

PUBLIC HOUSING AGENCY
SAINT PAUL

**W. Andrew Boss
Building**



Public Housing Agency of the City of Saint Paul
Saint Paul, Minnesota

Comprehensive Annual Financial Report
For the Year Ended March 31, 2008

Contents

Introductory Section

Letter of Transmittal	1 - 4
Certificate of Achievement for Excellence in Financial Reporting	5
Organizational Chart	6
List of Appointed Officials	7

Financial Section

Independent Auditor's Report on the Basic Financial Statements and Supplementary Financial Information	8 - 9
Management's Discussion and Analysis	10 - 16
Basic Financial Statements	
Balance sheets	17
Statements of revenues, expenses and changes in fund net assets	18
Statements of cash flows	19
Notes to financial statements	20 - 30

Supplementary Information Section

Financial Data Schedules — all programs	31 - 40
---	---------

Statistical Section

Agency Revenue by PHA/HUD Programs	41
Low Rent Public Housing Revenue by HUD Classification	42
Section 8 Revenue by HUD Classification	43
Agency Expenses by HUD Programs	44
Low Rent Public Housing Expenses by HUD Classification	45
Section 8 Expenses by HUD Classification	46
Agency Full Time Equivalent (FTE) by Department	47
Agency Salary Expense by Department	48
Unit Type Composition	49
Minnesota Revenue Recapture Program	50
Low Rent and Section 8 Utilization	51
Low Rent Unit Demographics	52
Agencywide Capital Assets	53
Low Rent Public Housing Collection Write-Offs	54
Agencywide Assets, Liabilities and Net Assets	55
Net Assets	56
Changes in Net Assets	57

Compliance Section

Independent Auditor's Reports on:

Internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	58 - 59
Compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	60 - 61
Schedule of Expenditures of Federal Awards	62
Schedule of Findings and Questioned Costs	63 - 64
Summary Schedule of Prior Audit Findings	65

Introductory Section



August 20, 2008

To the Chairman and Members of the Board of Commissioners of the Public Housing Agency of the City of Saint Paul and the Citizens of Saint Paul:

We are pleased to present to you the Public Housing Agency of the City of Saint Paul's (the Agency's) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended March 31, 2008. While this report is consistent with federal and state legal reporting requirements, it also is intended to supply additional information to interested readers.

This report reflects management's representations concerning the financial activity and condition of the Agency. The Agency's management is fully responsible for the content and reliability of this report. Management recognizes it must rely on its established daily internal control procedures to protect the Agency's assets from loss, theft or misuse. The Agency must also operate an information system that maintains adequate and appropriate financial data, such that the Agency's financial statements may be prepared in accordance with accounting principles generally accepted in the United States of America. Because cost versus the value to be achieved must be weighed in evaluating any procedure or system, the Agency's procedures and systems are designed to provide reasonable, not absolute, assurance that the financial statements will be free from material misstatements. We, as the Agency's management, state that to the best of our knowledge, this financial report is complete and reliable in all material respects.

McGladrey & Pullen, LLP has issued an unqualified opinion on the Agency's financial statements for the year ended March 31, 2008. Their independent auditor's report is located at the front of the financial section of this report on pages 8 and 9.

The financial audit was part of the federally mandated "Single Audit" required by the Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as promulgated by the Office of Management and Budget (OMB). This circular requires that auditors review internal controls and compliance with legal requirements specific to the funding source. It requires the inclusion of a schedule of federal award expenditures and an auditor's report on internal controls and compliance with applicable laws and regulations. These reports are included in the compliance section of this report on pages 58 through 61.

Management's discussion and analysis (MD&A) provides a narrative summary of the year's financial activities, including comparisons and changes regarding the previous year. The MD&A immediately follows the auditor's opinion letter on pages 10 through 16. The MD&A is designed to be read in conjunction with this letter and the financial statements.

Profile of the Agency

The Agency has been an independent governmental unit since 1977. Its historical roots are in the Housing and Redevelopment Authority of the City of Saint Paul (HRA), a unit of the City of Saint Paul established by the Minnesota State Legislature in 1947. The HRA's initial goal was to remove slums and construct low-income housing in Saint Paul.

The Housing Act of 1949 established a national policy and goal of "a decent home and suitable living environment for every American family." Under that goal, and with federal funding, the HRA began the construction of the first public housing in Saint Paul. Over the next 27 years, the HRA constructed four large family housing developments and constructed or purchased 16 hi-rise buildings for elderly and disabled people.

Unlike many public housing programs, Saint Paul has never used hi-rise buildings for family housing. During the 1950s and 1960s, family public housing in Saint Paul took the form of townhouse-style developments. All but a few units have direct, ground-level access, yards and nearby outdoor gathering space. Since the completion of the last townhouse development in 1966, the Agency bought or built over 400 scattered site units. These family housing units are located in all neighborhoods in the city and help residents integrate into the community. All 16 public housing hi-rises primarily house elderly people and people with disabilities. The Agency currently owns and manages 4,249 public housing units. Twenty-four of these units are used for Officers in Residence, ACOP and ASI units. Nine units were sold during fiscal year 2008. These units were in need of considerable capital repairs, and it was determined to be in the best interest of the Agency to sell these units and earmark the proceeds of approximately \$1.3 million for the repair and modernization of other public housing units in the following fiscal year.

In the early 1970s, the HRA began administering a federal rent subsidy program for eligible low-income households living in privately owned housing. The program evolved into the Section 8 Existing Housing Assistance Program. In Saint Paul, that program now serves more than 4,000 families.

The Agency was separated from the City of Saint Paul and was created by the Minnesota Legislature in 1977 to assume administration of subsidized housing programs and ownership of the public housing properties in Saint Paul. The Agency is funded by federal housing subsidies, rents paid by residents, special-purpose grants, and investment revenues. It receives no financial support from city or county taxes and makes a payment in lieu of taxes to defray the cost of city and county services.

A Board of Commissioners governs the Agency. The seven commissioners are appointed by the Mayor and approved by the City Council. Two commissioners represent public housing residents.

Financial Environment

Although the three major levels of government, federal, state and local, each impact Agency operations in their own way, only the federal government provides funding. The Agency receives neither state nor local government monies and has no taxing authority.

Federal funding and regulations: Since approximately 78 percent of the Agency's revenues come from the federal government (Department of Housing and Urban Development, or HUD), the Agency is particularly subject to annual congressional changes in funding and regulations. The Section 8 program has received increased Housing Assistance Payment funds over the last couple of years (with very little increase in voucher count). The Low Rent program has remained relatively flat as a result of HUD's budget requests. Regulations regarding reserve levels have been subject to Congressional and HUD activity as well.

State regulations: State regulations impact the Agency from the amount of rent collected from our residents who receive welfare assistance, to the limit on the amount of salary paid to the Agency's executive director, to the amount of sales tax the Agency is required to pay on most purchases.

Local regulations: The Agency is impacted by the PILOT (payment in lieu of taxes) agreement with the City of Saint Paul, which ensures that our residents continue to receive local government services in an equitable share, and the building code regulations which impact every property the Agency owns.

The metro area housing rental market is of concern to the Agency as it strives to fulfill its mission to help families and individuals with low incomes achieve greater stability and self reliance by providing safe, affordable, quality housing and links to community services. The Agency operated its public housing units with an average 1.1 percent vacancy rate for the year.

Long-Term Financial Planning

The Agency publishes a Five-Year Plan, which is updated annually. The plan for 2008 is briefly summarized as follows:

The Agency plan describes the programs, policies and practices that the Agency is carrying out in its current fiscal year, which began April 1, 2007. In general, the Agency is continuing the same course of action described in the HUD-approved plan for the previous fiscal year. This plan has proven successful over several years in meeting the needs of residents and the community, within the limits of available resources. The Agency focuses on its mission and Agency goals, stressing sound property management, modernization and maintenance, and sound Section 8/Housing Choice Voucher administration. The Agency is also continuing its successful home ownership and jobs programs for residents, and is working with other community partners to address the critical shortage of affordable housing in the Minneapolis and Saint Paul metro area. The Agency's Five-Year and Annual Capital Fund Plan include continuing the major renovation of McDonough Homes. The Agency will continue to review other entrepreneurial activities as allowed under federal and state statutes.

Relevant Financial Policies

Cash management and investments: Cash balances are monitored daily. Investments are made when deemed advisable based on cash flows associated with anticipated expenses and revenues, as well as maintenance of a cash-on-hand reserve. Criteria for investment selection are security, liquidity and yield. The Agency invests in direct obligations of the U.S. government, obligations of federal government agencies and government-sponsored agencies, certificates of deposit, or other investments as allowed by HUD and the State of Minnesota (HUD Notice PIH 2002-13 Cash Management and Investment Policies and Procedures).

The goal of the Agency's investment strategy is to have cash available when needed and to safely maximize interest income.

Risk management: The Agency carries insurance in the areas of property damage, general liability, vehicle coverage, public officials liability and commercial crime coverage. An active safety and loss control program has resulted in limited claims, which allows the Agency to take advantage of higher deductibles, resulting in reduced premium costs.

Budgetary controls: The Agency adopts annual budgets for Low Income Public Housing, Section 8 and their administrative building operations. Other grant program activities are budgeted based on the specific grant periods. Budgets are prepared by staff and reviewed, approved and presented by the Executive Director to the Board of Commissioners for approval.

Awards and Acknowledgements

During the past year the Agency achieved both a PHAS "High Performer" status and a SEMAP "High Performer" status recognition from the U.S. Department of Housing and Urban Development. PHAS is the Public Housing Assessment System for Low Income Public Housing, and SEMAP is the Section Eight Management Assessment Program.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public Housing Agency of the City of Saint Paul for its comprehensive annual financial report for the fiscal year ended March 31, 2007. This was the third consecutive year that the Agency has received this prestigious award. In order to be awarded a Certificate of Achievement, the Agency must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

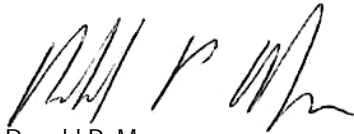
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to thank and honor the staff of the Finance Department for their dedicated efforts in preparing this report. Our appreciation extends to all Agency employees who have a part in upholding the very high standards that are reflected in this document. Finally, our thanks to our Board of Commissioners for their interest, concern and commitment to establishing policies that allow and encourage a successful public housing operation.

Respectfully submitted,



Jon M. Gutzmann
Executive Director



Ronald P. Moen
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Housing Agency
of the City of Saint Paul
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

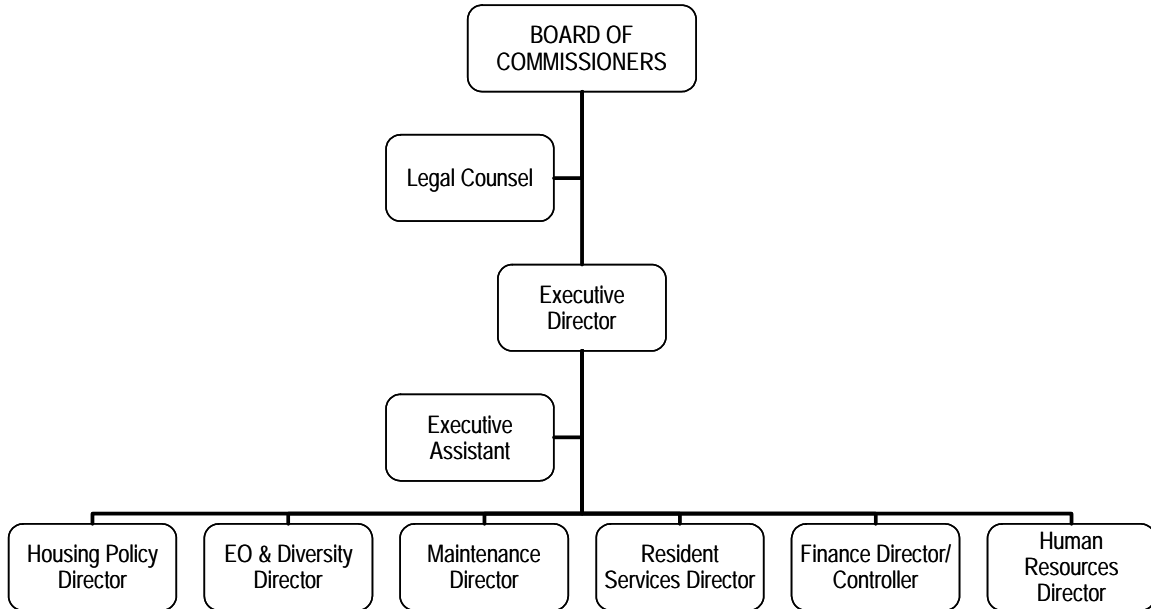
President

Jeffrey R. Emer

Executive Director

Public Housing Agency of the City of Saint Paul

Board-Approved Organizational Chart March 31, 2008



Public Housing Agency of the City of Saint Paul

List of Appointed Officials March 31, 2008 Board of Commissioners

<u>Name</u>	<u>Term Expires</u>
W. Andrew Boss, Chair	September 1, 2010
Tom Reding, Vice Chair	September 1, 2011
Kevin Lindsey, Treasurer	September 1, 2008
Marty Strub, Secretary	September 1, 2009
Shirley Kane, Assistant Secretary	September 1, 2009
Merry Xiong, Commissioner	September 1, 2012
Maria Manzanares, Commissioner	September 1, 2010

Financial Section

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Commissioners
Public Housing Agency of the City of Saint Paul

We have audited the accompanying basic financial statements of the Public Housing Agency of the City of Saint Paul (the Agency) as of and for the years ended March 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of March 31, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2008, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

The Management's Discussion and Analysis on pages 10 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist 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 conducted for the purpose of forming an opinion on the basic financial statements of the Agency. The introductory section, the supplementary financial information and statistical schedules listed in the table of contents, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary financial information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
August 19, 2008

Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2008
Management's Discussion and Analysis

The management of the Public Housing Agency of the City of Saint Paul (the Agency) presents this narrative overview and analysis to the readers of the financial report of the Agency for the fiscal years ended March 31, 2008 and 2007. This document should be read in conjunction with the audited financial statements.

Financial Highlights

The total assets of the Agency exceeded its liabilities at the close of fiscal year 2008 and 2007 by \$154,720,112 and \$152,646,689, respectively. These net assets consist of the following:

- The value of capital assets, reflecting the Agency's investments in land, structures and equipment, is \$135,010,603 and \$136,491,401 for 2008 and 2007, respectively. This amount is not available for expenditures.
- Restricted net assets of \$17,923,003 and \$12,534,707 for 2008 and 2007, respectively, are restricted by the Department of Housing and Urban Development (HUD). Such funds may only be used for specific purposes.
- Unrestricted net assets of \$1,786,506 and \$3,620,581 for 2008 and 2007, respectively, are available for use in meeting ongoing Agency obligations.

The Agency's total net equity increased by \$2,073,423 in 2008 and increased by \$3,234,845 in 2007. The increase in 2008 is primarily the result of a significant increase in HUD grants/subsidies in the Section 8 program, which was offset by a significant decrease in HUD capital contributions in the Capital Fund program, as compared to 2007.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Public Housing Agency of the City of Saint Paul. The Agency's basic financial statements consist of two parts: (1) balance sheets; statements of revenues, expenses and changes in fund net assets; and statements of cash flows and (2) notes to financial statements. The report also contains other supplemental financial data schedules (FDS), as required by HUD, and certain compliance and statistical information the Agency has chosen to include within this report and the compliance reports.

Basic financial statements: These statements are designed to give the reader a broad overview of the Agency's finances. The Agency is supported primarily by intergovernmental revenues (HUD) and rental income. All of the Agency's activities are reported as one enterprise fund.

- The *balance sheet* presents information on all the Agency's assets and liabilities, with the difference between the two reported as total net assets. Over time, changes in total net assets may reflect changes in the financial position of the Agency.
- The *statement of revenues, expenses and changes in net assets* presents information showing how the Agency's assets changed during the year. All changes in total net assets are reported when the relevant event occurs, regardless of the timing of the cash flow. This means that revenues and expenses are reported in this statement for which the cash flow will occur in future periods. For example, unused paid leave time is reported as an expense of this period but will not actually be paid until some future fiscal period.
- The *statement of cash flows* reports cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities. It also provides insight into where cash came from, how it was used and what the change in cash balance was during the reporting period.

Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2008
Management's Discussion and Analysis

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the Agency's financial statements. The notes can be found beginning on page 20 of the basic financial statements.

Financial data schedules: These schedules contain detail by program, presented in the HUD-required format.

Statistical information: These schedules contain statistical data for certain Agency programs and activities.

Compliance section: This section contains the independent auditor's reports regarding compliance and internal control as required by federal and state standards on auditing governmental financial statements, the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

Other information: The Agency adopts annual budgets for Low Rent Public Housing, Section 8, and the Building Program. Capital Grant Program and other special grants are budgeted on a project-length basis.

Agency Financial Net Assets Analysis

As noted earlier, total net assets over time may serve as a useful indicator of an organization's financial condition. As of March 31, 2008 and 2007, the Agency's total assets exceeded total liabilities by \$154,725,572 and \$152,646,689, respectively. This represents an increase in net assets of \$2,078,883 from the prior year. This increase reflects a change in federal funding, particularly in the Capital Fund and Section 8 programs.

Condensed Statements of Net Assets

	As of March 31		
	2008	2007	2006
Current and other assets	\$ 26,326,121	\$ 22,895,520	\$ 21,064,260
Capital assets	135,010,603	136,491,401	135,311,831
Total assets	<u>\$ 161,336,724</u>	<u>\$ 159,386,921</u>	<u>\$ 156,376,091</u>
Long-term liabilities	\$ 1,404,027	\$ 1,454,267	\$ 1,383,862
Other liabilities	5,212,585	5,285,965	5,580,385
Total liabilities	<u>\$ 6,616,612</u>	<u>\$ 6,740,232</u>	<u>\$ 6,964,247</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 135,010,603	\$ 136,491,401	\$ 135,311,831
Restricted by HUD	17,923,003	12,534,707	11,938,272
Unrestricted	1,786,506	3,620,581	2,161,741
Total net assets	<u>\$ 154,720,112</u>	<u>\$ 152,646,689</u>	<u>\$ 149,411,844</u>

2008: Analysis of Changes in Condensed Statement of Net Assets

The largest portion of the Agency's net assets, 87 percent and 89 percent for 2008 and 2007, respectively, is comprised of its investment in capital assets, net of depreciation (land, buildings and equipment). Since the Agency uses those assets in its primary mission to provide safe, secure and sanitary housing to low-income families, those assets are not available for future spending.

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2008
Management's Discussion and Analysis**

A portion of the Agency's total equity, 11.6 percent and 8.2 percent for 2008 and 2007, respectively, represents resources that are subject to external restrictions on how they may be used. Restricted net assets are \$17,923,003 and \$12,534,707 for 2008 and 2007, respectively. Unrestricted net assets total \$1,791,966 and \$3,620,581 for 2008 and 2007, respectively.

2007: Analysis of Changes in Condensed Statement of Net Assets

The largest portion of the Agency's net assets, 89 percent and 91 percent for 2007 and 2006, respectively, is comprised of its investment in capital assets, net of depreciation (land, buildings and equipment). Since the Agency uses those assets in its primary mission to provide safe, secure and sanitary housing to low-income families, those assets are not available for future spending.

A portion of the Agency's total equity, 8.2 percent and 8.0 percent for 2007 and 2006, respectively, represents resources that are subject to external restrictions on how they may be used. Restricted net assets are \$12,534,707 and \$11,938,272 for 2007 and 2006, respectively. Unrestricted net assets total \$3,620,581 and \$2,161,741 for 2007 and 2006, respectively.

Financial Operational Analysis

The Agency uses fund accounting to reflect compliance with government requirements. Although HUD issues rules specific to public housing agencies, the Agency is subject to certain other federal, state and local financial reporting requirements.

The Agency is primarily supported by intergovernmental revenues (HUD) and rental income. The Agency has chosen to use a single enterprise fund, comprised of several activities, which records the financial activity of the Agency. Enterprise funds, in general, focus on the determination of operating income, changes in total net assets, financial position and cash flows.

Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2008
Management's Discussion and Analysis

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	Years Ended March 31		
	2008	2007	2006
Operating revenue:			
Tenant revenue	\$ 11,866,097	\$ 11,552,665	\$ 11,009,476
HUD grants/subsidy	51,128,226	47,986,115	48,581,716
Other revenue	2,712,485	2,718,647	4,179,482
Total operating revenue	<u>65,706,808</u>	<u>62,257,427</u>	<u>63,770,674</u>
Operating expenses:			
Administrative	11,575,768	11,496,254	11,560,206
Tenant services	2,663,119	2,588,780	2,746,273
Housing assistance payments	32,554,698	31,691,339	33,652,690
Utilities	5,344,344	5,251,085	4,805,039
Ordinary maintenance	8,086,777	7,670,763	7,549,628
General expenses and other	1,648,250	1,266,225	1,344,796
Extraordinary maintenance	544,421	513,578	906,123
Depreciation expense	7,257,922	7,079,744	7,313,084
Total operating expenses	<u>69,675,299</u>	<u>67,557,768</u>	<u>69,877,839</u>
Operating loss	<u>(3,968,491)</u>	<u>(5,300,341)</u>	<u>(6,107,165)</u>
Nonoperating revenues and capital contributions:			
Capital contributions	3,897,192	7,586,119	5,060,732
Gain on disposition of capital assets	1,291,401	15,316	122,677
Other, mainly investment income	853,321	933,751	581,542
Total nonoperating revenues and capital contributions	<u>6,041,914</u>	<u>8,535,186</u>	<u>5,764,951</u>
Change in net assets	2,073,423	3,234,845	(342,214)
Beginning net assets	152,646,689	149,411,844	149,754,058
Ending net assets	<u>\$ 154,720,112</u>	<u>\$ 152,646,689</u>	<u>\$ 149,411,844</u>

Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2008
Management's Discussion and Analysis

2008: Analysis of Changes in the Condensed Statements of Revenues, Expenses and Changes in Net Assets

The Low Rent Public Housing program rental income increased by 1.9 percent for a total increase of \$219,707 in 2008 and increased by 5.6 percent for a total increase of \$620,372 in 2007. This resulted in total rental income of \$11,968,527 and \$11,748,820 in 2008 and 2007, respectively. On a per unit month (PUM) basis, rental income of \$236.39 PUM in 2008 increased from \$232.68 PUM in 2007. HUD subsidy increased by \$61,525, or an average of \$18.99 PUM for 2008.

The Low Rent Public Housing program operating expenses increased, going from \$21,482,755 in 2007 to \$22,240,937 in 2008, or an increase of \$14.97 per unit month, making the current figure \$439.28 per unit month. Non-routine expenditures (extraordinary maintenance and noncapitalized casualty losses) totaled \$611,644, compared to \$535,807 for 2007. This amounted to a 14.2 percent increase. Depreciation expense for 2008 is \$6,815,696, as compared to \$6,637,518 for 2007. Gain on sales of real property contributed \$1,291,401 and \$15,316 to revenues for 2008 and 2007, respectively.

The Section 8 Housing Choice Voucher program (including disability vouchers) ended the year with average monthly leases-ups of 4,109 out of 4,028, or a 102.0 percent average lease-up rate that equated to 81 vouchers over-issued on a monthly basis. This was a result of efforts to utilize as many vouchers as possible, while serving the community and staying within the dollars available for Housing Assistance Payment. There were an average of 60 vouchers issued per month for the program. There were also an average of 239 "shoppers" each month. The program had no increase in vouchers during 2008. This compares to 2007 when the average monthly lease-up rate was 98.5 percent based on 3,960 average monthly lease-ups for 4,020 approved vouchers, with an average of 60 vouchers issued and 233 "shoppers" per month. The program grew by a total of 17 new vouchers during 2007.

The Agency saw an increase of incoming vouchers from other housing agencies. There were 95 port-in vouchers at March 31, 2008, an increase from zero in 2007. In those cases, the Agency billed the home entity the full amount of the Housing Assistance Payments (HAP) for a particular participant as well as 80 percent of the home entity's associated administrative fee. This generated \$341,520 and \$480,915 in revenue, of which \$323,578 and \$455,999 was paid to landlords in the form of HAP for 2008 and 2007, respectively. For comparison purposes, the Agency supported 314 and 277 voucher port-outs for 2008 and 2007, respectively, with the HAP and 80 percent of its administrative fee paid to the receiving housing agency. In 2008, total HAP to landlords was \$31,448,284, or 86.2 percent of all revenue. In 2007, total HAP to landlords amounted to \$31,406,691, or 89.3 percent of all revenue.

The Section 8 program average HAP costs per voucher, \$660.51, decreased by 0.07 percent in 2008, as compared to \$660.97 in 2007. Operating costs per unit month, \$55.65, decreased by 0.8 percent in 2008, as compared to \$56.12 in 2007.

The Capital Fund program receives HUD grant money on a reimbursement basis, while the grant accounts for construction-in-progress on the Agency's public housing properties. Funding is awarded in a series of overlapping three-year grants. For the most recent grants, Federal Fiscal Year 2007 was in the amount of \$7,502,911, Federal Fiscal Year 2006 was in the amount of \$7,718,438, Federal Fiscal Year 2005 was in the amount of \$8,079,514, and Federal Fiscal Year 2004 was in the amount of \$8,860,374. Fiscal years 2008 and 2007 ended with \$5,590,529 and \$14,075,847, respectively, in construction-in-progress.

The Agency's central administrative office building is primarily occupied by the Agency itself (65 percent). Leases are in place for the balance of the space. Individual financial arrangements were made for construction build-out with tenants sharing the cost over time. This will impact cash flow but will not impact revenue, since the capital improvements stay with the building.

Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2008
Management's Discussion and Analysis

2007: Analysis of Changes in the Condensed Statements of Revenues, Expenses and Changes in Net Assets

The Low Rent Public Housing program rental income increased by 5.6 percent for a total increase of \$620,372 in 2007 and increased by 5.6 percent for a total increase of \$491,656 in 2006. This resulted in total rental income of \$11,748,820 and \$11,128,448 in 2007 and 2006, respectively. On a per unit month (PUM) basis, rental income of \$232.68 PUM in 2007 increased from \$232.47 PUM in 2006. HUD subsidy increased by \$462,180, or an average of \$9.15 PUM for 2007.

The Low Rent Public Housing program operating expenses increased, going from \$21,055,465 in 2006 to \$21,482,755 in 2007, or an increase of \$8.45 per unit month, making the current figure \$425.08 per unit month. Nonroutine expenditures (extraordinary maintenance and noncapitalized casualty losses) totaled \$535,807, compared to \$913,238 for 2006. This amounted to a 41.3 percent decrease. Depreciation expense for 2007 is \$6,637,518, as compared to \$6,885,210 for 2006. Gain on sales of real property contributed \$15,316 and \$122,677 to revenues for 2007 and 2006, respectively.

The Section 8 Housing Choice Voucher program ended the year with average monthly leases-ups of 3,960 out of 4,020, or a 98.5 percent average lease-up rate that equated to 60 vouchers unissued on a monthly basis. This was a result of efforts to stay within the dollars and units available for Housing Assistance Payment. There were an average of 58 vouchers issued per month for the program. There were also an average of 233 "shoppers" each month. The program grew by a total of 17 new vouchers during 2007. This compares to 2006 when the average monthly lease-up rate was 98.6 percent based on 3,934 average monthly lease-ups for 3,991 approved vouchers, with an average of 56 vouchers issued and 221 "shoppers" per month. The program grew by a total of 27 new vouchers during 2006.

The Agency increased absorption of incoming vouchers from other housing agencies. There were zero port-in vouchers at March 31, 2007, compared to 136 port-in vouchers for March 31, 2006. In those cases, the Agency billed the home entity the full amount of the Housing Assistance Payments (HAP) for a particular participant as well as 80 percent of the home entity's associated administrative fee. This generated \$480,915 and \$1,466,230 in revenue, of which \$455,999 and \$1,395,366 was paid to landlords in the form of HAP for 2007 and 2006, respectively. For comparison purposes, the Agency supported 277 and 349 voucher port-outs for 2007 and 2006, respectively, with the HAP and 80 percent of its administrative fee paid to the receiving housing agency. In 2007, total HAP to landlords was \$31,406,691, or 89.4 percent of all revenue. In 2006, total HAP to landlords amounted to \$33,349,687, or 89.4 percent of all revenue.

The Section 8 program average HAP costs per voucher, \$660.97, decreased by 6.4 percent in 2007, as compared to \$706.47 in 2006. Administrative costs per unit month, \$56.12, decreased by 4.4 percent in 2007, as compared to \$58.50 in 2006.

The Capital Fund program receives HUD grant money on a reimbursement basis, while the grant accounts for construction-in-progress on the Agency's public housing properties. Funding is awarded in a series of overlapping three-year grants. For the most recent grants, Federal Fiscal Year 2006 was in the amount of \$7,116,349, Federal Fiscal Year 2005 was in the amount of \$8,079,514, and Federal Fiscal Year 2004 was in the amount of \$8,860,374. Fiscal years 2007 and 2006 ended with \$14,075,847 and \$6,525,444, respectively, in construction-in-progress.

The Agency's central administrative office building is primarily occupied by the Agency itself (67 percent). Leases are in place for the balance of the space. Individual financial arrangements were made for construction build-out with tenants sharing the cost over time. This will impact cash flow but will not impact revenue, since the capital improvements stay with the building.

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2008
Management's Discussion and Analysis**

2008 Capital Assets

The Agency had \$135,010,603 and \$136,491,401 for 2008 and 2007, respectively, invested in property and equipment, net of depreciation, as displayed in Note 4 (pages 26 and 27 of this report) to the financial statements. This is a net decrease of \$1,480,798. In 2008, \$12,382,510 was reclassified from construction in progress to buildings when Capital Fund Program Grants 704 and 705 were closed. In 2007, \$35,716 was reclassified from construction in progress to buildings when Capital Fund Program Grants 704R, 705R and 706R were closed.

2007 Capital Assets

The Agency had \$136,491,401 and \$135,311,831 for 2007 and 2006, respectively, invested in property and equipment, net of depreciation, as displayed in Note 4 (pages 26 and 27 of this report) to the financial statements. This is a net increase of \$1,179,570. In 2007, \$35,716 was reclassified from construction in progress to buildings when Capital Fund Program Grants 704R, 705R and 706R were closed. In 2006, \$7,324,961 was reclassified from construction in progress to buildings when Capital Fund Program Grants 702R, 703A and 703B were closed.

Requests for Information

This document is designed to provide an overview of the Agency's finances. Questions concerning any of the information provided in this document or requests for additional information should be addressed to the Finance Director, Public Housing Agency of the City of Saint Paul, 555 Wabasha St. N, Suite 400, Saint Paul, MN 55102.

Public Housing Agency of the City of Saint Paul

Balance Sheets
March 31, 2008 and 2007

Assets	2008	2007
Current Assets		
Cash and cash equivalents (Note 2)	\$ 1,990,037	\$ 1,528,451
Accounts and grants receivable, net	2,107,934	1,910,345
Investments (Note 2)	15,806,612	16,977,824
Investments — restricted (Notes 2 and 3)	5,563,321	1,178,263
Prepaid expenses and inventory	755,086	1,172,506
Total current assets	26,222,990	22,767,389
Noncurrent Assets		
Other assets	103,131	128,131
Capital assets, net (Note 4)	135,010,603	136,491,401
Total noncurrent assets	135,113,734	136,619,532
Total assets	\$ 161,336,724	\$ 159,386,921
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,770,632	\$ 1,988,292
Due to other governmental entities	309,278	298,990
Security deposits (Note 3)	885,124	883,758
Accrued expenses	1,777,634	1,535,929
Unearned revenues	469,917	578,996
Total current liabilities	5,212,585	5,285,965
Accrued compensated absences — long-term (Note 5)	1,404,027	1,454,267
Total liabilities	6,616,612	6,740,232
Commitments and Contingencies (Notes 6 and 7)		
Net Assets		
Invested in capital assets	135,010,603	136,491,401
Restricted by HUD	17,923,003	12,534,707
Unrestricted	1,786,506	3,620,581
Total net assets	154,720,112	152,646,689
Total liabilities and net assets	\$ 161,336,724	\$ 159,386,921

See Notes to Financial Statements.

Public Housing Agency of the City of Saint Paul

Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended March 31, 2008 and 2007

	2008	2007
Revenues:		
Tenant rental revenue, net of bad-debt expense of \$102,430 and \$196,155 for the years ended 2008 and 2007, respectively	\$ 11,785,003	\$ 11,484,684
Tenant revenue — other	81,094	67,981
Total tenant revenues	11,866,097	11,552,665
HUD operating grant revenue	51,128,226	47,986,115
Other governmental grants	90,632	13,198
Other revenues	2,621,853	2,705,449
Total revenues	65,706,808	62,257,427
Operating expenses:		
Administrative	11,575,768	11,496,254
Tenant services	2,663,119	2,588,780
Housing assistance payments	32,554,698	31,691,339
Utilities	5,344,344	5,251,085
Ordinary maintenance and operations	8,086,777	7,670,763
Protective services	28,533	28,576
General expenses	1,539,620	1,186,213
Extraordinary maintenance	544,421	513,578
Casualty losses — noncapitalized	80,097	51,436
Depreciation expense	7,257,922	7,079,744
Total operating expenses	69,675,299	67,557,768
Operating loss	(3,968,491)	(5,300,341)
Nonoperating revenues (expenses):		
Investment income	853,321	933,751
Gain on disposition of capital assets	1,291,401	15,316
Total nonoperating revenues (expenses)	2,144,722	949,067
Loss before capital contributions	(1,823,769)	(4,351,274)
HUD capital contributions	3,897,192	7,586,119
Change in net assets	2,073,423	3,234,845
Net assets, beginning	152,646,689	149,411,844
Net assets, ending	\$ 154,720,112	\$ 152,646,689

See Notes to Financial Statements.

Public Housing Agency of the City of Saint Paul

Statements of Cash Flows
For the Years Ended March 31, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities		
Cash received from tenants	\$ 11,987,836	\$ 11,729,003
Cash received from HUD subsidies	51,056,368	47,850,011
Other revenues	2,600,488	2,688,747
Cash paid for operating expenses	(62,226,007)	(60,907,237)
Net cash provided by operating activities	3,418,685	1,360,524
Cash Flows From Capital and Related Financing Activities		
Cash received from HUD — capital grants	3,897,192	7,586,119
Proceeds from sale of capital assets	1,583,756	15,316
Cash payments for capital assets	(6,069,479)	(8,259,314)
Payments received on notes and mortgages receivable	25,000	41,750
Net cash used in capital and related financing activities	(563,531)	(616,129)
Cash Flows From Investing Activities		
Purchases of investments	(27,695,014)	(44,239,615)
Sale and maturities of investments	24,481,168	43,378,500
Investment in insurance groups	-	(103,131)
Interest income received	820,278	899,013
Net cash used in investing activities	(2,393,568)	(65,233)
Net increase in cash and cash equivalents	461,586	679,162
Cash and Cash Equivalents, beginning of year	1,528,451	849,289
Cash and Cash Equivalents, end of year	\$ 1,990,037	\$ 1,528,451
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (3,968,491)	\$ (5,300,341)
Depreciation expense	7,257,922	7,079,744
Changes in operating assets and liabilities:		
Receivables	(164,546)	(185,039)
Prepaid expenses and inventories	417,420	(9,825)
Payables, security deposits, accrued expenses and unearned revenues	(123,620)	(224,015)
Net cash provided by operating activities	\$ 3,418,685	\$ 1,360,524

See Notes to Financial Statements.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The basic financial statements of the Public Housing Agency of the City of Saint Paul have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. Descriptions of the significant accounting policies follow:

Reporting entity: The Public Housing Agency of the City of Saint Paul (the Agency) is a separate and independent agency, chartered as a political subdivision of the State of Minnesota (Laws of Minnesota, 1977, Chapter 228, Section 1).

Accounting principles generally accepted in the United States of America require that these financial statements present the Agency (the primary government) and its component units. The criteria provided in Governmental Accounting Standards Board Codification Section 2100 have been considered, and there are no agencies or entities that should be presented in these financial statements.

Basis of accounting and financial statement presentation: The Agency is a special-purpose government engaged only in business-type activities. The Agency has determined all its activities are classified and reported as required for enterprise funds and are therefore accounted for on the proprietary fund-type basis. The proprietary fund-type utilizes the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded when the liability has been incurred, regardless of the timing of the related cash flows.

As permitted by accounting principles generally accepted in the United States of America, the Agency has elected to apply only FASB statements and interpretations issued before November 30, 1989, in its accounting and reporting practices for its operations.

Fund accounting: For governmental accounting, a fund is used to report on the Agency's financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

An enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

An enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the enterprise fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise fund are charges to customers for services related to rental activity, including subsidies received from the Department of Housing and Urban Development (HUD) for administering these services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of intergrant activity has been eliminated from the statements of revenues, expenses and changes in fund net assets. In the balance sheet, amounts reported in the programs as intergrant receivables and payables have been eliminated.

The activities of the Agency are described as follows:

Low Rent (CACC No. C-4118, as amended): Low Rent records transactions relating to the 16 high-rises, four family developments and approximately 405 scattered site homes, for a total of 4,249 dwelling units owned by the Agency. The U.S. Department of Housing and Urban Development (HUD) provides operating subsidies for these units through a Consolidated Annual Contributions Contract (CACC) consisting of HUD project numbers MN 01-1, 2, 3, 4, 5, 6, 7, 8A, 8B, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 23, 24, 26, 27, 29, 30, 31, 32, 33, 34, 35, 37, 38, 39 and 40.

Section 8: The activities accounted for in Section 8 include Moderate Rehabilitation (75 authorized certificates), Disability Voucher (117 authorized vouchers), Disaster Housing Assistance Program (14 authorized vouchers), and Housing Choice Voucher (3,911 authorized vouchers) programs. These activities were authorized by Section 8 of the National Housing Act and provide housing assistance payments to private, not-for-profit or public landlords to subsidize rent payments for low-income persons.

Moderate Rehabilitation (CACC No. MN001MR0006, as amended): Section 8 Moderate Rehabilitation funds rehabilitate low-income housing units over a contracted period of time. Both for-profit and not-for-profit developers may provide low-income housing under this program. The grant is designed to provide owners with sufficient rental income to pay for rehabilitation costs. Developers must obtain their own financing. HUD subsidizes rents once the units are accepted.

Disability Voucher (CACC No. MN001DV, as amended): Section 8 Disability Vouchers are the old mainstream program vouchers which enable families having a person with disabilities to lease affordable private housing of their choice. Disability Vouchers also assist persons with disabilities who often face difficulties in locating suitable and accessible housing on the private market.

Disaster Housing Assistance Program (DHAP): The Federal Emergency Management Agency, in conjunction with the Department of Housing and Urban Development, established DHAP to help victims of Hurricane Katrina. This program assists victims with housing placement, rental assistance and case management for up to 18 months. The program will end March 31, 2009.

Housing Choice Voucher (CACC No. MN001VO, as amended): Section 8 Housing Choice Voucher allows for non-Agency-owned housing units to be used for low-income housing. HUD provides a contracted dollar amount to the Agency, which is used to provide rental payment assistance to landlords.

The individual's subsidy is limited to the difference between 30 percent of the participant's adjusted household income and the fair market rent, as determined by HUD for specific unit sizes.

Capital Fund Program Grant (CFP): The Capital Fund Program Grant accounts for modernization funds received from HUD for capital improvements, major repairs, management improvements, operational costs and related planning costs to improve the physical quality of low-income housing.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Congregate Housing Services Program Grant (CHSP): The National Affordable Housing Act (11-28-1990), Section 802, provides funding for CHSP, which operates in six high-rises. CHSP provides assistance in necessary daily living activities, which enables residents to maintain independent living status, as opposed to becoming dependent on institutionalized care. Meal service, housekeeping assistance, personal care assistance and case management are available to participants at six high-rise sites with funding from this grant and through the coordination of volunteers and other in-kind contributions. Participants pay a HUD-regulated fee for services received.

Business Activities: This accounts for the central administration office building (see Note 8). The Agency also leases space within this building to external parties (see Note 8).

State/Local Activities:

Wilder: The Wilder Foundation provides financial assistance to qualified residents who are in need of help with the cost of meals provided through the CHSP program. The surplus is the difference between the fees charged to Wilder for those residents' meals and the cost of those meals. The surplus is available for the administration of the CHSP grant.

Budgets: Budgets for Low Rent Public Housing and Section 8 are adopted and amended on a HUD-prescribed basis. In general, operating budgets are on an annual basis, while the budgets for grants supported by Capital Fund Program Grant funds cover up to three years. Expenditures may not exceed total allocations by the grant, although there is some flexibility on a line-item basis.

Cash equivalents: For purposes of the statement of cash flows, all highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents.

Investments: The Agency may utilize U.S. Treasury securities, U.S. agency securities, bankers' acceptances and certain other authorized investments as determined by HUD and the state of Minnesota. All investments are carried at fair value, with the unrealized gains and losses reported as a component of investment income.

Grants receivable: Grants receivable consist of amounts due from HUD for reimbursement of expenses or costs incurred by the Agency as of year-end.

Prepaid expenses and inventory: Prepaid expenses consist of certain deposits and prepayments. Inventories are stated at the lower of average cost or market and consist of expendable supplies and materials. Items are expensed when consumed, using a moving weighted-average cost method.

Capital assets: Land, structures and equipment are recorded at historical cost. Purchases over \$5,000 per unit and having a useful life of more than one year are capitalized. Depreciation, using the straight-line method, is calculated on structures, site improvements and equipment over estimated useful lives (see Note 4). Donated assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

HUD subsidies and contributions: Subsidies and contributions are recognized when eligibility requirements are met. These represent the most significant sources of revenue and contributed capital. The terms of these subsidies and contributions are defined in various Consolidated Annual Contributions Contracts. HUD subsidies for ongoing operations and housing assistance payments for each unit rented to qualified tenants are recorded as operating grant revenues. HUD contributions for project acquisition and development or modernization are recorded as capital contributions.

Tenant rental revenue: Revenue from rental charges to residents is recognized ratably over the terms of the lease agreements, which are generally on a month-to-month basis.

Portability revenue: Portability revenue, included in other revenue in the statements of revenues, expenses and changes in fund net assets, is recognized ratably based on housing assistance payments and administrative fees associated with incoming vouchers from other housing agencies.

Taxes: The Agency, as a political subdivision of the State of Minnesota, is exempt from state and federal income tax and city sales tax, but is subject to state sales tax.

Under a cooperation agreement with the City of Saint Paul, the Agency makes payments to the City in lieu of property taxes (PILOT) on its rental housing properties.

The Agency pays property tax on the portion of the central administrative office building rented by non-tax-exempt commercial entities.

Unearned revenues: The Agency reports unearned revenues on its balance sheets. Unearned revenues arise when resources arrive before the Agency has met the eligibility requirements, such as when grant money is received before the qualifying expenditure is made. In the subsequent period, when the Agency has met the eligibility requirements, the liability for unearned revenue is removed from the balance sheet, and the revenue is recognized.

Compensated absences: Employees earn vacation at rates from 12 to 30 days per year. Unused vacation is allowed to accumulate up to 280 hours. Under certain conditions, certain vacation hours may be surrendered for cash during active employment. Employees are paid for all accumulated vacation upon termination. Vacation is recorded as an expense and a liability during the fiscal year in which it is earned. The current portion of accrued compensated absences of \$727,638 and \$718,599 for 2008 and 2007, respectively, is included in accrued expenses on the balance sheets.

The Agency recognizes and compensates its employees for 10 traditional holidays and two personal floating holidays. Holiday pay is recorded as salary expense when paid.

Employees earn sick leave at the rate of 120 hours per year. Unused sick leave is allowed to accumulate up to 2,400 hours per employee. Under certain conditions, employees may convert unused sick leave to hourly paid time or vacation time on a graduated percentage scale (between 25 percent and 55 percent). Employees are compensated for unused sick leave according to the same graduated scale at the time of separation from the Agency. Vested sick leave pay is recorded as an expense and a liability at the time the sick leave is earned.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Additional accruals are recorded for severance and retirement pay eligibility when earned during employment.

Compensated absences paid during employment are charged to salaries. Termination settlements are charged to severance expense.

Net assets: Net assets are classified in three components. *Net assets invested in capital assets*, consist of capital assets net of accumulated depreciation. *Restricted net assets* are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the Agency. *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets* or *restricted*. HUD has changed its method of recording Section 8 Housing Assistance Payment reserves to restricted net assets, also requiring an equal amount of cash and investments to be restricted to cover these reserves.

Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Risk management: The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Agency has purchased commercial insurance, which provides for these various risks of loss. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Note 2. Cash and Investments

The Agency's deposits and investments consist of the following at March 31, 2008 and 2007:

	2008	2007
Deposits with financial institutions	\$ 1,990,037	\$ 1,528,451
Investments:		
Debt securities	15,001,961	8,038,219
Mortgage-backed securities	6,367,972	10,117,868
Total investments	21,369,933	18,156,087
	<u>\$ 23,359,970</u>	<u>\$ 19,684,538</u>

Deposits and investments are classified in the accompanying financial statements at March 31, 2008 and 2007, as follows:

	2008	2007
Cash	\$ 1,990,037	\$ 1,528,451
Investments — current	15,806,612	16,977,824
Investments — restricted	5,563,321	1,178,263
	<u>\$ 23,359,970</u>	<u>\$ 19,684,538</u>

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Custodial credit risk — deposits: The Agency's investment policy requires the Agency to follow state statutes. The Agency maintains its deposits at depository banks and financial institutions authorized by the Board, and all Agency deposits must be protected by insurance, surety bond or collateral. The surety bonds and/or the market value of collateral pledged must equal or exceed 110 percent of the deposits not covered by insurance or bonds.

All Agency checking accounts were maintained at depositories approved by the Board.

Investments: Statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, repurchase agreements, money market mutual funds, local government investment pools, and other forms as allowed by HUD and state law. The Agency's investment policy is limited to those investments authorized by statute.

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency's interest rate risk policy limits the Agency's investment portfolio to maturities of less than five years without Board approval. As of March 31, 2008 and 2007, all of the Agency's investments had a maturity of less than one year.

Credit risk: As a means of managing its exposure that an issuer of a debt security will not fulfill its obligations, the Agency's credit risk policy is to follow state law, which limits investments in its authorized securities to certain credit risk ratings and maturities. As of March 31, 2008 and 2007, the Agency's investments carried the following ratings:

	Standard & Poor's	Moody's Investor Service
Debt securities	AAA	Aaa
Mortgage-backed securities	AAA	Aaa

Custodial credit risk: For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Agency will not be able to recover the value of its investments that are in the possession of another party. The Agency's custodial credit risk policy is to require all securities purchased to be made in such a manner so that the securities are at all times insured, registered in the Agency's name, or in the possession of the Agency.

Concentration of credit risk: The Agency's concentration of credit risk policy is to place no limit on the amounts that may be invested in any one issuer. At March 31, 2008 and 2007, more than 5 percent of the Agency's investments are in the following issuers:

Issuer	2008	2007
Federal Home Loan Mortgage Notes	25%	33%
Federal National Mortgage Notes	5%	26%
Federal Home Loan Bank Notes	70%	41%

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 3. Tenant Security Deposits and FSS Escrow

Residents are required to pay a security deposit when moving into Agency property. That deposit, plus accrued interest at 1 percent, less any amounts due to the Agency, is refundable upon move-out. For the years ended March 31, 2008 and 2007, security deposits held by the Agency totaled \$885,124 and \$883,758, respectively, plus accrued interest, included in accrued expenses on the balance sheets, of \$55,940 and \$54,393, respectively.

An escrow account has been established for Section 8 and Low Rent Public Housing participants in the Family Self-Sufficiency program (FSS). A portion of rent paid by residents participating in this program is held for them until the participating family meets individually established self-sufficiency goals. The escrowed amount is turned over to the head of household upon completion of their specific work plan or when 30 percent of the family's monthly-adjusted income equals or exceeds the appropriate fair market rent. Escrows are nonrefundable if the family leaves the program. Interest is accrued on the account. At March 31, 2008 and 2007, FSS escrow amounts held by the Agency, included in accrued expenses on the balance sheets, totaled \$174,878 and \$180,590, respectively.

Note 4. Capital Assets

The following is a summary by category of capital assets as of March 31, 2008:

	Assets — At Cost				Estimated Life in Years
	Balance, March 31, 2007	Reclassifications and Additions	Retirements	Balance, March 31, 2008	
Land	\$ 8,396,092	\$ -	\$ 70,255	\$ 8,325,837	Not depreciable
Construction in progress	14,075,847	(8,485,318)	-	5,590,529	Not depreciable
Land improvements	25,098,213	757,038	44,134	25,811,117	15
Buildings	233,038,810	13,624,024	624,332	246,038,502	30
Furniture, equipment and machinery — dwellings and administrative	2,117,876	173,735	84,720	2,206,891	3 – 10
	<u>\$ 282,726,838</u>	<u>\$ 6,069,479</u>	<u>\$ 823,441</u>	<u>\$ 287,972,876</u>	
	Accumulated Depreciation				Net Book Value, March 31, 2008
	Balance, March 31, 2007	Additions	Retirements	Balance, March 31, 2008	
Land	\$ -	\$ -	\$ -	\$ -	\$ 8,325,837
Construction in progress	-	-	-	-	5,590,529
Land improvements	21,370,916	741,611	40,175	22,072,352	3,738,765
Buildings	122,946,349	6,371,539	412,424	128,905,464	117,133,038
Furniture, equipment and machinery — dwellings and administrative	1,918,172	144,772	78,487	1,984,457	222,434
	<u>\$ 146,235,437</u>	<u>\$ 7,257,922</u>	<u>\$ 531,086</u>	<u>\$ 152,962,273</u>	<u>\$ 135,010,603</u>

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 4. Capital Assets (Continued)

The following is a summary by category of capital assets as of March 31, 2007:

	Assets — At Cost				Estimated Life in Years
	Balance, March 31, 2006	Reclassifications and Additions	Retirements	Balance, March 31, 2007	
Land	\$ 8,336,692	\$ 59,400	\$ -	\$ 8,396,092	Not depreciable
Construction in progress	6,525,444	7,550,403	-	14,075,847	Not depreciable
Land improvements	25,072,378	25,835	-	25,098,213	15
Buildings	232,548,549	490,261	-	233,038,810	30
Furniture, equipment and machinery — dwellings and administrative	2,065,491	133,415	81,030	2,117,876	3 – 10
	<u>\$ 274,548,554</u>	<u>\$ 8,259,314</u>	<u>\$ 81,030</u>	<u>\$ 282,726,838</u>	

	Accumulated Depreciation			Balance, March 31, 2007	Net Book Value, March 31, 2007
	Balance, March 31, 2006	Additions	Retirements		
Land	\$ -	\$ -	\$ -	\$ -	\$ 8,396,092
Construction in progress	-	-	-	-	14,075,847
Land improvements	20,609,754	761,162	-	21,370,916	3,727,297
Buildings	116,732,073	6,214,276	-	122,946,349	110,092,461
Furniture, equipment and machinery — dwellings and administrative	1,894,896	104,306	81,030	1,918,172	199,704
	<u>\$ 139,236,723</u>	<u>\$ 7,079,744</u>	<u>\$ 81,030</u>	<u>\$ 146,235,437</u>	<u>\$ 136,491,401</u>

Note 5. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended March 31, 2008:

	Balance, March 31, 2007	Additions	Reductions	Balance, March 31, 2008	Due Within One Year
Compensated absences	\$ 2,172,865	\$ 1,184,365	\$ 1,225,565	\$ 2,131,665	\$ 727,638

The following is a summary of changes in long-term liabilities for the year ended March 31, 2007:

	Balance, March 31, 2006	Additions	Reductions	Balance, March 31, 2007	Due Within One Year
Compensated absences	\$ 2,083,862	\$ 1,354,564	\$ 1,265,561	\$ 2,172,865	\$ 718,599

Note 6. Pension Plan

The Agency requires all full-time employees to be part of a 401(a) defined-contribution plan. This plan was established before the Agency became an independent entity; consequently, 12 City of Saint Paul employees are still a part of the plan. For all other intents and purposes, it is a single-employer plan. A Board of Trustees independent of the Agency administers the plan.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 6. Pension Plan (Continued)

Contributions are required of both the employer and employee participants equal to 7 percent and 5 percent of each employee's monthly base salary, respectively. Voluntary contributions and rollover contributions are also allowed. Employer contributions to the plan were approximately \$720,000 and \$709,000, and employee contributions amounted to approximately \$528,000 and \$521,000 for the years ended March 31, 2008 and 2007, respectively.

Employer and employee monthly contributions are invested by the participants in a selection of mutual fund shares. Vesting for employer contributions occurs on an incremental basis, with full vesting achieved at five years of service, attaining the age of 55, or termination of service due to disability. Employee contributions are fully vested at time of contribution.

Note 7. Commitments and Contingencies

Construction commitments: The Agency has entered into various contracts for construction projects, mainly relating to the Capital Fund program, which are expected to be completed during fiscal year 2008 and beyond. As of March 31, 2008, the remaining commitment on these construction projects approximated \$2,072,000. The costs are being funded by the respective grants.

HUD-guaranteed debt: Certain Housing Authority bonds and Federal Financing Bank (FFB) notes were issued by the Agency for the purpose of financing the acquisition, development and modernization of public housing property. HUD is the primary obligor of these bonds and notes and has guaranteed the debt service payments through annual CACC contributions. The Agency is the secondary obligor and has pledged its financed projects and revenues as collateral on the debt service payments in the event that HUD terminates its annual CACC contributions. Accordingly, the bonds and notes are not reported as liabilities in the accompanying financial statements. Bonds and notes outstanding as of March 31, 2008 and 2007, were as follows:

	Original Issue	Amount Outstanding	
		2008	2007
5% 6th Issue (1970) Housing Authority Bonds due serially through 2010	\$ 15,970,000	\$ 1,510,000	\$ 2,330,000
5% 7th Issue (1972) Housing Authority Bonds due serially through 2014	2,862,983	805,933	924,904
5.125% 8th Issue (1973) Housing Authority Bonds due serially through 2015	3,725,000	1,240,000	1,385,000
6.6% FFB notes issued in 1982 for project MN 1-22 due serially through 2008	189,165	-	14,295
	<u>\$ 22,747,148</u>	<u>\$ 3,555,933</u>	<u>\$ 4,654,199</u>

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 8. Rental Commitments Receivable

The Agency has entered into rental agreements with external parties for vacant space within the central administrative office building. The net book value of the office building was \$12,886,198 as of March 31, 2008, and related depreciation expense was \$442,226 for the year then ended, of which approximately 35 percent is held for lease to external parties. The rental agreements have varying terms with regard to the payment of costs incurred for making the space suitable for the specific tenant. The tenants of the central administrative office building share the costs of these renovations through either a period of rent abatement or direct repayment. One of the tenants has agreed to rent approximately 24 percent of the rentable square feet within the building. The agreement between the Agency and this tenant provides for equal sharing of the renovation costs to a limit of approximately \$800,000, which will be repaid to the tenant through rent abatements of approximately \$80,000 for each of the first five years of the 10-year lease. The rental commitments (net of rent abatement) for space are shown below:

2009	\$	217,000
2010		180,000
2011		229,000
2012		231,000
2013		222,000
Thereafter		546,000
	\$	<u>1,625,000</u>

Note 9. Accounting Standards Not Yet Adopted

The Governmental Accounting Standards Board issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in July 2004, which will be effective for the Agency beginning with its year ending March 31, 2009. This statement establishes standards for the measurement, recognition and display of other postemployment benefit (OPEB) expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The Agency's management has not yet determined the effect this statement will have on the Agency's financial statements.

The Governmental Accounting Standards Board issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in November 2006, which will be effective for the Agency beginning with its year ending March 31, 2009. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups. The Agency's management has not yet determined the effect this statement will have on their financial statements.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, will be effective for the Agency beginning with its year ending March 31, 2011. This statement establishes consistent accounting and financial reporting requirements for intangible assets, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The Agency's management has not yet determined the effect this statement will have on their financial statements.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 9. Accounting Standards Not Yet Adopted (Continued)

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, will be effective for the Agency beginning with its year ending March 31, 2011. This statement addresses the recognition, measurement and disclosure of information relating to derivative instruments entered into by state and local governments. The Agency's management has not yet determined the effect this statement will have on their financial statements.

Supplementary Information Section

This page is intentionally left blank.

Public Housing Agency of the City of Saint Paul

Financial Data Schedule
 Combining Balance Sheet — All Programs
 March 31, 2008

Line Item No.	Account Description	Low Rent 14.850a	Section 8 Voucher Choice Program 14.871	Section 8 MOD Rehab. Program 14.856	Disability Vouchers 14.181
Assets					
Current Assets					
Cash:					
111	Cash — unrestricted	\$ 839,097	\$ 746,213	\$ 11,950	\$ -
100	Total cash	<u>839,097</u>	<u>746,213</u>	<u>11,950</u>	<u>-</u>
Accounts and notes receivable:					
122	Accounts receivable — HUD other projects	-	-	28,609	87,328
125	Accounts receivable — miscellaneous	279,904	17,853	-	-
126	Accounts receivable — tenants — dwelling rents	226,510	-	-	-
129	Accrued interest receivable	201,007	36,455	-	-
120	Total receivables	<u>707,421</u>	<u>54,308</u>	<u>28,609</u>	<u>87,328</u>
Investments and Other Assets					
131	Investments — unrestricted	14,389,547	440,612	-	-
135	Investments — restricted	1,020,586	4,542,735	-	-
142	Prepaid expenses and other assets	325,390	8,886	-	-
143	Inventories	420,810	-	-	-
144	Interprogram due from	1,605,974	-	-	-
	Total investments and other assets	<u>17,762,307</u>	<u>4,992,233</u>	<u>-</u>	<u>-</u>
150	Total current assets and investments	<u>19,308,825</u>	<u>5,792,754</u>	<u>40,559</u>	<u>87,328</u>
Noncurrent Assets					
Capital assets:					
161	Land and land improvements	32,273,883	-	-	-
162	Buildings	233,125,768	-	-	-
164	Furniture, equipment and machinery — dwellings and administrative	2,140,387	-	-	-
166	Accumulated depreciation	(151,006,162)	-	-	-
167	Construction in progress	-	-	-	-
160	Total capital assets, net	<u>116,533,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
171	Notes and mortgages receivable — noncurrent	-	-	-	-
174	Other assets	103,131	-	-	-
180	Total noncurrent assets	<u>116,637,007</u>	<u>-</u>	<u>-</u>	<u>-</u>
190	Total assets	<u>\$ 135,945,832</u>	<u>\$ 5,792,754</u>	<u>\$ 40,559</u>	<u>\$ 87,328</u>

(Continued)

DHAP 97.109	CFP 14.872	CHSP 14.170	Business Activities	State/Local Wilder	Eliminations	Total
\$ 51,969	\$ -	\$ -	\$ 340,808	\$ -	\$ -	\$ 1,990,037
51,969	-	-	340,808	-	-	1,990,037
-	1,122,207	92,076	-	-	-	1,330,220
-	-	-	-	-	-	297,757
-	-	-	-	-	-	226,510
-	-	-	15,985	-	-	253,447
-	1,122,207	92,076	15,985	-	-	2,107,934
-	-	-	976,453	-	-	15,806,612
-	-	-	-	-	-	5,563,321
-	-	-	-	-	-	334,276
-	-	-	-	-	-	420,810
9,269	-	-	-	127,185	(1,742,428)	-
9,269	-	-	976,453	127,185	(1,742,428)	22,125,019
61,238	1,122,207	92,076	1,333,246	127,185	(1,742,428)	26,222,990
-	-	-	1,863,071	-	-	34,136,954
-	-	-	12,912,734	-	-	246,038,502
-	-	-	66,504	-	-	2,206,891
-	-	-	(1,956,111)	-	-	(152,962,273)
-	5,590,529	-	-	-	-	5,590,529
-	5,590,529	-	12,886,198	-	-	135,010,603
-	-	-	-	-	-	-
-	-	-	-	-	-	103,131
-	5,590,529	-	12,886,198	-	-	135,113,734
\$ 61,238	\$ 6,712,736	\$ 92,076	\$ 14,219,444	\$ 127,185	\$ (1,742,428)	\$ 161,336,724

Public Housing Agency of the City of Saint Paul

Financial Data Schedule
 Combining Balance Sheet — All Programs (Continued)
 March 31, 2008

Line Item No.	Account Description	Low Rent 14.850a	Section 8 Voucher Choice Program 14.871	Section 8 MOD Rehab. Program 14.856	Disability Vouchers 14.181
Liabilities and Net Assets					
Liabilities					
Current liabilities:					
312	Accounts payable	\$ 1,762,146	\$ -	\$ -	\$ -
321	Accrued wages/payroll taxes payable	381,925	58,946	1,282	1,605
322	Accrued compensated absences	614,570	105,908	2,110	740
325	Accrued interest payable	55,940	-	-	-
333	Accounts payable — other governments	309,278	-	-	-
341	Tenant security deposits	885,124	-	-	-
342	Unearned revenues	223,140	-	-	-
345	Other current liabilities	387,060	160,595	-	-
347	Interprogram due to	127,185	266,222	-	44,866
310	Total current liabilities	4,746,368	591,671	3,392	47,211
Noncurrent liabilities:					
354	Accrued compensated absences — long-term	1,185,963	197,483	2,549	7
	Total liabilities	5,932,331	789,154	5,941	47,218
Net Assets					
508.1	Invested in capital assets	116,533,876	-	-	-
511.1	Restricted net assets	13,479,625	4,382,140	-	-
512.1	Unrestricted net assets	-	621,460	34,618	40,110
513	Total net assets	130,013,501	5,003,600	34,618	40,110
600	Total liabilities and net assets	\$ 135,945,832	\$ 5,792,754	\$ 40,559	\$ 87,328

DHAP 97.109	CFP 14.872	CHSP 14.170	Business Activities	State/Local Wilder	Eliminations	Total
\$ -	\$ -	\$ -	\$ 8,486	\$ -	\$ -	\$ 1,770,632
-	-	-	2,643	-	-	446,401
-	-	-	4,310	-	-	727,638
-	-	-	-	-	-	55,940
-	-	-	-	-	-	309,278
-	-	-	-	-	-	885,124
-	-	-	246,777	-	-	469,917
-	-	-	-	-	-	547,655
-	1,122,207	92,076	89,872	-	(1,742,428)	-
-	1,122,207	92,076	352,088	-	(1,742,428)	5,212,585
-	-	-	-	-	-	-
-	-	-	18,025	-	-	1,404,027
-	1,122,207	92,076	370,113	-	(1,742,428)	6,616,612
-	-	-	-	-	-	-
-	5,590,529	-	12,886,198	-	-	135,010,603
61,238	-	-	-	-	-	17,923,003
-	-	-	963,133	127,185	-	1,786,506
61,238	5,590,529	-	13,849,331	127,185	-	154,720,112
\$ 61,238	\$ 6,712,736	\$ 92,076	\$ 14,219,444	\$ 127,185	\$ (1,742,428)	\$ 161,336,724

Public Housing Agency of the City of Saint Paul

Financial Data Schedule

Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets — All Programs
For the Year Ended March 31, 2008

Line Item No.	Account Description	Low Rent 14.850a	Section 8 Voucher Choice Program 14.871	Section 8 MOD Rehab. Program 14.856	Disability Vouchers 14.181
Revenues:					
703	Tenant rental revenue	\$ 11,887,433	\$ -	\$ -	\$ -
704	Tenant revenue — other	81,094	-	-	-
705	Total tenant revenues	11,968,527	-	-	-
706	HUD PHA grants	11,145,847	-	-	-
706-010	Housing assistance payments	-	33,202,115	298,175	785,354
706-020	Ongoing administrative fees earned	-	2,535,491	54,311	93,268
706-060	Excess interest earned on excess funds	-	81,646	-	-
706.1	Capital grants	-	-	-	-
708	Other government grants	-	-	-	-
711	Investment income — unrestricted	637,808	-	-	-
711-020	Investment income — unrestricted — admin. fees	-	22,960	245	-
714-010	Fraud recovery — HAP	-	95,596	-	-
714-020	Fraud recovery — admin.	-	95,596	-	-
715	Other revenues	615,886	341,608	-	-
716	Gain from disposition of real property	1,291,401	-	-	-
720-010	Investment income — restricted — HAP	-	82,698	-	-
700	Total revenues	25,659,469	36,457,710	352,731	878,622
Expenses:					
Administrative:					
911	Salaries	4,002,175	1,387,757	27,650	37,386
912	Auditing fees	36,748	15,365	317	370
915	Employee benefit contributions	1,314,928	456,537	8,583	11,901
916	Other operating	1,587,509	581,833	10,155	13,542
	Total administrative	6,941,360	2,441,492	46,705	63,199
Tenant services:					
921	Salaries	471,804	-	-	-
923	Employee benefit contributions	148,871	-	-	-
924	Other	260,174	-	-	-
	Total tenant services	880,849	-	-	-
Utilities:					
931	Water	1,956,442	-	-	-
932	Electricity	1,340,206	-	-	-
933	Gas	990,656	-	-	-
934	Fuel	698,299	-	-	-
935	Labor	67,000	-	-	-
937	Employee benefit contributions	21,236	-	-	-
938	Other	48,948	-	-	-
	Total utilities	5,122,787	-	-	-
Ordinary maintenance and operation:					
941	Labor	3,778,189	-	-	-
942	Materials and other	720,510	-	-	-
943	Contract costs	2,074,774	-	-	-
945	Employee benefit contributions	1,362,210	-	-	-
	Total ordinary maintenance and operation	7,935,683	-	-	-

(Continued)

DHAP 97.109	CFP 14.872	CHSP 14.170	Business Activities	State/Local Wilder	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,887,433
-	-	-	-	-	-	81,094
-	-	-	-	-	-	11,968,527
-	2,452,061	717,274	-	-	-	14,315,182
-	-	-	-	-	-	34,285,644
-	-	-	-	-	-	2,683,070
-	-	-	-	-	-	81,646
-	3,897,192	-	-	-	-	3,897,192
90,632	-	-	-	-	-	90,632
-	-	-	27,964	-	-	665,772
-	-	-	-	-	-	23,205
-	-	-	-	-	-	95,596
-	-	-	-	-	-	95,596
-	-	1,065,758	833,140	115,638	(541,369)	2,430,661
-	-	-	-	-	-	1,291,401
-	-	-	-	-	-	82,698
90,632	6,349,253	1,783,032	861,104	115,638	(541,369)	72,006,822
3,677	466,231	57,492	19,891	-	-	6,002,259
-	2,500	-	500	-	-	55,800
1,267	148,005	18,179	4,046	-	-	1,963,446
-	1,835,325	11,965	48,145	-	(534,211)	3,554,263
4,944	2,452,061	87,636	72,582	-	(534,211)	11,575,768
836	-	505,060	-	-	-	977,700
288	-	167,135	-	-	-	316,294
-	-	1,023,201	-	92,908	(7,158)	1,369,125
1,124	-	1,695,396	-	92,908	(7,158)	2,663,119
-	-	-	3,486	-	-	1,959,928
-	-	-	74,871	-	-	1,415,077
-	-	-	137,858	-	-	1,128,514
-	-	-	-	-	-	698,299
-	-	-	3,985	-	-	70,985
-	-	-	1,249	-	-	22,485
-	-	-	108	-	-	49,056
-	-	-	221,557	-	-	5,344,344
-	-	-	31,938	-	-	3,810,127
-	-	-	3,853	-	-	724,363
-	-	-	102,794	-	-	2,177,568
-	-	-	12,509	-	-	1,374,719
-	-	-	151,094	-	-	8,086,777

Public Housing Agency of the City of Saint Paul

Financial Data Schedule

Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets — All Programs (Continued)
For the Year Ended March 31, 2008

Line Item No.	Account Description	Low Rent 14.850a	Section 8 Voucher Choice Program 14.871	Section 8 MOD Rehab. Program 14.856	Disability Vouchers 14.181
	Expenses (continued):				
	Protective services:				
951	Other contract costs	-	-	-	-
	General expenses:				
961	Insurance premiums	649,935	40,066	763	1,087
962	Other general expenses	160,161	158,436	-	2,648
963	Payments in lieu of taxes	309,277	-	-	-
964	Bad debt — tenant rents	102,430	-	-	-
968	Severance expense	138,455	9,811	-	-
	Total general expenses	1,360,258	208,313	763	3,735
969	Total operating expenses	22,240,937	2,649,805	47,468	66,934
970	Excess (deficit) of operating revenues over operating expenses	3,418,532	33,807,905	305,263	811,688
971	Extraordinary maintenance	531,547	-	-	-
972	Casualty losses — noncapitalized	80,097	-	-	-
973	Housing assistance payments	-	31,448,284	298,103	784,985
974	Depreciation expense	6,815,696	-	-	-
900	Total expenses	29,668,277	34,098,089	345,571	851,919
1000	Excess (deficit) of revenues over expenses before transfers	(4,008,808)	2,359,621	7,160	26,703
1104	HUD recapture of prior-year settlements	-	(155,670)	-	-
1104	Program equity transfers	12,382,510	(13,407)	-	13,407
	Changes in net assets	8,373,702	2,190,544	7,160	40,110
1103	Net assets, beginning	121,639,799	2,813,056	27,458	-
	Net assets, ending	\$ 130,013,501	\$ 5,003,600	\$ 34,618	\$ 40,110
	Other Financial Data				
1113	Maximum annual contributions commitment	\$ -	\$ -	\$ 401,400	\$ 543,943
1114	Pro rata maximum annual contributions applicable to a period of less than 12 months	-	-	-	305,065
1115	Contingency reserve, ACC program reserve	-	-	-	317,151
1116	Total annual contributions available	-	-	401,400	1,166,159
1117	Administrative fee equity	-	-	-	-
1118	Housing assistance payments equity	-	-	-	-
1120	Gross number of units	50,874	46,932	900	1,404
1121	Number of units months leased	50,631	47,612	878	1,509

DHAP 97.109	CFP 14.872	CHSP 14.170	Business Activities	State/Local Wilder	Eliminations	Total
-	-	-	28,533	-	-	28,533
-	-	-	16,956	-	-	708,807
-	-	-	454	-	-	321,699
-	-	-	51,571	-	-	360,848
-	-	-	-	-	-	102,430
-	-	-	-	-	-	148,266
-	-	-	68,981	-	-	1,642,050
6,068	2,452,061	1,783,032	542,747	92,908	(541,369)	29,340,591
84,564	3,897,192	-	318,357	22,730	-	42,666,231
-	-	-	12,874	-	-	544,421
-	-	-	-	-	-	80,097
23,326	-	-	-	-	-	32,554,698
-	-	-	442,226	-	-	7,257,922
29,394	2,452,061	1,783,032	997,847	92,908	(541,369)	69,777,729
61,238	3,897,192	-	(136,743)	22,730	-	2,229,093
-	-	-	-	-	-	(155,670)
-	(12,382,510)	-	-	-	-	-
61,238	(8,485,318)	-	(136,743)	22,730	-	2,073,423
-	14,075,847	-	13,986,074	104,455	-	152,646,689
\$ 61,238	\$ 5,590,529	\$ -	\$ 13,849,331	\$ 127,185	\$ -	\$ 154,720,112
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 945,343
-	-	-	-	-	-	305,065
-	-	-	-	-	-	317,151
-	-	-	-	-	-	1,567,559
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	100,110
-	-	-	-	-	-	100,630

Public Housing Agency of the City of Saint Paul

Financial Data Schedule

Combining Balance Sheet and Schedule of Revenues and Expenses — CFP

As of and for the Year Ended March 31, 2008

Line Item No.	Account Description	CFP 704 14.872	CFP 705 14.872
Balance Sheet			
Assets:			
122	Accounts receivable — HUD other projects	\$ -	\$ -
167	Construction in progress	-	-
190	Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and net assets:			
Liabilities:			
347	Interprogram due to	\$ -	\$ -
300	Total liabilities	<u>-</u>	<u>-</u>
Net assets:			
508.1	Invested in capital assets	-	-
600	Total liabilities and net assets	<u>\$ -</u>	<u>\$ -</u>
Schedule of Revenues and Expenses			
Revenues:			
706	HUD PHA grants	\$ 56,303	\$ 53,445
706.1	Capital grants	(38,469)	727,824
700	Total revenues	<u>17,834</u>	<u>781,269</u>
Expenses:			
Administrative:			
911	Salaries	-	-
912	Auditing fees	-	-
915	Employee benefit contributions	-	-
916	Other operating	56,303	53,445
900	Total expenses	<u>56,303</u>	<u>53,445</u>
1000	Excess (deficit) of revenues over expenses	<u>\$ (38,469)</u>	<u>\$ 727,824</u>
Other Financial Data			
1104	Program equity transfers	\$ (6,557,304)	\$ (5,825,206)

CFP 706 14.872	CFP 707 14.872	Total CFP
\$ 404,079	\$ 718,128	\$ 1,122,207
4,606,564	983,965	5,590,529
<u>\$ 5,010,643</u>	<u>\$ 1,702,093</u>	<u>\$ 6,712,736</u>

\$ 404,079	\$ 718,128	\$ 1,122,207
404,079	718,128	1,122,207

4,606,564	983,965	5,590,529
<u>\$ 5,010,643</u>	<u>\$ 1,702,093</u>	<u>\$ 6,712,736</u>

\$ 1,301,932	\$ 1,040,381	\$ 2,452,061
2,223,872	983,965	3,897,192
<u>3,525,804</u>	<u>2,024,346</u>	<u>6,349,253</u>

221,165	245,066	466,231
2,500	-	2,500
69,775	78,230	148,005
1,008,492	717,085	1,835,325
<u>1,301,932</u>	<u>1,040,381</u>	<u>2,452,061</u>
<u>\$ 2,223,872</u>	<u>\$ 983,965</u>	<u>\$ 3,897,192</u>

\$ - \$ - \$ (12,382,510)

Statistical Section

Public Housing Agency of the City of Saint Paul

Agency Revenue by PHA/HUD Programs Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Section 8 Certs/Mod	\$ 15,885,834	\$ 8,381,433	\$ 2,102,564	\$ 641,391	\$ 298,292	\$ 269,574	\$ 278,237	\$ 306,563	\$ 322,789	\$ 352,731
Section 8 Vouchers	5,259,573	12,526,587	19,359,882	25,526,342	33,148,536	37,983,991	37,536,502	36,639,950	34,487,712	36,457,710
Section 8 Disability Vouchers	-	-	-	-	-	-	209,924	656,445	692,027	878,622
DHAP	-	-	-	-	-	-	-	-	-	90,632
RAFS	-	61,118	376,938	437,961	375,136	212,150	126,894	56,681	13,198	-
Low Rent Housing	15,856,009	17,758,236	19,792,865	20,590,322	20,694,887	20,840,301	23,183,266	21,990,243	23,425,957	25,659,469
Discretionary	79,039	80,635	89,991	59,979	23,122	-	-	-	-	-
Business Activities	734,317	789,314	935,999	7,052,061	301,090	143,380	759,823	1,228,918	886,995	861,104
CIAP/Comp Grant/Capital Fund	7,366,636	12,142,505	8,366,007	9,385,504	8,825,561	11,125,724	7,324,221	7,371,910	9,979,958	6,349,253
Congregate Housing Program	949,033	1,164,881	1,342,444	1,590,987	1,580,163	1,960,663	2,346,651	1,828,559	1,733,033	1,783,032
Wilder	78,087	76,373	114,503	112,110	139,715	155,018	148,506	146,965	124,468	115,638
Drug Elimination	1,120,250	1,000,735	971,597	850,161	1,031,899	-	-	-	-	-
Service Coordinators	187,335	59,217	78,364	174,607	313,017	445,653	160,054	-	-	-
Jobs Plus Research Grant	-	-	283,066	263,947	181,037	183,563	-	-	-	-
MDRC Jobs Plus	18,517	12,524	68,400	40,997	59,852	32,397	-	-	-	-
Resident Opportunity & Self-Sufficiency Grant (ROSS)	-	-	-	14,971	220,000	232,054	232,698	100,822	8,950	-
Economic Development	277,200	194,992	210,868	254,801	-	-	-	-	-	-
Weed and Seed	-	-	-	-	25	49,975	-	-	-	-
Gateway	21,215	21,300	-	-	-	-	-	-	-	-
Family Investment Center	2,371	-	-	-	-	-	-	-	-	-
Youth Apprenticeship	25,443	22,440	24,418	-	-	-	-	-	-	-
Total Agency revenues	\$ 47,860,859	\$ 54,292,290	\$ 54,117,906	\$ 66,996,141	\$ 67,192,332	\$ 73,634,443	\$ 72,306,776	\$ 70,327,056	\$ 71,675,087	\$ 72,548,191

Public Housing Agency of the City of Saint Paul

Low Rent Public Housing Revenue by HUD Classification Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Dwelling rental	\$ 8,654,024	\$ 9,184,943	\$ 9,957,155	\$ 10,337,156	\$ 10,699,671	\$ 10,542,487	\$ 10,588,726	\$ 11,078,857	\$ 11,680,840	\$ 11,887,433
Excess utilities	52,624	51,612	51,052	51,485	50,976	51,625	47,076	47,611	65,011	81,094
Nondwelling rental	2,189	2,325	2,105	1,905	2,395	2,030	990	1,980	2,970	2,640
Interest income	571,563	577,774	745,103	472,824	296,116	329,511	283,965	470,344	752,100	637,808
Other income	376,971	501,760	468,697	476,441	415,015	411,209	416,180	546,632	673,133	613,246
Gain (loss) from disposition of real property	(273,539)	(87,587)	(300,286)	(188,682)	6,218	462,814	1,814,379	122,677	15,316	1,291,401
HUD subsidy	6,472,177	7,527,409	8,869,039	9,439,193	9,224,496	9,040,625	10,031,950	9,722,142	10,184,322	11,145,847
Total Low Rent public housing revenue	\$ 15,856,009	\$ 17,758,236	\$ 19,792,865	\$ 20,590,322	\$ 20,694,887	\$ 20,840,301	\$ 23,183,266	\$ 21,990,243	\$ 23,373,692	\$ 25,659,469
Average units leased	4,264	4,207	4,238	4,204	4,212	4,215	4,211	4,210	4,208	4,219
Revenue per average unit month	\$ 309.88	\$ 351.76	\$ 389.18	\$ 408.15	\$ 409.44	\$ 412.03	\$ 458.78	\$ 435.28	\$ 462.92	\$ 506.79
Subsidy per average unit month	126.49	149.10	174.40	187.11	182.50	178.74	198.53	192.44	201.70	220.14

Public Housing Agency of the City of Saint Paul

Section 8 Revenue by HUD Classification Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Housing assistance payments	\$ 16,791,487	\$ 16,519,382	\$ 18,383,343	\$ 23,495,998	\$ 29,153,108	\$ 33,294,134	\$ 32,192,311	\$ 33,316,813	\$ 32,144,373	\$ 34,285,644
Port-in housing assistance payments	1,980,072	1,961,121	829,232	115,399	1,515,233	2,032,834	2,696,391	1,391,218	455,999	323,560
Administration fees	1,892,548	1,924,968	1,828,321	2,223,046	2,376,634	2,532,915	2,558,357	2,573,816	2,558,916	2,683,070
Hard-to-house fees	20,880	11,880	25,035	34,950	35,550	48,600	56,025	-	-	-
Auditing fees	11,524	14,186	14,049	11,318	19,255	13,888	12,732	-	-	-
Interest on reserves/investments	129,109	148,641	132,982	69,716	34,555	2,597	6,064	86,177	132,918	187,549
Portability-in admin. and other revenue	163,622	160,670	71,045	7,516	82,685	123,566	144,394	75,012	27,415	18,048
Other revenue	156,165	167,172	178,438	209,790	229,808	205,031	358,389	159,922	180,403	191,192
Total Section 8 revenue	\$ 21,145,407	\$ 20,908,020	\$ 21,462,445	\$ 26,167,733	\$ 33,446,828	\$ 38,253,565	\$ 38,024,663	\$ 37,602,958	\$ 35,500,024	\$ 37,689,063
ACC authorized monthly unit count	3,667	3,710	3,710	3,763	3,965	4,059	4,059	4,066	4,103	4,103
Average monthly units leased	3,320	3,151	3,368	3,739	3,925	4,092	3,954	4,006	4,032	4,167
Average monthly revenue per unit	\$ 530.76	\$ 552.95	\$ 531.04	\$ 583.22	\$ 710.12	\$ 779.03	\$ 801.40	\$ 782.22	\$ 733.71	\$ 753.80

Note: Average monthly revenue per unit includes portability-in revenues.

Public Housing Agency of the City of Saint Paul

Agency Expenses by HUD Programs — excluding depreciation
Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Section 8 Certs/Mod	\$ 15,679,473	\$ 8,131,110	\$ 2,062,358	\$ 596,555	\$ 277,330	\$ 264,376	\$ 279,306	\$ 306,659	\$ 319,862	\$ 345,571
Section 8 Vouchers	5,198,295	12,415,923	19,310,889	25,256,928	32,750,540	37,964,189	37,120,743	35,454,263	33,387,929	34,098,093
Section 8 Disability Vouchers	-	-	-	-	-	-	213,239	657,199	685,583	851,919
DHAP	-	-	-	-	-	-	-	-	-	29,394
RAFS	-	61,118	376,938	437,961	375,136	212,150	126,894	56,681	13,198	-
Low Rent Housing	16,145,202	17,691,805	18,729,151	19,790,481	20,124,125	20,277,568	21,298,444	21,968,703	22,286,843	22,852,581
Discretionary	123,803	148,008	77,962	116,114	109,021	-	-	-	-	-
Business Activities	392,451	464,221	642,104	575,471	258,268	209,616	551,507	461,189	580,236	555,621
CIAP/Comp Grant/Capital Fund	7,366,636	12,142,505	8,366,007	9,385,504	8,825,561	11,125,724	7,324,221	7,371,910	9,979,958	6,349,253
Congregate Housing Program	949,033	1,164,881	1,342,444	1,590,987	1,580,163	1,960,663	2,346,651	1,828,559	1,733,033	1,783,032
Wilder	65,042	106,615	103,089	85,694	186,335	113,035	133,378	210,933	81,542	92,908
Drug Elimination	1,120,250	1,000,735	971,597	850,161	1,031,899	-	-	-	-	-
Service Coordinators	187,335	59,217	78,364	174,607	313,017	445,653	160,054	-	-	-
Jobs Plus Research Grant	-	-	283,066	263,947	181,037	183,563	-	-	-	-
MDRC Jobs Plus	18,517	12,524	68,400	40,997	59,852	32,397	-	-	-	-
Resident Opportunity & Self-Sufficiency Grant (ROSS)	-	-	-	14,971	220,000	232,054	232,698	100,822	8,950	-
Economic Development	277,200	194,992	210,868	254,801	-	-	-	-	-	-
Weed and Seed Development	-	-	-	-	25	49,975	-	-	-	-
Youth Sports	-	-	-	-	-	-	-	-	-	-
Lead-Based Paint	-	-	-	-	-	-	-	-	-	-
Gateway	21,215	21,300	-	-	-	-	-	-	-	-
Family Investment Center	2,371	-	-	-	-	-	-	-	-	-
Youth Development Initiatives	-	-	-	-	-	-	-	-	-	-
Youth Apprenticeship	25,443	22,440	10,891	-	-	-	-	-	-	-
Vista	-	-	-	-	-	-	-	-	-	-
Total Agency expenses	\$ 47,572,266	\$ 53,637,394	\$ 52,634,128	\$ 59,435,179	\$ 66,292,309	\$ 73,070,963	\$ 69,787,135	\$ 68,416,918	\$ 69,077,134	\$ 66,958,372

Note: Depreciation expense was not included in the Low Rent and Business Activities programs.

Note: The CIAP/Comp Grant/Capital Fund expense line includes capital expenses.

Public Housing Agency of the City of Saint Paul

Low Rent Public Housing Expenses by HUD Classification Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Administrative	\$ 5,062,772	\$ 5,753,570	\$ 6,235,334	\$ 6,448,084	\$ 6,789,833	\$ 6,532,412	\$ 6,903,177	\$ 6,885,099	\$ 6,895,139	\$ 6,941,360
Tenant services	449,273	571,980	554,900	750,417	717,469	459,255	787,738	812,706	866,406	880,849
Utilities	3,620,885	3,663,634	4,117,830	3,811,913	4,001,094	4,140,517	4,362,505	4,625,108	5,047,291	5,122,787
Maintenance	6,080,050	6,575,238	7,103,738	7,425,761	7,113,793	7,230,827	7,171,252	7,435,838	7,538,458	7,935,683
Protective service	35,375	86,983	33,100	36,165	60,747	5,463	-	-	-	-
General expense	640,617	739,304	757,166	859,302	869,562	1,180,271	1,451,766	1,296,714	1,403,742	1,360,258
Nonroutine maintenance	256,230	301,096	210,149	722,786	752,664	912,386	622,006	913,238	535,807	611,644
Total Low Rent public housing expenses	\$ 16,145,202	\$ 17,691,805	\$ 19,012,217	\$ 20,054,428	\$ 20,305,162	\$ 20,461,131	\$ 21,298,444	\$ 21,968,703	\$ 22,286,843	\$ 22,852,581
Average monthly units leased	4,264	4,207	4,238	4,204	4,212	4,215	4,211	4,211	4,208	4,219
Average monthly expense per unit	\$ 315.53	\$ 350.44	\$ 373.84	\$ 397.53	\$ 401.73	\$ 404.53	\$ 421.48	\$ 434.75	\$ 441.39	\$ 451.36

Note: Depreciation expense was not included in this table.

Note: The fiscal years 2001, 2002, 2003 and 2004 also include the expenses of Jobs Plus Research Grant costs.

Public Housing Agency of the City of Saint Paul

Section 8 Expenses by HUD Classification
Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Administrative	\$ 2,075,875	\$ 2,037,563	\$ 2,156,653	\$ 2,215,235	\$ 2,323,192	\$ 2,864,473	\$ 2,603,635	\$ 2,749,016	\$ 2,494,058	\$ 2,551,396
General expenses	26,352	18,880	19,060	26,696	36,337	37,124	41,470	65,136	219,335	212,811
Housing assistance payments	18,775,541	18,490,590	19,197,534	23,611,552	30,668,341	35,326,968	34,968,183	33,603,969	31,679,981	32,531,372
Total Section 8 expenses	\$ 20,877,768	\$ 20,547,033	\$ 21,373,247	\$ 25,853,483	\$ 33,027,870	\$ 38,228,565	\$ 37,613,288	\$ 36,418,121	\$ 34,393,374	\$ 35,295,579
ACC authorized monthly unit count	3,667	3,710	3,710	3,763	3,965	4,059	4,059	4,066	4,103	4,103
Average monthly units leased	3,220	3,151	3,368	3,739	3,925	4,092	3,954	4,006	4,032	4,167
Total expense per unit month (avg.)	\$ 524.04	\$ 543.40	\$ 528.83	\$ 576.21	\$ 701.23	\$ 778.52	\$ 792.73	\$ 757.57	\$ 710.84	\$ 705.93
Total admin. and general expense per unit (avg.)	52.77	54.39	53.83	49.97	50.10	59.09	55.75	58.54	56.08	55.29
Total HAP expense per unit (avg.)	427.27	489.01	475.00	526.24	651.13	719.43	736.98	699.03	654.76	650.64

Note: Expense per unit month includes portability-in expenses.

Public Housing Agency of the City of Saint Paul

Agency Full Time Equivalent (FTE) by Department
Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Executive	4.00	6.00	6.00	6.00	6.00	4.00	3.00	3.00	3.50	3.25
Human Resources	-	3.50	3.50	3.50	4.00	2.50	2.50	2.50	2.00	3.00
Section 8	-	20.00	23.00	23.00	24.00	24.00	24.00	22.00	21.00	22.00
Public Housing Policy	-	-	-	-	-	3.50	3.00	3.00	1.50	1.25
Equal Opportunity & Diversification	-	-	-	-	-	3.00	2.50	2.50	1.80	0.90
Finance	18.33	14.33	14.33	14.33	14.50	14.50	15.50	14.50	13.50	13.50
Technical Service	17.00	17.00	14.00	14.00	14.00	13.00	12.00	-	-	-
Maintenance	89.00	89.00	96.00	96.00	92.00	87.00	88.00	95.00	95.00	97.00
Resident Services	107.70	87.35	91.08	91.08	89.16	82.07	85.00	79.69	77.34	76.84
Total Agency FTE	236.03	237.18	247.91	247.91	243.66	233.57	235.50	222.19	215.64	217.74

Note: Prior to fiscal year 2000, Human Resources was under Finance and Section 8 was under Resident Services.

Note: Prior to fiscal year 2004, Public Housing Policy and Equal Opportunity staff were under various departments.

Note: During fiscal year 2006, the Technical Service department was dissolved and merged into the Maintenance department.

Public Housing Agency of the City of Saint Paul

Agency Salary Expense by Department
Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Executive	\$ 233,036	\$ 347,002	\$ 372,925	\$ 376,642	\$ 411,155	\$ 252,989	\$ 196,255	\$ 203,001	\$ 232,669	\$ 218,397
Human Resources	-	167,758	176,470	187,994	202,503	141,225	154,388	158,542	157,591	162,563
Section 8	-	680,482	776,455	812,570	825,863	924,482	944,559	923,431	968,607	1,002,902
Public Housing Policy	-	-	-	-	-	216,519	187,499	195,166	109,728	112,722
Equal Opportunity & Diversification	-	-	-	-	-	194,932	189,951	151,682	117,286	102,889
Finance	729,870	584,526	629,989	643,331	713,333	900,912	827,389	963,617	928,135	738,371
Technical Service	671,193	689,146	641,068	705,463	782,439	742,407	717,886	197,834	-	-
Maintenance	3,317,766	3,490,421	4,060,379	4,154,709	4,118,705	3,951,411	3,969,687	4,464,748	4,729,237	4,665,216
Resident Services	3,381,212	3,017,254	3,345,576	3,550,359	3,719,899	3,477,087	3,702,342	3,638,283	3,721,899	3,198,951
Total Agency salary expense	\$ 8,333,077	\$ 8,976,589	\$ 10,002,862	\$ 10,431,068	\$ 10,773,897	\$ 10,801,964	\$ 10,889,956	\$ 10,896,304	\$ 10,965,152	\$ 10,202,011
FTE	236.03	237.18	247.91	247.91	243.66	233.57	235.50	222.19	215.64	217.74
Salary cost per FTE	\$ 35,305	\$ 37,847	\$ 40,349	\$ 42,076	\$ 44,217	\$ 46,247	\$ 46,242	\$ 49,040	\$ 50,849	\$ 46,854

Note: This table reflects salaries only. It does not include terminal leave benefits, sick or vacation payouts.

Note: Technical Service was absorbed into Maintenance in fiscal year 2007.

Public Housing Agency of the City of Saint Paul

Unit Type Composition
Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Family	1,760	1,748	1,733	1,729	1,728	1,728	1,710	1,710	1,710	1,701
Hi-rise	2,548	2,548	2,545	2,545	2,545	2,545	2,548	2,548	2,548	2,548
Total units	4,308	4,296	4,278	4,274	4,273	4,273	4,258	4,258	4,258	4,249

Public Housing Agency of the City of Saint Paul

Minnesota Revenue Recapture Program
Last 10 Fiscal Years

Fiscal Year	Section 8		Public Housing		Total	
	\$ Amount	# of Payments	\$ Amount	# of Payments	\$ Amount	# of Payments
1999	\$ 54,274	160	\$ 36,832	147	\$ 91,106	307
2000	54,516	162	39,121	155	93,637	317
2001	82,974	264	55,456	265	138,430	529
2002	99,736	294	55,528	259	155,264	553
2003	119,205	285	53,828	174	173,033	459
2004	83,169	196	53,230	156	136,399	352
2005	52,177	120	50,369	141	102,546	261
2006	44,237	94	47,047	117	91,284	211
2007	50,762	103	57,539	137	108,302	240
2008	49,109	108	53,075	155	102,184	263
Totals	\$ 690,159	1,786	\$ 502,025	1,706	\$ 1,192,185	3,492

Note: The Agency began using the program in 1997 to recover bad debts through property and income tax refunds and state lottery winnings.

Public Housing Agency of the City of Saint Paul

Low Rent and Section 8 Utilization
Last 10 Fiscal Years

Fiscal Year	Public Housing			Section 8		
	Average Monthly Units	Average Monthly Vacancies	Average Monthly Utilization Rate	HUD Authorized Average Monthly Units	Average Monthly Vouchers Utilized	Average Monthly Utilization Rate
1999	4,264	46	98.9%	3,667	3,320	90.5%
2000	4,207	40	99.0%	3,710	3,151	84.9%
2001	4,238	41	99.0%	3,710	3,368	90.8%
2002	4,204	42	99.0%	3,763	3,739	99.4%
2003	4,212	34	99.2%	3,965	3,925	99.0%
2004	4,215	32	99.2%	4,059	4,092	100.8%
2005	4,211	29	99.3%	4,059	3,954	97.4%
2006	4,210	25	99.4%	4,066	4,006	98.5%
2007	4,208	27	99.4%	4,095	4,032	98.5%
2008	4,220	20	99.5%	4,103	4,181	101.9%
Overall averages	4,219	34	99.2%	3,920	3,777	96.4%

Public Housing Agency of the City of Saint Paul

Low Rent Unit Demographics

March 31, 2008

Unit Inventory	Units
Major family developments:	
McDonough Homes	580
Roosevelt Homes	314
Mt. Airy Homes	298
Dunedin Homes	104
Major hi-rise developments:	
Mt. Airy	153
Central	141
Valley	159
Neill	104
Dunedin	142
Cleveland	144
Iowa	148
Wilson	187
Front	151
Ravoux	220
Wabasha	71
Montreal	185
Exchange	194
Edgerton	219
Hamline	186
Seal	144
Scattered family units	405
Total units	4,249
PHA units by bedroom size:	
0 bedrooms	124
1 bedroom	2,453
2 bedrooms	569
3 bedrooms	719
4 bedrooms	272
5 bedrooms	107
6 bedrooms	5
Total units	4,249

Public Housing Agency of the City of Saint Paul

Agencywide Capital Assets Last 10 Fiscal Years

Low Rent Capital Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Land and land improvements	\$ 29,735,420	\$ 30,374,298	\$ 30,833,126	\$ 31,041,711	\$ 31,165,820	\$ 31,315,783	\$ 31,448,981	\$ 31,545,999	\$ 31,631,234	\$ 32,273,883
Buildings	174,316,017	172,863,568	179,659,758	188,135,048	196,149,373	204,493,125	211,708,657	219,653,777	220,144,038	233,125,768
Furniture, equipment and machinery	3,483,820	3,041,284	3,053,586	2,160,408	2,174,586	2,082,025	2,093,381	1,998,987	2,051,372	2,140,387
Accumulated depreciation	(95,304,718)	(100,932,469)	(106,890,002)	(112,714,674)	(118,595,940)	(125,254,237)	(131,501,336)	(138,165,064)	(144,721,552)	(151,006,162)
Low rent total capital assets, net	\$ 112,230,539	\$ 105,346,681	\$ 106,656,468	\$ 108,622,493	\$ 110,893,839	\$ 112,636,696	\$ 113,749,683	\$ 115,033,699	\$ 109,105,092	\$ 116,533,876

Low Rent Increase/(Decrease) as a % of Prior Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Land and land improvements	N/A	2.15%	1.51%	0.68%	0.40%	0.48%	0.43%	0.31%	0.27%	2.03%
Buildings	N/A	(0.83)%	3.93%	4.72%	4.26%	4.25%	3.53%	3.75%	0.22%	5.90%
Furniture, equipment and machinery	N/A	(12.70)%	0.40%	(29.25)%	0.66%	(4.26)%	0.55%	(4.51)%	2.62%	4.34%
Accumulated depreciation	N/A	5.91%	5.90%	5.45%	5.22%	5.61%	4.99%	5.07%	4.75%	4.34%
	0%	(6.13)%	1.24%	1.84%	2.09%	1.57%	0.99%	1.13%	(5.15)%	6.81%

Business Activities Capital Assets	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Land and land improvements	\$ 286,344	\$ 2,062,419	\$ 2,062,418	\$ 1,863,071	\$ 1,863,071	\$ 1,863,071	\$ 1,863,071	\$ 1,863,071	\$ 1,863,071	\$ 1,863,071
Buildings	1,853,427	1,875,525	2,016,738	-	-	11,601,850	12,033,652	12,894,772	12,894,772	12,912,734
Furniture, equipment and machinery	2,492	2,492	2,492	-	-	65,058	66,504	66,504	66,504	66,504
Accumulated depreciation	(352,680)	(415,380)	(480,486)	(3,898)	(19,349)	(237,459)	(643,785)	(1,071,659)	(1,513,885)	(1,956,111)
Business activities total capital assets, net	\$ 1,789,583	\$ 3,525,056	\$ 3,601,162	\$ 1,859,173	\$ 1,843,722	\$ 13,292,520	\$ 13,319,442	\$ 13,752,688	\$ 13,310,462	\$ 12,886,198

Business Activities Increase/(Decrease) as a % of Prior Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Land and land improvements	N/A	620.26%	0.00%	(9.67)%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Buildings	N/A	1.19%	7.53%	(100.00)%	N/A	N/A	3.72%	7.16%	0.00%	0.14%
Furniture, equipment and machinery	N/A	0.00%	0.00%	(100.00)%	N/A	N/A	2.22%	0.00%	0.00%	0.00%
Accumulated depreciation	N/A	17.78%	15.67%	(99.19)%	396.38%	1127.24%	171.11%	66.46%	41.27%	29.21%
	0%	96.98%	2.16%	(48.37)%	(0.83)%	620.96%	0.20%	3.25%	(3.22)%	(3.19)%

Note: Prior to fiscal year 1999, capital asset data was not kept in categories as shown above nor was depreciation calculated. N/A is placed in columns where this note applies.

Note: Business Activity — fiscal year 2000 purchased 10th Street property as future site for central administrative office building.

Note: Business Activity — fiscal year 2002 sold central administrative office building located at 480 Cedar Street.

Note: Business Activity — late fiscal year 2004 moved into newly built central administrative office building located at 555 N. Wabasha Street.

Public Housing Agency of the City of Saint Paul

Low Rent Public Housing Collection Write-Offs Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Dwelling rental	\$ 8,654,024	\$ 9,184,943	\$ 9,957,155	\$ 10,337,156	\$ 10,699,671	\$ 10,542,487	\$ 10,588,726	\$ 11,078,857	\$ 11,680,840	\$ 11,887,433
Excess utilities	52,624	51,612	51,052	51,485	50,976	51,625	47,076	47,611	65,011	81,094
Nondwelling rental	2,189	2,325	2,105	1,905	2,395	2,030	990	1,980	2,970	2,640
Total rents charged	\$ 8,708,837	\$ 9,238,880	\$ 10,010,312	\$ 10,390,546	\$ 10,753,042	\$ 10,596,142	\$ 10,636,792	\$ 11,128,448	\$ 11,748,821	\$ 11,971,167
Write-offs as a % of rents charged	1.21%	0.36%	0.37%	0.38%	0.32%	0.79%	0.36%	1.07%	1.67%	0.86%
Net write-off amounts	\$ 105,363	\$ 33,391	\$ 37,258	\$ 39,305	\$ 34,694	\$ 83,855	\$ 37,809	\$ 118,972	\$ 196,157	\$ 102,431
Write-offs as a % of increase/(decrease) from prior year	19.07%	(68.31)%	11.58%	5.49%	(11.73)%	141.70%	(54.91)%	214.67%	64.88%	(47.78)%
Average units leased	4,264	4,207	4,238	4,204	4,212	4,215	4,211	4,210	4,208	4,219
Write-offs per unit month	\$ 2.06	\$ 0.66	\$ 0.73	\$ 0.78	\$ 0.69	\$ 1.66	\$ 0.75	\$ 2.36	\$ 3.88	\$ 2.02

Public Housing Agency of the City of Saint Paul

Agencywide Assets, Liabilities and Net Assets
Last 10 Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assets	\$ 133,564,579	\$ 142,114,440	\$ 144,575,030	\$ 153,832,327	\$ 154,451,655	\$ 158,622,381	\$ 158,660,621	\$ 156,376,091	\$ 160,884,353	\$ 161,336,724
Liabilities	6,699,544	9,827,645	9,894,104	10,192,737	8,241,422	9,235,596	8,906,563	6,964,247	8,367,397	6,616,612
Net assets	126,865,035	132,286,795	134,680,926	143,639,590	146,210,233	149,386,785	149,754,058	149,411,844	152,516,956	154,720,112
Agencywide Increase/(Decrease)										
as a % of Prior Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assets	N/A	6.40%	1.73%	6.40%	0.40%	2.70%	0.02%	(1.44)%	2.88%	0.28%
Liabilities	N/A	46.69%	0.68%	3.02%	(19.14)%	12.06%	(3.56)%	(21.81)%	20.15%	(20.92)%
Net assets	N/A	4.27%	1.81%	6.65%	1.79%	2.17%	0.25%	(0.23)%	2.08%	1.44%

Note: Comparable figures for fiscal year 1998 are not available as financial statements prepared during that year utilized a previous HUD basis of accounting. HUD changed the basis of accounting to coincide with accounting principles generally accepted in the United States of America, and the Agency adopted this new presentation in 1999, which substantially changed the financial statements.

Public Housing Agency of the City of Saint Paul

Net Assets
Last 10 Fiscal Years

Fiscal Year	Invested in Capital Assets, Net of Related Debt	Restricted Assets	Unrestricted Assets	Total
2003	\$ 122,139,511	\$ 12,621,856	\$ 11,448,866	\$ 146,210,233
2004	135,794,983	13,233,355	358,447	149,386,785
2005	134,558,798	14,607,520	587,740	149,754,058
2006	135,311,831	11,938,272	2,161,741	149,411,844
2007	136,491,401	12,534,707	3,620,581	152,646,689
2008	135,010,603	17,923,003	1,786,506	154,720,112

Note: Data prior to 2003 is not available in this format due to a change in the reporting model in 2003.

Public Housing Agency of the City of Saint Paul

Changes in Net Assets
Last 10 Fiscal Years

	2003	2004	2005	2006	2007	2008
Operating revenue:						
Tenant revenue	\$ 10,829,706	\$ 10,596,142	\$ 10,598,983	\$ 11,009,476	\$ 11,552,665	\$ 11,866,097
HUD grants/subsidy	44,237,755	47,879,979	48,123,406	48,581,716	47,986,115	51,128,226
Other revenue	3,800,409	4,587,316	5,719,428	4,179,482	2,718,647	2,712,485
Total operating revenue	58,867,870	63,063,437	64,441,817	63,770,674	62,257,427	65,706,808
Operating expenses:						
Administrative	12,506,821	11,313,775	11,523,276	11,560,206	11,496,254	11,575,768
Tenant services	2,198,965	3,067,381	3,493,374	2,746,273	2,588,780	2,663,119
Housing assistance payments	30,980,237	35,509,198	35,077,117	33,652,690	31,691,339	32,554,698
Utilities	4,001,094	4,141,558	4,513,533	4,805,039	5,251,085	5,344,344
Ordinary maintenance	7,114,856	7,233,202	7,278,538	7,549,628	7,670,763	8,086,777
General expenses and other	1,065,484	1,261,164	1,660,674	1,344,796	1,266,225	1,648,250
Extraordinary maintenance	684,827	878,992	470,492	906,123	513,578	544,421
Depreciation expense	5,990,258	7,048,575	7,324,200	7,313,084	7,079,744	7,257,922
Total operating expenses	64,542,542	70,453,845	71,341,204	69,877,839	67,557,768	69,675,299
Operating loss	(5,674,672)	(7,390,408)	(6,899,387)	(6,107,165)	(5,300,341)	(3,968,491)
Nonoperating revenues and capital contributions:						
Capital contributions	7,660,878	9,661,647	5,171,832	5,060,732	7,586,119	3,897,192
Gain on disposition of capital assets	578,219	462,814	1,814,379	122,677	15,316	1,291,401
Other, mainly investment income	6,218	442,499	280,449	581,542	933,751	853,321
Total nonoperating revenues and capital contributions	8,245,315	10,566,960	7,266,660	5,764,951	8,535,186	6,041,914
Change in net assets	2,570,643	3,176,552	367,273	(342,214)	3,234,845	2,073,423
Beginning net assets	143,639,590	146,210,233	149,386,785	149,754,058	149,411,844	152,646,689
Ending net assets	\$ 146,210,233	\$ 149,386,785	\$ 149,754,058	\$ 149,411,844	\$ 152,646,689	\$ 154,720,112

Note: Data prior to 2003 is not available in this format due to a change in the reporting model in 2003.

Compliance Section

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Commissioners
Public Housing Agency of the City of Saint Paul

We have audited the financial statements of the Public Housing Agency of the City of Saint Paul (the Agency) as of and for the year ended March 31, 2008, and have issued our report thereon dated August 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Governments* promulgated by the Minnesota State Auditor pursuant to *Minnesota Statutes* Sec. 6.65.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The *Minnesota Legal Compliance Audit Guide for Local Governments* covers five main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our study included all of the listed categories. The results of our tests indicate that, for the items tested, the Agency complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Board of Commissioners, management, the State of Minnesota, and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
August 19, 2008

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Commissioners
Public Housing Agency of the City of Saint Paul

Compliance

We have audited the compliance of the Public Housing Agency of the City of Saint Paul (the Agency) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2008. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2008.

Internal Control Over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, the State of Minnesota, and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
August 19, 2008

Public Housing Agency of the City of St. Paul

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2008

Federal Grantor	Catalogue of Federal Domestic Assistance Number	Expenditures
U.S. Department of Housing and Urban Development:		
CHSP	14.170	\$ 717,274
Low Rent Public Housing	14.850a	11,145,847
Section 8:		
Housing Choice Voucher	14.871	35,737,606
Moderate Rehabilitation	14.856	352,486
Disability Vouchers	14.181	878,622
Capital Fund Program	14.872	6,349,253
Disaster Housing Assistance Grant	97.109	90,632
		<u>\$ 55,271,720</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may have different classifications from amounts presented in or used in the preparation of the basic financial statements.

Public Housing Agency of the City of Saint Paul

Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2008

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unqualified

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported

3. Noncompliance material to financial statements noted? Yes No

B. Federal Awards

1. Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported

2. Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

C. Identification of Major Programs

1. CFDA Number		Name of Federal Program
	14.850a	Low Rent Public Housing
	14.872	Capital Fund Program
2. Dollar threshold used to distinguish between type A and type B programs	\$1,658,152	
3. Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

(Continued)

Public Housing Agency of the City of Saint Paul

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended March 31, 2008

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

A. Internal Control

None reported.

B. Compliance

None reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Internal Control

None reported.

B. Compliance

None reported.

Public Housing Agency of the City of Saint Paul

Summary Schedule of Prior Audit Findings
For the Year Ended March 31, 2008

Item No.	Date of the Report in Which Finding Was First Reported	Description of Condition	Status of Corrective Action
There were no prior-year audit findings reported.			