation Funds	12,222	-	15,264	-	421,155
Change in Net Assets	46,939	(41,956)	111,568	-	2,815,206
Net Assets, Beginning of Year	(108,441)	(146,180)	9,677	4,829	7,409,557
Net Assets, End of the Year	$ (61,502)	$ (188,136)	$ 121,245	$ 4,829	$ 10,224,763

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

	VINE GO	VINE	Taxi	American Transit	Yountville
Operating Revenues:					
Farebox Revenues	$ 74,196	$ 639,621	$ 113,795	$ 16,117	$ 19,370
Operating Expenses:					
Marketing	55	186,071	-	2,770	55
Vehicle Maintenance	2,582	46,682	-	-	-
Other Maintenance	-	2,500	-	-	-
Fuel and Lubricants	109,887	574,267	-	12,942	7,650
Insurance	-	3,119	-	-	-
Planning and Administration	-	79	-	-	-
Security	-	8,729	-	-	-
Services	2,683	42,862	1,024	578	414
Supplies	34,693	136,961	2,447	-	-
Purchased Transportation	910,227	3,715,740	188,988	164,196	179,498
Rents and leases	6,203	25,257	1,329	1,329	886
Utilities	-	3,457	-	-	-
Miscellaneous Expense	1,338	(249)	61	331	195
Depreciation	83,368	540,715	-	8,665	-
Personnel Costs	20,754	203,365	2,528	6,307	5,662
Total Operating Expenses	1,171,790	5,489,555	196,377	197,118	194,360
Operating Loss	(1,097,594)	(4,849,934)	(82,582)	(181,001)	(174,990)
Nonoperating Revenues (Expenses):					
Local Transportation Funds	1,249,661	2,039,307	88,890	232,845	198,023
State Transit Assistance	8,567	1,977,452	-	-	-
FTA Grant Revenues - Operating	57,984	1,895,519	-	1,905	1,905
Other Federal Grants	-	231,674	-	-	-
Other Operating Grants	-	486,616	-	-	-
Interest Income	7,034	38,560	1,417	1,770	414
Other Revenues	1,828	128,515	-	2,614	-
Returned LTF Allocations	(529,710)	(864,427)	(37,679)	(98,699)	(83,939)
Total Nonoperating Revenues	795,364	5,933,216	52,628	140,435	116,403
Change in Net Assets Before Contributions	(302,230)	1,083,282	(29,954)	(40,566)	(58,587)
Capital Contributions:					
Federal Transit Assistance	-	533,631	-	-	-
Local Transportation Funds	8,567	1,214,488	-	1,318	1,318
Change in Net Assets	(293,663)	2,831,401	(29,954)	(39,248)	(57,269)
Net Assets, Beginning of the Year	(545,083)	6,186,519	5,496	(99,917)	(124,417)
Prior Period Adjustment (see Note 20)	209,575	(325,171)	-	(68,596)	-
Net Assets July 1, 2009, Restated	(335,508)	5,861,348	5,496	(168,513)	(124,417)
Net Assets, End of the Year	$ (629,171)	$ 8,692,749	$ (24,458)	$ (207,761)	$ (181,686)

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

	St. Helena	Downtown Trolley	Calistoga	Flex-Ride	Totals
Operating Revenues:					
Farebox Revenues	$ 14,505	$ -	$ 14,819	$ 448	$ 892,871
Operating Expenses:					
Marketing	7,207	-	9,302	189	205,649
Vehicle Maintenance	-	-	-	-	49,264
Other Maintenance	-	-	-	-	2,500
Fuel and Lubricants	7,988	2,498	4,506	5,614	725,352
Insurance	-	-	-	-	3,119
Planning and Administration	-	-	-	-	79
Security	-	-	-	-	8,729
Services	439	589	412	270	49,271
Supplies	-	-	-	-	174,101
Purchased Transportation	125,901	44,656	129,676	30,141	5,489,023
Rents and Leases	886	443	886	888	38,107
Utilities	-	-	-	-	3,457
Miscellaneous Expense	67	43	12,694	90	14,570
Depreciation	16,974	41,956	7,072	-	698,750
Personnel Costs	2,818	1,784	3,325	3,753	250,296
Total Operating Expenses	162,280	91,969	167,873	40,945	7,712,267
Operating Loss	(147,775)	(91,969)	(153,054)	(40,497)	(6,819,396)
Nonoperating Revenues (Expenses):					
Local Transportation Funds	113,907	116,216	124,070	3,996	4,166,915
State Transit Assistance	1,318	-	1,318	-	1,988,655
FTA Grant Revenues - Operating	1,905	-	1,905	-	1,961,123
Other Federal Grants	-	-	-	-	231,674
Other Operating Grants	-	-	-	-	486,616
Interest Income	1,923	(578)	767	1,351	52,658
Other Revenues	-	-	-	-	132,957
Returned LTF Allocations	(48,283)	(49,262)	(52,591)	(1,695)	(1,766,285)
Total Nonoperating Revenues	70,770	66,376	75,469	3,652	7,254,313
Change in Net Assets Before Contributions	(77,005)	(25,593)	(77,585)	(36,845)	434,917
Capital Contributions:					
Federal Transit Assistance	-	-	-	-	533,631
Other Capital	-	-	-	-	-
Local Transportation Funds	1,318	-	1,318	-	1,228,327
Change in Net Assets	(75,687)	(25,593)	(76,267)	(36,845)	2,196,875
Net Assets, Beginning of the Year	(32,754)	(120,587)	85,944	41,674	5,396,875
Prior Period Adjustment (see Note 20)	-	-	-	-	(184,192)
Net Assets July 1, 2009, Restated	(32,754)	(120,587)	85,944	41,674	5,212,683
Net Assets, End of the Year	$ (108,441)	$ (146,180)	$ 9,677	$ 4,829	$ 7,409,558

OTHER REPORTS

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BROWN ARMSTRONG

Certified Public Accountants

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

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

We have audited the financial statements of the Napa County Transportation and Planning Agency as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated December 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether the Napa County Transportation and Planning Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that allocations received and expenditures incurred were in accordance with the allocation instructions and resolutions of the Metropolitan Transportation Commission and in conformance with the California Transportation Development Act. Specifically, we performed the tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to the Napa County Transportation and Planning Agency. Based on these procedures, we noted no instances of noncompliance with applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission.

This report is intended solely for the information and use of the Board of Directors, management, the County of Napa, the Metropolitan Transportation Commission, the California Department of Transportation, and the State Controller's Office and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
December 23, 2011

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S COMPLIANCE REPORT

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

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

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

<u>Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA)</u>

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

During the fiscal year ended June 30, 2011, Napa County Transportation and Planning Agency applied for $389,292 from the State's PTMISEA account for the acquisition of passenger amenities and paratransit rolling stock. As of June 30, 2011, PTMISEA funds received and expended were verified in the course of our audit as follows:

Schedule of PTMISEA Bond 1B Funds
For the Year Ended June 30, 2011

Description		Amount
Balance – Beginning of Year	$	389,292
Receipts:		
Receivable		-
Interest accrued 7/1/2010 through 6/30/2011		-
Expenses:		
Transit Capital		-
Balance – End of Year	$	389,292

Expenditures incurred on these grant funds for the year ended June 30, 2011, was $0.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Funds. An audit includes examining, on a test basis, evidence about Napa County Transportation and Planning Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Napa County Transportation and Planning Agency's compliance with those requirements.

In our opinion, the TDA funds allocated to and received by Napa County Transportation and Planning Agency pursuant to the Act were expended in conformance with the applicable statutes, rules and regulations of the Act and the allocation instructions and resolutions of Napa County Transportation and Planning Agency.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
December 23, 2011