



**NAPA COUNTY TRANSPORTATION  
AND PLANNING AGENCY**

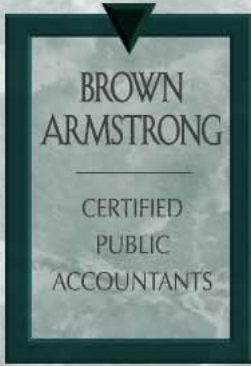
**AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
JUNE 30, 2015**

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# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Napa County Transportation and Planning Agency (NCTPA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the NCTPA's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of NCTPA as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As described in Note 1 to the financial statements, in 2015, NCTPA adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

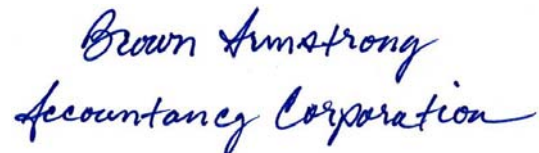
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NCTPA's basic financial statements. The combining statement of fiduciary net position, statement of changes in fiduciary net position, and statement of revenues, expenses, and changes in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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015, on our consideration of the NCTPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCTPA's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California  
December 30, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

This section of the Napa County Transportation and Planning Agency's (NCTPA) annual financial report presents our discussion and analysis of NCTPA's financial performance during the year that ended on June 30, 2015. It should be read in conjunction with the basic financial statements contained in the independent auditor's report.

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

NCTPA was established on September 3, 1991 as the county's congestion management agency, under a joint exercise of power. The joint powers agreement was updated in May 1998 to provide public transportation services in Napa County. NCTPA 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. NCTPA is not subject to income tax.

### **Financial Highlights**

- At the close of the fiscal year 2014-2015, total assets and deferred outflows of resources of NCTPA exceeded liabilities and deferred inflows of resources of NCTPA by \$25,473,444. Of this amount, \$22,787,463 is the net investment in capital assets. The remaining \$2,685,981 represents unrestricted Net Position.
- As of June 30, 2015, NCTPA's governmental fund reported an ending fund balance of \$711,207 or 23% of total governmental fund expenditures.
- Capital contributions in the form of grants from the Federal and State governments decreased from \$3,212,376 in fiscal year 2013-2014 to \$1,431,363 in fiscal year 2014-2015 and were used to purchase three (3) paratransit vehicles and transit related equipment.
- NCTPA finalized the design and engineering elements of the Oak Knoll segment of the 47-mile mixed use Vine Trail pedestrian and bike path. Once completed, this portion of the path will connect Redwood Road in Napa through Napa County to California Drive in Yountville. Construction will begin in August 2015 with completion expected by Summer 2016.
- NCTPA continues to improve operation performance, compliance, and accountability during fiscal year 2014-2015 by making investments in professional management, fiscal controls, and accounting.

### **Overview of the Financial Statements**

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

- The first two statements are *government-wide* financial statements that provide both *long-term* and *short-term* information about NCTPA's overall financial status.
- The remaining statements are *fund* financial statements that focus on individual parts of NCTPA's organization. These statements report NCTPA's financial position and activity.

The 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 NCTPA's governmental fund.

### Government-Wide Financial Statements

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

The two government-wide financial statements report NCTPA's Net Position and how it has changed. Net Position – the difference between NCTPA's assets and liabilities – is one way to measure NCTPA's financial health, or position. Over time, increases or decreases in NCTPA's Net 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 NCTPA's long-term liabilities. Additional information is provided on separate schedules that reconcile the differences between the government-wide financial statements and the fund financial statements.

## **Financial Analysis of NCTPA**

### Net Position

The governmental activities Net Position increased by \$144,078 due to revenues in excess of expenditures offset by an adjustment to beginning net position as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68. The business-type activities Net Position decreased \$55,467. The result is an overall increase in Net Position of \$88,611 or 0.56%.

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

	As of June 30, 2015			As of June 30, 2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 1,585,183	\$ 7,012,348	\$ 8,597,531	\$ 979,498	\$ 4,840,850	\$ 5,820,348
Capital assets	100,498	22,686,965	22,787,463	142,614	23,206,493	23,349,107
Total assets	1,685,681	29,699,313	31,384,994	1,122,112	28,047,343	29,169,455
Deferred outflows of resources	130,432	-	130,432	-	-	-
Current and other liabilities	926,565	4,996,153	5,922,718	259,065	3,288,716	3,547,781
Total liabilities	926,565	4,996,153	5,922,718	259,065	3,288,716	3,547,781
Deferred inflows of resources	119,264	-	119,264	-	-	-
Net Position:						
Net investment in capital assets	100,498	22,686,965	22,787,463	142,614	23,206,493	23,349,107
Unrestricted Net Position, as restated	669,786	2,016,195	2,685,981	720,433	1,552,134	2,272,567
Total Net Position	\$ 770,284	\$ 24,703,160	\$ 25,473,444	\$ 863,047	\$ 24,758,627	\$ 25,621,674



## Changes in Net Position

A summary of NCTPA's Statement of Activities recapping NCTPA's revenues earned during the fiscal years ended June 30, 2015 and 2014, and the expenses incurred is as follows:

	As of June 30, 2015			As of June 30, 2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Fees, fines, and charges for services	\$ -	\$ 1,310,234	\$ 1,310,234	\$ -	\$ 1,214,077	\$ 1,214,077
Operating grants and contributions	3,177,635	8,991,171	12,168,806	2,834,306	8,667,093	11,501,399
Capital grants and contributions	-	1,431,363	1,431,363	-	3,212,376	3,212,376
General revenues:						
Unrestricted interest and investment earnings	3,366	17,494	20,860	4,200	17,339	21,539
Miscellaneous	92,265	(132,986)	(40,721)	133,832	(372,870)	(239,038)
Total revenues	<u>3,273,266</u>	<u>11,617,276</u>	<u>14,890,542</u>	<u>2,972,338</u>	<u>12,738,015</u>	<u>15,710,353</u>
Expenses:						
Transportation planning	3,129,188	-	3,129,188	3,157,921	-	3,157,921
Transit	-	11,672,743	11,672,743	-	11,408,133	11,408,133
Total expenses	<u>3,129,188</u>	<u>11,672,743</u>	<u>14,801,931</u>	<u>3,157,921</u>	<u>11,408,133</u>	<u>14,566,054</u>
Change in Net Position	144,078	(55,467)	88,611	(185,583)	1,329,882	1,144,299
Net Position, beginning	<u>863,047</u>	<u>24,758,627</u>	<u>25,621,674</u>	<u>1,048,630</u>	<u>23,428,745</u>	<u>24,477,375</u>
Prior period adjustment (see Note 18)	<u>(236,841)</u>	<u>-</u>	<u>(236,841)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position July 1, 2014, as restated	<u>626,206</u>	<u>24,758,627</u>	<u>25,384,833</u>	<u>1,048,630</u>	<u>23,428,745</u>	<u>24,477,375</u>
Net Position, ending	<u>\$ 770,284</u>	<u>\$ 24,703,160</u>	<u>\$ 25,473,444</u>	<u>\$ 863,047</u>	<u>\$ 24,758,627</u>	<u>\$ 25,621,674</u>

## Governmental Activities

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

Governmental activity expenses were relatively flat from \$3,157,921 in fiscal year 2013-2014 to \$3,129,188 in fiscal year 2014-2015, a small decrease of \$28,733 or less than 1%.

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

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

The Metropolitan Transportation Commission (MTC) provides NCTPA with FHWA funds to support regional transportation planning and programming and to support the coordination of transportation and land use activities throughout the Napa County. In fiscal year 2014-2015, the level of this funding was \$678,000.

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

Local funds which are provided by the member agencies are unrestricted and may be placed in Net Position balance if not used in the fiscal year they are collected. Currently, the NCTPA has a Net Position balance of \$770,284 which is held in reserve for future regional planning projects or necessary administrative costs.

### Business-Type Activities

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

Business-type activity expenses rose slightly from \$11,408,133 in fiscal year 2013-2014 to \$11,672,743 in fiscal year 2014-2015 which is an overall increase of 2.32%. The growth is accounted for by increases in operating expenses offset by general planning and administration costs.

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

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

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

### **BUDGETARY HIGHLIGHTS**

NCTPA adopts an annual operating budget that includes proposed expenditures and the means of financing them. NCTPA's budget is adopted by the Board of Directors (the Board) before June 30th of each year. Subsequent increases or decreases to the original budget must be approved by the Board. Page 44 provides a budget to actual comparison of the Governmental Fund.

For NCTPA's Governmental Fund, the budget for revenues was \$5,237,600 and for expenditures was \$5,237,600. When comparing actual expenditures and revenue to the final budget, NCTPA was within budget.

## **CAPITAL ASSETS**

The governmental activities financial statements include capital assets of \$100,498 and unrestricted Net Position of \$669,786. Capital assets in total are composed of one vehicle dedicated for agency use and office furniture located at NCTPA's administrative offices at the Soscol Gateway Transit Center.

The business-type activities financial statements include capital assets of \$22,686,965 and unrestricted Net Position of \$2,076,789. Capital assets in total are predominantly made up of buses and other transit related equipment as well as the Soscol Gateway Transit Center facility. Unrestricted Net Position primarily represents the dollar amount to maintain the VINE fleet.

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

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

## **DEBT ADMINISTRATION**

As of June 30, 2015, NCTPA had no debt, but recorded long-term obligations for compensated absences in the amount of \$41,421. For additional information on the NCTPA's debt activity, please refer to Note 5 in the notes to the financial statements.

## **CONTACTING NCTPA**

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

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

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
<b><u>ASSETS</u></b>			
Cash and Investments in County Treasury	\$ 500,846	\$ 2,628,478	\$ 3,129,324
Imprest Cash	500	-	500
Due from Other Government Agencies	1,044,531	3,822,176	4,866,707
Prepaid Expenses	39,306	149,868	189,174
Inventory	-	411,826	411,826
Capital Assets, Net of Accumulated Depreciation	100,498	22,686,965	22,787,463
Total Assets	<u>1,685,681</u>	<u>29,699,313</u>	<u>31,384,994</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension Contributions	<u>\$ 130,432</u>	<u>\$ -</u>	<u>\$ 130,432</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 611,124	\$ 2,506,582	\$ 3,117,706
Accrued Salaries	82,100	-	82,100
Unearned Revenue	-	1,235,611	1,235,611
Due to Other Government Agencies	-	1,253,960	1,253,960
Net Pension Obligation	191,920	-	191,920
Compensated Absences	41,421	-	41,421
Total Liabilities	<u>926,565</u>	<u>4,996,153</u>	<u>5,922,718</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension Adjustments	<u>119,264</u>	<u>-</u>	<u>119,264</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	100,498	22,686,965	22,787,463
Unrestricted	669,786	2,016,195	2,685,981
Total Net Position	<u>\$ 770,284</u>	<u>\$ 24,703,160</u>	<u>\$ 25,473,444</u>

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

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities							
Transportation Planning	\$ 3,129,188	\$ -	\$ 3,177,635	\$ -	\$ 48,447	\$ -	\$ 48,447
Business-Type Activities:							
Transit	11,672,743	1,310,234	8,991,171	1,431,363	-	60,025	60,025
Total Primary Government	<u>\$ 14,801,931</u>	<u>\$ 1,310,234</u>	<u>\$ 12,168,806</u>	<u>\$ 1,431,363</u>	<u>48,447</u>	<u>60,025</u>	<u>108,472</u>
		General Revenues					
		Unrestricted Interest and Investment Earnings			3,366	17,494	20,860
		Miscellaneous			92,265	(132,986)	(40,721)
		Change in Net Position			144,078	(55,467)	88,611
		Net Position July 1, 2014, as restated			626,206	24,758,627	25,384,833
		Net Position June 30, 2015			<u>\$ 770,284</u>	<u>\$ 24,703,160</u>	<u>\$ 25,473,444</u>

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

**FUND FINANCIAL STATEMENTS**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
BALANCE SHEET  
GOVERNMENTAL FUND – PLANNING FUND  
JUNE 30, 2015**

	2015
<b><u>ASSETS</u></b>	
Current Assets	
Cash and Investments in County Treasury	\$ 500,846
Imprest Cash	500
Grants Receivable	1,032,096
Due from Other Government Agencies	12,435
Prepaid Expenses	39,306
Total Current Assets	1,585,183
Total Assets	\$ 1,585,183
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Accounts Payable	\$ 611,124
Accrued Salaries and Benefits	82,100
Total Current Liabilities	693,224
Total Liabilities	693,224
<b><u>Fund Balance</u></b>	
Unassigned	891,959
Total Fund Balance	891,959
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,585,183

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



**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
RECONCILIATION OF THE PLANNING FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

	2015
<b>Total Fund Balance - Governmental Fund</b>	<b>\$ 891,959</b>
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are different because:</p>	
<p>Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental Fund. The cost of assets was \$224,814 and the accumulated depreciation was \$124,316 at June 30, 2015.</p>	100,498
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>	
<p>Compensated Absences</p> <p>Net pension liability</p>	(41,421) (191,920)
<p>Deferred outflows are not current assets or financial resources; and deferred inflows are not due and payable in the current period and therefore not reported in the governmental funds.</p>	
<p>Deferred outflows of resources</p> <p>Deferred inflows of resources</p>	130,432 <u>(119,264)</u>
<b>Total Net Position - Governmental Activities</b>	<b><u><u>\$ 770,284</u></u></b>

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

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND – PLANNING FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
Revenues	
Local Transportation Fund Allocation	\$ 1,617,900
Federal Highway Allocations	1,398,364
Programming Planning and Monitoring	138,000
Other Grants	18,158
Local Support	5,213
Interest	3,366
Other Revenues	92,265
Total Revenues	3,273,266
Expenditures	
Communications	12,673
Insurance	44,328
Office Expense	40,870
Rents and Leases	7,154
Transportation	12,962
Salary and Benefits	1,378,150
Miscellaneous Expense	238,130
Professional Services	1,408,436
Total Expenditures	3,142,703
Net Change in Fund Balance	130,563
Fund Balance, Beginning of Year	761,396
Fund Balance, End of Year	\$ 891,959

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

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE PLANNING FUND  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES –  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
<b>Net Change in Fund Balance - Governmental General Fund</b>	<b>\$ 130,563</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Capital outlays are reported in the Governmental Fund as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>	(42,116)
<p>Long-term liabilities are not due and apayble in the current period and, therefore, are not reported in the governmental funds.</p>	
<p>Pension Expense - GASB 68</p>	56,089
<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 governmental funds.</p>	
<p>This change reflects an increase in compensated absences that occurred during the year</p>	(458)
<b>Total Change in Net Position - Governmental Activities</b>	<b>\$ 144,078</b>

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

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF FUND NET POSITION  
TRANSIT FUND  
JUNE 30, 2015**

	2015
<b><u>ASSETS</u></b>	
Current Assets	
Cash and Investments in County Treasury	\$ 2,628,478
Grants Receivable	2,748,499
Due from Other Government Agencies	1,073,677
Prepaid Expenses	149,868
Inventory	411,826
Total Current Assets	7,012,348
Noncurrent Assets	
Land	1,357,692
Capital Assets, Net of Accumulated Depreciation	21,329,273
Total Noncurrent Assets	22,686,965
Total Assets	\$ 29,699,313
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Accounts Payable	\$ 2,506,582
Unearned Revenue	1,235,611
Due to Other Government Agencies	1,253,960
Total Current Liabilities	4,996,153
Total Liabilities	4,996,153
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	22,686,965
Unrestricted	2,016,195
Total Net Position	24,703,160
Total Liabilities and Net Position	\$ 29,699,313

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

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
<b>Operating Revenues</b>	
Farebox Revenues	\$ 1,310,234
Total Operating Revenues	1,310,234
<b>Operating Expenses</b>	
Marketing	167,279
Vehicle Maintenance	90,580
Other Maintenance	68,605
Fuel and Lubricants	1,108,490
Insurance	227,522
Planning and Administration	73,765
Security	15,835
Services	46,204
Supplies	20,404
Purchased Transportation	7,725,625
Rents and Leases	22,000
Utilities	3,936
Miscellaneous	13,303
Depreciation	1,941,160
Personnel Costs	148,035
Total Operating Expenses	11,672,743
Operating Loss	(10,362,509)
<b>Nonoperating Revenue, Net</b>	
Local Transportation Funds	6,796,564
Loss: Returned Local Transportation Fund Allocations	(1,253,960)
State Transit Assistance	800,176
Federal Transit Assistance - Operating	1,982,498
Other Operating Grants	665,893
Interest Income	17,494
Loss from Disposal of Property	(132,986)
Total Nonoperating Revenue, Net	8,875,679
<b>Change in Net Position Before Contributions</b>	(1,486,830)
Capital Contributions	
Federal Transit Assistance	169,023
Other Capital	235,682
Local Transportation Funds	1,026,658
Total Capital Contributions	1,431,363
Change in Net Position	(55,467)
Net Position, Beginning of Year	24,758,627
Net Position, End of Year	\$ 24,703,160

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

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF CASH FLOWS  
TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Passengers	\$ 1,310,234
Cash Payments for General and Administrative Expenses	(678,780)
Cash Payments to Suppliers for Operations	(7,061,955)
Net Cash Used in Operating Activities	(6,430,501)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Local Transportation Fund	4,377,219
Federal Operating Grants	1,929,860
State Transit Assistance	802,606
Other Federal Grants	50,003
Other Operating Grants	247,159
Other Revenues	(132,986)
Net Cash Provided by Noncapital Financing Activities	7,273,861
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds From Sale of Property and Equipment	12,743
Capital Contributions	1,431,363
Payments for the Acquisition of Capital Assets	(1,554,620)
Gain on Sale of Property and Equipment	120,245
Net Cash Provided by Capital and Related Financing Activities	9,731
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest Received	17,494
Net Increase in Cash and Investments in County Treasury	870,585
Cash and Investments in County Treasury at Beginning of Year	1,757,893
Cash and Investments in County Treasury at End of Year	\$ 2,628,478
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Operating Loss	\$ (10,362,509)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	1,941,160
Changes in Assets and Liabilities:	
Decrease in Inventory	2,741
Decrease in Unearned Revenue	789,630
Increase in Prepaid Expenses	(4)
Decrease in Accounts Payable and Accrued Expenses	1,198,481
Net Cash Used in Operating Activities	\$ (6,430,501)

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

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	2015
<b><u>ASSETS</u></b>	
Current Assets	
Cash and Investments in County Treasury	\$ 526,168
Due from Other Government Agencies	196,612
Total Current Assets	722,780
Total Assets	\$ 722,780
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Accounts Payable	\$ 28,785
Due to Other Governments	-
Total Current Liabilities	28,785
Total Liabilities	28,785
<b><u>NET POSITION</u></b>	
Net Position Held in Trust for Other Purposes	693,995
Total Net Position	693,995
Total Liabilities and Net Position	\$ 722,780

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

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
<b>ADDITIONS</b>	
Aid from Other Government Agencies	\$ 335,628
Interest Income	2,674
Total Additions	338,302
<b>DEDUCTIONS</b>	
Program Expenses	290,691
Total Deductions	290,691
<b>CHANGE IN NET POSITION</b>	47,611
Net Position, Beginning of Year	646,384
Net Position, End of Year	\$ 693,995

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



**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

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

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

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

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

B. Basis of Presentation

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

*Government-Wide Financial Statements*

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### B. Basis of Presentation (Continued)

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

When both restricted and unrestricted Net 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 NCTPA's funds, including fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds. For the year ended June 30, 2015, NCTPA did not have any nonmajor funds.

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

NCTPA reports the following major governmental fund:

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

NCTPA reports the following major enterprise fund:

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

NCTPA reports the following additional fund types:

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

### C. Basis of Accounting

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Basis of Accounting (Continued)

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

D. Cash and Investments

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

Required disclosure information regarding the categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County'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

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

F. Inventories

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

During the last month of the Agreement, NCTPA shall conduct a final inventory. The Contractor will be responsible for either replacing property 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 NCTPA for its replacement value. These parts are not included in the multiyear agreement with the purchased transportation provider. Farebox inventory parts will be tracked separately.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. Capital Assets

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

The estimated useful lives are as follows:

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

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

H. Compensated Absences

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

K. Use of Estimates

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. Reclassifications

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

M. Net 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 there is none.

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

N. Fund Balance

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

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

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

Minimum Fund Balance Policy:

NCTPA has 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)

O. New Accounting Pronouncements – Implemented

**GASB Statement No. 68** – *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* improves the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The implementation of this standard resulted in numerous adjustments to the financial statements. See Note 10 for a complete description.

**GASB Statement No. 69** – *Government Combinations and Disposals of Government Operations* provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also improves the decision-usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. There was no effect on NCTPA's accounting or financial reporting as a result of implementing this standard.

**GASB Statement No. 71** – *Pension Transition for Contributions Made Subsequent to the Measurement Date* amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This statement eliminated the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual basis financial statements of employers and nonemployer contributing entities. The provisions of this statement were applied simultaneously with the provisions of GASB Statement No. 68 and therefore were effective for financial periods beginning after June 15, 2014.

P. Future GASB Statements

**GASB Statement No. 72** – *Fair Value Measurement and Application*. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. NCTPA has not fully judged the effect of the implementation of GASB Statement No. 72 as of the date of the basic financial statements.

**GASB Statement No. 73** – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. NCTPA has not fully judged the effect of the implementation of GASB Statement No. 73 as of the date of the basic financial statements.

**GASB Statement No. 74** – *Financial Reporting for Postemployment Benefits Other than Pension Plans*. The provisions of this statement are effective for fiscal years beginning after June 15, 2016. NCTPA has not fully judged the effect of the implementation of GASB Statement No. 74 as of the date of the basic financial statements.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

P. Future GASB Statements (Continued)

**GASB Statement No. 76** – *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this statement are effective for fiscal years beginning after June 15, 2015. NCTPA has not fully judged the effect of the implementation of GASB Statement No. 76 as of the date of the basic financial statements.

**GASB Statement No. 77** – *Tax Abatement Disclosures*. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. NCTPA has not fully judged the effect of the implementation of GASB Statement No. 77 as of the date of the basic financial statements.

**GASB Statement No. 78** – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The requirements of this statement are effective for fiscal years beginning after December 15, 2015. NCTPA has not fully judged the effect of the implementation of GASB Statement No. 78 as of the date of the basic financial statements.

Q. Pensions

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

R. Accounting Changes

Change in Accounting Principles – As the result of implementing GASB Statement No. 68, the NCTPA has restated the beginning net position in the government-wide Statement of Net Position and Planning Fund, effectively decreasing net position as of July 1, 2015, by \$236,841. The decrease results from the net pension obligation.

S. Deferred Outflows/Inflows of Resources

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

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

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

### General

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

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

Cash and investments consisted of the following at June 30, 2015:

	June 30, 2015			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Government-Wide Totals</u>	<u>Fiduciary Funds</u>
Cash on Hand and in Banks	\$ 4,376	\$ -	\$ 4,376	\$ -
Pooled Investments	<u>496,970</u>	<u>2,628,478</u>	<u>3,125,448</u>	<u>526,168</u>
	<u>\$ 501,346</u>	<u>\$ 2,628,478</u>	<u>\$ 3,129,824</u>	<u>\$ 526,168</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 NCTPA's deposits by pledging government securities as collateral.

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

Collateral is held by the pledging financial institution's trust department and is considered held in NCTPA's name. NCTPA may waive collateral requirements for deposits that are fully insured up to \$250,000 by federal depository insurance. NCTPA has \$250,000 that is covered by federal depository insurance as of June 30, 2015.

NCTPA had no deposit or investment policy that addressed a specific type of risk. Required disclosures for NCTPA's deposit and investment risks held in the County's Investment Pool at June 30, 2015, were as follows:

#### Credit risk

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

#### Custodial risk

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



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

General (Continued)

Concentration of credit risk

At June 30, 2015, in accordance with State law and the County’s Investment Policy, NCTPA did not have 5% or more of its net investment in commercial paper, corporate bonds, or medium-term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund within the County’s Investment Pool. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

Interest rate risk

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

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

Investment in the County Investment Pool

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

The table below identifies the **investment types** that are authorized for NCTPA by the California Government Code (or the County’s Investment Policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or 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

**NOTE 3 – DUE FROM OTHER GOVERNMENT AGENCIES**

Amounts due from other government agencies consisted of the following at June 30, 2015:

	<u>2015</u>
Federal Transit Administration (FTA)	
Operating	\$ 3,492,153
State	
State Transit Assistance (STA)	155,030
Grants - Capital	69,000
Local	
Local Transportation Fund (LTF)	902,796
Cities and Country	173,866
Local - Other	<u>270,474</u>
Total	<u>\$ 5,063,319</u>
Reconciliation to Financial Statements	<u>2015</u>
Planning Fund    Grants Receivable	\$ 970,681
Planning Fund    Due from Other Government Agencies	73,850
Transit Fund     Grants Receivable	2,469,495
Transit Fund     Due from Other Government Agencies	<u>1,352,681</u>
Total per Statement of Net Position	4,866,707
Fiduciary Funds    Due from Other Government Agencies	<u>196,612</u>
Total including Fiduciary Funds	<u>\$ 5,063,319</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Governmental Activities:				
Capital Assets, Being Depreciated				
Vehicles and Equipment	\$ 224,814	\$ -	\$ -	\$ 224,814
Less Accumulated Depreciation for:				
Vehicles and Equipment	(82,200)	(42,116)	-	(124,316)
Governmental Activities				
Capital Assets, Net	<u>\$ 142,614</u>	<u>\$ (42,116)</u>	<u>\$ -</u>	<u>\$ 100,498</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,353,692	\$ 4,000	\$ -	\$ 1,357,692
Construction in Progress	335,072	948,238	(335,072)	948,238
Total Capital Assets, Not Being Depreciated	<u>1,688,764</u>	<u>952,238</u>	<u>(335,072)</u>	<u>2,305,930</u>
Capital Assets, Being Depreciated:				
Vehicles and Equipment	27,574,844	937,455	(1,355,464)	27,156,835
Less Accumulated Depreciation for:				
Vehicles and Equipment	(6,057,115)	(1,941,160)	1,222,475	(6,775,800)
Total Capital Assets, Being Depreciated, Net	<u>21,517,729</u>	<u>(1,003,705)</u>	<u>(132,989)</u>	<u>20,381,035</u>
Business-Type Activities,				
Capital Assets, Net	<u>\$ 23,206,493</u>	<u>\$ (51,467)</u>	<u>\$ (468,061)</u>	<u>\$ 22,686,965</u>
Total Government Wide Capital Assets, Net	<u>\$ 23,349,107</u>	<u>\$ (93,583)</u>	<u>\$ (468,061)</u>	<u>\$ 22,787,463</u>

Government-wide depreciation expense for the year ended June 30, 2015, was \$1,983,276.

**NOTE 5 – COMPENSATED ABSENCES**

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

	2015
Beginning Balance July 1	\$ 40,963
Additions	16,075
Reductions	(15,617)
Ending Balance June 30	<u>\$ 41,421</u>
Amounts Due Within One Year	<u>\$ 41,421</u>

## **NOTE 6 – DUE TO OTHER GOVERNMENT AGENCIES**

### **Business-Type Activities – Due to LTF**

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

It is the current practice of the MTC to have excess revenue returned to the funding agency. There were excess revenues of \$1,253,960 at June 30, 2015. 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>2015</u>
Balance - Beginning of Year	\$ 1,534,634
LTF - Operating	6,796,564
LTF - Capital	<u>1,026,658</u>
Total LTF	<u>7,823,222</u>
Operating Expenses	11,672,743
Adjustments:	
Add Back Depreciation	(1,941,160)
Farebox Revenues	(1,310,234)
STA	(800,176)
Other Revenues	(901,575)
Interest Income	(17,494)
FTA Grant Revenues	(1,982,498)
Other Federal Grants	(169,023)
Capital Asset Purchases	1,885,693
Real Property Disposal	<u>132,986</u>
Net Operating Expenses	<u>6,569,262</u>
Net Increase	1,253,960
Return of LTF Capital	<u>(1,534,634)</u>
Balance - End of Year	<u>\$ 1,253,960</u>

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

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

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

As of June 30, 2015, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>2015</u>
<b>Balance - Beginning of Year</b>	\$ 438,875
<b>Receipts:</b>	
Receipts Deposited	796,147
Interest Accrued	1,602
<b>Expenses:</b>	
Transit Capital	<u>(224,223)</u>
<b>Balance - End of Year</b>	<u><u>\$ 1,012,401</u></u>

**NOTE 8 – ADVANCES**

Advances associated with multi-year projects, capital projects, and operating grants were reported in the following fund at June 30, 2015, as follows:

	<u>2015</u>
Proprietary Fund	
Proposition 1B - Capital Funds	\$ 1,012,401
Other Advances	<u>223,210</u>
Total Advances - Proprietary Fund	<u><u>\$ 1,235,611</u></u>

NCTPA received grants from various sources. At June 30, 2015, eligibility requirements for recognizing the revenue had not been met. Therefore, the unexpended balance has been deferred to the next fiscal year.

**NOTE 9 – AGREEMENTS AND COMMITMENTS**

**Bay Area Air Quality Management District Agreement**

The NCTPA 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 the NCTPA, as the selected Program Manager. However, the agreement may be terminated at any time by either party and there are no assurances of annual renewal. As program manager, NCTPA allocates 5% of these funds to itself to administer the program.

**NOTE 9 – AGREEMENTS AND COMMITMENTS** (Continued)

Abandoned Vehicle Abatement Program

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

Metropolitan Transportation Commission

The NCTPA 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 the NCTPA. The amount, if any, of expenditures which may be disallowed by MTC cannot be determined at this time although the NCTPA expects such amounts, if any, to be immaterial.

**NOTE 10 – PENSION PLANS**

A. General Information about the Pension Plans

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the NCTPA's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by CalPERS. Benefit provisions under the Plans are established by State statute and NCTPA resolution. CalPERS issues publicly available reports that include a full description of the Plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members (Tier 1) with five years of total service are eligible to retire at age 55 with statutorily reduced benefits (2.5%@Age 55). Members hired after May 21, 2011, (Tier 2) with five years of total service are eligible to retire at age 60 with statutorily reduced benefits (2%@Age 60). The California Public Employees' Pension Reform Act (PEPRA) established a separate tier for members hired after January 1, 2013. PEPRA Members with five years of total service are eligible to retire at age 62 with statutorily reduced benefits (2%@Age 62). No employees were eligible to receive benefits under the PEPRA plan as of the valuation date (June 30, 2013). As such, the following tables reflect only the Tier I and Tier II Plans. All members are eligible for non-duty disability benefits after 5 years of service. The cost of living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire Date	Prior to May 21, 2011 (Tier I)	On or after May 21, 2011 (Tier II)
Benefit Formula	2.5%@55	2%@60
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	60
Monthly Benefits, as a Percentage of Eligible Compensation	2.5%	2%
Required Employee Contribution Rates	7.942%	7.942%
Required Employer Contribution Rates	14.083%	14.083%

**NOTE 10 – PENSION PLANS** (Continued)

A. General Information about the Pension Plans (Continued)

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. NCTPA’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. NCTPA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 7.942 percent of annual pay, and the average employer’s contribution rate is 14.083 percent of annual payroll.

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

As of June 30, 2014, the NCTPA reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Tier I	\$ 175,868
Tier II	16,052
PEPRA	<u>-</u>
Total Net Pension Liability	<u><u>\$ 191,920</u></u>

The NCTPA’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The NCTPA’s proportion of the net pension liability was based on a projection of the NCTPA’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The NCTPA’s proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014, was as follows:

	<u>Tier 1</u>	<u>Tier II</u>
Proportion - June 30, 2013	0.00283%	0.00026%
Proportion - June 30, 2014	<u>0.00712%</u>	<u>0.00065%</u>
Change - Increase (Decrease)	<u><u>0.00429%</u></u>	<u><u>0.00039%</u></u>

**NOTE 10 – PENSION PLANS** (Continued)

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

For the year ended June 30, 2015, the NCTPA recognized a pension expense of \$74,343. At June 30, 2015, the NCTPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 130,432	\$ -
Differences between Actual and Expected Experience	-	-
Changes in Assumptions	-	-
Change in Employer's Proportion and Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	(82,748)
Net Differences between Projected and Actual Earnings on Plan Investments	-	(36,516)
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 130,432</u>	<u>\$ (119,264)</u>

\$130,432 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Tier I</u>	<u>Tier II</u>	<u>Total</u>
2016	\$ (25,890)	\$ (9,795)	\$ (35,685)
2017	(25,890)	(9,795)	(35,685)
2018	(23,667)	(8,105)	(31,772)
2019	(14,775)	(1,347)	(16,122)
2020	-	-	-
Thereafter	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ (90,222)</u>	<u>\$ (29,042)</u>	<u>\$ (119,264)</u>



**NOTE 10 – PENSION PLANS** (Continued)

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

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plans</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies <sup>(1)</sup>
Investment Rate of Return	7.50% <sup>(2)</sup>
Mortality	CalPERS <sup>(3)</sup>

<sup>(1)</sup> Depending on age, service, and type of employment.

<sup>(2)</sup> Net of pension plan investment expenses, including inflation.

<sup>(3)</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require its CalPERS board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it has changed its methodology.

**NOTE 10 – PENSION PLANS** (Continued)

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions** (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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	99.00%	2.43%
Inflation Sensitive	6.00%	45.00%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

<sup>(a)</sup> An expected inflation of 2.5% used for this period.

<sup>(b)</sup> An expected inflation of 3.0% used for this period.

**NOTE 10 – PENSION PLANS** (Continued)

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

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the NCTPA’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the NCTPA’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:

	Tier I	Tier II	Total
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$ 313,343	\$ 28,600	\$ 341,943
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$ 175,868	\$ 16,052	\$ 191,920
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$ 61,778	\$ 5,639	\$ 67,417

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports

**C. Payable to the Pension Plans**

At June 30, 2015, the NCTPA had no outstanding amounts for contributions to the pension plans required for the year ended June 30, 2015.

**NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In addition to the pension benefits described on the previous pages, NCTPA provides postretirement healthcare benefits to all employees meeting certain selected criteria. Employees on the payroll as of June 30, 2015, who retire from the NCTPA with 3 years of NCTPA service and 25 years of CalPERS service will receive 1.3 times the Public Employees’ Medical and Hospital Care Act (PEMHCA) minimum dollar amounts who retire from NCTPA at or after age 50.

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

For the GASB Statement No. 45 actuarial valuation dated June 30, 2013, NCTPA chose a new allocation strategy. In March 2011, CalPERS board approved changes to the California Employers’ Retiree Benefit Trust (CERBT) to allow a choice between three different asset allocations strategies with different equity vs. fixed income and base the prescribed discount rate on the asset allocation. NCTPA chose Option 3, a 6.39% discount limit based upon the 50<sup>th</sup> percentile return.

In accordance with GASB Statement No. 43, CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That annual financial report may be obtained by writing to the Napa County Transportation and Planning Agency’s Finance Department at 625 Burnell Street, Napa, California 94559.

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

Plan Description: NCTPA participates in the CERBT, a trust established by Chapter 331 of the 1988 Statutes and initially funded in 2007. The purpose of the trust is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for healthcare post-employment benefits. The CERBT is an agent multiple-employer plan as defined in GASB Statement No. 43 and is administered by the CalPERS. The Plan has one retiree receiving benefits and a total of 12 active participants, all of which are not currently eligible to receive benefits.

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

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

Annual OPEB Cost and Net OPEB Obligation: NCTPA’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. For fiscal years 2013-2014 and 2014-2015, the net OPEB obligation (asset) was determined as follows:

	2015	2014
Annual required contribution	\$ 40,000	\$ 39,000
Contributions made	<u>(40,000)</u>	<u>(39,000)</u>
Change in net OPEB obligation	-	-
Net OPEB asset, beginning of year	-	-
Net OPEB asset, end of year	<u>\$ -</u>	<u>\$ -</u>

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 40,000	\$ 40,000	100%	\$ -
6/30/2014	\$ 39,000	\$ 39,000	100%	\$ -
6/30/2013	\$ 22,000	\$ 22,000	100%	\$ -

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

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
June 30, 2015	\$ 206,000	\$ 161,000	\$ (45,000)	128.0%	\$ 1,065,000	-4.2%
June 30, 2013	\$ 109,000	\$ 218,000	\$ 109,000	50.0%	\$ 1,031,000	10.6%
June 30, 2011	\$ 77,000	\$ 78,000	\$ 1,000	98.7%	\$ 993,000	0.1%

NCTPA's ARC is based on the pre-funding method. For fiscal year 2014-2015, NCTPA contributed \$40,000 to the plan.

As of June 30, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$161,000, and the actuarial value of assets was \$106,000 resulting in an unfunded actuarial accrued liability of \$55,000. The covered payroll (annual payroll of active employees covered) was \$1,031,000.

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

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

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

In the actuarial valuation for the plan as of June 30, 2015, the entry age normal cost method was used. The allocation of OPEB cost is based on years of service. NCTPA used the level percentage of payroll method to allocate OPEB cost over years of service. Entry age is based on the average age at hire for eligible employees. The attribution period is determined as the difference between the average retirement age and the average age at hire. The present value of future benefits and present value of future normal costs are determined on an employee by employee basis and then aggregated. To the extent that different benefit formulas apply to different employees of the same class, the normal cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

The actuarial assumptions included a 6.25% discount rate (net of administrative expenses), which is based on an assumed long-term return on plan assets and 100% funding through the CalPERS CERBT program, and an annual healthcare cost trend rate of 4.5% including a 3% inflation assumption. The actuarial value of assets were determined using fair value (as provided by CalPERS). The UAAL will be amortized as a level percentage of projected payroll assuming a 3.25% increase per year and no increases in staff or merit increases. The remaining amortization period is 30 years.

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

**NOTE 12 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN**

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

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

**NOTE 13 – INSURANCE AND RISK OF LOSS**

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

**NOTE 14 – RELATED PARTY TRANSACTIONS**

The County personnel provides administration services to NCTPA. The County also provides legal counsel. During the fiscal year ended June 30, 2015, NCTPA paid to the County, a related party, the following amounts:

	<u>2015</u>
Accounting and Legal Services	\$ 37,219
Other Services and Supplies	<u>105,600</u>
Total Related Party Transactions	<u>\$ 142,819</u>

**NOTE 15 – FAREBOX RATIO**

Article 4

Article 4 transit operations include VINE and ACT. As agreed to by MTC, the combined farebox ratio requirement is 16%. The farebox ratio for the year ended June 30, 2015, was 14.74% as follows:

	June 30, 2015		
<u>Article 4</u>	<u>Total Article 4 Services</u>	<u>VINE</u>	<u>ACT</u>
Farebox Subject to Farebox Ratio	<u>\$ 1,053,251</u>	<u>\$ 1,015,910</u>	<u>\$ 37,341</u>
Operating Cost, Net of Depreciation and Insurance	<u>\$ 7,145,787</u>	<u>\$ 6,759,834</u>	<u>\$ 385,953</u>
Farebox Ratio	<u>14.74%</u>		

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 16). The sale of non-federal assets are eligible as farebox revenues. Supplies not directly used for transit have been removed from operating costs.

For the fiscal year ended June 30, 2015, NCTPA was not in compliance with the minimum farebox ratio required of 16% for Article 4 transit operations.

Article 8

Article 8 transit operations include VINE GO, Calistoga Shuttle, St. Helena Shuttle, Yountville Trolley, and the Taxi Scrip program. TDA Section 6633.2 requires NCTPA to meet a 10% farebox revenue to total operating expenses ratio. The farebox revenue ratio for the year ended June 30, 2015, for Article 8 transit operations was 11.08% as follows:

	June 30, 2015		
<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	<u>\$ 245,981</u>	<u>\$ 107,386</u>	<u>\$ 138,595</u>
Operating Cost, Net of Depreciation and Insurance	<u>\$ 2,219,676</u>	<u>\$ 1,278,703</u>	<u>\$ 940,973</u>
Farebox Ratio	<u>11.08%</u>		

For the fiscal year ended June 30, 2015, NCTPA was in compliance with the minimum farebox ratio required for Article 8 transit operations.

**NOTE 16 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2015, expenditures exceeded appropriations in the Planning Fund as follows:

<u>Appropriations Category</u>		<u>Excess Expenditures</u>
		<u>2015</u>
Planning Fund:	Communications	\$ 6,673
	Transportation	4,262
	Miscellaneous Expense	53,630

**NOTE 17 – LINE OF CREDIT**

NCTPA has a \$3 million revolving credit agreement with a bank, which provides a credit through October 15, 2015. As of June 30, 2015, no funds were drawn down. The note bears interest of 3.25% per annum.

**NOTE 18 – RESTATEMENT OF BEGINNING NET POSITION**

The accompanying financial statements reflect adjustments that resulted in the restatement of beginning net position of the Governmental Activities. The adjustments occurred due to a change in accounting principle. Refer to Note 10 – New Accounting Pronouncements Implemented in the Financial Statements.

The following schedule summarizes the effect of the restatement of the beginning net position as of July 1, 2014, resulting from implementation of GASB Statement No. 68:

	<u>Governmental Activities</u>
Net Position at July 1, 2014	\$ 863,047
Cumulative Effect of Change in Accounting Principle	<u>(236,841)</u>
Net Position at July 1, 2014, as Restated	<u>\$ 626,206</u>

**NOTE 19 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 30, 2015, which is the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GOVERNMENTAL FUND – PLANNING FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local Transportation Fund Allocation	\$ 1,217,900	\$ 1,217,900	\$ 1,617,900	\$ 400,000
Federal Highway Allocations	2,250,000	2,250,000	1,398,364	(851,636)
Programming, Planning, and Monitoring	117,000	117,000	138,000	21,000
Other Grants	1,398,400	1,398,400	18,158	(1,380,242)
Local Support	236,300	236,300	5,213	(231,087)
Interest	8,000	8,000	3,366	(4,634)
Other Revenues	10,000	10,000	92,265	82,265
<b>Total Revenues</b>	<b>5,237,600</b>	<b>5,237,600</b>	<b>3,273,266</b>	<b>(1,964,334)</b>
<b>Expenditures</b>				
Communications	6,000	6,000	12,673	(6,673)
Insurance	55,000	55,000	44,328	10,672
Office Expense	74,800	74,800	40,870	33,930
Rents and Leases	9,000	9,000	7,154	1,846
Transportation	8,700	8,700	12,962	(4,262)
Salary and Benefits	1,756,300	1,756,300	1,378,150	378,150
Miscellaneous Expense	184,500	184,500	238,130	(53,630)
Professional Services	3,143,300	3,143,300	1,408,436	1,734,864
<b>Total Expenditures</b>	<b>5,237,600</b>	<b>5,237,600</b>	<b>3,142,703</b>	<b>2,094,897</b>
<b>Net Change in Fund Balance</b>	-	-	130,563	130,563
Fund Balance, Beginning of Fiscal Year	761,396	938,194	761,396	(176,798)
Fund Balance, End of Fiscal Year	<u>\$ 761,396</u>	<u>\$ 938,194</u>	<u>\$ 891,959</u>	<u>\$ (46,235)</u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFITS  
JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
June 30, 2015	\$ 206,000	\$ 161,000	\$ (45,000)	128.0%	\$ 1,065,000	-4.2%
June 30, 2013	\$ 109,000	\$ 218,000	\$ 109,000	50.0%	\$ 1,031,000	10.6%
June 30, 2011	\$ 77,000	\$ 78,000	\$ 1,000	98.7%	\$ 993,000	0.1%

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**BUDGETS AND BUDGETARY ACCOUNTING**

Formal budgetary accounting is employed as a management control by Napa County Transportation and Planning Agency (NCTPA). An annual budget is adopted each 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 COUNTY TRANSPORTATION AND PLANNING AGENCY  
 MICELLANEOUS PLANS – TIER I AND TIER II  
 COST SHARING DEFINED BENEFIT PENSION PLANS  
 SCHEDULE OF THE NCTPA'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 AS OF JUNE 30, 2015  
 LAST 10 YEARS\***

	2015	
	Tier I	Tier II
Proportion of the Net Pension Liability	0.00283%	0.02600%
Proportionate Share of the Net Position Liability	\$ 175,868	\$ 16,052
Covered-Employee Payroll	\$ 624,124	\$ 390,859
Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	28.18%	4.11%
Plan's Fiduciary Net Position	\$ 860,403	\$ 78,531
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%	83.03%

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation; therefore, only one year is 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, 2013, 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.** None.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
 MICELLANEOUS PLANS – TIER I AND TIER II  
 COST SHARING DEFINED BENEFIT PENSION PLANS  
 SCHEDULE OF CONTRIBUTIONS  
 AS OF JUNE 30, 2015  
 LAST 10 YEARS\***

	2015	
	Tier I	Tier II
Contractually Required Contribution (Actuarially Determined)	\$ 89,220	\$ 25,364
Contributions in Relation to the Actuarially Determined Contributions	<u>(89,220)</u>	<u>(25,364)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 624,142	\$ 390,859
Contributions as a Percentage of Covered- Employee Payroll	14.30%	6.49%

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation; therefore, only one year is shown.

**Notes to Schedule:**

	Miscellaneous Plans
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies <sup>(1)</sup>
Investment Rate of Return	7.50% <sup>(2)</sup>
Mortality	CalPERS <sup>(3)</sup>

<sup>(1)</sup> Depending on age, service, and type of employment.

<sup>(2)</sup> Net of pension plan investment expenses, including inflation.

<sup>(3)</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
 MICELLANEOUS PLANS – TIER I AND TIER II  
 COST SHARING DEFINED BENEFIT PENSION PLANS  
 SCHEDULE OF CONTRIBUTIONS (Continued)  
 AS OF JUNE 30, 2015  
 LAST 10 YEARS\***

**Notes to Schedule (Continued):**

Valuation date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.5%, average, including inflation of 3.0%
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Retirement age	57 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table

**SUPPLEMENTARY INFORMATION**



**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2015**

	Abandoned Vehicle Abatement	Air Quality Management	Total
<b><u>ASSETS</u></b>			
Current Assets			
Cash and Investments in County Treasury	\$ 84,680	\$ 441,488	\$ 526,168
Vehicle Registration Fees Receivable	-	-	-
Due from Other Government Agencies	-	196,612	196,612
Total Current Assets	<u>84,680</u>	<u>638,100</u>	<u>722,780</u>
Total Assets	<u><u>\$ 84,680</u></u>	<u><u>\$ 638,100</u></u>	<u><u>\$ 722,780</u></u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	\$ -	\$ 23,335	\$ -
Due to Other Governments	-	5,450	5,450
Total Current Liabilities	<u>-</u>	<u>28,785</u>	<u>28,785</u>
Total Liabilities	<u>-</u>	<u>28,785</u>	<u>28,785</u>
<b><u>NET POSITION</u></b>			
Net Position Held in Trust for Other Purposes	<u>84,680</u>	<u>609,315</u>	<u>693,995</u>
Total Net Position	<u>84,680</u>	<u>609,315</u>	<u>693,995</u>
Total Liabilities and Net Position	<u><u>\$ 84,680</u></u>	<u><u>\$ 638,100</u></u>	<u><u>\$ 722,780</u></u>

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	Abandoned Vehicle Abatement	Air Quality Management	Total
<b>ADDITIONS</b>			
Aid from Other Government Agencies	\$ 137,276	\$ 198,352	\$ 335,628
Interest Income	380	2,294	2,674
Total Additions	137,656	200,646	338,302
<b>DEDUCTIONS</b>			
Program Expenses	138,034	152,658	290,692
Total Deductions	138,034	152,658	290,692
<b>CHANGE IN NET POSITION</b>	(378)	47,988	47,610
Net Position, Beginning of Year	85,057	561,327	646,384
Net Position, End of Year	<u>\$ 84,679</u>	<u>\$ 609,315</u>	<u>\$ 693,994</u>

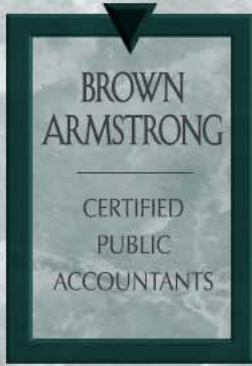
**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
ENTERPRISE FUND – TRANSIT RELATED  
BY OPERATION  
FOR THE YEAR ENDED JUNE 30, 2015**

	VINE Go	VINE	Taxi	American Canyon	Yountville
Operating Revenues:					
Farebox Revenues	\$ 67,340	\$ 1,031,061	\$ 37,870	\$ 37,341	\$ 30,039
Operating Expenses:					
Marketing	-	166,596	-	-	308
Vehicle Maintenance	-	90,580	-	-	-
Other Maintenance	-	68,606	-	-	-
Fuel and Lubricants	125,186	876,480	-	50,007	15,845
Insurance	22,426	172,011	-	9,066	7,520
Planning and Administration	-	73,765	-	-	-
Security	-	15,835	-	-	-
Services	3,139	33,692	1,434	2,264	1,200
Supplies	1,294	13,721	3,115	-	-
Purchased Transportation	1,036,253	5,445,218	63,305	325,672	285,336
Rents and Leases	-	22,000	-	-	-
Utilities	-	12,676	-	-	-
Miscellaneous Expense	-	4,558	-	-	-
Depreciation	96,945	1,763,556	-	18,732	20,900
Personnel Costs	33,712	74,704	11,265	8,010	6,120
Total Operating Expenses	1,318,955	8,833,998	79,119	413,751	337,229
Operating Loss	(1,251,615)	(7,802,937)	(41,249)	(376,410)	(307,190)
Nonoperating Revenues (Expenses):					
Local Transportation Funds	528,300	5,441,024	44,700	473,100	112,200
State Transit Assistance	500,088	145,888	-	-	51,400
FTA Grant Revenues - Operating	400,000	1,310,727	-	60,000	70,590
Other Federal Grants	-	-	-	-	-
Other Operating Grants	-	665,893	-	-	-
Interest Income	256	13,429	356	1,228	843
Other Revenues	-	(132,986)	-	-	-
Returned LTF Allocations	(99,975)	(997,439)	(8,459)	(89,529)	(21,233)
Total Nonoperating Revenues	1,328,669	6,446,536	36,597	444,799	213,800
Change in Net Position Before Contributions	77,054	(1,356,401)	(4,652)	68,389	(93,390)
Capital Contributions:					
Federal Transit Assistance	-	169,023	-	-	-
Other Capital	72,695	2,251	-	152,420	1,971
Local Transportation Funds	10,216	1,016,442	-	-	-
Change in Net Position	159,965	(168,685)	(4,652)	220,809	(91,419)
Net Position, Beginning of Year	345,411	24,468,337	(47,746)	(264,201)	(105,160)
Net Position, End of the Year	\$ 505,376	\$ 24,299,652	\$ (52,398)	\$ (43,392)	\$ (196,579)

**NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION (Continued)  
ENTERPRISE FUND – TRANSIT RELATED  
BY OPERATION  
FOR THE YEAR ENDED JUNE 30, 2015**

	St. Helena	Calistoga	Totals
Operating Revenues:			
Farebox Revenues	\$ 27,423	\$ 79,160	\$ 1,310,234
Operating Expenses:			
Marketing	308	67	167,279
Vehicle Maintenance	-	-	90,580
Other Maintenance	-	-	68,606
Fuel and Lubricants	20,636	20,336	1,108,490
Insurance	7,238	9,261	227,522
Planning and Administration	-	-	73,765
Security	-	-	15,835
Services	2,165	2,312	46,206
Supplies	-	2,274	20,404
Purchased Transportation	255,377	314,464	7,725,625
Rents and Leases	-	-	22,000
Utilities	-	-	12,676
Miscellaneous Expense	-	-	4,558
Depreciation	20,514	20,514	1,941,161
Personnel Costs	5,833	8,392	148,036
Total Operating Expenses	<u>312,071</u>	<u>377,620</u>	<u>11,672,743</u>
Operating Loss	<u>(284,648)</u>	<u>(298,460)</u>	<u>(10,362,509)</u>
Nonoperating Revenues (Expenses):			
Local Transportation Funds	101,440	95,800	6,796,564
State Transit Assistance	51,400	51,400	800,176
FTA Grant Revenues - Operating	70,591	70,590	1,982,498
Other Federal Grants	-	-	-
Other Operating Grants	-	-	665,893
Interest Income	714	668	17,494
Other Revenues	-	-	(132,986)
Returned LTF Allocations	(19,196)	(18,129)	(1,253,960)
Total Nonoperating Revenues	<u>204,949</u>	<u>200,329</u>	<u>8,875,679</u>
Change in Net Position Before Contributions	(79,699)	(98,131)	(1,486,830)
Capital Contributions:			
Federal Transit Assistance	-	-	169,023
Other Capital	6,345	-	235,682
Local Transportation Funds	-	-	1,026,658
Change in Net Position	<u>(73,354)</u>	<u>(98,131)</u>	<u>(55,467)</u>
Net Position, Beginning of Year	<u>(100,952)</u>	<u>(4,159)</u>	<u>24,291,530</u>
Net Position, End of the Year	<u>\$ (174,306)</u>	<u>\$ (102,290)</u>	<u>\$ 24,236,063</u>

## **OTHER REPORT**



BROWN ARMSTRONG  
Certified Public Accountants

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

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

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(MAIN OFFICE)**

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We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Napa County Transportation and Planning Agency (NCTPA) as of and for the year ended June 30, 2015, and have issued our report thereon dated December 30, 2015.

**Compliance**

As part of obtaining reasonable assurance about whether the NCTPA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that allocations made and expenditures paid by NCTPA 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 NCTPA. As noted in Note 15 to the financial statements for the fiscal year ended June 30, 2015, NCTPA's farebox ratio for Article 4 transit operations was 14.74% while the requirement was at least 16%. Therefore, NCTPA was not in compliance with this requirement for the year ended June 30, 2015. Based on our procedures, no other instances of noncompliance with applicable statutes, rules, and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission were noted. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

**Other Matters**

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public

Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

During the fiscal year ended June 30, 2015, NCTPA received \$796,147 from the State's PTMISEA funds. As of June 30, 2015, PTMISEA interest received and funds expended were verified in the course of our audit as follows:

**Schedule of PTMISEA Proposition 1B Grants  
For the Year Ended June 30, 2015**

	2015
<b>Balance - beginning of the year</b>	\$ 438,875
<b>Receipts:</b>	
Deposits	796,147
Interest accrued 7/1/2014 through 6/30/2015	1,602
<b>Expenses:</b>	
Transit Capital	(224,223)
<b>Balance - end of year</b>	\$ 1,012,401

The results of our tests indicated that, with respect to the items tested, NCTPA complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that NCTPA had not complied, in all material respects, with those provisions.

**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 NCTPA'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, and 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 30, 2015