1. Item 1

Documents:

JANUARY 10, 2017 JUNE 14, 2016.PDF
JANUARY 10, 2017 2A.PDF
JANUARY 10, 2017 3A.PDF
JANUARY 10, 2017 7A.PDF
JANUARY 10, 2017 2015-16 AUDIT REPORT.PDF
JANUARY 10, 2017 2017 FPWIA CALENDAR.PDF
JANUARY 10, 2017 AGENDA.PDF
JANUARY 10, 2017 JUNE 21, 2016.PDF
JANUARY 10, 2017 OCTOBER 4, 2016.PDF
JANUARY 10, 2017 REQUIRED COMMUNICATIONS LETTER TO THE BOARD.PDF

MINUTES OF THE
SPECIAL MEETING OF THE NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY
June 14, 2016

Draft Summary of the Proceedings

1. CALL TO ORDER; ROLL CALL

The Board of Supervisors of the County of Napa met as the Governing Board of the Napa County Flood Protection and Watershed Improvement Authority in special session on Tuesday, June 14, 2016 at 9:30 a.m. with the following members present: Chairman Alfredo Pedroza, Members Brad Wagenknecht, Diane Dillon, Keith Caldwell and Mark Luce. The meeting was called to order by Chairman Alfredo Pedroza.

2. APPROVAL OF MINUTES

None.

3. CONSENT ITEMS

A. Auditor-Controller requests approval of and authorization for the Chairman to sign an agreement with Brown Armstrong for a maximum of $9,000 per fiscal year for the auditing services related to fiscal years 2015-16, 2016-17 and 2017-18, with a provision for two automatic annual renewals at the discretion of the Auditor-Controller.

A-31 (FPWIA)

Motion moved by Brad Wagenknecht, seconded by Mark Luce, to approve consent item. Motion passed 5 - 0.

4. DISCUSSION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

None.

5. PUBLIC COMMENT

None.

6. SET MATTERS OR PUBLIC HEARINGS

A. 9:30 AM PUBLIC HEARING

Executive Director and Auditor-Controller request the following in relation to the Fiscal Year 2016-2017 Napa County Flood Protection and Watershed Improvement Authority budgets:

1. Open Public Hearing and accept public testimony on Fund 2710 for a total appropriation of $14,261,600, comprised of two budget units: Division 27100 - Operating, with appropriations of $8,873,100, and Division 27110 - Debt Service, with appropriations of $5,388,500; and
2. Continue for consideration to June 21, 2016 at 9:30 a.m. for adoption of the recommended budget.

Opened public hearing.
County Executive Office Senior Management Analyst Bret Prebula made presentation.
No testimony presented.

Motion moved by Brad Wagenknecht, seconded by Diane Dillon, to tentatively approve the recommended total appropriations for Fiscal year 2016-2017 and continue the public hearing to June 21, 2016 at 9:30 a.m. Motion passed 5 - 0.

7. ADMINISTRATIVE ITEMS

A. Executive Director requests approval of and authorization for the Chairman to sign Amendment No. 11 to Agreement No.18 (FPWIA) with the Town of Yountville for the following:

1. Close out Project No. 3 - Phase II Hydrologic Study & Design of the Hopper & Hinman Creek Watershed and reallocate $360,000 of the unspent funds to Project No. 6 - Hopper Creek Improvements Project;
2. Decrease the total maximum from $8,607,525 to $8,295,994 for the approved projects; and
3. Approve Budget Transfer No. FLA-001 in the amount of $197,000 from Town of Yountville Measure A fund balance. (4/5 vote required)

A-18 (FPWIA) (Amend. 11); BT-FLA-001

Senior Flood Project Analyst Daisy Lee made presentation.

Correction: the budget transfer corrected amount of $447,000 was read into the record.

Town of Yountville Public Works Director Joe Tagliaboschi made presentation.

Motion moved by Mark Luce, seconded by Brad Wagenknecht, to approve requested actions. Motion passed 5 - 0.

8. REPORTS AND ANNOUNCEMENTS FROM BOARD MEMBERS

None.

9. FUTURE AGENDA ITEMS

None.

10. EXECUTIVE DIRECTOR REPORTS AND ANNOUNCEMENTS

None.

11. CLOSED SESSION

None.

12. ADJOURNMENT

Adjourned to the Napa County Flood Protection and Watershed Improvement Authority special meeting Tuesday, June 21, 2016 at 9:30 a.m.

ALFREDO PEDROZA, Chairman

ATTEST:

GLADYS I. COIL, Secretary

Agenda Date: 1/10/2017
Agenda Placement: 2A

Napa County Flood Protection And Watershed Improvement Authority
Board Agenda Letter

TO:	Board of Directors
FROM:	Alice Hughey for Leanne Link - County Executive Officer County Executive Office
REPORT BY:	Gladys Coil, Administrative Manager-Clerk of the Board - 253-4196
SUBJECT:	Approval of minutes

RECOMMENDATION

Executive Director and Secretary request approval of minutes of the meeting held June 14, 21, and October 4, 2016 (All members were present).

EXECUTIVE SUMMARY

Executive Director and Secretary request approval of minutes of the meeting held June 14, 21, and October 4, 2016.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

There is no Environmental Impact for this item.

BACKGROUND AND DISCUSSION

Executive Director and Secretary request approval of minutes of the meeting held June 14, 21, and October 4, 2016 (All members were present).

SUPPORTING DOCUMENTS

A . June 14, 2016

B . June 21, 2016

C . October 4, 2016

Executive Director Recommendation: Approve

Reviewed By: Helene Franchi

Agenda Date: 1/10/2017
Agenda Placement: 3A

Napa County Flood Protection And Watershed Improvement Authority
Board Agenda Letter

TO:	Board of Directors
FROM:	Alice Hughey for Leanne Link - County Executive Officer County Executive Office
REPORT BY:	Gladys Coil, Administrative Manager-Clerk of the Board - 253-4196
SUBJECT:	Approval of 2017 meeting calendar

RECOMMENDATION

Executive Director and Secretary requests approval of the 2017 meeting calendar.

EXECUTIVE SUMMARY

Executive Director and Secretary requests approval of the 2016 meeting calendar.

FISCAL IMPACT

Is there a Fiscal Impact?	No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Napa County Board of Supervisors established the Napa County Flood Protection and Watershed Improvement Authority on October 14, 1997. The Authority is a special taxing entity for the implementation of the Measure A Ordinance which, among other things, imposed a one-half of one percent transactions and use tax in the County and established a Flood Protection and Watershed Improvement Expenditure Plan. The plan describes the projects that will be constructed with the proceeds of the sales tax. As such the Authority collects the sales tax and distributes in accordance with the Ordinance.

The bylaws state the Authority meetings shall be on dates established by the Authority. Traditionally, the Authority meets quarterly on the first Tuesday of the month and in June for budget hearings that coincide with the County budget hearings. The 2017 meeting schedule for the Authority specifies the Governing Board will meet on the following Tuesday dates with special meetings scheduled as needed:

January 10, 2017
April 4, 2017
June 13 and 20, 2017 - Budget Hearings
July 11, 2017
October 10, 2017

SUPPORTING DOCUMENTS

A . 2017 FPWIA Calendar

Executive Director Recommendation: Approve

Reviewed By: Helene Franchi

Agenda Date: 1/10/2017
Agenda Placement: 7A

Napa County Flood Protection And Watershed Improvement Authority
Board Agenda Letter

TO:	Board of Directors
FROM:	Tracy Schulze - Auditor-Controller Auditor - Controller
REPORT BY:	Daisy Lee, Senior Flood Project Analyst - 253-4514
SUBJECT:	Audit Report for the Fiscal Year Ended June 30, 2016

RECOMMENDATION

Auditor-Controller to present and request acceptance of the financial audit for the fiscal year ended June 30, 2016 performed by Brown Armstrong, CPAs.

EXECUTIVE SUMMARY

Brown Armstrong has audited the financial statements of the Napa County Flood Protection and Watershed Improvement Authority (Authority) for the fiscal year ended June 30, 2016. A brief presentation will be made and acceptance of the audit report is requested. The report is on file with the Clerk of the Board.

The audit report before you today has an unqualified (clean) opinion and no management comments.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Government Code Section 25250 and the Napa County Flood Protection Sales Tax Ordinance require that a financial and compliance audit is prepared on an annual basis in accordance with generally accepted auditing standards.

Brown Armstrong has audited the financial statements of the Napa County Flood Protection and Watershed Improvement Authority for the fiscal year ended June 30, 2016. The audit report before you today has an unqualified (clean) opinion and no management comments. The completed financial statements are attached as well as the required communications letter from Brown Armstrong to the Board regarding the audit.

SUPPORTING DOCUMENTS

A . 2015-16 Audit Report

B . Required Communications Letter to the Board

Executive Director Recommendation: Approve

Reviewed By: Helene Franchi

NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY
(A Component Unit of the County of Napa, California)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

NAPA COUNTY FLOOD PROTECTION AND
WATERSHED IMPROVEMENT AUTHORITY
JUNE 30, 2016

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FINANCIAL SECTION

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REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Napa County Flood Protection and
  Watershed Improvement Authority
Napa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Napa County Flood Protection and Watershed Improvement Authority (the Authority), a component unit of the County of Napa, as of and for the year ended June 30, 2016, 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Authority, as of June 30, 2016, and the changes in the financial position for the 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, 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 October 28, 2016, 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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 28, 2016

This section of the Napa County Flood Protection and Watershed Improvement Authority's (the Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the year that ended on June 30, 2016. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority collected $17,863,549 in Napa County Flood Protection Transactions (sales) and use tax pursuant to Measure A, during the fiscal year.

- The Authority provided $11,007,897 to its members for their respective flood control projects, made bond payments (including interest and administrative charges) in the amount of $5,384,931, and kept administrative costs to $51,822 or 0.28% of total revenues for the year.

- The cash position of the Authority remained strong with $73,725,220 invested in the County's investment pool.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Authority's financial position and activity.

- The first two statements are *government-wide* financial statements that provide both *long-term* and *short-term* information about the Authority's overall financial status.

- The remaining statements are *fund* financial statements that focus on individual parts of the Authority's organization. These statements report the Authority's financial position and activity.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that includes budgetary comparison information for the Authority's only special revenue fund.

Government-Wide Financial Statements

The government-wide financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources including long-term debt. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the Authority's net position and how it has changed. Net position – the difference between the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the Authority's financial health, or position. Over time, increases or decreases in the Authority's net position are indicators of whether its financial health is improving or deteriorating, respectively.

Fund Financial Statements

The fund financial statements provide a detailed short-term view and do not include information related to the Authority's long-term liabilities. Additional information is provided on separate schedules that reconcile the differences between the government-wide financial statements and the fund financial statements.

Net Position

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

Condensed Statement of Net Position
As of June 30,

	2016	2015	Variance
Current Assets	$ 77,589,582	$ 72,224,329	$ 5,365,253
Total Assets	77,589,582	72,224,329	5,365,253
Deferred Outflows of Resources	279,036	418,558	(139,522)
Total Deferred Outflows of Resources	279,036	418,558	(139,522)
Current Liabilities	10,512,076	6,789,563	3,722,513
Long-Term Liabilities	5,486,112	10,611,670	(5,125,558)
Total Liabilities	15,998,188	17,401,233	(1,403,045)
Net Position			
Restricted	61,870,430	55,241,654	6,628,776
Total Net Position	$ 61,870,430	$ 55,241,654	$ 6,628,776

The Authority's net position increased $6.6 million from $55,241,564 at June 30, 2015, to $61,870,430 at June 30, 2016. The increase is primarily due to a combination of lower than anticipated draws on these funds for project costs and increased revenue due to the economic recovery. Total liabilities decreased $1.4 million over the prior year primarily due to a net decrease in the outstanding principal on the Authority's long-term debt.

Changes in Net Position

A summary of the Authority's Statement of Activities, recapping the Authority's revenues earned during the fiscal year ended June 30 and the expenses incurred, is as follows:

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

	2016	2015	Variance
Revenues:			
Sales and Use Tax	$ 17,863,549	$ 17,348,129	$ 515,420
Interest Income	391,496	321,280	70,216
Total Revenues	18,255,045	17,669,409	585,636
Expenses:			
Public Protection	11,059,719	3,511,662	7,548,057
Interest on Long-Term Debt	566,550	715,954	(149,404)
Total Expenses	11,626,269	4,227,616	7,398,653
Change in Net Position	6,628,776	13,441,793	(6,813,017)
Net Position - Beginning of Year	55,241,654	41,799,861	13,441,793
Net Position - End of Year	$ 61,870,430	$ 55,241,654	$ 6,628,776

The sales and use taxes in 2016 were slightly higher from the prior year due to normal healthy economic growth. The increase in investment earnings is the result of a global increase in investment rates and in the balance of the cash with fiscal agent during the fiscal year ended June 30, 2016. The most significant change in expenses was the overall increase in payments made to the members for their respective projects.

BUDGETARY HIGHLIGHTS

The Authority adopts an annual operating budget that includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain comments from the public before finalizing the budget. The Authority's budget is adopted by the County of Napa's Board of Supervisors, sitting as the governing body for the Authority, on or before August 30th of each year. Subsequent increases or decreases to the original budget must be approved by the Authority's Board of Directors. The Authority has only a special revenue fund which is the operating fund.

Actual expenditures were approximately $1.8 million less than the final budget projections, due to lower than anticipated draws from the funds for project costs, specifically the Napa Project which uses State and Federal funds received before drawing on Measure A funding.

DEBT ADMINISTRATION

On July 12, 2005, the Authority issued Series 2005 Limited Tax Refunding Bonds in the amount of $29,710,000. The proceeds were used to (i) partially refund the 1999 Series A Bonds, and (ii) pay certain costs incurred in connection with the execution and delivery of the bonds, including the premium for bond insurance. A principal payment of $3,530,000 was made during this fiscal year. The principal balance outstanding at June 30, 2016, is $7,560,000. A principal payment of $3,690,000 is due in fiscal year 2016-2017. The bonds will be fully paid for by June 2018.

On October 1, 2013, the Authority issued 2013 Series A Limited Tax Refunding Bonds in the amount of $5,890,000. The proceeds were used to (i) refund, on a current basis, all of the Authority's outstanding Limited Tax Bonds, 2005 Series A issued on March 1, 2005, and (ii) pay costs of issuing the bonds. The Limited Tax Bonds, 2005 Series A were issued to finance certain public flood protection and watershed improvement projects. A principal payment of $1,260,000 was made during this fiscal year. The principal balance outstanding at June 30, 2016, is $2,570,000. A principal payment of $1,275,000 is due in fiscal year 2016-2017. The bonds will be fully paid for by June 2018.

CONTACTING THE AUTHORITY

These financial statements are designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. For questions about this report or any additional information needed, contact the Auditor-Controller's office at 1195 Third Street, Suite B10, Napa, California 94559.

NAPA COUNTY FLOOD PROTECTION AND
WATERSHED IMPROVEMENT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2016

Assets	
Current Assets:	
Cash and Investments in County Treasury	$ 73,725,220
Cash with Fiscal Agent	483,999
Taxes Receivable	3,380,363
Total Current Assets	77,589,582
Total Assets	77,589,582
Deferred Outflows of Resources	
Deferred Charge on Refunding	279,036
Total Deferred Outflows of Resources	279,036
Liabilities	
Current Liabilities:	
Accounts Payable	5,529,848
Accrued Interest	17,228
Bonds Payable, Current Portion	4,965,000
Total Current Liabilities	10,512,076
Long-Term Liabilities:	
Bonds Payable, Net of Premiums	5,486,112
Total Liabilities	15,998,188
Net Position	
Restricted for Flood Projects	61,870,430
Total Net Position	$ 61,870,430

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

NAPA COUNTY FLOOD PROTECTION AND
WATERSHED IMPROVEMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Expenses	
Public Protection:	
Project Charges	$ 11,007,897
Administration Charges	26,557
Accounting and Audit Expense	17,140
Legal Expense	8,125
Interest and Fiscal Charges	566,550
Total Expenses	11,626,269
Revenues	
Sales and Use Tax	17,863,549
Interest Income	391,496
Total Revenues	18,255,045
Change in Net Position	6,628,776
Net Position - Beginning of Year	55,241,654
Net Position - End of Year	$ 61,870,430

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

NAPA COUNTY FLOOD PROTECTION AND
WATERSHED IMPROVEMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2016

Assets	
Cash and Investments in County Treasury	$ 73,725,220
Cash with Fiscal Agent	483,999
Taxes Receivable	3,380,363
Total Assets	$ 77,589,582
Liabilities	
Accounts Payable	$ 5,529,848
Total Liabilities	5,529,848
Fund Balance	
Restricted	72,059,734
Total Fund Balance	72,059,734
Total Liabilities and Fund Balance	$ 77,589,582

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

NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Fund Balance - Total Governmental Fund (Page 9)	$ 72,059,734
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred charge on refunding is not included in long-term liabilities and, therefore, is not reported in the governmental fund.	279,036
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund. Interest on long-term debt is not accrued in governmental fund, but rather is recognized as an expenditure when due. All liabilities are reported in the statement of net position.	
Balances as of the end of the year are:	
Accrued interest on long-term debt	(17,228)
Bonds payable	(10,451,112)
Net Position of Governmental Activities (Page 7)	$ 61,870,430

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

**NAPA COUNTY FLOOD PROTECTION AND
WATERSHED IMPROVEMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues	
Sales and Use Tax	$ 17,863,549
Interest Income	391,496
Total Revenues	18,255,045
Expenditures	
Project Charges	11,007,897
Administration Charges	26,557
Accounting and Audit Expense	17,140
Legal Expense	8,125
Other Charges:	
Debt Service:	
Principal	4,790,000
Interest	589,754
Administration and Issuance Fees	5,177
Total Expenditures	16,444,650
Net Change in Fund Balance	1,810,395
Fund Balance - Beginning of Year	70,249,339
Fund Balance - End of Year	$ 72,059,734

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

NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net Change in Fund Balance - Total Governmental Fund (Page 11)	$	1,810,395
Amounts reported for governmental activities in the statement of activities are different because:		
Under the modified accrual basis of accounting used in the governmental fund, interest on long-term debt is not recognized until due. In the statement of activities, however, which is presented on the accrual basis of accounting, interest on long-term debt is recognized as it accrues.		
Change in accrued interest on long-term debt		7,341
Amortization of premiums related to long-term debt do not use current financial resources but are recorded as a reduction of interest expense on the statement of net position.		21,040
Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments:		
Bond payments		4,790,000
Change in Net Position of Governmental Activities (Page 8)	$	6,628,776

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

NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the Authority, and other necessary disclosure of pertinent matters relating to the financial position of the Authority. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The role of the Napa County Flood Protection and Watershed Improvement Authority (the Authority) is to contract with the Board of Equalization for collection of sales tax and establish individual accounts for each jurisdiction; disburse revenues through project contracts which meet Measure A compliance; obtain the necessary debt financing for the Napa Project; and perform annual audits. The Authority is subject to review by the Authority's Financial Oversight Committee. The Authority contracts with the Napa County Flood Control and Water Conservation District (the District) to perform most of these functions on its behalf. The Memorandum of Understanding, replaced by the Joint Powers Agreement Regarding the Use and Equitable Distribution of Flood Protection Sales Tax Revenues, along with an annual budget amendment, is the mechanism for contracting with the District to carry out these functions.

The Authority is governed by the County of Napa (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 in the basic financial statements of the County. The Authority is a special revenue fund of the County.

The Authority includes all operating activities considered to be a part of the Authority. The Authority reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 14, relating to the financial reporting entity to determine whether the Authority is financially accountable for 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.

B. Measure A

Measure A is an ordinance of the Authority imposing a 1/2% Napa County Flood Protection Transactions (sales) and use tax pursuant to the provisions of Revenue and Taxation Code Section 7285.5, establishing a Napa County Flood Protection and Watershed Improvement Expenditure Plan, establishing a Financial Oversight Committee and Technical Advisory Panel, requiring any funds generated as a result of the imposition of the Napa County Flood Protection Transactions (sales) and use tax to be spent on the projects identified in the expenditure plan, authorizing the issuance of bonds or other obligations to finance the projects identified in the expenditure plan payable from the revenues generated by the transactions (sales) and use tax, and establishing an appropriations limit.

County voters approved Measure A in March 1998 by a 68% majority for a 20-year period, countywide. This tax originally expected to generate in excess of $6 million per year, 2/3 of which is to be used to help pay the local share (50%) of the Napa River/Napa Creek Flood Protection Project ("Napa Project"), a construction project in partnership with the U.S. Army Corps of Engineers. The U.S. Army Corps of Engineers has updated its estimate of total project costs to $555.3 million. The Napa Project will provide 100-year flood protection throughout the City of Napa as a result of widening the river channel, bridge replacement, floodwall and levee construction, and the creation of a "dry bypass" channel in downtown Napa to handle overflows. Additional information about the Napa Project can be obtained from the District, 804 First Street, Napa, CA 94559.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measure A (Continued)

The remaining 1/3 of these funds will be allocated among the other County jurisdictions – in proportion to their historical sales tax revenue proceeds – in order to help them pay for their own flood protection or watershed management projects. However, because of the front-end financing needs of the Napa Project, the municipalities have loaned collected sales tax exceeding $1 million to the project for the first seven (7) years of the Napa County Flood Protection Sales tax term. Repayment of this loan, including interest, began in year 8 of the tax and will be fully paid by the termination of the tax in year 20.

C. Memorandum of Understanding (MOU)/Joint Powers Agreement (JPA)

The County; the Authority; the District; and the Cities of American Canyon, Napa, St. Helena, and Calistoga, as well as the Town of Yountville (the Municipalities) each have a representative to be a signatory to the MOU after receiving authority from their governing body. This MOU is the precursor to the Joint Powers Agreement Regarding the Equitable Distribution of Flood Protection Sales Tax revenues which was signed November 1, 1998, between the Authority, the District, the County, and the Municipalities as required by Section 3(g) and Section 5 of the Napa County Flood Protection Sales Tax Ordinance (97-1) (Ordinance). The Ordinance requires that new revenues generated by a 1/2% increase in the local sales tax fund only the flood protection, water supply reliability, and wastewater projects identified in the Napa County Flood Protection and Watershed Improvement Expenditure Plan (Plan) contained in the Ordinance. This MOU/JPA contains operating policies and criteria regarding equitable distribution of new sales tax revenues to the County and Municipalities, debt financing for projects contained in the Plan, project substitution, fund accounting, contract relationships, and administrative support to the Financial Oversight Committee and Technical Advisory Panel established by the Ordinance.

D. Basis of Presentation

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 non-fiduciary financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and information sales. At June 30, 2016, the Authority had no business-type activities.

The Statement of Activities demonstrates the degree to which the program expenses of a given function or identifiable activity is offset by program revenues. Program expenses are those that are clearly identifiable with a specific function or identifiable activity, and allocated indirect expenses. Interest expense related to long-term debt is reported as a direct expense. Program revenues include 1) fees, fines, and charges paid by the recipient of goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Authority did not have any program revenues for the year ended June 30, 2016. Revenues that are not classified as program revenues, including all taxes and investment earnings, are presented instead as general revenues.

When both restricted and unrestricted net position are available, restricted resources are used first, and then unrestricted resources are used as needed.

Fund Financial Statements

The fund financial statements provide information about the Authority's fund. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Authority had only one governmental fund and no enterprise funds for the year ended June 30, 2016.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Accounting

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. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes. On an accrual basis of accounting, revenues from sales tax are recognized when the underlying transactions take place.

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. Sales taxes and interest revenues are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures are recorded only when payment is due. Proceeds of general long-term debt are reported as other financial sources.

F. Sales Taxes

All sales taxes are levied and collected by the California State Board of Equalization and paid upon collection to the various taxing entities, including the Authority. An estimate is paid in the first two months of each quarter, and adjusted in the third month of the quarter to reflect the actual share of sales taxes due to the Authority.

G. Due from Other Agencies

These amounts represent receivables from other local governments that management has determined to be fully collectible. Accordingly, no allowance for doubtful accounts has been made.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

The Authority holds its cash and investments as follows:

A. Cash Held with the Napa County Treasury

Cash at June 30, 2016, consisted of the following:

Cash in County Treasury	$ 73,725,220

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

A. Cash Held with the Napa County Treasury (Continued)

At June 30, 2016, the difference between the cost and fair value of cash and investments was not material. Therefore, an adjustment to fair value was not required for GASB Statement No. 31 compliance.

Required disclosures for the Authority's deposit and investment risks at June 30, 2016, 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.

B. Cash Held with Fiscal Agent

The Authority holds all of its restricted cash with US Bank (Agent). The Authority holds the cash related to the Series 2005 Limited Tax Refunding Bonds and 2013 Series A Limited Tax Refunding Bonds in five separate accounts each: a principal fund, an interest fund, a revenue fund, a reserve fund, and a project or escrow fund.

At June 30, 2016, the Authority's deposit balances with the fiscal agent totaled $483,999, which is composed of money market funds. Required disclosures for the Authority's deposit and investment risks at June 30, 2016, were as follows:

Credit risk	Not applicable
Custodial risk	None
Concentration of credit risk	Not applicable
Interest rate risk	Not applicable

NOTE 3 – BONDS PAYABLE

The following represents the changes in the long-term debt during the year:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within a Year
Governmental Activities:					
2013 Series A Limited Tax Refunding Bonds	$ 3,830,000	$ -	$ (1,260,000)	$ 2,570,000	$ 1,275,000
Series 2005 Limited Tax Refunding Bonds	11,090,000	-	(3,530,000)	7,560,000	3,690,000
Plus Deferred Amounts:					
For Issuance Premiums	481,670	-	(160,558)	321,112	-
Total Governmental Activities Long-Term Liabilities	$ 15,401,670	$ -	$ (4,950,558)	$ 10,451,112	$ 4,965,000

NOTE 3 – BONDS PAYABLE (Continued)

Annual debt service requirements are as follows:

Year Ending June 30	Governmental Activities Bonds Payable Principal	Governmental Activities Bonds Payable Interest
2017	$ 4,965,000	$ 413,466
2018	5,165,000	211,371
Subtotal	10,130,000	$ 624,837
Deferred Amounts - Net	321,112	
	$ 10,451,112	

Long-term debt at June 30, 2016, consisted of the following:

Bonds Payable	Date of Issue	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2016
Series 2005 Limited Tax Refunding Bonds (to partially refund the 1999 Series A Bonds, and to pay the costs of issuance of the Series 2005 Limited Tax Refunding Bonds)						
Series 2005 Limited Tax Refunding Bonds	7/12/2005	2018	3.20 - 5.00%	$55,000 - $3,870,000	$ 29,710,000	$ 7,560,000
2013 Series A Limited Tax Refunding Bonds (to finance or reimburse the Authority for certain costs of the City of St. Helena's Flood Protection and Watershed Improvement Project, to pay the premium of a surety bond to be deposited in the Bond Reserve Fund established under the indenture, and to pay the costs of issuance of the 2013 Series A Limited Tax Refunding Bonds						
2013 Series A Limited Tax Refunding Bonds	10/1/2013	2018	1.38%	$820,000 - $1,295,000	5,890,000	2,570,000
Total Bonds Payable					$ 35,600,000	$ 10,130,000

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. No arbitrage fees were due or paid during the current fiscal year.

NOTE 4 – NET POSITION/FUND BALANCE

Net Position

Net position equates to the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following two components: net investment in capital assets and restricted. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of all other net position restricted for flood projects and not included in the above category.

NOTE 4 – NET POSITION/FUND BALANCE (Continued)

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 spend. As of June 30, 2016, fund balances for governmental funds are 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.
- *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 board or by an official or body to which the Authority's board delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Authority's fund balance is restricted according to the Ordinance between the Authority, the District, the County, and the Municipalities. As of June 30, 2016, the fund balance was restricted as follows:

Restricted:	
City of American Canyon	$ 6,521,290
City of Calistoga	1,119,126
City of Napa	36,674,721
City of St. Helena	4,983,594
Town of Yountville	565
Unincorporated – County of Napa	7,740,362
Maintenance Reserve	14,536,077
Debt Service	483,999
Total	$ 72,059,734

NOTE 5 – RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2016, the Authority paid the County, a related party, $35,966, of which $19,626 was for Measure A administration services, $8,215 for accounting services, and $8,125 for legal services.

The Authority paid $3,050,082 to the Town of Yountville, $1,087,470 to the City of Calistoga, $3,907,503 to the City of American Canyon, and $2,962,842 to the County for their respective flood control projects.

The Authority paid project related bond payments, including interest, for the Napa Project in the amount of $4,066,900 and for the City of St. Helena in the amount of $1,312,854.

NOTE 6 – INSURANCE AND RISK OF LOSS

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. Because the Authority does not have employees, it is not exposed to injuries to employees. The Authority's officers are officials of the County, and therefore coverage for general liability and errors and omissions is provided under the County's program. This program is self-insured to a level of $300,000, after which excess coverage is obtained through participation in the California State Association of Counties (CSAC) Excess Insurance Authority (EIA).

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 28, 2016, which is the date the basic financial statements were available to be issued. No events have occurred that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

NAPA COUNTY FLOOD PROTECTION AND
WATERSHED IMPROVEMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Sales and Use Tax	$ 17,394,910	$ 17,394,910	$ 17,863,549	$ 468,639
Interest Income	235,000	235,000	391,496	156,496
Total Revenues	17,629,910	17,629,910	18,255,045	625,135
Expenditures				
Project Charges	12,140,400	12,587,400	11,007,897	1,579,503
Administration Charges	193,000	193,000	19,626	173,374
Accounting and Audit Expense	25,000	25,000	17,140	7,860
Publication and Legal Notices	10,000	10,000	6,931	3,069
Freight/Postage	100	100	-	100
Legal Expense	40,000	40,000	8,125	31,875
Other Charges:				
Debt Service:				
Principal	4,790,000	4,790,000	4,790,000	-
Interest	589,760	589,760	589,754	6
Administration and Issuance Fees	10,000	10,000	5,177	4,823
Total Expenditures	17,798,260	18,245,260	16,444,650	1,800,610
Net Change in Fund Balance	$ (168,350)	$ (615,350)	1,810,395	$ 2,425,745
Fund Balance - Beginning of Year			70,249,339	
Fund Balance - End of Year			$ 72,059,734	

NAPA COUNTY FLOOD PROTECTION AND
WATERSHED IMPROVEMENT AUTHORITY
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

BUDGETARY BASIS OF ACCOUNTING

The Napa County Flood Protection and Watershed Improvement Authority (the Authority) operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. The level of control (level at when expenditures may not exceed budget) is the fund. Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.

Budget information is presented for the Authority's only fund. The Authority makes adjustments to its original budget during the year. This enables the effectiveness of the Authority in meeting budget objectives to be evaluated and the adequacy of the budget itself to be judged. The only exceptions to this are the appropriations of unanticipated revenues and the revision of appropriations to reflect major economic up or down turns materially affecting estimated revenues. Expenditures in excess of budgeted amounts are approved individually by the Board. Annual appropriated budgets are adopted for the Authority. It is this final revised budget that is presented in these financial statements.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

OTHER REPORT

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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 Directors
Napa County Flood Protection and
Watershed Improvement 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 Flood Protection and Watershed Improvement Authority (the Authority), a component unit of the County of Napa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 28, 2016.

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 entity'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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 28, 2016

NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY 2017 REGULAR MEETING CALENDAR

January

S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February

S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

March

S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

April

S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

May

S	M	T	W	TH	F	S
	1	2	3	3	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

June

S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July

S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

August

S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September

S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October

S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November

S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

December

S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

REGULAR MEETINGS

SPECIAL MEETING

Holiday/Offices Closed

BUDGET HEARINGS

NO MEETINGS

AGENDA

SPECIAL MEETING
NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY

Tuesday January 10, 2017 9:00 A.M.

Brad Wagenknecht Member	Ryan Gregory Member	Diane Dillon Member	Alfredo Pedroza Member	Belia Ramos Member

GENERAL INFORMATION

The Flood Protection and Watershed Improvement Authority meets at 9:00 A.M. in special session at 1195 Third Street, Suite 305, Napa, California 94559. The meeting room is wheelchair accessible. Assistive listening devices and interpreters are available through the Clerk of the Board of the Napa County Board of Supervisors. Requests for disability related modifications or accommodations, aids or services may be made to the Clerk of the Board's office no less than 24 hours prior to the meeting date by contacting (707) 253-4580.

The agenda is divided into three sections:

CONSENT ITEMS - These matters typically include routine financial or administrative actions, as well as final adoption of ordinances that cannot be both introduced and adopted at the same meeting. Any item on the CONSENT CALENDAR will be discussed separately at the request of any person. CONSENT CALENDAR items are usually approved with a single motion.

SET MATTERS - PUBLIC HEARINGS - These items are noticed hearings, work sessions, and items with a previously set time.

ADMINISTRATIVE ITEMS - These items include significant policy and administrative actions and are classified by program areas. Immediately after approval of the CONSENT CALENDAR, if the time for hearing SET MATTERS has not arrived, ADMINISTRATIVE ITEMS will be considered.

All materials relating to an agenda item for an open session of a special meeting of the Napa County Flood Protection and Watershed Improvement Authority which are provided to a majority or all of the members of the Board by Board members, staff or the public within 24 hours of but prior to the meeting will be available for public inspection, at the time of such distribution, in the office of the Secretary, 1195 Third Street, Suite 305, Napa, California 94559, Monday through Friday, between the hours of 8:00 a.m. and 5:00 p.m., except for County holidays. Materials distributed to a majority or all of the members of the Board at the meeting will be available for public inspection at the public meeting if prepared by the members of the Board or County staff and after the public meeting if prepared by some other person. Availability of materials related to agenda items for public inspection does not include materials which are exempt from public disclosure under Government Code sections 6253.5, 6254, 6254.3, 6254.7, 6254.15, 6254.16, or 6254.22.

ANY MEMBER OF THE AUDIENCE DESIRING TO ADDRESS THE BOARD ON A MATTER ON THE AGENDA please proceed to the rostrum and, after receiving recognition from the Chair, give your name, address, and your comments or questions. In order that all interested parties have an opportunity to speak, please be brief and limit your comments to the specific subject under discussion. Time limitations shall be at the discretion of the Chair or Board.

AGENDA AVAILABLE ONLINE AT www.countyofnapa.org

1. CALL TO ORDER; ROLL CALL

A. Election of Officers (Chair, Vice Chair, Executive Director, Secretary, Treasurer and Auditor).

2. APPROVAL OF MINUTES

A. Executive Director and Secretary request approval of minutes of the meeting held June 14, 21, and October 4, 2016 (All members were present).

3. CONSENT ITEMS

A. Executive Director and Secretary requests approval of the 2017 meeting calendar.

4. DISCUSSION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

5. PUBLIC COMMENT

In this time period, anyone may address the Flood Protection and Watershed Improvement Authority regarding any subject over which the Authority has jurisdiction but which is not on today's posted agenda. In order to provide all interested parties an opportunity to speak, time limitations shall be at the discretion of the Chair. As required by Government Code, no action or discussion will be undertaken on any item raised during this Public Comment period.

6. SET MATTERS OR PUBLIC HEARINGS

7. ADMINISTRATIVE ITEMS

A. Auditor-Controller to present and request acceptance of the financial audit for the fiscal year ended June 30, 2016 performed by Brown Armstrong, CPAs.

8. REPORTS AND ANNOUNCEMENTS FROM BOARD MEMBERS

9. FUTURE AGENDA ITEMS

10. EXECUTIVE DIRECTOR REPORTS AND ANNOUNCEMENTS

11. CLOSED SESSION

12. ADJOURNMENT

ADJOURN TO THE NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY REGULAR MEETING, TUESDAY, APRIL 04, 2017 AT 2:00 P.M.

I HEREBY CERTIFY THAT THE AGENDA FOR THE ABOVE STATED MEETING WAS POSTED AT A LOCATION FREELY ACCESSIBLE TO MEMBERS OF THE PUBLIC AT THE NAPA COUNTY ADMINISTRATIVE BUILDING, 1195 THIRD STREET, NAPA, CALIFORNIA ON JANUARY 6, 2017 BY 5:00 P.M. A HARDCOPY SIGNED VERSION OF THE CERTIFICATE IS ON FILE WITH THE SECRETARY AND AVAILABLE FOR PUBLIC INSPECTION.

Gladys I. Coil (By e-signature)
GLADYS I. COIL, Secretary

MINUTES OF THE
SPECIAL MEETING OF THE NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY
June 21, 2016

Draft Summary of the Proceedings

1. CALL TO ORDER; ROLL CALL

The Board of Supervisors of the County of Napa met as the Governing Board of the Napa County Flood Protection and Watershed Improvement Authority in special session on Tuesday, June 21, 2016, at 9:30 a.m. with the following members present: Chairman Alfredo Pedroza, Members Brad Wagenknecht, Diane Dillon, Keith Caldwell and Mark Luce. The meeting was called to order by Chairman Alfredo Pedroza.

2. APPROVAL OF MINUTES

A. Executive Director and Secretary request approval of minutes of the meeting held April 5, 2016 (All members were present).

Motion moved by Brad Wagenknecht, seconded by Mark Luce, to approve minutes. Motion passed 5 - 0.

3. CONSENT ITEMS

None.

4. DISCUSSION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

None.

5. PUBLIC COMMENT

None.

6. SET MATTERS OR PUBLIC HEARINGS

A. <u>9:30 AM PUBLIC HEARING</u>

Auditor-Controller requests adoption of the resolution adopting the recommended budget for the Napa County Flood Protection and Watershed Improvement Authority for Fiscal Year 2016-2017.
(CONTINUED FROM JUNE 14, 2016)

R-2016-01 (FPWIA)

Continued public hearing from June 14, 2016.
Auditor-Controller Tracy Schulze made presentation.

No testimony presented.
Closed public hearing.

Motion moved by Mark Luce, seconded by Diane Dillon, to adopt resolution.
Motion passed 5 - 0.

7. ADMINISTRATIVE ITEMS

None.

8. REPORTS AND ANNOUNCEMENTS FROM BOARD MEMBERS

None.

9. FUTURE AGENDA ITEMS

None.

10. EXECUTIVE DIRECTOR REPORTS AND ANNOUNCEMENTS

None.

11. CLOSED SESSION

None.

12. ADJOURNMENT

Adjourned to the Napa County Flood Protection and Watershed Improvement Authority regular meeting Tuesday, October 4, 2016 at 2:00 p.m.

____
ALFREDO PEDROZA, Chairman

ATTEST:

____
GLADYS I. COIL, Secretary

MINUTES OF THE
SPECIAL MEETING OF THE NAPA COUNTY FLOOD PROTECTION AND WATERSHED IMPROVEMENT AUTHORITY
October 4, 2016

Draft Summary of the Proceedings

1. CALL TO ORDER; ROLL CALL

   The Board of Supervisors of the County of Napa met as the Governing Board of the Napa County Flood Protection and Watershed Improvement Authority in special session on Tuesday, October 4, 2016, at 9:10 a.m. with the following members present: Chairman Alfredo Pedroza, Members Brad Wagenknecht, Diane Dillon, Keith Caldwell and Mark Luce. The meeting was called to order by Chairman Alfredo Pedroza.

2. APPROVAL OF MINUTES

   None.

3. CONSENT ITEMS

   A. Auditor-Controller requests adoption of a resolution establishing the fiscal year 2016-17 appropriation limit and estimated revenues subject to the limit for the Flood Protection and Watershed Improvement Authority as required by Article XIIIB of the California Constitution.

   R-2016-02 (FPWIA)

   Motion moved by Brad Wagenknecht, seconded by Mark Luce, to approve requested action. Motion passed 5 - 0.

4. DISCUSSION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

   None.

5. PUBLIC COMMENT

   None.

6. SET MATTERS OR PUBLIC HEARINGS

   None.

7. ADMINISTRATIVE ITEMS

   None.

8. REPORTS AND ANNOUNCEMENTS FROM BOARD MEMBERS

None.

9. FUTURE AGENDA ITEMS

None.

10. EXECUTIVE DIRECTOR REPORTS AND ANNOUNCEMENTS

None.

11. CLOSED SESSION

None.

12. ADJOURNMENT

Adjourned to the Napa County Flood Protection and Watershed Improvement Authority special meeting Tuesday, January 10, 2017 at 9:00 a.m.

____
ALFREDO PEDROZA, Chairman

ATTEST:

____
GLADYS I. COIL, Secretary

BROWN ARMSTRONG
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BROWN ARMSTRONG
Certified Public Accountants

To the Board of Directors
Napa County Flood Protection and Watershed Improvement Authority
Napa, California

We have audited the financial statements of the governmental activities and the major fund of the Napa County Flood Protection and Watershed Improvement Authority (the Authority) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 22, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Applications*, during the fiscal year ended June 30, 2016. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated October 28, 2016.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis and the Budgetary Comparison Schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION
Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 28, 2016