

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

JUNE 30, 2019

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IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

AUTHORITY GOVERNING BOARD

JUNE 30, 2019

<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	12/31/2021
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	12/31/2021

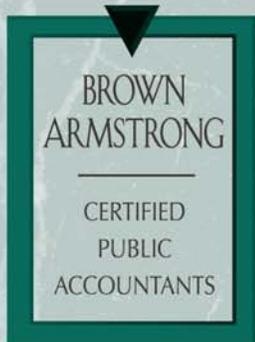
IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY

PUBLIC AUTHORITY ADVISORY COMMITTEE

JUNE 30, 2019

<u>Name</u>	<u>Position</u>	<u>Date of Original or Last Appointment</u>	<u>Current Term Expires</u>
VACANT	Current or Past User of IHSS Chair	N/A	N/A
Elaine Paoli	Current or Past User of IHSS Vice-Chair	09/21/2017	09/30/2019
Gloria Barber	Current or Former Provider of IHSS Services Treasurer	09/21/2017	09/30/2019
Doug Weir	Current or Past User of IHSS Secretary	09/21/2017	09/30/2019
VACANT	Commission on Aging	N/A	N/A
VACANT	Community Member	N/A	N/A
VACANT	Current or Former Provider of IHSS Services	N/A	N/A
Randy Kitch	Current or Past User of IHSS	09/21/2017	09/30/2019
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 Basic Financial Statements

We have audited the accompanying basic 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, 2019, 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 Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic 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 basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

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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 basic 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, 2019, and the respective changes in its financial position for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

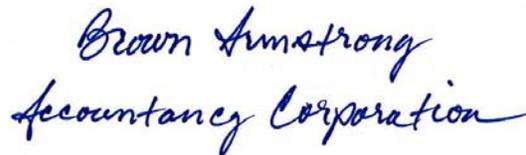
Required Supplementary Information

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 10, 2019, 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, flowing style.

Bakersfield, California
December 10, 2019

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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, four employees working for the Authority are contracted through the County: a Manager, a Registry Training Specialist, and two Administrative Assistants. 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, 2019.

OVERVIEW OF THE BASIC 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 basic financial statements. This report also contains required supplementary 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 Basic 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 basic 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>2019</u>	<u>2018</u>	<u>Variance</u>
Current Assets	\$ 55,527	\$ 88,848	\$ (33,321)
Total Assets	<u>55,527</u>	<u>88,848</u>	<u>(33,321)</u>
Current Liabilities	<u>224,658</u>	<u>105,936</u>	<u>118,722</u>
Total Liabilities	<u>224,658</u>	<u>105,936</u>	<u>118,722</u>
Unrestricted	<u>(169,131)</u>	<u>(17,088)</u>	<u>(152,043)</u>
Total Net Position	<u><u>\$ (169,131)</u></u>	<u><u>\$ (17,088)</u></u>	<u><u>\$ (152,043)</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 \$169,131 because of an increase in the amount due to other governments as of June 30, 2019.

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 \$152,043 during fiscal year 2018-2019 in part due to the timing of State funding. This decrease in net position is explained in the financial analysis of the Authority's Governmental Fund. The additional decrease is due to increases in administration costs as well as increases in annual paid IHSS hours resulting in expenses that exceeded the Public Authority Administration Rate. California Department of Social Services (CDSS) requires an Administration Rate which limits the amount of State and Federal revenue. The administration rate was increased for the final two quarters of the fiscal year, and the rate is projected to be sufficient to avoid CDSS withholding of State and Federal funding for fiscal year 2019-2020.

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

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Expenses			
Services and Supplies	\$ 392,106	\$ 363,389	\$ 28,717
Rent and Utilities	15,014	14,598	416
Total Expenses	<u>407,120</u>	<u>377,987</u>	<u>29,133</u>
Program Revenues			
Intergovernmental Revenue	213,353	307,580	(94,227)
County Contributions	41,724	41,724	-
Total Program Revenues	<u>255,077</u>	<u>349,304</u>	<u>(94,227)</u>
Change in Net Position	<u>(152,043)</u>	<u>(28,683)</u>	<u>(123,360)</u>
Net Position, Beginning of Year	<u>(17,088)</u>	<u>11,595</u>	<u>(28,683)</u>
Net Position, End of Year	<u><u>\$ (169,131)</u></u>	<u><u>\$ (17,088)</u></u>	<u><u>\$ (152,043)</u></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, 2019, the Authority reported an ending fund balance of \$(182,374), a decrease of \$76,438 from the prior year.

Total revenue, consisting mainly of intergovernmental funds and County contributions, decreased by \$65,868. Total expenditures increased by \$29,133 from the prior fiscal year. \$55,527 of the net variance of \$95,001 is 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. The remaining variance is due to the Administration Rate, which limits the amount of funding that can be claimed, that was insufficient to draw down matching State and Federal funds for the first two quarters of the fiscal year.

BUDGETARY HIGHLIGHTS

Total revenues were under budget by 28%, or \$127,094, and total expenditures were over budget 11%, or \$50,656. 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 Authority is receiving an increase in the state allocation for administration in fiscal year 2019-2020. County Fiscal Letter 19/20-28 allocates \$217,218 for Public Authority Administration. This allocation draws down a federal match resulting in \$434,436 in State and Federal funding. As of January 1, 2019, the Public Authority Administration Rate was increased allowing the Authority to draw down sufficient funds to match expenses in the final two quarters of fiscal year 2018-2019 and the first quarter of fiscal year 2019-2020. As of October 1, 2019, the Public Authority Administration rate was again increased to ensure the ability to draw down the entire increased State allocation. Although, no new contract has been negotiated with SEIU 2015, the wage will increase January 1, 2020, to \$13.00 per hour as result of the increase to the State minimum wage. This increase will not result in an adjustment to the County MOE for provider services. However, a new contract is likely to be reached in 2020 which will likely result in an increase in wages and/or benefits that will result in an increase to the County MOE for provider services. It is expected that the increase in the State allocation for Public Authority administration is stable, and unlikely to decline in the absence of a major economic event.

DEBT ADMINISTRATION

For the fiscal year ended June 30, 2019, the Authority did not have any long-term obligations outstanding.

CAPITAL ASSETS

For the fiscal year ended June 30, 2019, 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, 2019**

ASSETS

Current Assets

Due from Other Governments	\$ 55,527
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Total Current Assets	<u>55,527</u>
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Total Assets	<u>55,527</u>
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LIABILITIES

Current Liabilities

Accounts Payable	508
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Due to Other Governments	<u>224,150</u>
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Total Current Liabilities	<u>224,658</u>
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Total Liabilities	<u>224,658</u>
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NET POSITION

Unrestricted	<u>(169,131)</u>
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Total Net Position	<u><u>\$ (169,131)</u></u>
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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, 2019**

PROGRAM EXPENSES

Public Assistance:	
Services and Supplies	\$ 392,106
Rent and Utilities	15,014
	407,120
Total Program Expenses	407,120

PROGRAM REVENUES

Intergovernmental Revenue:	
Federal	125,108
State	88,245
County Contributions	41,724
	255,077
Total Program Revenues	255,077

Change in Net Position	(152,043)
Net Position, Beginning of Year	(17,088)
Net Position, End of Year	\$ (169,131)

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, 2019**

ASSETS

Due from Other Governments	\$ 55,527
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Total Assets

	\$ 55,527
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LIABILITIES

Accounts Payable	\$ 508
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Due to Other Governments	224,150
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Total Liabilities

	224,658
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DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue	13,243
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FUND BALANCE

Unassigned	(182,374)
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Total Fund Balance

	(182,374)
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Total Liabilities, Deferred Inflows of Resources, and Fund Balance

	\$ 55,527
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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, 2019**

Fund balance - total governmental fund (Page 9) \$ (182,374)

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. 13,243

Net position of governmental activities (Page 7) \$ (169,131)

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, 2019**

REVENUE

Intergovernmental Revenue:	
Federal	\$ 168,602
State	120,356
County Contribution	41,724
Total Revenue	330,682

EXPENDITURES

Public Assistance:	
Services and Supplies	392,106
Rent and Utilities	15,014
Total Expenditures	407,120

Net Change in Fund Balance	(76,438)
Fund Balance, Beginning of Year	(105,936)
Fund Balance, End of Year	\$ (182,374)

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, 2019**

Net change in fund balance - total governmental fund (Page 11) \$ (76,438)

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. (75,605)

Change in net position of governmental activities (Page 8) \$ (152,043)

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

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY OF NAPA COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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).

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 basic 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 basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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, 2019, 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, 2019, 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, 2019, the Authority paid the County, a related party, \$366,580 for employee administrative costs; office space; and administrative, information technology, legal, and accounting services.

In addition, the Authority received \$41,724 during the fiscal year ended June 30, 2019, 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.

Also, the County's General Fund advanced the Authority \$224,150 to cover the cash deficit for the year ended June 30, 2019.

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, 2019.

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, 2019, 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* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

NOTE 4 – NET POSITION/FUND BALANCE (Continued)

Fund Balance (Continued)

- *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.
- *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 10, 2019, 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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Intergovernmental Revenue:				
Federal	\$ 217,333	\$ 217,333	\$ 168,602	\$ (48,731)
State	157,299	157,299	120,356	(36,943)
County Contribution	83,144	83,144	41,724	(41,420)
Total Revenue	<u>457,776</u>	<u>457,776</u>	<u>330,682</u>	<u>(127,094)</u>
EXPENDITURES				
Services and Supplies	441,776	441,776	392,106	49,670
Rent and Utilities	16,000	16,000	15,014	986
Total Expenditures	<u>457,776</u>	<u>457,776</u>	<u>407,120</u>	<u>50,656</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(76,438)	<u>\$ (76,438)</u>
Fund Balance, Beginning of the Year			<u>(105,936)</u>	
Fund Balance, End of the Year			<u>\$ (182,374)</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, 2019**

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 30th of each fiscal year. The Authority operation, commencing July 1st, is governed by the proposed budget, adopted by the Governing Board in June of the prior year.

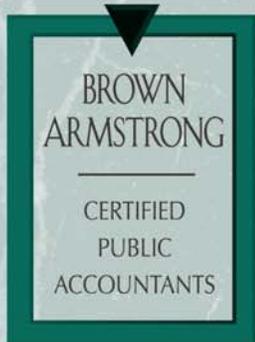
After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Authority resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Authority.

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 BASIC 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

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1919 GRAND CANAL BLVD
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STOCKTON, CA 95207
TEL 888.565.1040

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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 basic 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, 2019, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic 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 basic 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 basic 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 basic 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 basic 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 10, 2019