NVTA

NAPA VALLEY TRANSPORTATION AUTHORITY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NAPA VALLEY TRANSPORTATION AUTHORITY
JUNE 30, 2018 AND 2017

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BROWN ARMSTRONG
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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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis of a Matter

During the year ended June 30, 2018, NVTA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*. Our opinion was not affected by the implementation.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Asset, 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 24, 2018, 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 24, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

Business-Type Activities

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

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

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 with marginal increases in operating revenues. Overall transit ridership was lower by three percent (3%) from the previous fiscal year. Vine Transit fixed route service and the Yountville Trolley experienced passenger decreases from the previous year. Vine's commuter buses continues to be a bright spot with nearly a seven percent (7%) increase from fiscal year 2016-2017. Transit services in Calistoga and American Canyon with the Vine Go paratransit services were modestly higher with passenger increases of two-to-three percent (2-3%). Calistoga surged ahead by eight percent (8%) from the previous year. Operating farebox revenue was lower by a scant three tenths of one percent (.33%) over the previous year.

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

Comprehensive Operations Analysis
NVTA has undertaken a transit planning process called Comprehensive Operations Analysis (COA). The COA evaluates the current transit system looking at future using projections on ridership demand, geographic and demographic changes, and advances in technology. NVTA will use extensive data coupled with research and outreach efforts to develop and implement service revisions to propose recommendations on service revisions and improve system performance. Several recommendations will be presented to the Board of Directors in early 2019 with implantation expected to occur shortly thereafter.

Vine Transit Bus Maintenance Facility Project
The Environmental Impact Report for the Vine Transit Maintenance Facility was certified by the Board on January 17, 2018, and NVTA submitted a National Environmental Protection Act (NEPA) designation letter to Federal Transit Administration (FTA) for a Categorical Exemption (CE) of the project. NVTA is expected to hear back from FTA in the Spring of 2019.

During the fiscal year, NVTA entered into a multiyear agreement with a consultant for the architectural, design and engineering of the new facility. When completed, the 8.3 acre property will feature a 20,000 sq. ft. maintenance facility with six service bays, an 8,000 sq. ft. administration building and regional meeting center, modern bus wash, secured parking for up to 100 transit vehicles, and parking area for employees and visitors. The project is expected to break ground in the Spring of 2019 with an in-service date in 2021.

BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The accompanying notes are an integral part of these 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 ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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

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.

BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS

NAPA VALLEY TRANSPORTATION AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND – PLANNING FUND
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 1,081,035	$ 2,233,395
Imprest Cash	500	500
Grants Receivable	10,669	217,309
Prepaid Expenses	50,565	49,632
Total Current Assets	1,142,769	2,500,836
Total Assets	$ 1,142,769	$ 2,500,836
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 771,435	$ 413,476
Accrued Salaries and Benefits	57,416	56,588
Total Current Liabilities	828,851	470,064
Total Liabilities	828,851	470,064
FUND BALANCE		
Nonspendable	50,565	49,632
Unassigned	263,353	1,981,140
Total Fund Balance	313,918	2,030,772
Total Liabilities and Fund Balance	$ 1,142,769	$ 2,500,836

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, 2018 AND 2017

	2018	2017
Total Fund Balance - Governmental Fund	$ 313,918	$ 2,030,772
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 $224,814 and $207,376 at June 30, 2018 and 2017, respectively.	-	17,438
Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Compensated absences	(118,874)	(89,073)
Net pension liability	(375,403)	(292,430)
Net OPEB asset	113,740	-
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 - Pension	431,387	461,676
Deferred outflows of resources - OPEB	28,540	-
Deferred inflows of resources	(39,129)	(81,579)
Total Net Position - Governmental Activities	$ 354,179	$ 2,046,804

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Revenues		
Local Transportation Fund Allocation	$ 1,992,256	$ 3,830,791
Federal Highway Allocations	818,480	1,117,704
Programming, Planning, and Monitoring	46,487	45,787
Other Grants	65,406	8,109
Local Support	-	120,000
Interest	19,238	7,330
Other Revenues	36,599	78,006
Total Revenues	2,978,466	5,207,727
Expenditures		
Communications	29,327	27,666
Insurance	42,033	44,048
Office Expense	145,456	103,055
Rents and Leases	10,494	8,008
Transportation	11,669	16,846
Salaries and Benefits	1,714,868	1,629,904
Miscellaneous Expense	537,954	275,915
Professional Services	2,203,519	1,722,625
Debt Service		
Principal	-	2,502,874
Interest	-	38,476
Total Expenditures	4,695,320	6,369,417
Other Finance Sources		
Line of Credit	-	820,339
Net Change in Fund Balance	(1,716,854)	(341,351)
Fund Balance, Beginning of Year	2,030,772	2,372,123
Fund Balance, End of Year	$ 313,918	$ 2,030,772

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, 2018 AND 2017

	2018	2017
Net Change in Fund Balance - Governmental Fund	$ (1,716,854)	$ (341,351)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	(17,438)	(41,460)
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	(70,812)	109,396
OPEB expense - GASB Statement No. 75	(1,229)	-
Line of credit	-	2,502,874
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)
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.	(29,801)	(30,500)
Total Change in Net Position - Governmental Activities	$ (1,836,134)	$ 1,378,620

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF FUND NET POSITION
TRANSIT FUND
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 955,839	$ 449,400
Investments	224,425	153,205
Grants Receivable	3,278,689	4,012,135
Prepaid Expenses	93,976	134,287
Inventory	413,109	417,002
Total Current Assets	4,966,038	5,166,029
Noncurrent Assets		
Land	3,967,565	3,967,565
Capital Assets, Net of Accumulated Depreciation	21,217,013	23,857,411
Total Noncurrent Assets	25,184,578	27,824,976
Total Assets	$ 30,150,616	$ 32,991,005
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 1,826,586	$ 1,569,250
Unearned Revenue	237,874	153,205
Line of Credit	-	990,799
Due to Other Government Agencies	1,598,092	456,002
Total Current Liabilities	3,662,552	3,169,256
Total Liabilities	3,662,552	3,169,256
NET POSITION		
Net Investment in Capital Assets	25,184,578	27,824,976
Unrestricted	1,303,486	1,996,773
Total Net Position	26,488,064	29,821,749
Total Liabilities and Net Position	$ 30,150,616	$ 32,991,005

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, 2018 AND 2017

	2018	2017
Operating Revenues		
Farebox Revenues	$ 1,330,940	$ 1,247,968
Total Operating Revenues	1,330,940	1,247,968
Operating Expenses		
Marketing	114,864	103,077
Vehicle Maintenance	124,200	77,554
Other Maintenance	16,205	5,840
Fuel and Lubricants	1,120,360	921,003
Insurance	368,216	299,299
Security	12,772	27,664
Services	127,058	67,146
Supplies	19,599	29,478
Purchased Transportation	8,591,573	8,929,934
Rents and Leases	6,000	6,200
Utilities	5,180	4,409
Miscellaneous Expense	34,677	35,145
Depreciation	2,716,530	2,659,934
Personnel Costs	223,045	158,310
Total Operating Expenses	13,480,279	13,324,993
Operating Loss	(12,149,339)	(12,077,025)
Nonoperating Revenue, Net		
Local Transportation Fund	6,557,470	5,500,867
Loss: Returned Local Transportation Fund Allocations	(1,598,092)	(456,002)
State Transit Assistance	621,905	675,527
Federal Transit Assistance Grant Revenues - Operating	2,669,373	3,044,818
Other Operating Grants	426,400	446,400
Interest Income	25,744	15,311
Total Nonoperating Revenue, Net	8,702,800	9,226,921
Change in Net Position Before Contributions	(3,446,539)	(2,850,104)
Capital Contributions		
Federal Transit Assistance	-	210,000
Other Capital	-	7,843
Local Transportation Fund	112,854	3,465,415
Total Capital Contributions	112,854	3,683,258
Change in Net Position	(3,333,685)	833,154
Net Position, Beginning of Year	29,821,749	28,988,595
Net Position, End of Year	$ 26,488,064	$ 29,821,749

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, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Passengers	$ 1,330,940	$ 1,247,968
Cash Payments for General and Administrative Expenses	(845,955)	(655,496)
Cash Payments to Suppliers for Operations	(9,531,585)	(9,814,291)
Net Cash Used in Operating Activities	(9,046,600)	(9,221,819)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Local Transportation Fund	6,001,860	4,092,850
Federal Operating Grants	3,683,031	3,044,818
State Transit Assistance	441,301	675,527
Other Operating Grants	426,400	446,400
Net Cash Provided by Noncapital Financing Activities	10,552,592	8,259,595
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	112,854	3,683,258
Payments for the Acquisition of Capital Assets	(76,132)	(3,418,557)
Payment for Line of Credit	(990,799)	(9,201)
Net Cash (Used in) Provided by Capital and Related Financing Activities	(954,077)	255,500
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	(71,220)	(153,205)
Interest Received	25,744	15,311
Net Cash Used in Investing Activities	(45,476)	(137,894)
Net Increase (Decrease) in Cash and Investments in County Treasury	506,439	(844,618)
Cash and Investments in County Treasury at Beginning of Year	449,400	1,294,018
Cash and Investments in County Treasury at End of Year	$ 955,839	$ 449,400
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$ (12,149,339)	$ (12,077,025)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	2,716,530	2,659,934
Changes in Assets and Liabilities:		
(Increase) Decrease in Inventory	3,893	(1,466)
Increase (Decrease) in Unearned Revenue	84,669	153,205
(Increase) Decrease in Prepaid Expenses	40,311	10,654
Increase (Decrease) in Accounts Payable and Accrued Expenses	257,336	32,879
Net Cash Used in Operating Activities	$ (9,046,600)	$ (9,221,819)

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

NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and Investments in County Treasury	$ 697,392	$ 668,239
Due from Other Government Agencies	96,250	201,490
Total Current Assets	793,642	869,729
Total Assets	$ 793,642	$ 869,729
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 7,382	$ 61,049
Total Current Liabilities	7,382	61,049
Total Liabilities	7,382	61,049
NET POSITION		
Net Position Held in Trust for Other Purposes	786,260	808,680
Total Net Position	786,260	808,680
Total Liabilities and Net Position	$ 793,642	$ 869,729

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, 2018 AND 2017

	2018	2017
ADDITIONS		
Aid from Other Government Agencies	$ 204,121	$ 225,120
Interest Income	7,099	3,918
Total Additions	211,220	229,038
DEDUCTIONS		
Program Expenses	233,640	119,620
Total Deductions	233,640	119,620
CHANGE IN NET POSITION	(22,420)	109,418
Net Position, Beginning of Year	808,680	699,262
Net Position, End of Year	$ 786,260	$ 808,680

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.

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, 2018, 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets (Continued)

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.

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.

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

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.

O. New Accounting Pronouncements – Implemented

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 implemented the provisions of GASB Statement No. 75 in the current year. As a result of this implementation, NVTA reported a prior period adjustment to net position in the amount of $143,509 and recognized a net OPEB asset and deferred outflow of resources associated with OPEB as of June 30, 2018. See Note 9 for a detailed discussion of the effects of NVTA's current and prior period financial statements as a result of the adoption of this standard.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreement.* The requirements of this statement are effective for reporting periods beginning after December 15, 2016. There was no effect on NVTA's accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 85 – *Omnibus 2017*. The requirements of this statement are effective for periods beginning after June 15, 2017. There was no effect on NVTA's accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues.* The requirements of this statement are effective for periods beginning after June 15, 2017. There was no effect on NVTA's accounting and financial reporting as a result of implementing this standard.

P. Future GASB Statements

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

GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The requirements of this statement are effective for periods beginning after June 15, 2018. NVTA has not fully judged the effect of implementation of GASB Statement No. 88 as of the date of the basic financial statements.

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

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

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

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 two items that qualify for reporting in this category. It is for pension contributions made after the measurement date and other pension related deferred outflows of resources. GASB Statement No. 68 does not allow the cash payments made to the Plan after the measurement date to have any effect on either the net pension liability or the pension expense that is reflected in these financial statements.

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

S. Other Postemployment Benefits (OPEB)

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

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

<u>General</u>

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

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

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

<u>General</u> (Continued)

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

	June 30, 2018			
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Statement of Net Position:				
Cash	$ 1,081,035	$ 955,839	$ 2,036,874	$ 697,392
Imprest Cash	500	-	500	-
Investments	-	224,425	224,425	-
	$ 1,081,535	$ 1,180,264	$ 2,261,799	$ 697,392

	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

Cash and investments consisted of the following at June 30, 2018 and 2017:

	June 30, 2018			
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Fiduciary Funds
Cash on Hand and in Banks	$ 3,425	$ 141,549	$ 144,974	$ -
Pooled Investments	1,078,110	814,290	1,892,400	697,392
Investments	-	224,425	224,425	-
	$ 1,081,535	$ 1,180,264	$ 2,261,799	$ 697,392

	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

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, 2018.

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

General (Continued)

NVTA had no deposit or investment policy that addressed a specific type of risk. Required disclosures for NVTA's deposit and investment risks held in the County's investment pool at June 30, 2018, were as follows:

Credit risk

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

State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. NVTA establishes its credit limits based on the County's Investment Policy.

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

2018

Investments type	Total	Minimum legal rating	Ratings as of year-end	Not rated
Pooled investments	$1,892,400	N/A	N/A	$1,892,400
Held by trustee:				
Certificates of deposit	224,425	N/A	N/A	224,425
	$2,116,825			$2,116,825

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

Custodial credit risk

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

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

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

General (Continued)

Custodial credit risk (Continued)

At June 30, 2018, 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:

2018

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

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	$ -	$ -	$ -

Investment in the County Investment Pool

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

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

General (Continued)

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

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, 2018 and 2017:

2018

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	$ 224,425	$ 224,425	$ -	$ -
	$ 224,425	$ 224,425	$ -	$ -

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 $1,892,400 and $2,620,973 as of June 30, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
Federal Transit Administration (FTA)		
Operating	$ 2,884,290	$ 3,929,408
State		
State Transit Assistance (STA)	324,289	135,842
Grants - Capital	67,649	39,437
Local		
Cities and County	213,130	93,423
Local - Other	96,250	232,824
Total	$ 3,585,608	$ 4,430,934

NOTE 3 – DUE FROM OTHER GOVERNMENT AGENCIES (Continued)

Reconciliation to Financial Statements		2018	2017
Planning Fund	Grants Receivable	$ 10,669	$ 185,975
Planning Fund	Due from Other Government Agencies	-	31,334
Transit Fund	Grants Receivable	2,741,269	3,782,870
Transit Fund	Due from Other Government Agencies	537,420	229,265
Total per Statement of Net Position		3,289,358	4,229,444
Fiduciary Funds	Due from Other Government Agencies	96,250	201,490
Total including Fiduciary Funds		$ 3,385,608	$ 4,430,934

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

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

Government-wide depreciation expense for the year ended June 30, 2018, was $2,733,968.

NOTE 4 – CAPITAL ASSETS (Continued)

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 5 – COMPENSATED ABSENCES

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

	2018	2017
Beginning Balance July 1	$ 89,073	$ 58,573
Additions	35,620	31,471
Reductions	(5,819)	(971)
Ending Balance June 30	$ 118,874	$ 89,073
Amounts Due Within One Year	$ 118,874	$ 89,073

NOTE 6 – DUE TO OTHER GOVERNMENT AGENCIES

Business-Type Activities – Due to LTF

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

It is the current practice of NVTA to have excess revenue returned to the funding agency. NVTA had excess revenues of $1,598,092 and $456,002 at June 30, 2018 and 2017, 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:

	2018	2017
Balance - Beginning of Year	$ 456,002	$ 2,699,378
LTF - Operating	6,557,470	5,500,867
LTF - Capital	112,854	3,465,415
Total LTF	6,670,324	8,966,282
Operating Expenses	12,739,298	13,324,993
Adjustments:		
Add Back Depreciation	(2,716,530)	(2,659,934)
Farebox Revenues	(1,330,940)	(1,247,968)
STA	(621,905)	(675,527)
Other Revenues	(426,400)	(454,243)
Interest Income	(25,744)	(15,311)
FTA Grant Revenues	(2,669,373)	(3,044,818)
Other Federal Grants	-	(210,000)
Capital Asset Outlays	76,132	3,418,557
Net Operating Expenses	5,024,538	8,435,749
Net Increase	1,645,786	530,533
Return of LTF Capital	(456,002)	(2,699,378)
Previous Year Economic Adjustment	(47,694)	(74,531)
Balance - End of Year	$ 1,598,092	$ 456,002

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

NOTE 7 – AGREEMENTS AND COMMITMENTS

Bay Area Air Quality Management District Agreement

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

Abandoned Vehicle Abatement Program

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

Metropolitan Transportation Commission

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

NOTE 8 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in NVTA's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by 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.

NOTE 8 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

The rate plan provisions and benefits in effect at June 30, 2018 and 2017, 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	9.539%	7.200%	6.533%

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, 2018 and 2017, were $124,099 and $117,333, respectively.

As of June 30, 2018 and 2017, NVTA reported a net pension liability for its proportionate share of the net pension liability of the Plan in the amount of $375,403 and $292,430, 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, 2017 and 2016, 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, 2016 and 2015, rolled forward to June 30, 2017 and 2016, 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, 2017 and 2016, was as follows:

Proportion - June 30, 2016	0.337900%
Proportion - June 30, 2017	0.378500%
Change - Increase (Decrease)	0.040600%

NOTE 8 – PENSION PLAN (Continued)

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

For the years ended June 30, 2018 and 2017, NVTA recognized pension expense/(income) of $194,911 and $7,937. At June 30, 2018 and 2017, NVTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	$ 741	$ 10,611
Changes in Assumptions	91,896	7,007
Net Differences between Projected and Actual Earnings on Plan Investments	20,783	-
Change in Employer's Proportion	122,387	21,511
Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	71,481	-
Pension Contributions Subsequent to Measurement Date	124,099	-
Total	$ 431,387	$ 39,129

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

$124,099 and $117,333 reported as deferred outflows of resources related to contributions subsequent to the measurement date during the years ended June 30, 2018 and 2017, respectively, will be recognized as a reduction of the net pension liability in the years ended June 30, 2019 and 2018. 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	
2019	$ 126,461
2020	90,659
2021	63,378
2022	(12,339)
2023	-
Thereafter	-
Total	$ 268,159

NOTE 8 – PENSION PLAN (Continued)

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	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, 2016 and 2015 valuations were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for June 30, 2018 and 2017, was 7.15% and 7.65%, respectively. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% and 7.65% discount rates for 2018 and 2017, respectively, are applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB 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 8 – 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.

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

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

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.

NOTE 8 – PENSION PLAN (Continued)

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

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

	2018	2017
1% Decrease	6.15%	6.65%
Net Pension Liability	$ 678,319	$ 532,396
Current Discount Rate	7.15%	7.65%
Net Pension Liability	$ 375,403	$ 292,430
1% Increase	8.15%	8.65%
Net Pension Liability	$ 124,523	$ 9,411

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, 2018 and 2017, NVTA had no outstanding amounts for contributions to the Plan required for the years then ended.

NOTE 9 – OPEB

A. General Information about the OPEB Plan

Plan Description – NVTA participates in the California Employers' Retiree Benefit Trust (CERBT), a trust established by Chapter 331 of the 1988 Statutes and initially funded in 2007. The purpose of the trust is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for OPEB. The CERBT is an agent multiple-employer plan and is administered by CalPERS. The OPEB Plan provides postretirement health care benefits to all employees meeting certain selected criteria. Employees on the payroll as of June 30, 2018 and 2017, 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 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

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

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

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

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

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

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

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

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

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

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

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017	$ 132,928	$ 242,037	$ (109,109)
Changes in the Year:			
Service Cost	31,035	-	31,035
Interest	8,924	-	8,924
Contribution - Employer	-	34,400	(34,400)
Contribution - Employee	-	-	-
Net Investment Income	-	10,318	(10,318)
Administrative Expenses	-	(3,400)	3,400
Benefit Payments	(3,400)	(128)	(3,272)
Net Changes	36,559	41,190	(4,631)
Balance at June 30, 2018	$ 169,487	$ 283,227	$ (113,740)

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate – The following presents the net OPEB asset of NVTA if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

2017		
1% Decrease		4.50%
Net OPEB Asset	$	(85,100)
Current Discount Rate		5.50%
Net OPEB Asset	$	(113,740)
1% Increase		6.50%
Net OPEB Asset	$	(136,730)

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

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

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2018, NVTA recognized OPEB expense of $27,159. As of fiscal year ended June 30, 2018, NVTA reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	$ 25,930	$ -
Differences between Actual and Expected Experience	-	-
Changes in Assumptions	-	-
Net Differences between Projected and Actual Earnings on Plan Investments	2,610	-
Total	$ 28,540	$ -

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

NOTE 10 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN

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

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

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

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

NOTE 11 – INSURANCE AND RISK OF LOSS

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

NOTE 12 – RELATED PARTY TRANSACTIONS

County personnel provide administration services to NVTA. The County also provides legal counsel. During the fiscal years ended June 30, 2018 and 2017, NVTA paid to the County, a related party, the following amounts:

	2018	2017
Accounting and Legal Services	$ 12,426	$ 17,081
Other Services and Supplies	135,409	152,575
Total Related Party Transactions	$ 147,835	$ 169,656

NOTE 13 – FAREBOX RATIO

Article 4

Article 4 transit operations include Vine and American Canyon Transit. As agreed to by MTC, the combined farebox ratio requirement is 15%. The farebox ratio for the years ended June 30, 2018 and 2017, was 17.98% and 18.42%, respectively, as follows:

June 30, 2018			
Article 4	Total Article 4 Services	Vine	ACT
Farebox Subject to Farebox Ratio	$ 1,495,204	$ 1,446,489	$ 48,715
Operating Cost, Net of Depreciation	$ 8,317,188	$ 8,014,163	$ 303,025
Farebox Ratio	17.98%		

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%		

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, 2018 and 2017, NVTA was in compliance with the minimum farebox ratio of 15% for Article 4 transit operations.

Without the use of local funds, sale of asset revenue, and chargebacks to meet statutory requirements, operation farebox for the fiscal year ended June 30, 2018, would be 12.46%.

NOTE 13 – FAREBOX RATIO (Continued)

Article 8

Article 8 transit operations include Vine Go, Calistoga Shuttle, St. Helena Shuttle, Yountville Trolley, and the Taxi Scrip program. TDA Section 6633.2 requires NVTA to meet a 10% farebox revenue to total operating expenses ratio. The farebox revenue ratio for the years ended June 30, 2018 and 2017, for Article 8 transit operations was 10.53% and 10.52%, respectively, as follows:

June 30, 2018 Article 8	Total Article 8 Services	Taxi Scrip and Vine Go	Calistoga, Yountville, and St. Helena
Farebox Subject to Farebox Ratio	$ 270,679	$ 111,524	$ 159,155
Operating Cost, Net of Depreciation	$ 2,570,413	$ 1,343,502	$ 1,226,911
Farebox Ratio	10.53%		

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%		

For the fiscal years ended June 30, 2018 and 2017, NVTA was in compliance with the minimum farebox ratio required for Article 8 transit operations.

NOTE 14 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the years ended June 30, 2018 and 2017, expenditures exceeded appropriations in the Planning Fund as follows:

Appropriations Category		Excess Expenditures 2018	Excess Expenditures 2017
Planning Fund:	Communications	$ 15,327	$ 17,666
	Rents and Leases	-	8
	Office Expense	-	-
	Transportation	2,494	-
	Miscellaneous Expense	-	67,915
	Debt Service:		
	Principal	-	2,502,874
	Interest	-	-

NOTE 15 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to net position as follows:

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

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 24, 2018, 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, 2018

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

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	1,350,901
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 Year	2,372,123	2,372,123	2,372,123	-
Fund Balance, End of Year	$ 2,728,523	$ 2,743,398	$ 2,030,772	$ 712,626

BUDGETS AND BUDGETARY ACCOUNTING

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

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

Measurement Period	2017
Total OPEB Liability	
Service Cost	$ 31,035
Interest	8,924
Actual and Expected Experience Difference	-
Changes in Assumptions	-
Changes in Benefits Terms	-
Benefit Payments	(3,400)
Net Change in Total OPEB Liability	36,559
Total OPEB Liability - Beginning	132,928
Total OPEB Liability - Ending (a)	$ 169,487
Plan Fiduciary Net Position	
Contributions - Employer	$ 34,400
Net Investment Income	10,318
Benefit Payments	(3,400)
Administrative Expenses	(128)
Net Change in Plan Fiduciary Net Position	41,190
Plan Fiduciary Net Position - Beginning	242,037
Plan Fiduciary Net Position - Ending (b)	$ 283,227
Net OPEB Asset - Ending [(a) - (b)]	$ (113,740)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	167.11%
Covered-Employee Payroll	$ 1,870,622
Net OPEB Asset as a Percentage of Covered-Employee Payroll	-6.08%

Notes to the Schedule:

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

NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF NVTA'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2018
LAST 10 YEARS*

	2018	2017	2016	2015
Proportion of the Net Pension Liability	0.378500%	0.003379%	0.003120%	0.003084%
Proportionate Share of the Net Pension Liability	$ 375,403	$ 292,430	$ 214,127	$ 191,920
Covered-Employee Payroll	$ 1,392,133	$ 1,116,442	$ 1,100,512	$ 1,014,983
Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	26.97%	26.19%	19.46%	18.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.31%	74.06%	78.40%	79.82%

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

Notes to Schedule:

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

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

NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2018
LAST 10 YEARS*

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

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

Notes to Schedule:

Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	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, 2018

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

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
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 CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

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

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

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 Assistance 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 Assistance 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

OTHER REPORT

BROWN
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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, 2018, and have issued our report thereon dated December 24, 2018.

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 24, 2018