

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

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Authority Governing Board .....	i
Public Authority Advisory Committee .....	ii
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position .....	7
Statement of Activities.....	8
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet.....	9
Reconciliation of the Balance Sheet to the Statement of Net Position .....	10
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities .....	12
Notes to Financial Statements.....	13
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Budgetary Comparison Schedule .....	17
Note to the Required Supplementary Information.....	18
<b><u>OTHER REPORT</u></b>	
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 <i>Government Auditing Standards</i> .....	19

**IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY**

**AUTHORITY GOVERNING BOARD**

**JUNE 30, 2018**

<u>Name</u>	<u>Position</u>	<u>Date of Original Appointment</u>	<u>Current Term Expires</u>
Brad Wagenknecht	Chair Board of Supervisors Napa County	1/5/1999	12/31/2018
Ryan Gregory	Vice Chair Board of Supervisors Napa County	1/4/2016	12/31/2020
Alfredo Pedroza	Member Board of Supervisors Napa County	1/7/1997	12/31/2020
Belia Ramos	Member Board of Supervisors Napa County	1/4/2016	12/31/2020
Diane Dillon	Member Board of Supervisors Napa County	1/7/2003	12/31/2018

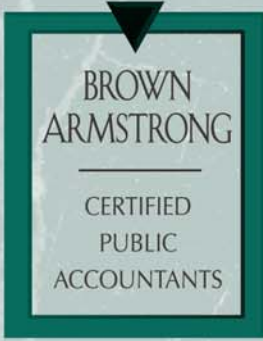
**IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY**

**PUBLIC AUTHORITY ADVISORY COMMITTEE**

**JUNE 30, 2018**

<u>Name</u>	<u>Position</u>	<u>Date of Original or Last Appointment</u>	<u>Current Term Expires</u>
Lonny Lewis	Current or Past User of IHSS Chair	01/06/2015	09/30/2018
Elaine Paoli	Current or Past User of IHSS Vice-Chair	09/21/2017	09/30/2018
Gloria Barber	Current or Former Provider of IHSS Services Treasurer	09/21/2017	09/30/2018
Doug Weir	Current or Past User of IHSS Secretary	09/21/2017	09/30/2018
Joanne Busenbark	Commission on Aging	12/15/2015	09/30/2018
Monica Rivera	Community Member	05/10/2016	09/30/2018
Luz Ponce	Current or Former Provider of IHSS Services	01/06/2015	09/30/2018
Randy Kitch	Current or Past User of IHSS	09/21/2017	09/30/2018
VACANT	Current or Past User of IHSS	N/A	N/A

## **FINANCIAL SECTION**



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the In-Home Supportive Services Public Authority of Napa County (the Authority), a component unit of the County of Napa, as of and for the fiscal year ended June 30, 2018, and the related notes to the 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 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 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.

#### BAKERSFIELD OFFICE

(MAIN OFFICE)

4200 TRUXTUN AVENUE  
SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL [info@bacpas.com](mailto:info@bacpas.com)

#### FRESNO OFFICE

10 RIVER PARK PLACE EAST  
SUITE 208  
FRESNO, CA 93720  
TEL 559.476.3592

#### LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE  
SUITE 255  
LAGUNA HILLS, CA 92653  
TEL 949.652.5422

#### STOCKTON OFFICE

1919 GRAND CANAL BLVD  
SUITE C6  
STOCKTON, CA 95207  
TEL 888.565.1040

[WWW.BACPAS.COM](http://WWW.BACPAS.COM)

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2018, and the respective changes in its financial position, and, where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

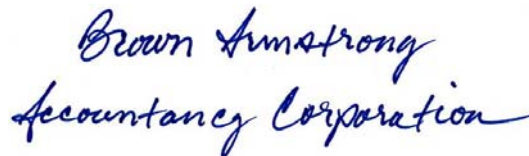
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018, 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 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 Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California  
December 4, 2018

**IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

The In-Home Supportive Services Public Authority of Napa County (the Authority) is a legal entity that was established by the Board of Supervisors (the Board) of Napa County (the County) by resolution pursuant to the California Welfare and Institutions Code Section 12301.6. The Authority is governed by the County's Board sitting as the Authority's Governing Body. The Authority is also served by an In-Home Supportive Services Public Authority Advisory Committee. Currently, three employees working for the Authority are contracted through the 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, 2018.

## **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 required supplementary information and other information in addition to the basic financial statements themselves.

### Government-Wide Financial 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 Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position.

The Statement of Activities 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 the statement for some items that will only result in cash flows in future fiscal years.

### 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.

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 the governmental fund and government-wide financial statements.

The Authority adopts an annual budget for its governmental fund. A budgetary comparison statement has been provided for the governmental 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 comparison 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 Position

#### **Condensed Statement of Net Position As of June 30,**

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
<b>Current Assets</b>	<u>\$ 88,848</u>	<u>\$ 136,094</u>	<u>\$ (47,246)</u>
<b>Total Assets</b>	<u>88,848</u>	<u>136,094</u>	<u>(47,246)</u>
<b>Current Liabilities</b>	<u>105,936</u>	<u>124,499</u>	<u>(18,563)</u>
<b>Total Liabilities</b>	<u>105,936</u>	<u>124,499</u>	<u>(18,563)</u>
Unrestricted	<u>(17,088)</u>	<u>11,595</u>	<u>(28,683)</u>
<b>Total Net Position</b>	<u><u>\$ (17,088)</u></u>	<u><u>\$ 11,595</u></u>	<u><u>\$ (28,683)</u></u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets by \$17,088 as of June 30, 2018.

### Changes in Net Position

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 position decreased overall by \$28,683 during fiscal year 2017-2018, primarily due to the timing of State funding. This decrease in net position is explained in the financial analysis of the Authority's Governmental Fund.

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

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
<b>Expenses</b>			
Services and Supplies	\$ 363,389	\$ 413,793	\$ (50,404)
Rent and Utilities	14,598	15,555	(957)
<b>Total Expenses</b>	<u>377,987</u>	<u>429,348</u>	<u>(51,361)</u>
<b>Program Revenues</b>			
Intergovernmental Revenue	307,580	341,549	(33,969)
County Contributions	41,724	41,724	-
<b>Total Program Revenues</b>	<u>349,304</u>	<u>383,273</u>	<u>(33,969)</u>
<b>Change in Net Position</b>	<u>(28,683)</u>	<u>(46,075)</u>	<u>17,392</u>
<b>Net Position, Beginning of Year</b>	<u>11,595</u>	<u>57,670</u>	<u>(46,075)</u>
<b>Net Position, End of Year</b>	<u>\$ (17,088)</u>	<u>\$ 11,595</u>	<u>\$ (28,683)</u>

**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, 2018, the Authority reported an ending fund balance of \$(105,936), an increase of \$18,563 from the prior year.

Total revenue, consisting mainly of intergovernmental funds and County contributions, decreased by \$86,586. Total expenditures decreased by \$51,361 from the prior fiscal year. The net variance of \$35,225 is primarily the result of deferring State and Federal payments due to the actual timing of receiving the revenues (greater than 90 days after the close of the fiscal year), representing amounts not available to fund current expenditures.

**BUDGETARY HIGHLIGHTS**

Total revenues were under budget by 26%, or \$142,331, and total expenditures were under budget 30%, or \$160,894. These variances were a direct result of the restructuring of how health benefits are paid to the providers. The revision allowed for paid benefits to reflect the actual costs of the benefits used by the providers and, in doing so, it reduced payments to the contractor in nearly half, as well as revenues.

A Memorandum of Understanding (MOU) with Service Employees International Union (SEIU) was approved in May 2014 covering the period January 1, 2013, through December 31, 2015. This MOU included a change to the Authority's provider wage to increase from \$11.50 per hour to \$12.10 per hour, subject to the cancellation of the existing health benefits contract and the subsequent shifting of the health benefits funding to the Authority's provider wage. The existing health benefits contractor contract terminated October 2014. The Authority has reached out to SEIU to engage in negotiation of a new MOU and SEIU indicated that they will initiate negotiations. Although the current MOU was set to expire December 31, 2015, the conditions set forth in the MOU remain effective until new negotiations are initiated by SEIU.

## Economic Factors and Next Year's Budget

The State Department of Finance has not settled on a final allocation amount for Public Authorities for 2018-2019. The California Association of Public Authorities (CAPA) was given an opportunity to recommend an allocation formula, which we have done. If the recommended allocation is adopted the State allocation to Napa should increase by 12% next year. The new Governor may have a positive impact on Public Authority budgets as the Maintenance of Effort structure is subject to a reopener this coming year. Hopefully this will result in better State funding for County IHSS programs and Public Authorities. Finally, it is very likely that the Napa County IHSS Public Authority will enter into contract negotiations this coming year with SEIU 2015, which would result in a new contract for IHSS caregivers in Napa. A change to our currently expired contract could have budgetary implications particularly if any new benefits become available to IHSS caregivers.

## **DEBT ADMINISTRATION**

For the fiscal year ended June 30, 2018, the Authority did not have any long-term obligations outstanding.

## **CAPITAL ASSETS**

For the fiscal year ended June 30, 2018, the Authority did not have any capital assets.

## **CONTACTING THE AUTHORITY**

This financial report is designed to provide a general overview of the Authority'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, 650 Imperial Way, Suite 101, Napa, California 94559.

**IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

**ASSETS**

**Current Assets**

Due from Other Governments	\$ 88,848
----------------------------	-----------

<b>Total Current Assets</b>	<u>88,848</u>
-----------------------------	---------------

<b>Total Assets</b>	<u>88,848</u>
---------------------	---------------

**LIABILITIES**

**Current Liabilities**

Accounts Payable	1,994
------------------	-------

Due to Other Governments	<u>103,942</u>
--------------------------	----------------

<b>Total Current Liabilities</b>	<u>105,936</u>
----------------------------------	----------------

<b>Total Liabilities</b>	<u>105,936</u>
--------------------------	----------------

**NET POSITION**

Unrestricted	<u>(17,088)</u>
--------------	-----------------

<b>Total Net Position</b>	<u><u>\$ (17,088)</u></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, 2018**

**PROGRAM EXPENSES**

Public Assistance:	
Services and Supplies	\$ 363,389
Rent and Utilities	14,598
	377,987
<b>Total Program Expenses</b>	<b>377,987</b>

**PROGRAM REVENUES**

Intergovernmental Revenue:	
Federal	181,209
State	126,371
County Contributions	41,724
	349,304
<b>Total Program Revenues</b>	<b>349,304</b>
<b>Change in Net Position</b>	<b>(28,683)</b>
<b>Net Position, Beginning of Year</b>	<b>11,595</b>
<b>Net Position, End of Year</b>	<b>\$ (17,088)</b>

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

**IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2018**

**ASSETS**

Due from Other Governments	\$ 88,848
<b>Total Assets</b>	<b>88,848</b>

**LIABILITIES**

Accounts Payable	1,994
Due to Other Governments	103,942
<b>Total Liabilities</b>	<b>105,936</b>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable Revenue	88,848
---------------------	--------

**FUND BALANCE**

Unassigned	(105,936)
<b>Total Fund Balance</b>	<b>(105,936)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 88,848</b>

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

**IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

Fund balance - total governmental fund (Page 9) \$ (105,936)

Amounts reported for governmental activities in the Statement of Net Position are different because:

Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental fund. 88,848

Net position of governmental activities (Page 7) \$ (17,088)

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 FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**REVENUE**

Intergovernmental Revenue:	
Federal	\$ 195,631
State	159,195
County Contribution	41,724
<b>Total Revenue</b>	<b>396,550</b>

**EXPENDITURES**

Public Assistance:	
Services and Supplies	363,389
Rent and Utilities	14,598
<b>Total Expenditures</b>	<b>377,987</b>

<b>Net Change in Fund Balance</b>	18,563
<b>Fund Balance, Beginning of Year</b>	(124,499)
<b>Fund Balance, End of Year</b>	<b>\$ (105,936)</b>

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 TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Net change in fund balance - total governmental fund (Page 11)	\$ 18,563
Amounts reported for governmental activities in the Statement of Activities are difference because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund.	<u>(47,246)</u>
Change in net position of governmental activities (Page 8)	<u><u>\$ (28,683)</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, 2018**

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

A. Reporting Entity

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

The Advisory Committee provides, as needed, ongoing advice and recommendations regarding in-home supportive services to the Authority's Governing Board. The Advisory Committee 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 Committee provides a method of community input for citizens who use or provide in-home supportive services.

The Authority is governed by the County Board 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

*Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the primary government (the 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 activities. 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.

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 position are available, restricted resources are used only after unrestricted resources are depleted.

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

### **B. Basis of Presentation and Accounting** (Continued)

#### *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 90 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 the accrual basis of 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.

### **D. Due to Other Governments**

Amounts due to the County, representing outstanding warrants and other reconciling items in excess of the Authority’s cash balance in the County Treasury.

### **E. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **F. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet 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 that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and/or balance sheet 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 that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from one source: intergovernmental revenue. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

## **NOTE 2 – CASH AND INVESTMENTS**

The Authority maintains all of its cash and investments with the County Treasurer in an investment pool. As of June 30, 2018, the Authority had a \$0 balance in cash and investments. 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 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.

Required disclosures for the Authority's deposit and investment risks at June 30, 2018, 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. The Authority has no deposit or investment policy that addresses a specific type of risk.

## **NOTE 3 – RELATED PARTY TRANSACTIONS**

During the fiscal year ended June 30, 2018, the Authority paid the County, a related party, \$348,812 for employee, office space, administrative, information technology, legal, and accounting services.

In addition, the Authority received \$41,724 during the fiscal year ended June 30, 2018, from the County, a related party. The County provides 10% 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 – NET POSITION/FUND BALANCE**

### **Net Position**

Net position comprises the various net earnings from operating and nonoperating revenues, expenses, and capital contributions. Net position is classified into the following three components: net investment in capital assets, net position – restricted, and net position – unrestricted. The Authority reports only a net position – unrestricted balance at June 30, 2018.

### **Fund Balance**

Governmental funds report fund balance in classifications based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balance for the governmental fund is made up of the following:

- *Nonspendable fund balance* – amounts that are not in spendable form or are required to be maintained intact.
- *Restricted fund balance* – amount constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the Authority itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Authority takes the same highest level of action to remove or change the constraint.

**NOTE 4 – NET POSITION/FUND BALANCE** (Continued)

**Fund Balance** (Continued)

- *Assigned fund balance* – amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Authority's Governing Board or by an official or body to which the Authority's governing board delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

**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 December 4, 2018, which is the date the basic financial statements were available to be issued. No events have occurred that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b><u>REVENUE</u></b>				
Intergovernmental Revenue:				
Federal	\$ 188,608	\$ 188,608	\$ 195,631	\$ 7,023
State	250,580	250,580	159,195	(91,385)
County Contribution	99,693	99,693	41,724	(57,969)
<b>Total Revenue</b>	<u>538,881</u>	<u>538,881</u>	<u>396,550</u>	<u>(142,331)</u>
<b><u>EXPENDITURES</u></b>				
Services and Supplies	522,881	522,881	363,389	159,492
Rent and Utilities	16,000	16,000	14,598	1,402
<b>Total Expenditures</b>	<u>538,881</u>	<u>538,881</u>	<u>377,987</u>	<u>160,894</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	18,563	<u>\$ 18,563</u>
<b>Fund Balance, Beginning of the Year</b>			<u>(124,499)</u>	
<b>Fund Balance, End of the Year</b>			<u>\$ (105,936)</u>	

See the note to the required supplementary information.

**IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The In-Home Supportive Services Public Authority of Napa County (the Authority) prepares and legally adopts a final budget on or before August 30<sup>th</sup> of each fiscal year. The Authority operation, commencing July 1<sup>st</sup>, is governed by the proposed budget, adopted by the Governing 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.

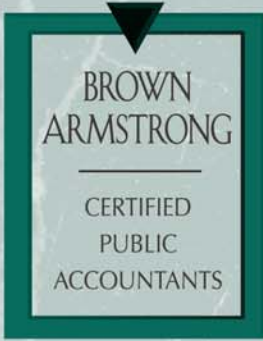
An operating budget is adopted each fiscal year on the modified accrual basis of accounting. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchased commitments satisfied. Such year-end encumbrances are reported as reservations of fund balance 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 accounting principles generally accepted in the United States of America.



## **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**

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

### **BAKERSFIELD OFFICE (MAIN OFFICE)**

4200 TRUXTUN AVENUE  
SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL [info@bacpas.com](mailto:info@bacpas.com)

### **FRESNO OFFICE**

10 RIVER PARK PLACE EAST  
SUITE 208  
FRESNO, CA 93720  
TEL 559.476.3592

### **LAGUNA HILLS OFFICE**

23272 MILL CREEK DRIVE  
SUITE 255  
LAGUNA HILLS, CA 92653  
TEL 949.652.5422

### **STOCKTON OFFICE**

1919 GRAND CANAL BLVD  
SUITE C6  
STOCKTON, CA 95207  
TEL 888.565.1040

[WWW.BACPAS.COM](http://WWW.BACPAS.COM)

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 governmental activities and the major fund of the In-Home Supportive Services Public Authority of Napa County (the Authority), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 4, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*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 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*.

## 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

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

Bakersfield, California  
December 4, 2018