

**REGIONAL HOUSING AUTHORITY OF  
SUTTER AND NEVADA COUNTIES**

**JOE SERNA, JR. FARMWORKER HOUSING GRANT  
PROGRAM CONTRACT NO. 10-FWHG-7154**

**FINANCIAL STATEMENT  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE PERIOD  
NOVEMBER 7, 2011 THROUGH DECEMBER JUNE 16, 2015**

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**REGIONAL HOUSING AUTHORITY OF SUTTER AND NEVADA COUNTIES**  
**JOE SERNA, JR. FARMWORKER HOUSING GRANT PROGRAM**  
**CONTRACT NO. 10-FWHG-7154**  
**For the Period November 7, 2011 through June 16, 2015**

**Table of Contents**

	Page
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report. ....	1-2
Statement of Grant Revenues and Expenditures. ....	3
Notes to Financial Statements. ....	4
 <b>OTHER REPORTS</b>	
Independent Auditor's Report on Internal Control Structure. ....	5-6
Independent Auditor's Report on Compliance with Laws, Regulations and Agreement Requirements. ....	7

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## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Financial Statement**
- **Supplementary Information**

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**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Regional Housing Authority of Sutter and Nevada Counties  
Yuba City, California

We have audited the accompanying Statement of Grant Revenue and Expenditures of Regional Housing Authority of Sutter and Nevada Counties (Authority) in accordance with the State of California Department of Housing and Community Development Joe Serna, Jr. Farmworker Housing Grant Program Contract No. 10-FWHG-7154 for the period November 7, 2011 through June 16, 2015. This statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Statement of Grant Revenues and Expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 Statement of Grant Revenue and Expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

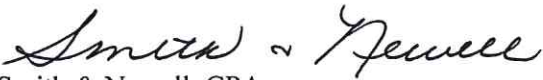
The accompanying Statement of Grant Revenue and Expenditures was prepared for the purpose of complying with the audit requirements of the State of California Department of Housing and Community Development's Joe Serna, Jr. Farmworker Housing Grant Program Contract No. 10-FWHG-7154 as described in Note 1, and is not intended to be a complete presentation of the Corporation's revenues and expenditures.

In our opinion, the Statement of Grant Revenue and Expenditures referred to above presents fairly, in all material respects, the grant revenues and expenditures of the Authority in accordance with the State of California Department of Housing and Community Development's Joe Serna, Jr. Farmworker Housing Grant Program Contract No. 10-FWHG-7154 for the period November 7, 2011 through June 16, 2015 in conformity with generally accepted accounting principles. In accordance with Government Auditing Standards, we have also issued a report dated April 4, 2016 on our consideration of the Authority's internal controls, and a report dated April 4, 2016 on the compliance with applicable laws, regulations, and grant agreement requirements.

Our audit was conducted for the purpose of forming an opinion on the Statement of Grant Revenues and Expenditures taken as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the Statement of Grant Revenue and Expenditures. Such information has been subjected to the auditing procedures applied in the audit of the Statement of Grant Revenue and Expenditures and, in our opinion, is fairly stated in all material respects in relation to the Statement of Grant Revenue and Expenditures taken as a whole.

The Board of Directors  
Regional Housing Authority of Sutter and Nevada Counties  
Yuba City, California

This report is intended for the information and use of the management of the Authority and the State of California Department of Housing and Community Development. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Smith & Newell".

Smith & Newell, CPAs  
Yuba City, California  
April 4, 2016



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## **Financial Statement**

- **Financial Statement**

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**REGIONAL HOUSING AUTHORITY OF SUTTER AND NEVADA COUNTIES**  
**Joe Serna, Jr. Farmworker Housing Grant Program Contract No. 10-FWHG-7154**  
**Statement of Grant Revenues and Expenditures**  
**For the Period November 7, 2011 through June 16, 2015**

**REVENUES**

Grant Revenue:		
Joe Serna Jr. Farmworker Program	\$	2,231,425
Rural Development		2,346,425
Project Reserves		568,691
<b>Total Revenues</b>		5,146,541

**EXPENDITURES**

Joe Serna Jr. Farmworker Program		
Construction Costs		1,816,015
Development Costs		324,975
Other Costs		90,435
Rural Development		
Capital Replacement/Improvement		2,346,425
Project Reserves		
Capital Replacement/Improvement		568,691
<b>Total Expenditures</b>		5,146,541
<b>Excess of Revenues over Expenditures</b>	<b>\$</b>	<b>-</b>

The accompanying notes are an integral part of this statement.

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## **Financial Statement**

- **Notes to Financial Statement**

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**REGIONAL HOUSING AUTHORITY OF SUTTER AND NEVADA COUNTIES**  
**Joe Serna, Jr. Farmworker Housing Grant Program Contract No. 10-FWHG-7154**  
**Notes to Financial Statements**  
**For the Period November 7, 2011 through June 16, 2015**

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Information**

The State of California, Department of Housing and Community Development awarded Grant Contract No. 10-FWHG-7154 to Regional Housing Authority of Sutter and Nevada Counties for the Joe Serna, Jr. Farmworker Housing Grant Program. The total grant amount expended was \$2,231,425, with \$2,346,425 in USDA matching funds and \$568,691 in USDA project reserves. The grant period was November 7, 2011 through June 16, 2015.

**B. Reporting Entity**

The financial statement was prepared for the purpose of complying with the audit requirements of the State of California Department of Housing and Community Development Joe Serna, Jr. Farmworker Housing Grant Program Contract No. 10-FWHG-7154 and is not intended to be a complete presentation of the Authority's revenues and expenditures.

**C. Basis of Accounting**

The financial statement has been prepared in conformity with the accounting practices prescribed or permitted by the Department of Housing and Community Development. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recorded when the related liability is incurred.

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## **OTHER REPORTS**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE**

The Board of Directors  
Regional Housing Authority of Sutter and Nevada Counties  
Yuba City, California

We have audited the Statement of Grant Revenues and Expenditures of Regional Housing Authority of Sutter and Nevada Counties, (Authority) California Department of Housing and Community Development Joe Serna, Jr. Farmworker Housing Grant Program Contract No. 10-FWHG-5174 for the period November 7, 2011 through June 16, 2015, and have issued our report thereon dated April 4, 2016.

We conducted our audit in accordance with generally accepted auditing standards and 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 as to whether the Statement of Grant Revenues and Expenditures is free of material misstatement.


Management of the Authority is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in internal controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Authority's Statement of Grant Revenues and Expenditures in accordance with the State of California Department of Housing and Community Development Joe Serna Jr. Farmworker Housing Grant Program Contract No. 10-FWHG-5174 for the period November 7, 2011 through June 16, 2015, we obtained an understanding of the Authority's internal controls. This understanding included the design of relevant policies and procedures, and whether they have been placed in operation; furthermore, we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal controls. Accordingly, we do not express such an opinion.

The Board of Directors  
Regional Housing Authority of Sutter and Nevada Counties  
Yuba City, California

Our consideration of the internal controls would not necessarily disclose all matters that might by material weaknesses under standards established by the American Institute of Certified Public Accounts. A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal controls and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Authority's management and the State of California Department of Housing and Community Development. However, this report is a matter of public record and its distribution is not limited.

  
Smith & Newell, CPAs  
Yuba City, California  
April 4, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS  
AND AGREEMENT REQUIREMENTS**


The Board of Directors  
Regional Housing Authority of Sutter and Nevada Counties  
Yuba City, California

We have audited the Statement of Grant Revenues and Expenditures of Regional Housing Authority of Sutter and Nevada Counties in accordance with the Department of Housing and Community Development Joe Serna, Jr. Farmworker Housing Grant Program Contract No. 10-FWHG-7154 for the period November 7, 2011 through June 16, 2015, and have issued our report thereon dated April 4, 2016.

We conducted our audit in accordance with generally accepted auditing standards and 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 Statement of Grant Revenues and Expenditures is free of material misstatement.

Compliance with the laws, regulations, agreements, and grants applicable to the Authority is the responsibility of the Authority's management. As part of obtaining reasonable assurance as to whether the financial statement is free of material misstatement, we performed tests of Authority compliance with certain provisions of laws, regulations, and grant agreement requirements. However, the objective of our audit of the Statement of Grant Revenues and Expenditures was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the Authority complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Authority had not complied, in all material respects, with those provisions.

  
Smith & Newell, CPAs  
Yuba City, California  
April 4, 2016

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