

**IN-HOME SUPPORTIVE SERVICES
PUBLIC AUTHORITY OF NAPA COUNTY
(A Component Unit of Napa County, California)**

**COMPONENT UNIT
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2010**

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

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IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Authority Governing Board

<u>Name</u>	<u>Position</u>	<u>Date of Original Appointment</u>	<u>Current Term Expires</u>
Brad Wagenknecht	Member Board of Supervisors District 1 Napa County	01/5/1999	12/31/2010
Mark Luce	Chair Board of Supervisors District 2 Napa County	01/07/1997	12/31/2012
Diane Dillon	Vice-Chair Board of Supervisors District 3 Napa County	01/07/2003	12/31/2010
Bill Dodd	Member Board of Supervisors District 4 Napa County	01/09/2001	12/31/2012
Keith Caldwell	Member Board of Supervisors District 5 Napa County	01/05/2009	12/31/2012

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Authority Advisory Board

<u>Name</u>	<u>Position</u>	<u>Date of Original or Last Appt.</u>	<u>Current Term Expires</u>
Nancy Johnson	Community Representative	05/15/2001	09/01/2011
Randy Kitch	Current or Past User of IHSS or Personal Assistance Services	05/15/2001	09/01/2011
Penelope Beasley	Current or Past User of IHSS or Personal Assistance Services	04/05/2005*	09/01/2011
Doug Weir	Current or Past User of IHSS or Personal Assistance Services Chair	10/25/2005*	09/01/2010
LeRoy Anzures	Current or Former Provider of IHSS Services	04/05/2005*	09/01/2011
Kristi Lesnewich	Commission on Aging	11/04/08	09/30/2011
Mark Townsend	Current or Former Provider of IHSS Services Vice Chair	09/09/2008	09/30/2010
Paul Cogdell	Current or Past User of IHSS or Personal Assistance Services	06/16/2009	09/30/2011
Christopher Tynan	Current or Past User of IHSS	04/06/2010	09/30/2011
Shirley Bright	Current or Past User of IHSS	06/22/2010	09/30/2011
Crystal Y. Hardister	Current or Past User of IHSS	12/15/2009	09/30/2011

*indicates date of most recent appointment (not the date of original appointment)

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Supervisors of Napa County
Acting as the governing body of
In-Home Supportive Services
Public Authority of Napa County
Napa, California

We have audited the accompanying basic financial statements of In-Home Supportive Services Public Authority of Napa County (Authority), a component unit of Napa County, California, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority. Our responsibility is to express an opinion 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2010, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Board of Supervisors of Napa County
Acting as the governing body of
In-Home Supportive Services
Public Authority of Napa County
Napa, California

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Gallina LLP

Roseville, California
November 19, 2010

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Management's Discussion and Analysis June 30, 2010

The In-Home Supportive Services Public Authority of Napa County (Authority) is a legal entity that was established by the Board of Supervisors of Napa County by resolution pursuant to the California Welfare and Institutions Code Section 12301.6. The Authority is governed by the County's Board of Supervisors sitting as the Authority's Governing Body. The Authority is also served by an In-Home Supportive Services Public Authority Advisory Board. Currently three employees working for the Authority are contracted through Napa County: a Manager, a Registry Training Specialist, and an Administrative Assistant. Offices are co-located with Napa County Comprehensive Services for Older Adults.

As management of the Authority, we offer readers this narrative overview and analysis of the financial activities for the year ending June 30, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*.

The *statement of activities* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Management's Discussion and Analysis June 30, 2010

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and government wide statements.

The Authority adopts an annual budget for its fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI)

RSI is presented concerning the Authority's General Fund budgetary schedule. The Authority adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments.

Net Assets

Condensed Statement of Net Assets As of June 30,

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Current assets	\$ 202,014	\$ 437,191	\$ (235,177)
Total assets	<u>202,014</u>	<u>437,191</u>	<u>(235,177)</u>
Current liabilities	213,447	445,152	(231,705)
Total liabilities	<u>213,447</u>	<u>445,152</u>	<u>(231,705)</u>
Unrestricted	(11,433)	(7,961)	(3,472)
Total net assets	<u>\$ (11,433)</u>	<u>\$ (7,961)</u>	<u>\$ (3,472)</u>

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Management's Discussion and Analysis
June 30, 2010

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets by \$11,433 as of June 30, 2010. This is primarily due to an increase in revenues due from the State.

Changes in Net Assets

The Authority does not have business-type activities and so the analysis presented below for the government-wide financial statements also represents an analysis of the Authority's governmental activities.

The Authority's net assets decreased overall by \$3,472 during fiscal year 2009-2010. This decrease in net assets is explained in the Financial Analysis of the Authority's Governmental Fund found below and mainly consists of a reduction in the amount of governmental revenues received, following the reduction in State funding for all public authorities across the state.

**Condensed Statement of Activities
For the Fiscal Year Ended June 30,**

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 684,835	\$ 750,174	\$ (65,339)
County contributions	133,919	158,669	(24,750)
Use of money and property	<u>(2,763)</u>	<u>(6,570)</u>	<u>3,807</u>
Total revenues	<u>815,991</u>	<u>902,273</u>	<u>(86,282)</u>
 Expenses:			
Services and supplies	805,495	885,273	(79,778)
Rent and utilities	13,968	13,968	--
Total expenses	<u>819,463</u>	<u>899,241</u>	<u>(79,778)</u>
 Change in net assets	(3,472)	3,032	(6,504)
 Net assets, beginning of fiscal year	(7,961)	(10,993)	3,032
 Net assets, end of fiscal year	<u><u>\$ (11,433)</u></u>	<u><u>\$ (7,961)</u></u>	<u><u>\$ (3,472)</u></u>

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Management's Discussion and Analysis June 30, 2010

FUND FINANCIAL ANALYSIS

As noted earlier, fund accounting is used by the Authority to ensure and demonstrate compliance with finance-related legal requirements.

For the fiscal year ending June 30, 2010, the Authority reported an ending fund balance of \$(56,567), an increase of \$4,168 from the prior year.

Total revenue, consisting mainly of intergovernmental funds and county contributions, decreased by \$69,207 for the fiscal year ending June 30, 2010. Total expenditures decreased by \$79,778 from the prior fiscal year. These decreases were due to the change in how the State allocated funding to Public Authorities across the state.

BUDGETARY HIGHLIGHTS

Total revenues were under budget by 12% or \$112,885, while total expenditures were under budget 12.5%. These variances were a direct result of programmatic changes that were implemented following the reduction of funding at the State level. Expenditures needed to be brought in to line with the decrease in revenue.

During this year, the State moved away from the traditional funding for Public Authorities, which relied entirely on an approved rate for each county. Instead, the State instituted an allocation for each county Public Authority, which essentially implemented a cap on available revenue.

Economic Factors and Next Year's Budget

A tentative agreement was recently reached regarding the Memorandum of Understanding with SEIU. Under the tentative agreement, the existing MOU will be extended until December 31, 2011, which will keep provider wages and benefits constant.

Given the current economic conditions of the state and federal government and the size of the IHSS program, there have been many different measures proposed on a state-wide level to attempt to bring down the overall program cost. At this time, most of those proposed reductions have been halted by Court order. However, the recently passed 2010-11 state budget does still include substantial changes to the IHSS program, in the form of a reduction in provider wages and a reduction in IHSS services to clients, that are scheduled for implementation on July 1, 2012.

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Management's Discussion and Analysis
June 30, 2010

DEBT ADMINISTRATION

For the fiscal year ending June 30, 2010, the Authority did not have any long-term obligations outstanding.

CAPITAL ASSETS

For the fiscal year ending June 30, 2010, the Authority did not have any capital assets.

CONTACTING THE AUTHORITY

This financial report is designed to provide a general overview of the In-Home Supportive Services Public Authority of Napa County's finances for all those interested.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the In-Home Supportive Services Public Authority of Napa County, 900 Coombs St. Suite 257, Napa, California 94559.

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Due from other governments	\$ 202,014
Total Assets	<u>\$ 202,014</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	\$ 50,460
Due to other governments	<u>162,987</u>
Total Liabilities	<u>213,447</u>
<u>NET ASSETS</u>	
Unrestricted	<u>(11,433)</u>
Total Net Assets	<u>(11,433)</u>
Total Liabilities and Net Assets	<u>\$ 202,014</u>

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

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Statement of Activities
For the Fiscal Year Ended June 30, 2010

EXPENSES

Public Assistance	
Services and supplies	\$ 805,495
Rent and utilities	13,968
	<hr/>
Net Program Expense	819,463
	<hr/>

PROGRAM REVENUES

Intergovernmental revenue:	
Federal	480,311
State	204,524
County contributions	133,919
	<hr/>
Total Program Revenues	818,754
	<hr/>
Net Program Expense	(709)
	<hr/>

GENERAL REVENUES (EXPENSES)

Investment expense	(2,763)
Total General Expenses	(2,763)
	<hr/>
Change in Net Assets	(3,472)
	<hr/>
Net Assets - Beginning of Year	(7,961)
	<hr/>
Net Assets - End of Year	\$ (11,433)
	<hr/> <hr/>

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

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Balance Sheet
Governmental Funds
June 30, 2010

ASSETS

Due from other governments	\$ 202,014
Total Assets	<u>\$ 202,014</u>

LIABILITIES

Accounts payable	\$ 50,460
Due to other governments	162,987
Deferred revenue	<u>45,134</u>
Total Liabilities	<u>258,581</u>

FUND BALANCE

Fund Balance:	
Unreserved:	<u>(56,567)</u>
Total Fund Balance	<u>(56,567)</u>
Total Liabilities and Fund Balance	<u>\$ 202,014</u>

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

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets (Deficit) - Governmental Activities
June 30, 2010

Fund balance - total governmental funds (page 10)	\$ (56,567)
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	<u>45,134</u>
Net Assets of Governmental Activities (page 8)	<u><u>\$ (11,433)</u></u>

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

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2010

REVENUES

Intergovernmental revenue:	
Federal	\$ 480,046
State	212,429
County contributions	133,919
Use of money and property	(2,763)
Total Revenues	<u>823,631</u>

EXPENDITURES

Public Assistance:	
Services and supplies	\$ 805,495
Rent and utilities	13,968
Total Expenditures	<u>819,463</u>
Net Change in Fund Balance	4,168
Fund Balance - Beginning of Year	<u>(60,735)</u>
Fund Balance - End of Year	<u>\$ (56,567)</u>

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

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Fiscal Year Ended June 30, 2010

Net change to fund balance - total governmental funds (page 12)	\$ 4,168
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	<u>(7,640)</u>
Change in Net Assets of Governmental Activities (page 9)	<u><u>\$ (3,472)</u></u>

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

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Notes to Financial Statements
June 30, 2010

Note 1: **Summary of Significant Accounting Policies**

A. Reporting Entity

The In-Home Supportive Services Public Authority of Napa County (Authority) is a legal corporate entity that was established by the Board of Supervisors of Napa County (County) by resolution pursuant to the California Welfare and Institutions Code Section 12301.6. The Authority is governed by the County's Board of Supervisors, sitting as the In-Home Supportive Services Public Authority of Napa County's Board. The Authority is also served by an In-Home Supportive Services Public Authority Advisory Board.

The Advisory Board provides, as needed, ongoing advice and recommendations regarding in-home supportive services to the In-Home Supportive Services Public Authority of Napa County's Board. The Advisory Board also communicates with any administrative body in the County that is related to the delivery and administration of in-home supportive services. In addition, the Advisory Board provides a method of community input for citizens who use or provide in-home supportive services.

The Authority is governed by the County Board of Supervisors serving in a separate capacity as the governing board of the Authority. As such, the Authority is an integral part of the County and, accordingly, the accompanying financial statements are included as a component unit of the basic financial statements of the County.

B. Basis of Presentation and Accounting

In this report, the government-wide statements and the fund statements for the Authority are presented on the same page with the adjustments column showing the differences.

Government-Wide Statements

The Statement of Net Assets and Statement of Activities display information about the primary government (Authority). These statements include the financial activities of the overall Authority.

The Statement of Activities presents a comparison between direct expenses and program revenues for the Authority's governmental activity. Direct expenses are those that are specifically associated with the Authority. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Authority.

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Notes to Financial Statements
June 30, 2010

Note 1: **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation and Accounting (continued)

Government-Wide Statements (continued)

Revenues that are not classified as program revenues, including all taxes and investment income, are presented instead as general revenues. The government-wide 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 when a liability is incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) value in exchange, include grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available ("susceptible to accrual"). Taxes, interest, certain state and federal grants, and charges for services revenues are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The Authority reports the following major governmental fund:

- The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the general government.

C. Due from Other Governments

These amounts represent receivables from the state and federal governments. Management has determined the Authority's receivables are fully collectible. Accordingly, no allowance for doubtful accounts has been made.

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Notes to Financial Statements
June 30, 2010

Note 1: **Summary of Significant Accounting Policies** (continued)

D. Due to Other Governments

Amounts due to Napa County, California, represent outstanding warrants and other reconciling items in excess of the Authority's cash balance in the County Treasury.

E. Deferred Revenue

Amounts reported as deferred revenue represent the portion of due from other governments that are not considered to be available to liquidate liabilities of the current period.

F. Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted. The Authority has only unrestricted net assets.

- Unrestricted Net Assets – This category represents net assets of the Authority not restricted for any project or any other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased or eliminated by similar actions.

As of June 30, 2010, the Authority has only unreserved fund balance.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Notes to Financial Statements June 30, 2010

Note 2: **Cash and Investments**

The Authority maintains all of its cash and investments with the Napa County Treasurer in an investment pool. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. Napa County's financial statements may be obtained by contacting the Auditor-Controller's office at 1195 Third Street, Room B-10, Napa, California 94559. The Napa County Treasury Oversight Committee oversees the Treasurer's investments and policies.

Required disclosures for the Authority's deposit and investment risks at June 30, 2010, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

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

Note 3: **Related Party Transactions**

During the fiscal year ended June 30, 2010, the Authority paid Napa County, a related party, \$205,659 for employee, office space, administrative, legal and accounting services.

In addition, the Authority received \$133,919 during the fiscal year ended June 30, 2010, from Napa County, a related party. The County provides 16% of the Authority's revenues. The remainder of the Authority's funding is provided by the federal government and the State of California.

Note 4: **Risk Management**

The Authority is exposed to various risks of loss related to general liability. The Authority is covered from risk of loss by its participation in the CSAC Excess Insurance Authority (EIA) risk pool. Information about coverage can be found in the County's basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental revenue:				
Federal	\$ 463,763	\$ 463,763	\$ 480,046	\$ 16,283
State	307,271	307,271	212,429	(94,842)
County contributions	165,482	165,482	133,919	(31,563)
Use of money and property	--	--	(2,763)	(2,763)
Total revenues	936,516	936,516	823,631	(112,885)
<u>EXPENDITURES</u>				
Services and supplies	921,516	921,516	805,495	116,021
Rent and utilities	15,000	15,000	13,968	1,032
Total expenditures	936,516	936,516	819,463	117,053
Net Change in Fund Balance	\$ --	\$ --	4,168	\$ 4,168
Fund Balance, Beginning of the Year			(60,735)	
Fund Balance, End of the Year			\$ (56,567)	

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2010

BUDGET AND BUDGETARY REPORTING

The Authority prepares and legally adopts a final budget on or before August 30th of each fiscal year. The Authority operation, commencing July 1st, is governed by the proposed budget, adopted by the Board in June of the prior year.

After the budget is approved, the appropriations can be added to, subtracted from or changed only by Authority resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Authority.

An operating budget is adopted each fiscal year on the modified accrual basis. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchased commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year-end.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level. Object levels of expenditures include: salaries and employee benefits, and services and supplies.

The budget is adopted on a basis consistent with generally accepted accounting principles.

OTHER REPORT



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

Board of Supervisors of Napa County
Acting as the governing body of
In-Home Supportive Services
Public Authority of Napa County
Napa, California

We have audited the financial statements of the In-Home Supportive Services Public Authority of Napa County (Authority) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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

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

Board of Supervisors of Napa County
Acting as the governing body of
In-Home Supportive Services
Public Authority of Napa County
Napa, California

Compliance and Other Matters

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

This report is intended solely for the information of the audit committee, management, others within the Authority, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
November 19, 2010