



**Audited Financial Statements for the
Minneapolis Public Housing Authority (MPHA)**

**Fiscal Year 2004
October 1, 2003 – September 30, 2004**

**Cora McCorvey
MPHA Executive Director**

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**MINNEAPOLIS PUBLIC
HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

Year Ended September 30, 2004

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MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA

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INTRODUCTORY SECTION

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**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

ORGANIZATION
SEPTEMBER 30, 2004

Board of Commissioners

		<u>Term Expires</u>
Cornell Moore	Chair	December 31, 2006
Carol Batsell-Benner	Vice Chair	December 31, 2005
Grace Lee	Secretary	December 31, 2005
Judy Karon	Commissioner	December 31, 2005
Asefa Ayana	Commissioner	December 31, 2005
Mark Manbeck	Commissioner	December 31, 2004
William Gabler	Commissioner	December 31, 2004
Bernadine Jaffe	Commissioner	December 31, 2006
Leanne Wirkkula	Commissioner	December 31, 2004

Executive Director of Public Housing

Cora McCorvey	Indefinite
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FINANCIAL SECTION

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PATRICIA ANDERSON
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Minneapolis Public Housing Authority

We have audited the accompanying financial statements of the Minneapolis Public Housing Authority (MPHA) as of and for the year ended September 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the MPHA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the MPHA as of September 30, 2004, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The Financial Data Schedule listed as supplementary information in the table of contents is required by the U.S. Department of Housing and Urban Development and is not a required part of the financial statements of the MPHA. The information in that schedule and the other supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2005, on our consideration of the MPHA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: March 15, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2004
(Unaudited)**

Management's Discussion and Analysis

This section of the Minneapolis Public Housing Authority's (MPHA's) annual financial report presents our discussion and analysis of the MPHA's financial performance during the fiscal year ended on September 30, 2004. The Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the MPHA's financial activity and position, and to identify financial trends and concerns.

Since this section is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the MPHA's financial statements.

Financial Highlights

- Section 8 housing assistance payments increased by \$5.5 million (15%) and likewise, the Section 8 Rent Subsidy revenue received from the U.S. Department of Housing and Urban Development (HUD) increased. The increase was the result of utilizing more Section 8 vouchers in 2004 - roughly 267 more families were served than in 2003, increases in the cost of rents, and decreases in participants' income resulting in decreases in the amount of the participants' share of the rent. The average monthly housing assistance payment paid in 2004 was \$805 per unit, an increase of 8.5% over the average amount paid in 2003.
- Due to insufficient federal appropriations, HUD could provide only 94.7% of the public housing operating subsidy due MPHA. This funding loss necessitated less administrative, tenant service, and maintenance spending in operating public housing. In June 2003, MPHA eliminated 26 positions from the public housing operating program.
- HUD eliminated a grant program that existed since 1993 for the purpose of eliminating drug-related and violent crime and problems associated with it in and around the premises of public housing developments. MPHA received approximately \$1.4 million annually for this grant. This funding loss forced MPHA to significantly reduce the level of security services provided in public housing. Overall protective service expenses were reduced 28% from 2003.

Agency Overview

The Minneapolis Public Housing Authority is supported largely by HUD. The MPHA's function is to provide decent, safe, and affordable housing to low-income and special needs populations. The MPHA uses the enterprise fund method for financial reporting. This presentation is designed to be corporate-like in that all business-type activities are consolidated into one agency-wide total. While detailed sub-fund information is not presented, separate accounts are maintained for each program or grant to control and manage money for particular purposes or to demonstrate that the MPHA is properly using specific appropriations and grants. The Financial Data Schedule, presented in the Supplementary Information section of the financial statements, provides a balance sheet and income statement by program as required by HUD. Although the Financial Data Schedule presents several programs, the major operations include administering a Housing Choice Voucher program and managing and operating public housing property.

On June 18, 2001, MPHA formed a non-profit affiliate organization, Community Housing Resources (CHR). CHR's purpose is to support MPHA in the development and operation of affordable housing. CHR is presented on these financial statements as a blended component unit of MPHA; meaning that CHR's financial transactions are combined with MPHA's transactions in accordance with the prescribed generally accepted accounting principles.

Housing Choice Voucher Program

The Housing Choice Voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses, and apartments.

A family issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. A housing subsidy is paid to the landlord directly by the MPHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, a family may use its voucher to purchase a modest home.

Eligibility for a housing voucher is determined based on the total annual gross income and family size and is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50% of the median income for the county or metropolitan area in which the family chooses to live. By law, MPHA must provide 75% of its vouchers to applicants whose incomes do not exceed 30% of the area median income.

MPHA administers a Housing Choice Voucher program with federal funds received from HUD.

In 2004, HUD enacted changes in the Housing Choice Voucher program that attempted to better control the increasing costs of vouchers. These changes restricted the number of vouchers that MPHA could have under lease below the 4,838 per month maximum previously authorized by HUD. MPHA utilized all of the available rent subsidy funding provided by HUD in 2004 and averaged 4,240 housing choice vouchers under lease per month, an 8% increase in usage from the 2003 level. As of September 30, 2004, MPHA had 18 families using their housing choice voucher for the purchase of a home.

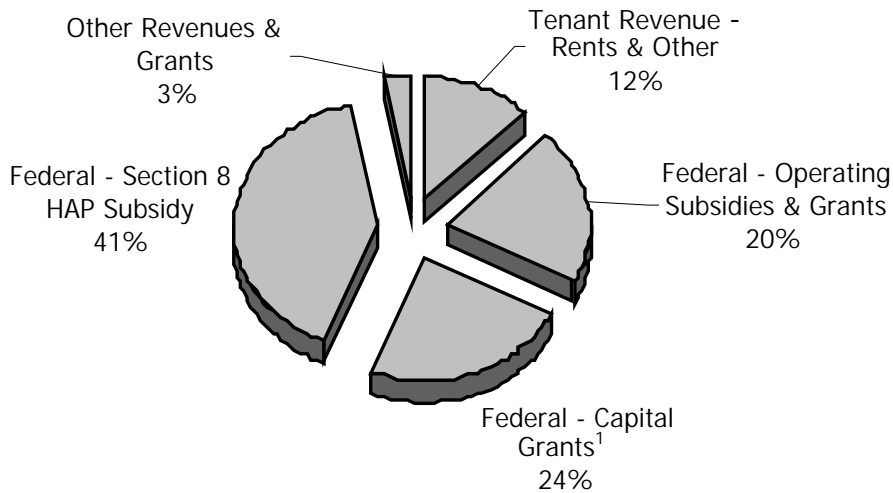
Public Housing Program

Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. MPHA's public housing comes in all sizes and types, from scattered single-family houses to high-rise apartments for elderly families. There are approximately 5,700 households living in public housing units managed by the MPHA which includes 713 single-family homes, 184 townhouse units, and 4,856 high-rise apartment units. HUD provides federal aid to MPHA so that MPHA can manage the housing for low-income residents at rents they can afford. Eligibility for public housing is determined based on the total family's annual gross income and is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In addition to federal aid for the operation of public housing, HUD also provides MPHA with capital grant funds for public housing modernization and new public housing unit development. MPHA's 40 high-rise apartment buildings were built in the 1960's and early 1970's, and it annually spends close to \$10 million in modernization work. In 2004, MPHA spent over \$11 million in public housing modernization.

MPHA's public housing program continued to show high occupancy levels in 2004 with annual occupancy of nearly 99% of all available public housing units. In addition, MPHA was once again designated as a "high performer" by HUD for the management of the public housing program including the achievement of a balanced budget in 2004 for the eleventh time in the past 14 years.

The following charts present a breakdown of the MPHA's 2004 sources and uses of funds. As in previous years, the MPHA was heavily financed from the federal government. In 2004, federal grants and subsidies made up 85% of the MPHA's sources of funds. These funds were provided for general program operation, capital uses for both improvements for existing structures and new public housing development, and Section 8 housing assistance subsidies. This breakdown is consistent with MPHA's experience in recent years.

2004 Sources of Funds



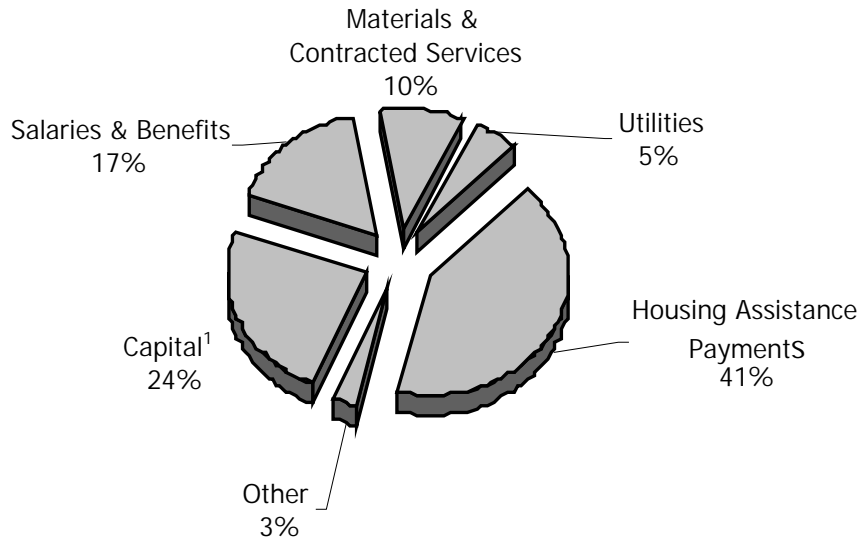
SOURCES OF FUNDS

Tenant Revenue - Rents & Other	\$ 12,832,405
Federal - Operating Subsidies & Grants	21,204,249
Federal - Capital Grants ¹	24,749,554
Federal - Section 8 HAP Subsidy	43,167,875
Other Revenues & Grants	<u>2,850,204</u>
 Total Sources	 <u><u>\$ 104,804,287</u></u>

¹Includes \$13.7 million which were provided by HUD for specific public housing development. The Statement of Revenues and Expenses classify these funds as Intergovernmental Operating Revenue, instead of capital contributions, because these funds were loaned or granted by MPHA to a private owner or government entity for the acquisition or construction of public housing units which the owner agrees to operate as public housing. The public housing units developed under this method are not owned by MPHA and, therefore, the grants or loans to the owner are classified as general operating expenses under the Statement of Revenues and Expenses instead of classified as capital assets on the Statement of Net Assets.

The majority of uses of funds were for Housing Assistance Payments (HAP) to Section 8 landlords, followed by capital uses which includes capital improvements to existing housing and financing for public housing development.

2004 Uses of Funds



USES OF FUNDS

Salaries & Benefits	\$ 17,374,204
Materials & Contracted Services	10,183,360
Utilities	5,383,681
Housing Assistance Payments	43,189,031
Other	3,126,017
Capital ¹	25,083,015
	<hr/>
Total Uses	<u>\$ 104,339,308</u>

¹Includes \$14 million which were provided by HUD or the City of Minneapolis for specific public housing development. These funds were loaned or granted by MPHA to a private owner or another government entity for the acquisition or construction of public housing units which the owner or government entity agrees to operate as public housing. The public housing units developed under this method are not owned by MPHA and, therefore, the grants or loans to the owner are classified as general operating expenses under the Statement of Revenues and Expenses instead of classified as capital assets on the Statement of Net Assets.

Overview of Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the MPHA's finances in a manner similar to a private-sector business. These statements include:

Statement of Net Assets which presents information on all of the MPHA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets usually serve as a useful indicator of whether the financial position of the MPHA is improving or deteriorating. The Statement of Net Assets is shown as Exhibit A.

Statement of Revenues, Expenses, and Changes in Net Assets which presents information showing how the MPHA's net assets changed during the most recent period. This statement shows the total revenues and total expenses of MPHA and the difference between them--MPHA's net income. This Statement is shown as Exhibit B.

Statement of Cash Flows which presents changes in cash and cash equivalents, resulting from operations, capital and noncapital financing activities, and investing activities. The Statement of Cash Flows is shown as Exhibit C.

The Notes to the Financial Statements provide additional information essential to the full understanding of the data provided in MPHA's other basic financial statements. The Notes to the Financial Statements can be found on pages 18 to 27 of this report.

Comparative Financial Analysis

The following table provides a comparative analysis of the MPHA's financial position as of the fiscal years ending September 30, 2003, and September 30, 2004. This table provides a snapshot of the MPHA's economic resources (assets), the claims on these resources (liabilities) by outside creditors, and the net resources (equity) available to the MPHA.

STATEMENT OF NET ASSETS

	2004 (\$ millions)	2003 (\$ millions)	Variance
Assets			
Current & Other Assets	\$ 25.0	\$ 25.0	0%
Capital Assets	150.1	148.0	1%
Total Assets	\$ 175.1	\$ 173.0	1%
Liabilities			
Current Liabilities	\$ 10.1	\$ 10.5	-4%
Long-Term Liabilities	4.7	5.1	-8%
Total Liabilities	\$ 14.8	\$ 15.6	-5%
Net Assets			
Invested in Capital Assets (net of related debt)	\$ 147.3	\$ 144.6	2%
Restricted Net Assets	0.9	0.7	29%
Unrestricted Net Assets	12.1	12.1	0%
Total Net Assets	\$ 160.3	\$ 157.4	2%

There was virtually no change in MPHA's financial position from 2003. The slight decrease in liabilities (5%) relates mainly to decreased activity in the construction and development of new public housing units. Activities in this area have decreased as MPHA's requirements to replace public housing units demolished under the Hollman Consent Decree settlement nears completion. The Hollman Consent Decree settlement was reached in 1995 and required MPHA to demolish 770 public housing units and replace these units in non-minority, non-poverty concentrated areas of the Twin Cities metro region. As of September 30, 2004, 696 of the demolished units were replaced.

The majority of the MPHA's assets (86%) are capital assets which consist of 40 high-rise apartment buildings, over 915 single-family or townhome units, and three administrative buildings. As presented in the Change in Capital Assets Schedule, capital assets increased by \$2.1 million from 2003.

CHANGE IN CAPITAL ASSETS

	<u>\$ millions</u>
Beginning balance as of fiscal year-end 2003	\$ 148.0
Additions	10.8
Retirements Net of Accumulated Depreciation	-
Depreciation	<u>(8.7)</u>
Ending Balance as of Fiscal Year-End 2004	<u>\$ 150.1</u>

Most of the MPHA's capital assets are in the form of public housing buildings that are depreciated over 39 years and capital improvements to these buildings that are depreciated over 20 years.

Operating Activities

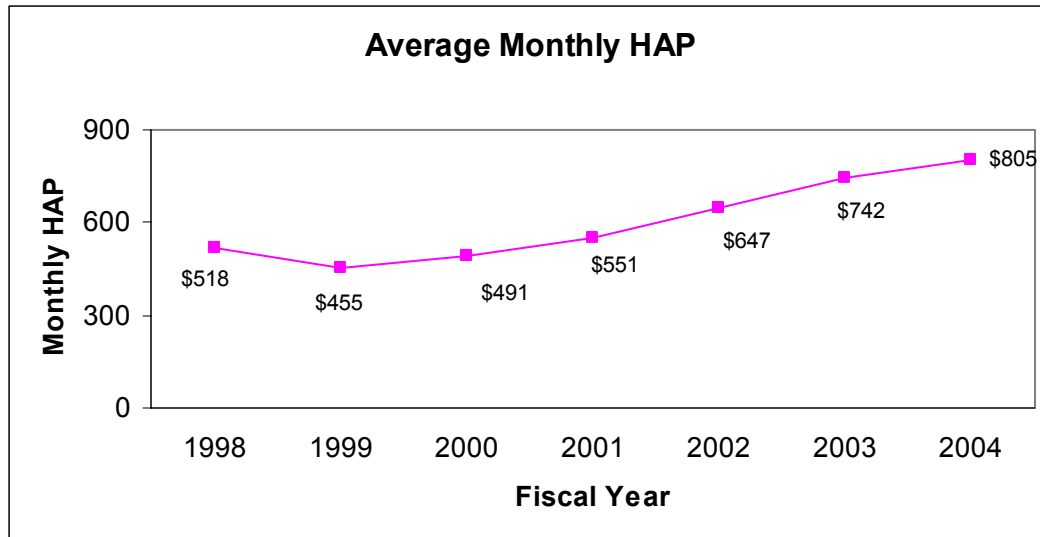
The MPHA receives its operating revenues to support its operating expenditures from rental charges, federal government subsidies and grants provided through HUD, and the City of Minneapolis. The MPHA also receives funding from HUD for capital improvement expenditures and the development of public housing units. The following table summarizes and compares the changes related to the MPHA's operating and capital transactions between fiscal years 2004 and 2003.

STATEMENT OF ACTIVITIES

	2004 (\$ millions)	2003 (\$ millions)	Variance
Revenues			
Tenant Revenue - Rents & Other	\$ 12.8	\$ 12.8	0%
Federal - Section 8 Rent Subsidy	43.2	37.5	15%
Federal - Other Operating Subsidies & Grants	34.8	43.4	-20%
Other Government Grants	1.5	1.2	25%
Investment Income & Other Revenue	1.4	2.3	-39%
Total Revenues	\$ 93.7	\$ 97.2	-4%
Expenses			
Administrative	\$ 12.3	\$ 12.6	-2%
Tenant Services	1.1	1.3	-15%
Utilities	6.0	6.1	-2%
Maintenance and Other	11.2	11.7	-4%
Protective Services	2.4	3.3	-27%
General	17.0	21.2	-20%
Housing Assistance Payments	43.2	37.7	15%
Depreciation	8.7	9.0	-3%
Total Expenses	\$ 101.9	\$ 102.9	-1%
Net Income (Loss) Before Contributions	\$ (8.2)	\$ (5.7)	-44%
Federal - Capital Grants	11.0	7.3	51%
Change in Net Assets	\$ 2.8	\$ 1.6	75%

Although revenues to support operations decreased only 4% from 2003, the loss in funding differed widely among the various program activities. Federal funding for Section 8 Rent Subsidy increased by 15% from 2003. This funding is used to pay private landlords for the difference between the rent and the amount the Section 8 family pays. In contrast, Other Federal Subsidies and Grants decreased by 20% from 2003. This funding is used to pay for the costs associated with operating the public housing program, administering the Section 8 vouchers, and the pass-through of funding provided to private developers for constructing replacement public housing units.

In 2004, Section 8 housing assistance payments increased by \$5.5 million (15%) and, likewise, the Section 8 Rent Subsidy revenue received from HUD increased. The increase was the result of utilizing more Section 8 vouchers in 2004 - roughly 267 more families were served than in 2003, increases in the cost of rents, and decreases in participants' income resulting in decreases in the amount of the participants' share of the rent. The average monthly housing assistance payment paid in 2004 was \$805 per unit, an increase of 8.5% over the average amount paid in 2003. The following graph illustrates the change in the average monthly housing assistance payment per unit since 1998.



Other Federal Subsidies and Grants decreased \$8.5 million from 2003. Approximately \$5 million of the reduction was due to decreased construction activity in Hollman public housing replacement units from the activity in 2003. This decrease was expected as replacement housing is nearing completion. A corresponding decrease in this activity is also reflected in the general expense category.

The remaining \$3 million reduction is attributable to the funding decreases by HUD for the operation of the public housing program. Due to insufficient federal appropriations, HUD could only provide 94.7% of the public housing operating subsidy that was due MPHA. In addition, HUD eliminated a grant program that existed since 1993 for the purpose of eliminating drug-related and violent crime and problems associated with it in and around the premises of public housing developments. MPHA received approximately \$1.4 million annually for this grant. This funding loss necessitated less administrative, tenant service, maintenance, and protective service spending. In June 2003, MPHA eliminated 26 positions from the public housing operating program and significantly reduced the level of security services provided in public housing. Overall, protective service expenses were reduced 28% from 2003.

MPHA does not anticipate that funding for public housing will increase in the near future. Funding for domestic federal programs has been limited in recent years, while costs for insurance and utilities have grown significantly. Congress has also expressed concern over the rising cost of Section 8 vouchers, and MPHA anticipates funding levels that restrict the number of vouchers that can be used below the total number authorized by HUD.

Contacting the Authority’s Financial Management

The financial report is designed to provide a general overview of the MPHA’s finances and to demonstrate the MPHA’s accountability for the appropriations and grants that it receives. If you have any questions about this report or need additional financial information, contact the Minneapolis Public Housing Authority, ATTN: Finance Department, 1001 Washington Avenue North, Minneapolis, Minnesota 55401.

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FINANCIAL STATEMENTS

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**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

EXHIBIT A

**STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004**

Assets

Current assets

Cash and cash equivalents	\$	3,056,854
Investments		6,139,038
Tenant receivables (net)		363,317
Interest receivable		19,740
Due from other governmental units		8,024,278
Due from restricted assets		1,633,053
Inventory		437,827
Prepaid items		709,923
Miscellaneous receivable		75,175
		75,175
Total current assets	\$	20,459,205

Noncurrent assets

Restricted assets

Cash and cash equivalents	\$	1,462,877
Investments		1,802,242
Interest receivable		13,933
Due from other governmental units		1,193,258
		1,193,258
Total restricted assets	\$	4,472,310

Capital assets

Land	\$	27,993,583
Buildings and equipment		241,398,016
Less: accumulated depreciation		(146,359,002)
Construction in progress		27,092,384
		27,092,384
Total capital assets (net of accumulated depreciation)	\$	150,124,981

Total noncurrent assets

\$ 154,597,291

Total Assets

\$ 175,056,496

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**EXHIBIT A
(Continued)**

**STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004**

Liabilities

Current liabilities (payable from current assets)

Accounts payable	\$ 1,775,311
Salaries/benefits payable	1,725,488
Due to other governmental units	505,453
Deferred revenue	149,135
Accrued claims	629,722
Energy bonds payable	415,000
Capital lease payable	155,141
Accrued interest payable	40,087
	40,087

Total current liabilities (payable from current assets) \$ 5,395,337

Current liabilities (payable from restricted assets)

Accounts payable	\$ 2,193,864
Salaries/benefits payable	48,145
Due to other governmental units	43,731
Due to current assets	1,633,053
Tenant security deposits	756,388
	756,388

Total current liabilities (payable from restricted assets) \$ 4,675,181

Noncurrent liabilities

Energy bonds payable	\$ 1,835,000
Capital lease payable	474,637
Notes payable	140,835
Other noncurrent liabilities	2,249,151
	2,249,151

Total noncurrent liabilities \$ 4,699,623

Total Liabilities \$ 14,770,141

Net Assets

Invested in capital assets (net of related debt)	\$ 147,245,203
Restricted for	
Debt service	400,231
Other purposes	513,773
Unrestricted	12,127,148
	12,127,148

Total Net Assets \$ 160,286,355

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

EXHIBIT B

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Operating Revenues	
Tenant rental revenue	\$ 12,832,405
Intergovernmental	79,516,170
Miscellaneous	<u>1,099,334</u>
Total Operating Revenues	<u>\$ 93,447,909</u>
Operating Expenses	
Administrative	\$ 12,347,098
Tenant services	1,071,472
Utilities	5,961,068
Ordinary maintenance and operations	11,189,111
Protective services	2,356,431
General	16,951,146
Housing assistance payments	43,189,031
Depreciation	8,684,644
Casualty losses	<u>23,933</u>
Total Operating Expenses	<u>\$ 101,773,934</u>
Operating Income (Loss)	<u>\$ (8,326,025)</u>
Nonoperating Revenues (Expenses)	
Investment income	\$ 210,183
Gain (loss) on disposal of capital assets	93,662
Interest expense	<u>(197,485)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 106,360</u>
Income (Loss) Before Contributions	<u>\$ (8,219,665)</u>
Capital contributions	<u>11,052,533</u>
Change in Net Assets	<u>\$ 2,832,868</u>
Net Assets - October 1	<u>157,453,487</u>
Net Assets - September 30	<u><u>\$ 160,286,355</u></u>

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

EXHIBIT C

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Cash Flows from Operating Activities	
Receipts from tenants and other customers	\$ 15,032,751
Payments to suppliers	(33,813,346)
Payments to employees	<u>(17,314,011)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (36,094,606)</u>
Cash Flows from Noncapital Financing Activities	
Intergovernmental receipts	\$ 73,665,465
Housing assistance payments	(43,189,031)
Casualty losses	(23,933)
Proceeds from GMMHC notes	<u>25,000</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>\$ 30,477,501</u>
Cash Flows from Capital and Related Financing Activities	
Capital contributions	\$ 11,162,103
Acquisition of capital assets	(10,834,942)
Principal paid on capital debt	(541,632)
Interest paid on capital debt	(204,864)
Proceeds from sales of capital assets	<u>139,499</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>\$ (279,836)</u>
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	\$ 21,287,208
Purchase of investments	(17,512,743)
Interest received	<u>231,955</u>
Net Cash Provided by (Used in) Investing Activities	<u>\$ 4,006,420</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,890,521)
Cash and Cash Equivalents - Beginning of Year	<u>6,410,252</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 4,519,731</u></u>
Details of Cash and Cash Equivalents	
Cash and cash equivalents	\$ 3,056,854
Restricted cash and cash equivalents	<u>1,462,877</u>
Total Cash and Cash Equivalents	<u><u>\$ 4,519,731</u></u>

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**EXHIBIT C
(Continued)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**Reconciliation of Operating Income (Loss) to Net Cash Provided by
(Used in) Operating Activities**

Operating income (loss)	<u>\$ (8,326,025)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Increase (decrease) in allowance for uncollectible accounts	\$ 33,628
Intergovernmental revenues	(79,516,170)
Housing assistance payments	43,189,031
Depreciation	8,684,644
Casualty losses	23,933
Changes in assets and liabilities	
(Increase) decrease in assets	
Tenant receivables	(19,180)
Inventory	42,100
Prepaid items	158,696
Miscellaneous receivable	1,048,342
Increase (decrease) in liabilities	
Accounts payable	(1,105,230)
Salaries/benefits payable	(451,004)
Due to other governmental units	3,259
Tenant security deposits	38,222
Accrued claims	(26,311)
Other/accrued liabilities	<u>127,459</u>
Total adjustments	<u>\$ (27,768,581)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (36,094,606)</u>

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**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2004**

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Minneapolis Public Housing Authority (MPHA) is a public nonprofit corporation created by resolution of the City of Minneapolis under the Minnesota Housing and Redevelopment Act of 1947. On June 1, 1986, the City of Minneapolis, by way of Ordinance Chapter 420, created the MPHA. The MPHA existed from that point as a separate entity but with an administrative contract with the Minneapolis Community Development Agency (MCDA) which provided administrative services to operate the MPHA. This relationship continued until August 10, 1990, when the Minneapolis City Council adopted final guidelines to make possible a complete separation of the two entities. On April 7, 1991, the MPHA separated from the MCDA and has since operated as an independent agency. The MPHA's primary operations are the development, comprehensive improvement, and operation of Low-Rent Public Housing and the administration of Housing Assistance Payment (Section 8) programs for low-income persons. These programs are financed by the U.S. Department of Housing and Urban Development (HUD).

The MPHA is governed by a nine-member Board of Commissioners appointed by the Mayor and City Council of Minneapolis. The Board is organized with a chair, vice chair, and secretary.

Community Housing Resources, a blended component unit, was incorporated in Minnesota and began operation in 2001. This nonprofit corporation's purpose is to support the MPHA in the development and operation of affordable housing. The nonprofit corporation is governed by a ten-member Board of Directors; the Directors are identical to the MPHA's Board of Commissioners with the addition of the MPHA's Executive Director.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

The MPHA's accounts are organized as an enterprise fund. The operations are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. Enterprise funds are used to account for operations that provide a service to the public financed by charges to users of that service and activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Basis of Accounting and Measurement Focus

The MPHA's enterprise fund is accounted for on the flow of economic resources measurement focus. Accounting records are maintained on the accrual basis of accounting, under which revenues are recorded when they are earned and expenses are recorded when the corresponding liabilities are incurred.

Property taxes are imposed nonexchange transactions. Revenues from property taxes collected for the MPHA by the City of Minneapolis are recognized in the period for which the taxes were levied.

The MPHA applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as all applicable Financial Accounting Standards Board pronouncements that were issued on or before November 30, 1989.

D. Cash and Cash Equivalents

The MPHA's cash and cash equivalents (including restricted assets) are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. Investments

Investments are stated at fair value as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The fair value of investments is based on quoted market prices. Short-term investments are valued at cost, which approximates fair value.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA

1. Summary of Significant Accounting Policies (Continued)

F. Tenant Receivables

Tenant receivables have been shown net of an allowance for uncollectible accounts of \$384,625.

G. Due From/To Other Governmental Units

Amounts represent receivables and payables related to grants from other federal, state, and local governments for program administration.

H. Inventory

Inventories are valued at cost, and the MPHA uses the first-in, first-out flow assumption in determining cost. The MPHA uses the consumption method to record inventory expenses.

I. Restricted Assets

Restricted assets are those whose use is restricted, generally for capital purposes, either legally or by grant agreement. Corresponding obligations are shown as current liabilities payable from restricted assets. Restricted amounts are related to development and comprehensive grant programs and to resources related to energy bond funds. Tenant security deposits reflect amounts which may eventually be returned to tenants and are reported as an equal and offsetting restricted asset and liability.

J. Capital Assets

Land, buildings and structures, and equipment are recorded as capital assets on the statement of net assets. The MPHA defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life of at least three years. Purchased capital assets are stated at historical cost. Donated capital assets are recorded as estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed and are added to the cost basis of the asset improved.

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

MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA

1. Summary of Significant Accounting Policies

J. Capital Assets (Continued)

Depreciation on capital assets is charged as an expense over the following periods using the straight-line method.

<u>Assets</u>	<u>Years</u>
Buildings	39
Building improvements	20
Furniture and equipment	3-7

Accumulated depreciation is offset against the original cost of the capital assets on the statement of net assets.

K. Compensated Absences

Vacation leave is expensed when earned, and a vacation benefit payable is recorded as a current liability. In addition, certain employees qualify for a sick leave severance benefit paid at termination. Sick leave severance is expensed when vested. Since the severance benefit is not expected to be liquidated until sometime in the future, it is recorded as compensated absences in long-term liabilities. For all compensated absences, the liability is valued using pay rates in effect at the end of the MPHA's fiscal year.

L. Equity Classifications

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA

1. Summary of Significant Accounting Policies

L. Equity Classifications (Continued)

3. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital asset, net of related debt.”

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

M. Operating and Nonoperating Revenues and Expenses

The MPHA distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary activity’s principal ongoing operations. Operating revenues include tenant rental revenue and intergovernmental operating grants since they constitute the MPHA’s ongoing operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. Deposits and Investments

A. Deposits

Minn. Stat. ch. 118A authorizes the MPHA to deposit cash and to invest in certificates of deposit in financial institutions designated by the governing body. At September 30, 2004, the carrying amount of the MPHA’s deposits was \$ 4,266,597; the bank balance of the MPHA’s deposits was \$5,183,173. Minnesota statutes require that all MPHA deposits be covered by deposit insurance, surety bond, or pledged collateral.

Following is a summary of the bank deposits covered by insurance or collateral at September 30, 2004:

Insured or collateralized with securities held by the MPHA or its agent in the MPHA’s name	\$ 200,000
Collateralized with securities held by the pledging financial institution or its trust department or agent in the MPHA’s name	<u>4,983,173</u>
Total Deposits	<u>\$ 5,183,173</u>

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

2. Deposits and Investments (Continued)

B. Investments

Minn. Stat. ch. 118A authorizes the types of securities available to the MPHA for investment. Investments are categorized into three categories of custodial credit risk:

- (1) insured or registered, or securities held by the MPHA or its agent in the MPHA's name;
- (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the MPHA's name; and
- (3) uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the MPHA's name.

Following is a summary of the carrying values of securities at September 30, 2004, categorized into levels of risk described above:

	Credit Risk Category			Fair Value
	1	2	3	
U.S. government securities	\$ 7,941,280	\$ -	\$ -	\$ 7,941,280
Add				
Deposits				4,266,597
Cash on hand				2,800
Cash held by fiscal agents				232,341
Change in Community Housing Resources cash from December 31, 2003, to September 30, 2004				17,993
Total Cash and Investments				\$ 12,461,011

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

2. Deposits and Investments

B. Investments (Continued)

On Exhibit A, cash and investments are shown as:

Current cash and cash equivalents	\$ 3,056,854
Restricted cash and cash equivalents	1,462,877
	\$ 4,519,731
Current investments	\$ 6,139,038
Restricted investments	1,802,242
	\$ 7,941,280
Total Cash, Cash Equivalents, and Investments - Exhibit A	\$ 12,461,011

3. Capital Assets

Capital assets activity for the MPHA for the fiscal year ended September 30, 2004, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not depreciated				
Land	\$ 27,656,887	\$ 352,000	\$ (15,304)	\$ 27,993,583
Construction in progress	18,660,926	10,267,347	(1,835,889)	27,092,384
	\$ 46,317,813	\$ 10,619,347	\$ (1,851,193)	\$ 55,085,967
Capital assets, depreciated				
Buildings	\$ 229,998,426	\$ 1,489,928	\$ (83,455)	\$ 231,404,899
Furniture and equipment	9,743,441	562,160	(312,484)	9,993,117
	\$ 239,741,867	\$ 2,052,088	\$ (395,939)	\$ 241,398,016
Less: accumulated depreciation for				
Buildings	\$ (129,538,874)	\$ (8,064,081)	\$ 52,378	\$ (137,550,577)
Furniture and equipment	(8,500,286)	(620,563)	312,424	(8,808,425)
	\$ (138,039,160)	\$ (8,684,644)	\$ 364,802	\$ (146,359,002)
Total capital assets, depreciated - net	\$ 101,702,707	\$ (6,632,556)	\$ (31,137)	\$ 95,039,014
Capital Assets - Net	\$ 148,020,520	\$ 3,986,791	\$ (1,882,330)	\$ 150,124,981

Depreciation expense for the fiscal year ended September 30, 2004, was \$8,684,644.

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

4. Long-Term Debt

A. Capital Leases

During the fiscal year ended September 30, 1998, the MPHA entered into a ten-year capital lease to acquire certain energy-efficient assets and make improvements to existing MPHA assets designed to improve energy efficiency. Capital lease repayments are financed as a result of savings realized from lowered energy costs and special energy allowances from HUD. As of September 30, 2004, the MPHA had acquired \$1,415,888 in land, structures, and equipment through the capital lease. The future minimum lease obligations as of September 30, 2004, were as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2005	\$ 155,141	\$ 32,505	\$ 187,646
2006	164,141	23,505	187,646
2007	173,665	13,981	187,646
2008	136,831	3,904	140,735
Total	\$ 629,778	\$ 73,895	\$ 703,673

B. Bonds and Notes Payable

The following is a summary of long-term debt transactions for the fiscal year ended September 30, 2004:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Note Payable	\$ 115,835	\$ 25,000	\$ -	\$ 140,835	\$ -
Energy Bonds	2,645,000	-	(395,000)	2,250,000	415,000
Total	\$ 2,760,835	\$ 25,000	\$ (395,000)	\$ 2,390,835	\$ 415,000

Notes Payable

\$100,835 Promissory Demand Note with GMMHC. The note is non-interest bearing and principal payment terms are to be determined in the future. \$ 100,835

\$40,000 Promissory Demand Note with GMMHC. The note is non-interest bearing and principal payment terms are to be determined in the future. 40,000

Total notes payable \$ 140,835

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

4. Long-Term Debt

B. Bonds and Notes Payable (Continued)

Energy Bonds

\$4,050,000 General Credit Energy Savings Bonds, Series 1997, consisting of term bonds of \$4,050,000. The term bonds mature from 1999 through 2008 with semi-annual payments; interest from 5.875 to 6.0 percent. Funding for the retirement of the bonds is provided as a result of savings realized from lowered energy costs and special energy subsidy allowances from HUD.

	<u>2,250,000</u>
Total All Debt	<u>\$ 2,390,835</u>

The annual requirements to amortize the energy bonds outstanding as of September 30, 2004, are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2005	\$ 415,000	\$ 128,850	\$ 543,850
2006	435,000	103,650	538,650
2007	480,000	76,950	556,950
2008	920,000	46,950	966,950
Total	<u>\$ 2,250,000</u>	<u>\$ 356,400</u>	<u>\$ 2,606,400</u>

5. Risk Management

The MPHA is exposed to various risks of loss related to theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The MPHA manages its risk of these types of losses through the purchase of commercial insurance and by self-insuring for risks associated with general liability. There were no significant reductions in insurance coverage from the previous year, nor have there been settlements in excess of insurance coverage for any of the past three fiscal years.

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

5. Risk Management (Continued)

Self-insurance liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of pay-outs, and other economic and social factors. A trend factor rate related to these considerations of 3.5 percent has been applied. Changes in the balances of claims liabilities during the fiscal years ended September 30, 2004 and 2003, are as follows:

	2004	2003
Unpaid claims - October 1	\$ 656,033	\$ 766,606
Incurred claims (including incurred but not reported claims)	73,984	(84,048)
Claim payments	(100,295)	(26,525)
Unpaid claims - September 30	\$ 629,722	\$ 656,033

6. Pension Plan

The MPHA provides pension benefits for all full-time employees through a single employer defined contribution pension plan administered by Wells Fargo Bank of Minnesota, N.A. The plan is a 401A money purchase plan. Any full-time employee is eligible to participate in the plan on April 1 or October 1, following the completion of his or her probationary period and after reaching age 20½. Participants are vested at a rate of 20 percent per year for the employer's share of contributions and 100 percent vested for individual contributions immediately.

Contribution rates were five percent each for both the MPHA and participants. The required contributions, which matched those actually made, were \$590,216 each by the MPHA and employees.

SUPPLEMENTARY INFORMATION

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Moderate Rehab MN002MR0002
<u>Assets</u>				
Current Assets				
Cash				
111	Cash - unrestricted	1,515,269	230,118	170,319
112	Cash - restricted - modernization and development	-	-	-
113	Cash - other restricted	10,089	-	-
114	Cash - tenant security deposits	755,388	-	-
100	Total cash	2,280,746	230,118	170,319
Accounts and notes receivable				
121	Accounts receivable - PHA projects	-	1,147,171	-
122	Accounts receivable - HUD other projects	-	3,658,263	4,086
124	Accounts receivable - other government	647,454	26,398	-
125	Accounts receivable - miscellaneous	10,604	-	-
126	Accounts receivable - tenants - dwelling rents	354,229	-	-
126.1	Allowance for doubtful accounts - dwelling rents	(166,473)	-	-
126.2	Allowance for doubtful accounts - other	-	-	-
127	Notes, loans, and mortgages receivable - current	-	-	-
128	Fraud recovery	393,713	-	-
128.1	Allowance for doubtful accounts - fraud	(196,857)	-	-
129	Accrued interest receivable	33,673	-	-
120	Total receivables, net of allowances for doubtful accounts	1,076,343	4,831,832	4,086
131	Investments - unrestricted	6,139,038	-	-
132	Investments - restricted	1,802,242	-	-
142	Prepaid expenses and other assets	708,723	618	-
143	Inventories	437,827	-	-
143.1	Allowance for obsolete inventories	-	-	-
144	Interprogram - due from	5,202,848	255,000	-
150	Total current assets	17,647,767	5,317,568	174,405
Noncurrent Assets				
Fixed assets				
161	Land	27,943,583	-	-
162	Buildings	231,198,651	-	-
163	Furniture, equipment, and machinery - dwellings	3,215,795	-	-
164	Furniture, equipment, and machinery - administration	5,827,174	-	-
165	Leasehold improvements	-	-	-
166	Accumulated depreciation	(145,871,467)	-	-
167	Construction in progress	-	-	-
160	Total fixed assets, net of accumulated depreciation	122,313,736	-	-
180	Total noncurrent assets	122,313,736	-	-
190	Total Assets	139,961,503	5,317,568	174,405

Schedule 1

Moderate Rehab MN002MR0003	Moderate Rehab MN002MR0005	Moderate Rehab MN002MR0006	Other Federal Program 1	Low Rent Development	Capital Fund
159,013	30,758	15,351	-	-	-
-	-	-	-	696,400	-
-	-	-	-	-	-
-	-	-	-	-	-
159,013	30,758	15,351	-	696,400	-
-	-	-	-	-	-
-	-	-	-	-	3,418,808
-	-	-	-	45,258	8,524
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	45,258	3,427,332
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	259,106	-
159,013	30,758	15,351	-	1,000,764	3,427,332
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	270,307
-	-	-	-	-	679,457
-	-	-	-	-	-
-	-	-	-	-	(479,501)
-	-	-	-	272,304	25,928,669
-	-	-	-	272,304	26,398,932
-	-	-	-	272,304	26,398,932
159,013	30,758	15,351	-	1,273,068	29,826,264

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Revitalization of Severely Distressed Public Housing	Byrne Memorial State and Local Law Enforcement Assist. Discr. Grt.	Volunteers In Service to America
<u>Assets</u>				
Current Assets				
Cash				
111	Cash - unrestricted	-	-	3,134
112	Cash - restricted - modernization and development	-	-	-
113	Cash - other restricted	-	-	-
114	Cash - tenant security deposits	-	-	-
100	Total cash	-	-	3,134
Accounts and notes receivable				
121	Accounts receivable - PHA projects	-	-	-
122	Accounts receivable - HUD other projects	232,577	-	-
124	Accounts receivable - other government	2,537	-	-
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, loans, 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 doubtful accounts	235,114	-	-
131	Investments - unrestricted	-	-	-
132	Investments - restricted	-	-	-
142	Prepaid expenses and other assets	-	-	-
143	Inventories	-	-	-
143.1	Allowance for obsolete inventories	-	-	-
144	Interprogram - due from	-	-	-
150	Total current assets	235,114	-	3,134
Noncurrent Assets				
Fixed assets				
161	Land	-	-	-
162	Buildings	-	-	-
163	Furniture, equipment, and machinery - dwellings	-	-	-
164	Furniture, equipment, and machinery - administration	-	-	-
165	Leasehold improvements	-	-	-
166	Accumulated depreciation	-	-	-
167	Construction in progress	891,411	-	-
160	Total fixed assets, net of accumulated depreciation	891,411	-	-
180	Total noncurrent assets	891,411	-	-
190	Total Assets	1,126,525	-	3,134

Schedule 1
(Continued)

Resident Opportunity and Supportive Services	Section 8 Single Room	Business Activities	Community Development Block Grant	State/ Local	Grand Total
-	309,421	484,496	80,301	58,674	3,056,854
-	-	-	-	-	696,400
-	-	-	-	-	10,089
-	-	1,000	-	-	756,388
-	309,421	485,496	80,301	58,674	4,519,731
-	-	-	-	-	1,147,171
26,406	-	-	-	-	7,340,140
-	-	-	-	54	730,225
-	-	288	-	49,809	60,701
-	-	-	-	-	354,229
-	-	-	-	-	(166,473)
-	-	-	-	(21,295)	(21,295)
-	-	14,474	-	-	14,474
-	-	-	-	-	393,713
-	-	-	-	-	(196,857)
-	-	-	-	-	33,673
26,406	-	14,762	-	28,568	9,689,701
-	-	-	-	-	6,139,038
-	-	-	-	-	1,802,242
-	-	582	-	-	709,923
-	-	-	-	-	437,827
-	-	-	-	-	-
-	-	-	-	-	5,716,954
26,406	309,421	500,840	80,301	87,242	29,015,416
-	-	50,000	-	-	27,993,583
-	-	206,248	-	-	231,404,899
-	-	384	-	-	3,486,486
-	-	-	-	-	6,506,631
-	-	-	-	-	-
-	-	(8,034)	-	-	(146,359,002)
-	-	-	-	-	27,092,384
-	-	248,598	-	-	150,124,981
-	-	248,598	-	-	150,124,981
26,406	309,421	749,438	80,301	87,242	179,140,397

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Moderate Rehab MN002MR0002
<u>Liabilities and Equity/Net Assets</u>				
Liabilities				
Current liabilities				
311	Bank overdraft	-	-	-
312	Accounts payable <= 90 days	1,459,956	2,913	35
313	Accounts payable > 90 days past due	-	-	-
321	Accrued wage/payroll taxes payable	569,428	91,026	1,107
322	Accrued compensated absences - current portion	931,160	119,156	1,450
324	Accrued contingency liability	629,722	-	-
325	Accrued interest payable	40,087	-	-
331	Accounts payable - HUD PHA programs	141,003	-	-
332	Accounts payable - PHA projects	-	-	-
333	Accounts payable - other governments	224,845	-	-
341	Tenant security deposits	755,388	-	-
342	Deferred revenue	106,781	-	-
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	570,141	-	-
344	Current portion of long-term debt - operating borrowings	-	-	-
345	Other current liabilities	-	-	-
346	Accrued liabilities - other	-	-	-
347	Interprogram - due to	-	3,781,375	-
310	Total current liabilities	5,428,511	3,994,470	2,592
Noncurrent liabilities				
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	2,309,637	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-
353	Noncurrent liabilities - other	1,844,144	405,007	-
354	Accrued compensated absences - noncurrent	-	-	-
350	Total noncurrent liabilities	4,153,781	405,007	-
300	Total Liabilities	9,582,292	4,399,477	2,592
Equity/Net Assets				
508.1	Invested in capital assets, net of related debt	119,433,958	-	-
511.1	Restricted net assets	400,231	-	-
512.1	Unrestricted net assets	10,545,022	918,091	171,813
513	Total Equity/Net Assets	130,379,211	918,091	171,813
600	Total Liabilities and Equity/Net Assets	139,961,503	5,317,568	174,405

Schedule 1
(Continued)

Moderate Rehab MN002MR0003	Moderate Rehab MN002MR0005	Moderate Rehab MN002MR0006	Other Federal Program 1	Low Rent Development	Capital Fund
-	-	-	-	-	-
18	14	11	-	235,806	1,522,364
-	-	-	-	207,454	-
563	437	350	-	-	37,922
738	572	458	-	-	-
-	-	-	-	-	-
3,648	7,873	55	-	-	-
-	-	-	-	-	-
-	-	-	-	5,921	5,753
-	-	-	-	-	-
-	-	-	-	37,810	-
-	-	-	-	-	-
-	-	-	-	-	228,240
-	-	-	-	-	-
-	-	-	-	-	1,633,053
4,967	8,896	874	-	486,991	3,427,332
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,967	8,896	874	-	486,991	3,427,332
-	-	-	-	272,304	26,398,932
-	-	-	-	513,773	-
154,046	21,862	14,477	-	-	-
154,046	21,862	14,477	-	786,077	26,398,932
159,013	30,758	15,351	-	1,273,068	29,826,264

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Revitalization of Severely Distressed Public Housing	Byrne Memorial State and Local Law Enforcement Assist. Discr. Grt.	Volunteers In Service to America
<u>Liabilities and Equity/Net Assets</u>				
Liabilities				
Current liabilities				
311	Bank overdraft	-	-	-
312	Accounts payable <= 90 days	180,550	-	92
313	Accounts payable > 90 days past due	-	-	-
321	Accrued wage/payroll taxes payable	10,223	-	-
322	Accrued compensated absences - current portion	-	-	-
324	Accrued contingency liability	-	-	-
325	Accrued interest payable	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-
332	Accounts payable - PHA projects	-	-	-
333	Accounts payable - other governments	-	-	-
341	Tenant security deposits	-	-	-
342	Deferred revenue	-	-	2,500
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-
344	Current portion of long-term debt - operating borrowings	-	-	-
345	Other current liabilities	-	-	-
346	Accrued liabilities - other	-	-	-
347	Interprogram - due to	44,341	-	-
310	Total current liabilities	235,114	-	2,592
Noncurrent liabilities				
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-
353	Noncurrent liabilities - other	-	-	-
354	Accrued compensated absences - noncurrent	-	-	-
350	Total noncurrent liabilities	-	-	-
300	Total Liabilities	235,114	-	2,592
Equity/Net Assets				
508.1	Invested in capital assets, net of related debt	891,411	-	-
511.1	Restricted net assets	-	-	-
512.1	Unrestricted net assets	-	-	542
513	Total Equity/Net Assets	891,411	-	542
600	Total Liabilities and Equity/Net Assets	1,126,525	-	3,134

Schedule 1
(Continued)

Resident Opportunity and Supportive Services	Section 8 Single Room	Business Activities	Community Development Block Grant	State/ Local	Grand Total
-	-	-	-	-	-
26,406	117	49,626	52,073	3,500	3,533,481
-	-	-	-	-	207,454
-	3,652	-	497	113	715,318
-	4,781	-	-	-	1,058,315
-	-	-	-	-	629,722
-	-	-	-	-	40,087
-	118,866	-	-	-	271,445
-	-	-	-	-	-
-	-	253	24,834	16,133	277,739
-	-	1,000	-	-	756,388
-	-	-	-	2,044	149,135
-	-	-	-	-	570,141
-	-	-	-	-	-
-	-	-	-	-	228,240
-	-	-	-	-	-
-	-	255,288	2,897	-	5,716,954
26,406	127,416	306,167	80,301	21,790	14,154,419
-	-	-	-	-	2,309,637
-	-	140,835	-	-	140,835
-	-	-	-	-	2,249,151
-	-	-	-	-	-
-	-	140,835	-	-	4,699,623
26,406	127,416	447,002	80,301	21,790	18,854,042
-	-	248,598	-	-	147,245,203
-	-	-	-	-	914,004
-	182,005	53,838	-	65,452	12,127,148
-	182,005	302,436	-	65,452	160,286,355
26,406	309,421	749,438	80,301	87,242	179,140,397

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Moderate Rehab MN002MR0002
Revenue				
703	Net tenant rental revenue	12,429,543	-	-
704	Tenant revenue - other	379,390	-	-
705	Total tenant revenue	12,808,933	-	-
706	HUD PHA operating grants	14,676,798	57,571,244	294,792
706.1	Capital grants	-	-	-
708	Other government grants	1,045,688	-	-
711	Investment income - unrestricted	193,997	3,259	2,330
714	Fraud recovery	438,189	-	-
715	Other revenue	220,844	349,936	-
716	Gain/loss on the sale of fixed assets	93,662	-	-
720	Investment income - restricted	-	-	-
700	Total Revenue	29,478,111	57,924,439	297,122
Expenses				
Administrative				
911	Administrative salaries	4,701,576	1,716,223	20,491
912	Auditing fees	69,248	11,107	135
913	Outside management fees	16,909	-	-
914	Compensated absences	38,554	26,310	401
915	Employee benefit contributions - administrative	1,406,400	436,051	5,230
916	Other operating - administrative	1,371,918	335,097	15,658
Tenant services				
921	Tenant services - salaries	79,246	-	-
922	Relocation costs	-	-	-
923	Employee benefit contributions - tenant services	23,705	-	-
924	Tenant services - other	173,120	-	-
Utilities				
931	Water	2,036,227	-	-
932	Electricity	1,309,954	-	-
933	Gas	1,993,095	-	-
934	Fuel	29,299	-	-
935	Labor	444,440	-	-
937	Employee benefit contributions - utilities	132,947	-	-
938	Other utilities expense	13,319	-	-
Ordinary maintenance and operations				
941	Ordinary maintenance and operations - labor	5,593,063	-	-
942	Ordinary maintenance and operations - materials and other	1,214,940	-	-
943	Ordinary maintenance and operations - contract costs	2,523,095	-	-
945	Employee benefit contributions - ordinary maintenance	1,673,073	-	-
Protective services				
951	Protective services - labor	-	-	-
952	Protective services - other contract costs	2,300,867	-	-
953	Protective services - other	12,370	-	-
955	Employee benefit contributions - protective services	-	-	-

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Revitalization of Severely Distressed Public Housing	Byrne Memorial State and Local Law Enforcement Assist. Discr. Grt.	Volunteers In Service to America
Revenue				
703	Net tenant rental revenue	-	-	-
704	Tenant revenue - other	-	-	-
705	Total tenant revenue	-	-	-
706	HUD PHA operating grants	-	-	-
706.1	Capital grants	875,735	-	-
708	Other government grants	-	42,155	2,500
711	Investment income - unrestricted	-	-	-
714	Fraud recovery	-	-	-
715	Other revenue	-	-	-
716	Gain/loss on the sale of fixed assets	-	-	-
720	Investment income - restricted	-	-	-
700	Total Revenue	875,735	42,155	2,500
Expenses				
Administrative				
911	Administrative salaries	-	-	-
912	Auditing fees	-	-	-
913	Outside management fees	-	-	-
914	Compensated absences	-	-	-
915	Employee benefit contributions - administrative	-	-	-
916	Other operating - administrative	-	-	-
Tenant services				
921	Tenant services - salaries	-	-	-
922	Relocation costs	-	-	-
923	Employee benefit contributions - tenant services	-	-	-
924	Tenant services - other	-	-	1,976
Utilities				
931	Water	-	-	-
932	Electricity	-	-	-
933	Gas	-	-	-
934	Fuel	-	-	-
935	Labor	-	-	-
937	Employee benefit contributions - utilities	-	-	-
938	Other utilities expense	-	-	-
Ordinary maintenance and operations				
941	Ordinary maintenance and operations - labor	-	-	-
942	Ordinary maintenance and operations - materials and other	-	-	-
943	Ordinary maintenance and operations - contract costs	-	-	-
945	Employee benefit contributions - ordinary maintenance	-	-	-
Protective services				
951	Protective services - labor	-	-	-
952	Protective services - other contract costs	-	42,155	-
953	Protective services - other	-	-	-
955	Employee benefit contributions - protective services	-	-	-

Schedule 1
(Continued)

Resident Opportunity and Supportive Services	Section 8 Single Room	Business Activities	Community Development Block Grant	State/ Local	Grand Total
-	-	23,472	-	-	12,453,015
-	-	-	-	-	379,390
-	-	23,472	-	-	12,832,405
341,586	664,098	-	296,809	-	78,069,144
-	-	-	-	-	11,052,533
-	-	-	-	20,165	1,447,026
-	1,911	6,048	-	567	210,183
-	-	-	-	-	438,189
-	-	90,527	-	(162)	661,145
-	-	-	-	-	93,662
-	-	-	-	-	-
341,586	666,009	120,047	296,809	20,570	104,804,287
-	68,098	10,622	13,224	11,859	7,238,920
-	445	-	-	-	90,123
-	-	-	-	-	16,909
-	1,080	-	-	-	66,757
-	17,250	2,087	2,122	3,868	2,030,156
-	13,739	52,772	-	23,550	2,904,233
-	-	-	-	-	147,953
-	-	-	-	-	7,868
-	-	-	-	-	46,607
341,586	-	45,950	124,072	-	869,044
-	-	1,787	-	-	2,038,014
-	-	-	-	-	1,309,954
-	-	-	-	-	1,993,095
-	-	-	-	-	29,299
-	-	-	-	-	444,440
-	-	-	-	-	132,947
-	-	-	-	-	13,319
-	-	229	-	-	5,593,292
-	-	1,266	-	-	1,216,206
-	-	-	-	-	2,523,095
-	-	59	-	-	1,673,132
-	-	-	-	-	-
-	-	-	-	-	2,344,061
-	-	-	-	-	12,370
-	-	-	-	-	-

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Moderate Rehab MN002MR0002
	Expenses (Continued)			
	General expenses			
961	Insurance premiums	1,111,203	9,221	-
962	Other general expenses	726,341	337,954	-
963	Payments in lieu of taxes	323,749	-	-
964	Bad debt - tenant rents	323,334	-	-
965	Bad debt - mortgages	-	-	-
966	Bad debt - other	-	-	-
967	Interest expense	201,299	(3,814)	-
968	Severance expense	-	-	-
969	Total Operating Expenses	29,843,291	2,868,149	41,915
970	Excess Operating Revenue Over Operating Expenses	(365,180)	55,056,290	255,207
971	Extraordinary maintenance	25,995	-	-
972	Casualty losses - noncapitalized	23,933	-	-
973	Housing assistance payments	-	41,934,009	261,354
974	Depreciation expense	8,495,803	-	-
975	Fraud losses	-	-	-
978	Dwelling units rent expense	-	-	-
900	Total Expenses	38,389,022	44,802,158	303,269
	Other Financing Sources (Uses)			
1001	Operating transfers in	1,366,584	-	-
1002	Operating transfers out	(139,499)	(12,876,303)	(30,000)
1003	Operating transfers from/to primary government	-	-	-
1004	Operating transfers from/to component unit	-	-	-
1005	Proceeds from notes, loans, and bonds	-	-	-
1006	Proceeds from property sales	-	-	-
1010	Total Other Financing Sources (Uses)	1,227,085	(12,876,303)	(30,000)
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(7,683,826)	245,978	(36,147)

Schedule 1
(Continued)

Moderate Rehab MN002MR0003	Moderate Rehab MN002MR0005	Moderate Rehab MN002MR0006	Other Federal Program 1	Low Rent Development	Capital Fund
-	-	-	-	-	-
-	-	-	13,575	14,030,482	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,520	12,041	9,636	13,575	14,030,482	2,200,733
205,545	167,042	56,368	-	(13,515,120)	11,543,382
-	-	-	-	-	-
202,329	165,740	55,363	-	-	-
-	-	-	-	-	183,482
-	-	-	-	-	-
217,849	177,781	64,999	13,575	14,030,482	2,384,215
-	-	-	-	13,867,708	-
-	-	-	-	-	(2,031,224)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	13,867,708	(2,031,224)
3,216	1,302	1,005	-	352,588	9,328,676

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Revitalization of Severely Distressed Public Housing	Byrne Memorial State and Local Law Enforcement Assist. Discr. Grt.	Volunteers In Service to America
Expenses (Continued)				
General expenses				
961	Insurance premiums	-	-	-
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	-	-	-
969	Total Operating Expenses	-	42,155	1,976
970	Excess Operating Revenue Over Operating Expenses	875,735	-	524
971	Extraordinary maintenance	-	-	-
972	Casualty losses - noncapitalized	-	-	-
973	Housing assistance payments	-	-	-
974	Depreciation expense	-	-	-
975	Fraud losses	-	-	-
978	Dwelling units rent expense	-	-	-
900	Total Expenses	-	42,155	1,976
Other Financing Sources (Uses)				
1001	Operating transfers in	-	-	-
1002	Operating transfers out	-	-	-
1003	Operating transfers from/to primary government	-	-	-
1004	Operating transfers from/to component unit	-	-	-
1005	Proceeds from notes, loans, and bonds	-	-	-
1006	Proceeds from property sales	-	-	-
1010	Total Other Financing Sources (Uses)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	875,735	-	524

Schedule 1
(Continued)

Resident Opportunity and Supportive Services	Section 8 Single Room	Business Activities	Community Development Block Grant	State/ Local	Grand Total
-	-	952	-	-	1,121,376
-	-	49,824	-	-	15,158,176
-	-	-	-	-	323,749
-	-	-	-	-	323,334
-	-	-	-	-	-
-	-	3,216	-	21,295	24,511
-	-	-	-	-	197,485
-	-	-	-	-	-
341,586	100,612	168,764	139,418	60,572	49,890,425
-	565,397	(48,717)	157,391	(40,002)	54,913,862
-	-	-	157,391	-	183,386
-	-	-	-	-	23,933
-	553,951	-	-	16,285	43,189,031
-	-	5,359	-	-	8,684,644
-	-	-	-	-	-
341,586	654,563	174,123	296,809	76,857	101,971,419
-	-	53,485	-	-	15,287,777
-	-	(187,266)	-	(23,485)	(15,287,777)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(133,781)	-	(23,485)	-
-	11,446	(187,857)	-	(79,772)	2,832,868

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Moderate Rehab MN002MR0002
Memo account information				
1101	Capital outlays - enterprise funds	-	-	-
1102	Debt principal payments - enterprise funds	541,632	-	-
1103	Beginning equity	136,187,916	710,818	207,960
1104	Prior period adjustments - equity transfers and correction of errors	1,875,121	(38,705)	-
1105	Changes in compensated absence liability	-	-	-
1106	Changes in contingent liability balance	-	-	-
1107	Changes in unrecognized pension transition liability	-	-	-
1108	Changes in special terms/severance benefits liability	-	-	-
1109	Changes in allowance for doubtful accounts - dwelling rents	-	-	-
1110	Changes in allowance for doubtful accounts - other	-	-	-
1112	Depreciation "add-back"	-	-	-
1113	Maximum annual contributions commitment (per ACC)	-	43,208,955	271,455
1114	Prorata maximum annual contributions applicable to a period of less than 12 months	-	-	-
1115	Contingency reserve, ACC program reserve	-	1,227,953	394,986
1116	Total annual contributions available	-	44,436,908	666,441
1120	Unit months available	71,129	58,056	612
1121	Number of unit months leased	69,776	50,887	500
	Equity Roll-Forward Check	130,379,211	918,091	171,813

Schedule 1
(Continued)

Moderate Rehab MN002MR0003	Moderate Rehab MN002MR0005	Moderate Rehab MN002MR0006	Other Federal Program 1	Low Rent Development	Capital Fund
-	-	-	-	-	-
-	-	-	-	-	-
150,830	20,560	13,472	-	2,269,378	17,070,256
-	-	-	-	(1,835,889)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
195,435	172,252	97,440	-	-	-
-	-	-	-	-	-
28,871	5,433,568	44,254	-	-	-
224,306	5,605,820	141,694	-	-	-
312	240	192	-	-	-
278	234	165	-	-	-
154,046	21,862	14,477	-	786,077	26,398,932

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

**FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2004**

Line Item #	Account Description	Revitalization of Severely Distressed Public Housing	Byrne Memorial State and Local Law Enforcement Assist. Discr. Grt.	Volunteers In Service to America
Memo account information				
1101	Capital outlays - enterprise funds	-	-	-
1102	Debt principal payments - enterprise funds	-	-	-
1103	Beginning equity	15,676	-	-
1104	Prior period adjustments - equity transfers and correction of errors	-	-	18
1105	Changes in compensated absence liability	-	-	-
1106	Changes in contingent liability balance	-	-	-
1107	Changes in unrecognized pension transition liability	-	-	-
1108	Changes in special terms/severance benefits liability	-	-	-
1109	Changes in allowance for doubtful accounts - dwelling rents	-	-	-
1110	Changes in allowance for doubtful accounts - other	-	-	-
1112	Depreciation "add-back"	-	-	-
1113	Maximum annual contributions commitment (per ACC)	-	-	-
1114	Prorata maximum annual contributions applicable to a period of less than 12 months	-	-	-
1115	Contingency reserve, ACC program reserve	-	-	-
1116	Total annual contributions available	-	-	-
1120	Unit months available	-	-	-
1121	Number of unit months leased	-	-	-
	Equity Roll-Forward Check	891,411	-	542

Schedule 1
(Continued)

Resident Opportunity and Supportive Services	Section 8 Single Room	Business Activities	Community Development Block Grant	State/ Local	Grand Total
-	-	-	-	-	-
-	-	-	-	-	541,632
-	170,559	490,820	-	145,242	157,453,487
-	-	(527)	-	(18)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	788,688	-	-	-	44,734,225
-	-	-	-	-	-
-	970,038	-	-	-	8,099,670
-	1,758,726	-	-	-	52,833,895
-	2,016	24	-	97	132,678
-	1,535	24	-	97	123,496
-	182,005	302,436	-	65,452	160,286,355

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

Schedule 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Funding		
Public and Indian Housing Program		
Operating Subsidy (Low Rent)	14.850	\$ 14,676,798
Development Projects	14.850	178,844
Total CFDA #14.850		\$ 14,855,642
Section 8 Project-Based Programs		
N/C S/R Section 8 Program	14.182	\$ 654,563
Section 8 Moderate Rehabilitation	14.856	755,421
Total Section 8 Project-Based Cluster		\$ 1,409,984
Section 8 Housing Choice Vouchers Program	14.871	\$ 57,325,266
Revitalization of Severely Distressed Public Housing	14.866	\$ 875,735
Resident Opportunity and Supportive Services	14.870	\$ 341,586
Public Housing Capital Fund Program		
Replacement Housing Factor FFY 2001	14.872	\$ 323,884
Replacement Housing Factor FFY 2002	14.872	340,755
Capital Fund FFY 2000	14.872	14,728
Capital Fund FFY 2001	14.872	2,604,885
Capital Fund FFY 2002	14.872	6,241,023
Capital Fund FFY 2003	14.872	4,218,840
Total CFDA #14.872		\$ 13,744,115
Moving to Work Technical Assistance Grant #MTWTGMN0021	14.unknown	\$ 13,575
Passed Through the City of Minneapolis		
Community Development Block Grant (CDBG)		
CDBG-Funded Low-Rent Housing Program	14.218	\$ 157,391
Resident Participation Program	14.218	69,841
Project Self-Sufficiency	14.218	2,447
Mobility Counseling	14.218	67,130
Total CFDA #14.218		\$ 296,809
Total U.S. Department of Housing and Urban Development		\$ 88,862,712

**MINNEAPOLIS PUBLIC HOUSING AUTHORITY
MINNEAPOLIS, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Justice		
Passed Through Minnesota Department of Public Safety Byrne Formula Grant Program	16.579	\$ <u>42,155</u>
Corporation for National and Community Service		
Direct Funding Volunteers in Service to America	94.013	\$ <u>1,976</u>
Total Federal Awards		\$ <u>88,906,843</u>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by the Minneapolis Public Housing Authority. The Authority's reporting entity is defined in Note 1 to the financial statements.
2. The expenditures on this schedule are on the accrual basis of accounting.
3. For the year ended September 30, 2004, CFDA No. 16.579 was passed through to a subrecipient.