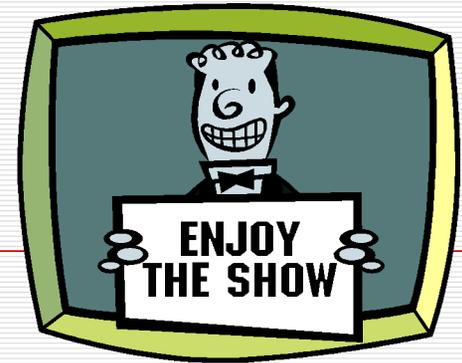


PHILADELPHIA HOUSING AUTHORITY

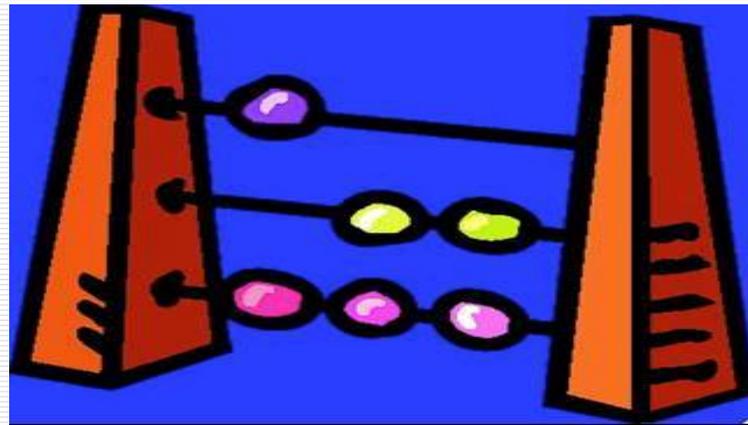


ISDANER & COMPANY, LLC
PRESENTATION TO PHA BOARD OF
DIRECTORS
FISCAL YEAR 2011

AGENDA



- FINANCIAL INFORMATION
 - COMPONENT UNITS
 - AUDIT HIGHLIGHTS
 - COMPLIANCE TESTING
-



FINANCIAL INFORMATION

STATEMENT OF NET ASSETS



- TOTAL ASSETS
 - CASH AND INVESTMENTS
 - NET ASSETS
 - TOTAL LIABILITIES
-

TOTAL ASSETS

AUTHORITY OPERATIONS



- 3/31/2011 \$1,219,836,000
 - 3/31/2010 \$1,111,826,000

 - INCREASE \$ 108,010,000
 - % INCREASE 10%
-

TOTAL ASSETS

COMPONENT UNITS



- 3/31/2011 \$529,845,000
 - 3/31/2010 \$462,590,000

 - INCREASE \$ 67,255,000
 - % INCREASE 15%
-

I INVESTMENTS

AUTHORITY OPERATIONS

- 3/31/2011 \$227,354,000
- 3/31/2010 \$235,377,000

- DECREASE \$ (8,023,000)
- % DECREASE (6)%



INCLUDES CASH AND SHORT-TERM
APPROVED I INVESTMENTS

I INVESTMENTS

COMPONENT UNITS



- 3/31/2011 \$44,330,000
- 3/31/2010 \$18,956,000

- INCREASE \$25,374,000
- % INCREASE 134%

INCLUDES CASH AND SHORT-TERM
APPROVED INVESTMENTS

NET ASSETS

AUTHORITY OPERATIONS



- 3/31/2011 \$1,053,330,000
 - 3/31/2010 \$ 952,205,000

 - INCREASE \$ 101,125,000
 - % INCREASE 11%
-

NET ASSETS

COMPONENT UNITS

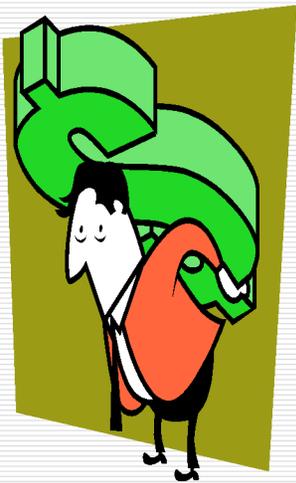
- 3/31/2011 \$ 136,903,000
- 3/31/2010 \$ 140,494,000

- DECREASE \$(3,591,000)
- % DECREASE (3)%



TOTAL LIABILITIES

AUTHORITY OPERATIONS



- 3/31/2011 \$166,506,000
 - 3/31/2010 \$159,620,000

 - INCREASE \$ 6,886,000
 - % INCREASE 4%
-

TOTAL LIABILITIES

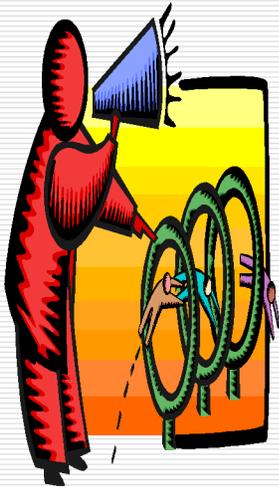
COMPONENT UNITS



- 3/31/2011 \$392,942,000
 - 3/31/2010 \$323,608,000

 - INCREASE \$ 69,334,000
 - % INCREASE 21%
-

OPERATIONS



- REVENUES
 - CHANGE IN NET ASSETS
 - OPERATING CASH FLOWS
 - FEDERAL AWARDS
-

MAJOR PROGRAMS



- LOW RENT PUBLIC HOUSING
 - SECTION 8 VOUCHER
 - CAPITAL FUND
 - MOVING TO WORK
 - ARRA CAPITAL FUND
-

REVENUES

AUTHORITY OPERATIONS



- 3/31/2011 \$507,378,000
 - 3/31/2010 \$456,416,000

 - INCREASE \$ 50,962,000
 - % INCREASE 11%
-

REVENUES

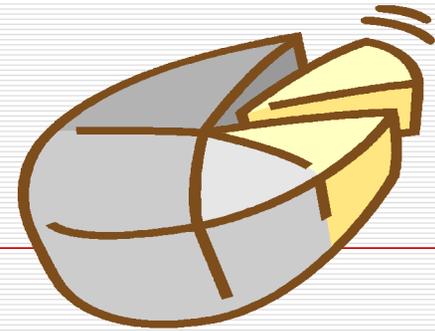
COMPONENT UNITS



- 3/31/2011 \$23,308,000
 - 3/31/2010 \$20,108,000

 - INCREASE \$ 3,200,000
 - % INCREASE 16%
-

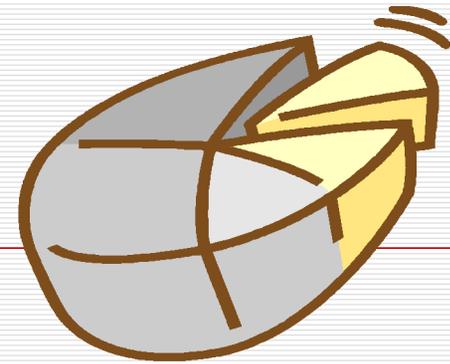
REVENUES



AUTHORITY OPERATIONS

	<u>2011</u>	<u>2010</u>
HUD SUBSIDIES	\$470,363,000	\$423,011,000
TENANT REVENUE	24,255,000	24,693,000
OTHER REVENUE	<u>12,760,000</u>	<u>8,712,000</u>
TOTAL	\$507,378,000	\$456,416,000

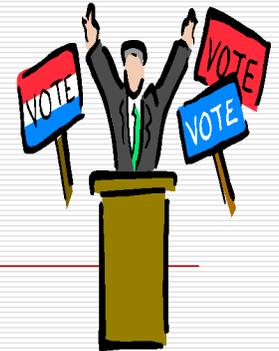
REVENUES



COMPONENT UNITS

	<u>2011</u>	<u>2010</u>
HUD SUBSIDIES	\$13,811,000	\$11,902,000
TENANT REVENUE	8,943,000	7,905,000
OTHER REVENUE	<u>554,000</u>	<u>301,000</u>
TOTAL	\$23,308,000	\$20,108,000

HUD SUBSIDIES



FEDERAL AWARDS – SEFA AUTHORITY OPERATIONS

	<u>2011</u>	<u>2010</u>
→ OPERATING	\$387,375,000	\$358,611,000
→ CAPITAL	<u>82,988,000</u>	<u>64,400,000</u>
TOTAL	\$470,363,000	\$423,011,000

HUD SUBSIDIES



FEDERAL AWARDS – SEFA COMPONENT UNITS

	<u>2011</u>	<u>2010</u>
→ OPERATING	\$13,811,000	\$11,902,000
→ CAPITAL	<u>-0-</u>	<u>-0-</u>
TOTAL	\$13,811,000	\$11,902,000

OPERATIONS

AUTHORITY OPERATIONS INCOME (LOSS) FROM OPERATIONS*



• 3/31/2011	\$29,491,000
• 3/31/2010	\$ 2,075,000
• INCREASE	\$ 27,416,000
• % INCREASE	1321%

*BEFORE INTEREST COST AND HUD
CAPITAL SUBSIDIES

OPERATIONS

COMPONENT UNITS

INCOME (LOSS)

FROM OPERATIONS*

- 3/31/2011 \$(14,475,000)
- 3/31/2010 \$(13,318,000)

- (INCREASE) \$ (1,157,000)
- % (INCREASE) (9)%

*BEFORE INTEREST COST AND HUD
CAPITAL SUBSIDIES



CASH FLOWS

AUTHORITY OPERATIONS

• 3/31/2011	\$73,984,000
• 3/31/2010	\$66,633,000
• INCREASE	\$ 7,351,000
• % INCREASE	11%



DOES NOT INCLUDE CASH FLOWS FROM
INVESTING OR FINANCING ACTIVITIES

CASH FLOWS

COMPONENT UNITS

- 3/31/2011 \$ 73,000
- 3/31/2010 \$ 2,955,000

- DECREASE \$(2,882,000)
- % DECREASE (98)%

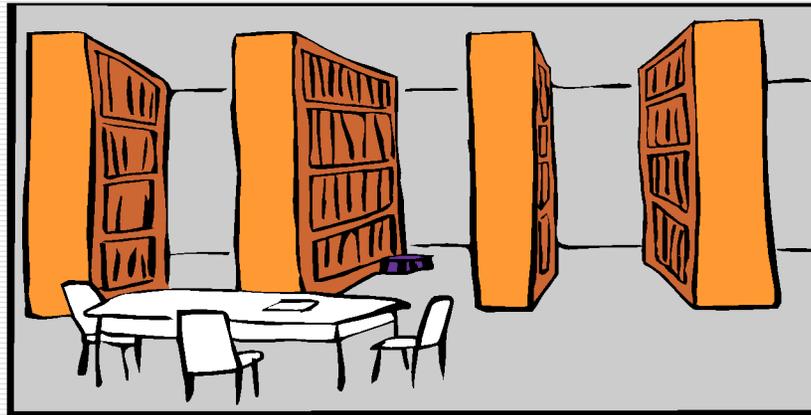


DOES NOT INCLUDE CASH FLOWS FROM
INVESTING OR FINANCING ACTIVITIES

FEDERAL AWARDS



- SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SEFA
 - PAGES 80 AND 81 OF REPORT
 - ACCRUAL BASIS
 - PASS THROUGH AWARDS TO COMPONENT UNITS (PAGE 81)
-



COMPONENT UNITS

COMPONENT UNITS

→ BLENDED

- ▶ 4 ENTITIES OWNED BY PHA

→ DISCREETLY PRESENTED

- ▶ ENTITIES OWNED BY
OUTSIDE INVESTORS

- ▶ 34 IN 2011

- ▶ 29 IN 2010



BLENDED UNITS

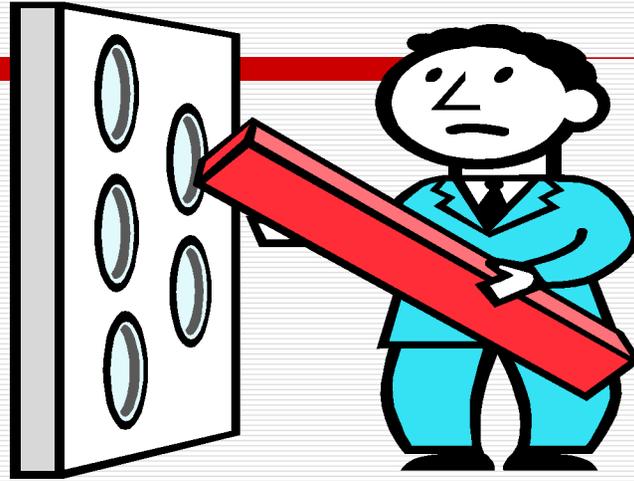


- PHILA HOUSING AUTHORITY DEVELOPMENT CORPORATION (PHADC)
 - PHILA ASSET AND PROPERTY MANAGEMENT CORPORATION (PAPMC)
 - PHILA HOUSING AUTHORITY HOME-OWNERSHIP CORPORATION (PHAHC)
 - TENANT SUPPORT SERVICES INC (TSSI)
DISCONTINUED
-

OUTSIDE OWNERSHIP



- LIMITED PARTNERSHIPS
 - OWNED BY OUTSIDE INVESTORS
 - 3152 UNITS AT 3/31/2011
 - MANY INVOLVE TAX CREDIT BENEFITS TO INVESTORS
 - PHA PROVIDES DEVELOPMENT AND OTHER SERVICES (PHADC)
 - BONDS ISSUED TO FUND PROJECTS
 - PHA PROVIDES INTERIM AND PERMANENT FINANCING IN SOME CASES
 - IN MANY CASES THE PROPERTY WILL REVERT TO PHA
-



AUDIT HIGHLIGHTS

AUDIT SCOPE



- US GENERALLY ACCEPTED AUDITING STANDARDS (GAAS)
 - GAO GOVERNMENTAL AUDITING STANDARDS (YELLOW BOOK)
 - SINGLE AUDIT REQUIREMENTS (CIRCULAR A-133 COMPLIANCE)
-

MAJOR AUDIT AREAS



- COMPLIANCE WITH HUD REGULATIONS AND FEDERAL REQUIREMENTS
 - GASB #34 REPORTING
 - PROPERTY INVESTMENT
 - DEBT AND PROJECT FUNDING
 - CASH AND INVESTMENTS
 - PAYABLES
 - ASSET RESTRICTIONS
 - COMPONENT UNITS
-

COMMUNICATIONS

- ➔ PHA CONTRACT
 - ➔ ENGAGEMENT LETTER
 - ➔ CLIENT REPRESENTATIONS
 - ➔ MANAGEMENT LETTERS
 - ➔ ATTORNEY REQUEST LETTERS
 - ➔ BANKS, INVESTMENTS AND
OTHER CONFIRMATIONS
-



QUALITY ASSURANCE

- IN-CHARGE - DAILY SUPERVISION AND REVIEW OF STAFF AUDITORS
- MANAGER – OVERALL ENGAGEMENT CONTROL AND REVIEW
- PARTNER – ENGAGEMENT DIRECTION AND HIGH LEVEL REVIEW
- QUALITY ASSURANCE REVIEW - INDEPENDENT REVIEW OF ENGAGEMENT FOR COMPLIANCE WITH PROFESSIONAL STANDARDS

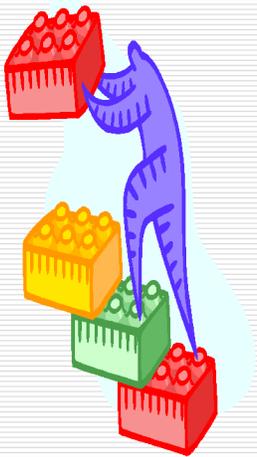




COMPLIANCE TESTING

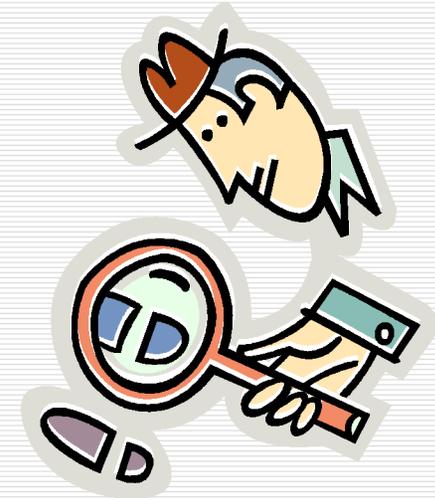
COMPLIANCE

- OMB CIRCULAR A-133
COMPLIANCE SUPPLEMENT
- GENERAL REQUIREMENTS
- SPECIFIC PROGRAM
REQUIREMENTS – BASED ON
CFDA NUMBER



TESTING

- TENANT FILES
- CONTRACTS
- DISBURSEMENTS
- PAYROLL
- REVENUE
- SUB-RECIPIENT MONITORING
OF COMPONENT UNITS



SAMPLING



- HAPHAZARD SELECTION OF TRANSACTIONS
 - HUD REQUIRED SAMPLE SIZE RANGES FROM 25 TO 40
 - SAMPLE SELECTED FROM COMPONENT UNITS – TESTS OF SUB RECIPIENT MONITORING
-

TESTING



AUTHORITY OPERATIONS

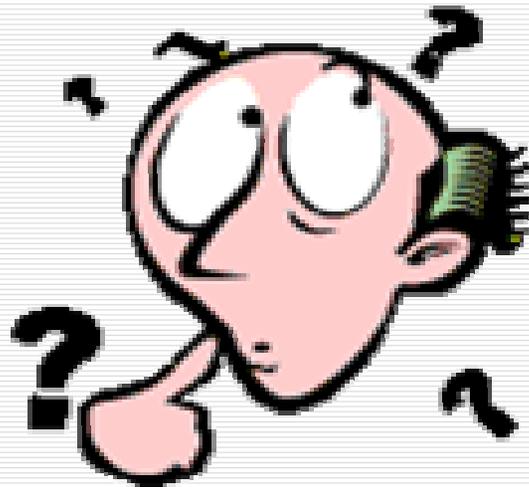
- **TENANT FILES** – 60 FILES IN LOW RENT AND 60 FILES IN SECTION 8
 - **CONTRACTS** – 40 NEW CONTRACTS IN CURRENT YEAR FOR ALL PROGRAMS
 - **DISBURSEMENTS** – 60 TRANSACTIONS FROM EACH MAJOR PROGRAM
 - **PAYROLL** – 60 EMPLOYEES
 - **REVENUE** – RECONCILIATION TO HUD REPORTS FOR ALL MAJOR PROGRAMS
-

TESTING



COMPONENT UNITS – SUB RECIPIENT MONITORING

- **TENANT FILES** – 60 FILES FOR PHA MANAGED PROPERTIES AND 60 FILES FOR ALTERNATE MANAGEMENT ENTITIES (AME)
 - **CONTRACTS** – 20 NEW CONTRACTS IN CURRENT YEAR COVERING ALL PROPERTIES
 - **DISBURSEMENTS** – 60 TRANSACTIONS FOR PHA MANAGED PROPERTIES AND 60 TRANSACTIONS FOR ALTERNATE MANAGEMENT ENTITIES (AME)
-



QUESTIONS ???



THANK YOU
