NVTA

NAPA VALLEY TRANSPORTATION AUTHORITY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NAPA VALLEY TRANSPORTATION AUTHORITY
JUNE 30, 2017 AND 2016

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 Valley Transportation Authority (NVTA), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise NVTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 NVTA as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for the other post-employment benefits (OPEB) plan, schedule of NVTA's proportionate share of the net pension liability, and schedule of contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017, on our consideration of NVTA'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* in considering NVTA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 18, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Napa Valley Transportation Authority's (NVTA) annual financial report presents our discussion and analysis of NVTA's financial performance during the years that ended on June 30, 2017 and 2016. It should be read in conjunction with the basic financial statements contained in the independent auditor's report.

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

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

Financial Highlights

- At the close of the fiscal year 2016-2017, total assets and deferred outflows of resources of NVTA exceeded liabilities and deferred inflows of resources of NVTA by $31,868,553. Of this amount, $27,842,414 is the net investment in capital assets. The remaining $4,026,139 represents unrestricted Net Position.
- As of June 30, 2017, NVTA's governmental fund reported an ending fund balance of $2,046,804 or 53% of total governmental fund expenditures.
- Capital contributions in the form of grants from the Federal and State governments decreased from $7,167,164 in fiscal year 2015-2016 to $3,683,258 in fiscal year 2016-2017 and were used to purchase real estate parcels for a new bus maintenance facility, three (3) paratransit vehicles, and transit related equipment.
- NVTA continues to improve operation performance, compliance, and accountability during fiscal year 2016-2017 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 NVTA's financial position and activity.

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

- The remaining statements are *fund* financial statements that focus on individual parts of NVTA's organization. These statements report NVTA's financial position and activity. The annual report also includes notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that includes budgetary comparison information for NVTA's governmental fund.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Financial Analysis of NVTA

Net Position

The governmental activities Net Position increased by $1,378,620 due to revenue in excess of expenditures. The business-type activities Net Position increased $833,154. The result is an overall increase in Net Position of $2,211,774 or 7%.

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

	As of June 30, 2017			As of June 30, 2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 2,500,836	$ 5,166,029	$ 7,666,865	$ 3,844,357	$ 7,157,991	$ 11,002,348
Capital assets	17,438	27,824,976	27,842,414	58,898	27,066,353	27,125,251
Total assets	2,518,274	32,991,005	35,509,279	3,903,255	34,224,344	38,127,599
Deferred outflows of resources	461,676	-	461,676	337,737	-	337,737
Current and other liabilities	851,567	3,169,256	4,020,823	3,427,469	5,235,749	8,663,218
Total liabilities	851,567	3,169,256	4,020,823	3,427,469	5,235,749	8,663,218
Deferred inflows of resources	81,579	-	81,579	145,339	-	145,339
Net position:						
Net investment in capital assets	17,438	27,824,976	27,842,414	58,898	27,066,353	27,125,251
Unrestricted net position	2,029,366	1,996,773	4,026,139	609,286	1,922,242	2,531,528
Total net position	$ 2,046,804	$ 29,821,749	$ 31,868,553	$ 668,184	$ 28,988,595	$ 29,656,779

Changes in Net Position

A summary of NVTA's Statement of Activities recapping NVTA's revenues earned during the fiscal years ended June 30, 2017 and 2016, and the expenses incurred is as follows:

	As of June 30, 2017			As of June 30, 2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Fees, fines, and charges for services	$ -	$ 1,247,968	$ 1,247,968	$ -	$ 1,231,773	$ 1,231,773
Operating grants and contributions	5,200,397	9,211,610	14,412,007	7,887,826	7,440,244	15,328,070
Capital grants and contributions	-	3,683,258	3,683,258	-	7,167,164	7,167,164
General revenues:						
Unrestricted interest and investment earnings	7,330	15,311	22,641	5,466	11,023	16,489
Miscellaneous	-	-	-	1,726,499	(17,009)	1,709,490
Total revenues	5,207,727	14,158,147	19,365,874	9,619,791	15,833,195	25,452,986
Expenses:						
Transportation planning	3,829,107	-	3,829,107	9,721,891	-	9,721,891
Transit	-	13,324,993	13,324,993	-	11,547,760	11,547,760
Total expenses	3,829,107	13,324,993	17,154,100	9,721,891	11,547,760	21,269,651
Change in net position	1,378,620	833,154	2,211,774	(102,100)	4,285,435	4,183,335
Net position, beginning	668,184	28,988,595	29,656,779	770,284	24,703,160	25,473,444
Net position, beginning	668,184	28,988,595	29,656,779	770,284	24,703,160	25,473,444
Net position, ending	$ 2,046,804	$ 29,821,749	$ 31,868,553	$ 668,184	$ 28,988,595	$ 29,656,779

Governmental Activities

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

Governmental activity expenses decreased from $9,721,891 in fiscal year 2015-2016 to $3,829,107 in fiscal year 2016-2017.

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

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

Congestion Management Agency (CMA)

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

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

Despite state and federal cutbacks in transportation funding, NVTA has been able to ensure continued progress on its top priority projects. Significant developments during the year include:

Napa Valley Vine Trail- Oak Knoll Project
The Napa Valley Transportation Authority (NVTA) celebrated the grand opening of the Oak Knoll segment of the Napa Valley Vine Trail on October 21, 2016. The 6.1 mile long path from Redwood Road in the City of Napa to the Yountville Park and Ride in the Town of Napa was a years-long effort in concert with NVTA as the lead agency responsible for construction.

The Oak Knoll segment represents the Agency's first P3 - Public, Private Partnership. The project would not have been successful without the support and contribution of several funding partners including the Napa Valley Vine Trail Coalition, the Metropolitan Transportation Commission (MTC), and the California Department of Transportation (Caltrans), the City of Napa, and the County of Napa.

The Metropolitan Transportation Commission (MTC) provides NVTA with FHWA funds to support regional transportation planning and programming and to support the coordination of transportation and land use activities throughout the Napa County. In fiscal year 2016-2017, the level of this funding was $720,000.

TDA funds derive from ¼ cent of the local sales tax collected. TDA funds are 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 advances for a specific project. Funds returned to the LTF become available to NVTA again in the fiscal year following their return. The LTF is not a fund under the control of NVTA; it is administered by the MTC through the Napa County Auditor-Controller.

Local funds which are provided by the member agencies are unrestricted and may be placed in Net Position balance if not used in the fiscal year they are collected. Currently, NVTA has a Net Position balance of $2,046,804 which is held in reserve for future regional planning projects or necessary administrative costs.

<u>Business-Type Activities</u>

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

Business-type activity expenses increased from $11,547,760 in fiscal year 2015-2016 to $13,324,993 in fiscal year 2016-2017 which is an overall increase of 15.4%. The growth is accounted for by increases in operating expenses offset by general planning and administration costs.

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

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

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

Vine Transit System
As with many transit agencies across the region and throughout the state, Vine Transit faces persistent financial challenges with significant growth in operating costs without increases in operating revenues. Overall transit ridership was lower by six point two percent (6.2%) from the previous fiscal year. Vine Transit fixed route service, Vine Go paratransit and the Calistoga and American Canyon community shuttles experienced passenger decreases from the previous year. Vine's commuter buses were the bright spot with a 15.6% increase from FY16. Transit services in St. Helena Shuttle and Yountville experienced passenger growth as well. Operating farebox revenue was marginally higher by two percent (2%) over the previous year through higher revenues per person from commuter buses and increased sales of advertising space on Vine's buses and shelters.

Vine Transit was the recipient of Small Transit Intensive Cities (STIC) funds which are awarded to small public transit agencies meeting specific performance measures, but the revenues are merit based and an unreliable source of future funding. Although farebox revenues were higher than the previous year, the incremental growth in farebox and non-operating revenues has not kept pace with expenses. Transit planners are working on a Comprehensive Operational Analysis (COA) for recommendations on service improvements to encourage additional ridership and to increase operating efficiencies and reduce costs. These measures are in part to ensure that the agency is able to meet its statutory farebox recovery requirements in the future. If operational farebox recovery continues to lag, the NVTA Board will need to consider alternatives.

Vine Transit Express Bus Corridor Study
The objectives of the year-and-a-half long study were to identify improvements to the existing express bus service network, examine the demand for expanded service, identify performance improvement elements, and evaluate short and long term strategic enhancements. Substantial completion of the Express Bus Corridor study occurred during the fiscal year with Board of Directors expected to adopt the report in November 2017. The recommendations proposed from the study coupled with the Comprehensive Operational Analysis will begin the long process of a bus network redesign that will optimize transit service, ridership, and technology to enhance the passenger experience.

Vine Transit Bus Maintenance Facility Project
A four-year property search came to an end on September 28, 2016 with the purchase of two adjacent real estate parcels at the southern and western terminus of Sheehy Ct. in the south portion of the County near the municipal airport. The 8.3 acre undeveloped lots were purchased for $2,595,000 with Transportation Development Act (TDA) funds. Plans for the Vine Transit Bus Maintenance Facility capital project call for a 20,000 sq. ft. maintenance facility with seven bus bays, an 8,000 sq. ft. administration building and regional meeting center, bus parking for 100 vehicles, and 94 parking stalls for employees and visitors. The Environmental Impact Report is expected for certification by the Board of Directors in January 2018 with construction anticipated to occur in Spring 2019. The new facility is expected to open in Fall 2020.

BUDGETARY HIGHLIGHTS

NVTA adopts an annual operating budget that includes proposed expenditures and the means of financing them. NVTA's budget is adopted by the Board of Directors (the Board) before June 30th of each year. Subsequent increases or decreases to the original budget must be approved by the Board. Page 49 provides a budget to actual comparison of the Governmental Fund.

For NVTA's Governmental Fund, the budget for revenues was $5,389,791 and for expenditures was $5,018,516. When comparing actual expenditures and revenue to the final budget, NVTA was within budget.

CAPITAL ASSETS

The governmental activities financial statements include capital assets of $17,438 and unrestricted Net Position of $2,029,366. Capital assets in total are composed of one vehicle dedicated for agency use and office furniture located at NVTA's administrative offices at the Soscol Gateway Transit Center.

The business-type activities financial statements include capital assets of $27,824,976 and unrestricted Net Position of $1,996,773. Capital assets in total are predominantly made up of buses and other transit related equipment as well as the Soscol Gateway Transit Center facility. Unrestricted Net Position primarily represents the dollar amount to maintain the Vine fleet.

Major additions during the year included purchases of three (3) paratransit vehicles and equipment necessary to support transit operations.

For additional information on NVTA'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, 2017, NVTA had debt of $990,799, and recorded long-term obligations for compensated absences in the amount of $89,073. For additional information on NVTA's debt activity, please refer to Note 5 in the notes to the financial statements.

CONTACTING NVTA

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

BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments in County Treasury	$ 2,233,395	$ 449,400	$ 2,682,795
Imprest Cash	500	-	500
Investments	-	153,205	153,205
Due from Other Government Agencies	217,309	4,012,135	4,229,444
Prepaid Expenses	49,632	134,287	183,919
Inventory	-	417,002	417,002
Capital Assets, Net of Accumulated Depreciation	17,438	27,824,976	27,842,414
Total Assets	2,518,274	32,991,005	35,509,279
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions	$ 461,676	$ -	$ 461,676
LIABILITIES			
Accounts Payable	$ 413,476	$ 1,569,250	$ 1,982,726
Accrued Salaries	56,588	-	56,588
Unearned Revenue	-	153,205	153,205
Line of Credit	-	990,799	990,799
Due to Other Government Agencies	-	456,002	456,002
Net Pension Liability	292,430	-	292,430
Compensated Absences	89,073	-	89,073
Total Liabilities	851,567	3,169,256	4,020,823
DEFERRED INFLOWS OF RESOURCES			
Pension Adjustments	81,579	-	81,579
NET POSITION			
Net Investment in Capital Assets	17,438	27,824,976	27,842,414
Unrestricted	2,029,366	1,996,773	4,026,139
Total Net Position	$ 2,046,804	$ 29,821,749	$ 31,868,553

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments in County Treasury	$ 1,094,074	$ 1,294,018	$ 2,388,092
Imprest Cash	500	-	500
Due from Other Government Agencies	2,714,561	5,303,496	8,018,057
Prepaid Expenses	35,222	144,941	180,163
Inventory	-	415,536	415,536
Capital Assets, Net of Accumulated Depreciation	58,898	27,066,353	27,125,251
Total Assets	3,903,255	34,224,344	38,127,599
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions	$ 337,737	$ -	$ 337,737
LIABILITIES			
Accounts Payable	$ 1,360,543	$ 1,536,371	$ 2,896,914
Accrued Salaries	111,691	-	111,691
Line of Credit	1,682,535	1,000,000	2,682,535
Due to Other Government Agencies	-	2,699,378	2,699,378
Net Pension Liability	214,127	-	214,127
Compensated Absences	58,573	-	58,573
Total Liabilities	3,427,469	5,235,749	8,663,218
DEFERRED INFLOWS OF RESOURCES			
Pension Adjustments	145,339	-	145,339
NET POSITION			
Net Investment in Capital Assets	58,898	27,066,353	27,125,251
Unrestricted	609,286	1,922,242	2,531,528
Total Net Position	$ 668,184	$ 28,988,595	$ 29,656,779

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
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	$ 3,829,107	$ -	$ 5,200,397	$ -	$ 1,371,290	$ -	$ 1,371,290
Business-Type Activities:							
Transit	13,324,993	1,247,968	9,211,610	3,683,258	-	817,843	817,843
Total Primary Government	$ 17,154,100	$ 1,247,968	$ 14,412,007	$ 3,683,258	1,371,290	817,843	2,189,133
		General Revenues					
		Unrestricted Interest and Investment Earnings			7,330	15,311	22,641
		Miscellaneous			-	-	-
		Change in Net Position			1,378,620	833,154	2,211,774
		Net Position July 1, 2016			668,184	28,988,595	29,656,779
		Net Position June 30, 2017			$ 2,046,804	$ 29,821,749	$ 31,868,553

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
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	$ 9,721,891	$ -	$ 9,614,325	$ -	$ (107,566)	$ -	$ (107,566)
Business-Type Activities:							
Transit	11,547,760	1,231,773	7,440,244	7,167,164	-	4,291,421	4,291,421
Total Primary Government	$ 21,269,651	$ 1,231,773	$ 17,054,569	$ 7,167,164	(107,566)	4,291,421	4,183,855
		General Revenues					
		Unrestricted Interest and Investment Earnings			5,466	11,023	16,489
		Miscellaneous			-	(17,009)	(17,009)
		Change in Net Position			(102,100)	4,285,435	4,183,335
		Net Position July 1, 2015			770,284	24,703,160	25,473,444
		Net Position June 30, 2016			$ 668,184	$ 28,988,595	$ 29,656,779

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

BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS

NAPA VALLEY TRANSPORTATION AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND – PLANNING FUND
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 2,233,395	$ 1,094,074
Imprest Cash	500	500
Grants Receivable	217,309	2,714,561
Prepaid Expenses	49,632	35,222
Total Current Assets	2,500,836	3,844,357
Total Assets	$ 2,500,836	$ 3,844,357
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 413,476	$ 1,360,543
Accrued Salaries and Benefits	56,588	111,691
Total Current Liabilities	470,064	1,472,234
Total Liabilities	470,064	1,472,234
FUND BALANCE		
Nonspendable	49,632	35,222
Unassigned	1,981,140	2,336,901
Total Fund Balance	2,030,772	2,372,123
Total Liabilities and Fund Balance	$ 2,500,836	$ 3,844,357

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

NAPA VALLEY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE PLANNING FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017 AND 2016

	2017	2016
Total Fund Balance - Governmental Fund	$ 2,030,772	$ 2,372,123
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund. The costs of assets were $224,814 and $224,814 and the accumulated depreciation was $207,376 and $165,916 at June 30, 2017 and 2016, respectively.	17,438	58,898
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Compensated absences	(89,073)	(58,573)
Net pension liability	(292,430)	(214,127)
Line of credit	-	(1,682,535)
Deferred outflows of resources are not current assets or financial resources and deferred inflows of resources are not due and payable in the current period and, therefore, not reported in the governmental fund.		
Deferred outflows of resources	461,676	337,737
Deferred inflows of resources	(81,579)	(145,339)
Total Net Position - Governmental Activities	$ 2,046,804	$ 668,184

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Revenues		
Local Transportation Fund Allocation	$ 3,830,791	$ 1,872,850
Federal Highway Allocations	1,117,704	5,836,778
Programming, Planning, and Monitoring	45,787	4,146
Other Grants	8,109	115,107
Local Support	120,000	58,945
Interest	7,330	5,466
Other Revenues	78,006	1,726,499
Total Revenues	5,207,727	9,619,791
Expenditures		
Communications	27,666	11,589
Insurance	44,048	46,739
Office Expense	103,055	95,048
Rents and Leases	8,008	7,290
Transportation	16,846	19,150
Salaries and Benefits	1,629,904	1,298,214
Miscellaneous Expense	275,915	284,900
Professional Services	1,722,625	8,034,127
Debt Service		
Principal	2,502,874	2,438,984
Interest	38,476	25,105
Total Expenditures	6,369,417	12,261,146
Other Finance Sources		
Line of Credit	820,339	4,121,519
Net Change in Fund Balance	(341,351)	1,480,164
Fund Balance, Beginning of Year	2,372,123	891,959
Fund Balance, End of Year	$ 2,030,772	$ 2,372,123

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

NAPA VALLEY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE STATEMENT 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, 2017 AND 2016

	2017	2016
Net Change in Fund Balance - Governmental Fund	$ (341,351)	$ 1,480,164
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	(41,460)	(41,600)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Pension expense - GASB Statement No. 68	109,396	159,023
Line of credit	2,502,874	2,438,984
Issuance of long-term debt provides current resources to the governmental fund, but the issuance of debt increases long-term liabilities in the Statement of Net Position.		
Proceeds from issuance of long-term debt	(820,339)	(4,121,519)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		
This change reflects an increase in compensated absences that occurred during the year.	(30,500)	(17,152)
Total Change in Net Position - Governmental Activities	$ 1,378,620	$ (102,100)

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF FUND NET POSITION
TRANSIT FUND
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 449,400	$ 1,294,018
Investments	153,205	-
Grants Receivable	4,012,135	4,171,532
Due from Other Government Agencies	-	1,131,964
Prepaid Expenses	134,287	144,941
Inventory	417,002	415,536
Total Current Assets	5,166,029	7,157,991
Noncurrent Assets		
Land	3,967,565	1,357,692
Capital Assets, Net of Accumulated Depreciation	23,857,411	25,708,661
Total Noncurrent Assets	27,824,976	27,066,353
Total Assets	$ 32,991,005	$ 34,224,344
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 1,569,250	$ 1,536,371
Unearned Revenue	153,205	-
Line of Credit	990,799	1,000,000
Due to Other Government Agencies	456,002	2,699,378
Total Current Liabilities	3,169,256	5,235,749
Total Liabilities	3,169,256	5,235,749
NET POSITION		
Net Investment in Capital Assets	27,824,976	27,066,353
Unrestricted	1,996,773	1,922,242
Total Net Position	29,821,749	28,988,595
Total Liabilities and Net Position	$ 32,991,005	$ 34,224,344

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Operating Revenues		
Farebox Revenues	$ 1,247,968	$ 1,231,773
Total Operating Revenues	1,247,968	1,231,773
Operating Expenses		
Marketing	103,077	134,080
Vehicle Maintenance	77,554	37,547
Other Maintenance	5,840	2,399
Fuel and Lubricants	921,003	863,156
Insurance	299,299	231,869
Planning and Administration	-	-
Security	27,664	29,112
Services	67,146	54,358
Supplies	29,478	31,348
Purchased Transportation	8,929,934	7,877,455
Rents and Leases	6,200	1,000
Utilities	4,409	8,114
Miscellaneous Expense	35,145	14,462
Depreciation	2,659,934	2,021,976
Personnel Costs	158,310	240,884
Total Operating Expenses	13,324,993	11,547,760
Operating Loss	(12,077,025)	(10,315,987)
Nonoperating Revenue, Net		
Local Transportation Fund	5,500,867	6,372,339
Loss: Returned Local Transportation Fund Allocations	(456,002)	(2,699,378)
State Transit Assistance	675,527	1,116,581
Federal Transit Assistance Grant Revenues - Operating	3,044,818	2,142,613
Other Operating Grants	446,400	508,089
Interest Income	15,311	11,023
Loss from Disposal of Property	-	(17,009)
Total Nonoperating Revenue, Net	9,226,921	7,434,258
Change in Net Position Before Contributions	(2,850,104)	(2,881,729)
Capital Contributions		
Federal Transit Assistance	210,000	823,754
Other Capital	7,843	1,044,269
Local Transportation Fund	3,465,415	5,299,141
Total Capital Contributions	3,683,258	7,167,164
Change in Net Position	833,154	4,285,435
Net Position, Beginning of Year	28,988,595	24,703,160
Net Position, End of Year	$ 29,821,749	$ 28,988,595

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Passengers	$ 1,247,968	$ 1,231,773
Cash Payments for General and Administrative Expenses	(655,496)	(690,303)
Cash Payments to Suppliers for Operations	(9,814,291)	(11,040,086)
Net Cash Used in Operating Activities	(9,221,819)	(10,498,616)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Local Transportation Fund	4,092,850	3,637,059
Federal Operating Grants	3,044,818	2,142,613
State Transit Assistance	675,527	1,116,581
Other Federal Grants	-	-
Other Operating Grants	446,400	508,089
Other Revenues	-	(17,009)
Net Cash Provided by Noncapital Financing Activities	8,259,595	7,387,333
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	3,683,258	7,167,164
Payments for the Acquisition of Capital Assets	(3,418,557)	(6,418,373)
Gain on Sale of Property and Equipment	-	17,009
Proceeds from Line of Credit	-	1,000,000
Payment for Line of Credit	(9,201)	
Net Cash Provided by Capital and Related Financing Activities	255,500	1,765,800
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	(153,205)	-
Interest Received	15,311	11,023
Net Cash Used in Investing Activities	(137,894)	11,023
Net Increase (Decrease) in Cash and Investments in County Treasury	(844,618)	(1,334,460)
Cash and Investments in County Treasury at Beginning of Year	1,294,018	2,628,478
Cash and Investments in County Treasury at End of Year	$ 449,400	$ 1,294,018
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$ (12,077,025)	$ (10,315,987)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	2,659,934	2,021,976
Changes in Assets and Liabilities:		
(Increase) Decrease in Inventory	(1,466)	(3,710)
Increase (Decrease) in Unearned Revenue	153,205	(1,235,611)
(Increase) Decrease in Prepaid Expenses	10,654	4,927
Increase (Decrease) in Accounts Payable and Accrued Expenses	32,879	(970,211)
Net Cash Used in Operating Activities	$ (9,221,819)	$ (10,498,616)

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 668,239	$ 742,854
Due from Other Government Agencies	201,490	99,467
Total Current Assets	869,729	842,321
Total Assets	$ 869,729	$ 842,321
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 61,049	$ 143,059
Due to Other Governments	-	-
Total Current Liabilities	61,049	143,059
Total Liabilities	61,049	143,059
NET POSITION		
Net Position Held in Trust for Other Purposes	808,680	699,262
Total Net Position	808,680	699,262
Total Liabilities and Net Position	$ 869,729	$ 842,321

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
ADDITIONS		
Aid from Other Government Agencies	$ 225,120	$ 334,113
Interest Income	3,918	3,538
Total Additions	229,038	337,651
DEDUCTIONS		
Program Expenses	119,620	332,384
Total Deductions	119,620	332,384
CHANGE IN NET POSITION	109,418	5,267
Net Position, Beginning of Year	699,262	693,995
Net Position, End of Year	$ 808,680	$ 699,262

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

NVTA's Joint Powers Agreement was amended effective January 1, 2001, to facilitate the consolidation of transit planning and to allow transfer of Transportation Development Act (TDA) funds directly to NVTA as claimant for transit use to the extent allowed by TDA regulations. The amendment enables NVTA to claim all TDA funds under Articles 4, 4.5, and/or 8 of Chapter 4 of the Public Utilities Code apportioned within the County by the Metropolitan Transportation Commission. NVTA is authorized to claim all apportionments to transit services on behalf of the jurisdictions of the County. In January 2007, the agreement was amended further to change NVTA's name from Napa County Congestion Management Agency to Napa County Transportation and Planning Agency. In February 2016, the name was changed to the Napa Valley Transportation Authority.

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

B. Basis of Presentation

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

Government-Wide Financial Statements

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

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

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

The fund financial statements provide information about NVTA's funds, including fiduciary funds. Separate statements for each fund category – *governmental, proprietary,* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds. For the year ended June 30, 2017, NVTA did not have any nonmajor funds.

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

NVTA reports the following major governmental fund:

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

NVTA reports the following major enterprise fund:

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

NVTA reports the following additional fund types:

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

C. Basis of Accounting

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

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

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

D. Cash and Investments

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

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

E. Receivables

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

F. Inventories

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

During the last month of the Agreement, NVTA shall conduct a final inventory. The Contractor will be responsible for either replacing property or equipment determined from the inventory list to be missing, damaged, or otherwise unavailable for use, or in a condition that is in excess of ordinary wear and tear or compensating NVTA for its replacement value. These parts are not included in the Agreement with the Contractor. Farebox inventory parts will be tracked separately.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. NVTA defines capital assets as assets with an initial, individual cost of more than $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	1-12 years
Equipment	1-5 years

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

H. Compensated Absences

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

I. Interfund Transactions

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

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

J. Advances

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

K. Use of Estimates

The preparation of the 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 Position

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

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

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

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

N. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which NVTA 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 NVTA'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 NVTA's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose. The Board delegated authority to assign fund balance for a specific purpose to the Manager of Finance.

- *Unassigned fund balance* – the residual classification for NVTA's Planning Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

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

Minimum Fund Balance Policy:

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

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

O. New Accounting Pronouncements – Implemented

GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.* The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. There was no effect on NVTA's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefits Other than Pension Plans.* The provisions of this statement are effective for fiscal years beginning after June 15, 2016. There was no effect on NVTA's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 77 – *Tax Abatement Disclosures.* The requirements of this statement are effective for reporting periods beginning after December 15, 2015. There was no effect on NVTA's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* The requirements of this statement are effective for fiscal years beginning after December 15, 2015. There was no effect on NVTA's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*. The requirements of this statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. There was no effect on NVTA's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 80 – *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The requirements of this statement are effective for reporting periods beginning after June 30, 2016. Earlier application is encouraged. There was no effect on NVTA's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. There was no effect on NVTA's accounting or financial reporting as a result of implementing this standard.

P. Future GASB Statements

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans.* The provisions of this statement are effective for fiscal years beginning after June 15, 2017. NVTA has not fully judged the effect of the implementation of GASB Statement No. 75 as of the date of the basic financial statements.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. The requirements of this statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. NVTA has not fully judged the effect of the implementation of GASB Statement No. 81 as of the date of the basic financial statements.

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

P. Future GASB Statements (Continued)

GASB Statement No. 83 – *Certain Asset Retirement Obligations*. The requirements of this statement are effective for the reporting periods beginning after June 15, 2018. Earlier application is encouraged. NVTA has not fully judged the effect of implementation of GASB Statement No. 83 as of the date of the basic financial statements.

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

GASB Statement No. 85 – *Omnibus 2017*. The requirements for this statement are effective for fiscal years beginning after June 15, 2017. This statement addresses practice issues that have been identified during implementation of various GASB Statements, including *Fair Value Measurement and Application*. NVTA has not fully judged the effect of implementation of GASB Statement No. 85 as of the date of the financial statements.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The requirements of this statement are effective for periods beginning after June 15, 2017. NVTA not fully judged the effect of implementation of GASB Statement No. 86 as of the date of the basic financial statements.

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

Q. Pensions

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

R. Deferred Outflows/Inflows of Resources

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

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

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

General

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

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

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

	June 30, 2017			
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Statement of net position:				
Cash	$ 2,233,395	$ 449,400	$ 2,682,795	$ 668,239
Imprest Cash	500	-	500	-
Investments	-	153,205	153,205	-
	$ 2,233,895	$ 602,605	$ 2,836,500	$ 668,239

	June 30, 2016			
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	$ 1,094,074	$ 1,294,018	$ 2,388,092	$ 742,854
Pooled Investments	500	-	500	-
	$ 1,094,574	$ 1,294,018	$ 2,388,592	$ 742,854

Cash and investments consisted of the following at June 30, 2017 and 2016:

	June 30, 2017			
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	$ 3,780	$ 58,542	$ 62,322	$ -
Pooled Investments	2,230,115	390,858	2,620,973	668,239
Investments	-	153,205	153,205	-
	$ 2,233,895	$ 602,605	$ 2,836,500	$ 668,239

	June 30, 2016			
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	$ 2,682	$ 17,918	$ 20,600	$ -
Pooled Investments	1,091,892	1,276,100	2,367,992	742,854
	$ 1,094,574	$ 1,294,018	$ 2,388,592	$ 742,854

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

General (Continued)

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

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

Collateral is held by the pledging financial institution's trust department and is considered held in NVTA's name. NVTA may waive collateral requirements for deposits that are fully insured up to $250,000 by federal depository insurance. NVTA has $250,000 that is covered by federal depository insurance as of June 30, 2017.

NVTA had no deposit or investment policy that addressed a specific type of risk. Required disclosures for NVTA's deposit and investment risks held in the County's investment pool at June 30, 2017, were as follows:

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investor 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 Investor Service. NVTA establishes its credit limits based on the County's Investment Policy.

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

2017

Investments type	Total	Minimum legal rating	Ratings as of year-end	Not rated
Pooled investments	$2,620,973	N/A	N/A	$2,620,973
Held by trustee:				
Certificates of deposit	153,205	N/A	N/A	153,205
	$2,774,178			$2,774,178

2016

Investments type	Total	Minimum legal rating	Ratings as of year-end	Not rated
Pooled investments	$2,367,992	N/A	N/A	$2,367,992
Held by trustee:				
Certificates of deposit	-	N/A	N/A	-
	$2,367,992			$2,367,992

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

General (Continued)

Custodial credit risk

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

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

At June 30, 2017, in accordance with State law and the County's Investment Policy, NVTA did not have 5% or more of its net investment in commercial paper, corporate bonds, or medium-term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund within the County's Investment Pool. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County manages NVTA's exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with the County's Investment Policy.

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

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

2017

Investments type	Total	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
Pooled investments	$ 2,620,973	$ 2,620,973	$ -	$ -	$ -
Held by trustee:					
Certificates of deposit	153,205	153,205	-	-	-
	$ 2,774,178	$ 2,774,178	$ -	$ -	$ -

2016

Investments type	Total	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
Pooled investments	$ 2,367,992	$ 2,367,992	$ -	$ -	$ -
Held by trustee:					
Certificates of deposit	-	-	-	-	-
	$ 2,367,992	$ 2,367,992	$ -	$ -	$ -

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

General (Continued)

Investment in the County Investment Pool

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

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

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
Bankers' Acceptances	180 days	40%	30%
Commercial Paper - Select Agencies	180 days	25%	10%
Commercial Paper - Other Agencies	180 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	30 days	5%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Agreement (JPA) Pools (other investment pools)	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Fair Value Measurements

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

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

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

Fair Value Measurements (Continued)

NVTA has the following recurring fair value measurements as of June 30, 2017:

Investments by fair value level		Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Held by trustee:				
Certificates of deposit	$ 153,205	$ 153,205	$ -	$ -
	$ 153,205	$ 153,205	$ -	$ -

Investments in the County investment pool totaling $2,683,295 and $2,367,992 as of June 30, 2017 and 2016, respectively, are measured at amortized cost, which approximates fair value.

NOTE 3 – DUE FROM OTHER GOVERNMENT AGENCIES

Amounts due from other government agencies consisted of the following at June 30, 2017 and 2016:

	2017	2016
Federal Transit Administration (FTA)		
Operating	$ 3,929,408	$ 6,822,688
State		
State Transit Assistance (STA)	135,842	349,134
Grants - Capital	39,437	69,000
Local		
Local Transportation Fund (LTF)	-	246,788
Cities and County	93,423	148,284
Local - Other	232,824	481,630
Total	$ 4,430,934	$ 8,117,524

Reconciliation to Financial Statements		2017	2016
Planning Fund	Grants Receivable	$ 185,975	$ 2,297,399
Planning Fund	Due from Other Government Agencies	31,334	417,162
Transit Fund	Grants Receivable	3,782,870	4,594,289
Transit Fund	Due from Other Government Agencies	229,265	709,207
Total per Statement of Net Position		4,229,444	8,018,057
Fiduciary Funds	Due from Other Government Agencies	201,490	99,467
Total including Fiduciary Funds		$ 4,430,934	$ 8,117,524

NOTE 4 – CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Governmental Activities:				
Capital Assets, Being Depreciated				
Vehicles and Equipment	$ 224,814	$ -	$ -	$ 224,814
Less Accumulated Depreciation for:				
Vehicles and Equipment	(165,916)	(41,460)	-	(207,376)
Governmental Activities Capital Assets, Net	$ 58,898	$ (41,460)	$ -	$ 17,438
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	$ 1,357,692	$ 2,609,873	$ -	$ 3,967,565
Construction in Progress	2,739,554	-	(2,739,554)	-
Total Capital Assets, Not Being Depreciated	4,097,246	2,609,873	(2,739,554)	3,967,565
Capital Assets, Being Depreciated:				
Vehicles and Equipment	31,531,649	3,548,238	-	35,079,887
Less Accumulated Depreciation for:				
Vehicles and Equipment	(8,562,542)	(2,659,934)	-	(11,222,476)
Total Capital Assets, Being Depreciated, Net	22,969,107	888,304	-	23,857,411
Business-Type Activities, Capital Assets, Net	$ 27,066,353	$ 3,498,177	$ (2,739,554)	$ 27,824,976
Total Government-Wide Capital Assets, Net	$ 27,125,251	$ 3,456,717	$ (2,739,554)	$ 27,842,414

Government-wide depreciation expense for the year ended June 30, 2017, was $2,701,394.

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Disposals	Balance June 30, 2016
Governmental Activities:				
Capital Assets, Being Depreciated				
Vehicles and Equipment	$ 224,814	$ -	$ -	$ 224,814
Less Accumulated Depreciation for:				
Vehicles and Equipment	(124,316)	(41,600)	-	(165,916)
Governmental Activities Capital Assets, Net	$ 100,498	$ (41,600)	$ -	$ 58,898
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	$ 1,357,692	$ -	$ -	$ 1,357,692
Construction in Progress	948,238	1,791,316	-	2,739,554
Total Capital Assets, Not Being Depreciated	2,305,930	1,791,316	-	4,097,246
Capital Assets, Being Depreciated:				
Vehicles and Equipment	27,156,835	4,627,057	(252,243)	31,531,649
Less Accumulated Depreciation for:				
Vehicles and Equipment	(6,775,800)	(2,021,976)	235,234	(8,562,542)
Total Capital Assets, Being Depreciated, Net	20,381,035	2,605,081	(17,009)	22,969,107
Business-Type Activities, Capital Assets, Net	$ 22,686,965	$ 4,396,397	$ (17,009)	$ 27,066,353
Total Government-Wide Capital Assets, Net	$ 22,787,463	$ 4,354,797	$ (17,009)	$ 27,125,251

Government-wide depreciation expense for the year ended June 30, 2016, was $2,063,576.

NOTE 5 – COMPENSATED ABSENCES

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

	2017	2016
Beginning Balance July 1	$ 58,573	$ 41,421
Additions	31,471	22,171
Reductions	(971)	(5,019)
Ending Balance June 30	$ 89,073	$ 58,573
Amounts Due Within One Year	$ 89,073	$ 58,573

NOTE 6 – DUE TO OTHER GOVERNMENT AGENCIES

Business-Type Activities – Due to LTF

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

It is the current practice of NVTA to have excess revenue returned to the funding agency. NVTA had excess revenues of $456,002 and $2,699,378 at June 30, 2017 and 2016, respectively. Money returned to LTF will be reallocated for future capital purchases or operating assistance.

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

	2017	2016
Balance - Beginning of Year	$ 2,699,378	$ 1,253,960
LTF - Operating	5,500,867	6,372,339
LTF - Capital	3,465,415	5,091,740
Total LTF	8,966,282	11,464,079
Operating Expenses	13,324,993	11,547,760
Adjustments:		
Add Back Depreciation	(2,659,934)	(2,021,976)
Farebox Revenues	(1,247,968)	(1,231,773)
STA	(675,527)	(1,116,581)
Other Revenues	(454,243)	(1,870,721)
Interest Income	(15,311)	(11,023)
FTA Grant Revenues	(3,044,818)	(2,142,613)
Other Federal Grants	(210,000)	(823,754)
Capital Asset Outlays	3,418,557	6,418,373
Property Disposal	-	17,009
Net Operating Expenses	8,435,749	8,764,701
Net Increase	530,533	2,699,378
Return of LTF Capital	(2,699,378)	(1,253,960)
Previous Year Economic Adjustment	(74,531)	-
Balance - End of Year	$ 456,002	$ 2,699,378

A review of the previous fiscal year's calculations disclosed an overpayment was made in 2016 to the LTF trust fund. The overpayment was a result of a posting error. Accordingly, NVTA owes $74,531 and posted an adjustment in the current fiscal year.

NOTE 7 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

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

NOTE 7 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA) (Continued)

As of June 30, 2017 and 2016, PTMISEA funds received and expended were verified in the course of our audit as follows:

	2017	2016
Balance - Beginning of Year	$ -	$ 1,012,401
Receipts:		
Receipts Deposited	-	-
Interest Accrued	-	2,447
Expenses:		
Transit Capital	-	(1,014,848)
Balance - End of Year	$ -	$ -

NOTE 8 – ADVANCES

Advances associated with multi-year projects, capital projects, and operating grants were reported in the following fund at June 30, 2017 and 2016, as follows:

	2017	2016
Proprietary Fund		
Proposition 1B - Capital Funds	$ -	$ -
Other Advances	153,205	-
Total Advances - Proprietary Fund	$ 153,205	$ -

In 2017, NVTA received grants from various sources. At June 30, 2017, eligibility requirements for recognizing the revenue had not been met. Therefore, the unexpended balance was deferred to 2018.

NOTE 9 – AGREEMENTS AND COMMITMENTS

Bay Area Air Quality Management District Agreement

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

Abandoned Vehicle Abatement Program

The California legislature has enacted legislation to allow local governments to assess a fee on vehicle registration for the purpose of aiding local governments in the recovery of costs associated with the disposition of abandoned vehicles. NVTA is the designated service authority to manage and distribute abandoned vehicle fees to participating jurisdictions within the County. These fees are collected by NVTA and distributed to the jurisdictions based on reimbursement requests submitted to the service authority. The current program has sunset on May 31, 2016, and remaining funds will be distributed to the jurisdictions until all funding has been exhausted.

NOTE 9 – AGREEMENTS AND COMMITMENTS (Continued)

Metropolitan Transportation Commission

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

NOTE 10 – PENSION PLAN

A. General Information about the Pension Plan

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

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

The rate plan provisions and benefits in effect at June 30, 2017 and 2016, are summarized as follows:

Hire Date	Prior to May 21, 2011 (Tier I)	On or after May 21, 2011 (Tier II)	On or after January 1, 2013 (PEPRA)
Benefit Formula	2.5%@55	2%@60	2%@62
Benefit Vesting Schedule	5 Years Service	5 Years Service	5 Years Service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	55	60	62
Monthly Benefits, as a Percentage of Eligible Compensation	2.5%	2%	2%
Required Employee Contribution Rates	8.000%	7.000%	6.250%
Required Employer Contribution Rates	9.498%	7.159%	6.555%

NOTE 10 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. NVTA's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pools' costs of benefits earned by employees during the year, and any unfunded accrued liability. NVTA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. NVTA's contributions to the Plan for the years ended June 30, 2017 and 2016, were $117,333 and $91,990, respectively.

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

As of June 30, 2017 and 2016, NVTA reported a net pension liability for its proportionate share of the net pension liability of the Plan in the amount of $292,430, and $214,127, respectively.

NVTA's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016 and 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 and 2014, rolled forward to June 30, 2016 and 2015, using standard update procedures. NVTA's proportion of the net pension liability was based on a projection of NVTA's long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. NVTA's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016, was as follows:

Proportion - June 30, 2015	0.312000%
Proportion - June 30, 2016	0.337900%
Change - Increase (Decrease)	0.025900%

For the years ended June 30, 2017 and 2016, NVTA recognized pension expense/(income) of $7,937 and $(67,033). At June 30, 2017, NVTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2017	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	$ 3,278	$ 751
Changes in Assumptions	-	31,016
Net Differences between Projected and Actual Earnings on Plan Investments	161,430	-
Change in Employer's Proportion	109,833	49,812
Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	69,802	-
Pension Contributions Subsequent to Measurement Date	117,333	-
Total	$ 461,676	$ 81,579

NOTE 10 – PENSION PLAN (Continued)

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

2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	$ 7,754	$ -
Changes in Assumptions	-	73,356
Net Differences between Projected and Actual Earnings on Plan Investments	-	36,774
Change in Employer's Proportion	170,851	35,209
Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	67,142	-
Pension Contributions Subsequent to Measurement Date	91,990	-
Total	$ 337,737	$ 145,339

$117,333 and $91,990 reported as deferred outflows of resources related to contributions subsequent to the measurement date during the years ended June 30, 2017 and 2016, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017 and 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	$ 74,318
2019	76,050
2020	70,583
2021	41,813
2022	-
Thereafter	-
Total	$ 262,764

NOTE 10 – PENSION PLAN (Continued)

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 and 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015	June 30, 2014
Measurement Date	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies (1)	Varies (1)
Investment Rate of Return	7.65% (2)	7.65% (2)
Mortality	CalPERS (3)	CalPERS (3)

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

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2015 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 and 2014 valuations were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan for the year ended June 30, 2016. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB 68 section.

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

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

NOTE 10 – PENSION PLAN (Continued)

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

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board of Administration effective on July 1, 2014.

2016 Asset Class	Current Target Allocation	Real Return Years 1 - 10 [(a)]	Real Return Years 11+ [(b)]
Global Equity	47.00%	0.00%	0.00%
Global Fixed Income	19.00%	0.00%	0.00%
Inflation Sensitive	6.00%	0.00%	0.00%
Private Equity	12.00%	0.00%	0.00%
Real Estate	11.00%	0.00%	0.00%
Infrastructure and Forestland	3.00%	0.00%	0.00%
Liquidity	2.00%	0.00%	0.00%
Total	100.00%		

[(a)] An expected inflation of 2.5% used for this period.
[(b)] An expected inflation of 3.0% used for this period.

2015 Asset Class	Current Target Allocation	Real Return Years 1 - 10 [(a)]	Real Return Years 11+ [(b)]
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

[(a)] An expected inflation of 2.5% used for this period.
[(b)] An expected inflation of 3.0% used for this period.

NOTE 10 – PENSION PLAN (Continued)

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

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

	2017	2016
1% Decrease	6.65%	6.65%
Net Pension Liability	$ 532,396	$ 398,058
Current Discount Rate	7.65%	7.65%
Net Pension Liability	$ 292,430	$ 214,127
1% Increase	8.65%	8.65%
Net Pension Liability	$ 9,411	$ 62,270

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

C. Payable to the Pension Plan

At June 30, 2017 and 2016, NVTA had no outstanding amounts for contributions to the Plan required for the years then ended.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits described on the previous pages, NVTA provides postretirement healthcare benefits to all employees meeting certain selected criteria. Employees on the payroll as of June 30, 2017 and 2016, who retire from NVTA with 3 years of NVTA 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 NVTA 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. NVTA 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, 2013, NVTA chose a new allocation strategy. In March 2011, the CalPERS board approved changes to the California Employers' Retiree Benefit Trust (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. NVTA 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 NVTA's Finance Department at 625 Burnell Street, Napa, California 94559.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Plan Description: NVTA participates in the 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 healthcare post-employment 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 one retiree receiving benefits and a total of 12 active participants, all of which are not currently eligible to receive benefits.

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

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

Annual OPEB Cost and Net OPEB Obligation: NVTA's annual OPEB cost (expense) is calculated based on the actuarially determined contribution (ADC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ADC 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 years 2015-2016 and 2016-2017, the net OPEB obligation (asset) was determined as follows:

	2017	2016
Actuarially determined contribution	$ 31,000	$ 30,000
Contributions made	(31,000)	(30,000)
Change in net OPEB obligation	-	-
Net OPEB asset, beginning of year	-	-
Net OPEB asset, end of year	$ -	$ -

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
6/30/2017	$ 31,000	$ 31,000	100%	$ -
6/30/2016	$ 30,000	$ 30,000	100%	$ -
6/30/2015	$ 40,000	$ 40,000	100%	$ -

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2017, 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, 2017	$ 292,000	$ 170,000	$ (122,000)	171.8%	$ 1,357,000	-9.0%
June 30, 2015	$ 206,000	$ 161,000	$ (45,000)	128.0%	$ 1,109,000	-4.1%
June 30, 2013	$ 109,000	$ 218,000	$ 109,000	50.0%	$ 1,031,000	10.6%

NVTA's ADC is based on the pre-funding method. For fiscal year 2016-2017, NVTA contributed $31,000 to the plan.

As of June 30, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $170,000, and the actuarial value of assets was $292,000 resulting in an unfunded actuarial accrued liability of $122,000. The covered payroll (annual payroll of active employees covered) was $1,357,000.

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 ADC of NVTA 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, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions: Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values NVTA'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, 2017, the entry age normal cost method was used. The allocation of OPEB cost is based on years of service. NVTA 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 was 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 28 years.

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

NOTE 12 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN

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

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

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

NOTE 13 – INSURANCE AND RISK OF LOSS

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

NOTE 14 – RELATED PARTY TRANSACTIONS

County personnel provide administration services to NVTA. The County also provides legal counsel. During the fiscal years ended June 30, 2017 and 2016, NVTA paid to the County, a related party, the following amounts:

	2017	2016
Accounting and Legal Services	$ 17,081	$ 36,079
Other Services and Supplies	152,575	122,360
Total Related Party Transactions	$ 169,656	$ 158,439

NOTE 15 – FAREBOX RATIO

Article 4

Article 4 transit operations include Vine and American Canyon Transit. As agreed to by MTC, the combined farebox ratio requirement is 15%. The farebox ratio for the years ended June 30, 2017 and 2016, was 18.42% and 19.36%, respectively, as follows:

June 30, 2017			
Article 4	Total Article 4 Services	Vine	ACT
Farebox Subject to Farebox Ratio	$ 1,458,688	$ 1,415,104	$ 43,584
Operating Cost, Net of Depreciation	$ 7,917,111	$ 7,644,712	$ 272,399
Farebox Ratio	18.42%		

June 30, 2016			
Article 4	Total Article 4 Services	Vine	ACT
Farebox Subject to Farebox Ratio	$ 1,411,012	$ 1,368,013	$ 42,999
Operating Cost, Net of Depreciation and Insurance	$ 7,289,575	$ 7,011,054	$ 278,521
Farebox Ratio	19.36%		

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

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

For the fiscal years ended June 30, 2017 and 2016, NVTA was in compliance with the minimum farebox ratio of 15% for Article 4 transit operations.

Without the use of local funds to meet statutory requirements, operation farebox for the fiscal year ended June 30, 2017, would be 12.79%.

NOTE 15 – FAREBOX RATIO (Continued)

Article 8

Article 8 transit operations include Vine Go, Calistoga Shuttle, St. Helena Shuttle, Yountville Trolley, and the Taxi Scrip program. TDA Section 6633.2 requires NVTA to meet a 10% farebox revenue to total operating expenses ratio. The farebox revenue ratio for the years ended June 30, 2017 and 2016, for Article 8 transit operations was 10.52% and 11.35%, respectively, as follows:

June 30, 2017

Article 8	Total Article 8 Services	Taxi Scrip and Vine Go	Calistoga, Yountville, and St. Helena
Farebox Subject to Farebox Ratio	$ 235,680	$ 92,805	$ 142,875
Operating Cost, Net of Depreciation	$ 2,241,295	$ 1,179,738	$ 1,061,557
Farebox Ratio	10.52%		

June 30, 2016

Article 8	Total Article 8 Services	Taxi Scrip and Vine Go	Calistoga, Yountville, and St. Helena
Farebox Subject to Farebox Ratio	$ 253,490	$ 114,700	$ 138,790
Operating Cost, Net of Depreciation and Insurance	$ 2,233,148	$ 1,280,645	$ 952,503
Farebox Ratio	11.35%		

For the fiscal years ended June 30, 2017 and 2016, NVTA was in compliance with the minimum farebox ratio required for Article 8 transit operations.

NOTE 16 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the years ended June 30, 2017 and 2016, expenditures exceeded appropriations in the Planning Fund as follows:

Appropriations Category		Excess Expenditures 2017	Excess Expenditures 2016
Planning Fund:	Communications	$ 17,666	$ 1,589
	Rents and Leases	8	-
	Office Expense	-	1,048
	Transportation	-	6,150
	Miscellaneous Expense	67,915	20,300
	Debt Service:		
	Principal	2,502,874	2,438,984
	Interest		25,105

NOTE 17 – LINE OF CREDIT

To meet the cash flow needs of the Vine Trail project and business-type activities, NVTA entered into a $5 million revolving credit facility with a local bank. Details of the short term promissory note are as follows:

Date of promissory note: March 28, 2016
Amount: $5,000,000
Unpaid principal balance as of June 30, 2017: $990,799
Maturity date: November 15, 2017
Interest rate: Variable - based on Prime Rate, 3.5% as of June 30, 2017, on any unpaid balance
Date to which interest has been paid: June 30, 2017

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 18, 2017, which is the date the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local Transportation Fund Allocation	$ 3,867,791	$ 3,867,791	$ 3,830,791	$ (37,000)
Federal Highway Allocations	792,000	792,000	1,117,704	325,704
Programming, Planning, and Monitoring	69,000	69,000	45,787	(23,213)
Other Grants	656,000	656,000	8,109	(647,891)
Local Support	-	-	120,000	120,000
Interest	5,000	5,000	7,330	2,330
Other Revenues	-	-	78,006	78,006
Total Revenues	5,389,791	5,389,791	5,207,727	(182,064)
Expenditures				
Communications	10,000	10,000	27,666	(17,666)
Insurance	65,000	47,400	44,048	3,352
Office Expense	113,000	113,000	103,055	9,945
Rents and Leases	8,000	8,000	8,008	(8)
Transportation	21,000	21,000	16,846	4,154
Salaries and Benefits	1,853,500	1,853,500	1,629,904	223,596
Miscellaneous Expense	208,000	208,000	275,915	(67,915)
Professional Services	2,754,891	2,719,116	1,722,625	996,491
Debt Service				
Principal	-	-	2,502,874	(2,502,874)
Interest	-	38,500	38,476	24
Total Expenditures	5,033,391	5,018,516	6,369,417	1,151,949
Other Finance Sources				
Line of Credit	-	-	820,339	(820,339)
Total Other Financing Sources	-	-	820,339	(820,339)
Net Change in Fund Balance	356,400	371,275	(341,351)	712,626
Fund Balance, Beginning of Fiscal Year	2,372,123	2,372,123	2,372,123	-
Fund Balance, End of Fiscal Year	$ 2,728,523	$ 2,743,398	$ 2,030,772	$ 712,626

NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local Transportation Fund Allocation	$ 1,622,850	$ 1,622,850	$ 1,872,850	$ 250,000
Federal Highway Allocations	6,100,000	6,100,000	5,836,778	(263,222)
Programming, Planning, and Monitoring	69,000	69,000	4,146	(64,854)
Other Grants	1,997,000	1,997,000	115,107	(1,881,893)
Local Support	290,000	290,000	58,945	(231,055)
Interest	5,000	5,000	5,466	466
Other Revenues	10,000	10,000	1,726,499	1,716,499
Total Revenues	10,093,850	10,093,850	9,619,791	(474,059)
Expenditures				
Communications	10,000	10,000	11,589	(1,589)
Insurance	65,000	65,000	46,739	18,261
Office Expense	94,000	94,000	95,048	(1,048)
Rents and Leases	7,500	7,500	7,290	210
Transportation	13,000	13,000	19,150	(6,150)
Salaries and Benefits	1,790,500	1,790,500	1,298,214	492,286
Miscellaneous Expense	264,600	264,600	284,900	(20,300)
Professional Services	8,049,250	8,049,250	8,034,127	15,123
Debt Service				
Principal	-	-	2,438,984	(2,438,984)
Interest	-	-	25,105	(25,105)
Total Expenditures	10,293,850	10,293,850	12,261,146	496,793
Other Finance Sources				
Line of Credit	-	-	4,121,519	(4,121,519)
Total Other Financing Sources	-	-	4,121,519	(4,121,519)
Net Change in Fund Balance	(200,000)	(200,000)	1,480,164	(1,680,164)
Fund Balance, Beginning of Fiscal Year	891,959	891,959	891,959	-
Fund Balance, End of Fiscal Year	$ 691,959	$ 691,959	$ 2,372,123	$ (1,680,164)

NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS
JUNE 30, 2017

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, 2017	$ 292,000	$ 170,000	$ (122,000)	171.8%	$ 1,357,000	-9.0%
June 30, 2015	$ 206,000	$ 161,000	$ (45,000)	128.0%	$ 1,109,000	-4.1%
June 30, 2013	$ 109,000	$ 218,000	$ 109,000	50.0%	$ 1,031,000	10.6%

BUDGETS AND BUDGETARY ACCOUNTING

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

NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF NVTA'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2017
LAST 10 YEARS*

	2017	2016	2015
Proportion of the Net Pension Liability	0.003379%	0.003120%	0.003084%
Proportionate Share of the Net Position Liability	$ 292,430	$ 214,127	$ 191,920
Covered-Employee Payroll	$ 1,116,442	$ 1,100,512	$ 1,014,983
Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	26.19%	19.46%	18.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.06%	78.40%	79.82%

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

Notes to Schedule:

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

Changes in assumptions. GASB Statement No. 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expenses but without reduction for pension plan administrative expenses. The discount rate of 7.50 percent used for the June 30, 2015 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2016 measurement date is without reduction of pension plan administrative expenses.

NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2017
LAST 10 YEARS*

	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	$ 117,333	$ 91,990	$ 130,432
Contributions in Relation to the Actuarially Determined Contributions	117,333	91,990	130,432
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered-Employee Payroll	$ 1,392,113	$ 100,512	$ 1,014,983
Contributions as a Percentage of Covered-Employee Payroll	8.43%	91.52%	12.85%

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

Notes to Schedule:

Valuation Date	June 30, 2015	June 30, 2014
Measurement Date	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies (1)	Varies (1)
Investment Rate of Return	7.65% (2)	7.65% (2)
Mortality	CalPERS (3)	CalPERS (3)

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

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2015 experience study report.

SUPPLEMENTARY INFORMATION

NAPA VALLEY TRANSPORTATION AUTHORITY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2017

	Abandoned Vehicle Abatement	Air Quality Management	Total
ASSETS			
Current Assets			
Cash and Investments in County Treasury	$ 121,169	$ 547,070	$ 668,239
Vehicle Registration Fees Receivable	-	-	-
Due from Other Government Agencies	-	201,490	201,490
Total Current Assets	121,169	748,560	869,729
Total Assets	$ 121,169	$ 748,560	$ 869,729
LIABILITIES			
Current Liabilities			
Accounts Payable	$ -	$ 61,049	$ 61,049
Total Current Liabilities	-	61,049	61,049
Total Liabilities	-	61,049	61,049
NET POSITION			
Net Position Held in Trust for Other Purposes	121,169	687,511	808,680
Total Net Position	121,169	687,511	808,680
Total Liabilities and Net Position	$ 121,169	$ 748,560	$ 869,729

NAPA VALLEY TRANSPORTATION AUTHORITY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2016

	Abandoned Vehicle Abatement	Air Quality Management	Total
ASSETS			
Current Assets			
Cash and Investments in County Treasury	$ 134,178	$ 608,676	$ 742,854
Vehicle Registration Fees Receivable	-	-	-
Due from Other Government Agencies	-	99,467	99,467
Total Current Assets	134,178	708,143	842,321
Total Assets	$ 134,178	$ 708,143	$ 842,321
LIABILITIES			
Current Liabilities			
Accounts Payable	$ -	$ 143,059	$ 143,059
Total Current Liabilities	-	143,059	143,059
Total Liabilities	-	143,059	143,059
NET POSITION			
Net Position Held in Trust for Other Purposes	134,178	565,084	699,262
Total Net Position	134,178	565,084	699,262
Total Liabilities and Net Position	$ 134,178	$ 708,143	$ 842,321

NAPA VALLEY TRANSPORTATION AUTHORITY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Abandoned Vehicle Abatement	Air Quality Management	Total
ADDITIONS			
Aid from Other Government Agencies	$ 27,058	$ 198,062	$ 225,120
Interest Income	923	2,995	3,918
Total Additions	27,981	201,057	229,038
DEDUCTIONS			
Program Expenses	40,990	78,630	119,620
Total Deductions	40,990	78,630	119,620
CHANGE IN NET POSITION	(13,009)	122,427	109,418
Net Position, Beginning of Year	134,178	565,084	699,262
Net Position, End of Year	$ 121,169	$ 687,511	$ 808,680

NAPA VALLEY TRANSPORTATION AUTHORITY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Abandoned Vehicle Abatement	Air Quality Management	Total
ADDITIONS			
Aid from Other Government Agencies	$ 137,234	$ 196,879	$ 334,113
Interest Income	665	2,873	3,538
Total Additions	137,899	199,752	337,651
DEDUCTIONS			
Program Expenses	88,401	243,983	332,384
Total Deductions	88,401	243,983	332,384
CHANGE IN NET POSITION	49,498	(44,231)	5,267
Net Position, Beginning of Year	84,680	609,315	693,995
Net Position, End of Year	$ 134,178	$ 565,084	$ 699,262

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2017

	VINE Go	VINE	Taxi	American Canyon	Yountville
Operating Revenues:					
Farebox Revenues	$ 57,522	$ 968,705	$ 35,282	$ 43,584	$ 33,638
Operating Expenses:					
Marketing	31	103,046	-	-	-
Vehicle Maintenance	2,182	70,732	-	1,160	1,160
Other Maintenance	-	5,840	-	-	-
Fuel and Lubricants	103,550	763,303	-	15,962	12,371
Insurance	29,026	231,270	-	7,641	9,829
Planning and Administration	-	-	-	-	-
Security	-	27,664	-	-	-
Services	3,694	52,850	1,632	2,507	2,213
Supplies	510	23,870	4,276	-	-
Purchased Transportation	944,325	6,708,204	67,213	242,152	307,137
Rents and Leases	-	6,200	-	-	-
Utilities	-	3,952	-	-	457
Miscellaneous Expense	-	35,145	-	-	-
Depreciation	128,465	2,447,767	-	21,774	20,900
Personnel Costs	19,048	119,290	4,251	2,976	3,992
Total Operating Expenses	1,230,831	10,599,133	77,372	294,172	358,059
Operating Loss	(1,173,309)	(9,630,428)	(42,090)	(250,588)	(324,421)
Nonoperating Revenues (Expenses):					
Local Transportation Fund	389,762	4,400,882	38,017	162,716	172,348
State Transit Assistance	211,572	123,255	-	-	75,650
Federal Transit Assitance Grant Revenues - Operating	500,000	2,236,415	-	100,000	69,467
Other Federal Grants	-	-	-	-	-
Other Operating Grants	-	446,400	-	-	-
Interest Income	591	14,073	12	413	16
Other Revenues	-	-	-	-	-
Returned Local Transportation Fund Allocations	(37,250)	(346,072)	(3,633)	(15,551)	(16,472)
Total Nonoperating Revenues (Expenses)	1,064,675	6,874,953	34,396	247,578	301,009
Change in Net Position Before Contributions	(108,634)	(2,755,475)	(7,694)	(3,010)	(23,412)
Capital Contributions:					
Federal Transit Assistance	210,000	-	-	-	-
Other Capital	-	7,843	-	-	-
Local Transportation Fund	150,461	3,314,954	-	-	-
Change in Net Position	251,827	567,322	(7,694)	(3,010)	(23,412)
Net Position, Beginning of Year	406,790	29,702,489	(96,742)	(120,492)	(435,110)
Net Position, End of the Year	$ 658,617	$ 30,269,811	$ (104,436)	$ (123,502)	$ (458,522)

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION (Continued)
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2017

	St. Helena	Calistoga	Totals
Operating Revenues:			
Farebox Revenues	$ 32,271	$ 76,966	$ 1,247,968
Operating Expenses:			
Marketing	-	-	103,077
Vehicle Maintenance	1,160	1,160	77,554
Other Maintenance	-	-	5,840
Fuel and Lubricants	11,373	14,444	921,003
Insurance	9,494	12,039	299,299
Planning and Administration	-	-	-
Security	-	-	27,664
Services	2,136	2,114	67,146
Supplies	-	822	29,478
Purchased Transportation	294,495	366,408	8,929,934
Rents and Leases	-	-	6,200
Utilities	-	-	4,409
Miscellaneous Expense	-	-	35,145
Depreciation	20,514	20,514	2,659,934
Personnel Costs	4,053	4,700	158,310
Total Operating Expenses	343,225	422,201	13,324,993
Operating Loss	(310,954)	(345,235)	(12,077,025)
Nonoperating Revenues (Expenses):			
Local Transportation Fund	130,000	207,142	5,500,867
State Transit Assistance	162,660	102,390	675,527
Federal Transit Assitance Grant Revenues - Operating	69,468	69,468	3,044,818
Other Federal Grants	-	-	-
Other Operating Grants	-	-	446,400
Interest Income	78	128	15,311
Other Revenues	-	-	-
Returned Local Transportation Fund Allocations	(12,424)	(24,600)	(456,002)
Total Nonoperating Revenues (Expenses)	349,782	354,528	9,226,921
Change in Net Position Before Contributions	38,828	9,293	(2,850,104)
Capital Contributions:			
Federal Transit Assistance	-	-	210,000
Other Capital	-	-	7,843
Local Transportation Fund	-	-	3,465,415
Change in Net Position	38,828	9,293	833,154
Net Position, Beginning of Year	(284,892)	(183,448)	28,988,595
Net Position, End of the Year	$ (246,064)	$ (174,155)	$ 29,821,749

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND – TRANSIT RELATED BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2016

	VINE Go	VINE	Taxi	American Canyon	Yountville
Operating Revenues:					
Farebox Revenues	$ 77,723	$ 935,285	$ 36,977	$ 42,999	$ 31,881
Operating Expenses:					
Marketing	-	127,217	-	-	1,258
Vehicle Maintenance	-	37,547	-	-	-
Other Maintenance	-	2,399	-	-	-
Fuel and Lubricants	94,085	713,545	-	18,099	14,338
Insurance	26,217	170,372	-	7,149	8,777
Planning and Administration	-	-	-	-	-
Security	-	29,112	-	-	-
Services	3,282	40,986	1,546	2,200	2,449
Supplies	-	27,074	3,591	-	-
Purchased Transportation	1,037,398	5,671,855	67,410	245,664	285,657
Rents and Leases	-	1,000	-	-	-
Utilities	-	8,114	-	-	-
Miscellaneous Expense	-	14,462	-	-	-
Depreciation	98,556	1,841,208	-	21,774	19,410
Personnel Costs	37,209	170,432	8,913	5,409	6,335
Total Operating Expenses	1,296,747	8,855,323	81,460	300,295	338,224
Operating Loss	(1,219,024)	(7,920,038)	(44,483)	(257,296)	(306,343)
Nonoperating Revenues (Expenses):					
Local Transportation Fund	658,761	5,044,349	-	203,400	-
State Transit Assistance	334,727	781,854	-	-	-
Federal Transit Assistance Grant Revenues - Operating	400,000	1,481,622	-	60,000	66,997
Other Federal Grants	-	-	-	-	-
Other Operating Grants	-	508,089	-	-	-
Interest Income	(328)	8,076	139	1,002	815
Other Revenues	-	(17,009)	-	-	-
Returned Local Transportation Fund Allocations	(272,722)	(2,171,667)	-	(84,206)	-
Total Nonoperating Revenues (Expenses)	1,120,438	5,635,314	139	180,196	67,812
Change in Net Position Before Contributions	(98,586)	(2,284,724)	(44,344)	(77,100)	(238,531)
Capital Contributions:					
Federal Transit Assistance	-	823,754	-	-	-
Other Capital	-	1,044,269	-	-	-
Local Transportation Fund	-	5,299,141	-	-	-
Change in Net Position	(98,586)	4,882,440	(44,344)	(77,100)	(238,531)
Net Position, Beginning of Year	505,376	24,766,749	(52,398)	(43,392)	(196,579)
Net Position, End of the Year	$ 406,790	$ 29,649,189	$ (96,742)	$ (120,492)	$ (435,110)

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION (Continued)
ENTERPRISE FUND – TRANSIT RELATED
BY OPERATION
FOR THE YEAR ENDED JUNE 30, 2016

	St. Helena	Calistoga	Totals
Operating Revenues:			
Farebox Revenues	$ 26,812	$ 80,096	$ 1,231,773
Operating Expenses:			
Marketing	3,067	2,538	134,080
Vehicle Maintenance	-	-	37,547
Other Maintenance	-	-	2,399
Fuel and Lubricants	9,415	13,674	863,156
Insurance	8,441	10,913	231,869
Planning and Administration	-	-	-
Security	-	-	29,112
Services	1,969	1,926	54,358
Supplies	993	(310)	31,348
Purchased Transportation	256,116	313,355	7,877,455
Rents and Leases	-	-	1,000
Utilities	-	-	8,114
Miscellaneous Expense	-	-	14,462
Depreciation	20,514	20,514	2,021,976
Personnel Costs	5,162	7,424	240,884
Total Operating Expenses	305,677	370,034	11,547,760
Operating Loss	(278,865)	(289,938)	(10,315,987)
Nonoperating Revenues (Expenses):			
Local Transportation Fund	172,057	240,472	6,372,339
State Transit Assistance	-	-	1,116,581
Federal Transit Assistance Grant Revenues - Operating	66,997	66,997	2,142,613
Other Federal Grants	-	-	-
Other Operating Grants	-	-	508,089
Interest Income	455	864	11,023
Other Revenues	-	-	(17,009)
Returned Local Transportation Fund Allocations	(71,230)	(99,553)	(2,699,378)
Total Nonoperating Revenues (Expenses)	168,279	208,780	7,434,258
Change in Net Position Before Contributions	(110,586)	(81,158)	(2,881,729)
Capital Contributions:			
Federal Transit Assistance	-	-	823,754
Other Capital	-	-	1,044,269
Local Transportation Fund	-	-	5,299,141
Change in Net Position	(110,586)	(81,158)	4,285,435
Net Position, Beginning of Year	(174,306)	(102,290)	24,703,160
Net Position, End of the Year	$ (284,892)	$ (183,448)	$ 28,988,595

OTHER REPORT

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BROWN ARMSTRONG

Certified Public Accountants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Napa Valley Transportation Authority (NVTA) as of and for the year ended June 30, 2017, and have issued our report thereon dated December 18, 2017.

Compliance

As part of obtaining reasonable assurance about whether NVTA'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 made and expenditures paid by NVTA were made in accordance with the allocation instructions and resolutions of the Metropolitan Transportation Commission and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to NVTA. Based on our procedures, no instances of noncompliance with applicable statutes, rules, and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission were noted. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

Purpose of this Report

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

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 18, 2017