

**NAPA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Napa, California)**

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

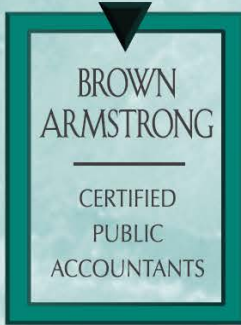
**FOR THE FISCAL YEAR
ENDED JUNE 30, 2017**

**NAPA COUNTY HOUSING AUTHORITY
JUNE 30, 2017**

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FINANCIAL SECTION



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members
of the Board of Directors
Napa County Housing Authority
Napa, California

Report on the Financial Statements

We have audited the accompanying statement of net position of the Napa County Housing Authority (the Authority), a component unit of the County of Napa (the County), as of June 30, 2017; the related statement of revenues, expenses, and changes in net position and statement of cash flows for the fiscal year then ended; and the related notes to the basic financial statements, which collectively comprise the Authority'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 these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 the Authority'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 opinion.

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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, 2017, and the changes in its financial position and its cash flows for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

The financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2017, and the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

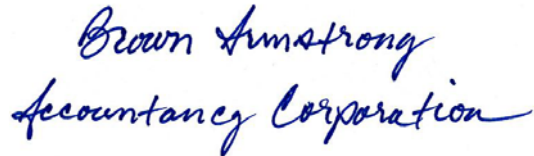
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Statement of Net Position by Cost Center and Statement of Revenues, Expenses, and Changes in Net Position by Cost Center are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Net Position by Cost Center and Statement of Revenues, Expenses, and Changes in Net Position by Cost Center 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Net Position by Cost Center and Statement of Revenues, Expenses, and Changes in Net Position by Cost Center are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017, on our consideration of the County's internal control over financial reporting relating to the Authority and on our tests of the County's 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance relating to the Authority.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

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

Bakersfield, California
October 30, 2017

**NAPA COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

INTRODUCTION

This section of the Napa County Housing Authority's (the Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the Authority's basic financial statements following this section.

THE FINANCIAL HIGHLIGHTS

- The Authority began operation of three farm worker centers at the very end of fiscal year 2006-2007, with the tenth full year of operations occurring in fiscal year 2016-2017.
- The Authority used \$457,602 of collected special assessments and \$728,184 of collected rental income to offset costs during the year.
- The Authority established operating and maintenance reserves in fiscal year 2007-2008, and continues to fund the reserves annually for each center pursuant to the Joe Serna, Jr. Farm Worker Housing Grant Program requirements.

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 are comprised of two components: 1) Government-wide financial statements and 2) Notes to the basic financial statements. Fund financial statements are not included in the basic financial statements because all activities of the Authority are accounted for within a single enterprise fund. Enterprise funds are accounted for using the accrual method of accounting in both the Government-Wide and Fund financial statements.

Government-Wide Financial Statements are designed to provide readers with a broad overview of Authority finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all Authority assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position 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 this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the Authority that are principally supported by user fees and charges (*business-type activities*). There are no component units to be included in the Authority's basic financial statements.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

A summary of the Authority's Statements of Net Position is as follows:

Condensed Statements of Net Position As of June 30

	2017	2016	Increase (Decrease) \$	Increase (Decrease) %
Assets				
Current assets	\$ 1,098,770	\$ 936,691	\$ 162,079	17.3%
Noncurrent assets	4,409,896	4,450,890	(40,994)	-0.9%
Total Assets	<u>5,508,666</u>	<u>5,387,581</u>	<u>121,085</u>	<u>2.2%</u>
Liabilities				
Current liabilities	152,681	72,585	80,096	110.3%
Total Liabilities	<u>152,681</u>	<u>72,585</u>	<u>80,096</u>	<u>110.3%</u>
Net Position				
Net investment in capital assets	4,409,896	4,450,890	(40,994)	-0.9%
Restricted	665,000	648,555	16,445	2.5%
Unrestricted	281,089	215,551	65,538	30.4%
Total Net Position	<u>\$ 5,355,985</u>	<u>\$ 5,314,996</u>	<u>\$ 40,989</u>	<u>0.8%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$5,355,985 at the close of the most recent fiscal year. The primary components of the Authority's assets include the values of the three farm worker center buildings and associated land, and cash for equipment replacement and operating reserves as required by the Joe Serna, Jr. Farm Worker Housing Grant.

Changes in Net Position

A summary of the Authority's Statements of Revenues, Expenses, and Changes in Net Position, recapping the Authority's revenues earned during the fiscal year ended June 30, 2017, and the expenses incurred are as follows:

Condensed Statements of Revenues, Expenses, and Changes in Net Position For the Fiscal Years Ended June 30

	2017	2016	Increase (Decrease) \$	Increase (Decrease) %
Operating Revenues	\$ 1,334,549	\$ 1,126,919	\$ 207,630	18.4%
Operating Expenses	1,581,736	1,395,998	185,738	13.3%
Net Income (Loss) from Operations	<u>(247,187)</u>	<u>(269,079)</u>	<u>21,892</u>	<u>8.1%</u>
Nonoperating Income	288,176	287,225	951	0.3%
Change in Net Position	40,989	18,146	22,843	125.9%
Net Position, Beginning	<u>5,314,996</u>	<u>5,296,850</u>	<u>18,146</u>	<u>0.3%</u>
Net Position, Ending	<u>\$ 5,355,985</u>	<u>\$ 5,314,996</u>	<u>\$ 40,989</u>	<u>0.8%</u>

CAPITAL ASSETS

As of June 30, 2017, capital assets consist of three farm worker centers consisting of both structures and land, as well as a water heater purchased in fiscal year 2007-2008, and a water tank at River Ranch and a donated walk-in freezer at the Mondavi center, both received in fiscal year 2014-2015. In fiscal year 2015-2016, the Authority purchased a well pump and was donated two ice machines. In fiscal year 2016-2017, the Authority purchased a well pump and a backup power system.

DEBT ADMINISTRATION

As of June 30, 2017, the Authority has no long-term debt.

ECONOMIC FACTORS

The Authority's fiscal year 2016-2017 operating expenses are \$1,581,736, an increase of \$185,738, or 13.3%, from the prior year. The Authority's operating revenues are \$1,334,549, an increase of \$207,630, or 18.4%, from the prior year. The increase in operating costs was due to normal inflationary increases and building maintenance projects completed during the year. Whereas, the increase in operating revenues was due to more draws on assessments and an operating grant from the County of offset costs of building maintenance and repair projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Directors, our taxpayers, customers, investors, and creditors with a general overview of the Authority's accountability for the assets it receives and manages. The County of Napa provides certain management and administrative functions, including all financial management and accounting.

If you have any questions about this report or need additional financial information, please contact the Auditor-Controller's Office, County of Napa, located at 1195 Third Street, Suite B-10, Napa, California 94559.

BASIC FINANCIAL STATEMENTS

**NAPA COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2017**

ASSETS

Current Assets:

Cash in County Treasury	\$ 1,083,852
Accounts receivable	<u>14,918</u>

Total Current Assets	<u>1,098,770</u>
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Noncurrent Assets:

Capital assets, nondepreciable	2,700,000
Capital assets, depreciable, net	<u>1,709,896</u>

Total Noncurrent Assets	<u>4,409,896</u>
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Total Assets	<u>5,508,666</u>
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LIABILITIES

Current Liabilities:

Accounts payable	146,398
Deposits - prepaid rent	<u>6,283</u>

Total Current Liabilities	<u>152,681</u>
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Total Liabilities	<u>152,681</u>
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NET POSITION

Net investment in capital assets	4,409,896
Restricted	665,000
Unrestricted	<u>281,089</u>

Total Net Position	<u><u>\$ 5,355,985</u></u>
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The accompanying notes are an integral part of these basic financial statements.

**NAPA COUNTY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

OPERATING REVENUES	
Rental income	\$ 728,184
Special assessments	457,602
Other - governmental agencies	140,491
Other income	<u>8,272</u>
Total Operating Revenues	<u>1,334,549</u>
OPERATING EXPENSES	
Professional services:	
Maintenance and operations contract	710,781
Legal services	2,854
Accounting and auditing services	45,767
Administration services	134,279
Janitorial	20,135
Minor equipment	9,975
Client meal expense	204,035
Utilities	173,147
Building maintenance	205,748
Depreciation	<u>75,015</u>
Total Operating Expenses	<u>1,581,736</u>
Operating Loss	<u>(247,187)</u>
NONOPERATING REVENUES	
Interest	5,909
Contributions from County of Napa	210,000
Donations and contributions	<u>72,267</u>
Total Nonoperating Revenues	<u>288,176</u>
Change in Net Position	40,989
Net Position - Beginning	<u>5,314,996</u>
Net Position - Ending	<u><u>\$ 5,355,985</u></u>

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

**NAPA COUNTY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Cash Flows from Operating Activities	
Cash received from renters (including laundry and phone)	\$ 735,317
Cash received from other government agencies	140,491
Cash received from property tax assessments	457,602
Cash paid for goods and services	(1,037,977)
Cash paid for administrative purposes	(182,900)
Cash paid for farm center maintenance	<u>(205,748)</u>
Net Cash Used by Operating Activities	<u>(93,215)</u>
Cash Flows from Noncapital Financing Activities	
Noncapital contributions	<u>210,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>210,000</u>
Cash Flows from Financing Activities	
Purchase of capital assets	<u>(34,021)</u>
Net Cash Used by Financing Activities	<u>(34,021)</u>
Cash Flows from Investing Activities	
Interest payments received	5,909
Donations and contributions	<u>72,267</u>
Net Cash Provided by Investing Activities	<u>78,176</u>
Net Increase in Cash and Cash Equivalents	160,940
Cash and Cash Equivalents - Beginning of Year	<u>922,912</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,083,852</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	\$ (247,187)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	75,015
Changes in operating assets and liabilities:	
Accounts receivable	(1,139)
Accounts payable	82,319
Deposits	<u>(2,223)</u>
Net Cash Used by Operating Activities	<u>\$ (93,215)</u>

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

**NAPA COUNTY HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The role of the Napa County Housing Authority (the Authority) is to provide safe and sanitary dwelling conditions for low income people. The Authority funds operations, maintenance, and capital improvements for the County of Napa's (the County) farm worker housing system, which currently includes three (3) centers – one in the Yountville area, one near St. Helena, and one near Calistoga – with a collective capacity of 180 beds. The purpose of these centers is to house and feed farm workers that are not permanent local residents. The Authority is partially funded through a special, self-imposed, assessment on producing vineyard land. The Authority also receives funding through the collection of fees from the lodgers at each of the centers.

The Authority includes all operating activities considered to be part of the Authority. The Authority reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 61, related to the financial reporting entity to determine whether the Authority is financially accountable to other entities. The Authority has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements.

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. The Authority is an enterprise fund of the County.

B. Basis of Presentation and Accounting

The accompanying financial statements of the Authority are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units.

All activities of the Authority are accounted for within a single enterprise fund. Enterprise funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. In accordance with GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and resources are available. Revenues from sales tax are recognized when the underlying transactions take place and the resources are available. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied and the resources are available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

The Authority maintains all of its cash and investments with the County Treasurer in a cash and investments 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. 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. The County Treasury Oversight Committee oversees the Treasurer's investments and policies.

D. Cash and Cash Equivalents

The Authority considers all cash held in the County Treasury to be cash and cash equivalents for purposes of the statement of cash flows.

E. Receivables

Receivables consist of fees charged at the farm worker centers. The Authority believes its receivables to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

F. Capital Assets

Capital assets (including infrastructure) 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. Capital assets include dormitory-style farm worker centers, land, and related equipment. The Authority 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 or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements. Depreciation begins on the first day of the fiscal year following the period the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated. The Authority chooses not to record any depreciation during the year of acquisition.

The estimated useful lives are as follows:

Structures and improvements	20 to 50 years
Land improvements	20 years
Equipment	3-15 years

G. Net Position

Net position comprises the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Restricted net position of the Authority is imposed by the Joe Serna, Jr. Farm Worker Housing Grant Program and the Napa County Affordable Housing Program. Unrestricted net position consists of all other net position not included in the above categories.

The Authority first utilizes restricted resources to finance qualifying activities, then unrestricted resources, as needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

The Authority holds its cash and investments as follows as of June 30, 2017:

Cash in County Treasury	<u>\$ 1,083,852</u>
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The Authority holds unrestricted cash in the County Treasury which maintains a cash and investments pool. On a quarterly basis the County 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. The County's financial statements may be obtained by contacting the County Auditor-Controller's office at 1195 Third Street, Room B-10, Napa, California 94559. The County Treasury Oversight Committee oversees the County Treasurer's investments and policies. The fair value of investments in the pool is determined monthly based upon quoted market prices. Required disclosures for the Authority's deposit and investment risks at June 30, 2017, 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 cash and investments pool are available on demand and are stated at cost plus accrued interest, which approximates fair value. The Authority has no deposit or investment policy that addresses a specific type of risk.

NOTE 3 – CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 2,700,000	\$ -	\$ -	\$ 2,700,000
Total capital assets, not being depreciated	2,700,000	-	-	2,700,000
Capital assets, being depreciated:				
Structures and improvements	1,615,001	-	-	1,615,001
Land improvements	595,000	-	-	595,000
Equipment	57,144	34,021	-	91,165
Total capital assets, being depreciated	2,267,145	34,021	-	2,301,166
Less accumulated depreciation for:				
Structures and improvements	(258,400)	(32,300)	-	(290,700)
Land improvements	(238,000)	(29,750)	-	(267,750)
Equipment	(19,855)	(12,965)	-	(32,820)
Total accumulated depreciation	(516,255)	(75,015)	-	(591,270)
Total capital assets, being depreciated, net	1,750,890	(40,994)	-	1,709,896
Total capital assets, net	\$ 4,450,890	\$ (40,994)	\$ -	\$ 4,409,896

NOTE 4 – RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2017, the Authority paid the County, a related party, \$154,053 for administrative, legal, and accounting services. The County provided funding during the fiscal year in the amount of \$210,000 to offset administration costs and \$140,491 from a community development block grant for repair and maintenance projects at the three centers.

NOTE 5 – 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 California State Association of Counties (CSAC) Excess Insurance Authority (EIA) risk pool. Information about coverage can be found in the County's basic financial statements.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 30, 2017, which is the date the basic financial statements were available to be issued. No events have occurred that would require disclosure.

OTHER SUPPLEMENTARY INFORMATION

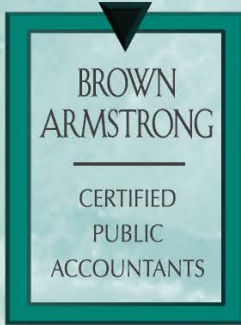
**NAPA COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION BY COST CENTER
JUNE 30, 2017**

	<u>Administration</u>	<u>Calistoga</u>	<u>River Ranch</u>	<u>Mondavi</u>	<u>Total</u>
Assets					
Current Assets:					
Cash in County Treasury	\$ 281,089	\$ 265,372	\$ 278,535	\$ 258,856	\$ 1,083,852
Accounts receivable	-	1,892	6,607	6,419	14,918
Total Current Assets	<u>281,089</u>	<u>267,264</u>	<u>285,142</u>	<u>265,275</u>	<u>1,098,770</u>
Noncurrent Assets:					
Capital assets, nondepreciable	-	400,000	1,600,000	700,000	2,700,000
Capital assets, depreciable, net	-	586,984	627,235	495,677	1,709,896
Total Noncurrent Assets	<u>-</u>	<u>986,984</u>	<u>2,227,235</u>	<u>1,195,677</u>	<u>4,409,896</u>
Total Assets	<u>281,089</u>	<u>1,254,248</u>	<u>2,512,377</u>	<u>1,460,952</u>	<u>5,508,666</u>
Liabilities					
Current Liabilities:					
Accounts payable	-	51,520	47,517	47,361	146,398
Deposits - prepaid rent	-	744	2,625	2,914	6,283
Total Current Liabilities	<u>-</u>	<u>52,264</u>	<u>50,142</u>	<u>50,275</u>	<u>152,681</u>
Total Liabilities	<u>-</u>	<u>52,264</u>	<u>50,142</u>	<u>50,275</u>	<u>152,681</u>
Net Position					
Net investments in capital assets	-	986,984	2,227,235	1,195,677	4,409,896
Restricted:					
Operating reserves	-	140,000	160,000	140,000	440,000
Replacement reserves	-	75,000	75,000	75,000	225,000
Unrestricted	281,089	-	-	-	281,089
Total Net Position	<u>\$ 281,089</u>	<u>\$ 1,201,984</u>	<u>\$ 2,462,235</u>	<u>\$ 1,410,677</u>	<u>\$ 5,355,985</u>

**NAPA COUNTY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION BY COST CENTER
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Administration	Calistoga	River Ranch	Mondavi	Total
Operating Revenues					
Rental income	\$ -	\$ 228,015	\$ 262,517	\$ 237,652	\$ 728,184
Special assessments	-	161,783	143,941	151,878	457,602
Other - governmental agencies	-	120,991	12,000	7,500	140,491
Other income	-	3,037	2,467	2,768	8,272
Total Operating Revenues	-	513,826	420,925	399,798	1,334,549
Operating Expenses					
Professional services:					
Maintenance and operations contract	-	230,216	256,707	223,858	710,781
Legal services	2,854	-	-	-	2,854
Accounting and auditing services	45,767	-	-	-	45,767
Administration services	118,504	4,962	5,672	5,141	134,279
Janitorial	-	6,945	6,281	6,909	20,135
Minor equipment	-	-	4,927	5,048	9,975
Client meal expense	-	63,778	70,059	70,198	204,035
Utilities	-	59,206	51,745	62,196	173,147
Building maintenance	-	118,199	-	87,549	205,748
Depreciation	-	24,655	30,531	19,829	75,015
Total Operating Expenses	167,125	507,961	425,922	480,728	1,581,736
Operating Income (Loss)	(167,125)	5,865	(4,997)	(80,930)	(247,187)
Nonoperating Revenues					
Interest	1,663	1,512	1,451	1,283	5,909
Donations and contributions	-	4,488	7,015	60,764	72,267
Contributions from County of Napa	210,000	-	-	-	210,000
Total Nonoperating Revenues	211,663	6,000	8,466	62,047	288,176
Income (Loss) Before Transfers	44,538	11,865	3,469	(18,883)	40,989
Transfers in (out)	21,000	(35,555)	(7,000)	21,555	-
Change in Net Position	65,538	(23,690)	(3,531)	2,672	40,989
Net Position - Beginning of Year	215,551	1,225,674	2,465,766	1,408,005	5,314,996
Net Position - End of Year	\$ 281,089	\$ 1,201,984	\$ 2,462,235	\$ 1,410,677	\$ 5,355,985

OTHER REPORT



BROWN ARMSTRONG

Certified Public Accountants

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

To the Honorable Members
of the Board of Directors
Napa County Housing Authority
Napa, California

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We have audited, in accordance with the 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 Housing Authority (the Authority), a component unit of the County of Napa, California (the County), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) relating to the Authority to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control relating to the Authority. Accordingly, we do not express an opinion on the effectiveness of the County's internal control relating to the Authority.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of the County's 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance relating to the Authority. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance relating to the Authority. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
October 30, 2017