NC TPA Napa County Transportation & Planning Agency

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY

AUDIT REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
JUNE 30, 2012 AND 2011

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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, 2012 and 2011, 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 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.

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, 2012 and 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2012, 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.

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, 43 through 44, and 45 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.

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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 19, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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, 2012 and 2011. 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 2011-2012, total assets of NCTPA exceeded liabilities by $15,368,718. Of this amount, $13,411,194 is invested in capital assets, net of related debt. The remaining $1,957,524 represents unrestricted net assets.

- As of June 30, 2012, NCTPA's governmental fund reported an ending fund balance of $1,085,916 or 61.82% of total governmental fund expenditures.

- Capital contributions in the form of grants from the Federal and State governments increased from $1,285,836 in fiscal year 2010-2011 to $2,683,432 in fiscal year 2011-2012 for the procurement of buses, passenger amenities, equipment, and ongoing construction of the Soscol Gateway Transit Center.

- NCTPA successfully implemented American Reinvestment and Recovery Act funded projects-public transit fleet modernization program with the purchase of two new mid-sized gasoline efficient buses for local routes.

- The Agency continues to improve operation performance, compliance and accountability during fiscal year 2011-2012 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 2011-2012, NCTPA net assets, governmental and business type combined, increased by $4,648,923 or 43.37% Under business-type activities, NCTPA made new capital investments in the form of fourteen mid-sized fuel efficient gasoline buses, new passenger amenities, new equipment, and ongoing construction for the future Soscol Gateway Transit Center. The governmental activities net assets increased by $555,390 due to an increase in local revenues. The result is an overall increase in net assets from $10,719,795 in fiscal year 2010-2011 to $15,368,718 in fiscal year 2011-2012.

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

	As of June 30, 2012			As of June 30, 2011			As of June 30, 2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 1,235,019	$ 3,845,765	$ 5,080,784	$ 710,001	$ 4,522,632	$ 5,232,633	$ 678,909	$ 5,026,186	$ 5,705,095
Capital assets	6,495	13,404,699	13,411,194	52,250	9,311,166	9,363,416	52,250	6,782,368	6,834,618
Total assets	1,241,514	17,250,464	18,491,978	762,251	13,833,798	14,596,049	731,159	11,808,554	12,539,713
Current and other liabilities	191,093	2,932,167	3,123,260	267,220	3,609,034	3,876,254	391,536	4,398,996	4,790,532
Total liabilities	191,093	2,932,167	3,123,260	267,220	3,609,034	3,876,254	391,536	4,398,996	4,790,532
Net assets:									
Invested in capital assets, net of related debt	6,495	13,404,699	13,411,194	52,250	9,311,166	9,363,416	52,250	6,782,368	6,834,618
Unrestricted net assets	1,043,926	913,598	1,957,524	442,781	913,598	1,356,379	287,373	627,190	914,563
Total net assets	$ 1,050,421	$ 14,318,297	$ 15,368,718	$ 495,031	$ 10,224,764	$ 10,719,795	$ 339,623	$ 7,409,558	$ 7,749,181

Changes in Net Assets

A summary of NCTPA's Statement of Activities, recapping NCTPA's revenues earned during the fiscal years ended June 30, 2012, 2011, and 2010, and the expenses incurred are as follows:

	As of June 30, 2012			As of June 30, 2011			As of June 30, 2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:									
Program revenues:									
Fees, fines and charges for services	$ -	$ 1,088,876	$ 1,088,876	$ -	$ 978,625	$ 978,625	$ -	$ 892,871	$ 892,871
Operating grants and contributions	2,193,893	8,533,295	10,727,188	1,978,630	10,447,953	12,426,583	1,838,333	8,834,983	10,673,316
Capital grants and contributions	-	2,683,432	2,683,432	-	1,285,836	1,285,836	-	1,761,958	1,761,958
General revenues:									
Unrestricted interest and investment earnings	6,251	13,255	19,506	4,788	22,457	27,245	3,104	52,658	55,762
Miscellaneous	122,194	99	122,293	47,246	-	47,246	176,886	132,957	309,843
Total revenues	2,322,338	12,318,957	14,641,295	2,030,664	12,734,871	14,765,535	2,018,323	11,675,427	13,693,750
Expenses:									
Transportation Planning	1,766,948	-	1,766,948	1,875,256	-	1,875,256	1,831,456	-	1,831,456
Transit	-	8,225,424	8,225,424	-	9,919,665	9,919,665	-	9,478,552	9,478,552
Total expenses	1,766,948	8,225,424	9,992,372	1,875,256	9,919,665	11,794,921	1,831,456	9,478,552	11,310,008
Change in net assets	555,390	4,093,533	4,648,923	155,408	2,815,206	2,970,614	186,867	2,196,875	2,383,742
Net assets July 1, 2011	495,031	10,224,764	10,719,795	339,623	7,409,558	7,749,181	152,756	5,212,683	5,365,439
Net assets, ending	$ 1,050,421	$ 14,318,297	$ 15,368,718	$ 495,031	$ 10,224,764	$ 10,719,795	$ 339,623	$ 7,409,558	$ 7,749,181

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 decreased slightly from $1,875,256 in fiscal year 2010-2011 to $1,766,948 in fiscal year 2011-2012, a difference of $108,308 or 5.78%. The decrease is attributable to decreased costs associated with:

1. Administration Costs

   A decrease in spending on special studies and reports by $45,411 as well as decreased in spending for insurance, miscellaneous expenses, and administration costs of an additional $13,669.

2. Salary and Benefits

   A decrease in spending on salary and benefits for the Congestion Management Agency by $49,228. The decrease is accounted for by vacant positions unfilled for a brief period of time.

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 2011-2012, the level of this funding was $679,000.

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.

Currently, NCTPA has a net assets balance of $1,050,421 which is available 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 decreased from $9,919,665 in fiscal year 2010-2011 to $8,225,424 in fiscal year 2011-2012 which is an overall decrease of 20.60%. The difference is accounted for by increased vehicle fuel costs, increased purchased transportation services costs, and increased in the cost of supplies, offset by a decreased costs for rents and leases, marketing, vehicle maintenance, security, and general planning and administration.

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

- Transportation Development Act (TDA) funds
- Federal Transit Administration (FTA) funds
- Fare Revenues collected
- Various grants

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

BUDGETARY HIGHLIGHTS

NCTPA adopts an annual operating budget that includes proposed expenditures and the means of financing them. NCTPA's budget is adopted by the Board of Directors (Board) before June 30th of each year. Subsequent increases or decreases to the original budget must be approved by the Board. Page 43 provides a budget to actual comparison of the Governmental Fund.

For NCTPA's Governmental Fund, the budget for revenues was $2,834,200 and for expenditures was $2,834,200. When comparing actual expenditures and revenue to the final budget, NCTPA was within budget.

CAPITAL ASSETS

The governmental activities financial statements list capital assets at $6,495 and unrestricted net assets at $1,043,926. Capital assets in total are composed of a vehicle for agency use.

The business-type activities financial statements list capital assets at $13,404,699 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 for the future site of the Soscol Gateway Transit Center and associated construction in progress purchases. Construction of the transit center began in November 2011 and is expected to be completed in Spring 2013. Unrestricted net assets primarily represent the dollar amount to maintain the VINE fleet.

The major additions during the year included purchases of eight mid-sized public transit vehicles, six paratransit vehicles, rebuilt vehicle engines, bus shelters and passenger related amenities, facility repairs at the vehicle maintenance yard, and ongoing construction of the Soscol 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, 2012, NCTPA had debt for compensated absences in the amount of $41,990. 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 625 Burnell Street, Napa, CA 94559.

BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments in County Treasury	$ 782,935	$ 1,091,135	$ 1,874,070
Imprest Cash	300	-	300
Grants Receivable	399,992	1,718,688	2,118,680
Due from Other Government Agencies	28,119	679,266	707,385
Prepaid Expenses	23,673	7,787	31,460
Inventory	-	348,889	348,889
Capital Assets:			
Land	-	1,190,000	1,190,000
Construction in Progress	-	5,221,609	5,221,609
Capital Assets, Net of Accumulated Depreciation	6,495	6,993,090	6,999,585
Total Assets	$ 1,241,514	$ 17,250,464	$ 18,491,978
LIABILITIES			
Accounts Payable	$ 66,394	$ 998,290	$ 1,064,684
Accrued Salaries	61,883	-	61,883
Deferred Revenues	13,300	259,713	273,013
Due to Other Government Agencies	7,526	1,674,164	1,681,690
Compensated Absences	41,990	-	41,990
Total Liabilities	191,093	2,932,167	3,123,260
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,495	13,404,699	13,411,194
Unrestricted	1,043,926	913,598	1,957,524
Total Net Assets	1,050,421	14,318,297	15,368,718
Total Liabilities and Net Assets	$ 1,241,514	$ 17,250,464	$ 18,491,978

The accompanying notes are an integral part of these 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
Capital Assets, Net of Accumulated Depreciation	52,250	6,386,426	6,438,676
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 ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

		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	$ 1,766,948	$ -	$ 2,193,893	$ -	$ 426,945	$ -	$ 426,945
Business-Type Activities:							
Transit	8,225,424	1,088,876	8,533,295	2,683,432	-	4,080,179	4,080,179
Total Primary Government	$ 9,992,372	$ 1,088,876	$ 10,727,188	$ 2,683,432	426,945	4,080,179	4,507,124
		General Revenues					
		Unrestricted Interest and Investment Earnings			6,251	13,255	19,506
		Miscellaneous			122,194	99	122,293
		Change in Net Assets			555,390	4,093,533	4,648,923
		Net Assets July 1, 2011			495,031	10,224,764	10,719,795
		Net Assets June 30, 2012			$ 1,050,421	$ 14,318,297	$ 15,368,718

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.

FUND FINANCIAL STATEMENTS

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
BALANCE SHEETS
PLANNING FUND
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 782,935	$ 440,611
Imprest Cash	300	300
Grants Receivable	399,992	170,371
Due from Other Government Agencies	28,119	45,813
Net OPEB Asset	-	22,000
Prepaid Expenses	23,673	30,906
Total Current Assets	1,235,019	710,001
Total Assets	$ 1,235,019	$ 710,001
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 66,394	$ 119,852
Accrued Salaries and Benefits	61,883	-
Deferred Revenue	13,300	65,000
Due to Other Governments	7,526	5,067
Deposits	-	-
Total Current Liabilities	149,103	189,919
Total Liabilities	149,103	189,919
FUND BALANCE		
Unassigned	1,085,916	520,082
Total Fund Balance	1,085,916	520,082
Total Liabilities and Fund Balance	$ 1,235,019	$ 710,001

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
RECONCILIATION OF THE PLANNING FUND
BALANCE SHEETS TO THE STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND 2011

	2012	2011
Total Fund Balance - Governmental Fund	$ 1,085,916	$ 520,082
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. The cost of assets were $27,214 and $61,948 and the accumulated depreciation was $20,719 and $9,698 at June 30, 2012 and 2011, respectively.	6,495	52,250
Compensated Absence Liability is not reported in the Governmental Fund.	(41,990)	(77,301)
Total Net Assets - Governmental Activities	$ 1,050,421	$ 495,031

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
PLANNING FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Revenues		
Local Transportation Fund Allocation	$ 996,900	$ 799,000
Federal Highway Allocations	1,022,008	956,672
Programming Planning and Monitoring	24,000	24,000
Other Grants	85,780	183,829
Local Support	65,205	15,129
Interest	6,251	4,788
Other Revenues	122,194	47,246
Total Revenues	2,322,338	2,030,664
Expenditures		
Communications	6,168	-
Insurance	29,085	40,793
Office Expense	28,657	22,728
Rents and Leases	71,782	52,944
Transportation	4,850	4,085
Salary and Benefits	1,075,307	1,124,535
Miscellaneous Expense	15,556	55,218
Professional Services	525,099	570,510
Total Expenditures	1,756,504	1,870,813
Net Change in Fund Balance	565,834	159,851
Fund Balance, Beginning of Year	520,082	360,231
Fund Balance, End of Year	$ 1,085,916	$ 520,082

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 PLANNING FUND TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Net Change in Fund Balance - Governmental General Fund	$ 565,834	$ 159,851
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	6,495	-
Disposal of donated capital assets decreases 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). The difference between the amounts earned and benefits paid was:	35,311	(4,443)
Total Change in Net Assets - Governmental Activities	$ 555,390	$ 155,408

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENTS OF FUND NET ASSETS
TRANSIT FUND
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 1,091,135	$ 2,059,566
Grants Receivable	1,718,688	1,564,955
Due from Other Government Agencies	679,266	545,316
Prepaid Expenses	7,787	3,906
Inventory	348,889	348,889
Total Current Assets	3,845,765	4,522,632
Noncurrent Assets		
Land	1,190,000	1,190,000
Capital Assets, Net of Accumulated Depreciation	12,214,699	8,121,166
Total Noncurrent Assets	13,404,699	9,311,166
Total Assets	$ 17,250,464	$ 13,833,798
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 998,290	$ 621,845
Deferred Revenue	259,713	410,566
Due to Other Government Agencies	1,674,164	2,576,623
Total Current Liabilities	2,932,167	3,609,034
Total Liabilities	2,932,167	3,609,034
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	13,404,699	9,311,166
Unrestricted	913,598	913,598
Total Net Assets	14,318,297	10,224,764
Total Liabilities and Net Assets	$ 17,250,464	$ 13,833,798

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
TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Operating Revenues		
Farebox Revenues	$ 1,088,876	$ 978,625
Total Operating Revenues	1,088,876	978,625
Operating Expenses		
Marketing	99,855	132,088
Vehicle Maintenance	418	16,286
Other Maintenance	5,295	2,800
Fuel and Lubricants	1,078,565	951,667
Insurance	9,691	2,793
Planning and Administration	-	725
Security	11,012	13,368
Services	43,608	283,157
Supplies	212,196	29,769
Purchased Transportation	5,606,912	5,398,264
Rents and Leases	48,142	100,483
Utilities	3,707	-
Miscellaneous	12,145	758
Depreciation	830,615	810,220
Personnel Costs	263,263	253,023
Total Operating Expenses	8,225,424	7,995,401
Operating Loss	(7,136,548)	(7,016,776)
Nonoperating Revenue (Expenses)		
Local Transportation Funds	5,203,356	4,352,101
State Transit Assistance	1,194,231	485,855
Federal Transit Assistance - Operating	1,617,266	1,462,619
Other Federal Grants	303,252	3,757,377
Other Operating Grants	1,889,354	390,001
Interest Income	13,255	22,457
Other Revenues	99	-
Loss from Disposal of Property (Note 18)	-	(1,924,264)
Returned LTF Allocations	(1,674,164)	-
Total Nonoperating Revenue	8,546,649	8,546,146
Change in Net Assets Before Contributions	1,410,101	1,529,370
Capital Contributions		
Federal Transit Assistance	86,604	864,681
Local Transportation Funds	2,596,828	421,155
Change in Net Assets	4,093,533	2,815,206
Net Assets, Beginning of Year	10,224,764	7,409,558
Net Assets, End of Year	$ 14,318,297	$ 10,224,764

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

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
STATEMENTS OF CASH FLOWS
TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Passengers	$ 1,088,876	$ 986,151
Cash Payments for General and Administrative Expenses	(647,865)	(522,421)
Cash Payments to Suppliers for Operations	(6,525,232)	(8,244,304)
Net Cash Used in Operating Activities	(6,084,221)	(7,780,574)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Local Transportation Fund	4,875,307	5,621,943
Federal Operating Grants	1,462,619	2,057,674
State Transit Assistance	1,402,847	864,935
Other Federal Grants	230,649	3,767,936
Other Operating Grants	1,958,744	412,547
Other Revenues	9,914	29,629
Net Cash Provided by Noncapital Financing Activities	9,940,080	12,754,664
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	86,604	864,681
Payments for the acquisition of Capital Assets	(4,924,149)	(5,263,282)
Net Cash Used in Capital and Related Financing Activities	(4,837,545)	(4,398,601)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	13,255	22,457
Net Increase (Decrease) in Cash and Cash Equivalents	(968,431)	597,946
Cash and Investments in County Treasury at Beginning of Year	2,059,566	1,461,620
Cash and Investments in County Treasury at End of Year	$ 1,091,135	$ 2,059,566

RECONCILIATION OF OPERATING LOSS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	2012	2011
Operating Loss	$ (7,136,548)	$ (7,016,776)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	830,616	810,220
Changes in Assets and Liabilities:		
Decrease in Receivables	-	7,526
Decrease in Deposits	-	9,829
(Decrease) in Deferred Revenue	(150,853)	(1,744,190)
(Increase) Decrease in Prepaid Expenses	(3,881)	8,927
Increase (Decrease) in Accounts Payable and Accrued Expenses	376,445	143,890
Net Cash Used in Operating Activities	$ (6,084,221)	$ (7,780,574)

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, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 739,614	$ 819,091
Due from Other Government Agencies	96,138	93,453
Total Current Assets	835,752	912,544
Total Assets	$ 835,752	$ 912,544
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 8,650	$ -
Due to Other Governments	10,298	-
Total Current Liabilities	18,948	-
Total Liabilities	18,948	-
NET ASSETS		
Net Assets Held in Trust for Other Purposes	816,804	912,544
Total Net Assets	816,804	912,544
Total Liabilities and Net Assets	$ 835,752	$ 912,544

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, 2012 AND 2011

	2012	2011
ADDITIONS		
Aid from Other Governmental Agencies	$ 387,115	$ 316,810
Interest Income	5,454	7,008
Total Additions	392,569	323,818
DEDUCTIONS		
Program Expenses	488,309	323,480
Total Deductions	488,309	323,480
CHANGE IN NET ASSETS	(95,740)	338
Net Assets, Beginning of Year	912,544	912,206
Net Assets, End of Year	$ 816,804	$ 912,544

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 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Basis of Presentation (Continued)

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

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

Fund Financial Statements

The fund financial statements provide information about NCTPA's funds, including fiduciary funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds. For the years ended June 30, 2012 and June 30, 2011, 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	20 years
Vehicles	3-5 years
Equipment	5 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 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. Future Governmental Accounting Standards Board 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. GASB Statement No. 61 will not have an effect on NCTPA's financial statements.

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 Standard Board (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 codifies what is in 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. NCTPA is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets liabilities. This statement is effective for periods beginning after December 15, 2012, although earlier application is encouraged. GASB Statement No. 65 will not have an effect on NCTPA's financial statements.

GASB Statement No. 66 – *Technical Corrections 2012—An Amendment of GASB Statements No. 10 and No. 62* improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This statement is effective for periods beginning after December 15, 2012, although earlier application is encouraged. GASB Statement No. 66 will not have an effect on NCTPA's financial statements.

GASB Statement No. 67 – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* improves financial reporting by state and local governmental pension plans. This Statement results from a compressive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, an creating additional transparency. This statement is effective for periods beginning after June 15, 2013, although earlier application is encouraged. GASB Statement No. 67 will not have an effect on NCTPA's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Future Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 68 – *Financial Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* improves financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement is effective for periods beginning after June 15, 2014, although earlier application is encouraged. NCTPA is assessing, but has not yet determined, the effects the implementation of this standard will have on the financial statements.

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

General

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.

Cash and investments consisted of the following at June 30, 2012 and 2011:

	June 30, 2012			
	Governmental Funds	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	$ 3,382	$ -	$ 3,382	$ -
Pooled Investments	779,853	1,091,135	1,870,988	739,614
	$ 783,235	$ 1,091,135	$ 1,874,370	$ 739,614

	June 30, 2011			
	Governmental Funds	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	$ 2,953	$ -	$ 2,953	$ -
Pooled Investments	437,958	2,059,566	2,497,524	819,091
	$ 440,911	$ 2,059,566	$ 2,500,477	$ 819,091

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, 2012 and 2011.

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

General (Continued)

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, 2012 and 2011, 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.

Concentration of credit risk

At June 30, 2012 and 2011, 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.

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

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, 2012 and 2011:

	2012	2011
Federal (FTA)		
Capital	$ 72,603	$ -
Operating	1,969,258	1,608,990
State		
STA	160,091	-
Grants - Capital	68,585	413,292
Grants - Operating	32,946	102,336
State - Other	3,220	9,903
Local		
LTF	462,538	114,284
Cities and Country	51,925	77,650
Local - Other	101,037	93,453
Total	$ 2,922,203	$ 2,419,908

NOTE 3 – DUE FROM OTHER GOVERNMENTAL AGENCIES (Continued)

Reconciliation to Financial Statements		2012	2011
Planning fund	Grants Receivable	$ 399,992	$ 170,371
Planning fund	Due from Other Gov Agencies	28,119	45,813
Transit	Grants Receivable	1,718,688	1,564,955
Transit	Due from Other Gov Agencies	679,266	545,316
Fiduciary	Due from Other Gov Agencies	96,138	93,453
		$ 2,922,203	$ 2,419,908

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Disposals	Balance June 30, 2012
Governmental Activities:				
Capital Assts, Not Being Depreciated				
Donated Assets - Not in Service	$ 52,250	$ -	$ (52,250)	$ -
Capital Assets, Being Depreciated				
Vehicles & Equipment	9,698	17,516	-	27,214
Less Accumulated Depreciation for:				
Vehicles & Equipment	(9,698)	(11,021)	-	(20,719)
Governmental Activities Capital Assets, Net	$ 52,250	$ 6,495	$ (52,250)	$ 6,495
Business-Type Activities:				
Capital Assts, Not Being Depreciated				
Land	$ 1,190,000	$ -	$ -	$ 1,190,000
Construction in Progress	1,734,740	3,486,869	-	5,221,609
Total Capital Assets, Not Being Depreciated	2,924,740	3,486,869	-	6,411,609
Capital Assets, Being Depreciated:				
Vehicles and Equipment	10,880,134	1,437,280	-	12,317,414
Less Accumulated Depreciation for:				
Vehicles and Equipment	(4,493,708)	(841,637)	11,021	(5,324,324)
Total Capital Assets, Being Depreciated, Net	6,386,426	595,643	11,021	6,993,090
Business-Type Activities, capital Assets, Net	$ 9,311,166	$ 4,082,512	$ 11,021	$ 13,404,699

Depreciation expense for the year ended June 30, 2012, was $841,637.

NOTE 4 – CAPITAL ASSETS (Continued)

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

	Balance July 1, 2010	Additions	Disposals	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 5 – COMPENSATED ABSENCES

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

	2012	2011
Beginning Balance July 1	$ 77,301	$ 72,858
Additions	13,903	13,322
Reductions	(49,214)	(8,879)
Ending Balance June 30	$ 41,990	$ 77,301
Amounts Due Within 1 Year	$ 41,990	$ 77,301

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, 2012, are as follows:

Year Ending June 30,		
2013	$	3,855
2014		1,439
2015		1,439
2016		-
Total	$	6,733

Rent expenditures were $119,924 and $153,427 for the years ended June 30, 2012 and 2011, respectively.

NOTE 7 – DUE TO OTHER GOVERNMENTAL AGENCIES

Business-Type Activities – Due to LTF

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

It is the current practice of the MTC to have excess revenue returned to the funding agency. There were excess revenues of $1,674,163 and ($110,574) at June 30, 2012 and 2011, respectively. NCTPA returned $0 and $2,576,623 of excess capital funds not used for its intended purpose during the years ended June 30, 2012 and 2011, respectively. Money returned to LTF will be reallocated for future capital purchases.

NOTE 7 – DUE TO OTHER GOVERNMENTAL AGENCIES (Continued)

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

	2012	2011
Balance - Beginning of Year	$ 2,576,623	$ 1,766,285
Local Transportation Funds - Operating	5,203,356	4,241,527
Local Transportation Funds - Capital	2,596,828	421,155
Total Local Transportation Funds	7,800,184	4,662,682
Operating Expenses	8,225,424	7,995,400
Adjustments:		
Add Back Depreciation	(830,615)	(810,220)
Farebox Revenues	(1,088,876)	(978,625)
State Transit Assistance	(1,194,231)	(485,855)
Other Revenues	(1,889,453)	(1,141,703)
Interest Income	(13,255)	(22,457)
FTA Grant Revenues	(1,617,266)	(5,332,379)
Other Federal Grants	(389,856)	(596)
Capital Asset Purchases	4,924,149	5,549,691
Net Operating Expenses	6,126,021	4,773,256
Net Increase	1,674,163	(110,574)
Reclassification from Deferred Revenue	-	920,912
Return of LTF Capital	(2,576,622)	-
Balance - End of Year	$ 1,674,164	$ 2,576,623

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

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

During the fiscal years ended June 30, 2012, NCTPA received for $178,743 in PTMISEA funds for replacement vehicles. The check for $178,743 was received by NCTPA on June 13, 2012, at which time interest began to accumulate.

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 was recorded as a receivable until such time until the State of California sells the bonds to fund the award. The check for $389,292 was received by NCTPA on October 26, 2011, at which time interest began to accumulate. The paratransit vehicles were purchased on June 8, 2012 and a partial payment was made for passenger amenities on June 20, 2012.

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

As of June 30, 2012 and 2011, PTMISEA funds received and expended were verified in the course of our audit as follows:

	2012	2011
Balance - Beginning of Year	$ 389,292	$ 389,292
Receipts:		
Receipts Deposited	178,743	-
Interest Accrued	1,625	-
Expenses:		
Transit Capital	(327,329)	-
Balance - End of Year	$ 242,331	$ 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, 2012 and 2011, as follows:

	2012	2011
Proprietary Fund		
FTA - Capital Grant	$ -	$ 6,990
Bus Amenities	-	10,740
Prop 1B - Operating Funds	242,278	389,292
Cal-EMA Capital Grants	16,903	-
Pass Sales	-	3,544
Regional Measure 2 Capital Grant	532	-
Total Deferred Revenues - Proprietary Fund	$ 259,713	$ 410,566
Government Fund		
County of Napa - Sub-RHNA	$ 13,300	$ 65,000
Total Deferred Revenues - Government Fund	$ 13,300	$ 65,000

NCTPA received grants from various sources. At June 30, 2012 and 2011, 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.

NOTE 10 – AGREEMENTS AND COMMITMENTS (Continued)

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. Employees joining the plan after May 21, 2011 will join into Tier 2, while all existing employees remain in Tier 1.

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. For Tier 1, the employee's contribution rate was 8% and NCTPA's contribution rates were 13.307% and 8% at June 30, 2012 and 2011, respectively. For Tier 2, the employee's contribution rate was 7% and NCTPA's contribution rates were 7.846% and 7.733% at June 30, 2012 and 2011, 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 years ended June 30, 2012 and 2011, NCTPA's annual pension cost of $108,131 and $68,258, respectively, for CalPERS was equal to NCTPA's required and actual contributions. The required contributions were determined as part of the June 30, 2010 and 2011, actuarial valuations 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
6/30/2012	$ 108,131	100%	$ -
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
6/30/2009	$ 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%
6/30/2011	$ 1,724,200,585	$ 2,135,350,204	$ 411,149,619	80.7%	$ 350,121,750	117.4%

* 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, 2012, 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 50^{th} percentile return.

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 1 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 2011-12, 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, 2012, were as follows:

	2012	2011
Annual required contribution	$ 22,000	$ 22,000
Annual OPEB cost	22,000	22,000
Contributions made	-	-
Change in net OPEB obligation	22,000	22,000
Net OPEB asset, beginning of year	(22,000)	(44,000)
Net OPEB asset, end of year	$ -	$ (22,000)

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
6/30/2012	$ 22,000	$ -	0%	$ -
6/30/2011	$ 22,000	$ -	0%	$ (22,000)

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2012, 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 2011-2012, 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, and the actuarial value of assets was $77,000 resulting in an unfunded actuarial accrued liability of $1,000. The covered payroll (annual payroll of active employees covered) was $993,000.

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.

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

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. NCTPA 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 6.25% discount rate (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 4.5% 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, 2012 and 2011, NCTPA paid to the County, a related party the following amounts:

	2012	2011
Accounting and Legal Services	$ 147,361	$ 125,600
Other Services and Supplies	85,553	43,473
Total Related Party Transactions	$ 232,914	$ 169,073

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, 2012 and 2011, were 16.52% and 16.13%, respectively, as follows:

June 30, 2012			
Article 4	Total Article 4 Services	VINE	ACT
Farebox Subject to Farebox Ratio	$ 874,318	$ 840,024	$ 34,294
Operating Cost, Net of Depreciation and Insurance	$ 5,290,913	$ 4,935,617	$ 355,296
Farebox Ratio	16.52%		

June 30, 2011			
Article 4	Total Article 4 Services	VINE	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%		

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, 2012, NCTPA was in compliance with the minimum farebox ratio required of 16% for Article 4 transit operations. For the fiscal year ended June 30, 2011, NCTPA was 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, 2012 and 2011, for Article 8 transit operations were 11.50% and 12.23%, respectively, as follows:

June 30, 2012			
Article 8	Total Article 8 Services	Taxi & VINE GO	Calistoga, Yountville, and St. Helena
Farebox Subject to Farebox Ratio	$ 213,318	$ 155,050	$ 58,268
Operating Cost, Net of Depreciation and Insurance	$ 1,855,562	$ 1,311,885	$ 543,677
Farebox Ratio	11.50%		

June 30, 2011			
Article 8	Total Article 8 Services	Taxi & VINE GO	Calistoga, Yountville, and St. Helena
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%		

For the fiscal years ended June 30, 2012 and 2011, 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 30, 2012, expenditures exceeded appropriations in the Planning fund as follows:

Appropriations Category		Excess Expenditures 2012	Excess Expenditures 2011
Planning Fund:	Communications	$ 668	$ -
	Insurance	4,085	1,879

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 Soscol Gateway Transit Center. A non-cash charge of $1,924,264 was taken for the disposal of this property.

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 19, 2012, which is the date the financial statements were available to be issued.

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Local Transportation Fund Allocation	$ 996,900	$ 996,900	$ 996,900	$ -
Programming, Planning and Monitoring	24,000	24,000	24,000	-
Federal Highway Allocations	800,000	800,000	1,022,008	222,008
Federal Transit Administration 5303 Planning Grant	200,000	200,000		(200,000)
Other Grants	745,300	745,300	85,780	(659,520)
Local Support	65,000	65,000	65,205	205
Interest	3,000	3,000	6,251	3,251
Other Revenues	-	-	122,194	122,194
Total Revenues	2,834,200	2,834,200	2,322,338	(511,862)
Expenditures				
Communications	5,500	5,500	6,168	(668)
Insurance	25,000	25,000	29,085	(4,085)
Office Expense	48,700	48,700	28,657	20,043
Rents and Leases	77,000	77,000	71,782	5,218
Transportation	17,000	17,000	4,850	12,150
Salary and Benefits	1,307,400	1,307,400	1,075,307	232,093
Miscellaneous Expense	82,789	82,789	15,556	67,233
Professional Services	1,270,811	1,270,811	525,099	745,712
Total Expenditures	2,834,200	2,834,200	1,756,504	1,077,696
Net Change in Fund Balance	-	-	565,834	565,834
Fund Balance, Beginning of Fiscal Year	520,082	520,082	520,082	-
Fund Balance, End of Fiscal Year	$ 520,082	$ 520,082	$ 1,085,916	$ 565,834

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 FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2012

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%

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, 2012

	Abandoned Vehicle Abatement	Air Quality Management	Total
ASSETS			
Current Assets			
Cash and Investments in County Treasury	$ 43,404	$ 696,210	$ 739,614
Due from Other Government Agencies	-	96,138	96,138
Total Current Assets	43,404	792,348	835,752
Total Assets	$ 43,404	$ 792,348	$ 835,752
LIABILITIES			
Current Liabilities			
Accounts Payable	$ -	$ 8,650	$ 8,650
Due to Other Governments	-	10,298	10,298
Total Current Liabilities	-	18,948	18,948
Total Liabilities	-	18,948	18,948
NET ASSETS			
Net Assets Held in Trust for Other Purposes	43,404	773,400	816,804
Total Net Assets	43,404	773,400	816,804
Total Liabilities and Net Assets	$ 43,404	$ 792,348	$ 835,752

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 CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Abandoned Vehicle Abatement	Air Quality Management	Total
ADDITIONS			
Aid from Other Governmental Agencies	$ 129,357	$ 257,758	$ 387,115
Interest Income	245	5,209	5,454
Total Additions	129,602	262,967	392,569
DEDUCTIONS			
Program Expenses	150,265	338,044	488,309
Total Deductions	150,265	338,044	488,309
CHANGE IN NET ASSETS	(20,663)	(75,077)	(95,740)
Net Assets, Beginning of Year	64,067	848,477	912,544
Net Assets, End of Year	$ 43,404	$ 773,400	$ 816,804

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
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2012

	VINE GO	VINE	Taxi	American Transit	Yountville
Operating Revenues:					
Farebox Revenues	$ 87,837	$ 841,264	$ 67,213	$ 34,294	$ 19,660
Operating Expenses:					
Marketing	-	91,143	-	196	-
Vehicle Maintenance	-	418	-	-	-
Other Maintenance	-	5,295	-	-	-
Fuel and Lubricants	145,229	821,054	-	70,239	13,306
Insurance	-	9,691	-	-	-
Security	-	11,012	-	-	-
Services	4,871	35,387	833	553	990
Supplies	125	52,145	3,613	154,261	100
Purchased Transportation	996,502	3,745,457	123,176	276,202	178,276
Rents and leases	6,768	26,710	3,384	4,512	2,256
Utilities	-	3,707	-	-	-
Miscellaneous Expense	-	700	-	-	-
Depreciation	88,014	661,532	-	8,665	1
Personnel Costs	21,488	230,126	5,896	439	1,218
Total Operating Expenses	1,262,997	5,694,377	136,902	515,067	196,147
Operating Loss	(1,175,160)	(4,853,113)	(69,689)	(480,773)	(176,487)
Nonoperating Revenues (Expenses):					
Local Transportation Funds	859,343	3,620,384	1,111	266,602	288,287
State Transit Assistance	463,848	418,504	-	210,885	54,398
FTA Grant Revenues - Operating	151,685	1,087,180	-	113,400	98,333
Other Federal Grants	-	303,252	-	-	-
Other Operating Grants	342,550	1,292,550	-	-	-
Interest Income	1,214	7,616	1,376	424	680
Other Revenues	-	99	-	-	-
Returned LTF Allocations	(274,790)	(1,167,981)	(355)	(85,251)	(92,185)
Total Nonoperating Revenues	1,543,850	5,561,604	2,132	506,060	349,513
Change in Net Assets Before Contributions	368,690	708,491	(67,557)	25,287	173,026
Capital Contributions:					
Federal Transit Assistance	-	86,604	-	-	-
Local Transportation Funds	23,508	2,495,002	-	30,221	15,156
Change in Net Assets	392,198	3,290,097	(67,557)	55,508	188,182
Net Assets, Beginning of Year	52,807	10,581,189	65,255	(218,761)	(127,333)
Net Assets, End of the Year	$ 445,005	$ 13,871,286	$ (2,302)	$ (163,253)	$ 60,849

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, 2012

	St. Helena	Downtown Trolley	Calistoga	Totals
Operating Revenues:				
Farebox Revenues	$ 18,272	$ -	$ 20,336	$ 1,088,876
Operating Expenses:				
Marketing	-	-	8,516	99,855
Vehicle Maintenance	-	-	-	418
Other Maintenance	-	-	-	5,295
Fuel and Lubricants	20,957	-	7,780	1,078,565
Insurance	-	-	-	9,691
Security	-	-	-	11,012
Services	589	-	385	43,608
Supplies	1,645	-	307	212,196
Purchased Transportation	136,528	-	150,771	5,606,912
Rents and Leases	2,256	-	2,256	48,142
Utilities	-	-	-	3,707
Miscellaneous Expense	-	-	11,445	12,145
Depreciation	20,571	39,748	12,084	830,615
Personnel Costs	200	-	3,896	263,263
Total Operating Expenses	182,746	39,748	197,440	8,225,424
Operating Loss	(164,474)	(39,748)	(177,104)	(7,136,548)
Nonoperating Revenues (Expenses):				
Local Transportation Funds	48,319	-	119,310	5,203,356
State Transit Assistance	46,596	-	-	1,194,231
FTA Grant Revenues - Operating	88,334	-	78,334	1,617,266
Other Federal Grants	-	-	-	303,252
Other Operating Grants	127,127	-	127,127	1,889,354
Interest Income	1,171	-	774	13,255
Other Revenues	-	-	-	99
Returned LTF Allocations	(15,451)	-	(38,151)	(1,674,164)
Total Nonoperating Revenues	296,096	-	287,394	8,546,649
Change in Net Assets Before Contributions	131,622	(39,748)	110,290	1,410,101
Capital Contributions:				
Federal Transit Assistance	-	-	-	86,604
Local Transportation Funds	16,470	-	16,471	2,596,828
Change in Net Assets	148,092	(39,748)	126,761	4,093,533
Net Assets, Beginning of Year	(61,502)	(188,136)	121,245	10,224,764
Net Assets, End of the Year	$ 86,590	$ (227,884)	$ 248,006	$ 14,318,297

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

SINGLE AUDIT REPORT

JUNE 30, 2012

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Transportation			
Direct Programs:			
Federal Transit Administration	20.507*	CA-90-Y501	$ 31,261
Federal Transit Administration	20.507*	CA-90-Y321	55,343
Federal Transit Administration	20.507*	CA-90-Y977	1,442,265
Federal Transit Administration-ARRA	20.507*	CA-96-X069	303,252
Total Direct Programs			1,832,121
Passed through Metropolitan Transportation Commission			
Highway Planning and Construction	20.205	--	1,022,008
Federal Transit Administration	20.205	04-6429R	71,479
Federal Transit Administration	20.516	640668	3,220
Operating Fiscal Year 2012 Regular Sec. 5311	20.509*	642153	175,001
Capital Fiscal Year 2012 Regular Sec. 5311	20.509*	641003	254,254
Total Metropolitan Transportation Commission			503,954
Total U.S. Department of Transportation			3,358,083
Total Expenditures of Federal Awards			$ 3,358,083

* Major Program

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

OTHER REPORTS

BROWN ARMSTRONG
ARMSTRONG

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North America

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, 2012 and 2011, and have issued our report thereon dated December 19, 2012. 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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 19, 2012

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North America

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

BROWN ARMSTRONG

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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 years ended June 30, 2012, NCTPA received for $178,743 in PTMISEA funds for replacement vehicles. The check for $178,743 was received by NCTPA on June 13, 2012, at which time interest began to accumulate.

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 was recorded as a receivable until such time until the State of California sells the bonds to fund the award. The check for $389,292 was received by NCTPA on October 26, 2011, at which time interest began to accumulate. The paratransit vehicles were purchased on June 8, 2012 and a partial payment was made for passenger amenities on June 20, 2012.

As of June 30, 2012 and 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, 2012

Description	Amount
Balance – Beginning of Year	$ 389,292
Receipts:	
Receipts Deposited	178,843
Interest Accrued	1,625
Expenses:	
Transit Capital	(327,329)
Balance – End of Year	$ 242,331

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
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Brown Armstrong
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Bakersfield, California
December 19, 2012

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Napa County Transportation and Planning Agency
Napa, California

We have audited the 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 as of and for the year ended June 30, 2012, which collectively comprise Napa County Transportation and Planning Agency's financial statements and have issued our report thereon dated December 19, 2012. 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.

Internal Control Over Financial Reporting

Management of Napa County Transportation Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Napa County Transportation and Planning Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Napa County Transportation and Planning Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Napa County Transportation and Planning Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, others within Napa County Transportation Agency, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
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Brown Armstrong
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Bakersfield, California
December 19, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Napa County Transportation and Planning Agency
Napa, California

<u>Compliance</u>

We have audited the Napa County Transportation and Planning Agency's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Napa County Transportation and Planning Agency's major federal programs for the year ended June 30, 2012. Napa County Transportation and Planning Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 a major federal program occurred. 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 those 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, Napa County Transportation and Planning Agency complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Napa County Transportation and Planning Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Napa County Transportation and Planning Agency's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Napa County Transportation and Planning Agency's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Napa County Transportation and Planning Agency's response to the finding identified in our prior year audit is described in the accompanying schedule of findings and questioned costs. We did not audit Napa County Transportation and Planning Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Napa County Transportation and Planning Agency's Board of Directors and state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 19, 2012

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I

Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:	Unqualified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal controls over major program:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses	No
2. Type of auditor's report issued on compliance for major program:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)?	No
4. Identification of major program:	

CFDA Number	Name of Federal Program
20.507	Federal Transit Administration-Formula Grant
20.509	Nonurbanized Area Formula Program

5. Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	No

SECTION II

Financial Statement Findings

No matters were reported.

SECTION III

Federal Award Findings and Questioned Costs

No matters were reported.

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Finding 2011-1

Criteria
Federal guidelines require that entities receiving Federal Funding must have adequate internal controls over allocating expenditures to each specific grant.

Condition
Under the payroll expenditures for which federal reimbursement was not claimed because the full amount of the Highway Planning grant, payroll hours were calculated incorrectly for reimbursement from the grant. We discovered two (2) instances where the manual task of pulling hours from the timesheets to the request for federal reimbursement was performed incorrectly. In both instances, the manual process incorrectly double counted a few hours charged to the grant.

Context
Per discussion with management, there are other allowable payroll expenses that could have been claimed in place of the over counted hours; the other payroll expenses hadn't been claimed because the entire federal award had already been claimed. Nonetheless, this is still a deficiency in internal controls associated with allocating expenses to specific grants.

Effect
The effect of this deficiency is that internal controls failed to prevent or detect the duplicate counting of certain payroll hours. If expenditures are not accurately tracked and recorded in accordance with federal guidelines, the Agency may not be reimbursed for related expenditures.

Cause
Hours worked are recorded on the timesheet by the employee. Timesheet are signed off by employee and supervisor. One person then reviews all timesheets on a quarterly basis and imputes the appropriate hours into an excel sheet for reimbursement. This is a chance for incorrect transferring of time or miscalculation of time.

Recommendation
Recommended that the input into excel is double checked by another staff.

Views of Responsible Officials
Discussed the finding with Antonio Onorato, Manager of Finance, on November 2, 2011, he agreed that errors were from a double count of time. He stated in the 2011-12 fiscal year they are using a new system were the time automatically pulls from the timesheet. He will no longer have to transfer the time to another document by hand. This should eliminate this error.

Current Year Status
Payroll is now being handled by Napa County, which has an electronic system. There is no longer a problem with calculating incorrectly.

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To the Board of Directors
Napa County Transportation & Planning Agency

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Napa County Transportation & Planning Agency for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards,* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 27, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Napa County Transportation & Planning Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2012. We noted no transactions entered into by Napa County Transportation & Planning Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimate of Postemployment Benefits Other Than Pensions (OPEB) is based on the most recent actuarial study prepared as of June 30, 2011. We evaluated the key factors and assumptions used to develop the Annual OPEB Cost in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements except for estimated OPEB amortization. Management has

determined that the affects of this uncorrected difference is immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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

Management Representations
We have requested certain representations from management that are included in the management representation letter dated December 19, 2012.

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

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Napa County Transportation & Planning Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. The matter discussed in the attached page was identified during our audit and discussed with management.

Other Matters
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

****

This information is intended solely for the use of the Board of Directors and management of Napa County Transportation & Planning Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION
Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 19, 2012

Capital Asset Tracking Procedures

In Governmental Funds, only current assets are reported. The costs of capital assets are reported in the period when the assets are acquired. In the statement of net assets, all assets are reported, including capital assets and depreciation and costs of capital assets are allocated over their estimated useful lives as depreciation expense. During our audit of capital assets, we noted capital assets purchased in Napa County Transportation & Planning Agency's Governmental Fund were not tracked and appropriately reported in the statement of net assets.

While Napa County Transportation & Planning Agency has a system in place to track all capital assets in the Proprietary Fund, proper procedures are not in place to track Governmental Fund capital expenditures and appropriately record them in the Statements of Net Assets.

Without proper procedures in place to track all capital assets in the Governmental Funds, total assets may be understated in the Statement of Net Assets and expenses overstated in the Statement of Activities in the year the related assets are acquired.

Recommendation

We recommend that Napa County Transportation & Planning Agency adopt procedures to ensure all capital expenditures in excess of $5,000 per agency policy are accurately tracked and reported in the Statement of Net Assets.

Management Response

Napa County Transportation & Planning Agency Management concurs with the recommendation and will put a system in place to track government fund capital expenditures similar to the Proprietary Fund.