

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, 2025

**NAPA COUNTY HOUSING AUTHORITY
JUNE 30, 2025**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2025; 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2025, the changes in 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control relating to the Authority. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

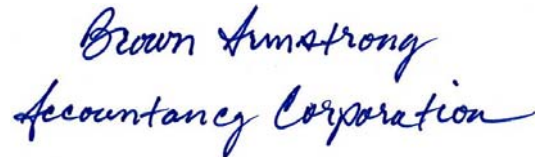
Other Supplementary Information

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. Such information is the responsibility of management and was derived from and relates directly to the

underlying accounting and other records used to prepare the basic financial statements. The 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or compliance relating to the Authority. 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
November 12, 2025

**NAPA COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025. 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 2006-07, with the eighteenth full year of operations occurring in fiscal year 2024-25.
- The Authority used \$640,848 of collected special assessments, \$933,849 of collected rental income, and state funding of \$250,000 to offset operating costs during the year.
- The Authority established operating and maintenance reserves in fiscal year 2007-08, and continues to fund the reserves annually for each center pursuant to the Joe Serna, Jr. Farm Worker Housing Grant Program requirements.
- The Authority received a total of \$211,468 in donations and contributions, which included \$72,333 from the Department of Water Resources Board and \$139,135 from Cinco de Mayo Golf, Inc. These funds were used for general household and maintenance items, including kitchen equipment, kitchen supplies, and Christmas dinner and gifts for lodgers.

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 report 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

	2025	2024	Increase (Decrease) \$	Increase (Decrease) %
Assets				
Current assets	\$ 2,002,362	\$ 1,961,047	\$ 41,315	2.1%
Noncurrent assets	3,967,736	3,971,600	(3,864)	-0.1%
Total Assets	5,970,098	5,932,647	37,451	0.6%
Liabilities				
Current liabilities	221,372	405,711	(184,339)	-45.4%
Total Liabilities	221,372	405,711	(184,339)	-45.4%
Net Position				
Net investment in capital assets	3,967,736	3,971,600	(3,864)	-0.1%
Restricted	1,025,000	980,000	45,000	4.6%
Unrestricted	755,990	575,336	180,654	31.4%
Total Net Position	\$ 5,748,726	\$ 5,526,936	\$ 221,790	4.0%

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 \$5,748,726 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, 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, 2025 and 2024, and the expenses incurred are as follows:

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

	2025	2024	Increase (Decrease) \$	Increase (Decrease) %
Operating Revenues	\$ 1,846,337	\$ 1,826,361	\$ 19,976	1.1%
Operating Expenses	2,347,241	2,199,394	147,847	6.7%
Net Loss from Operations	(500,904)	(373,033)	(127,871)	-34.3%
Nonoperating Income	722,694	470,272	252,422	53.7%
Change in Net Position	221,790	97,239	124,551	128.1%
Net Position, Beginning	5,526,936	5,429,697	97,239	1.8%
Net Position, Ending	\$ 5,748,726	\$ 5,526,936	\$ 221,790	4.0%

Changes in Net Position (Continued)

The Authority's fiscal year 2024-25 operating expenses were \$2,347,241, an increase of \$147,847, or 6.7%, from the prior year. The Authority's operating revenues were \$1,846,337, an increase of \$19,976, or 1.1%, from the prior year. The increase in operating costs was due to an increase in administrative and property management services, investment in key infrastructure, maintenance services and utilities. The increase in operating revenues is due to increased rental income and Special assessments.

CAPITAL ASSETS

As of June 30, 2025, capital assets consisted of three farm worker centers consisting of both structures and land. In addition, during fiscal year 2024-25, the Authority acquired a hot food steam table and three commercial dishwashers funded by monetary donations.

DEBT ADMINISTRATION

As of June 30, 2025, the Authority has no long-term debt.

ECONOMIC FACTORS

The centers receive an annual contribution from the State of California (Joe Serna, Jr. funding) of \$250,000. These funds are part of a ten-year agreement and directly fund operations. The County is currently in year seven of that agreement. There is no escalator on the annual contribution – it remains fixed at \$250,000 per year for each year of the agreement.

While state funding remains fixed, local support from growers in the Napa Valley remains strong and growing through the County Service Area No. 4 (CSA 4) annual assessment. CSA 4 is a per-acre assessment on all properties in the County of Napa with at least one planted vineyard acre. The assessment rate may be increased by \$1.00 per year until the maximum assessment equals \$15.00. As the CSA 4 assessment increases by \$1.00, tenant rent must increase by \$1.00. Between fiscal year 2013–2014 and current fiscal year, the assessment rate has increased from \$10.00 to \$14.00. During this same period, rent has increased from \$13.00 to \$17.00 per night.

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, 2025**

ASSETS

Current Assets:

Cash, cash equivalents, and investments	\$ 1,993,354
Accounts receivable	<u>9,008</u>

Total Current Assets	<u><u>2,002,362</u></u>
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Noncurrent Assets:

Capital assets, nondepreciable	2,700,000
Capital assets, depreciable, net	<u>1,267,736</u>

Total Noncurrent Assets	<u><u>3,967,736</u></u>
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Total Assets	<u><u>5,970,098</u></u>
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LIABILITIES

Current Liabilities:

Accounts payable	212,254
Unclaimed funds	<u>9,118</u>

Total Current Liabilities	<u><u>221,372</u></u>
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Total Liabilities	<u><u>221,372</u></u>
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NET POSITION

Net investment in capital assets	3,967,736
Restricted	1,025,000
Unrestricted	<u>755,990</u>

Total Net Position	<u><u>\$ 5,748,726</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, 2025**

OPERATING REVENUES

Rental income	\$ 933,849
Special assessments	640,848
State funding	250,000
Other income (laundry)	<u>21,640</u>
Total Operating Revenues	<u><u>1,846,337</u></u>

OPERATING EXPENSES

Professional services:	
Maintenance and operations contract	1,099,266
Legal services	3,102
Accounting and auditing services	35,051
Administration services	287,112
Janitorial	33,554
Minor equipment	44,834
Client meal expense	248,486
Utilities	394,557
Building maintenance	125,728
Depreciation	68,901
Engineer services	<u>6,650</u>
Total Operating Expenses	<u><u>2,347,241</u></u>
Operating Loss	<u><u>(500,904)</u></u>

NONOPERATING REVENUES

Interest	51,226
Contributions from County of Napa	460,000
Donations and contributions	<u>211,468</u>
Total Nonoperating Revenues	<u><u>722,694</u></u>

Change in Net Position 221,790

Net Position - Beginning 5,526,936

Net Position - Ending \$ 5,748,726

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, 2025**

Cash Flows from Operating Activities

Cash received from renters (including laundry)	\$ 946,970
Cash received from property tax assessments and state funding	890,848
Cash paid for goods and services	(2,012,016)
Cash paid for administrative purposes	(325,265)
Cash paid for farm center maintenance	(125,728)

Net Cash Used by Operating Activities	(625,191)
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Cash Flows from Noncapital Financing Activities

Donations and contributions	211,468
Noncapital contributions	460,000

Net Cash Provided by Noncapital Financing Activities	671,468
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Cash Flows from Capital and Related Financing Activities

Purchase of capital assets	(65,037)
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Net Cash Used by Capital and Related Financing Activities	(65,037)
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Cash Flows from Investing Activities

Interest received	51,226
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Net Cash Provided by Investing Activities	51,226
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Net Increase in Cash, Cash Equivalents, and Investments	32,466
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Cash, Cash Equivalents, and Investments - Beginning of Year	1,960,888
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Cash, Cash Equivalents, and Investments - End of Year	\$ 1,993,354
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Reconciliation of Operating Loss to Net Cash

Used by Operating Activities:

Operating loss	\$ (500,904)
Adjustments to reconcile operating loss to net cash used by operating activities:	so
Depreciation	68,901
Changes in operating assets and liabilities:	
Accounts receivable	(8,849)
Accounts payable	(184,669)
Unclaimed funds	330

Net Cash Used by Operating Activities	\$ (625,191)
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The accompanying notes are an integral part of these basic financial statements.

**NAPA COUNTY HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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 Financial 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, Cash Equivalents, 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, Suite B-10, Napa, California 94559. The County Treasury Oversight Committee oversees the Treasurer's investments and policies.

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

D. 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.

E. 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

F. 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 is 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)

G. 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.

H. New Accounting Pronouncements Implemented

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. There was no impact from the implementation of this GASB.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. There was no impact from the implementation of this GASB.

I. Future Accounting Pronouncements

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority has not fully judged the impact of implementation of GASB Statement No. 103 on the financial statements.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority has not fully judged the impact of implementation of GASB Statement No. 104 on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

The Authority holds its cash and investments as follows as of June 30, 2025:

Cash in County Treasury	<u>\$ 1,993,354</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, 2025, 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 carried at 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 fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deletions	Reclassifications/ Adjustments	Balance June 30, 2025
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	1,625,368	-			1,625,368
Land improvements	595,000				595,000
Equipment	130,324	65,037	(8,207)	-	187,154
Total capital assets, being depreciated	2,350,692	65,037	(8,207)	-	2,407,522
Less accumulated depreciation for:					
Structures and improvements	(480,782)	(21,563)	-	-	(502,345)
Land improvements	(461,070)	(26,764)	-	-	(487,834)
Equipment	(137,240)	(20,574)	8,207	-	(149,607)
Total accumulated depreciation	(1,079,092)	(68,901)	8,207	-	(1,139,786)
Total capital assets, being depreciated, net	1,271,600	(3,864)	-	-	1,267,736
Total capital assets, net	\$ 3,971,600	\$ (3,864)	\$ -	\$ -	\$ 3,967,736

Depreciation expense for the fiscal year ended June 30, 2025, was \$68,901. Capital asset additions include one hot food steam table at the Calistoga Farmworker Center and three commercial dishwashers, one located at each Farmworker Center.

NOTE 4 – RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2025, the Authority paid the County, a related party, \$317,945 for administrative, accounting, legal and engineering services. The County provided funding during the fiscal year in the amount of \$460,000 to offset administration costs.

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 through PRISM (Public Risk Innovation, Solutions, and Management), formerly California State Association of Counties (CSAC) Excess Insurance Authority. Information about coverage can be found in the County's basic financial statements.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 12, 2025, which is the date the basic financial statements were available to be issued. No material subsequent events were noted.

OTHER SUPPLEMENTARY INFORMATION

NAPA COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION BY COST CENTER
JUNE 30, 2025

	Administration	Calistoga	River Ranch	Mondavi	Total
Assets					
Current Assets:					
Cash, cash equivalents, and investments	\$ 756,595	\$ 410,965	\$ 420,128	\$ 405,666	\$ 1,993,354
Accounts receivable	-	3,562	2,532	2,914	9,008
Total Current Assets	<u>756,595</u>	<u>414,527</u>	<u>422,660</u>	<u>408,580</u>	<u>2,002,362</u>
Noncurrent Assets:					
Capital assets, nondepreciable	-	400,000	1,600,000	700,000	2,700,000
Capital assets, depreciable, net	-	445,729	446,438	375,569	1,267,736
Total Noncurrent Assets	<u>-</u>	<u>845,729</u>	<u>2,046,438</u>	<u>1,075,569</u>	<u>3,967,736</u>
Total Assets	<u>756,595</u>	<u>1,260,256</u>	<u>2,469,098</u>	<u>1,484,149</u>	<u>5,970,098</u>
Liabilities					
Current Liabilities:					
Accounts payable	605	79,503	64,625	67,521	212,254
Unclaimed funds	-	24	3,035	6,059	9,118
Total Current Liabilities	<u>605</u>	<u>79,527</u>	<u>67,660</u>	<u>73,580</u>	<u>221,372</u>
Total Liabilities	<u>605</u>	<u>79,527</u>	<u>67,660</u>	<u>73,580</u>	<u>221,372</u>
Net Position					
Net investment in capital assets	-	845,729	2,046,438	1,075,569	3,967,736
Restricted:					
Operating reserves	-	220,000	240,000	220,000	680,000
Replacement reserves	-	115,000	115,000	115,000	345,000
Unrestricted	<u>755,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>755,990</u>
Total Net Position	<u>\$ 755,990</u>	<u>\$ 1,180,729</u>	<u>\$ 2,401,438</u>	<u>\$ 1,410,569</u>	<u>\$ 5,748,726</u>

**NAPA COUNTY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION BY COST CENTER
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Administration	Calistoga	River Ranch	Mondavi	Total
Operating Revenues					
Rental income	\$ -	\$ 325,530	\$ 310,917	\$ 297,402	\$ 933,849
Special assessments	-	221,132	199,449	220,267	640,848
State funding	-	83,333	83,334	83,333	250,000
Other income (laundry)	-	9,925	8,195	3,520	21,640
Total Operating Revenues	-	639,920	601,895	604,522	1,846,337
Operating Expenses					
Professional services:					
Maintenance and operations contract	2,671	366,026	370,837	359,732	1,099,266
Legal services	3,102	-	-	-	3,102
Accounting and auditing services	35,051	-	-	-	35,051
Administration services	284,271	1,177	1,197	467	287,112
Janitorial	-	12,005	11,012	10,537	33,554
Minor equipment	-	16,934	-	27,900	44,834
Client meal expense	-	84,555	75,302	88,629	248,486
Utilities	-	138,585	122,246	133,726	394,557
Engineer services	-	-	6,650	-	6,650
Building maintenance	-	15,711	87,795	22,222	125,728
Depreciation	-	21,563	26,764	20,574	68,901
Total Operating Expenses	325,095	656,556	701,803	663,787	2,347,241
Operating Loss	(325,095)	(16,636)	(99,908)	(59,265)	(500,904)
Nonoperating Revenues					
Interest	24,749	8,465	9,373	8,639	51,226
Contributions from County of Napa	460,000	-	-	-	460,000
Donations and contributions	-	34,312	105,438	71,718	211,468
Total Nonoperating Revenues	484,749	42,777	114,811	80,357	722,694
Income Before Transfers	159,654	26,141	14,903	21,092	221,790
Transfers in (out)	21,000	(7,000)	(7,000)	(7,000)	-
Change in Net Position	180,654	19,141	7,903	14,092	221,790
Net Position - Beginning	575,336	1,161,588	2,393,535	1,396,477	5,526,936
Net Position - Ending	\$ 755,990	\$ 1,180,729	\$ 2,401,438	\$ 1,410,569	\$ 5,748,726

OTHER REPORT

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

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

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 (the County), as of and for the fiscal year ended June 30, 2025, 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 November 12, 2025.

Report on 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 as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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

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

Bakersfield, California
November 12, 2025