

<b>PHA 5-Year and Annual Plan</b>	<b>U.S. Department of Housing and Urban Development Office of Public and Indian Housing</b>	<b>OMB No. 2577-0226 Expires 4/30/2011</b>
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<b>1.0</b>	<b>PHA Information</b> PHA Name: <b>Housing Authority of the City of Napa</b> <span style="float: right;">PHA Code: <b>CA073</b></span> PHA Type:    Small                      High Performing                      Standard <b>HCV (Section 8)</b> PHA Fiscal Year Beginning: (MM/YYYY): <b>July 1, 2009</b>																														
<b>2.0</b>	<b>Inventory</b> (based on ACC units at time of FY beginning in 1.0 above) Number of PH units: <b>0</b> <span style="float: right;">Number of HCV units: <b>1218</b></span>																														
<b>3.0</b>	<b>Submission Type</b> 5-Year and Annual Plan <b>Annual Plan Only</b> 5-Year Plan Only																														
<b>4.0</b>	<b>PHA Consortia</b> PHA Consortia: (Check box if submitting a joint Plan and complete table below.) <b>N.A.</b>																														
	<table border="1"> <thead> <tr> <th data-bbox="207 657 607 714">Participating PHAs</th> <th data-bbox="607 657 721 714">PHA Code</th> <th data-bbox="721 657 834 714">Program(s) Included in the Consortia</th> <th data-bbox="834 657 1256 714">Programs Not in the Consortia</th> <th colspan="2" data-bbox="1256 657 1498 714">No. of Units in Each Program</th> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <th data-bbox="1256 714 1370 741">PH</th> <th data-bbox="1370 714 1498 741">HCV</th> </tr> </thead> <tbody> <tr> <td data-bbox="207 741 607 768">PHA 1:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td data-bbox="207 768 607 795">PHA 2:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td data-bbox="207 795 607 825">PHA 3:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program						PH	HCV	PHA 1:						PHA 2:						PHA 3:					
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PHA 2:																															
PHA 3:																															
<b>5.0</b>	<b>5-Year Plan.</b> Complete items 5.1 and 5.2 only at 5-Year Plan update. <b>N.A.</b>																														
<b>5.1</b>	<b>Mission.</b> State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years:																														
<b>5.2</b>	<b>Goals and Objectives.</b> Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.																														
<b>6.0</b>	<b>PHA Plan Update</b> (a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission: <ul style="list-style-type: none"> <li>• Eligibility, Selection and Admissions Policies, including De-concentration and Wait List No Change. This Plan element is contained within the Housing Choice Voucher Program (HCVP) Administrative Plan.</li> <li>• Financial Resources No Change.</li> <li>• Rent Determination No Change. This Plan element is contained within the HCVP Administrative Plan.</li> <li>• Operation and Management No Change. This Plan element is contained within the HCVP Administrative Plan.</li> <li>• Grievance Procedures No Change. This Plan element is contained within the HCVP Administrative Plan.</li> <li>• Designated Housing for Elderly and Disabled Families No Change.</li> <li>• Community Service and Self-Sufficiency No Change.</li> <li>• Safety and Crime Prevention Not applicable. Pertains only to PHA's with public housing.</li> <li>• Pets Not applicable. Pertains only to PHA's with public housing.</li> <li>• Civil Rights Certification</li> </ul>																														

- No Change.
- Fiscal Year Audit  
The Housing Authority's most recent audit, for fiscal year ending June 30, 2008, is attached in Appendix A.
- Asset Management  
Not applicable. Pertains only to PHA's with public housing.
- Violence Against Women Act (VAWA)  
No Change. This Plan element is contained within the HCVP Administrative Plan.

(b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions.

- Copies of the 5-Year Plan can be found at the PHA's offices, the City of Napa's main Administrative offices, and on the City's website.

Copies of the Annual PHA Plan can be found at the PHA's offices, the City of Napa's main Administrative offices, and on the City's website. It is also available at public libraries in Napa and the nearby cities of Calistoga, St. Helena, and Yountville.

Copies of the HCVP Administrative Plan – which contains many elements of the 5-Year and Annual Plans – can be found at the PHA's offices, the City of Napa's Main Administrative offices, and on the City's website.

7.0	<b>Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers.</b> <i>Include statements related to these programs as applicable.</i> N.A.
8.0	<b>Capital Improvements.</b> Please complete Parts 8.1 through 8.3, as applicable. N.A.
8.1	<b>Capital Fund Program Annual Statement/Performance and Evaluation Report.</b> As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> , form HUD-50075.1, for each current and open CFP grant and CFFP financing.
8.2	<b>Capital Fund Program Five-Year Action Plan.</b> As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i> , form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan.
8.3	<b>Capital Fund Financing Program (CFFP).</b> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements.
9.0	<p><b>Housing Needs.</b> Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.</p> <p>The following housing needs assessment of the jurisdiction is consistent with that outlined in the Consolidated Plan of 2005-2010.</p> <p>According to the Plan's <i>Housing Needs Table</i>, of the 10,173 renter households and the 6,756 homeowner households that exist within the City of Napa, 2,611 households are classified as very low income, 3,215 households are classified as low income and 4,981 households are classified as moderate income. In addition, the 2000 U.S. Census calculated that 37 percent of Napa's households had one or more "housing problems," defined as:</p> <ul style="list-style-type: none"> <li>• Occupying units with physical defects (lacking a complete kitchen or bathroom, for instance)</li> <li>• Living in overcrowded housing (more than one person per room)</li> <li>• Paying more than 30% of gross income toward housing costs</li> </ul>

These housing problems fall largely on very-low income families. Seventy-eight (78) percent of these households experience some or all of these housing problems. Furthermore, the majority of all low income households in Napa spend a high portion of their income on housing and are therefore considered "at risk" of becoming homeless.

The *Housing Needs Table* (attached as Appendix B) details the extent of the correlation between household income level and housing problems in the city of Napa. The lower the household income, the greater the likelihood that the household is experiencing a housing problem such as physical defects, overcrowding, or paying more than 30% of their gross income toward housing costs.

Furthermore, renter households are more likely to have a housing problem than owner households: 73% percent of very low to moderate income renters experience these problems as opposed to 57% of owners at the same income level. Housing problems are most acute for very low income renters and owners, while low income renters closely follow.

The Association of Bay Area Governments (ABAG) estimates that over the next five years, very low income households will account for 26% of the City's housing needs, while low income households will account for 16% of the need.

Among the segments of the population within the City of Napa that experience housing needs are groups with special needs. The members of these special groups, which State law identifies as the homeless, elderly and disabled, large families, female-headed households and farmworker households, require additional support to secure and preserve housing.

According to the *Ten Year Plan to End Homelessness*, of the 1,000 individuals that are homeless at any given time in the County, approximately 780 are in the City of Napa. However, the resources available to help the homeless cannot meet the needs of nearly that large a population.

- The South Napa Shelter can house up to 66 adults without children per night.
- The Samaritan Family Center, a family shelter, can house up to 7 families per night.
- Napa Emergency Women's Services (NEWS) provides shelter for battered women and their children, and can accommodate up to four families or 12 people per night.
- An emergency shelter provides additional beds during the winter months. The capacity of the shelter is contingent upon its location, which varies yearly. Securing a stable location for the emergency winter location has proven difficult given community opposition to previously proposed locations.
- The HOPE Resource Center provides basic services including showers, toilets and telephones for up to 85 homeless adults daily.
- The Shelter Plus Care Program has ten Housing Choice Vouchers available for homeless individuals with disabilities.

Similarly, the disabled face limited housing options in the City. According to the U.S. Census, approximately 25% of the City's population has some type of disability. While exact figures are not available, households with a person with disabilities are more likely to experience poverty, problems with the condition or habitability of the housing that they can afford, and problems locating housing that can accommodate their disability. Additionally, there is an acute lack of Single Room Occupancy (SRO) rental units, a housing form appropriate for single individuals with service needs related to mental illness, alcohol / drug abuse, and AIDS and other health issues.

Another indicator of housing need is the wait list for the Section 8 Program. Applicants currently

remain on the list for two to five years. Approximately half of the wait list applicants are families with children, and nearly 40% of the applicants have a disability. Hispanics constitute the largest ethnic/racial group of applicants on the wait list at nearly 25%, followed by Blacks/African Americans at about 22% percent. American Indians, Asians and Native Hawaiians/Pacific Islanders comprise up to 7% of the racial make-up of the waiting list applicants.

9.1	<p><b>Strategy for Addressing Housing Needs.</b> Provide a brief description of the PHA’s strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. <b>Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan. N.A.</b></p>
10.0	<p><b>Additional Information.</b> Describe the following, as well as any additional information HUD has requested.</p> <p>(a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA’s progress in meeting the mission and goals described in the 5-Year Plan.  So far this fiscal year, the agency moved toward meeting its goals by raising the HCVP payment standard to make it easier for voucher holders to find housing. Also, the agency continued to improve its lease-up rate, increasing it from 97% at the beginning of the fiscal year to 98% today.</p> <p>(b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA’s definition of “significant amendment” and “substantial deviation/modification”  “Significant amendment” and “substantial deviation/modification” are defined as discretionary changes in the plans or policies of the PHA that fundamentally change the mission, goals, objectives, or plans of the agency and which require formal approval of the Board. An exception to this definition will be made only for changes that are adopted to reflect HUD regulatory requirements and such changes shall not be considered significant amendments or substantial deviations.</p>
11.0	<p><b>Required Submission for HUD Field Office Review.</b> In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. <b>Note:</b> Faxed copies of these documents will not be accepted by the Field Office.</p> <p>(a) Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i> (which includes all certifications relating to Civil Rights) <b>The form is attached as Appendix C.</b></p> <p>(b) Form HUD-50070, <i>Certification for a Drug-Free Workplace</i> (PHAs receiving CFP grants only) <b>N.A.</b></p> <p>(c) Form HUD-50071, <i>Certification of Payments to Influence Federal Transactions</i> (PHAs receiving CFP grants only) <b>N.A.</b></p> <p>(d) Form SF-LLL, <i>Disclosure of Lobbying Activities</i> (PHAs receiving CFP grants only) <b>N.A.</b></p> <p>(e) Form SF-LLL-A, <i>Disclosure of Lobbying Activities Continuation Sheet</i> (PHAs receiving CFP grants only) <b>N.A.</b></p> <p>(f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations.  <b>The RAB comments are attached as Appendix D.</b></p> <p>(g) Challenged Elements</p> <p>(h) Form HUD-50075.1, <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> (PHAs receiving CFP grants only) <b>N.A.</b></p> <p>(i) Form HUD-50075.2, <i>Capital Fund Program Five-Year Action Plan</i> (PHAs receiving CFP grants only) <b>N.A.</b></p>



# CITY of NAPA

Housing Authority of the City of Napa

CA073

## **2009 Annual Plan**

Appendix A

Fiscal Year Audit for  
fiscal year ending June 30, 2008

**HOUSING AUTHORITY  
OF THE CITY OF NAPA, CALIFORNIA**

**BASIC COMPONENT UNIT  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2008**

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**Housing Authority of the City of Napa  
Basic Component Unit Financial Statements  
For the Year Ended June 30, 2008**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the  
Board of Commissioners of the  
Housing Authority of the City of Napa, California

We have audited the basic financial statements of the business-type activities and the aggregate remaining fund information of the Housing Authority of the City of Napa, a component unit of the City of Napa, California as of and for the year ended June 30, 2008, as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for 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 as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. 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.

In our opinion, the basic financial statements referred to above present fairly in all material respects the respective financial position of business-type activities and the aggregate remaining fund information of the Housing Authority of the City of Napa at June 30, 2008 and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

The accompanying financial statements are those of the Authority, a component unit of the City of Napa and are not intended to present a complete presentation of the City's financial position or results of its operations in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2008 on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As discussed in Note 10 – Recategorizations, the Authority recategorized its funds and restated beginning fund equity.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Housing Authority of the City of Napa. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "M. J. ...".

December 15, 2008

# HOUSING AUTHORITY OF THE CITY OF NAPA MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

This narrative is presented to provide readers of these *Basic Component Unit Financial Statements* with an overview and analysis of the financial activities of the Housing Authority of the City of Napa (Authority). The Authority is a component unit of the City of Napa for financial reporting purposes.

## FINANCIAL HIGHLIGHTS

The Authority leverages federal, state, and local grants to serve the citizens of Napa through subsidized rental assistance, affordable housing development, homeless continuum of care, and first-time homebuyer loan opportunities.

During 2008, the City and the Authority performed a review of all funds relating to providing housing services and elected to reclassify funds between the City and Authority based upon which entity received the grant. The result of this change was a transfer of CDBG, HOME and Help funds to the City and remove them from the Authority's statements. The remaining funds represent only those activities directly associated with the Authority.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This report is presented in the following sections:

- 1) This introductory section, Management's Discussion and Analysis
- 2) Basic Component Unit Financial Statements, including:
  - a. Government-wide financial statements
  - b. Fund financial statements
  - c. Notes

### **The Basic Component Unit Financial Statements**

The Basic Component Unit Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the Authority's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of the Authority's activities as a whole. The Statement of Net Assets provides information about the financial position of the Authority as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by commercial enterprises. The Statement of Activities provides information about the Authority's revenues and expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of the Authority's programs.

**HOUSING AUTHORITY OF THE CITY OF NAPA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE**

**Government-wide Net Assets**

A summary of the government-wide net assets as of June 30, 2008, as measured on the accrual basis of accounting, is presented below in Table 1. The Authority's most significant asset is its portfolio of development loans that have been extended to support affordable housing projects.

Table 1

	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Cash and investments	\$4,008,235	\$5,648,075
Loans and other receivables	16,710,020	6,513,391
Capital assets	<u>5,214,766</u>	<u>3,219,972</u>
<b>Total assets</b>	<u>25,933,021</u>	<u>15,381,438</u>
Long-term debt outstanding	1,082,623	1,048,963
Other liabilities	<u>1,374,599</u>	<u>254,995</u>
<b>Total liabilities</b>	<u>2,457,222</u>	<u>1,303,958</u>
Net assets:		
Invested in capital assets, net of debt	4,100,837	2,171,009
Restricted	17,483,854	0
Unrestricted	<u>1,891,108</u>	<u>11,906,471</u>
<b>Total net assets</b>	<u><u>\$23,475,799</u></u>	<u><u>\$14,077,480</u></u>

As discussed in Note 10 Recategorizations the Authority transferred a variety of non housing voucher program funds to the City pursuant to resolution. The Authority then recategorized all remaining governmental funds to enterprise funds to be consistent with HUD suggested requirements. Because of these significant changes, normal variances analyses are not presented in the MD&A as they are impractical.

**Government-wide Activities**

The Authority's Net Assets increased. The Authority supported \$11.9 million in operating expenses with \$13 million of grant, fee, and other revenues.

The Authority's most significant program is the HUD/Section 8 Housing Assistance – Voucher Program, which provided \$9.3 million of rental subsidies for local tenants. Table 2 is a summary of key Authority activities:

<b>HOUSING AUTHORITY OF THE CITY OF NAPA MANAGEMENT'S DISCUSSION AND ANALYSIS</b>
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Table 2

	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Revenues:		
Federal and State grants	\$9,464,602	\$10,787,918
Redevelopment - annual set aside	669,349	580,986
Other	<u>3,448,488</u>	<u>829,467</u>
Total Revenues	<u>13,582,439</u>	<u>12,198,371</u>
Expenses:		
Section 8 Housing Assistance	9,494,229	9,348,562
Other housing programs	<u>2,392,793</u>	<u>1,862,895</u>
Total Expenses	<u>11,887,022</u>	<u>11,211,457</u>
Change in Net Assets	<u>\$1,695,417</u>	<u>\$986,914</u>

**FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS**

The following are financial highlights from the Authority's most significant funds:

**Section 8 Housing Assistance - Voucher**

The Authority operates a Section 8 Housing Assistance Payment Program under the Federal Department of Housing and Urban Development. Housing units participating in this program receive a set subsidy towards rent.

During the year ended June 30, 2008, there was a 7.1% increase in revenue, or \$672,299. The program also had an increase in expenditures for subsidy disbursement to local landlords.

The Authority is cautiously monitoring its inventory of subsidized units due to uncertainties in future Federal Housing Assistance Payment (HAP) grant allocations.

**20% Low- and Moderate-Income Housing Program**

The Authority receives annual contributions from the Redevelopment Agency to support low- and moderate-income housing. The contribution amounts to the 20% set-aside of Redevelopment Agency property tax increment revenues restricted by State law for housing programs. The contribution is net of Redevelopment Agency debt service obligations secured with this 20% set-aside revenue. The Authority uses these resources to fund a loan program to support development of affordable housing.

**HOUSING AUTHORITY OF THE CITY OF NAPA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL ASSETS**

As of June 30, 2008, the Authority had invested \$3.2 million in land and buildings, net of accumulated depreciation. These assets consist primarily of low-income senior housing facilities, and the Authority's office facilities.

**ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

The Authority remains committed to the community's need for local affordable housing solutions. Federal and State budgetary pressures may impact the Authority's traditional funding sources for its rental subsidy and residential loan programs. As a result, the Authority continues to explore alternative financing methods. Locally, the City of Napa has entered into a memorandum of understanding with the County of Napa to facilitate the location of affordable housing units within the City's boundaries.

**CONTACTING THE AGENCY**

These *Basic Component Unit Financial Statements* are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this Report should be directed to the Authority at 1115 Seminary Street, Napa, California. The mailing address is Post Office Box 660, Napa, California, 94559-0660.

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HOUSING AUTHORITY OF THE CITY OF NAPA  
 PROPRIETARY FUND TYPE - ENTERPRISE FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2008

	<u>Section 8 Assistance - Moderate Rehabilitation III</u>	<u>Section 8 Housing Assistance - Voucher</u>	<u>20% Low &amp; Moderate Income Housing</u>	<u>Local Housing</u>	<u>Operating Reserve</u>
<b>ASSETS</b>					
Cash and investments (Note 2)	\$27,293	\$1,934,088	\$1,138,843	\$1,349	\$9,899
Receivables, net:					
Accounts	4,757	15,842	7,842	28,500	
Federal, state and other governments		1,552			
Loans (Note 5)			4,362,071	437,149	273,015
Due from City					
Due from other funds (Note 4B)					28,116
Redevelopment Agency-Bond proceeds (Note 3B)			1,050,614		
Capital Assets (Note 6):					
Land and construction in progress			1,391,521		
Buildings and improvements				80,000	
Less: Accumulated depreciation				(24,000)	
Total Assets	<u>32,050</u>	<u>1,951,482</u>	<u>7,950,891</u>	<u>522,998</u>	<u>311,030</u>
<b>LIABILITIES</b>					
Accounts payable		20,521	34,208	5,061	11,238
Deposits payable		74,968			
Due to other funds (Note 4B)	5,775				
Long-term liabilities (Note 7):					
Due within one year					
Due in more than one year					
Total Liabilities	<u>5,775</u>	<u>95,489</u>	<u>34,208</u>	<u>5,061</u>	<u>11,238</u>
<b>NET ASSETS (NOTE 9)</b>					
Invested in capital assets, net of related debt			1,391,521	56,000	
Unrestricted	26,275	1,855,993	6,525,162	461,937	299,792
Total Net Assets	<u>\$26,275</u>	<u>\$1,855,993</u>	<u>\$7,916,683</u>	<u>\$517,937</u>	<u>\$299,792</u>

See accompanying notes to financial statements

Homelessness Continuum of Care	Seminary Street	Laurel Manor	Totals
	\$133,971	\$2,402,632	\$5,648,075
\$36,738	1,049	33,750	128,478
12,839			14,391
		144,557	5,216,792
		75,000	75,000
			28,116
			1,050,614
	213,315	190,451	1,795,287
	1,409,047	793,980	2,283,027
	(280,067)	(554,275)	(858,342)
49,577	1,477,315	3,086,095	15,381,438
21,396	29	155	92,608
		25,828	100,796
22,341			28,116
	33,475		33,475
	1,048,963		1,048,963
43,737	1,082,467	25,983	1,303,958
	293,332	430,156	2,171,009
5,840	101,516	2,629,956	11,906,471
\$5,840	\$394,848	\$3,060,112	\$14,077,480

HOUSING AUTHORITY OF THE CITY OF NAPA  
 PROPRIETARY FUND TYPE - ENTERPRISE FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Section 8 Assistance - Moderate Rehabilitation III	Section 8 Housing Assistance - Voucher	20% Low & Moderate Income Housing	Local Housing
<b>OPERATING REVENUES</b>				
Rental income - tenants				
Other income		\$21,487		\$187,727
<b>Total Operating Revenues</b>		<b>21,487</b>		<b>187,727</b>
<b>OPERATING EXPENSES</b>				
Wages and benefits	\$212	516,217	\$61,684	136,909
Housing assistance	43,770	8,411,233	843,727	
General administrative	63,465	219,483	16,210	255,555
Materials and services				
Depreciation				16,000
<b>Total Operating Expenses</b>	<b>107,447</b>	<b>9,146,933</b>	<b>921,621</b>	<b>408,464</b>
<b>Operating Income (Loss)</b>	<b>(107,447)</b>	<b>(9,125,446)</b>	<b>(921,621)</b>	<b>(220,737)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	5,417	73,873	236,818	15,208
Intergovernmental				
Federal, State and other	50,989	10,136,901		
City of Napa				50,000
Napa Community Redevelopment Agency			580,986	
Interest expense				
<b>Total Nonoperating Revenues (Expenses)</b>	<b>56,406</b>	<b>10,210,774</b>	<b>817,804</b>	<b>65,208</b>
Transfers in (Note 4A)	73,216	82,970		314,478
Transfers (out) (Note 4A)			(214,478)	
Change in net assets	22,175	1,168,298	(318,295)	158,949
<b>BEGINNING NET ASSETS, As restated (Note 10)</b>	<b>4,100</b>	<b>687,695</b>	<b>8,234,978</b>	<b>358,988</b>
<b>ENDING NET ASSETS</b>	<b>\$26,275</b>	<b>\$1,855,993</b>	<b>\$7,916,683</b>	<b>\$517,937</b>

See accompanying notes to financial statements

Operating Reserve	Homelessness Continuum of Care	Seminary Street	Laurel Manor	Totals
		\$163,000	\$144,747 2,883	\$307,747 212,097
		163,000	147,630	519,844
\$12,983	\$5,097 36,849 65,886		28,650	748,769 9,348,562 620,599
		36,890 35,226	377,097 28,314	413,987 79,540
12,983	107,832	72,116	434,061	11,211,457
(12,983)	(107,832)	90,884	(286,431)	(10,691,613)
31,573		6,043	96,945	465,877
	127,027		328,254	10,643,171 50,000 580,986
		(61,507)		(61,507)
31,573	127,027	(55,464)	425,199	11,678,527
(82,970)			(173,216)	470,664 (470,664)
(64,380)	19,195	35,420	(34,448)	986,914
364,172	(13,355)	359,428	3,094,560	13,090,566
<u>\$299,792</u>	<u>\$5,840</u>	<u>\$394,848</u>	<u>\$3,060,112</u>	<u>\$14,077,480</u>

HOUSING AUTHORITY OF THE CITY OF NAPA  
 PROPRIETARY FUND TYPE - ENTERPRISE FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Section 8 Assistance - Moderate Rehabilitation III	Section 8 Housing Assistance - Voucher	20% Low & Moderate Income Housing	Local Housing
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	(\$7,314)	\$21,563	\$3,151	\$161,776
Payments for goods and services	(107,235)	(8,646,788)	(845,729)	(265,268)
Payments for loans	-	-	(960,117)	13,329
Payments to employees	(212)	(516,217)	(61,684)	(136,909)
<b>Cash Flows from Operating Activities</b>	<b>(114,761)</b>	<b>(9,141,442)</b>	<b>(1,864,379)</b>	<b>(227,072)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Subsidy from:				
Federal, State and other	50,989	10,135,349		
City of Napa				50,000
City of Napa Redevelopment Agency			580,986	
Interfund receipts	5,775			
Interfund payments			1,487,070	(111,265)
Transfers in	73,216	82,970		314,478
Transfers (out)			(214,478)	
<b>Cash Flows from Noncapital Financing Activities</b>	<b>129,980</b>	<b>10,218,319</b>	<b>1,853,578</b>	<b>253,213</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital asset additions				(40,000)
Principal payments on capital debt				
Interest paid				
<b>Cash Flows from Capital and Related Financing Activities</b>				<b>(40,000)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	5,417	73,873	236,818	15,208
<b>Cash Flows from Investing Activities</b>	<b>5,417</b>	<b>73,873</b>	<b>236,818</b>	<b>15,208</b>
<b>Net Cash Flows</b>	<b>20,636</b>	<b>1,150,750</b>	<b>226,017</b>	<b>1,349</b>
Cash and investments at beginning of period	6,657	783,338	912,826	
<b>Cash and investments at end of period</b>	<b>\$27,293</b>	<b>\$1,934,088</b>	<b>\$1,138,843</b>	<b>\$1,349</b>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>				
Operating income (loss)	(\$107,447)	(\$9,125,446)	(\$921,621)	(\$220,737)
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation				16,000
Change in assets and liabilities:				
Accounts receivable	(3,401)	(3,198)	1,454	(22,231)
Loans receivable			(960,117)	13,329
Accounts payable		(16,072)	14,208	(9,713)
Deposits payable		3,274		
Deferred revenue	(3,913)		1,697	(3,720)
<b>Cash Flows from Operating Activities</b>	<b>(\$114,761)</b>	<b>(\$9,141,442)</b>	<b>(\$1,864,379)</b>	<b>(\$227,072)</b>

See accompanying notes to financial statements

Operating Reserve	Homelessness Continuum of Care	Seminary Street	Laurel Manor	Totals
	(\$36,738)	\$162,151	\$117,324	\$421,913
(1,745)	(92,054)	(37,530)	(378,498)	(10,374,847)
(12,109)	-	-	(675)	(959,572)
	(5,097)		(28,650)	(748,769)
<u>(13,854)</u>	<u>(133,889)</u>	<u>124,621</u>	<u>(290,499)</u>	<u>(11,661,275)</u>
	152,263		328,254	10,666,855
				50,000
				580,986
(28,116)	(18,374)		1,784,215	1,789,990
				1,329,315
(82,970)			(173,216)	470,664
				(470,664)
<u>(111,086)</u>	<u>133,889</u>		<u>1,939,253</u>	<u>14,417,146</u>
			(22,876)	(62,876)
		(31,491)		(31,491)
		(61,507)		(61,507)
		(92,998)	(22,876)	(155,874)
<u>31,573</u>		<u>6,043</u>	<u>96,945</u>	<u>465,877</u>
<u>31,573</u>		<u>6,043</u>	<u>96,945</u>	<u>465,877</u>
(93,367)		37,666	1,722,823	3,065,874
<u>103,266</u>		<u>96,305</u>	<u>679,809</u>	<u>2,582,201</u>
<u>\$9,899</u>		<u>\$133,971</u>	<u>\$2,402,632</u>	<u>\$5,648,075</u>
(\$12,983)	(\$107,832)	\$90,884	(\$286,431)	(\$10,691,613)
		35,226	28,314	79,540
	(36,738)	(849)	(31,039)	(96,002)
(12,109)			(675)	(959,572)
11,238	10,681	(640)	(1,401)	8,301
			1,948	5,222
			(1,215)	(7,151)
<u>(\$13,854)</u>	<u>(\$133,889)</u>	<u>\$124,621</u>	<u>(\$290,499)</u>	<u>(\$11,661,275)</u>

HOUSING AUTHORITY OF THE CITY OF NAPA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2008

	<u>Agency Fund</u>
ASSETS	
Cash and investments (Note 2)	\$37,925
Receivables	<u>259</u>
Total Assets	<u><u>\$38,184</u></u>
LIABILITIES	
Due to others	<u>\$38,184</u>
Total Liabilities	<u><u>\$38,184</u></u>

See accompanying notes to financial statements

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.     *Organization***

The Housing Authority of the City of Napa (the Authority) was established on May 8, 1942. On July 7, 1969, the City Council of the City of Napa (the City) declared itself to be the Board of Commissioners of the Housing Authority. The primary purpose of the Housing Authority is to assist low-income families in obtaining decent, safe and sanitary housing.

The Agency is an integral part of the City. As such, the accompanying financial statements are also included as a blended component unit within the City's financial statements.

**B.     *Financial Statement Presentation***

These *Basic Component Unit Financial Statements* are prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

**Fund Financial Statements**

The fund financial statements provide information about the Authority's funds, including fiduciary funds and blended component units. Separate statements for each fund category - proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major individual enterprise funds, each of which is displayed in a separate column.

Proprietary fund 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.

**C.     *Major Funds***

The *Fund Financial Statements* focus on the individual *major* funds of the Authority, each of which is displayed in a separate column. *Major* funds are defined as funds with assets, liabilities, revenues, expenditures, or expenses equal to ten percent of their fund-type total, and five percent of the grand total, or other funds of reporting significance.

The Agency reports the following major funds in the accompanying *Fund Financial Statements*:

**Section 8 Assistance – Moderate Rehabilitation III**

The Housing Authority operates Section 8 Housing Assistance Payments Programs both under the Federal Housing and Urban Development and the State's Department of Housing and Community Development. This fund is specific to the Moderate Rehabilitation III Program which provides rental assistance to very low income individuals.

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Section 8 Housing Assistance - Voucher**

The Housing Authority operates a Section 8 Housing Assistance Payment Program under the Federal Department of Housing and Urban Development. Housing units under this program receive a set subsidy towards the rent. Differences between the subsidy and the actual rental rate are paid by the eligible tenant.

**20% Low-and-Moderate-Income Housing Program**

The Housing Authority receives contributions from the Napa Community Redevelopment Agency to support low-and-moderate-income housing. The contribution amounts to 20% of the property tax increment revenues allocated to the Napa Community Redevelopment Agency. This fund administers a loan program to support development of affordable housing.

**Local Housing**

This fund accounts for unrestricted revenues received by the Housing Authority and general administration activities of the Housing Authority unallocable to restricted funds.

**Operating Reserve**

This fund accounts for excess Federal Housing and Urban Development unused administrative funds received by the Housing Authority in prior years.

**Homelessness Continuum of Care**

This fund accounts for the Federal Housing and Urban Development funds specific to the McKinney Vento Act for Homeless Continuum of Care Grant funds, which provide resources for various activities related to housing and services for the homeless programs, such as rental assistance and legal aid and are fully-funded grants.

**Seminary Street**

This fund accounts for the operations and management of a commercial building purchased by the Housing Authority for the use and lease of office space.

**Laurel Manor**

This fund accounts for the operations and management of a 50-unit senior housing complex.

***D. Basis of Accounting***

The enterprise funds of the Authority are reported on the accrual basis of accounting in the *Fund Financial Statements*.

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to the same limitation. The Authority has elected not to follow subsequent private-sector guidance.

**E. Investments**

The City of Napa administers a separate cash and investment pool for the Housing Authority. Investments are recorded at fair value.

**F. Statement of Cash Flows**

For purposes of this statement, investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

**G. Property, Plant and Equipment**

All capital assets are valued 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. Depreciation is reported in the *Government-wide Financial Statements* to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Agency has assigned the useful lives listed below to capital assets:

Buildings & Improvements	10 - 40 years
Furniture & Equipment	5 - 10 years

Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**NOTE 2 – CASH AND INVESTMENTS**

**A. Policies**

The Housing Authority's deposits and investments are invested pursuant to investment policy guidelines established by the City. The objectives of the policy are, in order of priority, preservation of capital, liquidity and yield. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio which may be investment in certain instruments with longer terms to maturity.

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**B. Classification**

Cash and investments available for operations as of June 30, 2008 were presented in the financial statements as follows:

Statement of Net Assets	\$5,648,075
Statement of Fiduciary Net Assets	<u>37,925</u>
Total cash and investments	<u><u>\$5,686,000</u></u>

**C. Authorized Investments**

The Investment Policy of the City and Authority, and the California Government Code, allow the authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Agency; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the Authority's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
Repurchase Agreements	30 Days	N/A	20%	20%
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$40,000,000	N/A
U. S. Treasury Bonds, Notes and Bills	5 Years	N/A	None	None
U.S. Government Agency and U.S. Government-Sponsored	5 Years	N/A	None	None
Bankers' Acceptances	180 Days	A-1, P-1	30%	< of \$2,000,000 or 10%
Commercial Paper	270 Days	A	25%	5%
Negotiable Certificates of Deposit	2 Years	A	30%	\$1,000,000
Time Certificates of Deposit – Banks or Savings and Loans	2 Years	N/A	None	\$500,000
Medium-Term Corporate Notes	5 Years	A	30%	5%
Money Market Mutual Funds	N/A	AAA	20%	10%

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority's Pool investments do not have stated maturities and are available upon demand.

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Agency reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2008, these investments have an average maturity of 212 days.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

Below is a summary of the major financial transactions between the Authority and the City, Redevelopment Agency and the Napa Valley Housing Authority during the year.

**A. *Transfer to the Authority's Low and Moderate Income Housing Fund***

As required by the provisions of Section 33334.6 of the State's Health and Safety Code, the Agency sets aside a minimum of 20% of its property tax increment revenues for low income housing. The Agency contributes available set aside revenues to the Authority on an annual basis. During the year ended June 30, 2008, the Agency set aside 20% of its property tax increment revenues totaling \$580,986 which was recorded as Redevelopment/annual set-aside revenues by the Authority.

**B. *Receivable/Redevelopment Agency***

The Authority has also recorded a \$1,050,614 receivable from the Redevelopment Agency for the net proceeds and accumulated investment earnings of the Redevelopment Agency's 2003 Tax Allocation Bonds, Series B, issued for affordable housing development by the Authority. The net proceeds have been invested by the Redevelopment Agency pending project development by the Housing Authority.

**C. *Advance to/from Related Parties***

An advance to the City for \$500,000 was authorized during the year ended June 30, 2005 to provide cash flow for the City's capital improvement program. As of June 30, 2005 the full \$500,000 had been drawn and was duly recorded. The advance has been repaid.

In fiscal year 2007-08, the Authority was owed \$75,000 from the City's Home Fund which is expected to be repaid in fiscal 2008-09.

During fiscal 2005-2006, the Authority and City advanced \$1,938,912 and \$180,754, respectively to the Napa Valley Housing Authority to cover cash flow needs. As of June 30, 2008, the outstanding balance from the prior year had been repaid.

**D. *Administrative Services***

The Housing Authority contracts with the City for administrative services and the use of supplies and equipment. The cost of services provided for the year ended June 30, 2008 was \$1,397,595.

**Housing Authority of the City of Napa  
Notes to the Basic Component Unit Financial Statements  
For the Year Ended June 30, 2008**

**NOTE 4 – INTERFUND TRANSACTIONS**

**A. Transfers between Funds**

With Board approval, resources may be transferred from one Authority fund to another. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

The following is a summary of transfers for the year ended June 30, 2008:

Fund Receiving Transfer	Fund Making Transfer	Amount Transferred
Section 8 Assistance - Moderate Rehabilitation III	Laurel Manor Fund	\$73,216
Local Housing Fund	Laurel Manor Fund	100,000
	20% Low and Moderate Income Housing Fund	214,478
Section 8 Housing Assistance - Voucher	Operating Reserve Fund	<u>82,970</u>
		<u><u>\$470,664</u></u>

**B. Current Inter-fund Balances**

Current inter-fund loans have been extended to fund short-term cash flow requirements. These loans are expected to be repaid in the subsequent year. At June 30, 2008 the Section 8 Assistance - Moderate Rehabilitation III Enterprise Fund and the Homelessness Continuum of Care Enterprise Fund owed the Operating Reserve Enterprise Fund \$5,775 and \$22,341, respectively.

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 5 – LOANS RECEIVABLE**

At June 30, 2008, loans receivable consisted of the following:

	Term (Years)	Rate %	Outstanding Balance at June 30, 2008
Mayacamas Village Associates	30	4%	\$485,767
Napa Park Apartments	30	3%	254,805
Parkwood Project	40	0%	104,500
Silverado Creek Apartments	45	3.5%	3,085,648
Pecan Court Project	40	4%	735,067
Schoolhouse Project	40	0%	591,166
First time homebuyers down payment assistance	20-30	3%	191,700
Jefferson Street Senior Housing (NVCH)	40-41/60	0-3.5%	300,000
Napa Garden Court	55	4%	1,540,000
Operating Reserve Fund - Rohiffs Manor	15	5%	300,000
Local Housing Fund:			
- Pioneer Village	various	7%	155,130
- Pueblo Orchard	10	3.5%	70,000
- Charter Oaks	25	3.5%	237,500
Whistle Stop Town homes	35	3.5%	44,000
Magnolia Park	55	3.5%	221,125
Totals, before interest and valuation allowance			8,316,408
Accrued interest			1,306,926
Valuation allowance			(4,406,542)
Net			<u>\$5,216,792</u>

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 6 – CAPITAL ASSETS**

*A. Capital Asset Activities*

The following is a summary of Capital Asset activity during the year ended June 30, 2008:

	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance at June 30, 2008</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$3,073,008		(\$3,073,008)	
Buildings held for investment	296,643		(296,643)	
Furniture and equipment	40,000		(40,000)	
Total capital assets being depreciated	336,643		(336,643)	
Less accumulated depreciation for:				
Furniture and equipment	(8,000)		8,000	
Governmental activity capital assets, net	<u>\$3,401,651</u>		<u>(\$3,401,651)</u>	
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$380,890		\$1,391,521	\$1,772,411
Construction in Progress		\$22,876		22,876
Total capital assets not being depreciated	380,890	22,876	1,391,521	1,795,287
Capital assets being depreciated				
Buildings and improvements	2,203,027			2,203,027
Furniture and equipment		40,000	40,000	80,000
Total capital assets being depreciated	2,203,027	40,000	40,000	2,283,027
Less accumulated depreciation for:				
Buildings and improvements	(770,802)	(63,540)		(834,342)
Furniture and equipment		(16,000)	(8,000)	(24,000)
Total accumulated depreciation	(770,802)	(79,540)	(8,000)	(858,342)
Net capital assets being depreciated	1,432,225	(39,540)	32,000	1,424,685
Business-type activity capital assets, net	1,813,115	(16,664)	1,423,521	3,219,972
Total capital assets	<u>\$5,214,766</u>	<u>(\$16,664)</u>	<u>(\$1,978,130)</u>	<u>\$3,219,972</u>

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 6 – CAPITAL ASSETS**

**B. Depreciation Allocation**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program is as follows:

Business-type Activities	
Home Program	\$16,000
Seminary Street	35,226
Laurel Manor	<u>28,314</u>
Total business-type activities	<u><u>\$79,540</u></u>

Since the Authority's investment in building and improvements represents a residential building that is held for pending resale, depreciation has not been recorded.

**NOTE 7 – LONG-TERM DEBT**

**A. Activity**

The following table summarizes the changes in the Authority's long-term debt obligations during the year:

	Balance June 30, 2007	Retirements	Balance June 30, 2008	Due within one year
Business-type Activity Debt				
Mortgage notes - Vintage Bank				
Seminary Street, 5.5%, due 07/31/2027	<u>\$1,113,929</u>	<u>(\$31,491)</u>	<u>\$1,082,438</u>	<u>\$33,475</u>

**B. Mortgage Notes**

Seminary Street: On September 1998, the City of Napa Housing Authority borrowed \$714,000 from a local bank to finance the acquisition of a commercial office building that houses the Authority and another tenant. During the years June 30, 2003 and 2004, additional bank credit was extended to finance major renovations to the building. The loan has been converted to permanent financing of \$1,244,000 with an interest rate of 5.5% and a monthly amortization schedule through 2027.

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 7 – LONG-TERM DEBT (Continued)**

**C. Debt Service Requirements**

The Authority's annual debt service requirements to maturity are as follows:

Fiscal year ending June 30	Principal	Interest
2009	\$33,475	\$59,524
2010	35,390	57,609
2011	37,415	55,584
2012	39,407	53,592
2013	41,810	51,189
2014-2018	247,652	217,342
2019-2023	254,197	137,885
2024-2028	393,092	51,815
Total	<u>\$1,082,438</u>	<u>\$684,540</u>

**D. Mortgage Revenue Bonds**

The Authority has sponsored the issuance of the following mortgage revenue bonds to provide funds for the construction and permanent financing of various multi-family housing projects. Twenty percent of units developed are held and made available for occupancy by persons of low income. The bonds are secured by the land and housing projects and are repaid by the developers. The bonds do not constitute or create a debt or pledge of the general credit or taxing power of the Authority and, accordingly, they are not recorded in the accompanying financial statements.

As of June 30, 2008, outstanding mortgage revenue bonds were as follows:

Year of Issue	Project	Original Principal	Maturity Date	Principal at June 30, 2008
City of Napa				
1992	Creekside Park A	\$2,890,000	July 1, 2024	\$2,175,000
1994	Creekside Park II A - Refunding	4,780,000	July 1, 2025	3,950,000
1995	Napa Park A, A-T, and A-IQ	7,100,884	June 20, 2035	5,740,884
	subtotal	<u>14,770,884</u>		<u>11,865,884</u>
Housing Authority				
1999	Silverado Creek A	4,863,000	June 1, 2031	4,368,000
2001	Vintage at Napa	7,500,000	June 15, 2034	6,585,000
2001	The Reserve at Napa	6,000,000	August 1, 2031	5,458,402
2001	Charter Oaks Apartments	4,215,000	August 1, 2018	3,851,094
2004	Magnolia Park Series 2004A	4,500,000	December 1, 2035	4,500,000
	subtotal	<u>27,078,000</u>		<u>24,762,496</u>
	Total	<u>\$41,848,884</u>		<u>\$36,628,380</u>

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 8 – CONTINGENT LIABILITIES**

The Housing Authority has received Housing and Urban Development (HUD) and State funds for specific purposes that are subject to review and audit by HUD. Such audits could lead to a request for reimbursement to HUD for expenditures disallowed under the terms of the funding agreement. The amount, if any, of expenditures that may be disallowed by HUD cannot be determined at this time, although Housing Authority management expects such amounts, if any, to be immaterial.

**NOTE 9 – NET ASSETS, FUND BALANCE, AND EXPENDITURES IN EXCESS OF APPROPRIATIONS**

*A. Net Assets*

Net Assets represent the excess of the Agency's assets over its liabilities in the Government-wide *Statement of Net Assets*, regardless of fund. Net Assets are reported in the following categories:

*Invested in Capital Assets, net of related debt* describes the portion of Net Assets which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

*Unrestricted* describes the portion of Net Assets which is not externally restricted to use.

**Housing Authority of the City of Napa**  
**Notes to the Basic Component Unit Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 10 – FUND RECATEGORIZATIONS**

Effective July 1, 2007 the Authority recategorized all governmental funds. Certain funds were recategorized to enterprise funds and their balances were converted from modified accrual to full accrual accounting. Other governmental funds were eliminated from the Authority as the administration for those funds was transferred to the City pursuant to resolution. The effects of these changes were to eliminate all governmental funds and restate enterprise fund beginning fund balances as shown below:

	Activities		Fund Balances	
	Governmental	Business Type	Governmental	Enterprise
Fund Balances as of June 30, 2007 as originally reported	\$20,021,811	\$3,453,988	\$4,414,607	\$3,453,988
Transfer of Activities to City Responsibility:				
CDBG Housing Rehabilitation Program	(2,129,614)		(1,019,637)	
Home Program	(5,909,077)		(129,466)	
Housing Inclusionary	(1,017,066)		0	
State Help Capital Projects	(1,329,476)		834,215	
Recategorization of activities to reflect HUD preference				
Section 8 Housing Assistance -Voucher	(687,695)	687,695	(687,695)	687,695
Section 8 Moderate Rehabilitation III	(4,100)	4,100	(4,100)	4,100
Homelessness Continuum of Care	13,355	(13,355)	13,355	(13,355)
20% Low & Moderate & Housing	(8,234,978)	8,234,978	(3,441,503)	3,441,503
Local Housing Fund	(358,988)	358,988	123,490	(123,490)
Operating Reserve	(364,172)	364,172	(103,266)	103,266
Conversion of Fund Balances to Net Assets				
Recognize deferred revenue as revenue				4,113,338
Record capital assets in funds				1,423,521
Fund Balances as of June 30, 2007 as restated	<u>\$0</u>	<u>\$13,090,566</u>	<u>\$0</u>	<u>\$13,090,566</u>

HOUSING AUTHORITY OF THE CITY OF NAPA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>NAPA VALLEY HOUSING AUTHORITY</u>				
Assets				
Cash and investments	\$272,346	\$1,096,978	(\$1,331,399)	\$37,925
Receivables	1,225,890	259	(1,225,890)	259
Due from other governments	809,950		(809,950)	
Due from City of Napa	35,016		(35,016)	
<b>Total Assets</b>	<u>\$2,343,202</u>	<u>\$1,097,237</u>	<u>(\$3,402,255)</u>	<u>\$38,184</u>
Liabilities				
Accounts payable	\$39,967		(\$39,967)	
Advances from other funds	1,407,235		(1,407,235)	
Deferred revenue	896,000		(896,000)	
Due to others		\$1,097,237	(1,059,053)	\$38,184
<b>Total Liabilities</b>	<u>\$2,343,202</u>	<u>\$1,097,237</u>	<u>(\$3,402,255)</u>	<u>\$38,184</u>

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# CITY of NAPA

Housing Authority of the City of Napa

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## **2009 Annual Plan**

Appendix B

Housing Needs Table





		Household Income >50 to <=80% MFI																						
																Total Disabled		0						
Renter	Elderly	NUMBER OF HOUSEHOLDS	100%	444																100%				
		With Any Housing Problems	78.6	349									0	0	#####	L						0		
		Cost Burden > 30%	76.4	339									0	0	#####	L								
		Cost Burden >50%	44.8	199									0	0	#####	L								
	Small Related	NUMBER OF HOUSEHOLDS	100%	970																				
		With Any Housing Problems	47.9	465	4	4	4	4	4	4	20	0	0%	M	Y	various								
		Cost Burden > 30%	38.1	370	4	4	4	4	4	4	20	0	0%	M	Y	various								
	Large Related	NUMBER OF HOUSEHOLDS	100%	420																				
		With Any Housing Problems	79.8	335	10	10	10	10	10	10	50	0	0%	H	Y	various								
		Cost Burden > 30%	8.3	35	2	2	2	2	2	2	10	0	0%	L	Y	various								
	All other hshol	NUMBER OF HOUSEHOLDS	100%	635																				
		With Any Housing Problems	47.2	300	4	4	4	4	4	4	20	0	0%	M	Y	various								
Cost Burden > 30%		44.1	280	3	3	3	3	3	3	15	0	0%	M	Y	various									
Owner	Elderly	NUMBER OF HOUSEHOLDS	100%	1180																				
		With Any Housing Problems	20.8	245		1			1		2	0	0%	L	Y	various								
		Cost Burden > 30%	20.8	245								0	0	#####	L	N								
		Cost Burden >50%	9.7	114								0	0	#####	L	N								
	Small Related	NUMBER OF HOUSEHOLDS	100%	628																				
		With Any Housing Problems	72.9	458	1	1	1	1	1	1	5	0	0%	M	Y	various								
		Cost Burden > 30%	68.2	428								0	0	#####	M	N								
	Large Related	NUMBER OF HOUSEHOLDS	100%	334																				
		With Any Housing Problems	89.5	299		1	1	1	1	1	4	0	0%	M	Y	various								
		Cost Burden > 30%	70.1	234								0	0	#####	M	N								
	All other hshol	NUMBER OF HOUSEHOLDS	100%	370																				
		With Any Housing Problems	68.9	255	1	1			1	1	4	0	0%	L	Y	various								
Cost Burden > 30%		68.9	255								0	0	#####	L	N									
		Cost Burden >50%	35.1	130							0	0	#####	L	N									
<b>Total Any Housing Problem</b>				93	0	97	0	92	0	98	0	95	0	475	0	Total Disabled		0						
<a href="#">Total 215 Renter</a>																Tot. Elderly	2013	Total Lead Hazard	0					
<a href="#">Total 215 Owner</a>																Tot. Sm. Related	5522	Total Renters	10172					
<b>Total 215</b>				0	0	0	0	0	0	0	0	0	0			Tot. Lg. Related	2475	Total Owners	6756					

**PHA Certifications of Compliance with the PHA Plans and Related Regulations:  
Board Resolution to Accompany the PHA 5-Year and Annual PHA Plan**

*Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the 5-Year and/or  Annual PHA Plan for the PHA fiscal year beginning July 1, 2009, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:*

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA certifies that there has been no change, significant or otherwise, to the Capital Fund Program (and Capital Fund Program/Replacement Housing Factor) Annual Statement(s), since submission of its last approved Annual Plan. The Capital Fund Program Annual Statement/Annual Statement/Performance and Evaluation Report must be submitted annually even if there is no change.
4. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Board or Boards in developing the Plan, and considered the recommendations of the Board or Boards (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
7. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
8. For PHA Plan that includes a policy for site based waiting lists:
  - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2006-24);
  - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
  - Adoption of site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
  - The PHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;
  - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
10. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
11. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
12. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

13. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
14. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
15. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
16. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
17. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
18. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
19. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
20. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
21. The PHA provides assurance as part of this certification that:
  - (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
  - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
  - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
22. The PHA certifies that it is in compliance with all applicable Federal statutory and regulatory requirements.

Housing Authority of the City of Napa

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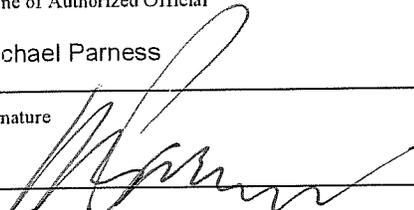
\_\_\_\_\_  
PHA Name

\_\_\_\_\_  
PHA Number/HA Code

\_\_\_\_ 5-Year PHA Plan for Fiscal Years 20\_\_\_\_ - 20\_\_\_\_

Annual PHA Plan for Fiscal Years 2009 - 2010

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official Michael Parness	Title Executive Director
Signature 	Date 4.15.09



# CITY of NAPA

Housing Authority of the City of Napa

CA073

## **2009 Annual Plan**

Appendix D

Resident Advisory Board Comments

**Housing Authority of the City of Napa (HACN)  
Annual Plan**

**Comments of the Resident Advisory Board**

**Members:**

- Marilyn Wyman
- Maui Oregon
- Patricia Knodle
- Diane Sarant
- Jo Moore

**Comment 1:** Families who have lost their homes through foreclosure are seeking rentals, which should drive up prices. This will make it more difficult for voucher holders to find housing. Can HACN get the FMR [Fair Market Rents] increased to compensate?

*Staff Response: The Housing Authority adopted a new Payment Standard in December. At the present time, voucher holders are able to find housing. Housing Authority staff continues to monitor the current rents and will recommend an adjustment to the Payment Standard when necessary.*

**Comment 2:** The new Administrative Plan is very illuminating. It reveals the priorities of the HCVP, which this member saw as positive.

**Comment 3:** On the City's website, it is difficult to get to the Housing Division page and it takes too many steps.

*Staff Response: Staff will review ways to make the website easier to use. Currently it is possible to get directly to the Housing Division's web page by entering [www.cityofnapa.org/housing](http://www.cityofnapa.org/housing).*

**Comment 4:** HACN should inform voucher holders (both online and in a brochure) about resources for training in financial planning and budgeting.

*Staff Response: Staff will investigate the availability of such training and, if found, will include the information in the orientation packet.*

**Comment 5:** The orientation packet that is given to new voucher holders is large and daunting. HACN should provide a brochure that summarizes the material, with sections that specifically address certain groups, such as the elderly. The sections should be identified with tabs.

*Staff Response: HACN will evaluate its materials to see if an effective summary could be created.*

**Comment 6:** A list of resources for low-income persons should be included in the orientation packet.

*Staff Response: The orientation packet contains several fliers from programs that provide services to low-income persons. Staff will investigate including a comprehensive list, with sections for groups with different needs.*

**Comment 7:** It should be possible for people on the waiting list to find out their place on the list and approximately when they will get a voucher. As this is very demanding of staff time, perhaps a phone-in system could be found.

*Staff Response: Staff explained that a person's place on the waiting list can change base on the priority status of other applicants. Nevertheless, HACN is able to provide a very rough estimate of how long an applicant will have to wait for a voucher. HACN's voucher management software vendor has additional software available that will allow for call-in, but staff has reason to believe that using it will not significantly decrease the rate of calls.*

**Comment 8:** HACN should provide a list of documents that applicants about to receive a voucher must bring to their first meeting.

*Staff Response: Staff explained that a list is provided in the letter notifying the applicant of their appointment.*

**Comment 9:** It is difficult to understand how the elderly disabled allowance is calculated and what can be deducted. If a person understands such a policy, it is easier for them to accept it.

*Staff Response: Staff will clarify this procedure and ask the Housing Technicians to explain it more clearly.*

**Comment 10:** Some people feel ashamed to be a voucher holder. The stigma is most felt when presenting their voucher to a landlord.

*Staff Response: HACN will continue its program of periodic educational workshops for prospective landlords.*