

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

Comprehensive Annual Financial Report

For the Year Ended March 31, 2006

Prepared by: Finance Department



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September 7, 2006

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, 2006. While this report is consistent with federal and state legal reporting requirements, it also 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 which 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, 2006. 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 61 through 64.

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 18. 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 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 in Saint Paul primarily house elderly people and people with disabilities. The Agency currently owns and manages 4,258 public housing units. Twenty-three of these units are used for Officers in Residence, ACOP and ASI units.

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.

The Agency is governed by a Board of Commissioners. 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. Both the Low Rent and Section 8 programs have been relatively flat in recent years. 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 2,526 hi-rise units with an average 0.95 percent vacancy rate for the year.

Long-Term Financial Planning

The Agency publishes a Five-Year Plan, which is updated annually. The plan for 2006 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, 2005. 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. As opportunities may arise, the Agency will consider managing other affordable housing, including public housing owned by other entities. The Agency will adjust and refine its flat rent structure as may be required. The Agency's Five-Year and Annual Capital Fund Plan include continuing the major renovation of McDonough Homes.

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 the 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 Agency's "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 Agency received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the year ended March 31, 2005, and believes this current CAFR also meets the requirements of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. It is our intention to submit this report for their review.

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 which 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



Junella C. Pichelman
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, 2005

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.



Carla E. Perry

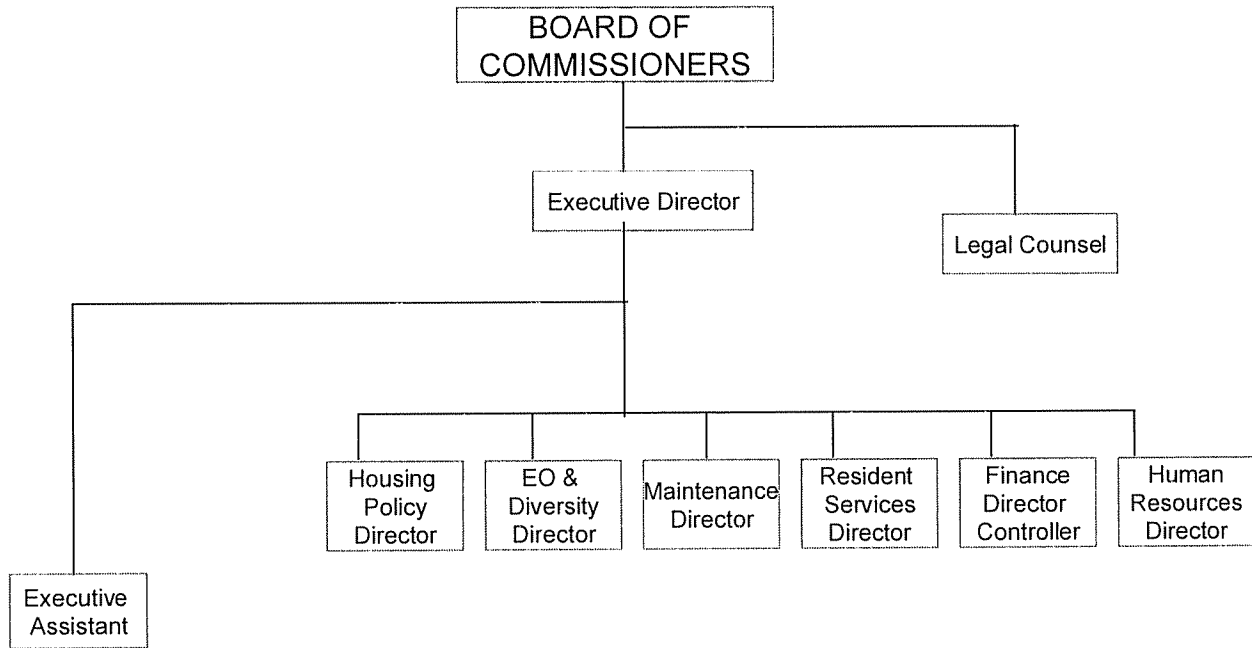
President

Jeffrey R. Emer

Executive Director

Public Housing Agency of the City of Saint Paul

Board-Approved Organizational Chart March 31, 2006



Public Housing Agency of the City of Saint Paul

List of Appointed Officials March 31, 2006 Board of Commissioners

Name	Term Expires
W. Andrew Boss, Chair	September 1, 2010
[vacant] , Vice Chair	September 1, 2007
Kevin Lindsey, Treasurer	September 1, 2008
Tom Reding, Secretary	September 1, 2006
Shirley Kane, Assistant Secretary	September 1, 2007
Marty Strub	September 1, 2009
Ong Yang	September 1, 2007

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

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, 2006 and 2005, 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, 2006 and 2005, 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 June 15, 2006, 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 18 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
June 15, 2006

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2006
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 of the City of Saint Paul for the fiscal years ended March 31, 2006 and 2005. 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 2006 and 2005 by \$149,411,844 and \$149,754,058, respectively. These net assets are comprised of the following:

- The value of capital assets, net of related debt, reflecting the Agency's investments in land, structures and equipment, is \$135,311,831 and \$134,558,798 for 2006 and 2005, respectively. This amount is not available for expenditures.
- Restricted net assets of \$11,938,272 and \$14,607,520 for 2006 and 2005, respectively, are restricted by the Department of Housing and Urban Development (HUD) and a bank letter of credit in the amounts of \$11,938,272 and \$-0-, respectively, for 2006 and \$13,947,048 and \$660,472, respectively, for 2005. Such funds may only be used for specific purposes.
- Unrestricted net assets of \$2,161,741 and \$587,740 for 2006 and 2005, respectively, are available for use in meeting ongoing Agency obligations.

The Agency's total net equity decreased by \$342,214 in 2006 and increased by \$367,273 in 2005. The decrease in 2006 is primarily the result of decreased funding from HUD and increased extraordinary maintenance and utility expenses in the Low Rent Program, offset by improved operating results in the Business Program as compared to 2005.

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.

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2006
Management's Discussion and Analysis**

- The *statement of revenues, expenses and changes in fund 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.

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 22 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, 2006, and March 31, 2005, the Agency's total assets exceeded total liabilities by \$149,411,844 and \$149,754,058, respectively. This represents a decrease in net assets of \$342,214 from the prior year. This decrease reflects a downward trend in federal funding, particularly in the Low Rent and Capital Fund Programs.

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2006
Management's Discussion and Analysis**

Condensed Statements of Net Assets

	As of March 31		
	2006	2005	2004
Current and other assets	\$ 21,064,260	\$ 22,801,823	\$ 21,077,398
Capital assets	135,311,831	135,858,798	137,544,983
Total assets	<u>\$ 156,376,091</u>	<u>\$ 158,660,621</u>	<u>\$ 158,622,381</u>
Long-term liabilities	\$ 1,383,862	\$ 2,524,473	\$ 2,955,502
Other liabilities	5,580,385	6,382,090	6,280,094
Total liabilities	<u>\$ 6,964,247</u>	<u>\$ 8,906,563</u>	<u>\$ 9,235,596</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 135,311,831	\$ 134,558,798	\$ 135,794,983
Restricted by letter of credit	-	660,472	889,096
Restricted by HUD	11,938,272	13,947,048	12,344,259
Unrestricted	2,161,741	587,740	358,447
Total net assets	<u>\$ 149,411,844</u>	<u>\$ 149,754,058</u>	<u>\$ 149,386,785</u>

2006: Analysis of Changes in Condensed Statement of Net Assets

The largest portion of the Agency's net assets, 91 percent and 90 percent for 2006 and 2005, respectively, is comprised of its investment in capital assets, net of depreciation (land, buildings and equipment), less remaining outstanding debt of \$-0- and \$1,300,000 for 2006 and 2005, respectively, which was issued for the acquisition of those assets. 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, 9.1 percent and 9.8 percent for 2006 and 2005, respectively, represents resources that are subject to external restrictions on how they may be used. Restricted net assets are \$11,938,272 and \$14,607,520 for 2006 and 2005, respectively. Unrestricted net assets total \$2,161,741 and \$587,740 for 2006 and 2005, respectively.

2005: Analysis of Changes in Condensed Statement of Net Assets

The largest portion of the Agency's net assets, 90 percent and 91 percent for 2005 and 2004, respectively, is comprised of its investment in capital assets, net of depreciation (land, buildings and equipment), less remaining outstanding debt of \$1,300,000 and \$1,750,000 for 2005 and 2004, respectively, which was issued for acquisition of those assets. 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 net assets, 9.8 percent and 8.9 percent for 2005 and 2004, respectively, represents resources that are subject to external restrictions on how they may be used. A letter of credit backing outstanding debt requires that an amount equal to 50 percent of the outstanding debt, or \$660,472 and \$889,096 for 2005 and 2004, respectively, must be maintained in investments. The remaining restricted net assets of \$13,947,048 and \$12,344,259 for 2005 and 2004, respectively, is restricted under HUD regulations. Unrestricted net assets total \$587,740 and \$358,447 for 2005 and 2004, respectively.

Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2006
Management's Discussion and Analysis

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.

Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets

	Years Ended March 31		
	2006	2005	2004
Operating revenue:			
Tenant revenue	\$ 11,009,476	\$ 10,598,983	\$ 10,596,142
HUD grants/subsidy	48,581,716	48,123,406	47,879,979
Other revenue	4,179,482	5,719,428	4,587,316
Total operating revenue	<u>63,770,674</u>	<u>64,441,817</u>	<u>63,063,437</u>
Operating expenses:			
Administrative	11,560,206	11,523,276	11,313,775
Tenant services	2,746,273	3,493,374	3,067,381
Housing assistance payments	33,652,690	35,077,117	35,509,198
Utilities	4,805,039	4,513,533	4,141,558
Ordinary maintenance	7,549,628	7,278,538	7,233,202
General expenses and other	1,344,796	1,660,674	1,261,164
Extraordinary maintenance	906,123	470,492	878,992
Depreciation expense	7,313,084	7,324,200	7,048,575
Total operating expenses	<u>69,877,839</u>	<u>71,341,204</u>	<u>70,453,845</u>
Operating loss	<u>(6,107,165)</u>	<u>(6,899,387)</u>	<u>(7,390,408)</u>
Nonoperating revenues and capital contributions:			
Capital contributions	5,060,732	5,171,832	9,661,647
Gain of disposition of capital assets	122,677	1,814,379	462,814
Other, mainly investment income	581,542	280,449	442,499
Total nonoperating revenues and capital contributions	<u>5,764,951</u>	<u>7,266,660</u>	<u>10,566,960</u>
Change in net assets	(342,214)	367,273	3,176,552
Beginning net assets	149,754,058	149,386,785	146,210,233
Ending net assets	<u>\$ 149,411,844</u>	<u>\$ 149,754,058</u>	<u>\$ 149,386,785</u>

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2006
Management's Discussion and Analysis**

2006: Analysis of Changes in the Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets

Low Rent Public Housing Program Operations

Rental income increased by 4.6 percent for a total increase of \$491,656 in 2006 and increased by 0.4 percent for a total increase of \$40,650 in 2005. This resulted in total rental income of \$11,128,448 and \$10,636,792 in 2006 and 2005, respectively. On a per unit month (PUM) basis, rental income of \$220.30 PUM in 2006 increased from \$210.50 PUM in 2005. HUD subsidy decreased by \$309,808, or an average of \$6.13 PUM for 2006.

Operating expenses increased, going from \$20,676,438 in 2005 to \$21,055,465 in 2006, or an increase of \$7.50 per unit month, making the current figure \$416.82 per unit month.

Nonroutine expenditures (extraordinary maintenance and noncapitalized casualty losses) totaled \$913,238, compared to \$622,029 for 2005. This amounted to a 46.8 percent increase.

Depreciation expense for 2006 is \$6,885,210, as compared to \$6,917,875 for 2005.

Gain on sales of real property contributed \$122,677 and \$1,814,379 to revenues for 2006 and 2005, respectively, as certain high-maintenance properties and vacant land were removed from inventory.

The original budget approved March 23, 2005, included total revenues of \$21,111,076 and expenditures of \$22,414,140. An additional \$1,300,000 was approved to pay off outstanding debt on the central office building property.

The budget was amended December 21, 2005, to reflect a net projected increase in revenue of \$185,294 to \$21,296,370 for 2006. The majority of the increase was comprised of dwelling rentals and interest income. The same amendment increased projected expenditures by a net of \$597,580 to \$23,011,720. The majority of the increase to expenditures was in the area of utilities. The amended budget projected \$1,715,350 expenses over revenues before depreciation. The final figure was \$900,039 expenses over revenues before depreciation. Primary factors in the better than expected performance were: rental income was higher than projected, interest income was up, a sprinkler installation was only partially completed in this year, and because of the mild winter, utility costs were less than expected.

Section 8 Program Operations

Section 8 Housing Choice Voucher program ended the year with monthly leases-ups of 3,941 out of 3,984, or a 98.9 percent average lease-up rate that equated to 43 vouchers unissued on a monthly basis. This was a result of efforts to stay within the dollars available for Housing Payment Assistance. HUD's Available Budget Authority was insufficient to fund the full number of authorized vouchers. There were an average of 88 vouchers issued per month for the program. There were also an average of 214 "shoppers" each month. This compares to 2005 when the average monthly lease-up rate was 97.4 percent based on 3,880 average monthly lease-ups for 3,994 approved vouchers, with an average of 24 vouchers issued and 227 "shoppers" per month. The program grew by a total of 15 new vouchers during 2005.

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2006
Management's Discussion and Analysis**

The Agency restricted absorption of incoming vouchers from other housing agencies, and at the same time fewer outside agencies were allowing their voucher holders to port into St. Paul because of St. Paul's higher payment standard and their own restricted funding. There were 136 port-in vouchers at March 31, 2006, compared to 235 port-in vouchers for March 31, 2005. 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 \$1,467,230 and \$2,830,390 in revenue, of which \$1,395,366 and \$2,696,227 was paid to landlords in the form of HAP for 2006 and 2005, respectively.

For comparison purposes, the Agency supported 349 and 360 voucher port-outs for 2006 and 2005, respectively, with the HAP payment and 80 percent of its administrative fee paid to the receiving housing agency. In 2006, total HAP to landlords was \$35,111,714, or 92.4 percent of all revenue. In 2005, total HAP to landlords amounted to \$34,737,353, or 92.0 percent of all revenue.

Average HAP costs per voucher, \$699.01, decreased by 5.4 percent in 2006, as compared to \$737.06 in 2005. Administrative costs per unit month \$58.54 increased by 5 percent in 2006 as compared to \$55.75 in 2005.

HUD's determination that it will not require a year-end settlement for prior years resulted in moving \$1,108,210 shown as an accounts payable to HUD in 2005 to project reserves in 2006.

Building Program Operations

The Agency occupies 67 percent of the rentable space in the central office building, 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.

Capital Program Operations

This 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 2005 was in the amount of \$8,079,514, Federal Fiscal Year 2004 was \$8,860,374 and Federal Fiscal Year 2003 was \$9,182,340. Fiscal years 2006 and 2005 ended with \$6,525,444 and \$8,789,673, respectively, in construction-in-progress.

2005: Analysis of Changes in the Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets

Low Rent Public Housing Operations

Rental income increased by 0.4 percent for a total of \$40,650 in 2005 and decreased by 1.5 percent for a total of \$156,900 in 2004. This resulted in total rental income of \$10,636,792 and \$10,596,142 in 2005 and 2004, respectively. On a per unit month (PUM) basis, rental income increased from \$209.48 PUM in 2004 to \$210.50 PUM in 2005. HUD subsidy increased by \$991,325, or an average of \$19.62 PUM, in 2005 and decreased by \$183,871, or an average decrease of \$3.63 PUM, in 2004. Total Low Rent Public Housing subsidy amounted to \$10,031,950 in 2005, as compared to \$9,040,625 in 2004. Investment income decreased in 2005 from \$329,511 in 2004 to \$283.965 in 2005, which equates to a decrease of \$0.90 PUM for 2005 and an increase of \$0.66 PUM for 2004. In total, revenues increased 11.2 percent and 0.7 percent for 2005 and 2004, respectively, from \$20,840,301 in 2004 to \$23,186,266 in 2005.

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2006
Management's Discussion and Analysis**

For 2005, operating expenses increased, going from \$19,548,745 to \$20,676,438, or an increase of \$22.72 PUM, making the current figure \$409.18 PUM. For 2004, operating expenses remained almost constant, going from \$19,552,498 to \$19,548,745, or a decrease of \$0.36 PUM to \$386.46 PUM.

Nonroutine expenditures (extraordinary maintenance and noncapitalized casualty losses) totaled \$622,029 for 2005, compared to \$912,386 for 2004. This amounted to a 31.8 percent decrease for 2005 and a 21.2 percent increase for 2004.

Depreciation expense for 2005 is \$6,917,875, as compared to \$6,830,465 for 2004.

Gain on sales of real property contributed \$1,814,379 and \$462,814 to revenues for 2005 and 2004, respectively.

For 2005, the original budget approved February 25, 2004, included total revenues of \$21,170,770 and expenditures of \$21,139,045. The budget was amended December 22, 2004, to reflect a net projected increase in revenue of \$2,022,401, or \$23,193,171 for fiscal year 2005. The majority of the increase was made up of gain from sale of eight properties in the estimated amount of \$1,848,571 and an estimated increase in HUD subsidy of \$316,530. There were minor adjustments to dwelling rents, investment interest and nondwelling rent. The same amendment increased projected expenditures by a net of \$296,335, to \$21,435,380. The amended budget projected \$1,757,791 revenues over expenses before depreciation. The final figure was \$2,506,828 revenues over expenses before depreciation.

Section 8 Operations

Section 8 Housing Choice Voucher ended the year with monthly lease-ups of 3,880 out of 3,984, or a 97.4 percent average lease-up rate that equated to 104 vouchers unissued on a monthly basis. This was the result of an intentional effort to hold down housing assistance payment (HAP) costs after HUD retroactively reduced funding to the program. There was an average of 24 vouchers issued per month. There was also an average of 202 "shoppers" each month. This compares to the prior year when the average monthly lease-up rate was 101.0 percent based on 4,021 average monthly lease-ups for 3,983 approved vouchers. There was also an average of 227 "shoppers" each month. Housing Choice Vouchers grew by a total of 15 vouchers during the year. This compares to the prior year when the average monthly lease-up rate was 99.4 percent based on 3,847 out of 3,870 vouchers leased. Because HUD abruptly cut the funding for vouchers in 2004, the Agency had to reduce the number of vouchers in use and reduce the cost per voucher. Therefore no new families from the waiting list were issued a voucher or leased up during 2004. During fiscal year 2004, the Agency's voucher turnover rate was approximately 42 vouchers per month.

For most of 2005 and all of 2004, the Agency continued nonabsorption of incoming vouchers from other housing agencies and billed the home entity the full amount of the local HAP for a particular participant as well as 80 percent of the home entity's associated administrative fee. This generated \$2,830,390 and \$2,156,400 in revenue for 2005 and 2004, respectively, of which \$2,696,227 and \$2,032,834 for 2005 and 2004, respectively, was paid to landlords in the form of HAP.

In 2005 and 2004, total HAP to landlords amounted to \$34,737,353 and \$35,111,714, respectively, or 92.0 percent and 92.4 percent of all Section 8 revenue. Average costs for vouchers increased by 0.5 percent in 2005 over 2004 and 11 percent in 2004 over 2003. In 2005, administrative costs per unit month decreased by 8.1 percent as the Agency implemented a series of changes to hold down costs in response to reduced funding from HUD.

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2006
Management's Discussion and Analysis**

In 2004, analysis of the 11 percent cost increase shows that changes in voucher participants' incomes caused a 4.6 percent increase; a shift to larger unit sizes caused another 2.1 percent increase; and rent increases added 4.4 percent. To summarize the reasons behind those factors:

1. Voucher participants have lower adjusted incomes, due to:
 - a. TANF (MFIP) cuts.
 - b. Childcare subsidy cuts.
 - c. Job losses.
 - d. Medical expense reimbursement cuts.
 - e. Higher-income participants who leave the program are replaced by ELI households.
2. Larger units have higher payment standards than smaller units.
3. Operating costs for affordable/low-income housing in Minnesota are increasing disproportionately, due to state tax law changes and cost increases for utilities and insurance.

Building Operations

The Agency occupies 68 percent of the rentable space in the central administrative office building. 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.

Capital Fund Program Grant Operations

This program receives HUD grant money on a reimbursement basis, while the grants account for construction in progress on the Agency's public housing properties. Funding is awarded in a series of overlapping three-year grants. The most recent grant, Federal Fiscal Year 2004, was in the amount of \$8,860,374, Federal Fiscal Year 2003 was in the amount of \$9,182,340, and Federal Fiscal Year 2002 was \$9,326,639. Fiscal years 2005 and 2004 ended with \$8,789,673 and \$11,615,767, respectively, in construction in progress.

Upon the completion of a grant, construction in progress is closed to the Low Rent Public Housing Program. Work began on prototype units at McDonough during 2004. This was the beginning of an eight-year, \$35 million major renovation project.

2006 Capital Assets

The Agency had \$135,311,831 and \$135,858,544 for 2006 and 2005, respectively, invested in property and equipment, net of depreciation, as displayed in Note 4 (pages 29 and 30 of this report) to the financial statements. This is a net decrease of \$546,967. In 2006, \$7,324,961 was reclassified from construction in progress to buildings when Capital Fund Program Grants 702R, 703A and 703B were closed. In 2005, \$7,997,926 was reclassified from construction in progress to buildings when Capital Fund Program Grants 701R and 702 were closed.

**Public Housing Agency of the City of Saint Paul
Year Ended March 31, 2006
Management's Discussion and Analysis**

2005 Capital Assets

The Agency had \$135,858,798 in 2005 invested in property and equipment, net of depreciation, as displayed in Note 4 (page 30 of this report) to the financial statements. This is a decrease of \$1,686,185. In 2005, \$7,997,926 was reclassified from construction in progress to buildings when Capital Fund Program Grants 101R and 702 were closed. The amount shown as construction in progress for 2005 of \$2,826,094 is less than 2004, as the Agency continues to receive annual capital grants. Total Agency depreciation expense amounted to \$7,324,200.

2006 Debt Administration

The Agency's outstanding long-term debt was reduced to \$-0- as the bonds were paid in full on June 1, 2005. For detailed information on long-term debt activity, please see Note 5 on page 30.

2005 Debt Administration

The Agency's outstanding long-term debt was reduced to \$1,300,000 by a principal payment of \$450,000 during 2005. Subsequent to March 31, 2005, the bonds were paid in full on June 1, 2005.

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, 2006 and 2005

Assets	2006	2005
Current Assets		
Cash and cash equivalents (Note 2)	\$ 849,289	\$ 1,654,025
Accounts and grants receivable, net	1,690,568	1,537,151
Investments (Note 2)	16,093,807	11,736,740
Investments --- security deposits and escrows held in trust (Notes 2 and 3)	1,201,165	1,161,082
Prepaid expenses and inventory	1,162,681	1,130,575
Total current assets	20,997,510	17,219,573
Investments (Note 2)	-	5,500,000
Notes and Mortgages Receivable	66,750	82,250
Capital Assets, net (Note 4)	135,311,831	135,858,798
Total assets	\$ 156,376,091	\$ 158,660,621
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Outstanding checks in excess of bank balance	\$ 2,637	\$ 12,449
Accounts payable	2,306,691	1,867,789
Due to other governmental entities	291,433	290,026
Security deposits (Note 3)	869,886	861,568
Accrued expenses	1,519,022	2,010,893
Unearned revenues	590,716	1,339,365
Total current liabilities	5,580,385	6,382,090
Long-term debt (Note 5)	-	1,300,000
Accrued compensated absences — long-term (Note 5)	1,383,862	1,224,473
Total liabilities	6,964,247	8,906,563
Commitments and Contingencies (Notes 6 and 7)		
Net Assets		
Invested in capital assets, net of related debt	135,311,831	134,558,798
Restricted by letter of credit	-	660,472
Restricted by HUD	11,938,272	13,947,048
Unrestricted	2,161,741	587,740
Total net assets	149,411,844	149,754,058
Total liabilities and net assets	\$ 156,376,091	\$ 158,660,621

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, 2006 and 2005

	2006	2005
Revenues:		
Tenant rental revenue, net of bad-debt expense of \$118,972 and \$37,809 for the years ended 2006 and 2005, respectively	\$ 10,959,885	\$ 10,550,917
Tenant revenue — other	49,591	48,066
Total tenant revenues	11,009,476	10,598,983
HUD operating grant revenue	48,581,716	48,123,406
Other governmental grants	56,681	126,894
Other revenues	4,122,801	5,592,534
Total revenues	63,770,674	64,441,817
Operating expenses:		
Administrative	11,560,206	11,523,276
Tenant services	2,746,273	3,493,374
Housing assistance payments	33,652,690	35,077,117
Utilities	4,805,039	4,513,533
Ordinary maintenance and operations	7,549,628	7,278,538
Protective services	29,135	30,968
General expenses	1,272,782	1,478,192
Extraordinary maintenance	906,123	470,492
Casualty losses — noncapitalized	42,879	151,514
Depreciation expense	7,313,084	7,324,200
Total operating expenses	69,877,839	71,341,204
Operating loss	(6,107,165)	(6,899,387)
Nonoperating revenues (expenses):		
Investment income	587,851	306,890
Interest expense	(6,309)	(26,441)
Gain on disposition of capital assets	122,677	1,814,379
Total nonoperating revenues (expenses)	704,219	2,094,828
Loss before capital contributions	(5,402,946)	(4,804,559)
HUD capital contributions	5,060,732	5,171,832
Change in net assets	(342,214)	367,273
Net assets, beginning	149,754,058	149,386,785
Net assets, ending	\$ 149,411,844	\$ 149,754,058

See Notes to Financial Statements.

Public Housing Agency of the City of Saint Paul

Statements of Cash Flows
For the Years Ended March 31, 2006 and 2005

	2006	2005
Cash Flows From Operating Activities		
Cash received from tenants	\$ 11,065,159	\$ 10,618,497
Cash received from HUD subsidies	48,459,048	48,693,595
Other revenues	4,304,903	5,692,757
Cash paid for operating expenses	(63,358,149)	(63,930,208)
Net cash provided by operating activities	470,961	1,074,641
Cash Flows From Capital and Related Financing Activities		
Cash received from HUD — capital grants	5,060,732	5,171,832
Proceeds from sale of capital assets	198,998	2,136,699
Cash payments for capital assets	(6,842,438)	(5,960,335)
Payments on long-term debt	(1,300,000)	(450,000)
Payments received on notes and mortgages receivable	15,500	37,000
Interest paid	(6,309)	(26,441)
Net cash provided by (used in) capital and related financing activities	(2,873,517)	908,755
Cash Flows From Investing Activities		
Purchases of investments	(29,712,506)	(27,687,578)
Sale and maturities of investments	30,815,356	25,125,110
Interest income received	494,970	259,720
Net cash provided by (used in) investing activities	1,597,820	(2,302,748)
Net decrease in cash and cash equivalents	(804,736)	(319,352)
Cash and Cash Equivalents, beginning of year	1,654,025	1,973,377
Cash and Cash Equivalents, end of year	\$ 849,289	\$ 1,654,025
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (6,107,165)	\$ (6,899,387)
Depreciation expense	7,313,084	7,324,200
Changes in operating assets and liabilities:		
Receivables	(60,536)	525,223
Prepaid expenses and inventories	(32,106)	3,638
Payables, security deposits, accrued expenses and unearned revenues	(642,316)	120,967
Net cash provided by operating activities	\$ 470,961	\$ 1,074,641

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 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 which should be presented in these financial statements.

Basis of accounting and financial statement presentation: The Agency has determined all its activities shall be classified as an enterprise fund 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, 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.

All of the Agency's activities are accounted for as an enterprise fund. The activities 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 414 scattered site homes, for a total of 4,258 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 and 39.

Section 8: The activities accounted for in Section 8 include Moderate Rehabilitation (75 authorized certificates), Disability Voucher (100 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 rehabilitation of 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.

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.

Resident Opportunities and Self Sufficiency Grant (ROSS): The Resident Opportunities and Self Sufficiency (ROSS) grant program provides funds for job training and supportive services to help residents of public housing transition from welfare to work. ROSS also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

As a response to the Quality Housing and Work Responsibility Act of 1998 (the Public Housing Reform Act), ROSS is a redefined and restructured combination of programs funded in prior years — the Tenant Opportunities Program (TOP), Economic Development and Supportive Services Program (EDSS), and Public Housing Service Coordinators.

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 7). The Agency moved into the central administration office building on March 26, 2004, and has also leased vacant space within this building to external parties (see Note 8).

State/Local Activities:

Rental Assistance for Family Stabilization (RAFS): This is a shallow rent subsidy grant funded by the state for caretaker parents receiving public assistance and who have an approved employment and training plan and/or earned income. Assistance is limited to \$250 per month per family. During the year ended March 31, 2002, this program stopped accepting new applicants and is in the process of winding down.

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.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 \$694,988 and \$708,800 for 2006 and 2005, 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.

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, net of related debt* consists of capital assets net of accumulated depreciation less any associated debt. *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, net of related debt* or *restricted*.

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.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 2. Cash and Investments

The Agency's deposits and investments consist of the following at March 31, 2006 and 2005:

	2006	2005
Deposits with financial institutions	\$ 849,289	\$ 1,654,025
Investments:		
Debt securities	9,065,432	13,490,677
Mortgage-backed securities	8,229,540	4,907,145
Total investments	17,294,972	18,397,822
	<u>\$ 18,144,261</u>	<u>\$ 20,051,847</u>

Deposits and investments are classified in the accompanying financial statements as follows:

Cash	\$ 849,289	\$ 1,654,025
Investments — current	16,093,807	11,736,740
Investments — security deposits and escrows held in trust	1,201,165	1,161,082
Investments — noncurrent	-	5,500,000
	<u>\$ 18,144,261</u>	<u>\$ 20,051,847</u>

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. The Agency's investments had the following maturities as of March 31, 2006:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 – 5	6 – 10	More Than 10
Debt securities	\$ 9,065,432	\$ 9,065,432	-	-	-
Mortgage-backed securities	8,229,540	8,229,540	-	-	-
	<u>\$ 17,294,972</u>	<u>\$ 17,294,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

The Agency's investments had the following maturities as of March 31, 2005:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 – 5	6 – 10	More Than 10
Debt securities	\$ 13,490,677	\$ 7,990,677	\$ 5,500,000	\$ -	\$ -
Mortgage-backed securities	4,907,145	4,907,145	-	-	-
	<u>\$ 18,397,822</u>	<u>\$ 12,897,822</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk: 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, 2006 and 2005, the Agency's investments carried the following ratings:

	Standard & Poors	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 are 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, 2006 and 2005, more than 5 percent of the Agency's investments are in the following issuers:

Issuer	2006	2005
Federal Home Loan Mortgage Notes	52%	35%
Federal National Mortgage Notes	25%	32%
Federal Home Loan Bank Notes	23%	27%
Farm Credit Notes	0%	5%

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, 2006 and 2005, security deposits held by the Agency totaled \$869,886 and \$861,568, respectively, plus accrued interest, included in accrued expenses on the balance sheets, of \$53,504 and \$52,039, respectively.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 3. Tenant Security Deposits and FSS Escrow (Continued)

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. For the years ended March 31, 2006 and 2005, FSS escrow amounts held by the Agency, included in accrued expenses on the balance sheets, totaled \$239,182 and \$212,268, respectively.

Note 4. Capital Assets

The following is a summary by category of capital assets as of March 31, 2006:

	Assets — At Cost				Estimated Life in Years
	Balance, March 31, 2005	Reclassifications and Additions	Retirements	Balance, March 31, 2006	
Land	\$ 8,352,405	\$ -	\$ 15,713	\$ 8,336,692	Not depreciable
Construction in progress	8,789,673	(2,264,229)	-	6,525,444	Not depreciable
Land improvements	24,959,647	112,950	219	25,072,378	15
Buildings	223,742,308	8,896,143	89,902	232,548,549	30
Furniture, equipment and machinery — dwellings and administrative	2,159,884	97,574	191,967	2,065,491	3 – 10
	<u>\$ 268,003,917</u>	<u>\$ 6,842,438</u>	<u>\$ 297,801</u>	<u>\$ 274,548,554</u>	
	Accumulated Depreciation				Net Book Value, March 31, 2006
	Balance, March 31, 2005	Additions	Retirements	Balance, March 31, 2006	
Land	\$ -	\$ -	\$ -	\$ -	\$ 8,336,692
Construction in progress	-	-	-	-	6,525,444
Land improvements	19,833,475	804,511	28,232	20,609,754	4,462,624
Buildings	110,325,772	6,407,583	1,282	116,732,073	115,816,476
Furniture, equipment and machinery — dwellings and administrative	1,985,872	100,990	191,966	1,894,896	170,595
	<u>\$ 132,145,119</u>	<u>\$ 7,313,084</u>	<u>\$ 221,480</u>	<u>\$ 139,236,723</u>	<u>\$ 135,311,831</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, 2005:

	Assets — At Cost					Estimated Life in Years
	Balance, March 31, 2004	Reclassifications and Additions	Retirements	Balance, March 31, 2005		
Land	\$ 8,343,082	\$ 30,000	\$ 20,677	\$ 8,352,405		Not depreciable
Construction in progress	11,615,767	(2,826,094)	-	8,789,673		Not depreciable
Land improvements	24,835,772	185,194	61,319	24,959,647		15
Buildings	216,094,975	8,464,106	816,773	223,742,308		30
Furniture, equipment and machinery — dwellings and administrative	2,147,083	107,129	94,328	2,159,884		3 – 10
	<u>\$ 263,036,679</u>	<u>\$ 5,960,335</u>	<u>\$ 993,097</u>	<u>\$ 268,003,917</u>		

	Accumulated Depreciation				Net Book Value, March 31, 2005
	Balance, March 31, 2004	Additions	Retirements	Balance, March 31, 2005	
Land	\$ -	\$ -	\$ -	\$ -	\$ 8,352,405
Construction in progress	-	-	-	-	8,789,673
Land improvements	19,060,204	832,071	58,800	19,833,475	5,126,172
Buildings	104,473,037	6,370,383	517,648	110,325,772	113,416,536
Furniture, equipment and machinery — dwellings and administrative	1,958,455	121,746	94,329	1,985,872	174,012
	<u>\$ 125,491,696</u>	<u>\$ 7,324,200</u>	<u>\$ 670,777</u>	<u>\$ 132,145,119</u>	<u>\$ 135,858,798</u>

Note 5. Long-Term Liabilities

Long-term debt consisted of the Port Authority of the City of Saint Paul, Minnesota Variable Rate Demand Revenue Bonds Series 2000-5, single maturity due in March 2020, in the amount of \$- and \$1,300,000 for the years ended March 31, 2006 and 2005, respectively. The bonds were paid off in June 2005.

Change in long-term liabilities:

	Balance, March 31, 2005	Additions	Reductions	Balance, March 31, 2006	Due Within One Year
Compensated absences	\$ 1,933,273	\$ 1,286,432	\$ 1,135,843	\$ 2,083,862	\$ 700,000
Bond payable	1,300,000	-	1,300,000	-	-
	<u>\$ 3,233,273</u>	<u>\$ 1,286,432</u>	<u>\$ 2,435,843</u>	<u>\$ 2,083,862</u>	<u>\$ 700,000</u>

	Balance, March 31, 2004	Additions	Reductions	Balance, March 31, 2005	Due Within One Year
Compensated absences	\$ 1,889,002	\$ 1,217,905	\$ 1,173,634	\$ 1,933,273	\$ 708,800
Bond payable	1,750,000	-	450,000	1,300,000	-
	<u>\$ 3,639,002</u>	<u>\$ 1,217,905</u>	<u>\$ 1,623,634</u>	<u>\$ 3,233,273</u>	<u>\$ 708,800</u>

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

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. The plan is administered by a Board of Trustees independent of the Agency.

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 \$741,000 and \$753,000, and employee contributions amounted to approximately \$570,000 and \$580,000, for the years ended March 31, 2006 and 2005, 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 and Business Activities, which are expected to be completed during fiscal year 2007 and beyond. As of March 31, 2006, the remaining commitment on these construction projects approximated \$3,970,000. The costs are being funded by the respective grants and other internal sources.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 7. Commitments and Contingencies (Continued)

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, 2006 and 2005, were as follows:

	Original Issue	Amount Outstanding	
		2006	2005
3.375% 4th Issue (1964) Housing Authority Bonds due serially through 2006	\$ 1,540,000	\$ -	\$ 60,000
3.375% 5th Issue (1964) Housing Authority Bonds due serially through 2006	4,215,000	-	125,000
5% 6th Issue (1970) Housing Authority Bonds due serially through 2010	15,970,000	3,110,000	3,850,000
5% 7th Issue (1972) Housing Authority Bonds due serially through 2014	2,862,983	1,040,038	1,147,496
5.125% 8th Issue (1973) Housing Authority Bonds due serially through 2015	3,725,000	1,530,000	1,665,000
6.6% FFB notes issued in 1981 for project MN 1-10 due serially through 2006	167,271	-	12,651
6.6% FFB notes issued in 1982 for project MN 1-22 due serially through 2008	189,165	27,704	40,284
	<u>\$ 28,669,419</u>	<u>\$ 5,707,742</u>	<u>\$ 6,900,431</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 \$13,714,479 as of March 31, 2006, and related depreciation expense was \$418,374 for the year then ended, of which approximately 33 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 25 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:

2007	\$	198,000
2008		200,000
2009		203,000
2010		142,000
2011		185,000
Thereafter		990,000
	\$	<u>1,918,000</u>

Note 9. Accounting Standards

Adopted: Effective April 1, 2005, the Agency implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures — an amendment of GASB Statement No. 3*, issued in March 2003. The effect of Statement No. 40 expanded the Agency's disclosure to provide a clearer picture of risks of owning and holding deposits and investments.

Effective April 1, 2005, the Agency implemented Governmental Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, issued in November 2003. This statement establishes accounting and financial reporting standards for impairment of capital assets and accounting for insurance recoveries.

The implementation of these statements had no effect on net assets.

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.

Public Housing Agency of the City of Saint Paul

Notes to Financial Statements

Note 9. Accounting Standards (Continued)

The Governmental Accounting Standards Board issued Statement No. 46, *Net Assets Restricted by Enabling Legislation — an amendment of GASB Statement No. 34*, in December 2004, which will be effective for the Agency beginning with its year ending March 31, 2007. This statement clarifies that a legally enforceable enabling legislation is one that a party external to a government, such as citizens, public interest groups or the judiciary, can compel a government to honor. 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. 47, *Accounting for Termination Benefits*, in June 2004, which will be effective for the Agency beginning with its year ending March 31, 2007. This statement establishes accounting and financial reporting standards for termination benefits. The Agency's management has not yet determined the effect this statement will have on the Agency's financial statements.

Public Housing Agency of the City of Saint Paul

Financial Data Schedule
 Combining Balance Sheet — All Programs
 March 31, 2006

Line Item No.	Account Description	Low Rent 14.850a	Section 8 Voucher Choice Program 14.871	Section 8 MOD Rehab. Program 14.856	CFP 14.872
Assets					
Current Assets					
Cash:					
111	Cash — unrestricted	\$ 40,561	\$ 500,937	\$ 37,393	\$ -
100	Total cash	<u>40,561</u>	<u>500,937</u>	<u>37,393</u>	<u>-</u>
Accounts and notes receivable:					
122	Accounts receivable — HUD other projects	-	139,567	6,112	862,252
124	Accounts receivable — other governments	-	-	-	-
125	Accounts receivable — miscellaneous	144,692	9,644	-	-
126	Accounts receivable — tenants — dwelling rents	226,002	-	-	-
129	Accrued interest receivable	167,211	7,905	-	-
120	Total receivables	<u>537,905</u>	<u>157,116</u>	<u>6,112</u>	<u>862,252</u>
Investments and Other Assets					
131	Investments — unrestricted	13,710,199	1,785,888	-	-
135	Investments — restricted	1,002,653	198,512	-	-
142	Prepaid expenses and other assets	735,054	-	-	-
143	Inventories	427,627	-	-	-
144	Interprogram due from	1,435,608	-	-	-
	Total investments and other assets	<u>17,311,141</u>	<u>1,984,400</u>	<u>-</u>	<u>-</u>
150	Total current assets and investments	<u>17,889,607</u>	<u>2,642,453</u>	<u>43,505</u>	<u>862,252</u>
Noncurrent Assets					
Capital assets:					
161	Land and land improvements	31,545,999	-	-	-
162	Buildings	219,653,777	-	-	-
164	Furniture, equipment and machinery — dwellings and administrative	1,998,987	-	-	-
166	Accumulated depreciation	(138,165,064)	-	-	-
167	Construction in progress	-	-	-	6,525,444
160	Total capital assets, net	<u>115,033,699</u>	<u>-</u>	<u>-</u>	<u>6,525,444</u>
171	Notes and mortgages receivable — noncurrent	66,750	-	-	-
180	Total noncurrent assets	<u>115,100,449</u>	<u>-</u>	<u>-</u>	<u>6,525,444</u>
190	Total assets	<u>\$ 132,990,056</u>	<u>\$ 2,642,453</u>	<u>\$ 43,505</u>	<u>\$ 7,387,696</u>

(Continued)

CHSP 14.170	ROSS 14.870	Business Activities	State/Local	Eliminations	Total
\$ -	\$ -	\$ 270,398	\$ -	\$ -	\$ 849,289
-	-	270,398	-	-	849,289
110,159	4,950	-	-	-	1,123,040
-	-	-	1,524	-	1,524
-	-	-	-	-	154,336
-	-	-	-	-	226,002
-	-	10,550	-	-	185,666
110,159	4,950	10,550	1,524	-	1,690,568
-	-	597,720	-	-	16,093,807
-	-	-	-	-	1,201,165
-	-	-	-	-	735,054
-	-	-	-	-	427,627
-	-	-	62,642	(1,498,250)	-
-	-	597,720	62,642	(1,498,250)	18,457,653
110,159	4,950	878,668	64,166	(1,498,250)	20,997,510
-	-	1,863,071	-	-	33,409,070
-	-	12,894,772	-	-	232,548,549
-	-	66,504	-	-	2,065,491
-	-	(1,071,659)	-	-	(139,236,723)
-	-	-	-	-	6,525,444
-	-	13,752,688	-	-	135,311,831
-	-	-	-	-	66,750
-	-	13,752,688	-	-	135,378,581
\$ 110,159	\$ 4,950	\$ 14,631,356	\$ 64,166	\$ (1,498,250)	\$ 156,376,091

Public Housing Agency of the City of Saint Paul

Financial Data Schedule
 Combining Balance Sheet — All Programs (Continued)
 March 31, 2006

Line Item No.	Account Description	Low Rent 14.850a	Section 8 Voucher Choice Program 14.871	Section 8 MOD Rehab. Program 14.856	CFP 14.872
Liabilities and Net Assets					
Liabilities					
Current liabilities:					
311	Outstanding checks in excess of bank balance	\$ -	\$ -	\$ -	\$ -
312	Accounts payable	2,292,395	-	13,410	-
321	Accrued wages/payroll taxes payable	313,908	57,711	1,030	-
322	Accrued compensated absences	584,000	110,000	2,000	-
325	Accrued interest payable	53,504	-	-	-
333	Accounts payable — other governments	291,433	-	-	-
341	Tenant security deposits	869,886	-	-	-
342	Unearned revenues	182,609	-	-	-
345	Other current liabilities	192,420	198,512	-	-
347	Interprogram due to	61,529	382,448	-	862,252
310	Total current liabilities	<u>4,841,684</u>	<u>748,671</u>	<u>16,440</u>	<u>862,252</u>
Noncurrent liabilities:					
354	Accrued compensated absences — long-term	1,176,401	186,953	2,534	-
	Total liabilities	<u>6,018,085</u>	<u>935,624</u>	<u>18,974</u>	<u>862,252</u>
Net Assets					
508.1	Invested in capital assets, net of related debt	115,033,699	-	-	6,525,444
511.1	Restricted net assets	11,938,272	-	-	-
512.1	Unrestricted net assets	-	1,706,829	24,531	-
513	Total net assets	<u>126,971,971</u>	<u>1,706,829</u>	<u>24,531</u>	<u>6,525,444</u>
600	Total liabilities and net assets	<u>\$ 132,990,056</u>	<u>\$ 2,642,453</u>	<u>\$ 43,505</u>	<u>\$ 7,387,696</u>

CHSP 14.170	ROSS 14.870	Business Activities	State/Local	Eliminations	Total
\$ -	\$ -	\$ -	\$ 2,637	\$ -	\$ 2,637
-	-	886	-	-	2,306,691
-	-	1,937	-	-	374,586
-	-	4,000	-	-	700,000
-	-	-	-	-	53,504
-	-	-	-	-	291,433
-	-	-	-	-	869,886
-	-	408,107	-	-	590,716
-	-	-	-	-	390,932
110,159	4,950	76,912	-	(1,498,250)	-
110,159	4,950	491,842	2,637	(1,498,250)	5,580,385
-	-	17,974	-	-	1,383,862
110,159	4,950	509,816	2,637	(1,498,250)	6,964,247
-	-	13,752,688	-	-	135,311,831
-	-	-	-	-	11,938,272
-	-	368,852	61,529	-	2,161,741
-	-	14,121,540	61,529	-	149,411,844
\$ 110,159	\$ 4,950	\$ 14,631,356	\$ 64,166	\$ (1,498,250)	\$ 156,376,091

Public Housing Agency of the City of Saint Paul

Financial Data Schedule

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets — All Programs
For the Year Ended March 31, 2006

Line Item No.	Account Description	Low Rent 14.850a	Section 8 Voucher Choice Program 14.871	Section 8 MOD Rehab. Program 14.856	CFP 14.872
Revenues:					
703	Tenant rental revenue	\$ 11,078,857	\$ -	\$ -	\$ -
704	Tenant revenue — other	49,591	-	-	-
705	Total tenant revenues	11,128,448	-	-	-
706	HUD PHA grants	9,722,142	35,589,590	301,039	2,311,178
706.1	Capital grants	-	-	-	5,060,732
708	Other government grants	-	-	-	-
711	Investment income — unrestricted	470,344	-	220	-
714	Fraud recovery	-	157,270	986	-
715	Other revenues	546,632	1,467,961	(65)	-
716	Gain from disposition of real property	122,677	-	-	-
720	Investment income — restricted	-	81,574	4,383	-
700	Total revenues	21,990,243	37,296,395	306,563	7,371,910
Expenses:					
Administrative:					
911	Salaries	4,011,717	1,475,006	26,800	624,624
912	Auditing fees	32,875	13,942	283	2,500
915	Employee benefit contributions	1,191,417	424,187	14,438	187,323
916	Other operating	1,649,090	784,563	9,797	1,496,731
	Total administrative	6,885,099	2,697,698	51,318	2,311,178
Tenant services:					
921	Salaries	430,223	-	-	-
923	Employee benefit contributions	124,951	-	-	-
924	Other	257,532	-	-	-
	Total tenant services	812,706	-	-	-
Utilities:					
931	Water	1,819,612	-	-	-
932	Electricity	1,053,538	-	-	-
933	Gas	1,076,260	-	-	-
934	Fuel	524,831	-	-	-
935	Labor	61,575	-	-	-
937	Employee benefit contributions	17,865	-	-	-
938	Other	71,427	-	-	-
	Total utilities	4,625,108	-	-	-
Ordinary maintenance and operation:					
941	Labor	3,571,386	-	-	-
942	Materials and other	739,270	-	-	-
943	Contract costs	1,972,297	-	-	-
945	Employee benefit contributions	1,152,885	-	-	-
	Total ordinary maintenance and operation	7,435,838	-	-	-

(Continued)

CHSP 14.170	ROSS 14.870	Business Activities	State/Local	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,078,857
-	-	-	-	-	49,591
-	-	-	-	-	11,128,448
556,945	100,822	-	-	-	48,581,716
-	-	-	-	-	5,060,732
-	-	-	56,681	-	56,681
-	-	31,330	-	-	501,894
-	-	-	-	-	158,256
1,271,614	-	1,197,588	146,965	(666,150)	3,964,545
-	-	-	-	-	122,677
-	-	-	-	-	85,957
1,828,559	100,822	1,228,918	203,646	(666,150)	69,660,906
60,039	-	15,025	5,731	-	6,218,942
-	-	500	-	-	50,100
17,390	-	4,053	2,229	-	1,841,037
14,099	2,532	46,778	-	(553,463)	3,450,127
91,528	2,532	66,356	7,960	(553,463)	11,560,206
512,091	-	-	-	-	942,314
158,956	-	-	-	-	283,907
1,065,984	98,290	-	210,933	(112,687)	1,520,052
1,737,031	98,290	-	210,933	(112,687)	2,746,273
-	-	2,049	-	-	1,821,661
-	-	74,318	-	-	1,127,856
-	-	99,090	-	-	1,175,350
-	-	-	-	-	524,831
-	-	3,396	-	-	64,971
-	-	978	-	-	18,843
-	-	100	-	-	71,527
-	-	179,931	-	-	4,805,039
-	-	32,701	-	-	3,604,087
-	-	7,092	-	-	746,362
-	-	64,495	-	-	2,036,792
-	-	9,502	-	-	1,162,387
-	-	113,790	-	-	7,549,628

Public Housing Agency of the City of Saint Paul

Financial Data Schedule

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets — All Programs (Continued)
For the Year Ended March 31, 2006

Line Item No.	Account Description	Low Rent 14.850a	Section 8 Voucher Choice Program 14.871	Section 8 MOD Rehab. Program 14.856	CFP 14.872
	Expenses (continued):				
	Protective services:				
951	Other contract costs	-	-	-	-
	General expenses:				
961	Insurance premiums	645,634	57,175	1,059	-
962	Other general expenses	161,249	-	-	-
963	Payments in lieu of taxes	291,433	-	-	-
964	Bad debt — tenant rents	118,972	-	-	-
967	Interest expense	-	-	-	-
968	Severance expense	79,426	6,902	-	-
	Total general expenses	1,296,714	64,077	1,059	-
969	Total operating expenses	21,055,465	2,761,775	52,377	2,311,178
970	Excess (deficit) of operating revenue over operating expenses	934,778	34,534,620	254,186	5,060,732
971	Extraordinary maintenance	870,359	-	-	-
972	Casualty losses — noncapitalized	42,879	-	-	-
973	Housing assistance payments	-	33,349,687	254,282	-
974	Depreciation expense	6,885,210	-	-	-
900	Total expenses	28,853,913	36,111,462	306,659	2,311,178
1000	Excess (deficit) of revenues over expenses before transfers	(6,863,670)	1,184,933	(96)	5,060,732
1104	Program equity transfers	6,024,961	-	-	(7,324,961)
	Changes in net assets	(838,709)	1,184,933	(96)	(2,264,229)
1103	Net assets, beginning	127,810,680	521,896	24,627	8,789,673
	Net assets, ending	<u>\$ 126,971,971</u>	<u>\$ 1,706,829</u>	<u>\$ 24,531</u>	<u>\$ 6,525,444</u>
	Other Financial Data				
1113	Maximum annual contributions commitment	\$ -	\$ 34,681,457	\$ 368,100	\$ -
1116	Total annual contributions available	-	34,681,457	368,100	-
1120	Gross number of units	50,748	47,889	900	-
1121	Number of units months leased	50,515	47,206	868	-

CHSP 14.170	ROSS 14.870	Business Activities	State/Local	Eliminations	Total
-	-	29,135	-	-	29,135
-	-	19,020	-	-	722,888
-	-	-	-	-	161,249
-	-	10,884	-	-	302,317
-	-	-	-	-	118,972
-	-	6,309	-	-	6,309
-	-	-	-	-	86,328
-	-	36,213	-	-	1,398,063
1,828,559	100,822	425,425	218,893	(666,150)	28,088,344
-	-	803,493	(15,247)	-	41,572,562
-	-	35,764	-	-	906,123
-	-	-	-	-	42,879
-	-	-	48,721	-	33,652,690
-	-	427,874	-	-	7,313,084
1,828,559	100,822	889,063	267,614	(666,150)	70,003,120
-	-	339,855	(63,968)	-	(342,214)
-	-	1,300,000	-	-	-
-	-	1,639,855	(63,968)	-	(342,214)
-	-	12,481,685	125,497	-	149,754,058
\$ -	\$ -	\$ 14,121,540	\$ 61,529	\$ -	\$ 149,411,844
\$ -	\$ -	\$ -	\$ -	\$ -	35,049,557
-	-	-	-	-	35,049,557
-	-	-	236	-	99,773
-	-	-	211	-	98,800

Public Housing Agency of the City of Saint Paul

Financial Data Schedule

Combining Balance Sheet and Statement of Revenues and Expenses — CFP

As of and for the Year Ended March 31, 2006

Line Item No.	Account Description	CFP 702R 14.872	CFP 703A 14.872	CFP 703B 14.872
Balance Sheet				
Assets:				
122	Accounts receivable — HUD other projects	\$ -	\$ -	\$ -
167	Construction in progress	-	-	-
190	Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and net assets:				
Liabilities:				
347	Interprogram due to	\$ -	\$ -	\$ -
300	Total liabilities	-	-	-
Net assets:				
508.1	Invested in capital assets, net of related debt	-	-	-
600	Total liabilities and net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Statement of Revenues and Expenses				
Revenues:				
706	HUD PHA grants	\$ -	\$ 950	\$ 19,357
706.1	Capital grants	708	22,276	35,206
700	Total revenues	<u>708</u>	<u>23,226</u>	<u>54,563</u>
Expenses:				
Administrative:				
911	Salaries	-	-	-
912	Auditing fees	-	-	-
915	Employee benefit contributions	-	-	-
916	Other operating	-	950	19,357
900	Total expenses	-	950	19,357
1000	Excess of revenues over expenses	<u>\$ 708</u>	<u>\$ 22,276</u>	<u>\$ 35,206</u>
Other Financial Data				
1104	Program equity transfers	\$ (21,123)	\$ (6,238,959)	\$ (1,064,879)

CFP 704	CFP 705	Total
14.872	14.872	CFP
\$ 195,310	\$ 666,942	\$ 862,252
4,682,383	1,843,061	6,525,444
<u>\$ 4,877,693</u>	<u>\$ 2,510,003</u>	<u>\$ 7,387,696</u>

\$ 195,310	\$ 666,942	\$ 862,252
195,310	666,942	862,252

4,682,383	1,843,061	6,525,444
<u>\$ 4,877,693</u>	<u>\$ 2,510,003</u>	<u>\$ 7,387,696</u>

\$ 1,165,186	\$ 1,125,685	\$ 2,311,178
3,159,481	1,843,061	5,060,732
<u>4,324,667</u>	<u>2,968,746</u>	<u>7,371,910</u>

259,614	365,010	624,624
2,500	-	2,500
82,445	104,878	187,323
820,627	655,797	1,496,731
<u>1,165,186</u>	<u>1,125,685</u>	<u>2,311,178</u>
<u>\$ 3,159,481</u>	<u>\$ 1,843,061</u>	<u>\$ 5,060,732</u>

\$ - \$ - \$ (7,324,961)

Public Housing Agency of the City of Saint Paul

Financial Data Schedule

Combining Balance Sheet and Statement of Revenues and Expenses — State/Local

As of and for the Year Ended March 31, 2006

Line Item No.	Account Description	RAFS	Wilder	Total State/Local
Balance Sheet				
Assets:				
124	Accounts receivable — other government	\$ 1,524	\$ -	\$ 1,524
144	Interprogram due from	1,113	61,529	62,642
190	Total assets	\$ 2,637	\$ 61,529	\$ 64,166
Liabilities and net assets:				
Liabilities:				
311	Outstanding checks in excess of bank balance	\$ 2,637	\$ -	\$ 2,637
300	Total liabilities	2,637	-	2,637
Net assets:				
512.1	Unrestricted net assets	-	61,529	61,529
513	Total net assets	-	61,529	61,529
600	Total liabilities and net assets	\$ 2,637	\$ 61,529	\$ 64,166
Statement of Revenues and Expenses				
Revenues:				
708	Other government grants	\$ 56,681	\$ -	\$ 56,681
715	Other revenues	-	146,965	146,965
700	Total revenues	56,681	146,965	203,646
Expenses:				
Administrative:				
911	Salaries	5,731	-	5,731
915	Employee benefit contributions	2,229	-	2,229
916	Other operating	-	-	-
Tenant services:				
924	Other	-	210,933	210,933
973	Housing assistance payments	48,721	-	48,721
900	Total expenses	56,681	210,933	267,614
1000	Excess of revenues over expenses	\$ -	\$ (63,968)	\$ (63,968)
Other Financial Data				
1120	Unit months available	535	-	535
1121	Number of unit months leased	455	-	455

Public Housing Agency of the City of Saint Paul

Agency Revenue by PHA/HUD Programs
Last 10 Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Section 8 Certs/Mod	\$ 14,173,217	\$ 14,313,492	\$ 15,885,834	\$ 8,381,433	\$ 2,102,564	\$ 641,391	\$ 298,292	\$ 269,574	\$ 278,237	\$ 306,563
Section 8 Vouchers	4,117,737	4,299,973	5,259,573	12,526,587	19,359,882	25,526,342	33,148,536	37,983,991	37,536,502	35,678,299
Section 8 Disability Vouchers	-	-	-	-	-	-	-	-	209,924	656,445
RAFS	-	-	-	61,118	376,938	437,961	375,136	212,150	126,894	56,681
Low Rent Housing	15,895,535	17,158,529	15,856,009	17,758,236	19,792,865	20,590,322	20,694,887	20,840,301	23,183,266	21,990,243
Discretionary	98,686	85,658	79,039	80,635	89,991	59,979	23,122	-	-	-
Business Activities	611,866	699,928	734,317	789,314	935,999	7,052,061	301,090	143,380	759,823	1,228,918
CIAP/Comp Grant/Capital Fund	7,312,342	5,618,389	7,366,636	12,142,505	8,366,007	9,385,504	8,825,561	11,125,724	7,324,221	7,371,910
Congregate Housing Program	857,772	911,685	949,033	1,164,881	1,342,444	1,590,987	1,580,163	1,960,663	2,346,651	1,828,559
Wildler	65,689	72,990	78,087	76,373	114,503	112,110	139,715	155,018	148,506	146,965
Drug Elimination	315,386	1,083,972	1,120,250	1,000,735	971,597	850,161	1,031,899	-	-	-
Service Coordinators	171,496	157,869	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	-	12,512	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
Economic Development	-	62,139	277,200	194,992	210,868	254,801	-	-	-	-
Weed and Seed	-	-	-	-	-	-	25	49,975	-	-
Development	-	-	-	-	-	-	-	-	-	-
Youth Sports	-	-	-	-	-	-	-	-	-	-
Lead Base Paint	101,674	-	-	-	-	-	-	-	-	-
Gateway	15,451	9,760	21,215	21,300	-	-	-	-	-	-
Family Investment Center	197,361	718,667	2,371	-	-	-	-	-	-	-
Youth Development Initiatives	23,413	976,587	-	-	-	-	-	-	-	-
Youth Apprenticeship	81,676	80,375	25,443	22,440	24,418	-	-	-	-	-
Vista	474	136	-	-	-	-	-	-	-	-
Total Agency revenues	\$ 44,039,775	\$ 46,262,661	\$ 47,860,859	\$ 54,292,290	\$ 54,117,906	\$ 66,996,141	\$ 67,192,332	\$ 73,634,443	\$ 72,306,776	\$ 69,365,405

Public Housing Agency of the City of Saint Paul

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Dwelling rental	\$ 8,420,388	\$ 8,473,816	\$ 8,654,024	\$ 9,184,943	\$ 9,957,155	\$ 10,337,156	\$ 10,699,671	\$ 10,542,487	\$ 10,588,726	\$ 11,078,857
Excess utilities	53,066	53,684	52,624	51,612	51,052	51,485	50,976	51,625	47,076	47,611
Nondwelling rental	2,035	1,720	2,189	2,325	2,105	1,905	2,395	2,030	990	1,980
Interest income	392,668	455,606	571,563	577,774	745,103	472,824	296,116	329,511	283,965	470,344
Other income	215,789	266,663	376,971	501,760	468,697	476,441	415,015	411,209	416,180	546,632
Gain (loss) from disposition of real property	(378,149)	(504,070)	(273,539)	(87,587)	(300,286)	(188,682)	6,218	462,814	1,814,379	122,677
HUD subsidy	7,189,738	8,411,110	6,472,177	7,527,409	8,869,039	9,439,193	9,224,496	9,040,625	10,031,950	9,722,142
Total Low Rent public housing revenue	\$ 15,895,535	\$ 17,158,529	\$ 15,856,009	\$ 17,758,236	\$ 19,792,865	\$ 20,590,322	\$ 20,694,887	\$ 20,840,301	\$ 23,183,266	\$ 21,990,243
Average units leased	4,276	4,274	4,264	4,207	4,238	4,204	4,212	4,215	4,211	4,210
Revenue per average unit month	\$ 309.78	\$ 334.55	\$ 309.88	\$ 351.76	\$ 389.18	\$ 408.15	\$ 409.44	\$ 412.03	\$ 458.78	\$ 435.28
Subsidy per average unit month	140.12	164.00	126.49	149.10	174.40	187.11	182.50	178.74	188.53	192.44

Public Housing Agency of the City of Saint Paul

Section 8 Revenue by HUD Classification
Last 10 Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Housing assistance payments	\$ 14,718,873	\$ 14,848,247	\$ 16,791,487	\$ 16,519,382	\$ 18,383,343	\$ 23,495,998	\$ 29,153,108	\$ 33,294,134	\$ 32,192,311	\$ 32,346,485
Port-in housing assistance payments	1,806,561	1,855,401	1,980,072	1,961,121	829,232	115,399	1,515,233	2,032,834	2,696,391	1,391,218
Administration fees	1,555,040	1,620,561	1,892,548	1,924,968	1,828,321	2,223,046	2,376,634	2,532,915	2,558,357	2,582,493
Hard-to-house fees	23,265	21,645	20,880	11,880	25,035	34,950	35,550	48,600	56,025	-
Auditing fees	7,722	9,438	11,524	14,186	14,049	11,318	19,255	13,888	12,732	-
Interest on reserves/investments	113,054	110,392	129,109	148,641	132,982	69,716	34,555	2,597	6,064	86,177
Portability-in admin and other revenue	151,185	193,252	163,622	160,670	71,045	7,516	82,685	123,566	144,394	75,012
Other revenue	127,544	138,346	156,165	167,172	178,438	209,790	229,808	205,031	358,389	159,922
Total Section 8 revenue	\$ 18,503,244	\$ 18,797,282	\$ 21,145,407	\$ 20,908,020	\$ 21,462,445	\$ 26,167,733	\$ 33,446,828	\$ 38,253,565	\$ 38,024,663	\$ 36,641,307

ACC authorized monthly unit count	3,409	3,517	3,667	3,710	3,710	3,763	3,965	4,059	4,059	4,066
Average monthly units leased	3,395	3,402	3,320	3,151	3,368	3,739	3,925	4,092	3,954	4,006
Average monthly revenue per unit	\$ 454.18	\$ 460.45	\$ 530.76	\$ 552.95	\$ 531.04	\$ 583.22	\$ 710.12	\$ 779.03	\$ 801.40	\$ 762.22

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

Public Housing Agency of the City of Saint Paul

Agency Expenses by HUD Programs
Last 10 Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Section 8 Certs/Mod	\$ 14,215,056	\$ 14,347,584	\$ 15,679,473	\$ 8,131,110	\$ 2,062,358	\$ 596,555	\$ 277,330	\$ 264,376	\$ 279,306	\$ 306,659
Section 8 Vouchers	4,091,453	4,299,820	5,198,295	12,415,923	19,310,889	25,256,928	32,750,540	37,964,189	37,120,743	35,454,263
Section 8 Disability Vouchers	-	-	-	-	-	-	-	-	213,239	657,199
RAFS	-	-	-	61,118	376,938	437,961	375,136	212,150	126,894	56,681
Low Rent Housing	15,385,294	15,658,755	16,145,202	17,691,805	18,729,151	19,790,481	20,124,125	20,277,568	21,298,444	21,968,703
Discretionary	161,674	151,264	123,803	148,008	77,962	116,114	109,021	-	-	-
Business Activities	435,901	384,205	392,451	464,221	642,104	575,471	258,268	209,616	551,507	461,189
CIAP/Comp Grant/Capital Fund	7,312,342	5,618,389	7,366,636	12,142,505	8,366,007	9,385,504	8,825,561	11,125,724	7,324,221	7,371,910
Congregate Housing Program	857,772	911,685	949,033	1,164,881	1,342,444	1,590,987	1,580,163	1,960,663	2,346,651	1,828,559
Wildier	43,997	54,019	65,042	106,615	103,089	85,694	186,335	113,035	133,378	210,933
Drug Elimination	315,386	1,083,972	1,120,250	1,000,735	971,597	850,161	1,031,899	-	-	-
Service Coordinators	171,496	157,869	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	-	-	-	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
Economic Development	-	62,139	277,200	194,992	210,868	254,801	-	-	-	-
Weed and Seed	-	-	-	-	-	-	25	49,975	-	-
Development	-	-	-	-	-	-	-	-	-	-
Youth Sports	-	-	-	-	-	-	-	-	-	-
Lead Base Paint	101,674	-	-	-	-	-	-	-	-	-
Gateway	15,451	9,760	21,215	21,300	-	-	-	-	-	-
Family Investment Center	197,361	718,667	2,371	-	-	-	-	-	-	-
Youth Development Initiatives	23,413	976,587	-	-	-	-	-	-	-	-
Youth Apprenticeship	81,676	80,375	25,443	22,440	10,891	-	-	-	-	-
Vista	474	136	-	-	-	-	-	-	-	-
Total Agency expenses	\$ 43,410,420	\$ 44,517,738	\$ 47,572,266	\$ 53,637,394	\$ 52,634,128	\$ 59,435,179	\$ 66,292,309	\$ 73,070,963	\$ 69,787,135	\$ 68,416,918

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Administrative	\$ 3,727,213	\$ 4,006,182	\$ 5,062,772	\$ 5,753,570	\$ 6,235,334	\$ 6,448,084	\$ 6,789,833	\$ 6,532,412	\$ 6,903,177	\$ 6,885,099
Tenant services	361,677	317,304	449,273	571,980	554,900	750,417	717,469	459,255	787,738	812,706
Utilities	3,586,425	3,283,287	3,620,885	3,663,634	4,117,830	3,811,913	4,001,094	4,140,517	4,362,505	4,625,108
Maintenance	4,952,048	5,015,178	6,080,050	6,575,238	7,103,738	7,425,761	7,113,793	7,230,827	7,171,252	7,435,838
Protective service	171,664	113,399	35,375	86,983	33,100	36,165	60,747	5,463	-	-
General expense	2,133,362	2,273,274	640,617	739,304	757,166	859,302	869,562	1,180,271	1,451,766	1,296,714
Nonroutine maintenance	452,905	650,131	256,230	301,096	210,149	722,786	752,664	912,386	622,006	913,238
Total Low Rent public housing expenses	\$ 15,385,294	\$ 15,658,755	\$ 16,145,202	\$ 17,691,805	\$ 19,012,217	\$ 20,054,428	\$ 20,305,162	\$ 20,461,131	\$ 21,298,444	\$ 21,988,703
Average monthly units leased	4,276	4,274	4,264	4,207	4,238	4,204	4,212	4,215	4,211	4,211
Average monthly expense per unit	\$ 299.84	\$ 305.31	\$ 315.53	\$ 350.44	\$ 373.84	\$ 397.53	\$ 401.73	\$ 404.53	\$ 421.48	\$ 434.75

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.

Public Housing Agency of the City of Saint Paul

Section 8 Expenses by HUD Classification
Last 10 Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Administrative	\$ 1,755,849	\$ 1,896,581	\$ 2,075,875	\$ 2,037,563	\$ 2,156,653	\$ 2,215,235	\$ 2,323,192	\$ 2,864,473	\$ 2,603,635	\$ 2,749,016
General expenses	-	-	26,352	18,880	19,060	26,696	36,337	37,124	41,470	65,136
Housing assistance payments	16,550,660	16,740,823	18,775,541	18,490,590	19,197,534	23,611,552	30,668,341	35,326,968	34,968,183	33,603,969
Total Section 8 expenses	\$ 18,306,509	\$ 18,637,404	\$ 20,877,768	\$ 20,547,033	\$ 21,373,247	\$ 25,853,483	\$ 33,027,870	\$ 38,228,565	\$ 37,613,288	\$ 36,418,121
ACC authorized monthly unit count	3,409	3,517	3,667	3,710	3,710	3,763	3,965	4,059	4,059	4,066
Average monthly units leased	3,395	3,402	3,220	3,151	3,368	3,739	3,925	4,092	3,954	4,006
Total expense per unit month (Avg)	\$ 449.35	\$ 456.53	\$ 524.04	\$ 543.40	\$ 528.83	\$ 576.21	\$ 701.23	\$ 778.52	\$ 792.73	\$ 757.57
Total admin and general expense per unit (Avg)	43.10	46.46	52.77	54.39	53.83	49.97	50.10	59.09	55.75	58.54
Total HAP expense per unit (Avg)	406.25	410.07	421.27	489.01	475.00	526.24	651.13	719.43	736.98	699.03

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

Public Housing Agency of the City of Saint Paul

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Executive	3.00	4.00	4.00	6.00	6.00	6.00	6.00	4.00	3.00	3.00
Human Resources	-	-	-	3.50	3.50	3.50	4.00	2.50	2.50	2.50
Section 8	-	-	-	20.00	23.00	23.00	24.00	24.00	24.00	22.00
Public Housing Policy	-	-	-	-	-	-	-	3.50	3.00	3.00
Equal Opportunity & Diversification	-	-	-	-	-	-	-	3.00	2.50	2.50
Finance	17.33	18.33	18.33	14.33	14.33	14.33	14.50	14.50	15.50	14.50
Technical Service	18.00	16.00	17.00	17.00	14.00	14.00	14.00	13.00	12.00	-
Maintenance	89.00	89.00	89.00	89.00	96.00	96.00	92.00	87.00	88.00	95.00
Resident Services	108.50	108.50	107.70	87.35	91.08	91.08	89.16	82.07	85.00	79.69
Total Agency FTE	235.83	235.83	236.03	237.18	247.91	247.91	243.66	233.57	235.50	222.19

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, 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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Executive	\$ 167,679	\$ 213,492	\$ 233,036	\$ 347,002	\$ 372,925	\$ 376,642	\$ 411,155	\$ 252,989	\$ 196,255	\$ 203,001
Human Resources	-	-	-	167,758	176,470	187,994	202,503	141,225	154,388	158,542
Section 8	-	-	-	680,482	776,455	812,570	825,863	924,482	944,559	923,431
Public Housing Policy	-	-	-	-	-	-	-	216,519	187,499	195,166
Equal Opportunity & Diversification	-	-	-	-	-	-	-	194,932	189,951	151,682
Finance	655,697	690,425	729,870	584,526	629,989	643,331	713,333	900,912	827,389	963,617
Technical Service	581,398	599,330	671,193	689,146	641,068	705,463	782,439	742,407	717,886	197,834
Maintenance	3,147,679	3,279,521	3,317,766	3,490,421	4,060,379	4,154,709	4,118,705	3,951,411	3,969,687	4,464,748
Resident Services	3,065,617	3,272,208	3,381,212	3,017,254	3,345,576	3,550,359	3,719,899	3,477,087	3,702,342	3,638,283
Total Agency salary expense	\$ 7,618,070	\$ 8,054,976	\$ 8,333,077	\$ 8,976,589	\$ 10,002,862	\$ 10,431,068	\$ 10,773,897	\$ 10,801,964	\$ 10,889,956	\$ 10,896,304
FTE	235.83	235.83	236.03	237.18	247.91	247.91	243.66	233.57	235.50	222.19
Salary cost per FTE	\$ 32,303	\$ 34,156	\$ 35,305	\$ 37,847	\$ 40,349	\$ 42,076	\$ 44,217	\$ 46,247	\$ 46,242	\$ 49,040

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

Public Housing Agency of the City of Saint Paul

Unit Type Composition
Last 10 Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Family	1,762	1,762	1,760	1,748	1,733	1,729	1,728	1,728	1,710	1,710
Hi-rise	2,552	2,548	2,548	2,548	2,545	2,545	2,545	2,545	2,548	2,548
Total units	4,314	4,310	4,308	4,296	4,278	4,274	4,273	4,273	4,258	4,258

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
1997	\$ -	-	\$ 12,594	48	\$ 12,594	48
1998	60,400	161	38,408	159	98,808	320
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
Totals	\$ 650,688	1,736	\$ 442,413	1,621	\$ 1,093,101	3,357

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
1997	4,276	34	99%	3,409	3,395	100%
1998	4,274	34	99%	3,517	3,402	97%
1999	4,264	46	99%	3,667	3,320	91%
2000	4,207	40	99%	3,710	3,151	85%
2001	4,238	41	99%	3,710	3,368	91%
2002	4,204	42	99%	3,763	3,739	99%
2003	4,212	34	99%	3,965	3,925	99%
2004	4,215	32	99%	4,059	4,092	101%
2005	4,211	29	99%	4,059	3,954	97%
2006	4,210	25	99%	4,066	4,006	99%
Overall averages	4,231	36	99%	3,793	3,635	96%

Public Housing Agency of the City of Saint Paul

Low Rent Unit Demographics

March 31, 2006

Unit Inventory	Units
Major family developments:	
McDonouogh 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	414
Total units	4,258
PHA units by bedroom size:	
0 bedrooms	124
1 bedroom	2,455
2 bedrooms	569
3 bedrooms	720
4 bedrooms	279
5 bedrooms	106
6 bedrooms	5
Total units	4,258

Public Housing Agency of the City of Saint Paul

Agencywide Capital Assets
Last 10 Fiscal Years

Low Rent Capital Assets	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Land and land improvements	\$ -	\$ -	\$ 29,735,420	\$ 30,374,298	\$ 30,833,126	\$ 31,041,711	\$ 31,165,820	\$ 31,315,763	\$ 31,448,981	\$ 31,545,999
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
Furniture, equipment and machinery	-	-	3,463,620	3,041,284	3,053,586	2,160,408	2,174,586	2,082,025	2,093,381	1,998,987
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)
Low Rent total capital assets, net	\$ -	\$ -	\$ 112,230,539	\$ 105,346,681	\$ 106,656,468	\$ 108,622,493	\$ 110,693,839	\$ 112,636,696	\$ 113,749,683	\$ 115,033,699

Low Rent Increase/(Decrease)

as a % of Prior Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Land and land improvements	N/A	N/A	N/A	2.15%	1.51%	0.68%	0.40%	0.48%	0.43%	0.31%
Buildings	N/A	N/A	N/A	(0.83)%	3.93%	4.72%	4.26%	4.25%	3.53%	3.75%
Furniture, equipment and machinery	N/A	N/A	N/A	(12.70)%	0.40%	(29.25)%	0.66%	(4.26)%	0.55%	(4.51)%
Accumulated depreciation	N/A	N/A	N/A	5.91%	5.90%	5.45%	5.22%	5.61%	4.99%	5.07%
	0%	0%	0%	(6.13)%	1.24%	1.64%	2.09%	1.57%	0.99%	1.13%

Business Activity Capital Assets

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
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
Buildings	-	-	1,653,427	1,875,525	2,016,738	-	-	11,601,850	12,033,652	12,894,772
Furniture, equipment and machinery	-	-	2,492	2,492	2,492	-	-	65,058	66,504	66,504
Accumulated depreciation	-	-	(352,680)	(415,380)	(480,486)	(3,898)	(19,349)	(237,459)	(643,785)	(1,071,659)
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

Business Activity Increase/

(Decrease) as a % of Prior Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Land and land improvements	N/A	N/A	N/A	620.26%	0.00%	(9.67)%	0.00%	0.00%	0.00%	0.00%
Buildings	N/A	N/A	N/A	1.19%	7.53%	(100.00)%	N/A	N/A	3.72%	7.16%
Furniture, equipment and machinery	N/A	N/A	N/A	0.00%	0.00%	(100.00)%	N/A	N/A	2.22%	0.00%
Accumulated depreciation	N/A	N/A	N/A	17.78%	15.67%	(99.19)%	396.36%	1127.24%	171.11%	66.46%
	0%	0%	0%	96.98%	2.16%	(48.37)%	(0.83)%	620.96%	0.20%	3.25%

Note: Prior to FY 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 — FY 2000 purchased 10th Street property as future site for central administrative office building.

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

Note: Business Activity — Late FY 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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Dwelling rental	\$ 8,420,388	\$ 8,473,816	\$ 8,654,024	\$ 9,184,943	\$ 9,957,155	\$ 10,337,156	\$ 10,699,671	\$ 10,542,487	\$ 10,588,726	\$ 11,078,857
Excess utilities	53,066	53,684	52,624	51,612	51,052	51,485	50,976	51,625	47,076	47,611
Nondwelling rental	2,035	1,720	2,189	2,325	2,105	1,905	2,395	2,030	990	1,980
Total rents charged	\$ 8,475,489	\$ 8,529,220	\$ 8,708,837	\$ 9,238,880	\$ 10,010,312	\$ 10,390,546	\$ 10,753,042	\$ 10,596,142	\$ 10,636,792	\$ 11,128,448
Write-offs as a % of rents charged	0.82%	1.04%	1.21%	0.36%	0.37%	0.38%	0.32%	0.79%	0.36%	1.07%
Net write-off amounts	\$ 69,646	\$ 88,487	\$ 105,363	\$ 33,391	\$ 37,258	\$ 39,305	\$ 34,694	\$ 83,855	\$ 37,809	\$ 118,972
Writeoffs as a % of increase/ (decrease) from prior year	(6.93)%	27.05%	19.07%	(68.31)%	11.58%	5.49%	(11.73)%	141.70%	(54.91)%	214.67%
Avg. units leased	4,276	4,274	4,264	4,207	4,238	4,204	4,212	4,215	4,211	4,210
Write-offs per unit month	\$ 1.36	\$ 1.73	\$ 2.06	\$ 0.66	\$ 0.73	\$ 0.78	\$ 0.69	\$ 1.66	\$ 0.75	\$ 2.36

Public Housing Agency of the City of Saint Paul

Agencywide Assets, Liabilities and Net Assets
Last 10 Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assets	N/A	N/A	\$ 133,564,579	\$ 142,114,440	\$ 144,575,030	\$ 153,832,327	\$ 154,451,655	\$ 158,622,381	\$ 158,660,621	\$ 156,376,091
Liabilities	N/A	N/A	6,699,544	9,827,645	9,894,104	10,192,737	8,241,422	9,235,596	8,906,563	6,964,247
Net Assets	N/A	N/A	126,865,035	132,286,795	134,680,926	143,639,590	146,210,233	149,386,785	149,754,058	149,411,844

Agencywide Increase/ (decrease) as a % of Prior	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assets	N/A	N/A	N/A	6.40%	1.73%	6.40%	0.40%	2.70%	0.02%	(1.44)%
Liabilities	N/A	N/A	N/A	46.69%	0.68%	3.02%	(19.14)%	12.06%	(3.56)%	(21.81)%
Net Assets	N/A	N/A	N/A	4.27%	1.81%	6.65%	1.79%	2.17%	0.25%	(0.23)%

Note: Comparable figures for fiscal years 1997 and 1998 are not available as financial statements prepared during those years 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.

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
Saint Paul, Minnesota

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, 2006, and have issued our report thereon dated June 15, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the memorandum on business matters that we have reported to management of the Agency of the City of Saint Paul in a separate letter dated June 15, 2006.

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
June 15, 2006

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
Saint Paul, Minnesota

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, 2006. 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, 2006.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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
June 15, 2006

Public Housing Agency of the City of St. Paul

**Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2006**

Federal Grantor	Catalogue of Federal Domestic Assistance Number	Expenditures
U.S. Department of Housing and Urban Development:		
CHSP	14.170	\$ 556,945
Low Rent Public Housing	14.850a	9,722,142
Section 8:		
Housing Choice Voucher	14.871	35,589,590
Moderate Rehabilitation	14.856	301,039
Service Coordinators Grant & ROSS Program	14.870	100,822
Capital Fund Program	14.872	7,371,910
		<u>\$ 53,642,448</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, 2006**

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

Reportable condition(s) identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

B. Federal Awards

1. Internal control over major programs:

Material weakness(es) identified? Yes No

Reportable condition(s) 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
	14.850	Low Rent Public Housing
	14.872	Capital Fund Program
2. Dollar threshold used to distinguish between type A and type B programs	\$1,580,424	
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, 2006**

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, 2006**

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.			