



A Tradition of Stewardship
A Commitment to Service

Auditor-Controller

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Tracy A. Schulze
Auditor-Controller

December 8, 2014

Honorable Board of Supervisors
Napa County
Napa, CA

The Compliance Audit Division of the Napa County Auditor-Controller's Office has completed an agreed-upon procedures engagement of the Proximity Workforce Housing Assistance Program ("Program") administered by the Department of Housing and Intergovernmental Affairs. The scope of the procedures covered from inception of the Program on December 7, 2010 through December 31, 2013. The objectives of our engagement were to determine if recipients of financial assistance from the Program were eligible to receive the loans and whether certain other requirements of the Program were being met in accordance with the Napa County Proximity Housing Assistance Guidelines (Guidelines).

We reviewed all 35 applicant files maintained by the Department of Housing and Intergovernmental Affairs for this period. The results of these procedures may be found in the Agreed-Upon Procedures Report included as Attachment A to this letter. While the program successfully assisted many low to moderate income families that otherwise may not have the opportunity to own a home in Napa County, the results of these procedures indicate a need to further clarify and strengthen certain provisions in the Guidelines. For example, the requirements surrounding income eligibility, arguably one of the most important provisions, allow for a great deal of interpretation regarding what documents, if any, must be collected and verified to substantiate an applicant's household income. It should also be noted that our procedures do not evaluate, nor does our report indicate, a risk associated with the credit worthiness of applicants. Rather, we are concerned that the Guidelines, as they are currently written, pose a risk that the County may issue a loan for an applicant who does not meet the intended purpose of the Program. To address this risk, we have included with this letter as Attachment B, the current Guidelines and our associated concerns and recommendations.

We would like to take the opportunity to thank the staff of the Department of Housing and Intergovernmental Affairs for their assistance during this process.

Thank you,

A handwritten signature in blue ink, appearing to read "Tracy A. Schulze".

Tracy A. Schulze
Auditor-Controller

Enclosures (2)