

Through the Community Liaison Program, PHA has:

- Increased the quality of service to public officials, landlords and tenants.
 - Handled over 2000 satellite, walk-in and executive complaints/issues per year.
 - Answered approximately 250 complaint letters from public officials, HUD, OIG, landlords and tenants per year.
 - Accepted input and constructive critique through the landlord tenant advisory council, chaired by the Community Liaison.
 - Conducted tenant and landlord briefings.
 - Trained landlords in property management through the Institute for Real Estate Management.
 - Connected landlords and tenants through the housing list and the housing fair.
 - Streamlined the investigations department and cleared up the backlog of cases.
 - Upgraded the hearing process to be aligned with the Administrative Plan.
 - Conducted Community Information sessions about the Housing Choice Voucher Program.
 - Coordinated an effort to provide 1000 turkey baskets to community residents at Thanksgiving, garnering positive media attention.
 - Upgraded standard PHA letters to landlords and tenants.
 - Met public officials to liaise with and offer assistance with constituent matters within the Housing Choice Voucher Program.
 - Created new processes to raise the Quality of Service of the Housing Choice Voucher Program.
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- **Housing Choice Time Limits.** PHA will continue its efforts to reform the Housing Choice Voucher program and respond to the needs of the city and its residents. PHA has established a seven-year time limit in the Housing Choice Voucher Program, subject to certain exemptions such as for elderly and disabled households.
 - **Two-Year Re-Certifications.** PHA has implemented a new recertification system beginning in April 2003. Recertifications for both public housing and Housing Choice Voucher participants will occur every two years under the new system, except for public housing residents choosing market or flat rents (who will be recertified every three years). Two-year recertifications may not apply to sites funded with Low-Income Housing Tax Credits.
 - **Good Neighbors Make Good Neighborhoods Program.** In 2001 PHA made a commitment to provide Housing Choice vouchers to support families moving from homelessness and transitional housing programs to permanent housing. Through the Good Neighbors Make Good Neighborhoods Program, 500 families were housed through December 2003. PHA reached a new agreement in October 2003 with the Blueprint to End Homelessness, a coalition of nonprofit transitional housing providers and made 300 housing opportunities available. To date, 250 families from the Blueprint have been placed in PHA units. PHA has increased its original commitment for this program to 400 units.
 - **Rent Simplification.** To promote the goals of economic self-sufficiency and administrative efficiency, PHA has developed and implemented a program to streamline the rent calculation system for both public housing and Housing Choice

Voucher participants. PHA intends to make the new system simpler to administer and understand, reducing paperwork and administrative burdens for residents and staff.

- **Revitalization Initiatives.** PHA will continue its large-scale revitalization efforts at public housing and other sites around the city. PHA is currently overseeing \$1 billion in large-scale HOPE VI and non-HOPE VI development projects.

MTW Priority 2 Year 5 Objectives

- **Project-Based Program.** PHA has implemented changes to the Housing Choice Voucher project-based program that will expand program options by providing either voucher or operating subsidy to eligible partners and, projects that add to the stock of quality housing and support neighborhood revitalization efforts. PHA has issued a revised Unit-Based RFP that more closely conforms to the MTW agreement and overhauls the approach to providing operating support and, where appropriate capital dollars.
- **Community Partners Program.** To complement the unit-based development program described above, PHA has developed a Community Partners Program (CPP). The CPP focuses on funding a range of neighborhood-appropriate supportive services including but not limited to: child-care, transportation, job training, activities that foster lease compliance and mobility counseling. Vouchers have been set-aside and temporarily converted into a funding source. (At the end of five years the vouchers will convert back so the housing resource is not lost to the community.)
- **Affordable Homeownership.** PHA has expanded its homeownership activities to create quality, affordable homeownership opportunities for public housing residents, Housing Choice Voucher participants, and other low-income residents. PHA has expanded its recently implemented Housing Choice Voucher Homeownership program, opening it up to all Housing Choice Voucher ESS program participants. PHA also implemented enhanced housing counseling services designed to help residents with budget, credit repair and other activities designed to support successful homeownership.
- **Replacement Housing.** PHA continued its efforts to increase housing opportunities through implementation of its Replacement Housing Policy. The policy focuses on four strategies to acquire property: (1) acquisition through purchase of single family scattered sites, foreclosure by institutional lenders of single family residential buildings and purchase of multi-family residential buildings; (2) reuse of ACC subsidy to affordable housing projects; (3) provision of capital funds to affordable housing projects; and (4) neighborhood redevelopment projects.

MTW Priority 3 Year 5 Objectives

- **Implementation of MTW Family Agreement and Services.** New and existing Housing Choice Voucher program participants have begun entering into an MTW Family Agreement to help ensure their successful participation in this time-limited program. All participants were provided with enhanced Tenant Responsibility Training. In addition, participants received briefings and information on available training, job placement and supportive service opportunities. Program participants who receive Temporary Aide for Needy Families (TANF) or report zero income will, as part of the MTW Family Agreement, enroll in PHA's Economic Self-Sufficiency Program (ESS).
- **LIFE Program.** PHA has established a pilot program for seniors, Living Independently For Elders (LIFE) in conjunction with St. Agnes Hospital and the Pennsylvania Secretary of Public Welfare. The program includes senior enhanced supportive services, with the goal of enabling nursing-home eligible residents to remain in their homes. It offers primary and specialty medical care, nursing care, adult day health services, prescribed modifications, meals, homemaker services and other services.
- **Pre-Apprenticeship, Certified Nursing Assistant, Medical Billing and Pharmacy Technician Training Programs.** Since the inception of these programs, almost 1,507 residents have graduated and found careers in the building trades, the health care industry and other fields.
- **Computer Training.** The Philadelphia Housing Authority's continues to increase residents' access to technology to (1) increase academic performance of youth and adults, to (2) increase the employability skills of adults and working age youth, to (3) increase computer technology skills among all demographic groups, and to (4) increase health and nutrition information for groups of all ages.

PHA has 18 computer laboratories at various stages of the development cycle, with formal standardization at both conventional and community-based sites to provide technology programming, and computer assisted instruction. In addition to the comprehensive laboratories, PHA provides web based basic education software, accessible through the Internet, which participants can use to improve skills in targeted occupations.

PHA facilitates handicapped accessibility at its laboratories, and installs chairlifts, as necessary.

MTW Priority 4 Year 5 Objectives

- **Expansion of Quality of Life Program.** PHA has expanded its Quality of Life Program to several new sites during the past year. The objective of the program is to improve the quality of life for all PHA residents and the surrounding communities by creating an environment that fosters community values, encourages resident participation and positive peer group pressure, and reinforces the responsibilities of all. The program incorporates resident responsibility training, lease enforcement,

local code enforcement, public safety and community policing activities. In addition, PHA joined the Citizens Crime Commission anonymous tip line reward program and entered into a contract with the City of Philadelphia to begin Town Watch programs at several PHA developments.

- **Enhanced Tenant Responsibility Training.** As part of its local leased housing MTW program initiative, PHA now requires all Housing Choice Voucher program participants to participate in Tenant Responsibility Training at both the initial lease-up and at every recertification period. This effort will help improve residents' understanding of their roles and responsibilities as good neighbors and PHA program participants.
- **Security Enhancements to PHA Properties.** As noted in the Capital Improvement summary included in this Annual Plan, PHA has continued to implement security related capital improvements at a wide range of PHA properties, and especially at family high rises.
- **Required Landlord Training.** PHA has developed a program for landlords of the properties associated with the Housing Choice Voucher program, which includes training by professionals from the Institute of Real Estate Management (IREM), as well as training provided by PHA regarding local property management issues, city code compliance, lease enforcement, and community responsibilities.

MTW Priority 5 Year 5 Objectives

- **Streamline Rent Calculation System.** PHA has developed and started a program to streamline the rent calculation system for both public housing and voucher participants. PHA has made the new system simpler to administer and understand while giving residents an incentive for work and education.
- **Enterprise Resource Planning (ERP) and the Customer Response Management Applications.** PHA has identified additional areas for increased productivity and cost effectiveness including the continued implementation of the Enterprise Resource Planning and the Customer Response Management applications; automation of processes in the Housing Assistance Payments program; payroll, requisition and purchase order systems; and enhanced staff recruitment and training programs.
- **Feasibility of Contracting through Energy Services Contractors (ESCOs).** PHA contracted with two firms to perform energy audits on public housing units. In Phase I, the audits examined PHA water, gas and electric consumption. In addition, building systems were analyzed to identify improvements that can be made to reduce energy use. In FY 2003, PHA through its energy management system reduced operating costs by approximately \$90,000 by switching to heating oil instead of gas in certain situations. A new program of monitoring water usage has generated \$108,000 in savings by timely termination of Water Department services. PHA is also developing a new business plan, reviewing each utility element with the goal of reducing energy costs where possible.
- **Revise Procurement Policies.** PHA has a revised procurement policy approved by HUD. The new system simplifies the procurement process, while ensuring an

appropriate level of internal control and external competition. The plan includes enhanced criteria for qualification and selection of developers for redevelopment projects and the policy for subsidiaries. PHA has moved forward with implementation of the revised policies and the supply chain management initiative.

Factors Affecting Financial Condition

Laws, Regulations and Federal Examinations. PHA is subject to a number of laws and regulations. Material portions of PHA's grant revenue and other financial resources are contingent on PHA's compliance with such laws and regulations. PHA is subject to examinations made by federal and state authorities who determine compliance with terms, conditions, laws and regulations governing other grants awarded to PHA in the current and prior years. The current status of such examinations are monitored by HUD, PHA's cognizant agency. Management of PHA is not aware of any noncompliance with such laws and regulations that could result in a material disallowance of costs or withholding of future revenue.

PHA is a party to various legal actions arising in the normal course of business. It is the opinion of management that the ultimate disposition of these matters will not have a material adverse effect on PHA's financial position or results of operations.

Cash Management Policies and Practices. HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance for the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security deposits. Obligations furnished as security must be held by PHA or with an unaffiliated bank or trust company for the account of PHA.

It is PHA's policy to maintain collateralization in accordance with the requirements of both HUD and the Commonwealth of Pennsylvania. The three credit risk categories are defined as follows:

- 1) Insured or collateralized with securities held by the authority or by its agent (correspondent bank or Federal Reserve Bank) in the authority's name.
- 2) Collateralized with securities held by the pledging financial institution, trust department, or agent in the authority's name.
- 3) Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the authority's name.

Risk Management. Prior to April 1, 1999 PHA was self-insured for personal injury claims. Asserted and unasserted claims are accrued based on PHA's experience and

advice of an independent claims manager. Although management believes that adequate accruals have been established, the ultimate liability that may result from asserted and unasserted claims could differ materially from estimated amounts. Beginning April 1, 1999, PHA purchased commercial policies for personal injury coverage.

Pension and Other Post-employment Benefits. PHA contributes to the Philadelphia Housing Authority Retirement Income Plan (the Plan). The Plan is a single-employer plan, which issues separate financial statements. The following table provides information concerning covered employees and benefit provisions for the Plan.¹

Covered employees	Permanent employees of PHA except those enrolled in PHA Defined Contribution Pension Plan.
Current annual covered payroll	\$69,677,849
Normal retirement date	65th birthday
Normal retirement benefit	2.5% of Average Earnings, as defined in the Plan, multiplied by the years of service not to exceed 25 years, plus 1.25% of Average Earnings multiplied by years of service in excess of 25 years.
Death benefit	The Plan contains provisions for the payment of benefits to surviving spouses of employees.

The financial statements of the Plan are prepared on the accrual basis of accounting. Contributions and benefit payments are recognized when earned and incurred, respectively. Plan investments are listed at fair value as determined by quoted market prices. Short-term investments are reported at cost, which approximates fair value.

Actuarially determined contributions are required to provide sufficient assets to pay benefits when due and are determined using the entry age normal method. Under this method, the actuarial present value of projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of service of the individual between entry age and assumed exit age. The portion of actuarial present value allocated to each valuation is called the normal cost. The significant actuarial assumptions used to compute the actuarial determined contributions are as follows:

- a) A rate of return on the investments of 7.5% per year;
- b) Projected salary increase of 5% per year;

¹ This is a brief summary of Plan benefits and is not intended to replace or supplement the Plan in any manner. The information contained herein is not a part of the Plan and, moreover, does not constitute a summary plan description or a part of any contract of employment.

c) No post-retirement benefit increase.

PHA's current funding practice is to contribute 5.5% of total payroll to the Plan. Employees are currently required to contribute 5.5% of total salary to the Plan. The funding policy is subject to change but is determined by collective bargaining agreements for represented employees and by employment policies for non-represented employees.

Capital Assets. Purchased land, buildings and equipment are valued at cost when historical records are available. When no historical records are available, estimated historical cost is used. When property is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations. Donated property is recorded at estimated fair value when received. Ancillary charges necessary in preparing an asset for use are capitalized. The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method. Depreciation commences on modernization and development additions in the initial year of utilization.

Contributions by Federal Agencies. HUD contributes an operating subsidy for the Public Housing Program, reflected in the operating budget under the Annual Contributions Contract W-55. Operating subsidy contributions, including capital contributions, for the year ended March 31, 2006 were \$336,633,698 and are included in operating subsidies in the combined statement of revenues, expenses and changes in equity.

HUD contributions for Section 8 Programs under Annual Contributions Contract p-4601 are included in intergovernmental revenues in the combined statement of revenues, expenses and changes in equity as follows:

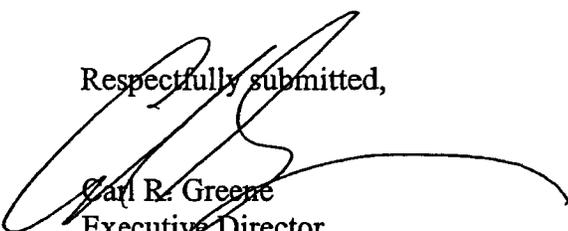
Housing Choice Vouchers	\$143,310,505
Mainstream	233,364
Moderate Rehabilitation	2,315,770
New Construction	1,013,637
Single Room Occupancy	<u>1,540,720</u>
Total	<u>\$148,413,996</u>

Contributed capital represents the cumulative amount of annual contributions made available by HUD with respect to all federally-aided projects under annual contributions contracts. Annual contributions contracts provide that HUD shall have the right to audit records of public housing authorities. Accordingly, final determination of PHA's financing and contribution status for the annual contribution contracts is the responsibility of HUD based upon financial reports submitted by PHA.

PHA received approximately 93% of its fiscal 2006 revenues from HUD. If, in the future, the amount of revenues received from HUD falls below critical levels, PHA's operating reserves could be adversely affected.

In closing, we would like to express our appreciation to the PHA Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Philadelphia Housing Authority's finances.

Respectfully submitted,



Carl R. Greene
Executive Director

**PHILADELPHIA HOUSING AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Philadelphia Housing Authority ("PHA"), we offer readers of the PHA's financial statements this narrative overview and analysis of the financial activities of the PHA for the fiscal year ended March 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through xvii of this report, as well as the financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Philadelphia Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$927.4 million (*net assets*). Of this amount, \$262.6 million (*unrestricted net assets*) may be used to meet PHA's ongoing obligations to clients and creditors.
- PHA's total FY2006 net assets increased by \$42.7 million over FY2005, equivalent to a 4.8% increase.
- PHA's operating income in the proprietary funds for FY2006 was \$348.0 million, \$22.2 million more than operating expenses.
- PHA's Issuer Credit Rating from Standard & Poors remained at an A+. PHA's debt outstanding of \$402.6 million as of March 31, 2006 decreased \$66.0 million from that amount outstanding as of March 31, 2005.
- Other long-term liabilities increased by \$11.7 million to a total of \$29.5 million as of March 31, 2006.

Overview of the Financial Statements

This discussion and analyses are intended to serve as an introduction to the Philadelphia Housing Authority's basic financial statements. The PHA's basic financial statements comprise three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The *agency-wide financial statements* are designed to provide readers with a broad overview of PHA's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of PHA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a

useful indicator of whether the financial position of PHA is improving or deteriorating. The *statement of activities* presents information showing how PHA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus,

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., authorized but uncollected grant revenue and earned but unused vacation leave).

The agency-wide financial statements include not only PHA itself (known as the *primary government*), but also legally separate non-profit agencies for which PHA is financially accountable, as described in the accompanying notes to the financial statements.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The agency-wide financial statements and accompanying notes can be found on pages 3 through 30 of this report.

The remaining statements that support the agency-wide financial statements are the *fund financial statements*. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Philadelphia Housing Authority, like other public housing authorities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of PHA's funds are considered to be *Enterprise Funds*. Normally, an enterprise fund is used to report any activity for which a fee is charged to external users for goods or services. In accordance with Accounting Principles Generally Accepted in the United States of America ("GAAP"), enterprise funds may also be used by all governmental entities, such as PHA, that were using traditional not-for-profit accounting as of the date of adoption of Governmental Accounting Standards Board ("GASB") Statement No. 34 (June 1999), even if their activities do not otherwise meet the criteria for using an enterprise fund. In practice, enterprise funds frequently are used to account for activities whose costs are only partially funded by fees and charges. Enterprise funds are considered useful in such instances because they focus attention on the cost of providing services, and they serve to highlight the portion of that cost being borne by taxpayers, which in the case of PHA take the form of federal grant contributions.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning PHA's progress in funding its obligation to provide pension benefits to its employees. Fund financial statements and required supplementary information can be found beginning on page 32 of this report.

Agency-wide Financial Analysis

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of an agency's financial position. In the case of the Philadelphia Housing Authority, assets exceed liabilities by \$927.4 million at the close of the most recent fiscal year. The combined net assets of PHA increased by \$42.7 million, or 4.8%, from March 31, 2005 to March 31, 2006. The following table shows a summary of changes from the prior year amounts.

Philadelphia Housing Authority Net Assets as of March 31 (In millions of dollars)

	<u>2006</u>	<u>2005</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Assets</u>				
Cash & Investments	\$ 131.2	\$ 154.7	\$ (23.5)	(15.2%)
Accounts Receivable	15.6	6.3	9.3	147.6%
Due from Other Funds/Govts.	31.5	86.2	(54.7)	(63.5%)
Other Current Assets	<u>4.3</u>	<u>5.4</u>	<u>(1.1)</u>	<u>(20.4%)</u>
Total Current Assets	\$ 182.6	\$ 252.6	\$ (70.0)	(27.7%)
Net Program Loans Receivable	166.9	144.8	22.1	15.3%
Capital Assets	969.0	942.1	26.9	2.9%
Other Assets	<u>11.5</u>	<u>13.8</u>	<u>(2.3)</u>	<u>(16.7%)</u>
Total Assets	<u>\$1,330.0</u>	<u>\$1,353.3</u>	<u>\$ (23.3)</u>	<u>(1.7%)</u>
<u>Liabilities</u>				
Accounts Payable	\$ 30.8	\$ 58.4	\$ (27.6)	(47.3%)
Other Current Liabilities	<u>35.7</u>	<u>87.3</u>	<u>(51.6)</u>	<u>(59.1%)</u>
Total Current Liabilities	\$ 66.5	\$ 145.7	\$ (79.2)	(54.4%)
Noncurrent Liabilities	<u>336.1</u>	<u>322.9</u>	<u>13.2</u>	<u>4.1%</u>
Total Liabilities	<u>\$ 402.6</u>	<u>\$ 468.6</u>	<u>\$ 66.0</u>	<u>14.1%</u>
Net Assets				
Invested in Capital Assets	\$ 662.4	\$ 637.3	\$ 25.1	3.9%
Restricted	2.4	3.4	(1.0)	(29.4%)
Unrestricted	<u>262.6</u>	<u>244.0</u>	<u>18.6</u>	<u>7.6%</u>
Total Net Assets	<u>\$ 927.4</u>	<u>\$ 884.7</u>	<u>\$ 42.7</u>	<u>4.8%</u>

Statement of Activities. The Statement of Activities shows the sources of PHA's changes in net assets as they arise through its various programs and functions. A condensed Statement of Activities comparing fiscal year 2006 with fiscal year 2005 is shown in the table below.

Philadelphia Housing Authority
Statement of Activities as of March 31
(In millions of dollars)

	<u>2006</u>	<u>2005</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenue</u>				
Program Revenue:				
Charges for Services	\$ 23.1	\$ 22.8	\$ 0.3	1.3%
Federal & Other Revenues	350.9	367.9	(17.0)	(4.6%)
General Revenue:				
Disposal of Fixed Assets	(12.3)	(262.1)	249.8	95.3%
Investment Income & Other	6.6	7.1	(0.5)	(7.0%)
Total Revenue	<u>\$ 368.3</u>	<u>\$ 135.7</u>	<u>\$ 232.6</u>	<u>171.4%</u>
<u>Expenses</u>				
Direct	\$ 265.3	\$ 238.4	\$ 26.9	11.3%
Administrative	87.9	113.6	(25.7)	(22.6%)
Total Expenses (Excl. Deprec.)	<u>\$ 353.2</u>	<u>\$ 352.0</u>	<u>\$ 1.2</u>	<u>0.3%</u>
Depreciation	58.5	54.1	4.4	8.1%
Total Expenses (Incl. Deprec.)	<u>\$ 411.7</u>	<u>\$ 406.1</u>	<u>\$ 5.6</u>	<u>1.4%</u>
Increase in Net Assets	<u>\$ (43.4)</u>	<u>\$ (270.4)</u>	<u>\$ 227.0</u>	<u>83.9%</u>

Federal and Other Revenues include the annual operating subsidies and capital grants made available by the U.S. Department of Housing and Urban Development ("HUD"), along with grants received from other Federal sources and the Commonwealth of Pennsylvania. PHA also generated \$3.9 million in unrestricted investment income, which was primarily used to partially offset its administrative expenses.

Direct expenses amounted to \$265.3 million, representing a year-to-year increase of \$26.9 million, or 11.3%.

Long-term Debt and Other Long-term Liabilities. Long-term debt and other long-term liabilities as of March 31, 2006, compared with March 31, 2005, are depicted in the following schedule.

Philadelphia Housing Authority
Long-term Debt and Other Long-term Liabilities
(In millions of dollars)

	<u>2006</u>	<u>2005</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Long-term Debt	\$ 300.8	\$ 295.1	\$ 5.0	1.7%
Self-Insurance Liability	5.7	10.1	(4.4)	(43.6%)
Other	29.5	17.8	11.7	65.7%
Total	<u>\$ 336.0</u>	<u>\$ 323.0</u>	<u>\$ 13.0</u>	<u>4.0%</u>

Total bonds and notes payable increased \$5 million, due primarily closing of component unit projects.

Prior to April 1, 1999, the Philadelphia Housing Authority was self-insured for personal injury claims. Asserted and unasserted claims are accrued based on PHA's experience and advice of an independent claims manager. Although management believes that adequate accruals have been established, the ultimate liability that may result from asserted and unasserted claims could differ materially from estimated amounts. Beginning April 1, 1999, PHA purchased commercial policies for personal injury coverage.

Request for Information

This financial report is designed to provide a general overview of the Philadelphia Housing Authority's finances for all those with an interest in the agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Executive Director, 12 South 23rd Street, Philadelphia, PA 19103.

FINANCIAL SECTION

Report of Independent Certified Public Accountants

Board of Commissioners
Philadelphia Housing Authority
Philadelphia, Pennsylvania

HUD, Pennsylvania State Office
Office of Public Housing
Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107

We have audited the accompanying financial statements of Philadelphia Housing Authority ("PHA"), a component unit of the City of Philadelphia, as of and for the year ended March 31, 2006, which collectively comprise PHA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of PHA's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain of the Blended Component Units, whose statements reflect total assets of \$443.1 million. These statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Blended Component Units, is based solely on the report of the other auditors.

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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of PHA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of PHA as of March 31, 2006, and the changes in its net assets and its cash flows for the year 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 in the Single Audit Section of this report, our report dated November 1, 2006 on our consideration of PHA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise PHA's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplementary information, including the combining balance sheets, combining statements of revenue, expenses and changes in net assets, and the financial data schedule as required by U.S. Office of Housing and Urban Development ("HUD"), and the statement of net assets and the statement of activities in the format requested by the City of Philadelphia, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



November 1, 2006

PHILADELPHIA HOUSING AUTHORITY
STATEMENT OF NET ASSETS
MARCH 31, 2006
ASSETS

Current Assets:	
Cash	\$ 87,924,787
Investments	17,545,373
Receivables, net:	
Tenants	279,679
Due from other governments	31,450,734
Other receivables	15,271,106
Other current assets	<u>4,303,226</u>
 Total current assets	 156,774,905
Noncurrent assets:	
Mortgages receivable	\$ 166,878,602
Restricted cash and investments	25,822,128
Capital assets, net of depreciation	969,025,238
Other assets	<u>11,507,721</u>
 Total noncurrent assets	 <u>1,173,233,689</u>
 TOTAL ASSETS	 <u>\$ 1,330,008,595</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 30,717,735
Due to other governments	130,258
Compensated absences	5,303,776
Trust and deposits	1,081,131
Deferred credits and other liabilities	23,393,917
Current portion of long-term debt	<u>5,910,000</u>
 Total current liabilities	 66,536,817
Noncurrent liabilities:	
Compensated absences	\$ 3,519,193
Long-term debt	300,762,516
Other long-term liabilities	<u>31,770,366</u>
 Total noncurrent liabilities	 <u>336,052,075</u>
 TOTAL LIABILITIES	 402,588,892
Net assets:	
Invested in capital assets	662,411,627
Restricted	2,394,240
Unrestricted	<u>262,613,837</u>
 Total net assets	 <u>927,419,703</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,330,008,595</u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MARCH 31, 2006

Operating revenue:		
Tenant revenue		\$ 23,129,364
Operating subsidies		321,988,103
Other income		<u>8,562,381</u>
Total operating revenue		353,679,848
Operating expenses		
Administrative	\$ 87,907,417	
Tenant services	7,104,579	
Utilities	30,628,744	
Maintenance	85,051,332	
Protective services	7,675,800	
General	19,569,603	
Housing assistance payments	110,588,304	
Depreciation and amortization	<u>58,543,007</u>	
Total operating expenses		<u>407,068,785</u>
Operating loss		(53,388,937)
Nonoperating revenue (expenses):		
Interest and investment earnings, net of capitalized interest of \$530,886	\$ 6,629,792	
(Loss) on the sale of capital assets	(12,333,305)	
Interest expense, net of capitalized interest of \$3,510,074	<u>(4,660,775)</u>	
Net nonoperating revenue		<u>(10,364,288)</u>
Loss before capital grants		(63,753,225)
Capital subsidies		<u>20,310,136</u>
Change in net assets		(43,443,089)
Net assets at beginning of year:		
As previously reported	884,647,417	
Prior period adjustments	<u>191,714</u>	
As restated		884,839,131
Capital contributed to component units		<u>86,023,661</u>
Net assets at end of year		<u>\$ 927,419,703</u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2006

Cash flows from operating activities:	
Receipts from residents and others	\$ 33,054,152
Payments to landlords	(110,588,305)
Payments to suppliers	(140,857,876)
Payments to and on behalf of employees for compensation and benefits	(109,164,487)
Other receipts	1,734,171
	<u>1,734,171</u>
Net cash used in operating activities	<u>(325,822,345)</u>
Cash flows from noncapital financing activities:	
Operating subsidies received	321,941,961
	<u>321,941,961</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(83,262,744)
Proceeds from debt	20,747,192
Debt principal payments	(31,670,248)
Interest payments on bonds	(4,660,775)
Proceeds from capital contributions	74,871,352
Financing costs paid	(117,499)
Capital subsidies	25,902,613
	<u>25,902,613</u>
Net cash provided by capital and related financing activities	<u>1,809,891</u>
Cash flows from investing activities:	
Proceeds from sale of investments	37,528,842
Deposits to replacement reserve	9,594,157
Construction on progress	(8,836,501)
Advances on mortgages receivable	(19,215,972)
Interest income	6,629,795
	<u>6,629,795</u>
Net cash provided by investing activities	<u>25,700,321</u>
Net increase in cash	23,629,828
Cash - beginning of year	<u>64,294,959</u>
Cash - end of year	<u>\$ 87,924,787</u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - CONTINUED
YEAR ENDED MARCH 31, 2006

Reconciliation of excess of current expenditures over revenues
to net cash provided by (used in) operating activities:

Loss before capital subsidies	(\$ 58,981,416)
Adjustments to reconcile excess (deficiency) of total revenues over (under) total expenses to net cash used in operating activities:	
Depreciation	58,545,696
Bad debts	494,839
(Increase) decrease in assets:	
Tenant accounts receivable	840,803
Accounts receivable - subsidy	5,772,755
Accounts receivable - general	(5,556,550)
Increase in prepaid expenses	(2,756,838)
Increase in due from affiliates	2,191,203
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(8,041,526)
Payable to special limited partner	66,275
Tenant security deposit payable	16,034
Partnership fee	803,373
Government revenues reported in noncapital financing activities	<u>(319,216,993)</u>
Net cash used in operating activities	<u><u>(\$325,822,345)</u></u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Philadelphia Housing Authority ("PHA") was incorporated in Pennsylvania in 1937 as a municipal authority. PHA develops, acquires, leases and operates affordable housing for city residents with limited incomes. PHA operates under rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies.

To meet the funding requirements of operating deficits that would otherwise result from the essential services that PHA provides, PHA receives subsidies, primarily from HUD, in the form of annual grants for operating assistance, contributions for capital and reimbursement of expenditures incurred for certain federal housing programs, and/or debt service payments. Subsidies are established through budgetary procedures, which establish amounts to be funded by the grantor agencies

Basis of Accounting

PHA's financial statements are prepared in accordance with Government Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting, and requires the presentation of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. GASB 34 also requires PHA to include management's discussion and analysis as part of the Required Supplementary Information.

PHA's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenditures occur and/or PHA has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

PHA has elected to apply all Financial Accounting Standards Board ("FASB") statements and interpretations issued after November 30, 1989, except for those that conflict with GASB pronouncements.

Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth by GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the component units described in Note 13.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The component units have been blended for financial statement presentation and are combined on a three-month time lag.

In addition to the component units, the financial statements of the Philadelphia Housing Authority include Low-Income Public Housing and Whitman Park and Brown Street Homeownership Turnkey III Programs under Annual Contributions Contract W-55, Section 8 Housing Assistance Programs under Annual Contributions Contract P-4601, New Construction Programs under HUD Housing Assistance Payments Contracts PA26-8023-025, Development and Modernization programs, various HUD grants in support of the public housing objective and resident affairs programs.

Federal Programs

Grant programs are subject to financial and compliance audits by the grantors or their representatives. As of March 31, 2006, management believes PHA's potential future liability for disallowances resulting from these audits will not have an adverse impact on the financial statements of PHA.

PHA received approximately 78% of its fiscal 2006 operating subsidies from HUD under the Low-Rent Housing and Section 8 Programs. Descriptions of the primary PHA programs are as follows:

Low-Rent Housing Program

This program provides low-rent housing to qualified residents of the City of Philadelphia. All units are owned and operated by PHA and were purchased with financing arranged or provided through HUD. The operations of the program are subsidized by HUD through Annual Contribution Contract W-55. Operating subsidy contributions for the year ended March 31, 2006 were \$99,496,892 and are included in operating subsidies in the combined statement of revenues, expenses and changes in net assets.

Section 8 Programs

The Section 8 Programs - Housing Choice Voucher Programs - include Moving to Work, New Construction, Moderate Rehabilitation, Rental Vouchers, and Single Room Occupancy programs. These programs 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 rentals for low-income persons. HUD contributions for Section 8 programs under Annual Contributions Contract P-4601 are included in operating subsidies in the combined statement of revenues, expenses and changes in net assets as follows:

Moving to Work	\$135,810,813
Housing Choice Voucher	7,894,229
Moderate rehabilitation	2,295,632
New construction	1,023,793
Single room occupancy	<u>1,531,599</u>
	<u>\$148,556,066</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Moving-to-Work Program

The Moving-to-Work (MTW) Demonstration Program is focused on helping families achieve self-sufficiency and on improving and increasing the stock of quality affordable housing throughout the City. It will furnish convenient and comprehensive services to families to assist them in reaching their full potential, with an emphasis on education, job training and placement, self-sufficiency, and preparation for homeownership. In addition, MTW will promote the revitalization of neighborhoods where MTW and MTW-eligible families live.

New Construction and Substantial Rehabilitation Programs

The Section 8 New Construction and Substantial Rehabilitation programs allow for construction of low-income housing units to be subsidized for a contracted period of time. Both for-profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied.

Moderate Rehabilitation Program

This program provides for the rehabilitation of housing units, which then must be rented to low-income individuals for a contracted period of time. Both for-profit and not-for-profit developers may participate in this program. Under this program, developers must obtain their own rehabilitation financing and then HUD subsidizes rents, once the units are occupied, in such amounts sufficient to cover the developer's debt service payments on the financing.

Housing Choice and Vouchers Program

This program allows for existing privately-owned housing units to be used for low-income housing. This program assists low-income families and persons to find and lease a house or apartment. After inspecting the unit, PHA assists the resident in negotiating a lease under HUD rules and regulations for the program. After the lease is signed, the resident pays a share of the rent according to HUD guidelines, and the remainder is subsidized by PHA through HUD funding.

PHA earns a fee for administering the annual contributions from HUD. This fund accounts for the revenues and expenses associated with providing administrative services.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In addition to the above primary programs, PHA administers the following:

- Resident Affairs Programs
- Day Care Program
- Senior Program
- Headstart Programs
- Summer Food Program
- Congregate Housing Services Program
- Summer Youth Program – “Youth Works”
- Drug Elimination Programs
- Adult Literacy Program
- Homeownership Opportunity for People Everywhere (HOPE VI)

Budgets

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a “project length” basis. Budgets are not, however, legally adopted nor required for financial statement presentation.

Investments

Investments are stated at fair value. Income from investments is recognized on the accrual basis.

Land, Buildings and Equipment

Purchased land, buildings and equipment are valued at cost when historical records are available. When no historical records are available, estimated historical cost is used. When property is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any resulting gain or loss is included in operations.

The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method. Depreciation of building improvements commences in the year following completion.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings	40 years
Building improvements	15 years
Roofs	10 years
Heavy Equipment	7 years
Automobiles	5 years
Equipment	5 years
Computer Equipment	3 years

Compensated Absences

A liability is recorded for compensated absences attributable to services already rendered and not contingent on a specific event outside the control of PHA and its employees, as employees earn the right to the benefits. Compensated absences that relate to future services or that are contingent on a specific event outside the control of PHA and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) CASH AND INVESTMENTS

PHA's investment policies comply with HUD and Pennsylvania guidelines. These policies restrict PHA's investments to obligations of the U.S. Treasury, U.S. Government agencies, and their instrumentalities. All investments are held in a secured custody account in the name of PHA. All investments are publicly traded and the market value was based on published quoted values. Accrued interest receivable on investments was \$589,587 at March 31, 2006 and is included in accounts receivable.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(2) CASH AND INVESTMENTS - Continued

It is PHA's policy to maintain collateralization in accordance with the requirements of both HUD and the Commonwealth of Pennsylvania.

HUD defines three credit risk categories as follows:

- (1) Insured or collateralized with securities held by the entity or by its agent (correspondent bank or Federal Reserve Bank) in the entity's name.
- (2) Collateralized with securities held by the pledging financial institution, trust department or agent in the entity's name.
- (3) Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the entity's name.

At March 31, 2006 cash and investments, all of which were in risk category #1, consisted of the following:

	<u>Credit Risk Category</u> 1	<u>Market</u> <u>Value</u>	<u>Carrying</u> <u>Amount</u>
Demand deposits	\$ 44,905,808	\$ 44,905,808	\$ 44,905,808
Money market funds	65,602,291	65,602,291	65,602,291
U.S. government and agency securities	<u>20,756,230</u>	<u>20,756,230</u>	20,756,230
Total	<u>\$131,264,329</u>	<u>\$131,264,329</u>	
Petty cash			<u>27,960</u>
Total cash and investments			<u>\$131,292,289</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(2) CASH AND INVESTMENTS - Continued

Reconciliation of detail to balance sheet

Cash - unrestricted	\$ 87,924,788
Investments - unrestricted	17,545,373
Cash and investments - restricted	<u>25,822,128</u>
	<u>\$131,292,289</u>

Restricted cash and investments at March 31, 2006 pertain to the following:

Cash:

Resident security deposits	\$ 1,759,331
Component unit debt service escrow	<u>667,247</u>
	2,426,578

Investments:

Deposits under Low-Rent Housing Homeownership Program	50,525
Bond reserves	12,427,088
Affordability reserves for Tasker I & II	3,937,913
Component unit debt service escrow	<u>6,980,024</u>
	<u>\$25,882,128</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(3) RECEIVABLES

Tenant receivables are presented net of an allowance for doubtful accounts of \$1,517,000. The allowance reflects management's best estimate of probable losses inherent in the receivable balance, and is determined based on known troubled accounts, historical experience and economic conditions. Management performs ongoing evaluations of the tenants' financial circumstances and has evaluated the collectibility of the receivables. Actual results could differ from the estimates used.

The receivable from other funds is generated by PHA's Low-Income Public Housing ("LIH") Fund acting as a common paymaster for all programs associated with PHA. The LIH Fund periodically receives reimbursement from the other programs. At March 31, 2006 the receivables and offsetting payables from these programs, which are included in current liabilities, netted to zero.

(4) OTHER ASSETS

Current

Prepaid insurance	\$ 34,225
Materials and supplies, net	<u>4,268,994</u>
	<u>\$4,303,219</u>

Noncurrent

Turnkey homes held for resale	\$ 192,232
Capitalized interest, net of interest income of \$6,575,001	7,925,990
Other	<u>3,389,500</u>
	<u>\$11,507,722</u>

The Authority capitalizes interest in connection with several long-term construction projects. These projects are financed through several bond indentures as described in Note 7. Interest capitalization will cease when construction is completed.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(5) CAPITAL ASSETS

Capital assets are summarized as follows:

	Balance March 31, 2005	Capital Acquisitions	Sales or Other Dispositions	Balance March 31, 2006
Land	\$ 37,717,324	\$ 39,000	\$ -	\$ 37,756,324
Buildings and improvements	1,417,197,368	101,101,148	(27,314,467)	1,490,984,049
Equipment – dwelling	4,293,839	1,361,740	(171,201)	5,484,378
Equipment – administration	26,510,191	70,179	-	26,580,370
Construction in progress	106,922,204	34,074,901	(39,498,019)	101,499,086
	<u>1,592,640,926</u>	<u>136,646,968</u>	<u>(66,983,687)</u>	<u>1,662,304,207</u>
Less accumulated depreciation	(650,536,916)	(58,368,523)	15,626,470	(693,278,969)
	<u>\$ 942,104,010</u>	<u>\$ 78,278,445</u>	<u>(\$51,357,217)</u>	<u>\$ 969,025,238</u>

(6) MORTGAGES RECEIVABLE

Mortgages receivable are summarized as follows:

Non-interest-bearing note due from The Philadelphia Redevelopment Authority (“RDA”)	\$ 34,059,453
Amounts due from PHA component units, at interest rates ranging from 1% to 5.46%	<u>132,819,149</u>
	<u>\$166,878,602</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(6) MORTGAGES RECEIVABLE - Continued

The amount due from RDA is in connection with the rehabilitation of the rental housing project "The Courtyard Apartments at Riverview", which is owned by Southwark Plaza Limited Partnership, a component unit of PHA. The loan resulted from a HUD grant to PHA, which PHA subsequently provided to the project to repay tax-exempt mortgage notes issued by RDA. Repayment is due upon final settlement with RDA.

The amounts due from the component units represent advances of various HUD grants under the Moving to Work Program, Hope VI Program and other Capital Fund Programs. The offsetting liability of the component units is included in long-term debt. All balances net to zero with the exception of \$8,514,578 in advances made to component units between December 31, 2005 and March 31, 2006.

The repayment schedule is as follows:

<u>Year ending March 31,</u>	
2007	
2008	
2009	
2010	
2011	
2012 – 2016	
2017 – 2021	
2022 – 2026	
2027 – 2031	
2032 – 2036	\$ 1,623,348
2037 – 2041	54,002,801
2042 – 2046	72,295,522
2047 – 2051	8,879,420
2052 – 2056	7,297,861
2057 – 2061	<u>22,779,650</u>
	<u>\$166,878,602</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(7) LONG-TERM DEBT

Long-term debt represents borrowings of PHA to fund various projects, and the blending of the borrowings of component units as described in Note 15. Salient terms of the arrangements are as follows:

<u>Borrower/Description</u>	<u>Outstanding Balance</u>	
	<u>Due Third Parties</u>	<u>Due PHA</u>
<u>PHA</u>		
Tasker Capital Fund Revenue Bonds, Series A of 2002, (Tasker Bonds"), insured by Financial Security Assurance, Inc. Interest payable each June 1 and December 1, at rates ranging from 1.75% to 5.5%. Annual principal payments are due each December 1 through 2021 including unamortized premium of \$1,919,538.	\$ 76,222,959	
Tasker II Capital Fund Revenue Bonds, Series D of 2003, Tasker II Bonds, insured by Financial Security Assurance, Inc. Interest payable each June 1 and December 1 at 4.75%. Annual principal payments are due in 2017 through 2022.	11,000,000	
<u>Component Units</u>		
RDA Bonds related to the <i>Tasker I</i> project, interest at 1%. principal due in 2042.	29,240,000	
Series C – RDA Bonds related to the <i>Tasker II</i> project, interest, at .1%, principal due in 2043.	18,555,000	
Mortgage notes for the <i>Spring Garden</i> Housing property. Notes bear interest ranging from nil to 6.55%, due in 2015 and 2045	2,096,434	
Non-interest-bearing mortgage note to RDA, collateralized by a mortgage on the <i>Spring Garden</i> property consisting of 97 low-income units, due in 2045.	1,772,617	
Non-interest bearing note to RDA to rehabilitate the housing project <i>The Courtyard Apartments at Riverview</i> , due upon final settlement of the Project.	34,059,453	
Non-interest-bearing mortgage note to RDA to develop <i>Southwark Plaza</i> , due in 2030.	3,000,000	
Non-interest bearing mortgage note to RDA, collateralized by a mortgage on the <i>St. Anthony's Senior Residences</i> property consisting of 53 senior rental units, and monies on deposit with RDA, due in annual installments from 2030 through 2039.	1,650,000	
Affordable Housing Mortgage by the Federal Home Loan Bank. Interest accrues at 6.09%, due in 2032.	188,400	

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(7) LONG-TERM DEBT – Continued

<u>Borrower/Description</u>	<u>Outstanding Balance</u>	
	<u>Due Third Parties</u>	<u>Due PHA</u>
Escheated unclaimed funds	\$ 58,903	
\$15.8 million first mortgage collateralized by Eight Diamonds property consisting of 152 low-income housing rental units. Interest accrues at ½%, due in 2040.		\$ 15,968,970
\$2 million first mortgage, collateralized by the <i>Spring Garden</i> property consisting of 97 low-income housing rental units. Interest accrues at the Applicable Federal Rate, due in 2040.		2,939,083
26.5 million mortgage note related to the <i>Richard Allen</i> project. Interest accrues at .1%, due in 2041.		27,425,589
Mortgage notes for the development of <i>Suffolk Manor</i> . Interest ranges from 5.05% to 5.23%, due in 2041 and 2042.		10,453,027
Non-interest-bearing note to rehabilitate the housing project <i>The Courtyard at Riverview</i> , due in 2037.		1,623,348
Mortgage notes for the development of <i>Cambridge Plaza I</i> . Interest accrues at 5.46%, due in 2042.		2,579,029
Mortgage note for the development of <i>Tasker I, L.P.</i> Interest accrues at .1%, due in 2042.		3,760,000
Mortgage note for the development of <i>Mt. Olivet, L.P.</i> Interest accrues at 5.12% annually, due in 2055.		6,492,641
Mortgage note for the development of <i>Cambridge Plaza I</i> . Interest accrues at 2.54%, due in 2006.		-
Mortgage notes for the development of <i>Suffolk Manor</i> . Interest accrues at 2.13%, due in 2006.		-
Mortgage note for the development of <i>Uni-Penn Housing Partnership I</i> . Interest accrues at 6.09%, due in 2041.		2,252,189
Mortgage note for the development of <i>Cambridge Plaza II, LP</i> , interest accrues at 5.23%, due in 2058.		3,431,265

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(7) LONG-TERM DEBT – Continued

<u>Borrower/Description</u>	<u>Outstanding Balance</u>	
	<u>Due Third Parties</u>	<u>Due PHA</u>
Mortgage note for <i>Mill Creek I</i> , interest accrues at 5.25%.		\$ 1,396,749
Non-interest-bearing note to <i>PHFA</i> , due in 2042.	\$ 606,879	
Mortgage note for the development of <i>Mt. Olivet, L.P.</i> Interest accrues at 0.01% annually, due in 2058.		2,945,126
Mortgage note for the development of <i>Mill Creek I</i> , interest accrues at prime plus 2%, due in 2050.		4,699,659
Mortgage note for <i>Ridge Avenue Housing</i> , interest accrues at 0.01%, due in 2041.		17,299,682
Mortgage note for <i>Cambridge III</i> , interest accrues at 5.23% annually, due in 2059.		2,599,079
Mortgage note for <i>Uni-Penn II</i> , interest accrues at 5.23% annually, due in 2042.		2,315,907
Mortgage note for the development of <i>Tasker II</i> , interest accrues at 0.01% annually.		2,445,000
Non-interest-bearing note for the development of <i>Angela Court</i> , due in 30 years.	967,853	
Mortgage note for the development of <i>Angela Court</i> , interest at 5.43%, due in 15 years.	315,000	
RDA note, 5.43% interest, due in 30 years.	350,000	
Non-interest-bearing note from a nonprofit developer, due in 30 years.	500,755	
Mortgage note for the development of <i>Angela Court</i> , 5.2% interest, due in 2044.		362,000
Mortgage note for the development of <i>Lucien E. Blackwell Homes Phase II</i> , interest accrues at 2.2% annually		3,594,901
Mortgage note for the development of <i>Germantown House</i> , interest accrues at 4.52% annually		5,978,198
Mortgage note for the development of <i>Neumann North</i> , interest accrues at 4.83% annually	1,783,690	1,751,946
Mortgage note for the development of <i>Uni-Penn Housing a/k/a Martin Luther King Plaza</i> , interest accrues at 4.52% annually		1,991,185
	182,367,943	124,304,573
	\$306,672,516	

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(7) LONG-TERM DEBT - Continued

The Tasker Capital Fund Revenue Bonds - Series A and the Tasker IRDA Bonds ("Bonds"), are limited obligations of PHA and were issued on a parity basis pursuant to Trust Indentures ("indentures"), dated July 1, 2002 between PHA and Wachovia Bank, N.A., as Trustee ("Trustee"), to provide funds for the indicated projects and other PHA projects. Repayment of the bonds is secured by a security interest in a portion of PHA's Capital Fund Allocations ("grants") from HUD. Such grants are subject to the availability of appropriations, and are to be paid directly by HUD to the Trustee.

Bonds maturing after 2012 are subject to optional redemption at prices stated in the indentures. In addition, \$15.9 million of Bonds maturing in 2020 and 2021 are subject to mandatory redemption at face value plus accrued interest.

Under the indentures, PHA is required to maintain on deposit a Debt Service Fund equal to the annual debt service requirements in any one fiscal year.

The amortization schedule for the long-term debt of PHA and its component units is set forth below:

<u>Year ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service Requirement</u>
2007	\$ 5,910,000	\$ 6,156,788	\$ 12,066,788
2008	6,065,000	5,993,816	12,058,816
2009	6,260,000	5,804,970	12,064,970
2010	6,525,000	5,539,534	12,064,534
2011	6,815,000	5,246,862	12,061,862
2012 - 2016	38,930,000	21,568,152	60,498,152
2017 - 2021	49,490,000	11,141,044	60,631,044
2022 - 2026	13,790,000	790,726	14,580,726
2027 - 2031	3,366,666	-	3,366,666
2032 - 2036	1,955,820	-	1,955,820
2037 - 2041	20,898,070	-	20,898,070
2042 - 2046	108,274,564	-	108,274,564
2047 - 2051	1,991,183	-	1,991,183
2052 - 2056	12,589,049	-	12,589,049
2057 - 2061	22,084,205	-	22,084,205
	<u>304,944,557</u>	<u>\$62,241,892</u>	<u>\$367,186,449</u>
Less current portion	<u>5,910,000</u>		
	299,034,557		
Plus premium on Series A bonds	<u>1,727,959</u>		
	<u>\$300,762,516</u>		

Long-term debt is summarized as follows:

	<u>Balance at March 31, 2005</u>	<u>Repayments</u>	<u>Additions</u>	<u>Balance at March 31, 2006</u>
Bonds	\$139,113,903	\$ 5,765,000	\$ -	\$133,348,903
Notes due to PHA	112,874,819	9,745,236	21,174,988	124,304,571
Other notes	50,983,649	5,793,842	2,101,276	47,291,083
Plus premium on Series A bonds	<u>1,919,538</u>	<u>191,579</u>		<u>1,727,959</u>
	<u>\$304,891,909</u>	<u>\$21,495,657</u>	<u>\$23,276,264</u>	<u>\$306,672,516</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(8) OTHER LONG-TERM LIABILITIES

Other long-term liabilities at March 31, 2006 consisted of the following:

Self-insurance liability	\$ 5,729,982
Health trust escrow	1,683,143
Workers compensation	4,291,698
Other	<u>20,065,543</u>
	<u>\$31,770,366</u>

(9) EMPLOYEES' RETIREMENT PLAN

Plan Description

PHA contributes to the Philadelphia Housing Authority Retirement Income Plan (the Plan). The Plan is a single-employer plan which issues separate financial statements. The following table provides information concerning covered employees and benefit provisions for the Plan.

Covered employees	All permanent employees of PHA
Current annual covered payroll	\$69,677,849
Normal retirement date	65 th birthday
Normal retirement benefit	2.5% of Average Earnings, as defined in the Plan, multiplied by the years of service not to exceed 25 years, plus 1.25% of Average Earnings multiplied by years of service in excess of 25 years
Death benefit	The Plan contains provisions for the payment of benefits to surviving spouses of employees.

PHA contributes 5.5% of total salary to the Plan. Employees are required to contribute 5.5% of total salary to the Plan on a pre-tax basis.

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(9) EMPLOYEES' RETIREMENT PLAN - Continued

Actuarially Determined Contribution Requirements and Contributions Made

Actuarially determined contributions are required to provide sufficient assets to pay benefits when due and are determined using the entry age normal method. Under this method, the actuarial present value of projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of service of the individual between entry age and assumed exit age. The portion of actuarial present value allocated to each valuation is called the normal cost. The significant actuarial assumptions used to compute the actuarial determined contributions are as follows:

- a) a rate of return on the investments of 7.5% per year
- b) projected salary increase of 5.5% per year
- c) no post-retirement benefit increase

PHA's funding policy is to contribute 5.5% of total payroll to the Plan. Employees are required by collective bargaining agreements to contribute 5.5% of total salary to the Plan. The funding policy is determined by collective bargaining agreements and employment policies.

Schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Funding Excess (Deficiency) (a-b)	Funding Ratio (a/b)	Covered Payroll (c)	Ratio of Funding Excess to Covered Payroll [(a-b)/c]
11/01/01	\$185,898,576	\$198,197,809	(\$12,299,233)	94%	\$72,160,078	(17%)
11/01/02	182,056,877	205,197,363	(23,140,486)	89%	67,924,741	(34%)
11/01/03	191,375,788	213,342,359	(21,966,571)	90%	70,442,599	(31%)
11/01/04	195,151,751	227,044,436	(31,892,685)	86%	71,998,084	(44%)
11/01/05	200,176,636	238,402,516	(38,225,880)	84%	69,677,849	(55%)

At October 31, 2005, the Plan's assets were comprised of investments in the following percentages: 62% equity, 37% fixed income and 4% cash.

(10) SELF-INSURANCE

Prior to April 1, 1999 PHA was self-insured for personal injury claims. Asserted and unasserted claims are accrued based on PHA's experience and the advice of an independent claims manager. Although management believes that adequate accruals have been established, the ultimate liability which may result from asserted and unasserted claims could differ materially from estimated amounts. Beginning April 1, 1999 PHA purchased commercial policies for personal injury coverage.

PHA's self-insurance liability is estimated based on historical experience, actuarial factors and reserves requested by the insurance carrier to settle open claims. At March 31, 2006 the worker's compensation loss fund reserve was \$4,291,698.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(11) LEASE COMMITMENTS

PHA has entered into various noncancellable operating leases, primarily for office space and equipment. Future minimum payments under these leases are as follows:

<u>Year ending March 31</u>	
2007	\$ 1,990,840
2008	1,990,840
2009	1,391,979
2010	1,288,102
2011	1,234,827
Thereafter	<u>2,521,957</u>
	<u>\$10,418,545</u>

Total rent expense for the year ended March 31, 2006 was \$2,743,422.

(12) CONTINGENCIES

Laws, Regulations and Federal Examinations

PHA is required to comply with various laws and regulations. Instances of noncompliance could impact PHA's receipt of revenue and/or other financial resources. Management of PHA is not aware of any noncompliance with such laws and regulations that could result in a material disallowance of costs or withholding of revenue.

PHA is subject to examinations by federal and state authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to PHA in the current and prior years. The current status of such examinations is monitored by HUD.

Legal Actions

PHA is a party to various legal actions arising in the normal course of business. Accruals for anticipated losses are recorded at the time judgments are rendered or liability appears likely. It is the opinion of management that the amounts accrued represent a reasonable provision for any anticipated losses, and the ultimate disposition of these matters will not have a materially adverse effect on PHA's financial position or changes in net assets.

(13) COMPONENT UNITS

In accordance with GASB, Statement 14, PHA includes in its financial statements as component units, legally separate organizations whose affiliation with PHA, among other criteria, is by the nature and significance of such affiliation sufficient to make the component unit financially accountable to PHA.

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(13) COMPONENT UNITS – Continued

The following separate entities were originally formed, subsequently acquired and/or partially funded by PHA as part of PHA’s effort to revitalize its inventory of public housing units by taking advantage of available tax credits, and combining private investment and public funding to finance the acquisition, rehabilitation, replacement and operation of public and low-income housing units. In some cases PHA is the general partner of the owner entity partnership. The following entities have been included as component units:

<u>Entity</u>	<u>Number of Housing Units</u>
PHA Tenant Support Services, Inc.	N/A
Cambridge Plaza I, LP	44
Raymond Rosen Associates, LP	152
Richard Allen Phase III, LP	178
St. Anthony’s Senior Residences Associates, LP	53
Southwark Plaza, LP	470
Spring Garden Housing, LP	97
Suffolk Manor Apartments, LP	137
Tasker I, LP	245
Cambridge Plaza II, LP	40
Tasker II, LP	184
Mt. Olivet, LP	161
Uni-Penn Housing Partnership I	49
Uni-Penn Housing partnership II	46
Mill Creek Phase I, LP	80
Ridge Avenue Housing, LP	135
Cambridge III, LP	40
Angela Court	67
Philadelphia Asset and Property Management Corp.	N/A
Philadelphia Housing Development Corporation	N/A
Lucien E. Blackwell Homes Phase II, L.P.	80
Germantown House, L.P.	133
Uni-Penn Housing Partnership IV, L.P.	42
Neumann North, L.P.	67
Philadelphia Housing Authority Homeownership, Corp.	

In most instances, the entities have entered into agreements with PHA to provide various services for the projects. In addition, management and/or development fees are paid to PHADC for services rendered over the life of the project.

The individual entities have issued bonds or other debt to fund projects, including amounts owed to RDA, and PHA as mortgagees, as disclosed in Note 7.

PHA Tenant Support Services, Inc. (“TSSI”)

TSSI, a not-for-profit corporation, is a program of, and was established by, PHA to promote the welfare of public housing residents and recipients of housing assistance under Section 8 of the National Housing Act.

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Cambridge Plaza Limited Partnership ("Cambridge")

Cambridge was formed as a limited partnership in 2001 to acquire and develop 44 public housing units. PHA, through a corporate not-for-profit affiliate, is the general partner. The project has qualified for federal low-income housing tax credits.

The project is being funded by \$4.5 million of investor capital, and \$4.6 million of loans from PHA. PHADC is entitled to a development fee of \$413,000, of which \$248,000 will be recontributed to the project. Additionally, PHA has agreed to pay approximately \$2.8 million of project costs to be funded by Hope VI and Moving to Work Grants. PHA will provide Operating Subsidies for medium income families, and will manage the property and receive no fee for its services.

PHA, as owner of the land, has entered into a ninety-nine year ground lease with the partnership at an annual rental of \$1, and has the option to purchase the property from Cambridge at a value and under circumstances as stipulated in a Purchase Option Agreement.

Raymond Rosen Associates, LP ("Raymond Rosen")

Raymond Rosen was formed as a limited partnership in 2000 to acquire, construct and operate a 152-unit apartment complex. The project has qualified for federal tax credits, and accordingly is required to comply with various requirements including unit eligibility and rent computations. The project will be financed by \$8.3 million of investor capital, a \$15.8 million first mortgage from PHA, a \$12.5 million second mortgage from the Pennsylvania Housing Finance Agency ("PHFA"), and a construction loan of \$5.9 million with a third-party lender.

The partnership has entered into a 99-year ground lease with PHA at a rental of \$1 per year. A development fee of \$1 million and management fees at 6% of rental income are to be paid to an entity affiliated to the general partner.

Richard Allen Phase III, Limited Partnership ("Richard Allen")

Richard Allen was formed as a limited partnership in 2001 to develop and operate a 178-unit rental project. The project is being financed by \$16.4 million of RDA bonds and a mortgage from PHA for up to \$23.8 million.

The partnership has entered into a ninety-nine year ground lease with the RDA at a base rent of \$10 per year.

St. Anthony's Senior Residences Associates, LP ("St. Anthony")

St. Anthony's was formed as a limited partnership in 1998 to construct and operate a 53-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low or moderate-income individuals or families. The project was financed by \$1.65 million of mortgages from the RDA, and \$5.1 million of investor capital.

A development fee of \$430,000 and a management fee of 8% of monthly rental collections were paid to the general partner or entities affiliated to the general partner. St. Anthony's has entered into a contract with PHA for operating subsidy payments through 2041.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Southwark Plaza, LP (“Southwark”)

Southwark was formed as a limited partnership to acquire the *Courtyard Apartments at Riverview* rental property from PHA in 1997 through the RDA. The project was financed by \$18.9 million of investor capital, first and second mortgage loans of \$35.7 from PHA and a \$3 million third mortgage from RDA.

The partnership has entered into a development agreement with the general and certain limited partners (collectively, the Developer) for rehabilitation of the property. A development fee of \$5.1 million is to be paid to the Developer. The partnership has also agreed to pay the managing general partner a management fee of \$50,000 per year adjusted annually for inflation.

Spring Garden Housing, Limited Partnership (“Spring Garden”)

Spring Garden was formed as a limited partnership in 1998 to develop and operate a 97-unit rental housing project. Additionally, the buildings have been designated as “certified historic structures” by the National Park Service, and, as such, will qualify for federal tax credits. The partnership has entered into an operating agreement with PHA to provide monthly subsidies, as well as a ninety-nine year ground lease, under which the partnership will pay rent of \$1 per year plus taxes, utilities and other operating expenses.

The partnership has entered into development and management agreements with entities affiliated with the general partner. The agreements provide for the payment of a development fee of \$1.2 million and an ongoing management fee of 6% of gross rentals for operating and administrative services. Additionally, an annual, non-cumulative incentive management fee of 10% of gross rentals is to be paid for day-to-day administrative services.

Suffolk Manor Apartments, Limited Partnership (“Suffolk”)

Suffolk was formed as a limited partnership in 2001 to acquire and rehabilitate 138 rental units. PHA, through a corporate not-for-profit affiliate, is the general partner. The partnership has qualified for federal housing credits. The project is being financed by a \$5.3 million mortgage from PHA.

The Partnership has entered into a ninety-nine year ground lease with PHA at a base rent of \$1 per year.

Tasker I, Limited Partnership (“Tasker I”)

Tasker I was formed as a limited partnership in 2002 to acquire and rehabilitate the 245 public housing rental units – *Tasker Homes Phase I*. PHA, through a corporate not-for-profit affiliate, is the general partner. The project was acquired from RDA pursuant to an Installment Sale Agreement dated December 30, 2002 and has qualified for federal low-income housing tax credits.

The Project is being funded by \$15.4 million of investor capital, \$33 million of tax-exempt bonds issued by RDA, and a \$9.9 million mortgage loan from PHA. PHA will provide operating subsidies for the project.

PHA, as owner of the land, has entered into a ninety-nine year ground lease with the RDA at an annual rental of \$10. RDA has agreed to transfer its leasehold interest in the property to Tasker I in accordance with the terms of the Installment Sale Agreement.

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Tasker II Limited Partnership ("Tasker")

Tasker was formed as a limited partnership in 2003 to develop 184 public housing units. PHA, through a corporate not-for-profit affiliate, is the general partner. The project has qualified for federal low-income housing credits.

The project is being financed by \$21 million of RDA bonds, a mortgage from PHA for \$21 million and investor capital of \$12.6 million. PHA will provide operating subsidies to the project.

Cambridge Plaza II Limited Partnership ("Cambridge II")

Cambridge II was formed as a limited partnership in 2003 to develop 40 public housing units. PHA, through a corporate not-for-profit affiliate, is the general partner. The project has qualified for federal low-income housing credits.

The project is being financed by \$6 million of investor capital and a loan from PHA for up to \$3.6 million. PHADC is entitled to a Development Fee of \$743,708, which will be deemed earned upon completion of construction. PHA will provide operating subsidies to the project.

Mt. Olivet Limited Partnership ("Mt. Olivet")

Mt. Olivet was formed as a limited partnership in 2003 to develop 161 public housing units. PHA, through a corporate not-for-profit affiliate, is the general partner. The project has qualified for federal low-income housing credits.

The project is being financed by \$7.165 million of investor capital and two loans from PHA, the (*Southside Mortgage Note*) and the (*Northside Mortgage Note*) for up to \$6,492,641 and \$3,250,000, respectively. PHA will provide operating subsidies to the project.

Uni-Penn Housing Partnership I ("Uni-Penn")

Uni-Penn was formed as a limited partnership in 2000 to construct and operate a 49-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low or moderate-income individuals or families. The project was financed by \$2.3 million of mortgages from PHA and \$5.3 million of investor capital. From the date of initial occupancy, a management fee payable on a monthly basis.

Uni Penn Housing Partnership II ("Uni-Penn")

Uni-Penn II was formed as a limited partnership in 2002 to construct and operate a 46-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low or very low-income persons. The project was financed by a first mortgage commitment of \$2,495,384 from PHA, a second mortgage commitment of \$718,000 from the Pennsylvania Housing Finance Agency (PHFA) and \$5,343,000 of investor capital. A management fee, equal to six percent (6%) of gross collected rental revenue, may be earned annually by the property manager.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Mill Creek Phase I, Limited Partnership (Mill Creek)

Mill Creek was formed as a limited partnership in 2003 to construct and operate an 80-unit rental housing project, part of the Lucien E. Blackwell Homes development. PHA, through a corporate not-for-profit affiliate, is the general partner. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low-income persons. The project was financed by a mortgage commitment of \$6,103,653 from PHA and \$12,766,360 of investor capital. PHA will provide operating subsidies to the project.

Ridge Avenue Housing, Limited Partnership (Schuylkill Falls)

Schuylkill Falls was formed as a limited partnership in 1999 to construct and operate a 135-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low or very low-income persons. The project was financed by a mortgage commitment of \$18,230,759 from PHA and \$5,610,000 of investor capital. A management fee, equal to six percent (6%) of gross collected rental revenue, may be earned annually by the property manager.

Philadelphia Asset and Property Management Corp. (PAPMC)

PAPMC is a nonprofit corporation formed by PHA in 2004 to provide asset and property management services to PHA component units.

Cambridge III, Limited Partnership (Cambridge III)

Cambridge III was formed as a limited partnership in 2003 to construct and operate a 40-unit rental housing project, part of the Cambridge Plaza development. PHA, through a corporate not-for-profit affiliate, is the general partner. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low-income persons. The project is being financed by a mortgage commitment of \$3,041,325 from PHA and \$6,314,248 of investor capital. PHA will provide operating subsidies to the project.

St. Ignatius Senior Housing, Limited Partnership (Angela Court)

Angela Court was formed as a limited partnership in 2001 to construct and operate a 67-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low-income persons. The project was financed by a mortgage loan commitment of \$362,000 from PHA, a loan commitment of \$1,000,000 from the Pennsylvania Housing Finance Agency (PHFA), a loan commitment of \$500,000 from the Pennsylvania Department of Health, a loan commitment of \$350,000 from the Philadelphia Redevelopment Authority and \$5,700,000 of investor capital. A management fee, equal to six percent (6.6%) of gross collected rental revenue, may be earned annually by the property manager.

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Lucien E. Blackwell Homes Phase II, L.P. (LEBII)

Lucien E. Blackwell Homes Phase II, L.P. was formed as a limited partnership in July 14, 2004, to develop 80 residential units. PHA, through a corporate not-for-profit affiliate, is the general partner. This project will be rented to low-income tenants and will be operated in a manner necessary to qualify for federal low income housing tax credits as provided for in Section 42 of the Internal Revenue Code. The partnership expects to generate an aggregate of \$15,639,880 of federal low-income housing tax credits based on PHFA awards, which will be available in 2006 for use by its partners pro-rated over a ten-year period.

Germantown House, L.P. (Germantown)

Germantown House, L.P. was formed as a limited partnership in November 12, 2004, to develop a 133-unit apartment project. PHA, through a corporate not-for-profit affiliate, is the general partner. This project will be rented to low-income tenants and will be operated in a manner necessary to qualify for federal low income housing tax credits as provided for in Section 42 of the Internal Revenue Code. Subject to certain compliance requirements, the partnership expects to generate an aggregate of \$11,925,470 of federal low-income housing tax credits, which will be available in 2006 for use by its partners pro-rated over a ten-year period.

The project is being financed by equity contributions by the Limited Partner amounting to \$11,772,000 to be provided in eight installments pending satisfaction of certain benchmarks as well as two (2) construction period notes from PHA, which will be converted into two (2) permanent mortgage notes totaling \$8,187,912.

Uni-Penn Housing Partnership IV, L.P. (Uni-Penn IV)

Uni-Penn Housing Partnership IV was formed as a limited partnership in June 28, 2002, to develop 42 units. In July 2004, PHA became the General Partner of the Limited Partnership. This project will be rented to low-income tenants and will be operated in a manner necessary to qualify for federal low income housing tax credits as provided for in Section 42 of the Internal Revenue Code. Subject to certain compliance requirements, the partnership expects to generate an aggregate of \$5,994,120 of federal low-income housing tax credits, expected to be available in 2006 for use by its partners pro-rated over a ten-year period.

The project is being financed by equity contributions by the Limited Partner amounting to \$5,334,000 to be provided in eight installments pending satisfaction of certain benchmarks as well as a mortgage note from PHA amounting to \$3,320,420, a Bridge Note not exceeding \$479,700 and a grant in the amount of \$330,000.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Neumann North, L.P. (Neumann North)

Neumann North, L.P. was formed as a limited partnership in October 7, 2002 to develop 67 senior housing residential units, including space to be leased for use as an Adult Day Care Center. This project was completed in December 2005.

This project will be rented to low-income tenants and will be operated in a manner necessary to qualify for federal low-income housing tax credits as provided for in Section 42 of the Internal Revenue Code. Subject to certain compliance requirements, the partnership expects to generate an aggregate of \$6,433,250 of federal low-income housing tax credits, expected to be available in 2006 for use by its partners pro-rated over a ten-year period.

The project is being financed by equity contributions as well as three mortgage notes. The equity contribution by the General Partner amounts to \$250,000 and the Limited Partner's contribution amounts to \$5,475,000. The combined mortgage notes as of December 31, 2005 from the Philadelphia Housing Authority, the Mellon Bank Community Development Corporation and the Redevelopment Authority of the City of Philadelphia amounted to \$3,533,052 of which the PHA note is \$2 million.

Philadelphia Housing Authority Homeownership Corp. (PHA HC)

The Philadelphia Housing Authority Homeownership Corp., a nonprofit corporation, was formed January 14, 2004, with the purpose of developing and selling affordable housing units to low-income families. Additionally, the PHAHC was created to provide financial counseling and other counseling services to purchasers and to facilitate and coordinate the sale and conveyance of the housing units.

Philadelphia Housing Authority Development Corporation

The Philadelphia Housing Authority Development Corporation ("PHADC") was created in May of 1997 as a Pennsylvania non-profit corporation to undertake development activities on behalf of the Philadelphia Housing Authority (the "Housing Authority"). PHADC is an affiliate of the Housing Authority. The Board of Directors and the Officers of PHADC are comprised of employees of the Housing Authority. PHADC has the power and authority to undertake development activities pursuant to agreement with PHA. In exchange for providing development services to PHA and certain Limited Partnerships, which own several of Housing Authority tax credit sites, PHADC is paid a development fee in accordance with certain State and Federal guidelines. To date, PHADC has developed in excess of fifteen public housing rental and homeownership sites on behalf of the Housing Authority.

(14) PRIOR PERIOD ADJUSTMENTS

Net assets at March 31, 2006 have been restated to correct certain errors in prior financial statements. The adjustments include the following:

Correction of accounts payable and accrued expenses	<u>\$191,714</u>
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HUD SUPPLEMENTARY INFORMATION

PHILADELPHIA HOUSING AUTHORITY
 COMBINING STATEMENTS OF NET ASSETS
 MARCH 31, 2006

	Moving to Work	Section 8 Modern		Section 8 Modern		Section 8 Modern									
		Rehab Prg No. 1	Rehab Prg No. 2	Rehab Prg No. 3	Rehab Prg No. 4	Rehab Prg No. 5	Rehab Prg No. 6	Rehab Prg No. 7	Rehab Prg No. 8	Rehab Prg No. 8	Rehab Prg No. 9				
ASSETS															
Current Assets:															
Cash	\$ 14,389,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net	110,318	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	83,559	76,222	131,748	132,433	19,880	2,371	36,489	82,078	2,225						
Due from other funds	15,094,870	6,944	239,164	230,251	13,682	30,091	47,777	6,173	220,549						
Other assets	-	(163)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	29,678,338	83,003	370,912	362,684	33,562	11,932	32,462	84,266	88,251	222,774					
NONCURRENT ASSETS															
Mortgage receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets, net of depreciation	28,867,178	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	28,867,178	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	58,545,516	83,003	370,912	362,684	33,562	11,932	32,462	84,266	88,251	222,774					
LIABILITIES AND NET ASSETS															
Current liabilities:															
Accounts payable	478,879	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	137,915	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	606,714	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trust and deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred credits and other liabilities	2,666,082	6	516	33	131	-	2,970	41	-	-	-	-	-	-	-
Total current liabilities	3,889,590	6	516	33	131	-	2,970	41	-	-	-	-	-	-	-
NONCURRENT LIABILITIES															
Compensated absences	404,476	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	30,278	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent liabilities	434,754	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	4,324,345	6	516	33	131	-	2,970	41	-	-	-	-	-	-	-
NET ASSETS:															
Invested in capital accounts	28,867,178	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	25,353,994	82,997	370,396	362,651	33,431	11,932	32,462	81,296	88,210	222,774					
TOTAL NET ASSETS	54,221,172	82,997	370,396	362,651	33,431	11,932	32,462	81,296	88,210	222,774					
TOTAL LIABILITIES AND NET ASSETS	\$ 58,545,517	\$ 83,003	\$ 370,912	\$ 362,684	\$ 33,562	\$ 11,932	\$ 32,462	\$ 84,266	\$ 88,251	\$ 222,774					

PHILADELPHIA REGIONAL AUTHORITY
 COMBINING STATEMENTS OF NET ASSETS
 MARCH 31, 2006

	Head Start	Summer Food Service Program	Congregate Housing Service Program	New Construction Section 8 Programs	Resident Opportunity and Self Sufficiency	Supportive Housing Program	Youth Entrepreneur Program	Section 8 Single Room Occupancy Program	Low Rent Public Housing Program
ASSETS									
Current Assets:									
Cash	\$ 850	\$ -	\$ 2,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,943,064
Investments	-	-	-	-	-	-	-	-	12,297,888
Restricted cash and investments	-	-	-	-	-	-	-	-	4,691,893
Receivables, net	-	2,106	-	-	-	-	-	-	336,590
Due from other governments	15,810	-	53,326	-	86,746	71,350	-	75,581	1,630,848
Due from other funds	-	-	-	127,539	-	-	-	858,073	18,917,529
Other assets	-	-	-	-	1,559	-	-	-	3,199,965
Total current assets	16,660	2,106	55,801	127,539	88,305	71,350	-	933,654	47,017,776
NONCURRENT ASSETS									
Mortgage receivable	-	-	-	-	-	-	-	-	-
Capital assets, net of depreciation	932	-	-	-	26,748	-	-	-	309,666,113
Other assets	-	-	-	-	-	-	-	-	192,232
Total noncurrent assets	932	-	-	26,748	-	-	-	-	309,858,345
TOTAL ASSETS	17,592	2,106	55,801	127,539	115,053	71,350	-	933,654	356,876,121
LIABILITIES AND NET ASSETS									
Current liabilities:									
Accounts payable	(4,860)	-	-	2,446	-	-	-	-	4,871,179
Due to other governments	-	-	-	-	-	-	-	-	130,268
Due to other funds	21,274	2,106	55,801	-	86,644	71,350	-	-	1,259,708
Compensated absences	-	-	-	-	-	-	-	-	4,610,508
Trust and deposits	-	-	-	-	-	-	-	-	703,456
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-
Deferred credits and other liabilities	-	-	-	37,730	-	-	-	122	11,998,424
Total current liabilities	16,415	2,106	55,801	40,176	86,644	71,350	-	122	23,573,543
NONCURRENT LIABILITIES									
Compensated absences	-	-	-	-	-	-	-	-	3,073,673
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	58,903
Other liabilities	245	-	-	-	-	-	-	-	11,708,808
Total noncurrent liabilities	245	-	-	-	-	-	-	-	14,841,384
TOTAL LIABILITIES	16,660	2,106	55,801	40,176	86,644	71,350	-	122	38,414,927
NET ASSETS:									
Invested in capital accounts	932	-	-	-	26,748	-	-	-	309,666,113
Restricted	-	-	-	-	-	-	-	-	2,394,240
Unrestricted	-	-	-	87,363	1,661	-	-	933,532	6,400,842
TOTAL NET ASSETS	932	-	-	87,363	28,409	-	-	933,532	318,461,195
TOTAL LIABILITIES AND NET ASSETS	\$ 17,592	\$ 2,106	\$ 55,801	\$ 127,539	\$ 115,052	\$ 71,350	\$ -	\$ 933,654	\$ 356,876,122

PHILADELPHIA HOUSING AUTHORITY
 COMBINING STATEMENTS OF NET ASSETS
 MARCH 31, 2006

	Section 8 Modern Rehab Prg No. 10	Section 8 Modern Rehab Prg Admin Fees	Total Section 8 Modern Rehab Prg	Section 8 Housing Choice Voucher Program	Capital Fund Programs	Comp Grant Programs	Revitalization of Severely Distressed Public Housing	Special Programs for the Aging	Child Care and Development Grants	Long-Term Notes Receivable
ASSETS										
Current Assets:										
Cash	\$ -	\$ 2,147,441	\$ 2,147,441	\$ 16,941,985	\$ -	\$ -	\$ -	\$ -	\$ 3,356	\$ -
Investments	-	-	-	5,000,000	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	268	268	967,415	-	-	-	-	-	198
Due from other governments	25,061	-	508,507	11,501	12,502,489	-	2,033,235	186,373	-	-
Due from other funds	-	-	806,564	-	26,918	-	16,133	14,757	-	161,630
Other assets	-	-	(163)	-	2,830	-	-	-	-	-
Total current assets	25,061	2,147,709	3,462,617	22,920,901	12,532,237	-	2,049,368	201,130	3,554	161,630
NONCURRENT ASSETS										
Mortgage receivable	-	-	-	-	-	-	-	-	-	166,878,602
Capital assets, net of depreciation	-	-	-	9,265	181,249,857	516,852	37,350,085	79	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	-	-	-	9,265	181,249,857	516,852	37,350,085	79	-	166,878,602
TOTAL ASSETS	25,061	2,147,709	3,462,617	22,930,166	193,782,094	516,852	39,399,453	201,209	3,554	167,040,232
LIABILITIES AND NET ASSETS										
Current liabilities:										
Accounts payable	-	-	-	19,518	184,566	-	406,986	-	(32)	-
Due to other governments	-	-	-	-	-	-	-	-	-	-
Due to other funds	8,876	2,136,313	2,145,189	20,392,809	9,188,743	-	941,011	186,289	212	-
Compensated absences	-	-	-	61,567	-	-	-	-	-	-
Trust and deposits	-	-	-	-	-	-	-	-	-	-
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-	-
Deferred credits and other liabilities	-	-	3,697	75,796	3,084,540	-	1,053,632	14,757	3,375	-
Total current liabilities	8,876	2,136,313	2,148,886	20,549,690	12,457,849	-	2,401,630	201,046	3,554	-
NONCURRENT LIABILITIES										
Compensated absences	-	-	-	41,045	-	-	-	-	-	-
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	52,899	20,244	-	21,450	84	-	-
Total noncurrent liabilities	-	-	-	93,944	20,244	-	21,450	84	-	-
TOTAL LIABILITIES	8,876	2,136,313	2,148,886	20,643,634	12,478,093	-	2,423,080	201,130	3,554	-
NET ASSETS:										
Invested in capital accounts	-	-	-	9,265	181,249,857	516,852	37,350,085	79	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	16,185	11,396	1,313,730	2,277,267	54,144	-	(373,712)	(0)	-	167,040,232
TOTAL NET ASSETS	16,185	11,396	1,313,730	2,286,532	181,304,001	516,852	36,976,373	79	-	167,040,232
TOTAL LIABILITIES AND NET ASSETS	\$ 25,061	\$ 2,147,709	\$ 3,462,617	\$ 22,930,166	\$ 193,782,094	\$ 516,852	\$ 39,399,453	\$ 201,208	\$ 3,554	\$ 167,040,232

PHILADELPHIA HC & AUTHORITY
COMBINING STATEMENTS OF NET ASSETS
MARCH 31, 2006

	Debt Service Fund	General Purpose Bond Proceeds	Development Program	Blended Component Units	State and Local Grants	Total PHA Programs
ASSETS						
Current Assets:						
Cash	\$ 390,890	\$ -	\$ -	\$ 47,758,589	\$ 346,545	\$ 87,924,787
Investments	-	-	-	-	247,486	17,545,373
Restricted cash and investments	11,624,349	802,740	-	8,703,146	-	25,822,128
Receivables, net	-	-	-	13,090,331	1,043,559	15,550,785
Due from other governments	-	-	79,561	14,111,848	-	31,450,734
Due from other funds	-	-	-	-	12,006	36,036,016
Other assets	-	-	-	1,099,036	-	4,303,227
Total current assets	12,015,239	802,740	79,561	84,762,950	1,649,596	218,633,050

NONCURRENT ASSETS						
Mortgage receivable	-	-	-	-	-	166,878,602
Capital assets, net of depreciation	27,959,121	223,799	27,145,596	354,939,273	1,070,342	969,025,240
Other assets	7,119,692	806,299	-	3,389,498	-	11,507,721
Total noncurrent assets	35,078,813	1,030,098	27,145,596	358,328,771	1,070,342	1,147,411,563
TOTAL ASSETS	47,094,052	1,832,838	27,225,157	443,091,721	2,719,938	1,366,044,613

LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	1,876,522	-	-	22,875,768	6,753	30,717,723
Due to other governments	-	-	-	-	-	130,268
Due to other funds	1,017,349	-	-	-	529,618	36,036,018
Compensated absences	-	-	-	24,987	-	5,303,776
Trust and deposits	-	-	-	377,675	-	1,081,131
Bonds, notes and loans payable	3,285,000	-	-	2,625,000	-	5,910,000
Deferred credits and other liabilities	154,223	304,823	79,560	3,298,478	618,676	23,393,917
Total current liabilities	6,333,094	304,823	79,560	29,201,908	1,155,047	102,572,833

NONCURRENT LIABILITIES						
Compensated absences	-	-	-	-	-	3,519,191
Bonds, notes and loans payable	72,937,959	11,000,000	-	216,765,654	-	300,762,516
Other liabilities	101	-	-	19,936,258	-	31,770,369
Total noncurrent liabilities	72,938,060	11,000,000	-	236,701,912	-	336,052,076
TOTAL LIABILITIES	79,271,154	11,304,823	79,560	265,903,820	1,155,047	438,624,909

NET ASSETS:						
Invested in capital accounts	(48,263,838)	(10,776,201)	27,145,596	135,548,619	1,070,342	662,411,627
Restricted	-	-	-	-	-	2,394,240
Unrestricted	16,086,737	1,304,216	1	41,639,282	494,549	262,613,837
TOTAL NET ASSETS	(32,177,101)	(9,471,985)	27,145,597	177,187,901	1,564,891	927,419,703
TOTAL LIABILITIES AND NET ASSETS	\$ 47,094,053	\$ 1,832,838	\$ 27,225,157	\$ 443,091,721	\$ 2,719,938	\$ 1,366,044,613

PHILADELPHIA HOUSING AUTHORITY
 COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 MARCH 31, 2006

	Head Start	Summer Food Service Program	Congregate Housing Service Program	New Construction Section 8 Programs	Resident Opportunity and Self Sufficiency	Supportive Housing Program	Youth Entrepreneur Program	Section 8 Single Room Occupancy Program	Low Rent Public Housing Program	Moving to Work
\$	-	-	-	-	-	-	-	-	\$ 16,841,291	\$ -
Total tenant revenue	73,490	126,717	84,443	1,023,793	286,768	336,436	-	1,531,599	99,496,822	135,810,813
Operating subsidies	642,715	179,847	4,633	-	-	-	-	-	565,152	-
Other income	716,206	306,564	89,075	1,023,793	286,768	336,436	-	1,531,599	116,903,265	135,810,813
Total operating revenue	138,465	1,564	289	33,931	238,510	277,199	-	201,243	40,440,415	22,374,623
Operating expenses:	556,446	305,000	88,756	-	23,329	59,039	-	-	1,477,703	1,632,499
Administrative	-	-	-	-	-	-	-	-	28,533,873	-
Tenant services	4,814	-	-	-	10,489	-	-	-	56,706,343	1,546,379
Utilities	-	-	-	-	-	-	-	-	5,208,174	2,282,494
Maintenance	-	-	-	-	-	-	-	-	17,657,007	181,139
Protective services	1,726	-	30	140	93	196	200,000	827	-	99,856,411
General	-	-	-	968,147	-	-	-	1,287,416	-	834,805
Housing assistance programs	-	-	-	-	13,131	-	-	-	-	-
Depreciation and amortization	588	-	-	-	-	-	-	-	-	-
Interfund sources/uses	-	-	-	-	-	-	-	-	-	-
Total operating expenses	702,039	306,564	89,075	1,002,217	285,552	336,435	200,000	1,489,486	185,462,362	128,708,350
Operating income (loss)	14,166	-	-	21,576	1,216	1	(200,000)	42,113	(68,559,097)	7,102,463
Nonoperating revenue and (expenses):	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	-	-	-	974,538	569,632
Gain and (Loss) on the sale of fixed assets	-	-	-	-	-	-	-	-	(9,743,938)	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Net nonoperating revenue and (expenses)	-	-	-	-	-	-	-	-	(8,769,399)	569,632
Income (loss) before capital subsidies	14,166	-	-	21,576	1,216	1	(200,000)	42,113	(77,328,496)	7,672,096
Capital subsidies	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	22,629,345	(14,547,468)
Change in net assets	14,166	-	-	21,576	1,216	1	(200,000)	42,113	(54,699,151)	(6,875,373)
Total net assets a beginning of year:	(13,235)	-	-	65,787	27,190	-	200,000	891,419	373,102,571	61,096,544
As previously reported	-	-	-	-	-	-	-	-	-	57,775
Prior period and equity transfer adjustment	(13,235)	-	-	65,787	27,190	-	200,000	891,419	373,160,346	61,096,544
Total net assets at end of year	\$ 932	\$ -	\$ -	\$ 87,363	\$ 28,407	\$ 1	\$ -	\$ 933,532	\$ 318,461,196	\$ 54,221,172

PHILADELPHIA HC & AUTHORITY
 COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 MARCH 31, 2006

	Section 8 Modern Rehab Prg No. 1	Section 8 Modern Rehab Prg No. 2	Section 8 Modern Rehab Prg No. 3	Section 8 Modern Rehab Prg No. 4	Section 8 Modern Rehab Prg No. 5	Section 8 Modern Rehab Prg No. 6	Section 8 Modern Rehab Prg No. 7	Section 8 Modern Rehab Prg No. 8	Section 8 Modern Rehab Prg No. 9	Section 8 Modern Rehab Prg No. 10	Section 8 Modern Rehab Prg Admin Fees
Operating revenue:											
Total tenant revenue	\$ 425,798	\$ 541,981	\$ 485,937	\$ 80,816	\$ (85,948)	\$ 42,270	\$ 136,868	\$ 238,973	\$ 342,099	\$ 86,838	\$ -
Operating subsidies	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	425,798	541,981	485,937	80,816	(85,948)	42,270	136,868	238,973	342,099	86,838	-
Operating expenses:											
Administrative	31,472	34,467	26,675	4,947	-	3,381	8,617	12,575	49,350	4,947	-
Tenant services	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-
Maintenance	(1,632)	-	-	-	-	50	-	-	-	-	-
Protective services	-	-	-	-	-	-	-	-	-	-	-
General	133	142	110	20	-	14	35	52	203	20	-
Housing assistance programs	396,081	492,079	361,774	73,599	726	38,740	124,773	220,648	272,742	81,453	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-
Interfund sources/uses	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	426,053	526,688	388,558	78,567	726	42,184	133,425	233,274	322,295	86,421	-
Operating income (loss)	(255)	15,293	97,379	2,249	(86,674)	86	3,443	5,699	19,804	417	-
Nonoperating revenue and (expenses):											
Interest and investment earnings	-	-	-	-	-	-	-	-	-	-	11,396
Gain and (Loss) on the sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-
Net nonoperating revenue and (expenses)	-	-	-	-	-	-	-	-	-	-	11,396
Income (loss) before capital subsidies	(255)	15,293	97,379	2,249	(86,674)	86	3,443	5,699	19,804	417	11,396
Capital subsidies	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Change in net assets	(255)	15,293	97,379	2,249	(86,674)	86	3,443	5,699	19,804	417	11,396
Total net assets a beginning of year:											
As previously reported	83,252	355,103	265,273	31,182	98,606	32,376	77,853	82,511	202,970	15,767	-
Prior period and equity transfer adjustment	-	-	-	-	-	-	-	-	-	-	-
Total net assets at end of year	\$ 83,252	\$ 355,103	\$ 265,273	\$ 31,182	\$ 98,606	\$ 32,376	\$ 77,853	\$ 82,511	\$ 202,970	\$ 15,767	\$ -
	\$ 82,997	\$ 370,396	\$ 362,651	\$ 33,431	\$ 11,932	\$ 32,462	\$ 81,296	\$ 88,210	\$ 222,774	\$ 16,185	\$ 11,396

PHILADELPHIA HOUSING AUTHORITY
 COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 MARCH 31, 2006

	Total Section 8 Modern Rehab Prg	Section 8 Housing Choice Voucher Program	Capital Fund Programs	Comp Grant Programs	Revitalization of Severely Distressed Public Housing	Special Programs for the Aging	Child Care and Development Grants	Long-Term Notes Receivable	Debt Service Fund	General Purpose Bond Proceeds	Develop- ment Program
Operating revenue:											
Total tenant revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating subsidies	2,295,632	7,894,229	53,809,058	-	13,842,014	124,037	5,042	-	-	-	-
Other income	-	232,243	-	-	-	-	61,992	-	-	-	-
Total operating revenue	2,295,632	8,126,472	53,809,058	-	13,842,014	124,037	67,034	-	-	-	-
Operating expenses:											
Administrative	176,431	602,831	12,791,661	-	2,903,098	1,696	1,973	-	1,700,044	(4,999)	-
Tenant services	-	-	103,371	-	2,421,794	122,029	54,337	-	11,707	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-
Maintenance	(1,583)	(2,135)	3,751,234	-	7,122,389	90	-	-	1,714,936	10,183,945	-
Protective services	-	-	-	-	-	-	-	-	-	-	-
General	729	17,302	-	-	-	221	9,293	-	-	-	-
Housing assistance programs	2,062,615	6,413,715	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	15,633	8,999,613	13,425	942,232	189	-	-	1,782,658	-	829,893
Interfund sources/uses	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	2,238,191	7,047,347	25,645,879	13,425	13,389,513	124,226	65,603	-	5,209,345	10,178,946	829,893
Operating income (loss)	57,441	1,079,126	28,163,179	(13,425)	452,500	(189)	1,431	-	(5,209,345)	(10,178,946)	(829,893)
Nonoperating revenue and (expenses):											
Interest and investment earnings	11,396	1,371,332	-	-	-	-	(1,431)	2,394,152	20,325	-	-
Gain and (Loss) on the sale of fixed assets	-	-	(2,589,367)	-	-	-	-	-	-	-	-
Interest expense	-	-	(2,063,124)	-	-	-	-	-	-	-	-
Net nonoperating revenue and (expenses)	11,396	1,371,332	(4,652,491)	-	-	-	(1,431)	2,394,152	20,325	-	-
Income (loss) before capital subsidies	68,837	2,450,458	23,510,688	(13,425)	452,500	(189)	(0)	2,394,152	(5,189,020)	(10,178,946)	(829,893)
Capital subsidies	-	-	18,885,939	-	1,424,197	-	-	-	-	-	0
Transfers	-	-	(35,099,668)	-	(1,394,733)	-	-	17,041,241	6,900,882	522,500	-
Change in net assets	68,837	2,450,458	7,296,959	(13,425)	481,965	(189)	(0)	19,435,393	1,711,862	(9,656,446)	(829,893)
Total net assets a beginning of year:											
As previously reported	1,244,894	(163,927)	173,771,553	965,757	36,494,410	268	-	146,869,559	(33,888,964)	184,461	27,975,489
Prior period and equity transfer adjustment	-	-	235,486	(435,481)	-	-	-	735,280	-	-	-
	1,244,894	(163,927)	174,007,038	530,277	36,494,410	268	-	147,604,839	(33,888,964)	184,461	27,975,489
Total net assets at end of year	\$ 1,313,730	\$ 2,286,531	\$ 181,303,997	\$ 516,852	\$ 36,976,374	\$ 79	\$ (0)	\$ 167,040,232	\$ (32,177,102)	\$ (9,471,985)	\$ 27,145,596

PHILADELPHIA HOUSING AUTHORITY
 COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 MARCH 31, 2006

	Blended Component Units	State and Local Grants	Total PHA Programs
Operating revenue:			
Total tenant revenue	\$ 6,288,073	\$ -	\$ 23,129,364
Operating subsidies	4,477,924	769,287	321,988,103
Other income	6,805,639	70,160	8,562,381
Total operating revenue	<u>17,571,636</u>	<u>839,447</u>	<u>353,679,848</u>
Operating expenses:			
Administrative	5,608,569	419,874	87,907,417
Tenant services	201,173	47,395	7,104,578
Utilities	2,094,871	-	30,628,744
Maintenance	2,693,189	1,321,244	85,051,332
Protective services	162,998	22,133	7,675,800
General	1,500,900	-	19,569,603
Housing assistance programs	-	-	110,588,304
Depreciation and amortization	9,641,400	30,591	58,543,008
Interfund sources/uses	(86,023,655)	-	(86,023,661)
Total operating expenses	<u>(64,120,555)</u>	<u>1,841,236</u>	<u>321,045,124</u>
Operating income (loss)	<u>81,692,191</u>	<u>(1,001,790)</u>	<u>32,634,724</u>
Nonoperating revenue and (expenses):			
Interest and investment earnings	1,272,288	17,559	6,629,792
Gain and (Loss) on the sale of fixed assets	-	-	(12,333,305)
Interest expense	(2,597,651)	-	(4,660,775)
Net nonoperating revenue and (expenses)	<u>(1,325,363)</u>	<u>17,559</u>	<u>(10,364,288)</u>
Income (loss) before capital subsidies	80,366,828	(984,231)	22,270,436
Capital subsidies	-	-	20,310,136
Transfers	2,928,164	1,019,736	(0)
Change in net assets	<u>83,294,992</u>	<u>35,505</u>	<u>42,580,571</u>
Total net assets a beginning of year:			
As previously reported	94,294,256	1,529,385	884,647,417
Prior period and equity transfer adjustment	(401,347)	-	191,714
	<u>93,892,909</u>	<u>1,529,385</u>	<u>884,839,131</u>
Total net assets at end of year	<u>\$ 177,187,901</u>	<u>\$ 1,564,890</u>	<u>\$ 927,419,703</u>

PHILADELPHIA HOUSING AUTHORITY

MARCH 31, 2006

FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self-Sufficiency	Supportive Housing Services	S8 Single Room Occupancy Program Totals	Low Rent Program Totals	Move to Work
	ASSETS:									
	CURRENT ASSETS:									
	Cash:									
111	Cash - unrestricted	850	-	2,475	-	-	-	-	5,943,064	14,389,591
112	Cash - restricted - modernization and dev	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-	-	-	-
115	cash - restricted for paymnet of cuurent liab	-	-	-	-	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	-	-	-	703,456	-
100	Total cash	850	-	2,475	-	-	-	-	6,646,520	14,389,591
	Accounts and notes receivables:									
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	1,630,848	5,234
122	Accounts receivable - HUD other projects	-	-	53,326	-	86,746	71,350	75,581	-	78,325
124	Accounts receivable - other government	15,810	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	2,106	-	-	-	-	-	1,669	2,917
126	Accounts receivable- tenants - dwelling rents	-	-	-	-	-	-	-	1,695,090	-
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-	(1,516,530)	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectibles	15,810	2,106	53,326	-	86,746	71,350	75,581	1,967,438	193,877
	Current investments									
131	Investments - unrestricted	-	-	-	-	-	-	-	12,297,888	-
132	Investments - restricted	-	-	-	-	-	-	-	3,988,437	-
142	Prepaid expenses and other assets	-	-	-	-	-	-	-	34,225	-
143	Inventories	-	-	-	-	1,559	-	-	3,492,740	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	(327,000)	-
144	Interprogram due from	-	-	-	127,539	-	-	858,073	18,917,529	15,094,870
146	Amounts to be provided	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	16,660	2,106	55,801	127,539	88,305	71,350	933,654	47,017,776	29,678,338
	NONCURRENT ASSETS:									
	Fixed assets:									
161	Land	-	-	-	-	-	-	-	25,318,820	-
162	Buildings	-	-	-	-	-	-	-	895,299,739	10,872,405

PHILADELPHIA HOUSING AUTHORITY

MARCH 31, 2006

FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self-Sufficiency	Supportive Housing Services	S8 Single Room Occupancy Program Totals	Low Rent Program Totals	Move to Work
163	Furniture, equipment & mach. - dwellings	-	-	-	-	-	-	-	6,875	15,051
164	Furniture, equipment & mach. - admin.	39,095	-	-	-	56,257	-	-	25,019,853	567,402
165	Leasehold improvements	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(38,163)	-	-	-	(29,509)	-	-	(635,979,173)	(1,281,105)
167	Work in Progress	-	-	-	-	-	-	-	-	18,693,426
160	Total fixed assets, net of accumulated depreciation	932	-	-	-	26,748	-	-	309,666,113	28,867,178
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-	-	-	-
172	Notes and mortgages receivable-non-current-past due	-	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	192,232	-
175	Undistributed debits	-	-	-	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	932	-	-	-	26,748	-	-	309,858,345	28,867,178
190	TOTAL ASSETS	17,592	2,106	55,801	127,539	115,053	71,350	933,654	356,876,121	58,545,516
	LIABILITIES AND EQUITY:									
	LIABILITIES:									
	CURRENT LIABILITIES									
311	Bank overdraft	-	-	-	-	-	-	-	-	-
312	Accounts payable < 90 days	(4,860)	-	-	2,446	-	-	-	473,209	478,879
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-	4,397,969	-
322	Accrued compensated absences	-	-	-	-	-	-	-	4,610,508	606,714
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	130,268	-
333	Accounts payable - other gov.	-	-	-	-	-	-	-	703,456	-
341	Tenant security deposits	-	-	-	-	-	-	122	4,030,027	-
342	Deferred revenues	-	-	-	37,730	-	-	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	7,381,165	41,800
346	Accrued liabilities - other	-	-	-	-	-	-	-	587,233	2,624,282
347	Inter-program (due to)	21,274	2,106	55,801	-	86,644	71,350	-	1,259,708	137,915
310	TOTAL CURRENT LIABILITIES	16,415	2,106	55,801	40,176	86,644	71,350	122	23,573,543	3,889,590
	NONCURRENT LIABILITIES:									
351	Long-term debt, net of current- capital projects	-	-	-	-	-	-	-	58,903	-

PHILADELPHIA HOUSING AUTHORITY

MARCH 31, 2006

FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self Sufficiency	Supportive Housing Services	S8 Single Room Occupancy Program Totals	Low Rent Program Totals	Move to Work
352	Long-term debt, net of current- operating borrowings	-	-	-	-	-	-	-	-	-
354	accrued comp absences	-	-	-	-	-	-	-	3,073,672	404,476
353	Noncurrent liabilities- other	245	-	-	-	-	-	-	11,708,808	30,277
350	TOTAL NONCURRENT LIABILITIES	245	-	-	-	-	-	-	14,841,383	434,754
300	TOTAL LIABILITIES	16,660	2,106	55,801	40,176	86,644	71,350	122	38,414,926	4,324,344
	EQUITY:									
501	Investment in general fixed assets									
	Contributed Capital:									
502	Project notes (HUD)									
503	Long-term debt - HUD guaranteed									
504	Net HUD PHA contributions									
505	Other HUD contributions									
507	Other contributions									
508	Total contributed capital									
508.1	Invested in capital assets, net of related debt	932	-	-	-	26,748	-	-	309,666,113	28,867,178
	Reserved fund balance:									
509	Reserved for operating activities									
510	Reserved for capital activities								2,394,240	
511	Total reserved fund balance								2,394,240	
511	Restricted net assets									
512	Undesignated fund balance/retained earnings	(0)			87,363	1,661		933,532	6,400,842	25,353,994
512.1	Unrestricted Retained Earnings				87,363	28,409		933,532	318,461,195	54,221,172
513	TOTAL EQUITY	932	-	-	87,363	1,661	-	933,532	318,461,195	54,221,172
600	TOTAL LIABILITIES AND EQUITY	17,592	2,106	55,801	127,539	115,053	71,350	933,654	356,876,121	58,545,516

PHILADELPHIA HCG AUTHORITY
MARCH 31, 2006
FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Mod Rehab 001	Mod Rehab 002	Mod Rehab 003	Mod Rehab 004	Mod Rehab 005	Mod Rehab 006	Mod Rehab 007	Mod Rehab 008	Mod Rehab 009	Mod Rehab 010	Admin Fees
	ASSETS:											
	CURRENT ASSETS:											
	Cash:											
111	Cash - unrestricted											2,147,441
112	Cash - restricted - modernization and dev											
113	Cash - other restricted											
115	Cash - restricted for payment of current liab											
114	Cash - tenant security deposits											
100	Total cash											2,147,441
	Accounts and notes receivables:											
121	Accounts receivable - PHA projects											
122	Accounts receivable - HUD other projects	76,222	131,748	132,433	19,880	-	2,371	36,489	82,078	2,225	25,061	-
124	Accounts receivable - other government											
125	Accounts receivable - miscellaneous											
126	Accounts receivable- tenants - dwelling rents											
126.1	Allowance for doubtful accounts - dwelling rents											
126.2	Allowance for doubtful accounts - other											
127	Notes and mortgages receivable- current											
128	Fraud recovery											
128.1	Allowance for doubtful accounts - fraud											
129	Accrued interest receivable											268
120	Total receivables, net of allowances for uncollectible	76,222	131,748	132,433	19,880	-	2,371	36,489	82,078	2,225	25,061	268
	Current investments											
131	Investments - unrestricted											
132	Investments - restricted											
142	Prepaid expenses and other assets											
143	Inventories	(163)										
143.1	Allowance for obsolete inventories											
144	Interprogram due from	6,944	239,164	230,251	13,682	11,932	30,091	47,777	6,173	220,549	-	
146	Amounts to be provided											
150	TOTAL CURRENT ASSETS	83,003	370,912	362,684	33,562	11,932	32,462	84,266	88,251	222,774	25,061	2,147,709
	NONCURRENT ASSETS:											
	Fixed assets:											
161	Land											
162	Buildings											

PHILADELPHIA HOUSING AUTHORITY
MARCH 31, 2006
FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Mod Rehab 001	Mod Rehab 002	Mod Rehab 003	Mod Rehab 004	Mod Rehab 005	Mod Rehab 006	Mod Rehab 007	Mod Rehab 008	Mod Rehab 009	Mod Rehab 010	Admin Fees
352	Long-term debt, net of current- operating borrowing											
354	accrued comp absences											
353	Noncurrent liabilities- other											
350	TOTAL NONCURRENT LIABILITIES	-	-	-	-	-	-	-	-	-	-	-
300	TOTAL LIABILITIES	6	516	33	131	-	-	2,970	41	-	8,876	2,136,313
	EQUITY:											
501	Investment in general fixed assets											
	Contributed Capital:											
502	Project notes (HUD)											
503	Long-term debt - HUD guaranteed											
504	Net HUD PHA contributions											
505	Other HUD contributions											
507	Other contributions											
508	Total contributed capital	-	-	-	-	-	-	-	-	-	-	-
508.1	Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-	-
	Reserved fund balance:											
509	Reserved for operating activities											
510	Reserved for capital activities											
511	Total reserved fund balance											
511	Restricted net assets											
512	Undesignated fund balance/retained earnings	82,997	370,396	362,651	33,431	11,932	32,462	81,296	88,210	222,774	16,185	11,396
512.1	Unrestricted Retained Earnings											
513	TOTAL EQUITY	82,997	370,396	362,651	33,431	11,932	32,462	81,296	88,210	222,774	16,185	11,396
600	TOTAL LIABILITIES AND EQUITY	83,003	370,912	362,684	33,562	11,932	32,462	84,266	88,251	222,774	25,061	2,147,709

PHILADELPHIA HOUSING AUTHORITY
MARCH 31, 2006
FINANCIAL DATA SCHEDULE

Line Item #	Account Description	MOD Rehab Program Totals	Housing Choice Voucher Program 14,857	CFP TOTALS	Comp Grant Totals	HOPE VI TOTALS	Special Programs for the Aging Totals	Day Care Program	Long-Term Notes Receivable	Tasker/Wilson Bond Proceeds	General Purpose Bond Proceeds
ASSETS:											
CURRENT ASSETS:											
	Cash:										
111	Cash - unrestricted	2,147,441	16,941,985	-	-	-	-	3,356	-	390,890	-
112	Cash - restricted - modernization and dev	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-	-	-	-	-
115	cash - restricted for payment of current liab	-	-	-	-	-	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	-	-	-	-	-	-
100	Total cash	2,147,441	16,941,985	-	-	-	-	3,356	-	390,890	-
	Accounts and notes receivables:										
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	508,507	11,501	12,502,489	-	2,033,235	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	186,373	-	-	-	-
125	Accounts receivable - miscellaneous	-	644,959	-	-	-	-	198	-	-	-
126	Accounts receivable- tenants - dwelling rents	-	-	-	-	-	-	-	-	-	-
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	268	322,456	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectib	508,775	978,916	12,502,489	-	2,033,235	186,373	198	-	-	-
	Current investments										
131	Investments - unrestricted	-	5,000,000	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	11,624,349	802,740
142	Prepaid expenses and other assets	-	-	-	-	-	-	-	-	-	-
143	Inventories	(164)	-	2,830	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-
144	Interprogram due from	806,564	-	26,918	-	16,133	14,757	-	161,630	-	-
146	Amounts to be provided	-	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	3,462,616	22,920,901	12,532,237	-	2,049,368	201,130	3,554	161,630	12,015,239	802,740
	NONCURRENT ASSETS:										
	Fixed assets:										
161	Land	-	-	-	-	-	-	-	-	-	-
162	Buildings	-	-	158,983,098	536,989	37,646,424	-	-	-	26,739,877	-

PHILADELPHIA HOUSING AUTHORITY
 MARCH 31, 2006
 FINANCIAL DATA SCHEDULE

Line Item #	Account Description	MOD Rehab Program Totals	Housing Choice Voucher Program 14,857	CFP TOTALS	Comp Grant Totals	HOPE VI TOTALS	Special Programs for the Aging Totals	Day Care Program	Long-Term Notes Receivable	Tasker/Wilson Bond Proceeds	General Purpose Bond Proceeds
163	Furniture, equipment & mach. - dwellings	-	-	-	-	-	-	-	-	-	-
164	Furniture, equipment & mach. - admin.	-	620,103	136,374	-	-	23,182	3,525	-	-	-
165	Leasehold improvements	-	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	-	(610,839)	(16,302,441)	(20,137)	(2,250,043)	(23,103)	(3,525)	-	(3,275,584)	-
167	Work in Progress	-	-	38,432,827	-	1,953,705	-	-	-	4,494,828	223,799
160	Total fixed assets, net of accumulated depreciation	-	9,265	181,249,857	516,852	37,350,085	79	-	-	27,959,121	223,799
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-	-	166,878,602	-	-
172	Notes and mortgages receivable-non-current-past d	-	-	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-	7,119,692	806,299
175	Undistributed debits	-	-	-	-	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	-	9,265	181,249,857	516,852	37,350,085	79	-	166,878,602	35,078,813	1,030,098
190	TOTAL ASSETS	3,462,616	22,930,166	193,782,094	516,852	39,399,453	201,209	3,554	167,040,232	47,094,052	1,832,838
	LIABILITIES AND EQUITY:										
	LIABILITIES:										
	CURRENT LIABILITIES										
311	Bank overdraft	-	-	-	-	-	-	-	-	-	-
312	Accounts payable < 90 days	-	19,518	184,566	-	406,986	-	(32)	-	1,876,522	-
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-	-	-	-
322	Accrued compensated absences	-	61,567	-	-	-	-	-	-	-	-
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other gov.	-	-	-	-	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-	-	-	-	-	-
342	Deferred revenues	-	-	5,576	-	-	14,757	3,375	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	3,285,000	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	3,697	75,796	3,078,965	-	1,053,632	-	-	-	154,223	304,823
347	Inter-program (due to)	2,145,189	20,392,809	9,188,743	-	941,011	186,289	212	-	1,017,349	-
310	TOTAL CURRENT LIABILITIES	2,148,886	20,549,690	12,457,849	-	2,401,630	201,046	3,554	-	6,333,094	304,823
	NONCURRENT LIABILITIES:										
351	Long-term debt, net of current- capital projects	-	-	-	-	-	-	-	-	72,937,959	11,000,000

PHILADELPHIA HOUSING AUTHORITY

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	MOD Rehab Program Totals	Housing Choice Voucher Program 14,857	CFP TOTALS	Comp Grant Totals	HOPE VI TOTALS	Special Programs for the Aging Totals	Day Care Program	Long-Term Notes Receivable	Tasker/Wilson Bond Proceeds	General Purpose Bond Proceeds
352	Long-term debt, net of current-operating borrowing	-	-	-	-	-	-	-	-	-	-
354	accrued comp absences	-	41,045	-	-	-	-	-	-	-	-
353	Noncurrent liabilities- other	-	52,899	20,244	-	21,450	84	-	-	100	-
350	TOTAL NONCURRENT LIABILITIES	-	93,944	20,244	-	21,450	84	-	-	72,938,059	11,000,000
300	TOTAL LIABILITIES	2,148,886	20,643,634	12,478,093	-	2,423,080	201,130	3,554	-	79,271,153	11,304,823
	EQUITY:										
501	Investment in general fixed assets	-	-	-	-	-	-	-	-	-	-
	Contributed Capital:										
502	Project notes (HUD)	-	-	-	-	-	-	-	-	-	-
503	Long-term debt - HUD guaranteed	-	-	-	-	-	-	-	-	-	-
504	Net HUD PHA contributions	-	-	-	-	-	-	-	-	-	-
505	Other HUD contributions	-	-	-	-	-	-	-	-	-	-
507	Other contributions	-	-	-	-	-	-	-	-	-	-
508	Total contributed capital	-	-	-	-	-	-	-	-	-	-
508.1	Invested in capital assets, net of related debt	-	9,265	181,249,857	516,852	37,350,085	79	-	-	(48,263,838)	(10,776,201)
	Reserved fund balance:										
509	Reserved for operating activities	-	-	-	-	-	-	-	-	-	-
510	Reserved for capital activities	-	-	-	-	-	-	-	-	-	-
511	Total reserved fund balance	-	-	-	-	-	-	-	-	-	-
511	Restricted net assets	-	-	-	-	-	-	-	-	-	-
512	Undesignated fund balance/retained earnings	-	-	-	-	(373,712)	(0)	-	167,040,232	16,086,737	1,304,216
512.1	Unrestricted Retained Earnings	1,313,730	2,277,267	54,144	-	-	-	-	-	-	-
513	TOTAL EQUITY	1,313,730	2,286,532	181,304,001	516,852	36,976,373	79	-	167,040,232	(32,177,101)	(9,471,985)
600	TOTAL LIABILITIES AND EQUITY	3,462,616	22,930,166	193,782,094	516,852	39,399,453	201,209	3,554	167,040,232	47,094,052	1,832,838

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Line Item #	Account Description	Development Program Totals	Component Unit Totals	State/Local Grant Totals	TOTAL
ASSETS:					
CURRENT ASSETS:					
Cash:					
111	Cash - unrestricted	-	47,758,589	346,545	87,924,787
112	Cash - restricted - modernization and dev	-	254,417	-	254,417
113	Cash - other restricted	-	55,109	-	55,109
115	Cash - restricted for payment of current liab	-	357,721	-	357,721
114	Cash - tenant security deposits	-	1,055,875	-	1,759,331
100	Total cash	-	49,481,711	346,545	90,351,365
Accounts and notes receivables:					
121	Accounts receivable - PHA projects	-	14,111,848	-	15,747,930
122	Accounts receivable - HUD other projects	79,561	-	-	15,500,622
124	Accounts receivable - other government	-	-	-	202,183
125	Accounts receivable - miscellaneous	-	12,989,212	1,040,458	14,681,518
126	Accounts receivable- tenants - dwelling rents	-	101,119	-	1,796,209
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	(1,516,530)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-
128	Fraud recovery	-	-	-	-
128.1	Allowances for doubtful accounts - fraud	-	-	-	-
129	Accrued interest receivable	-	-	3,101	589,587
120	Total receivables, net of allowances for uncollectible	79,561	27,202,179	1,043,559	47,001,519
Current investments					
131	Investments - unrestricted	-	-	247,486	17,545,373
132	Investments - restricted	-	6,980,024	-	23,395,550
142	Prepaid expenses and other assets	-	-	-	34,225
143	Inventories	-	1,099,036	-	4,596,001
143.1	Allowance for obsolete inventories	-	-	-	(327,000)
144	Interprogram due from	-	-	-	36,036,018
146	Amounts to be provided	-	-	12,006	-
150	TOTAL CURRENT ASSETS	79,561	84,762,950	1,649,596	218,633,052
NONCURRENT ASSETS:					
Fixed assets:					
161	Land	-	8,122,204	-	33,441,024
162	Buildings	33,195,739	320,024,018	1,100,000	1,484,398,287

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Line Item #	Account Description	Development Program Totals	Component Unit Totals	State/Local Grant Totals	TOTAL
163	Furniture, equipment & mach. - dwellings	-	3,951,773	-	3,973,699
164	Furniture, equipment & mach. - admin.	-	87,542	32,668	26,586,000
165	Leasehold improvements	-	12,406,110	-	12,406,110
166	Accumulated depreciation	(6,050,143)	(27,352,875)	(62,326)	(693,278,968)
167	Work in Progress	-	37,700,501	-	101,499,085
160	Total fixed assets, net of accumulated depreciation	27,145,596	354,939,273	1,070,342	969,025,238
171	Notes and mortgages receivable - non-current	-	-	-	166,878,602
172	Notes and mortgages receivable-non-current-past d	-	-	-	-
174	Other assets	-	3,389,498	-	11,507,721
175	Undistributed debits	-	-	-	-
176	Investment in joint ventures	-	-	-	-
180	TOTAL NONCURRENT ASSETS	27,145,596	358,328,771	1,070,342	1,147,411,561
190	TOTAL ASSETS	27,225,157	443,091,721	2,719,938	1,366,044,613
	LIABILITIES AND EQUITY:				
	LIABILITIES:				
	CURRENT LIABILITIES				
311	Bank overdraft	-	16,012	-	16,012
312	Accounts payable < 90 days	-	13,194,555	6,753	16,638,541
313	Accounts payable > 90 days past due	-	314,765	-	314,765
321	Accrued wage/payroll taxes payable	-	34,663	-	4,432,632
322	Accrued compensated absences	-	24,987	-	5,303,776
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	6,618,398	-	6,618,398
331	Accounts payable - HUD PHA programs	-	-	-	-
332	Accounts Payable - PHA Projects	-	2,697,375	-	2,697,375
333	Accounts payable - other gov.	-	-	-	130,268
341	Tenant security deposits	-	377,675	-	1,081,131
342	Deferred revenues	-	123,896	4,869	4,220,351
343	Current portion of L-T debt - capital projects	-	2,625,000	-	5,910,000
344	Current portion of L-T debt - operating borrowings	-	62,727	-	62,727
345	Other current liabilities	-	1,747,700	-	9,170,665
346	Accrued liabilities - other	79,560	1,364,155	613,807	9,940,173
347	Inter-program (due to)	-	-	529,618	36,036,018
310	TOTAL CURRENT LIABILITIES	79,560	29,201,908	1,155,047	102,572,833
	NONCURRENT LIABILITIES:				
351	Long-term debt, net of current- capital projects	-	216,765,654	-	300,762,516

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Line Item #	Account Description	Development Program Totals	Component Unit Totals	State/Local Grant Totals	TOTAL
352	Long-term debt, net of current- operating borrowing	-	-	-	-
354	accrued comp absences	-	-	-	3,519,193
353	Noncurrent liabilities- other	-	19,936,258	-	31,770,366
350	TOTAL NONCURRENT LIABILITIES	-	236,701,912	-	336,052,075
300	TOTAL LIABILITIES	79,560	265,903,820	1,155,047	438,624,909
EQUITY:					
501	Investment in general fixed assets	-	-	-	-
	Contributed Capital:	-	-	-	-
502	Project notes (HUD)	-	-	-	-
503	Long-term debt - HUD guaranteed	-	-	-	-
504	Net HUD PHA contributions	-	-	-	-
505	Other HUD contributions	-	-	-	-
507	Other contributions	-	-	-	-
508	Total contributed capital	-	-	-	-
508.1	Invested in capital assets, net of related debt	27,145,596	135,548,619	1,070,342	662,411,627
	Reserved fund balance:	-	-	-	-
509	Reserved for operating activities	-	-	-	-
510	Reserved for capital activities	-	-	-	2,394,240
511	Total reserved fund balance	-	-	-	2,394,240
511	Restricted net assets	-	-	-	-
512	Undesignated fund balance/retained earnings	1	41,639,282	494,549	262,613,837
512.1	Unrestricted Retained Earnings	-	-	-	-
513	TOTAL EQUITY	27,145,597	177,187,901	1,564,891	927,419,704
600	TOTAL LIABILITIES AND EQUITY	27,225,157	443,091,721	2,719,938	1,366,044,613

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self Sufficiency	Supportive Housing Services	Youth Entrepreneur Program	Room Occupancy Program Totals
	REVENUE:								
703	Net tenant rental revenue		-	-	-	-	-	-	-
704	Tenant revenue - other		-	-	-	-	-	-	-
705	Total tenant revenue		-	-	-	-	-	-	-
706	HUD PHA grants		-	84,443	1,023,793	286,768	336,436	-	1,531,599
706.1	HUD PHA CAPITAL GRANTS		-	-	-	-	-	-	-
708	Other government grants	73,490	126,717	-	-	-	-	-	-
711	Investment income - unrestricted		-	-	-	-	-	-	-
712	Mortgage interest income		-	-	-	-	-	-	-
714	Fraud recovery		-	-	-	-	-	-	-
715	Other revenue	642,715	179,847	4,633	-	-	-	-	-
716	Gain or loss on the sale of fixed assets		-	-	-	-	-	-	-
720	Investment income - restricted		-	-	-	-	-	-	-
700	TOTAL REVENUE	716,206	306,564	89,075	1,023,793	286,768	336,436	-	1,531,599
	EXPENSES:								
	Administrative								
911	Administrative salaries		-	-	24,336	109,015	-	-	144,364
912	Accounting and Auditing fees		-	-	-	-	-	-	-
913	Outside management fees		-	-	-	-	-	-	-
914	Compensated absences		-	-	-	-	-	-	-
915	Employee benefit contributions- administrative		-	-	9,594	6,825	-	-	56,879
916	Other operating- administrative	138,465	1,564	289	-	122,669	277,199	-	-
	Tenant services								
921	Tenant services - salaries	297,767	69,047	22,202	-	21,954	42,874	-	-
922	Relocation costs		-	-	-	-	-	-	-
923	Employee benefit contributions- tenant services	90,545	-	560	-	1,375	16,166	-	-
924	Tenant services - other	168,135	235,953	65,994	-	-	-	-	-

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self Sufficiency	Supportive Housing Services	Youth Entrepreneur Program	Room Occupancy Program Totals
	Utilities								
931	Water		-	-	-	-	-	-	-
932	Electricity		-	-	-	-	-	-	-
933	Gas		-	-	-	-	-	-	-
934	Fuel		-	-	-	-	-	-	-
935	Labor		-	-	-	-	-	-	-
937	Employee benefit contributions- utilities		-	-	-	-	-	-	-
938	Other utilities expense		-	-	-	-	-	-	-
	Ordinary maintenance & operation								
941	Ordinary maint and op - labor		-	-	-	-	-	-	-
942	Ordinary maintenance and op - materials	4,814	-	-	-	-	-	-	-
943	Ordinary maintenance and op - contract costs		-	-	-	-	-	-	-
945	Employee benefit contributions- ord. mai		-	-	-	-	-	-	-
	Protective services								
951	Protective services - labor		-	-	-	-	-	-	-
952	Protective services- other contract costs		-	-	-	-	-	-	-
953	Protective services - other		-	-	-	-	-	-	-
955	Employee benefit contributions- protective		-	-	-	-	-	-	-
	General expenses								
961	Insurance premiums	1,726	-	30	140	93	196	-	827
962	Other General Expenses		-	-	-	-	-	-	-
963	Payments in lieu of taxes		-	-	-	-	-	-	-
964	Bad debt - tenant rents		-	-	-	-	-	-	-
965	Bad debt- mortgages		-	-	-	-	-	-	-
966	Bad debt - other		-	-	-	-	-	200,000	-
967	Interest expense		-	-	-	-	-	-	-
968	Severance expense		-	-	-	-	-	-	-

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident		Supportive Housing Services	Youth Entrepreneur Program	Room Occupancy Program Totals
						Opportunity and Self Sufficiency	Construction			
969	TOTAL OPERATING EXPENSES	701,451	306,564	89,075	34,070	261,932	336,435	200,000	202,070	
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	14,755	-	-	989,723	24,836	1	(200,000)	1,329,529	
971	Extraordinary maintenance	-	-	-	-	10,489	-	-	-	
972	Casualty losses - non capitalized	-	-	-	-	-	-	-	-	
973	Housing assistance payments	-	-	-	968,147	-	-	-	1,287,416	
974	Depreciation expense	588	-	-	-	13,131	-	-	-	
975	Fraud losses	-	-	-	-	-	-	-	-	
976	Capital outlays- governmental funds	-	-	-	-	-	-	-	-	
977	Debt principal payment- governmental fu	-	-	-	-	-	-	-	-	
978	Dwelling units rent expense	-	-	-	-	-	-	-	-	
900	TOTAL EXPENSES	702,039	306,564	89,075	1,002,217	285,552	336,435	200,000	1,489,486	
	OTHER FINANCING SOURCES (USES)									
1001	Operating transfers in									
1002	Operating transfers out									
1003	Operating transfers from primary government									
1004	Operating transfers from/to component unit									
1005	Proceeds from notes, loans and bonds									
1006	Proceeds from property sales									
1007	Extraordinary items, net gain/loss									
1008	Special items, net gain/loss									
1010	TOTAL OTHER FINANCING SOURCES (USES)									
1000	EXCESS OF REVENUE OVER EXPENSES	14,166	-	-	21,576	1,216	1	(200,000)	42,113	

PHILADELPHIA HOUSING AUTHORITY
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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Low Rent Program Totals	MOVE TO WORK	Mod Rehab 001	Mod Rehab 002	Mod Rehab 003	Mod Rehab 004	Mod Rehab 005
	REVENUE:							
703	Net tenant rental revenue	16,638,250	-					
704	Tenant revenue - other	183,040	-					
705	Total tenant revenue	16,841,291	-					
706	HUD PHA grants	99,496,822	135,810,813	425,798	541,981	485,937	80,816	-85,948
706.1	HUD PHA CAPITAL GRANTS	-	-					
708	Other government grants	-	-					
711	Investment income - unrestricted	974,538	569,632					
712	Mortgage interest income	-	-					
714	Fraud recovery	-	-					
715	Other revenue	565,152	-					
716	Gain or loss on the sale of fixed assets	(9,743,938)	-					
720	Investment income - restricted	-	-					
700	TOTAL REVENUE	108,133,865	136,380,445	425,798	541,981	485,937	80,816	(85,948)
	EXPENSES:							
	Administrative							
911	Administrative salaries	18,077,698	9,821,495	23,124	24,721	19,132	3,548	0
912	Accounting and Auditing fees	194,365	60,800	0	0	0	0	0
913	Outside management fees	-	-					
914	Compensated absences	(457,962)	40,190					
915	Employee benefit contributions- administrative	8,232,186	265,883	9,055	9,746	7,543	1,399	0
916	Other operating- administrative	14,394,128	12,186,255	(707)	0	0	0	0
	Tenant services							
921	Tenant services - salaries	-	1,434,925					
922	Relocation costs	-	-					
923	Employee benefit contributions- tenant services	-	29,448					
924	Tenant services - other	1,477,703	168,127					

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Line Item #	Account Description	Low Rent Program Totals	MOVE TO WORK	Mod Rehab 001	Mod Rehab 002	Mod Rehab 003	Mod Rehab 004	Mod Rehab 005
	Utilities							
931	Water	7,686,144	-					
932	Electricity	6,687,261	-					
933	Gas	12,247,399	-					
934	Fuel	271,227	-					
935	Labor	942,897	-					
937	Employee benefit contributions- utilities	429,374	-					
938	Other utilities expense	269,571	-					
	Ordinary maintenance & operation							
941	Ordinary maint and op - labor	30,028,462	506,594	(1,632)				
942	Ordinary maintenance and op - materials	6,557,782	33,164	0				
943	Ordinary maintenance and op - contract c	6,177,685	85,010					
945	Employee benefit contributions- ord. mai	13,674,301	10,397					
	Protective services							
951	Protective services - labor	1,604,650	2,030,580					
952	Protective services- other contract costs	2,778,488	210,243	0				
953	Protective services - other	94,314	-					
955	Employee benefit contributions- protectiv	730,722	41,672					
	General expenses							
961	Insurance premiums	10,888,932	(24,400)	133	142	110	20	0
962	Other General Expenses	6,162,969	205,538	0		0		
963	Payments in lieu of taxes	-	-					
964	Bad debt - tenant rents	494,955	-					
965	Bad debt- mortgages	-	-					
966	Bad debt - other	-	-					
967	Interest expense	-	-					
968	Severance expense	110,151	-	0	0	0	0	0

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Low Rent		Mod Rehab 001	Mod Rehab 002	Mod Rehab 003	Mod Rehab 004	Mod Rehab 005
		Program Totals	MOVE TO WORK					
969	TOTAL OPERATING EXPENSES	149,755,401	27,105,921	29,972	34,609	26,784	4,968	-
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(41,621,536)	109,274,525	395,826	507,372	459,153	75,848	(85,948)
971	Extraordinary maintenance	268,113	911,214					
972	Casualty losses - non capitalized	-	-					
973	Housing assistance payments	-	99,856,411					
974	Depreciation expense	35,438,848	834,805	396,081	492,079	361,774	73,599	726
975	Fraud losses	-	-					
976	Capital outlays- governmental funds	-	-					
977	Debt principal payment- governmental fu	-	-					
978	Dwelling units rent expense	-	-					
900	TOTAL EXPENSES	185,462,362	128,708,350	426,053	526,688	388,558	78,567	726
	OTHER FINANCING SOURCES (USES)							
1001	Operating transfers in	22,629,345	-					
1002	Operating transfers out	-	(14,547,468)					
1003	Operating transfers from primary governm	-	-					
1004	Operating transfers from/to component un	-	-					
1005	Proceeds from notes, loans and bonds	-	-					
1006	Proceeds from property sales	-	-					
1007	Extraordinary items, net gain/loss	-	-					
1008	Special items, net gain/loss	-	-					
1010	TOTAL OTHER FINANCING SOURCES (USES)	22,629,345	(14,547,468)	-	-	-	-	-
1000	EXCESS OF REVENUE OVER EXPENSES	(54,699,151)	(6,875,373)	(255)	15,293	97,379	2,249	(86,674)

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Mod Rehab 006	Mod Rehab 007	Mod Rehab 008	Mod Rehab 009	Mod Rehab 010	Admin Fees	MOD Rehab Program Totals	Housing Choice Voucher Program	CFP TOTALS
	REVENUE:									
703	Net tenant rental revenue									
704	Tenant revenue - other									
705	Total tenant revenue									
706	HUD PHA grants	42,270	136,868	238,973	342,099	86,838		2,295,632	7,894,229	53,809,058
706.1	HUD PHA CAPITAL GRANTS									18,885,939
708	Other government grants									
711	Investment income - unrestricted						11,396	11,396	1,371,332	
712	Mortgage interest income									
714	Fraud recovery									
715	Other revenue								35,234	
716	Gain or loss on the sale of fixed assets								197,009	
720	Investment income - restricted									(2,589,367)
700	TOTAL REVENUE	42,270	136,868	238,973	342,099	86,838	11,396	2,295,632	9,497,804	70,105,630
	EXPENSES:									
	Administrative									
911	Administrative salaries	2,425	6,180	9,019	35,396	3,548		127,093	375,895	7,953,229
912	Accounting and Auditing fees	0	0	0	0	0				
913	Outside management fees									
914	Compensated absences								47,633	
915	Employee benefit contributions- administrative	956	2,437	3,556	13,954	1,399		50,044	152,527	4,282,508
916	Other operating- administrative	0	0	0	0	0		(707)	26,776	555,925
	Tenant services									
921	Tenant services - salaries									
922	Relocation costs									103,371
923	Employee benefit contributions- tenant se									
924	Tenant services - other									

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Mod				MOD Rehab		Housing		
		Rehab 006	Rehab 007	Rehab 008	Mod 009	Rehab 010	Admin Fees	Program Totals	Choice Voucher Program	CFP TOTALS
969	TOTAL OPERATING EXPENSES	3,444	8,652	12,626	49,553	4,968	-	175,576	617,205	14,959,490
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	38,826	128,216	226,347	292,546	81,870	11,396	2,131,452	8,880,600	55,146,140
971	Extraordinary maintenance								793	3,749,900
972	Casualty losses - non capitalized								-	-
973	Housing assistance payments	38,740	124,773	220,648	272,742	81,453		2,062,615	6,413,715	-
974	Depreciation expense								15,633	8,999,613
975	Fraud losses								-	-
976	Capital outlays- governmental funds								-	-
977	Debt principal payment- governmental fu								-	-
978	Dwelling units rent expense								-	-
900	TOTAL EXPENSES	42,184	133,425	233,274	322,295	86,421	-	2,238,191	7,047,347	27,709,003
	OTHER FINANCING SOURCES (USES)									
1001	Operating transfers in									
1002	Operating transfers out									(35,099,668)
1003	Operating transfers from primary governm									
1004	Operating transfers from/to component up									
1005	Proceeds from notes, loans and bonds									
1006	Proceeds from property sales									
1007	Extraordinary items, net gain/loss									
1008	Special items, net gain/loss									
1010	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	(35,099,668)
1000	EXCESS OF REVENUE OVER EXPENSES	86	3,443	5,699	19,804	417	11,396	68,837	2,450,458	7,296,959

PHILADELPHIA HOUSING AUTHORITY

MARCH 31, 2006

FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Programs for the			HOPE VI TOTALS	Comp Grant Totals	Day Care Program	Long-Term Notes Receivable	Tasker Wilson Bond Proceeds	General Purpose Bond Proceeds	Development Program Totals
		Aging Totals	Day Care Program	Receivable							
	REVENUE:										
703	Net tenant rental revenue	-	-	-	-	-	-	-	-	-	
704	Tenant revenue - other	-	-	-	-	-	-	-	-	-	
705	Total tenant revenue	-	-	-	-	-	-	-	-	-	
706	HUD PHA grants	-	-	13,842,014	-	-	-	-	-	-	
706.1	HUD PHA CAPITAL GRANTS	-	-	1,424,197	-	-	-	-	-	0	
708	Other government grants	-	124,037	-	-	5,042	-	-	-	-	
711	Investment income - unrestricted	-	-	-	-	(1,431)	-	20,325	-	-	
712	Mortgage interest income	-	-	-	-	-	2,394,152	-	-	-	
714	Fraud recovery	-	-	-	-	-	-	-	-	-	
715	Other revenue	-	-	-	-	61,992	-	-	-	-	
716	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-	-	-	
720	Investment income - restricted	-	-	-	-	-	-	-	-	-	
700	TOTAL REVENUE	-	124,037	15,266,211	-	65,603	2,394,152	20,325	-	0	
	EXPENSES:										
	Administrative										
911	Administrative salaries	-	-	433,011	-	-	-	640,439	-	-	
912	Accounting and Auditing fees	-	-	-	-	-	-	-	-	-	
913	Outside management fees	-	-	-	-	-	-	-	-	-	
914	Compensated absences	-	-	-	-	-	-	-	-	-	
915	Employee benefit contributions- administrative	-	-	233,160	-	-	-	344,852	-	-	
916	Other operating- administrative	-	1,696	2,236,927	-	1,973	-	714,753	(4,999)	-	
	Tenant services										
921	Tenant services - salaries	-	98,688	-	-	36,348	-	-	-	-	
922	Relocation costs	-	-	128,650	-	-	-	11,707	-	-	
923	Employee benefit contributions- tenant services	-	23,241	-	-	16,466	-	-	-	-	
924	Tenant services - other	-	100	2,293,144	-	1,523	-	-	-	-	

PHILADELPHIA HOUSING AUTHORITY

MARCH 31, 2006

FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Programs for the				Long-Term Notes Receivable	Tasker Wilson Bond Proceeds	General Purpose Bond Proceeds	Development Program Totals
		Comp Grant Totals	HOPE VI TOTALS	Aging Totals	Day Care Program				
	Utilities								
931	Water	-	-	-	-	-	-	-	
932	Electricity	-	-	-	-	-	-	-	
933	Gas	-	-	-	-	-	-	-	
934	Fuel	-	-	-	-	-	-	-	
935	Labor	-	-	-	-	-	-	-	
937	Employee benefit contributions- utilities	-	-	-	-	-	-	-	
938	Other utilities expense	-	-	-	-	-	-	-	
	Ordinary maintenance & operation								
941	Ordinary maint and op - labor	-	-	-	-	-	-	-	
942	Ordinary maintenance and op - materials	-	-	90	-	-	-	-	
943	Ordinary maintenance and op - contract c	-	-	-	-	-	-	-	
945	Employee benefit contributions- ord. mai	-	-	-	-	-	-	-	
	Protective services								
951	Protective services - labor	-	-	-	-	-	-	-	
952	Protective services- other contract costs	-	-	-	-	-	-	-	
953	Protective services - other	-	-	-	-	-	-	-	
955	Employee benefit contributions- protectiv	-	-	-	-	-	-	-	
	General expenses								
961	Insurance premiums	-	-	221	267	-	-	-	
962	Other General Expenses	-	-	-	-	-	-	-	
963	Payments in lieu of taxes	-	-	-	-	-	-	-	
964	Bad debt - tenant rents	-	-	-	-	-	-	-	
965	Bad debt- mortgages	-	-	-	-	-	-	-	
966	Bad debt - other	-	-	-	-	-	-	-	
967	Interest expense	-	-	-	-	-	-	-	
968	Severance expense	-	-	-	9,026	-	-	-	

PHILADELPHIA HOUSING AUTHORITY
MARCH 31, 2006
FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Programs for the				Long-Term			General	
		Comp Grant Totals	HOPE VI TOTALS	Aging Totals	Day Care Program	Notes Receivable	Tasker Wilson Bond Proceeds	Purpose Bond Proceeds	Development Program Totals	
969	TOTAL OPERATING EXPENSES	-	5,324,892	124,037	65,603	-	1,711,751	(4,999)	-	
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	-	9,941,319	-	-	2,394,152	(1,691,426)	4,999	0	
971	Extraordinary maintenance	-	7,122,389	-	-	-	1,714,936	10,183,945	-	
972	Casualty losses - non capitalized	-	-	-	-	-	-	-	-	
973	Housing assistance payments	-	-	-	-	-	-	-	-	
974	Depreciation expense	13,425	942,232	189	-	-	1,782,658	-	829,893	
975	Fraud losses	-	-	-	-	-	-	-	-	
976	Capital outlays- governmental funds	-	-	-	-	-	-	-	-	
977	Debt principal payment- governmental fu	-	-	-	-	-	-	-	-	
978	Dwelling units rent expense	-	-	-	-	-	-	-	-	
900	TOTAL EXPENSES	13,425	13,389,513	124,226	65,603	-	5,209,345	10,178,946	829,893	
	OTHER FINANCING SOURCES (USES)									
1001	Operating transfers in	-	-	-	-	17,041,241	6,900,882	522,500	0	
1002	Operating transfers out	-	(1,394,733)	-	-	-	-	-	0	
1003	Operating transfers from primary governm									
1004	Operating transfers from/to component un									
1005	Proceeds from notes, loans and bonds									
1006	Proceeds from property sales									
1007	Extraordinary items, net gain/loss									
1008	Special items, net gain/loss									
1010	TOTAL OTHER FINANCING SOURCES (USES)	-	(1,394,733)	-	-	17,041,241	6,900,882	522,500	-	
1000	EXCESS OF REVENUE OVER EXPENSES	(13,425)	481,965	(189)	-	19,435,393	1,711,862	(9,656,446)	(829,893)	

PHILADELPHIA HOUSING AUTHORITY
MARCH 31, 2006
FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Component Unit Totals	State/Local Grant Totals	TOTAL
	REVENUE:			
703	Net tenant rental revenue	6,179,996	-	22,838,246
704	Tenant revenue - other	108,077	-	291,117
705	Total tenant revenue	6,288,073	-	23,129,364
706	HUD PHA grants	3,915,294	-	320,326,900
706.1	HUD PHA CAPITAL GRANTS			20,310,136
708	Other government grants	562,630	769,287	1,661,203
711	Investment income - unrestricted	967,001	17,559	3,930,333
712	Mortgage interest income	305,287	-	2,699,439
714	Fraud recovery			35,234
715	Other revenue	6,805,639	70,160	8,527,147
716	Gain or loss on the sale of fixed assets			(12,333,305)
720	Investment income - restricted			-
700	TOTAL REVENUE	18,843,924	857,006	368,286,471
	EXPENSES:			
	Administrative			
911	Administrative salaries	2,539,019	-	40,245,596
912	Accounting and Auditing fees	576,033	-	831,198
913	Outside management fees	960,984	-	960,984
914	Compensated absences			(370,139)
915	Employee benefit contributions- administrative	298,060	-	13,932,518
916	Other operating- administrative	1,234,473	419,874	32,307,260
	Tenant services			
921	Tenant services - salaries	125,886	-	2,149,691
922	Relocation costs			243,728
923	Employee benefit contributions- tenant se			177,799
924	Tenant services - other	75,287	47,395	4,533,360

PHILADELPHIA HOUSING AUTHORITY
MARCH 31, 2006
FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Component Unit Totals	State/Local Grant Totals	TOTAL
	Utilities			
	Water	595,581	-	8,281,725
931	Electricity	228,491	-	6,915,752
932	Gas	130,119	-	12,377,518
933	Fuel		-	271,227
934	Labor		-	942,897
935	Employee benefit contributions- utilities		-	429,374
937	Other utilities expense	1,140,680	-	1,410,251
938				
	Ordinary maintenance & operation			
941	Ordinary maint and op - labor	1,041,837	-	31,576,893
942	Ordinary maintenance and op - materials	870,396	757	7,463,825
943	Ordinary maintenance and op - contract costs	460,781	-	6,723,476
944	Employee benefit contributions- ord. mai	320,175	-	14,004,873
945				
	Protective services			
951	Protective services - labor		22,133	3,657,362
952	Protective services- other contract costs		-	2,988,730
953	Protective services - other	162,998	-	257,312
954	Employee benefit contributions- protective		-	772,395
955				
	General expenses			
961	Insurance premiums	1,095,559	-	11,966,595
962	Other General Expenses	361,047	-	6,742,309
963	Payments in lieu of taxes		-	-
964	Bad debt - tenant rents	44,294	-	539,249
965	Bad debt- mortgages		-	-
966	Bad debt - other		-	202,273
967	Interest expense	2,597,651	-	4,660,775
968	Severance expense		-	119,177

PHILADELPHIA HOUSING AUTHORITY
MARCH 31, 2006
FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Component Unit Totals	State/Local Grant Totals	TOTAL
969	TOTAL OPERATING EXPENSES	14,859,351	490,158	217,315,984
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	3,984,573	366,847	150,970,487
971	Extraordinary maintenance		1,320,487	25,282,265
972	Casualty losses - non capitalized		-	-
973	Housing assistance payments		-	110,588,304
974	Depreciation expense	9,641,400	30,591	58,543,007
975	Fraud losses	-	-	-
976	Capital outlays- governmental funds		-	-
977	Debt principal payment- governmental fu		-	-
978	Dwelling units rent expense		-	-
900	TOTAL EXPENSES	24,500,751	1,841,236	411,729,560
	OTHER FINANCING SOURCES (USES)			
1001	Operating transfers in	2,928,164	1,019,736	51,041,869
1002	Operating transfers out	-	-	(51,041,869)
1003	Operating transfers from primary governm	-	-	-
1004	Operating transfers from/to component us	86,023,655	-	86,023,655
1005	Proceeds from notes, loans and bonds	-	-	-
1006	Proceeds from property sales	-	-	-
1007	Extraordinary items, net gain/loss	-	-	-
1008	Special items, net gain/loss	-	-	-
1010	TOTAL OTHER FINANCING SOURCES (USES)	88,951,819	1,019,736	86,023,655
1000	EXCESS OF REVENUE OVER EXPENSES	83,294,992	35,505	42,580,565

SINGLE AUDIT SECTION

PHILADELPHIA HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2006

<u>CFDA Number</u>	<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>Pass Thru Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
10.558	Child Care Food Program		\$ 126,717
<u>U.S. Department of Housing and Urban Development</u>			
14.170	Congregate Housing Service Program	N/A	84,443
14.182	New Construction Section 8 Program	N/A	1,023,793
14.235	Supportive Housing Program	N/A	336,436
14.249	Section 8 Single Room Occupancy Program	N/A	1,531,599
14.850a	Low Rent Public Housing	N/A	99,496,822
14.855	Moving to Work Program	N/A	135,810,813
14.856	Section 8 Moderate Rehabilitation	N/A	2,295,632
14.857	Section 8 Housing Choice Vouchers	N/A	7,894,229
14.866	Revitalization of Severely Distressed Public Housing	N/A	15,266,211
14.870	Resident Opportunity & Self-Sufficiency	N/A	286,768
14.872	Capital Fund Program	N/A	72,694,997
<u>Health and Human Services</u>			
93.044	Special Programs for the Aging	N/A	124,037
93.575	Child Care and Development Grant	N/A	5,042
93.600	Head Start	N/A	73,490
			<u>\$337,051,029</u>

This schedule is prepared on the accrual basis of accounting.

**PHILADELPHIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	No
Type of auditors’ 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?	No
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850a	Low Rent Public Housing
14.856	Section 8 Housing Choice Vouchers
14.866	Revitalization of Severely Distressed Public Housing
14.872	Capital Fund Program
14.855	Moving to Work Program
N/A	Bond Proceeds

PHILADELPHIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006

SECTION I – SUMMARY OF AUDITORS’ RESULTS - Continued

Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no Financial Statement Findings for the current audit period.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no Federal Award Findings and Questioned Costs for the current period.

**PHILADELPHIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There are no open prior audit findings.

Report of Independent Certified Public Accountants
on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

Board of Commissioners
Philadelphia Housing Authority
Philadelphia, Pennsylvania

HUD, Pennsylvania State Office
Office of Public Housing
Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107

We have audited the financial statements of Philadelphia Housing Authority (PHA) as of and for the year ended March 31, 2006, and have issued our report thereon dated November 1, 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.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered PHA'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 assurance 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 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 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.

This report is intended for the information and use of management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Skelton & Company LLC

November 1, 2006

Report of Independent Certified Public Accountants
on Compliance with Requirements Applicable to Each Major
Program and Internal Control over Compliance in Accordance
With OMB Circular A-133

Board of Commissioners
Philadelphia Housing Authority
Philadelphia, Pennsylvania

HUD, Pennsylvania State Office
Office of Public Housing
Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107

Compliance

We have audited the compliance of the Philadelphia Housing Authority (PHA) 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. PHA's major federal programs are identified in the summary of auditors' 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 PHA's management. Our responsibility is to express an opinion on PHA'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 PHA'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 PHA's compliance with those requirements.

In our opinion, PHA 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 PHA 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 PHA's internal control over compliance with the 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 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 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 for the information and use of management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Sidman & Company, LLC

November 1, 2006

CITY OF PHILADELPHIA
SUPPLEMENTARY INFORMATION

PHILADELPHIA HOUSING AUTHORITY

STATEMENT OF NET ASSETS

MARCH 31, 2006

Current assets:	
Cash	
Unrestricted	\$ 87,925,000
Restricted	2,426,000
Investments	
Unrestricted	17,545,000
Restricted	23,395,000
Rents receivable - net of allowance for uncollectables	280,000
Accounts receivable	46,132,000
Due from other governments	36,036,000
Accrued interest receivable	589,000
Deferred charges and other assets	4,305,000
	<hr/>
Total current assets	218,633,000
	<hr/>
Noncurrent Assets:	
Land, building and equipment - net of accumulated depreciation	969,025,000
Mortgage receivable	166,879,000
Other assets	11,507,000
	<hr/>
Total noncurrent assets	1,147,411,000
	<hr/>
TOTAL ASSETS	\$1,366,044,000
	<hr/> <hr/>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 19,781,000
Accrued liabilities	9,752,000
Accrued interest payable	6,618,000
Trust for deposit liabilities	1,081,000
Deferred credits and other liabilities	59,367,000
Bonds, notes and other loans	3,350,000
	<hr/>
Total current liabilities	99,949,000
	<hr/>
Noncurrent liabilities:	
Long-term debt	303,385,000
Other long-term liabilities	35,290,000
	<hr/>
Total Long-term Liabilities	338,675,000
	<hr/>
TOTAL LIABILITIES	438,624,000
	<hr/> <hr/>
Net assets:	
Net investment in fixed assets	662,412,000
Restricted	2,394,000
Unrestricted	262,614,000
	<hr/>
Total net assets	927,420,000
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$1,366,044,000
	<hr/> <hr/>

PHILADELPHIA HOUSING AUTHORITY
 STATEMENT OF ACTIVITIES
 YEAR ENDED MARCH 31, 2006

	<u>EXPENSES</u>	<u>TENANT REVENUE</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
FUNCTIONS/PROGRAMS					
Housing activities	<u>\$331,409,000</u>	<u>\$23,129,000</u>	<u>\$324,958,000</u>	<u>\$25,903,000</u>	\$ 42,581,000
Changes in net assets:					
Net assets - beginning					884,647,000
Prior period adjustment					<u>192,000</u>
Net assets - ending					<u>\$927,420,000</u>

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

Philadelphia Housing Authority

Program/Activity Receiving Federal Grant Funding

Moving To Work Year Six Report

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

- (1) The dangers of drug abuse in the workplace;
- (2) The Applicant's policy of maintaining a drug-free workplace;
- (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
- (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

- (1) Abide by the terms of the statement; and
- (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federalagency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

- (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
- (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. Sites for Work Performance. The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Check here if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official Carl R. Greene	Title Executive Director
Signature X	Date 6/21/07

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Applicant Name

Philadelphia Housing Authority

Program/Activity Receiving Federal Grant Funding

Moving to Work Year Six Report

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Carl R. Greene

Title

Executive Director

Signature

Date (mm/dd/yyyy)

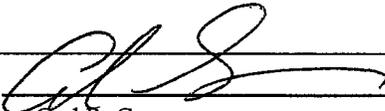
6/21/07

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB
0348-0046

(See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input checked="" type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Congressional District, if known: 2nd	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency: U.S. Department of Housing & Urban Development	7. Federal Program Name/Description: MTW Year Six Report CFDA Number, if applicable: 14.870	
8. Federal Action Number, if known:	9. Award Amount, if known: \$	
10. a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI): Not Applicable	b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI):	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature:  Print Name: Carl R. Greene Title: Executive Director Telephone No.: 215-684-4174 Date: 6/27/07	
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

MOVING TO WORK YEAR FIVE REPORT
APPENDIX A

Philadelphia Housing Authority Rent Impact Analysis – May 2007

Pursuant to the Moving To Work (MTW) Agreement, the Philadelphia Housing Authority (PHA) conducted a rent impact analysis for the three-year period 2004 through 2006. The phase-in of rent simplification began in April 2003 for the Housing Choice Voucher program and in September 2004 for the Public Housing program. Low Income Housing Tax Credit sites managed by PAPMC, Moderate Rehab units and non-MTW vouchers are not subject to rent simplification and are not included in this analysis.

PHA's rent simplification program currently includes the following components:

- ◆ Implementation of a single working household deduction
- ◆ Modification of the definition of income to exclude the first \$500 of asset income as well as offsetting certain Medicare related insurance premium
- ◆ Utilization of a sliding scale of percentages based on family size to calculate Total Tenant Payment
- ◆ Establishment of a \$50 minimum rent after a ninety (90) day grace period
- ◆ Increase in Ceiling rents (PH only)
- ◆ Implementation of two year recertifications
- ◆ Establishment of a seven year participation limit (HCV only) with exclusions for seniors and persons with disabilities
- ◆ Requirement for development of a Family Economic Development Action Plan for applicable households (HCV only)

PHA prepared this rent impact analysis of public housing and HCV households using a "snapshot" of resident household data from PHA's computer system for the periods 2004, 2005 and 2006. The total public housing households included in the dataset numbered 12,301, compared to 16,523 in the HCV program. Note that the profile of PHA households was constantly changing during this period as a result of move-ins and move-outs. As discussed in PHA's Annual Reports, new move-ins from the waiting list are overwhelmingly "extremely low" income households. In contrast, households moving out are more likely to be higher income households who "graduate" from HCV and/or move on to homeownership and other housing opportunities.

The following is a summary of the results of the rent impact analysis.

Affordability

PHA's rent policies resulted in affordable household rents in both the public housing and HCV programs. The following chart shows average Total Tenant Payment (TTP) as a percentage of Gross Income. The chart excludes households earning less than \$2,000 annually, who are subject to a minimum rent payment after a 90-day grace period and, therefore, tend to pay a higher percentage of income for TTP. See analysis of this group below under "Minimum Rent Payers". Table 1 highlights the fact that for all other households, PHA residents pay 28% or less of gross income towards rent.

**Table 1:
Total Tenant Payment As Percentage of Gross Income by Quartiles**

	2004	2005	2006
Public Housing Households			
<i>Average</i>	27%	26%	26%
<i>Lowest Quartile</i>	25%	26%	26%
<i>Median</i>	27%	27%	27%
<i>Highest Quartile</i>	28%	28%	28%
Housing Choice Voucher Households			
<i>Average</i>	27%	27%	27%
<i>Lowest Quartile</i>	25%	26%	26%
<i>Median</i>	27%	27%	27%
<i>Highest Quartile</i>	28%	28%	28%

HCV Affordability

As described in Table 1, HCV households on average paid 27% of gross household income towards rent. Under PHA's rent simplification program, HCV households retain the option to pay up to 40% of household income toward rent at initial occupancy (or higher thereafter) if they choose to rent an apartment that exceeds PHA's published HCV Payment Standards. This is a program feature common to the HCV program nationwide. While this is an allowable program element, a high percentage of HCV households paying in excess of 30% of income would cause concern that payment standards are too low. Based on this impact analysis, PHA's Payment Standards appear to be adequate. Table 2 provides a summary of HCV households who elect to pay more than 30% of income for rent. Both the number of households in this category and the percentage of income paid towards rent have trended down since 2004.

**Table 2:
HCV Households Electing to Exceed Payment Standards**

	2004	2005	2006
<i>Number of Households</i>	1440	1123	1078
<i>TTP as Percent of Gross Income</i>	33%	33%	32%
<i>TTP as Percent of Adjusted Income</i>	36%	35%	33%

Minimum Rent Payers

Under rent simplification, the number of households reporting either zero incomes or incomes less than \$2,000 has steadily declined from 2004 to 2006. The total number has decreased from 1,364 in 2004 to 711 in 2006. This group is required to pay a \$50 minimum rent after a 90-day grace period.

Household Income

Under PHA's rent simplification program, gross household incomes increased for both public housing and HCV households; however, in looking at average household income, the rate of increase for HCV households was more than twice that of public housing households. As of 2006, median income for HCV households was 6.3% than that of public housing households. Table 3 shows households income by quartile for HCV and public housing.

Table 3: Household Incomes

	2004	2005	2006	Change 04-06
Public Housing Households				
<i>Average</i>	11,504	12,727	12,392	7.7%
<i>Lowest Quartile</i>	6,500	7,068	7,068	8.7%
<i>Median</i>	7,868	8,713	8,736	11%
<i>Highest Quartile</i>	14,194	16,242	15,528	9.4%
Housing Choice Voucher Households				
<i>Average</i>	10,292	10,891	11,981	16.4%
<i>Lowest Quartile</i>	5,964	6,387	7,068	18.5%
<i>Median</i>	7,873	8,268	9,288	17.9%
<i>Highest Quartile</i>	13,143	14,084	15,491	17.8%

Employment Income

Under rent simplification, employment income increased for households with at least one wage earner. The total number of HCV households with at least one wage earner increased from 4,628 to 4,867 (29% of program participants, while the number of public housing households with a wage earner declined slightly from 3,405 to 3,369 (27% of participants). As shown in Table 4, the rate of increase in income from employment for wage earning households was significantly higher in the HCV program, i.e. median employment income increased by 17.1% for HCV wage earning households compared to an 8.4% increase in the public housing program. In absolute terms, however, median income for wage earning households was higher in the public housing program than in HCV.

Table 4: Employment Incomes for Households with Wage Earner(s)

	2004	2005	2006	Change 04-06
Public Housing Households				
<i>Average</i>	17,755	19,556	19,073	7.4%
<i>Lowest Quartile</i>	8,736	10,178	10,075	15.3%
<i>Median</i>	15,371	17,680	16,671	8.4%
<i>Highest Quartile</i>	23,296	25,393	25,135	7.9%
Housing Choice Voucher Households				
<i>Average</i>	14,812	15,846	17,230	16.3%
<i>Lowest Quartile</i>	8,535	9,280	10,002	17.1%
<i>Median</i>	13,728	14,721	16,077	17.1%
<i>Highest Quartile</i>	20,240	21,302	22,966	13.4%

Non Wage Earning Households

Households without wage earners were the predominate group served by PHA. Based on the current population demographics as well as the characteristics of PHA's waiting list, this situation is unlikely to change or be measurably impacted by rent simplification in the foreseeable future. For example, the total number of HCV households with either SSI or SS income increased from 8,617 to 9,506 from 2004 to 2006. Public housing households in this group increased from 7,788 to 8,043.