



**NAPA VALLEY
TRANSPORTATION AUTHORITY**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

**NAPA VALLEY TRANSPORTATION AUTHORITY
JUNE 30, 2023 AND 2022**

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Napa Valley Transportation Authority (NVTA) as of and for the years ended June 30, 2023 and 2022, and the related notes to the basic financial statements, which collectively comprise NVTA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of NVTA, as of June 30, 2023 and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NVTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NVTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NVTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NVTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 Benefit (OPEB) Liability/(Asset) and Related Ratios, Schedule of Contributions – OPEB, Schedule of NVTA's Proportionate Share of the Net Pension Liability, and Schedule of Contributions – Pension, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NVTA's basic financial statements. The accompanying Statements 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statements 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, 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 solely 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 effectiveness of NVTA's 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 the NVTA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
December 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NAPA VALLEY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

This section of Napa Valley Transportation Authority's (NVTA) annual financial report presents our discussion and analysis of NVTA's financial performance during the years ended June 30, 2023 and 2022. It should be read in conjunction with the basic financial statements contained in the independent auditor's report.

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

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

Financial Highlights

- At the close of the fiscal year 2022-2023, total assets and deferred outflows of resources of NVTA exceeded liabilities and deferred inflows of resources of NVTA by \$39,556,029. Of this amount, \$31,664,151 is the net investment in capital assets. The remaining \$7,891,878 represents unrestricted net position.
- At the close of the fiscal year 2021-2022, total assets and deferred outflows of resources of NVTA exceeded liabilities and deferred inflows of resources of NVTA by \$34,004,665. Of this amount, \$27,601,150 is the net investment in capital assets. The remaining \$6,403,515 represents unrestricted net position.
- As of June 30, 2023, NVTA's Governmental Activities reported an ending net position of \$2,897,191 or 31% of total governmental fund expenditures.
- As of June 30, 2022, NVTA's Governmental Activities reported an ending net position of \$2,408,827 or 43% of total governmental fund expenditures.
- Capital contributions in the form of grants from the Federal and State governments decreased from \$11,390,446 in fiscal year 2021-2022 to \$6,737,851 in fiscal year 2022-2023. Capital purchases for the year were for construction in progress expenses, zero emission buses, and transit related equipment.
- Capital contributions in the form of grants from the Federal and State governments increased from \$465,998 in fiscal year 2020-2021 to \$11,390,446 in fiscal year 2021-2022. Capital purchases for the year were for construction in progress expenses, zero emission buses, and transit related equipment.
- NVTA continues to improve operation performance, compliance, and accountability during fiscal year 2022-2023 by making investments in professional management, fiscal controls, and accounting.

Overview of the Basic Financial Statements

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

- The first two statements are *government-wide* financial statements that provide both *long-term* and *short-term* information about NVTA’s overall financial status.
- The remaining statements are *fund* financial statements that focus on individual parts of NVTA’s organization. These statements report NVTA’s financial position and activity. The annual report also includes notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that includes budgetary comparison information for NVTA’s governmental fund.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

A component unit is included in the basic financial statements and is a legally separate entity for which NVTA is financially accountable. If a component unit’s total debt is expected to be repaid entirely by NVTA, if the component unit provides services entirely to NVTA, or if the component unit has substantially the same governing board as NVTA and there is a financial benefit or burden relationship or NVTA management has operational responsibility for a component unit, then the component will be classified as a blended component unit. If a component unit does not meet any of the preceding requirements, it will be presented as a discrete component unit. NVTA – Tax Agency is reported as NVTA’s discretely presented component unit.

Financial Analysis of NVTA

Net Position

In the current fiscal year, the governmental activities net position increased by \$488,364. The business-type activities net position increased \$5,063,000. The result is an overall increase in net position of \$5,551,364 or 14% in fiscal year 2022-2023 from fiscal year 2021-2022.

However, in the prior fiscal year, the governmental activities net position increased by \$459,275. The business-type activities net position increased \$10,247,583. The result is an overall increase in net position of \$10,706,858 or 46% in fiscal year 2021-2022 from fiscal year 2020-2021.

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

	As of June 30, 2023			As of June 30, 2022			As of June 30, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 10,632,392	\$ 11,525,213	\$ 22,157,605	\$ 8,753,888	\$ 11,925,277	\$ 20,679,165	\$ 4,300,242	\$ 5,902,908	\$ 10,203,150
Capital assets	-	50,863,851	50,863,851	-	31,633,675	31,633,675	-	19,430,818	19,430,818
Total assets	10,632,392	62,389,064	73,021,456	8,753,888	43,558,952	52,312,840	4,300,242	25,333,726	29,633,968
Deferred outflows of resources	962,351	-	962,351	573,293	-	573,293	630,778	-	630,778
Current and other liabilities	7,278,883	7,530,526	14,809,409	5,981,466	7,930,589	13,912,055	2,929,061	3,985,471	6,914,532
Noncurrent liabilities	1,332,334	18,199,700	19,532,034	553,316	4,032,525	4,585,841	-	-	-
Total liabilities	8,611,217	25,730,226	34,341,443	6,534,782	11,963,114	18,497,896	2,929,061	3,985,471	6,914,532
Deferred inflows of resources	86,335	-	86,335	383,572	-	383,572	52,407	-	52,407
Net position:									
Net investment in capital assets	-	31,664,151	31,664,151	-	27,601,150	27,601,150	-	19,430,818	19,430,818
Unrestricted net position	2,897,191	4,994,687	7,891,878	2,408,827	3,994,688	6,403,515	1,949,552	1,917,437	3,866,989
Total net position	\$ 2,897,191	\$ 36,658,838	\$ 39,556,029	\$ 2,408,827	\$ 31,595,838	\$ 34,004,665	\$ 1,949,552	\$ 21,348,255	\$ 23,297,807

Changes in Net Position

A summary of NVTA's Statement of Activities recapping NVTA's revenues earned during the years ended June 30, 2023, 2022, and 2021, and the expenses incurred is as follows:

	As of June 30, 2023			As of June 30, 2022			As of June 30, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:									
Program revenues:									
Fees, fines, and charges for services	\$ -	\$ 871,140	\$ 871,140	\$ -	\$ 580,477	\$ 580,477	\$ -	\$ 515,553	\$ 515,553
Operating grants and contributions	9,873,416	13,490,586	23,364,002	5,960,968	14,065,603	20,026,571	7,488,188	9,207,193	16,695,381
Capital grants and contributions	-	6,737,851	6,737,851	-	11,390,446	11,390,446	-	465,998	465,998
General revenues:									
Unrestricted interest and investment earnings	76,969	82,540	159,509	35,995	23,256	59,251	16,569	57,058	73,627
Loss from disposal of property	-	-	-	-	(2,062,247)	(2,062,247)	-	-	-
Miscellaneous	-	-	-	-	197,426	197,426	-	-	-
Total revenues	9,950,385	21,182,117	31,132,502	5,996,963	24,194,961	30,191,924	7,504,757	10,245,802	17,750,559
Expenses:									
Transportation planning	9,462,021	-	9,462,021	5,537,688	-	5,537,688	8,041,664	-	8,041,664
Transit	-	16,119,117	16,119,117	-	13,947,378	13,947,378	-	12,265,554	12,265,554
Total expenses	9,462,021	16,119,117	25,581,138	5,537,688	13,947,378	19,485,066	8,041,664	12,265,554	20,307,218
Change in net position	488,364	5,063,000	5,551,364	459,275	10,247,583	10,706,858	(536,907)	(2,019,752)	(2,556,659)
Net position, beginning	2,408,827	31,595,838	34,004,665	1,949,552	21,348,255	23,297,807	2,486,459	23,368,007	25,854,466
Net position, ending	\$ 2,897,191	\$ 36,658,838	\$ 39,556,029	\$ 2,408,827	\$ 31,595,838	\$ 34,004,665	\$ 1,949,552	\$ 21,348,255	\$ 23,297,807

Governmental Activities

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

Governmental activities expenses increased from \$5,537,688 in fiscal year 2021-2022 to \$9,462,021 in fiscal year 2022-2023. Governmental activities expenses decreased from \$8,041,664 in fiscal year 2020-2021 to \$5,537,688 in fiscal year 2021-2022.

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

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

Congestion Management Agency (CMA)

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

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

NVTA continued its brisk pace on progressing major, transformative project in its pipeline. Three marquee projects - Soscol Junction, the Vine Trail, and Vine Bus Maintenance Facility, saw huge strides in construction with the goal post within sight for the completion of each of these while a new park and ride facility - the Imola Park and Ride, in the City of Napa began service in October 2022.

California Governor Gavin Newsom released the May Revision to his proposed 2023-24 California state budget, projecting a \$31.5 billion shortfall. The administration proposes to resolve the shortfall through a series of spending reductions, trigger cuts, and delays or deferrals of spending authorized in earlier years as well as through internal borrowing and fund shifts. The General Fund spending plan would protect many ongoing investments made in prior years, mostly maintains state reserves that are projected to total \$37.2 billion, and rejects raising revenues to continue to invest in Californians.

Despite the growing shortfall, the governor's revised budget manages to protect and maintain much of the progress made in prior years to help improve the state's public transit investments. Vine Transit, like many transit agencies across the country will soon face financial headwinds as federal COVID emergency funding dries up and the durability of work from home keeps fare revenue suppressed.

In response to concerted efforts from advocates and transit champions in the state legislature, California's Governor Gavin Newsom included \$5.1 billion in funding for California transit agencies in his 2023-2024 budget. NVTA was also glad to see the governor's inclusion of \$400 million specifically for operations. Operations funding is what allows agencies to run service frequently enough that people can rely on transit. Increasing operations funding is also what will allow agencies to attract and retain a robust, well-compensated workforce, without which there is no possibility of great transit.

In concert with the state and the Metropolitan Transportation Commission, NVTA will do its part to tackle climate change and reduce greenhouse gases. NVTA has already procured seven electric zero emission vehicles with another fourteen set for delivery in the next few years. NVTA's goal is to accelerate its transition to a fully electric fleet prior to the California Air Resources Board Innovative Clean Transit mandate.

In terms of planning and capital development, NVTA has been able to progress on several active projects in the pipeline hitting several key milestones. Noteworthy project and program developments during the year include:

Soscol Junction

Napa County's most significant transportation project in a decade is swiftly progressing, captivating the attention of daily commuters and travelers alike. Caltrans officials have express optimism that motorists could be driving on the completed \$54 million Soscol Junction much sooner than the anticipated Fall 2024 planned opening date.

The long-awaited Soscol Junction project reflects a decades-long endeavor, harkening back to California's 1970s plans to relocate Highway 29 and create an interchange at the Soscol Junction site. Although the original vision faced setbacks, the current project brings Napa Valley closer to that vision, introducing modern features such as roundabouts. Soscol Junction is well on its way to transforming the entrance to Napa Valley wine country. Soscol Junction serves as a primary gateway to Napa Valley wine country and the City of Napa, with an average daily traffic flow of around 69,000 vehicles on Highway 29.

The project incorporates roundabouts underneath SR-29 to allow for continuous north-south movement of vehicles. Two roundabouts will be located on SR-221 north of SR-29 and on Soscol Ferry Road south of SR-29. The roundabouts will accommodate turning movements on and off the highways. The project is designed to remove a signalized intersection that will cut rush-hour delays from several minutes to a few seconds. SR-29 will be elevated and free-flowing. Two roundabouts created underneath SR-29 will allow for access to SR-221 and Soscol Ferry Road. The goal is for drivers to spend less time sitting in traffic.

The project is sponsored by the California Department of Transportation (Caltrans), the Federal Highway Administration (FHWA), and NVTa which is the project implementing agency. The California Transportation Commission approved the Solutions for Congested Corridors Program (SCCP) in the amount of \$25 million in December 2020. A construction contract was awarded in April 2022 and a groundbreaking occurred in June 2022.

Napa Valley Vine Trail-St. Helena to Calistoga

The Napa Valley Vine Trail (Vine Trail) is a visionary and connective multiuse path that will extend from the City of Calistoga to the Vallejo Ferry terminal in Solano County. The Vine Trail route incorporates several existing paved pathways in the cities of Calistoga, Napa, American Canyon, St. Helena, Vallejo, the Town of Yountville, and the County of Napa. When it is fully completed, the 47-mile paved trail will involve land controlled by twelve separate public agencies.

After construction delays during an abnormally wet winter season, construction on the eight-mile segment was full steam ahead in the spring. The project has experienced several challenges including unearthing Native American artifacts as well as gas and electric line relocation issues. Despite those challenges, significant progress was seen by the end of the fiscal year. At the end of the fiscal year, crews prepared for the installation of two bridges within the in-progress nearly 8-mile Calistoga to St. Helena section of the trail — from Lincoln Avenue in Calistoga to Pratt Avenue in St. Helena — which is planned to open in the Spring of 2024. The 114-foot Dunaweal Bridge will extend the trail across the Napa River along Dunaweal Lane toward Highway 29. The 80-foot DeConnick Bridge will pass over wetlands between Big Tree Road and Ehlers Lane. Several sections of asphalt will be laid in late summer 2023.

Given the continued delays with gas and electric undergrounding adjacent to the trail, the anticipated start date has been moved to the Spring of 2024. The project budget was also increased due to the unanticipated costs of these delays.

While work continues on the northern end of the trail, crews will begin construction on the City of Vallejo portion next fall. That portions 5-mile segment of trail will run north from the Ferry Terminal to beneath the Vallejo-Mare Island Bridge, connect to the existing portion of the San Francisco Bay Trail along Highway 37, then cross Highway 29 to the east and head north to American Canyon's Veterans Memorial Park.

The last major gap of the trail- the ten-mile Yountville to St. Helena segment is poised for pre-construction activity in 2024. The County of Napa has secured \$4 million in federal funds to support pre-construction activities. The County will take on the construction of any of the remaining Vine Trail segments.

The Metropolitan Transportation Commission (MTC) provides NVTa with FHWA funds to support regional transportation planning and programming and to support the coordination of transportation and land use activities throughout the County. In fiscal year 2022-2023, the level of this funding was \$836,000.

TDA funds derive from ¼ cent of the local sales tax collected. TDA funds are used to support transit planning, administration, and mobility services. TDA funds which are not spent within the year they are drawn must either be returned to the Napa County Local Transportation Fund (LTF), which is a trust account for TDA; or alternatively, the TDA balances may be designated as advances for a specific

project. Funds returned to the LTF become available to NVTA again in the fiscal year following their return. The LTF is administered by the MTC through the Napa County Auditor-Controller; the LTF is not a fund under NVTA's control.

Local funds which are provided by the member agencies are unrestricted and may be placed in Net Position balance if not used in the fiscal year they are collected. Currently, NVTA has a Net Position balance of \$2,897,191 which is held in reserve for future regional planning projects or necessary administrative costs.

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 (ADA) required paratransit service), American Canyon Transit (dial-a-ride transit), the Yountville Trolley (dial-a-ride transit), the St. Helena Shuttle (dial-a-ride transit), the Calistoga Shuttle (dial-a-ride transit), and a Taxi Scrip program. Each of the community shuttles are dial-a-ride transit services.

Business-type activity expenses increased from \$13,947,378 in fiscal year 2021-2022 to \$16,119,117 in fiscal year 2022-2023 which is an overall increase of 16%. The increase is accounted for by the execution of a new purchase transportation contract and the restoration of some services that were reduced due a lack of demand from the COVID-19 pandemic.

Business-type activity expenses increased from \$12,265,554 in fiscal year 2020-2021 to \$13,947,378 in fiscal year 2021-2022 which is an overall increase of 14%. The increase is accounted for by the execution of a new purchase transportation contract and the restoration of some services that were reduced due a lack of demand from the COVID-19 pandemic.

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
- Regional Measure 2 (RM2) funds
- Various grants and contributions

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

Vine Transit System

Like many transit operators around the country, the Vine Transit system was decimated by the impacts of the COVID-19 pandemic. Recently, the focus for Vine Transit and for transit in general, was how to deliver quality transit services in the new normal. Working with the Metropolitan Transportation Commission, the "Survive and Thrive: Roadmap to a Sustainable Business Model for Bay Area Public Transit" provided a high-level framework for describing the actions and investment strategies that are underway and anticipated over the next decade to help transit agencies across the Bay Area survive an impending fiscal crisis, adapt to post-pandemic realities, grow ridership, and successfully transition to a new, financially sustainable business model.

A significant challenge for Vine is the extent to which ridership is affected by external factors, such as the economy, land uses and urban form, gas prices, homelessness, and — most relevant to the current moment — remote work policies. Transit must constantly react and adapt to a changing external business environment.

Vine Transit showed promising signs of a passenger rebound for most of the year, but since then has stagnated at the end of the fiscal year. Ridership increased 11% over the year to 487,995 from 441,265 in the same period last year.

When the COVID-19 pandemic prompted national lockdowns, ridership sharply declined, leading to a near-zero drop in fare collection revenues. The absence of fare revenues left transit agencies grappling with insufficient funds to cover their operating costs. In response, the federal government took action by implementing three distinct emergency relief packages and augmenting support for transit agencies in the Infrastructure Investment and Jobs Act (IIJA).

Despite these financial injections, the funding proved insufficient. The return of ridership to pre-pandemic levels has yet to materialize, and workforce shortages have exacerbated the challenges. This dual impact has given rise to the transit fiscal cliff—a looming operating budget deficit anticipated at transit agencies nationwide once their federal relief expires. Although the Vine is not heavily reliant on passenger fares to pay for its operations, the lack of farebox revenues has compelled NVRTA to limit the full return to a fixed route schedule.

Vine Transit services experienced gains in ridership from the previous year, but the Yountville Bee was slightly negative. Year-over-year passenger counts on the Vine increased by 9%, Vine Go by 110%; Calistoga by 3%; St. Helena by 34%, American Canyon by 4%, but Yountville was down by 6%.

NVRTA and Vine Transit is committed on finding ways to make the Vine Transit experience more attractive for the riding public. The Vine has already made considerable adjustments to service to respond to the pandemic's changing travel patterns and conserve operating resources. The Vine has also championed equity-driven service decisions such as boosting frequency in high-traveled routes used primarily by low-income essential service workers to improve travel to and from jobs that cannot be done remotely. Across Napa County, more residents are traveling within their counties than outside, so it is increasingly important for local transit options to offer fast and reliable service. The transition may take years to fully implement with adjustments along the way, but many aspects of this transformation has already begun for the Vine.

Vine Bus Maintenance Facility

The construction of the Vine Bus Maintenance Facility has been advancing swiftly, marking significant progress in the recent fiscal year. As of the year-end, the project has reached an 85% completion rate, showcasing the dedicated efforts and efficiency of the construction team. Looking ahead, the substantial completion of the facility is anticipated by the end of November 2023, signaling a near culmination of this vital infrastructure development.

In response to the evolving landscape of sustainable technologies, the Napa Valley Transportation Authority (NVRTA) has implemented a strategic change order to retrofit the facility, ensuring its readiness for hydrogen utilization. This forward-thinking decision aligns with the growing emphasis on environmentally friendly and innovative solutions within the public transportation sector. By incorporating this hydrogen-ready retrofit, the Vine Bus Maintenance Facility positions itself at the forefront of technological adaptability, paving the way for future advancements and contributing to the broader sustainability goals of the community.

The proactive approach taken by NVRTA not only underscores their commitment to staying abreast of emerging technologies but also reflects a dedication to ensuring the longevity and versatility of the Vine Bus Maintenance Facility. This strategic decision is poised to have far-reaching implications, not only in terms of environmental impact but also in positioning the facility as a model of adaptability and resilience in the ever-evolving landscape of transportation infrastructure.

As the project nears its final stages, the anticipated culmination in November 2023 is met with anticipation and excitement. The Vine Bus Maintenance Facility stands as a testament to the collaborative efforts and strategic vision of NVRTA, contributing significantly to the enhancement of the region's public transportation infrastructure. The integration of hydrogen-ready features further cements its role as a beacon of sustainability and technological readiness, poised to serve the community for years to come.

When completed, the 8 acre property to feature a 20,000 sq. ft. maintenance building 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. Total project costs is approximately \$41 million which includes purchasing the real estate.

BUDGETARY HIGHLIGHTS

NVTA adopts a biannual operating budget that includes proposed expenditures and the means of financing them. NVTA's budget is adopted by the Board before June 30th of each even-numbered fiscal year. Subsequent increases to the original budget must be approved by the Board. Page 58 provides a budget to actual comparison of the Governmental Fund.

For NVTA's Governmental Fund for the year ended June 30, 2023, the budget for revenues was \$29,512,100 and for expenditures was \$29,523,100. For NVTA's Governmental Fund for the year ended June 30, 2022, the budget for revenues was \$13,932,200 and for expenditures was \$14,132,200. When comparing actual expenditures and revenue to the final budget for both fiscal years, NVTA was within budget.

CAPITAL ASSETS

The governmental activities financial statements include capital assets of \$0 for fiscal years 2022-2023 and 2021-2022. Capital assets in total are composed of office furniture located at NVTA's administrative offices at the Soscol Gateway Transit Center.

The business-type activities financial statements include capital assets of \$50,863,851 and \$31,633,675 in fiscal years 2022-2023 and 2021-2022, respectively. Capital assets in total are predominantly made up of buses and other transit related equipment as well as the Soscol Gateway Transit Center facility and construction in progress for the new Vine Bus Maintenance Facility and Imola Park and Ride projects.

Major additions during the year included purchases of transit related equipment and the bus maintenance facility in fiscal year 2022-2023. Major additions during the year included purchases of transit related equipment in fiscal year 2021-2022.

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

DEBT ADMINISTRATION

As of June 30, 2023, NVTA had debt of \$19,199,700 and recorded long-term obligations for compensated absences in the amount of \$189,435. As of June 30, 2022, NVTA had debt of \$4,032,525 and recorded long-term obligations for compensated absences in the amount of \$193,764. For additional information on NVTA's debt activity, please refer to Note 5 in the notes to the basic financial statements.

CONTACTING NVTA

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

A separately issued financial report for NVTA's discretely presented component unit, NVTA – Tax Agency, can be obtained by contacting NVTA's administrative office at 625 Burnell Street, Napa, California 94559-3420.

**BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Primary Government			Discrete Component Unit
	Governmental Activities	Business-Type Activities	Totals	NVTA - Tax Agency
<u>ASSETS</u>				
Cash and Investments in County Treasury	\$ 8,552,763	\$ 3,806,316	\$ 12,359,079	\$ 4,071,770
Imprest Cash	500	-	500	-
Investments	-	862,220	862,220	-
Due from Other Government Agencies	2,008,532	6,608,864	8,617,396	-
Intergovernmental Receivables	-	-	-	4,565,042
Prepaid Expenses	70,597	50,329	120,926	-
Inventory	-	197,484	197,484	-
Capital Assets, Net of Accumulated Depreciation	-	50,863,851	50,863,851	-
Total Assets	<u>10,632,392</u>	<u>62,389,064</u>	<u>73,021,456</u>	<u>8,636,812</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
OPEB	306,235	-	306,235	-
Pension Adjustments	656,116	-	656,116	-
Total Deferred Outflows of Resources	<u>962,351</u>	<u>-</u>	<u>962,351</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts Payable	827,511	2,078,460	2,905,971	8,046,204
Accrued Salaries	61,071	-	61,071	-
Unearned Revenue	6,390,301	917,435	7,307,736	-
Due to Other Government Agencies	-	3,534,631	3,534,631	-
Loan Payable - Current	-	1,000,000	1,000,000	-
Net Pension Liability	1,052,652	-	1,052,652	-
Net Other Postemployment Benefits (OPEB) Liability	90,247	-	90,247	-
Compensated Absences	189,435	-	189,435	-
Loan Payable - Non-current	-	18,199,700	18,199,700	-
Total Liabilities	<u>8,611,217</u>	<u>25,730,226</u>	<u>34,341,443</u>	<u>8,046,204</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
OPEB	57,064	-	57,064	-
Pension Adjustments	29,271	-	29,271	-
Total Deferred Inflows of Resources	<u>86,335</u>	<u>-</u>	<u>86,335</u>	<u>-</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	-	31,664,151	31,664,151	-
Unrestricted	2,897,191	4,994,687	7,891,878	590,608
Total Net Position	<u>\$ 2,897,191</u>	<u>\$ 36,658,838</u>	<u>\$ 39,556,029</u>	<u>\$ 590,608</u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Primary Government			Discrete Component Unit
	Governmental Activities	Business-Type Activities	Totals	NVTA - Tax Agency
<u>ASSETS</u>				
Cash and Investments in County Treasury	\$ 7,999,298	\$ -	\$ 7,999,298	\$ 3,947,719
Imprest Cash	500	-	500	-
Investments	-	466,101	466,101	-
Due from Other Government Agencies	489,924	11,162,758	11,652,682	-
Intergovernmental Receivables	-	-	-	4,876,204
Prepaid Expenses	190,872	98,934	289,806	-
Inventory	-	197,484	197,484	-
Net Other Postemployment Benefits (OPEB) Asset	73,294	-	73,294	-
Capital Assets, Net of Accumulated Depreciation	-	31,633,675	31,633,675	-
Total Assets	<u>8,753,888</u>	<u>43,558,952</u>	<u>52,312,840</u>	<u>8,823,923</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
OPEB	166,734	-	166,734	-
Pension Adjustments	406,559	-	406,559	-
Total Deferred Outflows of Resources	<u>573,293</u>	<u>-</u>	<u>573,293</u>	<u>-</u>
<u>LIABILITIES</u>				
Cash Overdraft	-	773,959	773,959	-
Accounts Payable	430,074	5,780,799	6,210,873	8,400,736
Accrued Salaries	100,142	-	100,142	-
Unearned Revenue	5,451,250	1,202,075	6,653,325	-
Unearned Revenue - State of Good Repair	-	10,239	10,239	-
Due to Other Government Agencies	-	163,517	163,517	-
Net Pension Liability	359,552	-	359,552	-
Compensated Absences	193,764	-	193,764	-
Loan Payable	-	4,032,525	4,032,525	-
Total Liabilities	<u>6,534,782</u>	<u>11,963,114</u>	<u>18,497,896</u>	<u>8,400,736</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
OPEB	69,702	-	69,702	-
Pension Adjustments	313,870	-	313,870	-
Total Deferred Inflows of Resources	<u>383,572</u>	<u>-</u>	<u>383,572</u>	<u>-</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets		27,601,150	27,601,150	
Unrestricted	2,408,827	3,994,688	6,403,515	423,187
Total Net Position	<u>\$ 2,408,827</u>	<u>\$ 31,595,838</u>	<u>\$ 34,004,665</u>	<u>\$ 423,187</u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Discrete Component Unit
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	NVTA - Tax Agency
Primary Government:								
Governmental Activities:								
Transportation Planning	\$ 9,462,021	\$ -	\$ 9,873,416	\$ -	\$ 411,395	\$ -	\$ 411,395	\$ -
Business-Type Activities:								
Transit	16,119,117	871,140	13,490,586	6,737,851	-	4,980,460	4,980,460	-
Total Primary Government	\$ 25,581,138	\$ 871,140	\$ 23,364,002	\$ 6,737,851	411,395	4,980,460	5,391,855	-
Discrete Component Unit:								
NVTA - Tax Agency	\$ 25,383,590	\$ -	\$ -	\$ -	-	-	-	(25,383,590)
		General Revenues						
		Taxes			-	-	-	25,506,553
		Unrestricted Interest and Investment Earnings			76,969	82,540	159,509	44,458
		Total General Revenues			76,969	82,540	159,509	25,551,011
		Change in Net Position			488,364	5,063,000	5,551,364	167,421
		Net Position July 1, 2022			2,408,827	31,595,838	34,004,665	423,187
		Net Position June 30, 2023			\$ 2,897,191	\$ 36,658,838	\$ 39,556,029	\$ 590,608

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Discrete Component Unit
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	NVTA - Tax Agency
Primary Government:								
Governmental Activities:								
Transportation Planning	\$ 5,537,688	\$ -	\$ 5,960,968	\$ -	\$ 423,280	\$ -	\$ 423,280	\$ -
Business-Type Activities:								
Transit	13,947,378	580,477	14,065,603	11,390,446	-	12,089,148	12,089,148	-
Total Primary Government	<u>\$ 19,485,066</u>	<u>\$ 580,477</u>	<u>\$ 20,026,571</u>	<u>\$ 11,390,446</u>	423,280	12,089,148	12,512,428	-
Discrete Component Unit:								
NVTA - Tax Agency	<u>\$ 24,644,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	(24,644,437)
General Revenues								
Taxes					-	-	-	24,799,376
Unrestricted Interest and Investment Earnings					35,995	23,256	59,251	24,729
Loss from Disposal of Property					-	(2,062,247)	(2,062,247)	-
Miscellaneous					-	197,426	197,426	-
Total General Revenues					35,995	(1,841,565)	(1,805,570)	24,824,105
Change in Net Position					459,275	10,247,583	10,706,858	179,668
Net Position July 1, 2021					1,949,552	21,348,255	23,297,807	243,519
Net Position June 30, 2022					<u>\$ 2,408,827</u>	<u>\$ 31,595,838</u>	<u>\$ 34,004,665</u>	<u>\$ 423,187</u>

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

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

**NAPA VALLEY TRANSPORTATION AUTHORITY
BALANCE SHEETS
GOVERNMENTAL FUND – PLANNING FUND
JUNE 30, 2023 AND 2022**

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash and Investments in County Treasury	\$ 8,552,763	\$ 7,999,298
Imprest Cash	500	500
Grants Receivable	2,008,532	489,924
Prepaid Expenses	70,597	190,872
Total Current Assets	10,632,392	8,680,594
Total Assets	\$ 10,632,392	\$ 8,680,594
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	\$ 827,511	\$ 430,074
Accrued Salaries and Benefits	61,071	100,142
Unearned Revenue	6,390,301	5,451,250
Total Current Liabilities	7,278,883	5,981,466
Total Liabilities	7,278,883	5,981,466
<u>FUND BALANCE</u>		
Nonspendable	70,597	190,872
Unassigned	3,282,912	2,508,256
Total Fund Balance	3,353,509	2,699,128
Total Liabilities and Fund Balance	\$ 10,632,392	\$ 8,680,594

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE PLANNING FUND
BALANCE SHEETS TO THE STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
Total Fund Balance - Governmental Fund	\$ 3,353,509	\$ 2,699,128
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> <p>Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.</p>		
Compensated absences	(189,435)	(193,764)
Net pension liability	(1,052,652)	(359,552)
Net OPEB	(90,247)	73,294
<p>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.</p>		
Deferred outflows of resources - Pension	656,116	406,559
Deferred outflows of resources - OPEB	306,235	166,734
Deferred inflows of resources - Pension	(29,271)	(313,870)
Deferred inflows of resources - OPEB	(57,064)	(69,702)
Total Net Position - Governmental Activities	<u>\$ 2,897,191</u>	<u>\$ 2,408,827</u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – PLANNING FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<u>REVENUES</u>		
Local Transportation Fund Allocation	\$ 3,362,200	\$ 3,159,928
Federal Highway Allocations	3,322,667	1,064,273
Programming, Planning, and Monitoring	689,156	1,008,446
Other Grants	1,563,063	160,602
Local Support	-	201,321
Interest	76,969	35,995
Other Revenues	936,330	366,398
Total Revenues	9,950,385	5,996,963
<u>EXPENDITURES</u>		
Communications	33,791	34,922
Insurance	63,778	55,657
Office Expense	128,538	82,355
Rents and Leases	6,807	7,466
Transportation	10,317	3,504
Salaries and Benefits	2,189,959	1,981,237
Miscellaneous Expense	352,301	304,930
Professional Services	6,510,513	3,143,740
Total Expenditures	9,296,004	5,613,811
Net Change in Fund Balance	654,381	383,152
Fund Balance, Beginning of Year	2,699,128	2,315,976
Fund Balance, End of Year	\$ 3,353,509	\$ 2,699,128

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE PLANNING FUND
TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES –
GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022			
Net Change in Fund Balance - Governmental Fund	\$ 654,381	\$ 383,152			
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.</p> <p style="padding-left: 40px;">Pension expense - GASB Statement No. 68 (158,944) 76,118 OPEB expense - GASB Statement No. 75 (11,402) 17,167</p> <p>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.</p> <p style="padding-left: 40px;">This change reflects an increase in compensated absences that occurred during the year. 4,329 (17,162)</p> <tr> <td>Total Change in Net Position - Governmental Activities</td> <td style="text-align: right;">\$ 488,364</td> <td style="text-align: right;">\$ 459,275</td> </tr>			Total Change in Net Position - Governmental Activities	\$ 488,364	\$ 459,275
Total Change in Net Position - Governmental Activities	\$ 488,364	\$ 459,275			

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF FUND NET POSITION
TRANSIT FUND
JUNE 30, 2023 AND 2022**

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash and Investments in County Treasury	\$ 3,806,316	\$ -
Investments	862,220	466,101
Grants Receivable	6,608,864	11,162,758
Prepaid Expenses	50,329	98,934
Inventory	197,484	197,484
Total Current Assets	11,525,213	11,925,277
Noncurrent Assets		
Land	5,535,633	5,535,633
Construction in Progress	28,402,658	12,562,895
Capital Assets, Net of Accumulated Depreciation	16,925,560	13,535,147
Total Noncurrent Assets	50,863,851	31,633,675
Total Assets	\$ 62,389,064	\$ 43,558,952
<u>LIABILITIES</u>		
Current Liabilities		
Cash Overdraft	\$ -	\$ 773,959
Accounts Payable	2,078,460	5,780,799
Unearned Revenue	917,435	1,202,075
Unearned Revenue - State of Good Repair	-	10,239
Due to Other Government Agencies	3,534,631	163,517
Loan Payable	1,000,000	-
Total Current Liabilities	7,530,526	7,930,589
Noncurrent Liabilities		
Loan Payable	18,199,700	4,032,525
Total Noncurrent Liabilities	18,199,700	4,032,525
Total Liabilities	25,730,226	11,963,114
<u>NET POSITION</u>		
Net Investment in Capital Assets	31,664,151	27,601,150
Unrestricted	4,994,687	3,994,688
Total Net Position	36,658,838	31,595,838
Total Liabilities and Net Position	\$ 62,389,064	\$ 43,558,952

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<u>OPERATING REVENUES</u>		
Farebox Revenues	\$ 871,140	\$ 580,477
Total Operating Revenues	871,140	580,477
<u>OPERATING EXPENSES</u>		
Marketing	15,102	27,960
Vehicle Maintenance	546,238	331,885
Other Maintenance	12,724	699
Fuel and Lubricants	1,477,580	1,395,071
Insurance	306,427	372,459
Planning and Administration	-	1,086
Security	27,331	25,589
Services	401,216	162,249
Supplies	47,798	74,266
Purchased Transportation	10,459,907	9,400,384
Rents and Leases	-	20,899
Utilities	25,630	20,174
Miscellaneous Expense	139,514	10,336
Depreciation	2,217,323	1,725,069
Personnel Costs	442,327	379,252
Total Operating Expenses	16,119,117	13,947,378
Operating Loss	(15,247,977)	(13,366,901)
<u>NONOPERATING REVENUE, NET</u>		
Local Transportation Fund	7,884,757	4,175,400
Less: Returned Local Transportation Fund Allocations	(3,534,631)	(163,517)
State Transit Assistance	1,311,344	2,006,251
Federal Transit Assistance Grant Revenues - Operating	5,593,899	6,809,336
Other Operating Grants	2,235,217	1,238,133
Interest Income	82,540	23,256
Other Revenues	-	197,426
Loss from Disposal of Property	-	(2,062,247)
Total Nonoperating Revenue, Net	13,573,126	12,224,038
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	(1,674,851)	(1,142,863)
Capital Contributions		
Federal Transit Assistance	2,659,955	4,867,978
State Transit Assistance	300,776	3,071,132
Local Transportation Fund	3,777,120	3,451,336
Total Capital Contributions	6,737,851	11,390,446
Change in Net Position	5,063,000	10,247,583
Net Position, Beginning of Year	31,595,838	21,348,255
Net Position, End of Year	\$ 36,658,838	\$ 31,595,838

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF CASH FLOWS
TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Passengers	\$ 871,140	\$ 580,477
Cash Payments for General and Administrative Expenses	(1,192,403)	(968,595)
Cash Payments to Suppliers for Operations	<u>(16,363,125)</u>	<u>(6,631,598)</u>
Net Cash Used in Operating Activities	<u>(16,684,388)</u>	<u>(7,019,716)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Local Transportation Fund	7,952,124	1,982,810
Federal Operating Grants	6,082,015	1,719,427
State Transit Assistance	4,851,359	(1,795,892)
State of Good Repair	-	18,058
Other Operating Grants	<u>2,235,217</u>	<u>1,435,559</u>
Net Cash Provided by Noncapital Financing Activities	<u>21,120,715</u>	<u>3,359,962</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds From Sale of Property and Equipment	-	(2,062,247)
Capital Contributions	6,737,851	11,390,446
Payments for the Acquisition of Capital Assets	(21,447,499)	(11,972,652)
Gain on Sale of Property and Equipment	-	2,077,251
Proceeds from Line of Credit	<u>15,167,175</u>	<u>-</u>
Net Cash Provided by (Used) in Capital and Related Financing Activities	<u>457,527</u>	<u>(567,202)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	(396,119)	1,609,156
Interest Received	<u>82,540</u>	<u>23,256</u>
Net Cash (Used in) Provided by Investing Activities	<u>(313,579)</u>	<u>1,632,412</u>
Net Increase (Decrease) in Cash and Investments in County Treasury	4,580,275	(2,594,544)
Cash and Investments in County Treasury at Beginning of Year	<u>(773,959)</u>	<u>1,820,585</u>
Cash and Investments in County Treasury at End of Year	<u><u>\$ 3,806,316</u></u>	<u><u>\$ (773,959)</u></u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF CASH FLOWS (Continued)
TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (15,247,977)	\$ (13,366,901)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	2,217,323	1,725,069
Changes in Assets and Liabilities:		
Decrease in Inventory	-	29,912
Decrease (Increase) in Prepaid Expenses	48,605	(43,883)
(Decrease) Increase in Accounts Payable	(3,702,339)	4,636,087
	<u>\$ (16,684,388)</u>	<u>\$ (7,019,716)</u>
Reconciliation of Cash and Investments Per Statement of Cash Flows to the Statement of Net Position		
Cash and Investments in County Treasury	\$ 3,806,316	\$ -
Cash Overdraft	-	(773,959)
	<u>\$ 3,806,316</u>	<u>\$ (773,959)</u>
Cash and Investments per Statement of Cash Flows	<u>\$ 3,806,316</u>	<u>\$ (773,959)</u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
AIR QUALITY MANAGEMENT FUND
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets		
Cash and Investments in County Treasury	\$ 353,284	\$ 489,000
Due from Other Government Agencies	<u>196,549</u>	<u>102,436</u>
Total Current Assets	<u>549,833</u>	<u>591,436</u>
Total Assets	<u><u>\$ 549,833</u></u>	<u><u>\$ 591,436</u></u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>
Total Current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
<u>NET POSITION</u>		
Net Position Held in Trust for Other Purposes	<u>549,833</u>	<u>591,436</u>
Total Net Position	<u>549,833</u>	<u>591,436</u>
Total Liabilities and Net Position	<u><u>\$ 549,833</u></u>	<u><u>\$ 591,436</u></u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
AIR QUALITY MANAGEMENT FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Aid from Other Government Agencies	\$ 194,256	\$ 189,053
Interest Income	5,761	4,808
	<u>200,017</u>	<u>193,861</u>
DEDUCTIONS		
Program Expenses	<u>241,620</u>	<u>251,814</u>
	<u>241,620</u>	<u>251,814</u>
CHANGE IN NET POSITION	(41,603)	(57,953)
Net Position, Beginning of Year	<u>591,436</u>	<u>649,389</u>
Net Position, End of Year	<u><u>\$ 549,833</u></u>	<u><u>\$ 591,436</u></u>

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

**NAPA VALLEY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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 Transportation and Planning 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 (MTC). 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 basic financial statements of NVTA and its discrete component unit 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) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of NVTA. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

The fund financial statements provide information about NVTA's funds, including fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds. For the years ended June 30, 2023 and 2022, 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.

Discrete Component Unit - NVTA - Tax Agency (NVTA-TA) is the local transportation sales tax authority. NVTA-TA is responsible for the oversight and administration of the Napa Countywide Maintenance Act, commonly known as Measure T, the 25-year, ½% sales tax for street and road improvements approved by the voters on November 6, 2012. Measure T became effective on July 1, 2018. NVTA-TA is discretely presented because the ordinance is a legally separate, stand-alone entity administered by the NVTA. The operations of NVTA-TA are not included in the NVTA's reporting entity since the entity is responsible for conducting its own day-to-day operations and is compelled to answer to its own separately elected governing board. A separately issued financial report can be obtained by contacting NVTA's administrative office at 625 Burnell Street, Napa, California 94559-3420.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Management has determined NVTA's receivables to be fully collectable. Accordingly, no allowance for doubtful accounts has been made.

F. Inventories

On January 1, 2022, NVTA executed a new 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 with a value of \$170,948. The Contractor shall be responsible for returning to NVTA, at the termination of the Agreement, property and equipment of equivalent type and value (as of date acquired) and conditions as that identified in the updated initial inventory list, subject to normal wear and tear.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. NVTA defines capital assets as assets with an initial, individual cost of more than \$10,000, an estimated useful life in excess of one year, and not a component of another asset. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

Structures	20 years
Vehicles	1-12 years
Equipment	1-5 years

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

H. Compensated Absences

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

I. Interfund Transactions

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

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

J. Advances

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

K. Use of Estimates

The preparation of the basic 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 basic financial statements and the reported amount of revenue and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.”

M. Fund Balance

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

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

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

Minimum Fund Balance Policy:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. New Accounting Pronouncements – Implemented

GASB Statement No. 91 – Conduit Debt Obligations. The requirements of this statement are effective for periods beginning after December 15, 2021. There was no effect on NVTA’s accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022. There was no effect on NVTA’s accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022. There was no effect on NVTA’s accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 99 – Omnibus 2022. The requirements of this statement are effective as follows:

- The requirements related to the extension of the use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

There was no effect on NVTA’s accounting and financial reporting as a result of implementing this standard.

O. Future Accounting Pronouncements

GASB Statement No. 100 – Accounting Changes and Error Corrections. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. NVTA will implement GASB Statement No. 100 if and when applicable.

GASB Statement No. 101 – Compensated Absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. NVTA will implement GASB Statement No. 101 if and when applicable.

P. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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 – CASH AND INVESTMENTS IN COUNTY TREASURY/IMPREST CASH

General

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

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

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

	June 30, 2023				
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Discrete Component Unit	Fiduciary Funds
Statement of Net Position:					
Cash	\$ 8,552,763	\$ 3,806,316	\$ 12,359,079	\$ 4,071,770	\$ 353,284
Imprest Cash	500	-	500	-	-
Investments	-	862,220	862,220	-	-
	<u>\$ 8,553,263</u>	<u>\$ 4,668,536</u>	<u>\$ 13,221,799</u>	<u>\$ 4,071,770</u>	<u>\$ 353,284</u>
	June 30, 2022				
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Discrete Component Unit	Fiduciary Funds
Statement of Net Position:					
Cash	\$ 7,999,298	\$ -	\$ 7,999,298	\$ 3,947,719	\$ 489,000
Imprest Cash	500	-	500	-	-
Cash Overdraft	-	(773,959)	(773,959)	-	-
Investments	-	466,101	466,101	-	-
	<u>\$ 7,999,798</u>	<u>\$ (307,858)</u>	<u>\$ 7,691,940</u>	<u>\$ 3,947,719</u>	<u>\$ 489,000</u>

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

Cash and investments consisted of the following at June 30, 2023 and 2022:

	June 30, 2023				
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Discrete Component Unit	Fiduciary Funds
Cash on Hand and in Banks	\$ 27,972	\$ 76,823	\$ 104,795	\$ -	\$ -
Pooled Investments	8,525,291	3,729,493	12,254,784	4,071,770	353,284
Investments	-	862,220	862,220	-	-
	<u>\$ 8,553,263</u>	<u>\$ 4,668,536</u>	<u>\$ 13,221,799</u>	<u>\$ 4,071,770</u>	<u>\$ 353,284</u>
	June 30, 2022				
	Governmental Activities	Business-Type Activities	Government-Wide Totals	Discrete Component Unit	Fiduciary Funds
Cash on Hand and in Banks	\$ 5,076	\$ -	\$ 5,076	\$ -	\$ -
Pooled Investments	7,994,722	-	7,994,722	3,947,719	489,000
Cash Overdraft	-	(773,959)	(773,959)	-	-
Investments	-	466,101	466,101	-	-
	<u>\$ 7,999,798</u>	<u>\$ (307,858)</u>	<u>\$ 7,691,940</u>	<u>\$ 3,947,719</u>	<u>\$ 489,000</u>

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 fair 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 the Federal Deposit Insurance Corporation (FDIC). NVTA has \$250,000 that is covered by the FDIC as of June 30, 2023 and 2022.

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, 2023 and 2022, 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.

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

General (Continued)

Credit risk (Continued)

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.

2023

<u>Investments type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Ratings as of year-end</u>	<u>Not rated</u>
Pooled investments	\$ 16,326,554	N/A	N/A	\$ 16,326,554
Held by trustee:				
Certificates of deposit	<u>862,220</u>	N/A	N/A	<u>862,220</u>
	<u>\$ 17,188,774</u>			<u>\$ 17,188,774</u>

2022

<u>Investments type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Ratings as of year-end</u>	<u>Not rated</u>
Pooled investments	\$ 11,942,441	N/A	N/A	\$ 11,942,441
Held by trustee:				
Certificates of deposit	<u>466,101</u>	N/A	N/A	<u>466,101</u>
	<u>\$ 12,408,542</u>			<u>\$ 12,408,542</u>

Custodial credit risk

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

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

At June 30, 2023 and 2022, 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.

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

General (Continued)

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.

2023

<u>Investments type</u>	<u>Total</u>	<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 60 months</u>	<u>More than 60 months</u>
Pooled investments	\$ 16,326,554	\$ 16,326,554	\$ -	\$ -	\$ -
Held by trustee:					
Certificates of deposit	862,220	862,220	-	-	-
	<u>\$ 17,188,774</u>	<u>\$ 17,188,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2022

<u>Investments type</u>	<u>Total</u>	<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 60 months</u>	<u>More than 60 months</u>
Pooled investments	\$ 11,942,441	\$ 11,942,441	\$ -	\$ -	\$ -
Held by trustee:					
Certificates of deposit	466,101	466,101	-	-	-
	<u>\$ 12,408,542</u>	<u>\$ 12,408,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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:

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

Investment in the County Investment Pool (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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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, 2023 and 2022:

		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)
<u>Investments by fair value level</u>				
Held by trustee:				
Certificates of deposit	\$ 862,220	\$ 862,220	\$ -	\$ -
	<u>\$ 862,220</u>	<u>\$ 862,220</u>	<u>\$ -</u>	<u>\$ -</u>
2022		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)
<u>Investments by fair value level</u>				
Held by trustee:				
Certificates of deposit	\$ 466,101	\$ 466,101	\$ -	\$ -
	<u>\$ 466,101</u>	<u>\$ 466,101</u>	<u>\$ -</u>	<u>\$ -</u>

Investments in the County investment pool totaling \$12,254,784 and \$7,994,722 as of June 30, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
Federal (Federal Transit Administration (FTA))		
Operating	\$ 1,301,064	\$ 5,266,650
Capital	4,443,736	1,179,836
Caltrans	369,646	6,273
State		
Caltrans	89,088	1,192,892
TDA	401,146	2,815,188
Other	322,486	102,436
State Transit Assistance (STA)	-	29,297
Regional Measure 2	1,086,825	378,308
Local		
STA	40,000	60,000
Cities	46,442	109,480
Local - Other	713,512	614,758
Total	<u>\$ 8,813,945</u>	<u>\$ 11,755,118</u>

NOTE 3 – DUE FROM OTHER GOVERNMENT AGENCIES (Continued)

Reconciliation to Financial Statements		2023	2022
Planning Fund	Due from Other Government Agencies	\$ 2,008,532	\$ 489,924
Transit Fund	Due from Other Government Agencies	<u>6,608,864</u>	<u>11,162,758</u>
Total per Statement of Net Position		8,617,396	11,652,682
Fiduciary Funds	Due from Other Government Agencies	<u>196,549</u>	<u>102,436</u>
Total including Fiduciary Funds		<u><u>\$ 8,813,945</u></u>	<u><u>\$ 11,755,118</u></u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Disposals	Adjustments	Balance June 30, 2023
Governmental Activities:					
Capital Assets, Being Depreciated					
Vehicles and Equipment	\$ 207,376	\$ -	\$ -	\$ -	\$ 207,376
Less Accumulated Depreciation for:					
Vehicles and Equipment	<u>(207,376)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,376)</u>
Governmental Activities					
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 5,535,633	\$ -	\$ -	\$ -	\$ 5,535,633
Construction in Progress	<u>12,562,895</u>	<u>21,188,851</u>	<u>-</u>	<u>(5,349,088)</u>	<u>28,402,658</u>
Total Capital Assets, Not Being Depreciated	<u>18,098,528</u>	<u>21,188,851</u>	<u>-</u>	<u>(5,349,088)</u>	<u>33,938,291</u>
Capital Assets, Being Depreciated:					
Vehicles and Equipment	30,642,722	258,648	(458,275)	5,349,088	35,792,183
Less Accumulated Depreciation for:					
Vehicles and Equipment	<u>(17,107,575)</u>	<u>(2,217,323)</u>	<u>458,275</u>	<u>-</u>	<u>(18,866,623)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,535,147</u>	<u>(1,958,675)</u>	<u>-</u>	<u>5,349,088</u>	<u>16,925,560</u>
Business-Type Activities,					
Capital Assets, Net	<u>\$ 31,633,675</u>	<u>\$ 19,230,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,863,851</u>
Total Government-Wide Capital Assets, Net	<u><u>\$ 31,633,675</u></u>	<u><u>\$ 19,230,176</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 50,863,851</u></u>

Government-wide depreciation expense for the year ended June 30, 2023, was \$2,217,323.

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Disposals	Adjustments	Balance June 30, 2022
Governmental Activities:					
Capital Assets, Being Depreciated					
Vehicles and Equipment	\$ 224,814	\$ -	\$ (17,438)	\$ -	\$ 207,376
Less Accumulated Depreciation for:					
Vehicles and Equipment	(224,814)	-	17,438	-	(207,376)
Governmental Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 5,535,633	\$ -	\$ -	\$ -	\$ 5,535,633
Construction in Progress	412,291	12,150,604	-	-	12,562,895
Total Capital Assets, Not Being Depreciated	<u>5,947,924</u>	<u>12,150,604</u>	<u>-</u>	<u>-</u>	<u>18,098,528</u>
Capital Assets, Being Depreciated:					
Vehicles and Equipment	31,092,046	3,854,573	(4,303,897)	-	30,642,722
Less Accumulated Depreciation for:					
Vehicles and Equipment	(17,609,152)	(1,725,069)	2,226,646	-	(17,107,575)
Total Capital Assets, Being Depreciated, Net	<u>13,482,894</u>	<u>2,129,504</u>	<u>(2,077,251)</u>	<u>-</u>	<u>13,535,147</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 19,430,818</u>	<u>\$ 14,280,108</u>	<u>\$ (2,077,251)</u>	<u>\$ -</u>	<u>\$ 31,633,675</u>
Total Government-Wide Capital Assets, Net	<u>\$ 19,430,818</u>	<u>\$ 14,280,108</u>	<u>\$ (2,077,251)</u>	<u>\$ -</u>	<u>\$ 31,633,675</u>

Government-wide depreciation expense for the year ended June 30, 2022, was \$1,725,069.

NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the years ended June 30:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Transportation Infrastructure Finance and Innovation Act (TIFIA) loan	\$ 3,982,524	\$ 14,167,175	\$ -	\$ 18,149,699	\$ -
Loan payable	50,001	1,000,000	-	1,050,001	1,000,000
Compensated absences	193,764	27,900	(32,229)	189,435	-
	<u>\$ 4,226,289</u>	<u>\$ 15,195,075</u>	<u>\$ (32,229)</u>	<u>\$ 19,389,135</u>	<u>\$ 1,000,000</u>
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	
Transportation Infrastructure Finance and Innovation Act (TIFIA) loan	\$ -	\$ 3,982,524	\$ -	\$ 3,982,524	
Loan payable	-	50,001	-	50,001	
Compensated absences	176,602	46,503	(29,341)	193,764	
	<u>\$ 176,602</u>	<u>\$ 4,079,028</u>	<u>\$ (29,341)</u>	<u>\$ 4,226,289</u>	

On November 23, 2021, NVTA entered into a loan agreement with the US Department of Transportation for a principal amount not to exceed \$19,917,401 to be used to pay a portion of eligible project costs for the Vine Bus Maintenance Facility Project. As of June 30, 2023 and 2022, NVTA has drawn down \$14,167,175 and \$3,982,524, respectively. NVTA terminated the loan drawdowns in August 2023 resulting in a final obligation to the Build America Bureau for \$18,149,699. The loan bears a fixed interest rate of 1.01%. The maturity date is May 1, 2057.

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Additionally, on November 23, 2021, NVRTA entered into a loan agreement with the Bank of Marin for a principal amount not to exceed \$5,000,000 to be used to pay a portion of eligible project costs for the Vine Bus Maintenance Facility Project. As of June 30, 2023 and 2022, NVRTA has drawn down \$1,050,001 and \$50,001, respectively. The loan bears a variable interest rate during the drawdown period and a fixed rate on the effective date of the conversion of the loan. The maturity date is November 1, 2032.

NOTE 6 – DUE TO OTHER GOVERNMENT AGENCIES**Business-Type Activities – Due to the Local Transportation Fund (LTF)**

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

It is the current practice of NVRTA to have excess revenue returned to the funding agency. NVRTA had excess revenues of \$3,534,631 and \$163,517 at June 30, 2023 and 2022, 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:

	<u>2023</u>	<u>2022</u>
Balance - Beginning of Year	\$ 163,517	\$ 617,772
LTF - Operating	7,884,757	4,175,400
LTF - Capital	<u>3,777,120</u>	<u>3,451,336</u>
Total LTF	<u>11,661,877</u>	<u>7,626,736</u>
Operating Expenses	16,119,117	13,947,378
Adjustments:		
Add Back Depreciation	(2,217,323)	(1,725,069)
Farebox Revenues	(871,140)	(580,477)
STA	(1,311,344)	(2,006,251)
Other Revenues	(2,535,993)	(4,506,691)
Interest Income	(82,540)	(23,256)
FTA Grant Revenues - Operating	(5,593,899)	(6,809,336)
Other Federal Grants	(2,659,955)	(4,867,978)
Capital Asset Outlays	258,648	3,854,573
Capital Asset Outlays - Not Capitalized	21,188,851	12,150,604
TIFIA/Bank of Marin Loan Financing	(14,167,176)	(4,032,525)
Property Disposal	-	<u>2,062,247</u>
Net Operating Expenses	<u>8,127,246</u>	<u>7,463,219</u>
Net Increase	3,534,631	163,517
Return of LTF Capital	<u>(163,517)</u>	<u>(617,772)</u>
Balance - End of Year	<u><u>\$ 3,534,631</u></u>	<u><u>\$ 163,517</u></u>

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.

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 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 (COLA), 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% @ Age 62). All members are eligible for non-duty disability benefits after 5 years of service. The COLAs 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, 2023 and 2022, are summarized as follows:

2023	Prior to May 21, 2011 (Tier I)	On or after May 21, 2011 (Tier II)	On or after January 1, 2013 (PEPRA)
Hire Date			
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%	6.750%
Required Employer Contribution Rates	11.590%	8.630%	7.470%
2022	Prior to May 21, 2011 (Tier I)	On or after May 21, 2011 (Tier II)	On or after January 1, 2013 (PEPRA)
Hire Date			
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	11.590%	8.650%	7.590%

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, 2023 and 2022, were \$229,603 and \$195,723, respectively.

As of June 30, 2023 and 2022, NVTA reported a net pension liability for its proportionate share of the net pension liability of the Plan in the amount of \$1,052,652 and \$359,552, respectively.

NOTE 8 – PENSION PLAN (Continued)A. General Information about the Pension Plan (Continued)

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, 2022 and 2021, 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, 2021 and 2020, rolled forward to June 30, 2022 and 2021, 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, 2022 and 2021, was as follows:

Proportion - June 30, 2021	0.00665%
Proportion - June 30, 2022	<u>0.00911%</u>
Change - Increase (Decrease)	<u><u>0.002460%</u></u>

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

For the years ended June 30, 2023 and 2022, NVTA recognized pension expense of \$388,547 and \$119,605, respectively. At June 30, 2023 and 2022, NVTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2023	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Actual and Expected Experience	\$ 21,140	\$ 14,158
Changes in Assumptions	107,866	-
Net Differences between Projected and Actual Earnings on Plan Investments	192,818	-
Change in Employer's Proportion	86,853	-
Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions Pension Contributions Subsequent to Measurement Date	17,836 <u>229,603</u>	15,113 <u>-</u>
Total	<u>\$ 656,116</u>	<u>\$ 29,271</u>
2022	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Actual and Expected Experience	\$ 40,320	\$ -
Changes in Assumptions	-	-
Net Differences between Projected and Actual Earnings on Plan Investments	-	313,870
Change in Employer's Proportion	133,246	-
Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions Pension Contributions Subsequent to Measurement Date	37,270 <u>195,723</u>	- <u>-</u>
Total	<u>\$ 406,559</u>	<u>\$ 313,870</u>

NOTE 8 – PENSION PLAN (Continued)

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

\$229,603 and \$195,723 reported as deferred outflows of resources related to contributions subsequent to the measurement date during the years ended June 30, 2023 and 2022, respectively, will be recognized as a reduction of the net pension liability in the years ended June 30, 2024 and 2023. 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	
2024	\$ 133,778
2025	98,822
2026	46,707
2027	117,935
2028	-
Thereafter	-
Total	<u>\$ 397,242</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	6.90%	7.15%
Inflation	2.30%	2.50%
Projected Salary Increase	Varies ⁽¹⁾	Varies ⁽¹⁾
Investment Rate of Return	6.90% ⁽²⁾	7.15% ⁽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 mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rates used to measure the total pension liability for June 30, 2022 and 2021, were 6.90% and 7.15%, 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 6.90% and 7.15% discount rates for 2022 and 2021, 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 Statement No. 68 section.

NOTE 8 – PENSION PLAN (Continued)

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

Discount Rate (Continued)

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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

2023	Current Target Allocation	Real Return Years 1 - 10 ^(a,b)
Asset Class		
Global Equity - Cap-Weighted	30.00%	4.45%
Global Equity - Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leveragte	-5.00%	-0.59%
Total	<u>100.00%</u>	

^(a) An expected inflation of 2.30% used for this period.

^(b) Figures are based on the 2021-22 Asset Liability Management study.

NOTE 8 – PENSION PLAN (Continued)

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

Discount Rate (Continued)

2022	Current Target Allocation	Real Return Years 1 - 10 ^(b)	Real Return Years 11+ ^(c)
Asset Class ^(a)			
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

^(a) In the CalPERS' Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

^(b) An expected inflation of 2.00% used for this period.

^(c) An expected inflation of 2.92% used for this period.

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:

	2023	2022
1% Decrease	5.90%	6.15%
Net Pension Liability	\$ 1,764,941	\$ 933,924
Current Discount Rate	6.90%	7.15%
Net Pension Liability	\$ 1,052,652	\$ 359,552
1% Increase	7.90%	8.15%
Net Pension Liability (Asset)	\$ 466,616	\$ (115,273)

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, 2023 and 2022, 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. A new OPEB Plan was adopted by the Board with an effective measurement date of June 30, 2018. The OPEB Plan provides postretirement health care benefits to all employees meeting certain selected criteria. Employees on the payroll as of June 30, 2023 and 2022, who retire from NVTA with 10 years of NVTA service and 20 years of CalPERS service will receive a percentage of \$500 cap (\$750 for dual coverage) based on years of service at NVTA. The PEMHCA minimum is paid for those retiring with less than 10 years of service at NVTA.

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 10 years NVTA
Minimum Age	50
Dependent Coverage	Family eligible
NVTA Contribution %	Up to 100%
NVTA Cap Highest	\$500 (\$750 for dual coverage)

Employees Covered – As of the June 30, 2022 and 2021 valuations, the following current and former employees were covered by the benefit terms for the OPEB Plan:

	<u>2022</u>	<u>2021</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	3	3
Inactive Employees Entitled to but not yet Receiving Benefits	3	2
Active Employees	<u>14</u>	<u>14</u>
Total	<u>20</u>	<u>19</u>

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 years ended June 30, 2023 and 2022, NVTA contributed \$56,422 and \$55,329, respectively. Employees are not required to contribute to the OPEB Plan.

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

Net OPEB Liability/(Asset) – NVTA's net OPEB liability/(asset) was measured as of June 30, 2022 and 2021, and the total OPEB liability 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:

2023	
Reporting Date	June 30, 2023
Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Actuarial Assumptions:	
Discount Rate	5.25%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	5.00%
Mortality Rate	Derived using CalPERS' Membership Data for all Funds ⁽¹⁾ Non-Medicare - 8.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Non-Kaiser) - 7.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Kaiser) - 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076
Healthcare Cost Trend Rates	

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 2000 - 2019 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2000 - 2019 CalPERS Experience Study. The Experience Study Reports 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)

2022	
Reporting Date	June 30, 2022
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Discount Rate	5.00%
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	5.50%
Mortality Rate	Derived using CalPERS' Membership Data for all Funds ⁽¹⁾ Non-Medicare - 7% for 2022, decreasing to an ultimate rate of 4% in 2076; Medicare (Non-Kaiser) - 6.1% for 2022, decreasing to an ultimate rate of 4% in 2076; Medicare (Kaiser) - 5% for 2022, decreasing to an ultimate rate of 4% in 2076
Healthcare Cost Trend Rates	

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 1997 to 2015 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

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:

2023		
	Asset Class	Target Allocation
		Long-Term Expected Real Rate of Return
	Global Equity	23.00%
	Fixed Income	51.00%
	Treasury Inflation Protected Securities	9.00%
	Commodities	3.00%
	REITs	14.00%
	Total	100.00%

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

2022	Target	Long-Term
Asset Class	Allocation	Expected Real Rate of Return
Global Equity	22.00%	4.56%
Fixed Income	49.00%	0.78%
Treasury Inflation Protected Securities	16.00%	-0.08%
Commodities	5.00%	1.22%
REITs	8.00%	4.06%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.25% and 5.0% for 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that NVTAs 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 Liability/(Asset) – The changes in the net OPEB liability/(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, 2022	\$ 471,828	\$ 545,122	\$ (73,294)
Changes in the Year:			
Service Cost	41,754	-	41,754
Interest	25,177	-	25,177
Actual vs. Expected Experience	120,683	-	120,683
Assumption Changes	(27,542)	-	(27,542)
Contribution - Employer	-	55,094	(55,094)
Net Investment Income	-	(58,393)	58,393
Administrative Expenses	-	(170)	170
Benefit Payments	(20,063)	(20,063)	-
Net Changes	<u>140,009</u>	<u>(23,532)</u>	<u>163,541</u>
Balance at June 30, 2023	<u>\$ 611,837</u>	<u>\$ 521,590</u>	<u>\$ 90,247</u>

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2021	\$ 401,357	\$ 443,941	\$ (42,584)
Changes in the Year:			
Service Cost	37,189	-	37,189
Interest	23,613	-	23,613
Actual vs. Expected Experience	-	-	-
Assumption Changes	28,092	-	28,092
Contribution - Employer	-	59,458	(59,458)
Net Investment Income	-	60,338	(60,338)
Administrative Expenses	-	(192)	192
Benefit Payments	(18,423)	(18,423)	-
Net Changes	70,471	101,181	(30,710)
Balance at June 30, 2022	\$ 471,828	\$ 545,122	\$ (73,294)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate – The following presents the net OPEB liability/(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 periods ended June 30, 2022 and 2021:

2022

1% Decrease	4.25%
Net OPEB Liability/(Asset)	\$ 167,599
Current Discount Rate	5.25%
Net OPEB Liability/(Asset)	\$ 90,247
1% Increase	6.25%
Net OPEB Liability/(Asset)	\$ 25,060

2021

1% Decrease	4.00%
Net OPEB Liability/(Asset)	\$ (8,648)
Current Discount Rate	5.00%
Net OPEB Liability/(Asset)	\$ (73,294)
1% Increase	6.00%
Net OPEB Liability/(Asset)	\$ (127,058)

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rates – The following presents the net OPEB liability/(asset) of NVTA if it were calculated using health care cost trend rates that are percentage point lower or one percentage point higher than the current rates, for measurement periods ended June 30, 2022 and 2021:

2022		
1% Decrease		4.25%
Net OPEB Liability/(Asset)	\$	72,074
Current Health Care Cost Trend Rates		5.25%
Net OPEB Liability/(Asset)	\$	90,247
1% Increase		6.25%
Net OPEB Liability/(Asset)	\$	122,734
2021		
1% Decrease		4.00%
Net OPEB Liability/(Asset)	\$	(104,038)
Current Health Care Cost Trend Rates		5.00%
Net OPEB Liability/(Asset)	\$	(73,294)
1% Increase		6.00%
Net OPEB Liability/(Asset)	\$	(24,715)

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 years ended June 30, 2023 and 2022, NVTA recognized OPEB expense of \$67,589 and \$38,162, respectively. For the years ended June 30, 2023 and 2022, NVTA reported deferred outflows of resources related to OPEB from the following sources:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 56,422	\$ -
Differences between Actual and Expected Experience	157,979	8,060
Changes in Assumptions	47,239	49,004
Net Differences between Projected and Actual Earnings on Plan Investments	44,595	-
Total	<u>\$ 306,235</u>	<u>\$ 57,064</u>

NOTE 9 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

2022	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 55,329	\$ -
Differences between Actual and Expected Experience	56,115	9,740
Changes in Assumptions	55,290	27,417
Net Differences between Projected and Actual Earnings on Plan Investments	<u>-</u>	<u>32,545</u>
Total	<u>\$ 166,734</u>	<u>\$ 69,702</u>

The \$56,422 and \$55,329 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 and 2022 measurement dates will be recognized as an increase to the net OPEB asset during the years ending June 30, 2024 and 2023, respectively. In addition, future recognition of the deferred inflows of resources and deferred outflows of resources is shown below:

<u>Year Ended June</u>	
2024	\$ 27,358
2025	28,578
2026	29,220
2027	36,379
2028	18,536
Thereafter	<u>52,678</u>
	<u>\$ 192,749</u>

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).

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 years ended June 30, 2023 and 2022, NVTA paid to the County, a related party, the following amounts:

	<u>2023</u>	<u>2022</u>
Accounting and Legal Services	\$ 12,004	\$ 14,563
Other Services and Supplies	<u>108,022</u>	<u>140,576</u>
Total Related Party Transactions	<u>\$ 120,026</u>	<u>\$ 155,139</u>

NOTE 13 – FAREBOX RATIOArticle 4

Article 4 transit operations include Vine and American Canyon Transit (ACT). As agreed to by MTC, the combined farebox ratio requirement is 15%. The farebox ratio for the years ended June 30, 2023 and 2022, was 11.07% and 8.99%, respectively, as follows:

	<u>June 30, 2023</u>		
<u>Article 4</u>	<u>Total Article 4 Services</u>	<u>Vine</u>	<u>ACT</u>
Farebox Subject to Farebox Ratio	<u>\$ 1,259,589</u>	<u>\$ 1,204,171</u>	<u>\$ 55,418</u>
Operating Cost, Net of Depreciation	<u>\$ 11,374,325</u>	<u>\$ 10,803,414</u>	<u>\$ 570,911</u>
Farebox Ratio	<u>11.07%</u>		
	<u>June 30, 2022</u>		
<u>Article 4</u>	<u>Total Article 4 Services</u>	<u>Vine</u>	<u>ACT</u>
Farebox Subject to Farebox Ratio	<u>\$ 912,888</u>	<u>\$ 903,269</u>	<u>\$ 9,619</u>
Operating Cost, Net of Depreciation	<u>\$ 10,149,104</u>	<u>\$ 9,635,514</u>	<u>\$ 513,590</u>
Farebox Ratio	<u>8.99%</u>		

NOTE 13 – FAREBOX RATIO (Continued)

Article 4 (Continued)

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 18). 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 TDA 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.”

Due to the COVID-19 pandemic, transit agencies statewide, including Vine Transit, have experienced significant declines in local and farebox revenues. In response, the State of California has provided statutory and administrative/regulatory relief for public transportation agencies. Assembly Bill No. 90 (AB 90) was approved by the Governor on June 29, 2020. AB 90 contains changes to transportation statutes, in particular relief for public transit operators. The bill temporarily suspends the financial penalties associated with the TDA’s requirements that transit agencies obtain specified fixed percentages of their operating budgets from passenger fares for the 2021-2022 and 2022-2023 budget years. As transit ridership has declined due to the COVID-19 pandemic, this language would prevent agencies from being penalized due to the ongoing public health crisis.

For the years ended June 30, 2023 and 2022, the farebox recovery ratios were suspended due to the effects of the COVID-19 health pandemic.

Without the use of local funds, sale of asset revenue, and chargebacks to meet statutory requirements, operation farebox for the years ended June 30, 2023 and 2022, would be 6% and 4.54%, respectively.

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, 2023 and 2022, for Article 8 transit operations was 7.46% and 4.60%, respectively, as follows:

	June 30, 2023		
<u>Article 8</u>	<u>Total Article 8 Services</u>	<u>Taxi Scrip and Vine Go</u>	<u>Calistoga, Yountville, and St. Helena</u>
Farebox Subject to Farebox Ratio	\$ 188,536	\$ 54,183	\$ 134,353
Operating Cost, Net of Depreciation	\$ 2,527,466	\$ 1,258,462	\$ 1,269,004
Farebox Ratio	<u>7.46%</u>		
	June 30, 2022		
<u>Article 8</u>	<u>Total Article 8 Services</u>	<u>Taxi Scrip and Vine Go</u>	<u>Calistoga, Yountville, and St. Helena</u>
Farebox Subject to Farebox Ratio	\$ 92,848	\$ 40,483	\$ 52,365
Operating Cost, Net of Depreciation	\$ 2,017,385	\$ 857,484	\$ 1,159,901
Farebox Ratio	<u>4.60%</u>		

For the year ended June 30, 2023, NVTA was not in compliance with the minimum farebox ratio required for Article 8 transit operations. For the year ended June 30, 2022, NVTA was not in compliance with the minimum farebox ratio required for Article 8 transit operations. NVTA was not required to meet the farebox ratio due to AB90 waiving the farebox requirements for the years ended June 30, 2023 and 2022.

NOTE 14 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the years ended June 30, 2023 and 2022, expenditures exceeded appropriations in the Planning Fund as follows:

<u>Appropriations Category</u>		<u>Excess Expenditures</u>	
		<u>2023</u>	<u>2022</u>
Planning Fund:	Insurance	\$ 3,778	\$ -
	Office Expense	-	16,355
	Rents and Leases	-	466
	Miscellaneous Expense	-	35,230

NOTE 15 – STATE OF GOOD REPAIR (SGR)

SGR funds of \$18,296 and \$17,776 were received during 2023 and 2022, respectively.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 27, 2023, which is the date the basic financial statements were available to be issued.

On June 5, 2018, the voters of the Bay Area approved Regional Measure (RM) 3, a bridge toll increase to finance \$4.5 billion in highway and transit improvements along the toll bridge corridors and their approach routes. In January 2023, after almost 5 years since the passing of Regional Measure 3, the Supreme Court's dismissed the Howard Jarvis Taxpayers Association lawsuit. Funding for critical transportation projects around the region began to flow.

In 2021, NVTA filed and secured two Letters of No Prejudice (LONP) to the Metropolitan Transportation Commission (MTC) for the SR 29 South County Highway Projects and the North Bay Transit program while using other funds to deliver the Soscol Junction Project and the Vine Bus Maintenance Facility. NVTA will be reimbursed \$20 million for the North Bay Transit program by October 2023 and is expected to be reimbursed \$20 million for the SR 29 South County highway improvements by the end of the next fiscal year.

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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local Transportation Fund Allocation	\$ 3,972,200	\$ 3,972,200	\$ 3,362,200	\$ (610,000)
Federal Highway Allocations	9,533,600	9,533,600	3,322,667	(6,210,933)
Programming, Planning, and Monitoring	4,031,300	4,031,300	689,156	(3,342,144)
Other Grants	11,695,000	11,695,000	1,563,063	(10,131,937)
Interest	20,000	20,000	76,969	56,969
Other Revenues	260,000	260,000	936,330	676,330
Total Revenues	29,512,100	29,512,100	9,950,385	(19,561,715)
Expenditures				
Communications	40,000	40,000	33,791	6,209
Insurance	60,000	60,000	63,778	(3,778)
Office Expense	66,000	133,000	128,538	4,462
Rents and Leases	7,000	7,000	6,807	193
Transportation	16,000	16,000	10,317	5,683
Salaries and Benefits	3,517,700	3,517,700	2,189,959	1,327,741
Miscellaneous Expense	229,400	412,900	352,301	60,599
Professional Services	25,787,000	25,336,500	6,510,513	18,825,987
Total Expenditures	29,723,100	29,523,100	9,296,004	20,227,096
Other Finance Sources				
Transfers	251,000	251,000	-	251,000
Total Other Financing Sources	251,000	251,000	-	251,000
Net Change in Fund Balance	40,000	240,000	654,381	(414,381)
Fund Balance, Beginning of Year	-	-	2,699,128	(2,699,128)
Fund Balance, End of Year	\$ 40,000	\$ 240,000	\$ 3,353,509	\$ (3,113,509)

See accompanying note to 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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local Transportation Fund Allocation	\$ 2,865,100	\$ 2,865,100	\$ 3,159,928	\$ 294,828
Federal Highway Allocations	790,000	4,327,100	1,064,273	(3,262,827)
Programming, Planning, and Monitoring	70,000	3,070,000	1,008,446	(2,061,554)
Other Grants	400,000	1,900,000	160,602	(1,739,398)
Local Support	-	-	201,321	201,321
Interest	20,000	20,000	35,995	15,995
Other Revenues	250,000	1,750,000	366,398	(1,383,602)
Total Revenues	4,395,100	13,932,200	5,996,963	(7,935,237)
Expenditures				
Communications	40,800	40,800	34,922	5,878
Insurance	60,000	60,000	55,657	4,343
Office Expense	66,000	66,000	82,355	(16,355)
Rents and Leases	7,000	7,000	7,466	(466)
Transportation	16,000	16,000	3,504	12,496
Salaries and Benefits	2,776,300	3,091,000	1,981,237	1,109,763
Miscellaneous Expense	229,600	269,700	304,930	(35,230)
Professional Services	1,399,400	10,581,700	3,143,740	7,437,960
Total Expenditures	4,595,100	14,132,200	5,613,811	8,518,389
Other Finance Sources				
Transfers	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	(200,000)	(200,000)	383,152	(583,152)
Fund Balance, Beginning of Year	2,678,053	3,227,053	2,315,976	911,077
Fund Balance, End of Year	<u>\$ 2,478,053</u>	<u>\$ 3,027,053</u>	<u>\$ 2,699,128</u>	<u>\$ 327,925</u>

See accompanying note to required supplementary information.

**NAPA VALLEY TRANSPORTATION AUTHORITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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)
LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE MEASUREMENT PERIOD ENDED JUNE 30

<i>Measurement Period</i>	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 41,754	\$ 37,189	\$ 42,375	\$ 41,141	\$ 31,966	\$ 31,035
Interest	25,177	23,613	19,391	16,632	10,999	8,924
Actual and Expected Experience Difference	120,683	-	68,869	-	(16,460)	-
Changes in Assumptions	(27,542)	28,092	(33,649)	-	50,801	-
Changes in Benefit Terms	-	-	-	-	20,429	-
Benefit Payments	(20,063)	(18,423)	(11,607)	(6,087)	(2,930)	(3,400)
Net Change in Total OPEB Liability	140,009	70,471	85,379	51,686	94,805	36,559
Total OPEB Liability - Beginning	471,828	401,357	315,978	264,292	169,487	132,928
Total OPEB Liability - Ending (a)	<u>\$ 611,837</u>	<u>\$ 471,828</u>	<u>\$ 401,357</u>	<u>\$ 315,978</u>	<u>\$ 264,292</u>	<u>\$ 169,487</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 55,094	\$ 59,458	\$ 50,607	\$ 44,087	\$ 25,930	\$ 34,400
Net Investment Income	(58,393)	60,338	24,293	23,900	13,303	10,318
Benefit Payments	(20,063)	(18,423)	(11,607)	(6,087)	(2,930)	(3,400)
Administrative Expenses	(170)	(192)	(190)	(70)	(522)	(128)
Net Change in Plan Fiduciary Net Position	(23,532)	101,181	63,103	61,830	35,781	41,190
Plan Fiduciary Net Position - Beginning	545,122	443,941	380,838	319,008	283,227	242,037
Plan Fiduciary Net Position - Ending (b)	<u>\$ 521,590</u>	<u>\$ 545,122</u>	<u>\$ 443,941</u>	<u>\$ 380,838</u>	<u>\$ 319,008</u>	<u>\$ 283,227</u>
Net OPEB Liability/(Asset) - Ending [(a) - (b)]	<u>\$ 90,247</u>	<u>\$ (73,294)</u>	<u>\$ (42,584)</u>	<u>\$ (64,860)</u>	<u>\$ (54,716)</u>	<u>\$ (113,740)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	85.25%	115.53%	110.61%	120.53%	120.70%	167.11%
Covered Payroll	\$ 1,649,016	\$ 1,738,478	\$ 1,661,705	\$ 1,621,492	\$ 1,621,492	\$ 1,870,622
Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	5.47%	-4.22%	-2.56%	-4.00%	-3.37%	-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 CONTRIBUTIONS – OPEB
AS OF JUNE 30, 2023
LAST 10 YEARS***

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially Determined Contributions	\$ 36,000	\$ 35,000	\$ 41,000	\$ 39,000	\$ 38,000	\$ 23,000
Contributions in Relation to the Actuarially Determined Contributions	<u>(56,422)</u>	<u>(55,329)</u>	<u>(59,458)</u>	<u>(50,607)</u>	<u>(44,087)</u>	<u>(25,930)</u>
Contribution Deficiency (Excess)	<u>\$ (20,422)</u>	<u>\$ (20,329)</u>	<u>\$ (18,458)</u>	<u>\$ (11,607)</u>	<u>\$ (6,087)</u>	<u>\$ (2,930)</u>
Covered Payroll	\$ 1,905,644	\$ 1,649,016	\$ 1,738,478	\$ 1,611,705	\$ 1,621,492	\$ 1,870,622
Contributions as a Percentage of Covered Payroll	2.96%	3.36%	3.42%	3.14%	2.72%	1.39%

Notes to the Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2023, were from the June 30, 2020 actuarial valuation.

Notes to the Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2022, were from the June 30, 2019 actuarial valuation.

Methods and Assumptions Used to Determine Contributions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Discount Rate	5.25%
Inflation	2.75%
Salary Increases	3.00%
Healthcare Cost Trend Rates	7.0% in 2022, decreasing to an ultimate rate of 4% by 2076
Mortality Rate	CalPERS 1997-2015 Experience Study; Projected with Scale MP-2017

* Fiscal year 2018 was the 1st year of implementation; therefore, only six years are shown.

**NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF NVTA'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2023
LAST 10 YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the Net Pension Liability	0.009110%	0.006650%	0.007450%	0.006870%
Proportionate Share of the Net Pension Liability	\$ 1,052,652	\$ 359,552	\$ 810,777	\$ 703,771
Covered Payroll	\$ 1,655,616	\$ 1,597,412	\$ 1,546,016	\$ 1,515,963
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	63.58%	22.51%	52.44%	46.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.68%	88.29%	75.10%	75.26%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net Pension Liability	0.003700%	0.003785%	0.003379%	0.003120%
Proportionate Share of the Net Pension Liability	\$ 356,433	\$ 375,403	\$ 292,430	\$ 214,127
Covered Payroll	\$ 1,436,566	\$ 1,392,133	\$ 1,116,442	\$ 1,100,512
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	24.81%	26.97%	26.19%	19.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	73.31%	74.06%	78.40%
	79.82%			

* Fiscal year 2015 was the 1st year of implementation; therefore, only nine 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, 2018 measurement date was net of administrative expenses.

**NAPA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF CONTRIBUTIONS – PENSION
AS OF JUNE 30, 2023
LAST 10 YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	
Contractually Required Contribution (Actuarially Determined)	\$ 229,603	\$ 195,723	\$ 185,716	\$ 161,492	
Contributions in Relation to the Actuarially Determined Contributions	<u>229,603</u>	<u>195,723</u>	<u>185,716</u>	<u>161,492</u>	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered Payroll	\$ 1,882,370	\$ 1,655,616	\$ 1,597,412	\$ 1,546,016	
Contributions as a Percentage of Covered Payroll	12.20%	11.82%	11.63%	10.45%	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 142,748	\$ 124,099	\$ 117,333	\$ 91,990	\$ 130,432
Contributions in Relation to the Actuarially Determined Contributions	<u>142,748</u>	<u>124,099</u>	<u>117,333</u>	<u>91,990</u>	<u>130,432</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,515,963	\$ 1,436,566	\$ 1,392,113	\$ 100,512	\$ 1,014,983
Contributions as a Percentage of Covered Payroll	9.42%	8.64%	8.43%	91.52%	12.85%

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

Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	6.90%	7.15%
Inflation	2.30%	2.50%
Projected Salary Increase	Varies ⁽¹⁾	Varies ⁽¹⁾
Investment Rate of Return	6.90% ⁽²⁾	7.15% ⁽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 mortality table was developed based on CalPERSspecific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

SUPPLEMENTARY INFORMATION

**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, 2023**

	Vine Go	Vine	Taxi Scrip	American Canyon Transit	Yountville Trolley
Operating Revenues:					
Farebox Revenues	\$ 54,183	\$ 627,186	\$ -	\$ 55,418	\$ 28,853
Operating Expenses:					
Marketing	-	1,700	-	-	6,701
Vehicle Maintenance	-	546,238	-	-	-
Other Maintenance	-	12,724	-	-	-
Fuel and Lubricants	146,954	1,257,255	-	24,727	3,839
Insurance	24,899	242,839	-	12,126	7,796
Planning and Administration	-	-	-	-	-
Security	-	27,331	-	-	-
Services	2,987	272,771	-	31,893	31,164
Supplies	814	45,269	-	-	620
Purchased Transportation	1,042,767	7,872,803	-	489,115	314,669
Rents and Leases	-	-	-	-	-
Utilities	-	25,630	-	-	-
Miscellaneous Expense	225	139,289	-	-	-
Depreciation	54,731	2,046,781	-	-	66,128
Personnel Costs	39,816	359,565	-	13,049	9,146
Total Operating Expenses	1,313,193	12,850,195	-	570,910	440,063
Operating Loss	(1,259,010)	(12,223,009)	-	(515,492)	(411,210)
Nonoperating Revenues (Expenses):					
Local Transportation Fund	739,800	5,725,466	-	200,000	512,782
State Transit Assistance	-	1,111,344	-	-	100,000
Federal Transit Assistance					
Grant Revenues - Operating	674,512	3,908,793	-	476,426	165,168
Other Operating Grants	-	2,235,217	-	-	-
Interest Income	9,187	62,214	-	3,857	1,353
Returned Local Transportation Fund Allocations	-	(3,534,631)	-	-	-
Total Nonoperating Revenues	1,423,499	9,508,403	-	680,283	779,303
Change in Net Position Before Contributions	164,489	(2,714,606)	-	164,791	368,093
Capital Contributions:					
Federal Transit Assistance	-	2,659,955	-	-	-
State Transit Assistance	-	300,776	-	-	-
Local Transportation Fund	-	3,777,120	-	-	-
Change in Net Position	164,489	4,023,245	-	164,791	368,093
Net Position, Beginning of Year	524,295	30,364,114	(89,353)	739,994	(171,037)
Net Position, End of the Year	\$ 688,784	\$ 34,387,359	\$ (89,353)	\$ 904,785	\$ 197,056

**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, 2023**

	St. Helena Shuttle	Calistoga Shuttle	Totals
Operating Revenues:			
Farebox Revenues	\$ 52,167	\$ 53,333	\$ 871,140
Operating Expenses:			
Marketing	6,701	-	15,102
Vehicle Maintenance	-	-	546,238
Other Maintenance	-	-	12,724
Fuel and Lubricants	17,661	27,144	1,477,580
Insurance	7,708	11,059	306,427
Security	-	-	27,331
Services	31,729	30,672	401,216
Supplies	956	139	47,798
Purchased Transportation	310,079	430,474	10,459,907
Utilities	-	-	25,630
Miscellaneous Expense	-	-	139,514
Depreciation	49,683	-	2,217,323
Personnel Costs	9,436	11,315	442,327
Total Operating Expenses	<u>433,953</u>	<u>510,803</u>	<u>16,119,117</u>
Operating Loss	<u>(381,786)</u>	<u>(457,470)</u>	<u>(15,247,977)</u>
Nonoperating Revenues (Expenses):			
Local Transportation Fund	545,142	161,567	7,884,757
State Transit Assistance	100,000	-	1,311,344
Federal Transit Assistance			
Grant Revenues - Operating	170,000	199,000	5,593,899
Other Operating Grants	-	-	2,235,217
Interest Income	1,377	4,552	82,540
Returned Local Transportation Fund Allocations	<u>-</u>	<u>-</u>	<u>(3,534,631)</u>
Total Nonoperating Revenues	<u>816,519</u>	<u>365,119</u>	<u>13,573,126</u>
Change in Net Position Before Contributions	434,733	(92,351)	(1,674,851)
Capital Contributions:			
Federal Transit Assistance	-	-	2,659,955
State Transit Assistance	-	-	300,776
Local Transportation Fund	<u>-</u>	<u>-</u>	<u>3,777,120</u>
Change in Net Position	<u>434,733</u>	<u>(92,351)</u>	<u>5,063,000</u>
Net Position, Beginning of Year	<u>55,471</u>	<u>172,354</u>	<u>31,595,838</u>
Net Position, End of the Year	<u>\$ 490,204</u>	<u>\$ 80,003</u>	<u>\$ 36,658,838</u>

**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, 2022**

	Vine Go	Vine	Taxi Scrip	American Canyon Transit	Yountville Trolley
Operating Revenues:					
Farebox Revenues	\$ 40,492	\$ 478,001	\$ -	\$ 9,619	\$ -
Operating Expenses:					
Marketing	-	27,960	-	-	-
Vehicle Maintenance	9,156	276,338	-	11,598	11,598
Other Maintenance	-	699	-	-	-
Fuel and Lubricants	146,632	1,176,124	-	22,078	7,371
Insurance	26,639	286,655	-	19,405	12,262
Planning and Administration	-	1,086	-	-	-
Security	-	25,589	-	-	-
Services	37,371	120,497	-	977	1,181
Supplies	531	73,469	-	266	-
Purchased Transportation	637,154	7,336,874	-	459,267	284,331
Rents and Leases	-	20,899	-	-	-
Utilities	-	20,174	-	-	-
Miscellaneous Expense	-	6,428	-	-	-
Depreciation	57,182	1,651,442	-	-	16,445
Personnel Costs	34,113	230,816	32,800	20,814	13,573
Total Operating Expenses	948,778	11,255,050	32,800	534,405	346,761
Operating Loss	(908,286)	(10,777,049)	(32,800)	(524,786)	(346,761)
Nonoperating Revenues (Expenses):					
Local Transportation Fund	594,297	2,510,236	-	-	370,147
State Transit Assistance	156,900	1,319,351	-	-	150,000
Federal Transit Assistance					
Grant Revenues - Operating	663,841	4,272,242	-	1,344,344	165,000
Other Operating Grants	32,800	1,205,333	-	-	-
Interest Income	5,014	11,044	-	1,653	2,814
Other Revenues	2,401	180,184	-	-	11,423
Returned Local Transportation					
Fund Allocations	-	(163,517)	-	-	-
Loss on Disposal of Property	-	(2,062,247)	-	-	-
Total Nonoperating Revenues	1,455,253	7,272,626	-	1,345,997	699,384
Change in Net Position Before Contributions	546,967	(3,504,423)	(32,800)	821,211	352,623
Capital Contributions:					
Federal Transit Assistance	-	4,867,978	-	-	-
State Transit Assistance	-	3,071,132	-	-	-
Local Transportation Fund	-	3,451,336	-	-	-
Change in Net Position	546,967	7,886,023	(32,800)	821,211	352,623
Net Position, Beginning of Year	(22,672)	22,478,091	(56,553)	(81,217)	(523,660)
Net Position, End of the Year	\$ 524,295	\$ 30,364,114	\$ (89,353)	\$ 739,994	\$ (171,037)

**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, 2022**

	St. Helena Shuttle	Calistoga Shuttle	Totals
Operating Revenues:			
Farebox Revenues	\$ 2,738	\$ 49,627	\$ 580,477
Operating Expenses:			
Marketing	-	-	27,960
Vehicle Maintenance	11,597	11,598	331,885
Other Maintenance	-	-	699
Fuel and Lubricants	19,184	23,682	1,395,071
Insurance	11,668	15,830	372,459
Planning and Administration	-	-	1,086
Security	-	-	25,589
Services	1,129	1,094	162,249
Supplies	-	-	74,266
Purchased Transportation	285,854	396,904	9,400,384
Rents and Leases	-	-	20,899
Utilities	-	-	20,174
Miscellaneous Expense	65	3,843	10,336
Depreciation	-	-	1,725,069
Personnel Costs	14,666	32,470	379,252
Total Operating Expenses	<u>344,163</u>	<u>485,421</u>	<u>13,947,378</u>
Operating Loss	<u>(341,425)</u>	<u>(435,794)</u>	<u>(13,366,901)</u>
Nonoperating Revenues (Expenses):			
Local Transportation Fund	340,000	360,720	4,175,400
State Transit Assistance	150,000	230,000	2,006,251
Federal Transit Assistance			
Grant Revenues - Operating	165,000	198,909	6,809,336
Other Operating Grants	-	-	1,238,133
Interest Income	2,731	-	23,256
Other Revenues	-	3,418	197,426
Returned Local Transportation			
Fund Allocations	-	-	(163,517)
Loss on Disposal of Property	-	-	(2,062,247)
Total Nonoperating Revenues	<u>657,731</u>	<u>793,047</u>	<u>12,224,038</u>
Change in Net Position Before Contributions	316,306	357,253	(1,142,863)
Capital Contributions:			
Federal Transit Assistance	-	-	4,867,978
State Transit Assistance	-	-	3,071,132
Local Transportation Fund	-	-	3,451,336
Change in Net Position	<u>316,306</u>	<u>357,253</u>	<u>10,247,583</u>
Net Position, Beginning of Year	<u>(260,835)</u>	<u>(184,899)</u>	<u>21,348,255</u>
Net Position, End of the Year	<u>\$ 55,471</u>	<u>\$ 172,354</u>	<u>\$ 31,595,838</u>

OTHER REPORTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF BASIC 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 basic financial statements of Napa Valley Transportation Authority (NVTA) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 27, 2023.

Report on Compliance

As part of obtaining reasonable assurance about whether NVTA's basic 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 financial statements. 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 California 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 27, 2023

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance with Transportation Development Act Requirements

We have audited Napa Valley Transportation Authority's (NVTA) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by NVTA were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2023.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of NVTA's compliance requirements referred to in Section 6667, which requires that for a transit claimant, the independent auditor will perform at least the following tasks:

- (a) Determine whether the claimant was an entity eligible to receive the funds allocated to it,
- (b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99234,
- (c) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and countries with populations of less than 5,000,
- (d) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions,
- (e) Determine whether interest earned on funds received by the claimant, pursuant to the TDA, were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6,
- (f) Verify the amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2,

- (g) Verify the amount of the claimant's actual fare revenues for the fiscal year,
- (h) Verify the amount of the claimant's actual local support for the fiscal year,
- (i) Verify the amount the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649,
- (j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with Section 6633.1,
- (k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273,
- (l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251,
- (m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7, and
- (n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5.

Opinion on Compliance

In our opinion, NVTA complied, in all material respects, with the compliance requirements referred to above that are applicable to NVTA for the year ended June 30, 2023.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 27, 2023