

Cuyahoga Metropolitan Housing Authority

*Single Audit Report
for the Year Ended
December 31, 2002*



**Auditor of State
Betty Montgomery**

Board of Commissioners
Cuyahoga Metropolitan Housing Authority
Cleveland, Ohio

We have reviewed the Independent Auditor's Report of the Cuyahoga Metropolitan Housing Authority, Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cuyahoga Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 30, 2003

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Cuyahoga Metropolitan Housing Authority
Cleveland, Ohio

We have audited the accompanying financial statements of the Cuyahoga Metropolitan Housing Authority (the "Authority") as of December 31, 2002, and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Authority. 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, such financial statements present fairly, in all material respects, the financial position of the Authority at December 31, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, effective January 1, 2002, the Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

As discussed in Note 10 to the financial statements, the Authority has been audited by outside regulatory agencies and has also been audited in accordance with the provisions of the Single Audit Act Amendments of 1996. Certain unresolved compliance findings and questioned costs exist as a result of audits conducted for the period January 1, 1990 through July 31, 1998, the outcome of which is not presently determinable. Accordingly, no provision for any loss that might result from the resolution of these matters has been made in the accompanying financial statements.

The management's discussion and analysis on pages 3-9 is not a required part of the basic 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 performed for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The accompanying Supplemental Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Supplemental Financial Data Schedule and Reconciliation of the Financial Statements to the Financial Data Schedule, and the Supplemental Schedule of Actual Modernization Costs Incurred on Certain Projects Closed Through December 31, 2002, as required by the U.S. Department of Housing and Urban Development are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management of the Authority. Such supplemental schedules have been subjected to auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2003 on our consideration of the Authority's internal control over financial reporting and 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.

Deloitte & Touche LLP

June 11, 2003

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2002

The Cuyahoga Metropolitan Housing Authority (“CMHA” or the “Authority”) owns and manages property and administers rent subsidy programs to provide eligible low-income persons good, safe and affordable housing. CMHA is a political subdivision of the State of Ohio, created under sections 3735.27 to 3735.50 of the Ohio Revised Code and serves the County of Cuyahoga primarily through two federally assisted programs administered by the U.S. Department of Housing and Urban Development (“HUD”): Conventional Low Income Public Housing and Housing Choice Voucher programs.

New Accounting Standard

In June 1999, the Governmental Accounting Standards Board (the “GASB”) issued Statement No. 34, *Basic Financial Statements – and Managements Discussion and analysis – for State and Local Governments*, which establishes new reporting formats for annual financial statements of governmental units. The provisions of this statement were implemented by the Authority for the year ended December 31, 2002.

The following discussion and analysis provides an overview of the Authority’s financial activities and should be read in conjunction with the Authority’s financial statements which begin on page 10. Since this is a transition year for the new format, only one year of information is presented in the audited financial statements. For comparative purposes, the prior year financial information has been restated and included in this section. Beginning next year, the financial statements will display two years of comparative data.

Overview of the Financial Statements

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America, including GASB Statement No. 34 (as amended by GASB Statement No. 37). The Authority follows the “business-type activities” reporting requirements of GASB Statement No. 34 that provide a comprehensive authority wide look at the Authority’s financial activities. The statements are:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows

The statements are prepared on the accrual basis and present all assets and liabilities of the Authority, both financial and capital, and short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Authority’s financial condition as of December 31, 2002 and the results of its operations and cash flows for the year then ended.

Financial Highlights

- The Authority's net assets decreased by \$16.7 million (or 6.6%) during 2002. Depreciation expense, a non-cash item, of \$29.9 million was the primary reason for the decrease. Net assets were \$237.2 million and \$253.9 million at December 31, 2002 and 2001, respectively.
- Total operating and non-operating revenues increased by \$26.6 million (or 16.5%) during 2002, and were \$187.8 million and \$161.2 million for 2002 and 2001, respectively.
- The total expenses of all Authority programs increased by \$30.2 million (or 17.3%). Total expenses were \$204.5 million and \$174.3 million for 2002 and 2001, respectively.
- The Authority's unrestricted net assets at December 31, 2002 and 2001 were \$10.1 million and \$12.4 million, respectively, for a decrease of 18.5%.

The Authority's Funds

The Authority's financial statements include all programs that are considered to be within its administrative control. The Authority generally maintains separate accounting records for each grant program or annual contribution contract, as required by HUD. A list of the more significant programs is as follows:

Conventional Low Income Public Housing—Under the Conventional Low Income Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Low Income Public Housing Program is operated under an Annual Contributions Contract with HUD, and HUD provides operating subsidy and capital grant funding to enable CMHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Low Income Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program—Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Other Programs—In addition to the major programs above, the Authority also maintains the following non-major programs which have assets, liabilities, revenues, or expenses of at least 5% or more of the Authority's total assets, liabilities, revenues or expenses:

Economic Development and Supportive Services Program—a grant program funded by HUD that encourages economic self-sufficiency among the Authority's resident population

Drug Elimination Program—a grant program funded by the HUD that is intended to reduce the use of illegal drugs within the Authority's properties

Hope VI Planning Grant—a grant program funded by HUD to explore redevelopment possibilities for the Authorities properties

AUTHORITY-WIDE FINANCIAL STATEMENT

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities of the Authority using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The following table reflects the condensed information from the Authority's Statement of Net Assets compared to the prior year.

CONDENSED STATEMENT OF NET ASSETS (In millions)

	December 31	
	2002	2001
Assets:		
Current and other assets	\$ 45.9	\$ 46.7
Capital assets	<u>235.3</u>	<u>250.7</u>
Total assets	<u>281.2</u>	<u>297.4</u>
Liabilities:		
Accounts payable and other current liabilities	28.0	27.1
Long-term liabilities	<u>16.0</u>	<u>16.4</u>
Total liabilities	<u>44.0</u>	<u>43.5</u>
Net Assets:		
Invested in capital assets—net of related debt	223.8	238.5
Restricted	3.3	3.0
Unrestricted	<u>10.1</u>	<u>12.4</u>
Total Net Assets	<u><u>\$ 237.2</u></u>	<u><u>\$ 253.9</u></u>

For more detailed information see page 10 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Current and other assets decreased by \$0.8 million. Current assets decreased \$1.1 million and current liabilities increased by \$0.9 million. The Authority's current ratio held steady at 1.5 to 1 in 2002 compared to 1.6 to 1 in 2001. As such, there are sufficient current assets (primarily cash, investments and receivables from HUD) to extinguish current liabilities.

Capital assets also changed significantly, decreasing to \$235.3 million in 2002 from \$250.7 million in 2001. The \$15.4 million decrease is attributed primarily to current year depreciation and amortization of \$29.9 million offset by capital asset additions of \$14.6 million. For additional detail see “Capital Assets and Debt Administration”.

The following presents details on the change in unrestricted net assets:

**CHANGE IN UNRESTRICTED NET ASSETS
(In millions)**

Unrestricted net assets—December 31, 2001	\$ 12.4
Total change in net assets	(16.7)
Adjustments:	
Depreciation (1)	29.9
Adjusted change in net assets	13.2
Payments on long term debt	(0.6)
Capital expenditures	(14.6)
Increase in restricted net assets	(0.3)
Unrestricted net assets—December 31, 2002	\$ 10.1

- (1) Depreciation is treated as an expense and reduces the net assets invested in capital assets, net of related debt, but does not have an impact on unrestricted net assets.

While operating results are a significant measure of the Authority’s activities, the analysis of the changes in unrestricted net assets provides a clearer picture of the change in financial well-being.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating results of the Authority, as well as the non-operating revenues and expenses. HUD subsidies and grants, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles. Condensed information from the Authority’s statements of revenue, expenses and changes in net assets follows:

**CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
(In millions)**

	2002	2001*
Revenues:		
Tenant revenue—rents and other	\$ 13.4	\$ 12.5
Other revenues	<u>1.4</u>	<u>1.4</u>
Total revenue	<u>14.8</u>	<u>13.9</u>
Housing assistance payments	75.6	58.8
Depreciation	29.9	28.9
Administrative	27.5	24.3
Building maintenance	23.2	20.1
Utilities	16.5	15.9
Nonroutine maintenance	15.2	15.1
Tenant services	3.9	3.5
General	3.0	2.6
Protective services	2.8	2.4
Other	<u>2.1</u>	<u>1.9</u>
Total Expenses	<u>199.7</u>	<u>173.5</u>
Operating Loss	<u>(184.9)</u>	<u>(159.6)</u>
Non-operating revenues (expenses):		
Subsidies and grants from HUD	171.7	146.1
Grants—other	0.7	0.0
Interest income	0.6	1.2
Interest expense	(0.8)	(0.8)
Other	<u>(4.0)</u>	<u>-</u>
Total non-operating revenue—net	<u>168.2</u>	<u>146.5</u>
Change in net assets	<u>(16.7)</u>	<u>(13.1)</u>
Net assets—Beginning of Year	<u>253.9</u>	<u>267.0</u>
Net assets—End of Year	<u>\$ 237.2</u>	<u>\$ 253.9</u>

* Certain amounts in the 2001 condensed statement of revenues, expenses, and changes in net assets have been reclassified to conform to the 2002 presentation.

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Assets

Tenant revenue shows a slight increase due primarily to higher average rentals and increased occupancy levels.

HUD subsidies and grants increased substantially due primarily to the Housing Choice Voucher Program, which increased by \$18.1 million, or 28%. This was a result of an increase in tenant occupancy for that program of approximately 29%. HUD subsidies and grants also increased due to the formation of a joint venture with the Cleveland Housing Network to construct homes in the City of Cleveland for which HUD supplied an additional \$4.0 million.

Total expenses increased \$26.2 million primarily due to the following: Administrative expenses increased \$3.2 million due to increased payroll (\$1.3 million) as staffing has increased, higher employee benefits (\$0.8 million) due to increases in health insurance costs, and higher sundry expense (\$1.1 million) primarily due to the implementation of the Resident Choice Voucher Program. Housing assistance payments increased by \$16.8 million due to the expansion of the program. Finally, ordinary maintenance costs increased by \$3.1 million in 2002 as the Authority put a high priority on preparing units for occupancy where there had been a backlog. As a result of this program, units rented increased every month from May to December 2002.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2002, the Authority had \$235.3 million invested in a variety of capital assets (as reflected in the following schedule), which represents a net decrease of \$15.4 million from December 31, 2001.

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION) (In millions)

	December 31	
	2002	2001
Land and land rights	\$ 23.6	\$ 23.6
Buildings	563.6	549.0
Equipment—administrative	8.8	7.5
Equipment—dwelling	9.1	9.4
Construction in progress	1.6	4.6
Total	606.7	594.1
Accumulated depreciation	(371.4)	(343.4)
Capital assets—net	\$ 235.3	\$ 250.7

The following reconciliation summarizes the 2002 change in capital assets, which is presented in detail on page 21 of the notes to the financial statements.

CHANGES IN CAPITAL ASSETS (In millions)

Balance at December 31, 2001	\$ 250.7
Additions	14.6
Retirements—net	(0.1)
Depreciation expense	(29.9)
Balance at December 31, 2002	\$ 235.3

This year's major additions to capital assets resulted primarily from the Authority's capital improvement programs. Modernization is in process at several of the Authority's Public Housing complexes, which resulted in additions of approximately \$13.3 million to capital assets for the year. The remaining portion of the capital additions consisted primarily of equipment purchases, which totaled \$1.3 million.

In 2002, major projects consisted of various federally funded HOPE VI projects for exterior renovation and repair, parking lot repair, and repavement at several of the CMHA estates. Also, the last phase of the comprehensive modernization of Outhwaite Homes was completed in the summer of 2002. This \$14 million Hope VI project consisted of the renovation of five buildings containing 111 units and the Estate Management office. At Lakeview Terrace Estates, the first phase of a comprehensive modernization was completed (garage demolition and parking lot development), and work continues on the remaining four phases. Presently 110 units are going through rehabilitation and will be completed by summer 2004. At Carver Park Estates, seven buildings were demolished in preparation for the development of 279 new units. Exterior renovation and repair was completed at Addison Square and Beachcrest Golden Age Center. In addition to the new parking lots completed at Lakeview Terrace Estates and Euclid Beach, design development has been completed for new lots at Outhwaite Homes and repavement of the existing lots at Riverside Park.

Debt Outstanding

As of December 31, 2002, the Authority had \$10.7 million in long-term debt and capital lease obligations compared to \$11.5 million at December 31, 2001, for a \$0.8 million decrease. The following summarizes these obligations:

**OUTSTANDING DEBT, AT YEAR-END
(In millions)**

	December 31	
	2002	2001
Energy Program—Capital Lease	\$ 5.0	\$ 5.5
Ambleside refinancing	6.5	6.7
Total	11.5	12.2
Less: Current portion	(0.8)	(0.7)
Total	\$ 10.7	\$ 11.5

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of the U.S. Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates of the Authority.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs, which affects the costs of the programs.

* * * * *

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENT OF NET ASSETS DECEMBER 31, 2002

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 21,657,248
Investments	5,459,501
Cash and investments—restricted	4,303,507
Accounts receivable tenants—net of allowance for doubtful accounts of \$294,839	200,342
Accounts receivable—HUD	8,252,335
Accounts receivable—other government	402,514
Accounts receivable—other	298,322
Inventory	1,224,413
Prepaid expenses and other current assets	<u>198,983</u>
 Total current assets	 <u>41,997,165</u>

NON-CURRENT ASSETS:

Capital assets:	
Land	23,575,725
Property and equipment—net	<u>211,691,503</u>
Total capital assets	235,267,228
Cash and investments—restricted	3,122,716
Debt issuance costs, net of amortization of \$98,408	189,592
Investment in joint venture	<u>575,472</u>
 Total non-current assets	 <u>239,155,008</u>
 Total assets	 <u>281,152,173</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable—vendors	10,643,841
Accounts payable—HUD	2,378,300
Payable to HUD—utility allowance	3,000,000
Accrued expenses	9,726,761
Security and other deposits	1,432,481
Current portion of long-term debt	243,311
Current portion of capital leases	<u>530,686</u>
 Total current liabilities	 <u>27,955,380</u>

NON-CURRENT LIABILITIES:

Long-term debt—net of current portion	6,261,979
Capital leases—net of current portion	4,431,638
Payable to HUD—utility allowance	3,350,000
Workers' compensation liability	<u>1,965,000</u>
 Total non-current liabilities	 <u>16,008,617</u>
 Total liabilities	 <u>43,963,997</u>

NET ASSETS

Invested in capital assets—net of related debt	223,799,614
Restricted	3,258,267
Unrestricted	<u>10,130,295</u>
 TOTAL NET ASSETS	 <u>\$ 237,188,176</u>

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2002

OPERATING REVENUES:

Dwelling rent from tenants	\$ 13,431,501
Other revenues	<u>1,352,642</u>
Total revenues	<u>14,784,143</u>

EXPENSES:

Housing assistance payments	75,619,495
Depreciation	29,867,714
Administrative	27,470,087
Building maintenance	23,161,382
Utilities	16,512,718
Nonroutine maintenance	15,212,338
Tenant service	3,951,554
General	3,008,041
Protective services	2,849,707
Other	<u>2,070,361</u>
Total operating expenses	<u>199,723,397</u>

OPERATING LOSS (184,939,254)

NON-OPERATING REVENUES (EXPENSES):

HUD operating subsidies and grants	154,123,483
HUD capital grants	17,599,905
Grants—other	713,011
Interest income	582,948
Interest expense	(776,203)
Other	<u>(4,000,000)</u>
Total non-operating revenues—net	<u>168,243,144</u>

CHANGE IN NET ASSETS (16,696,110)

NET ASSETS—Beginning of year 253,884,286

NET ASSETS—End of year \$ 237,188,176

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from tenant rents	\$ 13,380,735
Cash payments to suppliers for goods and services	(52,524,672)
Cash paid for salaries and benefits	(37,256,584)
Housing assistance payments	(75,619,495)
Other receipts	1,471,274
Other payments	<u>(2,185,743)</u>

Net cash used in operating activities (152,734,485)

CASH FLOWS FROM NONCAPITAL FINANCING:

HUD operating subsidies and grants	160,204,882
Other grants	<u>530,775</u>

Cash provided by noncapital financing activities 160,735,657

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

HUD capital grants	19,149,534
Property and equipment additions	(14,621,164)
Repayment of debt and capital lease obligations	(726,364)
Interest paid on debt and capital lease obligations	(774,938)
Proceeds from sale of capital assets	<u>270,927</u>

Net cash provided by capital and related financing activities 3,297,995

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(20,775,912)
Proceeds from maturity of investments	11,298,528
Interest income	<u>538,795</u>

Net cash used in investing activities (8,938,589)

INCREASE IN CASH AND CASH EQUIVALENTS 2,360,578

CASH BALANCE—BEGINNING OF YEAR 20,839,415

CASH BALANCE—END OF YEAR \$ 23,199,993 *

* The amount includes \$21,657,248 of unrestricted cash and cash equivalents and \$1,542,745 of restricted cash.

See notes to the financial statements.

(Continued)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2002

RECONCILIATION OF OPERATING LOSS TO NET CASH USED

IN OPERATING ACTIVITIES:

Operating loss	\$ (184,939,254)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	29,867,714
Provision for uncollectible accounts	58,983
Amortization of bond issue costs	12,298
Gain on the sale of property, plant and equipment	(111,831)
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable tenants	(109,749)
Accounts receivable—other	230,463
Inventory	(110,970)
Prepaid expenses and other assets	202,367
Increase (decrease) in liabilities:	
Accounts payable	742,819
Accrued expenses and other	1,550,355
Security and other deposits	(133,680)
Workers' compensation	<u>6,000</u>
Net cash used in operating activities	<u>\$ (152,734,485)</u>

(Concluded)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2002

1. DEFINITION OF THE ENTITY

The Cuyahoga Metropolitan Housing Authority (the “Authority”) is a political subdivision organized under the laws of the State of Ohio. The Authority is responsible for operating certain low-rent housing programs in the County of Cuyahoga under programs administered by the U.S. Department of Housing and Urban Development (“HUD”). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority’s financial statements include all programs that are considered to be within its administrative control. The Authority generally maintains separate accounting records for each grant program or annual contribution contract, as required by HUD. A list of the various programs, including HUD Annual Contributions Contract Number (“ACC”), if applicable, is as follows:

Conventional Low-Rent Housing Program (ACC C-5003) (“Conventional Program”)—The Authority develops, modernizes and manages low-rent housing projects. This program accounts for housing operations primarily funded under ACC C-5003, which also includes the Capital Fund Program (“CFP”), Comprehensive Grant Program (“CGP”), Replacement Housing Fund and Urban Revitalization Development Grant (“URD”, “HOPE VI”).

Homeownership Program (ACC C-5003)—Ownership equity is realized by the family tenant through monthly payments into an earned home payments account and through regular maintenance of the home. A family achieves ownership when the equity increases to a point where it is equal to a predetermined amount based upon the unamortized purchase price of the home. A family may also purchase the home by obtaining financing or otherwise paying the amount by which the purchase price exceeds the family’s equity.

Section 8 Housing Choice Voucher and Moderate Rehabilitation Programs (ACC C-5015)—The Authority contracts with private landlords and subsidizes the rent for dwelling units. Payments are made to the landlord on behalf of the tenant for the difference between the contract rent amount and the amount that the tenant is required to pay under HUD established guidelines that consider factors such as family composition and income.

Section 8 New Construction Housing Assistance Payment Programs (Ambleside Contract C-77-242, Severance Contract C-78-089 and Quarrytown Contract C-77-330)—These programs account for the operation of low-income housing developments where the Authority or private developers contract directly with HUD to develop low-income housing. The Authority manages all developments and handles all HUD funding and reporting. The Authority owns the Ambleside development. The Annual Contribution Contracts for Severance Housing Corporation (“Severance”) and the Cuyahoga County Housing Corporation (“Quarrytown”) are between HUD and the Authority. In these cases, the Authority leases the housing projects from a private developer (see Note 7).

Woody Woods and Noah Properties—In September 1996, HUD sold 10 properties on which it had foreclosed to the Authority for \$1 each. In addition, HUD awarded grants of approximately \$20 million for the demolition or rehabilitation of existing properties and new construction of housing. With the exception of Woody Woods and Blainewood (part of the Noah properties), all of the properties were demolished (including the other Noah properties) and the land is currently available for redevelopment. The Woody Woods property currently contains facilities serving both Section 8 and non-Section 8 residents. The Blainewood property has been vacant since it was purchased from HUD in 1996.

Western Reserve Revitalization and Management Company—The Authority has established Western Reserve Revitalization and Management Company (“Western Reserve”) as a wholly-owned subsidiary. Western Reserve was established for the purpose of owning an investment as the general partner, together with The Cleveland Housing Network, in the Cleveland New Construction Limited Partnership (“CNC III”). CNC III was established for the purpose of developing single-family homes and townhouses as part of a scattered-site lease-purchase project. CNC III is not considered a component unit of the Authority as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. Accordingly, the assets, liabilities, and results of operations of CNC III are not included in the accompanying financial statements. The Authority recognized a \$4 million loss in 2002 to reduce its investment in CNC III to estimated fair value. The loss is included as other non-operating expense in the statement of revenues, expenses and changes in net assets.

Local Fund—In 1998, a \$100,000 contribution of capital was made by Title V to a new local fund. This fund is to be used for expenditures necessary for the accomplishment of the Authority’s mission but which do not fall under HUD oversight. All expenditures from the local fund must be approved by the Executive Director and the budget is approved by the Board of Commissioners.

Title V/Affordable Housing—Assets in the Title V program represent the proceeds and investment income realized from the sale of World War II Title V housing projects that were given to the Authority by the U.S. government at the end of the Title V program and other funds transferred to the program by the Authority. In 1994, the Authority transferred \$2,538,638 into Title V from the Ambleside program. This amount represented the excess proceeds on the bond refinancing of the Ambleside property. These assets are subject to the terms of a Memorandum of Understanding between HUD and the Authority. All activity within this program must comply with the laws of the State of Ohio and the Administrative Orders issued by the Board of Commissioners of the Authority (the “Board”).

The Affordable Housing program was established to provide safe and sanitary housing accommodations within Cuyahoga County, particularly within the City of Cleveland, to low-income families through the construction of housing in conformity with federal “turnkey rules” promulgated by HUD.

Other Grants—During 2002, the Authority received federal, state and local funding under the Public Housing Drug Elimination Grant Program, Youth Violence Grant, Economic Development Supportive Service Program, Resident Opportunities and Supportive Services Program, Foster Care Grant, CopsMore Program, 1st Vista Program, City of Cleveland CDBG and Supportive Housing Program. Expenditures for these programs and grants must be made in accordance with the rules and regulations established by the grantors.

CMHA Charities Fund, Inc.—The Authority has established CMHA Charities Fund, Inc., a 501(c)(3) Corporation. This charity is to raise funds through donations and fund raising events to be used to provide charitable and educational support for the Authority’s residents. The assets, liabilities and results of operations are included in the accompanying financial statements.

Excluded Entities—Certain entities that conduct activities for the benefit of the Authority or its residents are excluded from the financial statements. These entities are:

Nonprofit Corporations—In accordance with housing subsidy contracts, the Authority has designated several Section 8 nonprofit corporations (Severance Housing Corporation, Cuyahoga Housing Corporation, Cuyahoga-Puritas Housing Corporation, Rosalind-Amesbury Housing Assistance Corporation, Cleveland-Rock Glen Housing Assistance Corporation, and Chester Village Housing Incorporated) to serve as instrumentalities of the Authority to assist in the development and financing of housing projects. The Board of the Authority appoints the Board of Trustees of the Severance Housing Corporation, Cuyahoga-Puritas Housing Corporation, Rosalind-Amesbury Housing Assistance Corporation, Cleveland-Rock Glen Housing Assistance Corporation, and Chester Village Housing Incorporated, the members of which are all the same. The Authority’s Board of Commissioners must approve all actions of the instrumentalities and, upon their dissolution, all assets and residual receipts are to be distributed to the Authority. These Section 8 nonprofit corporations have no employees, perform no day-to-day functions, and the officers thereof serve in a non-paid status. There are no assets or liabilities in these corporations and there were no revenues earned or expenses incurred during 2002.

Joint Venture—The Authority is a member of the Housing Authority Risk Retention Group (“HARRG”) and the Housing Authority Property Insurance, Inc. (“HAPI”). HARRG and HAPI are nonprofit, tax exempt mutual insurance companies that are wholly owned by their public housing authority members. HARRG operates under the Federal Liability Risk Retention Act. It provides liability insurance coverages solely to public housing authorities and public housing and redevelopment agencies throughout the United States. HAPI is a captive insurance company formed pursuant to the Vermont Captive Insurance Companies Act. It provides property insurance to public housing authorities and public housing and redevelopment authorities throughout the United States. The Board of Directors is elected by HARRG’s approximately 721 members. The number of votes granted to each member is based upon premiums paid and is limited to a maximum of 10 percent of the total votes available. Due to the lack of significant oversight responsibility and accountability of the Authority’s Board of Commissioners for actions, operations, and fiscal matters of HARRG and HAPI, the degree of financial interdependency is considered insufficient to warrant inclusion of these organizations within the Authority’s reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. Effective January 1, 2002, the Authority implemented GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, Statement No. 37, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34*, and Statement No. 38, *Certain Financial Statement Disclosures*. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units. The Authority now follows the business-type activities reporting requirements of GASB Statement No. 34. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis.

Statement No. 34 requires the following, which collectively make up the Authority's basic financial statements:

- Management's Discussion and Analysis
- Basic financial statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
- Notes to the financial statements

No cumulative effect adjustments to net assets as of January 1, 2002 were required in connection with the implementation of the GASB statement described above.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The Authority will continue to apply all applicable pronouncements of the Governmental Accounting Standards Board.

The significant accounting policies under which the financial statements have been prepared are as follows:

- a. *Cash and Cash Equivalents*—Cash and cash equivalents include investments with original maturities of three months or less. Cash and cash equivalents are stated at fair value.
- b. *Investments*—Investments are stated at fair value.
- c. *Land, Property and Equipment*—Land, property and equipment are recorded at cost. Property and equipment are depreciated over the estimated useful lives of the assets. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which are as follows:

Property	15 - 40 Years
Equipment	3 - 7 Years

- d. *Debt Obligations*—Debt obligations (and the related debt service requirements) of the Ambleside program and a capital lease for the purchase of heating and energy efficiency equipment are the responsibility of the Authority, and are classified as liabilities in the accompanying financial statements.
- e. *Compensated Absences*—Vacation time may be accrued and carried over from year to year up to a maximum of 240 hours. Earned vacation time is due and payable to employees upon termination of employment.

For union employees only, a portion of accrued sick time is payable upon retirement. Upon retirement, a union employee can convert up to 120 days of accumulated but unused sick time into a cash payment at the rate of one day for every two days accumulated.

- f. *Debt Amortization Funds*—Debt amortization funds consist of cash and investments held by fiscal agents. These funds are used to retire current installments of debt and to pay interest accrued thereon. Investments of debt amortization funds are carried at fair value.
- g. *Revenue Recognition*—Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which the grants relate. Tenant rental revenues are recognized during the period of occupancy. Receipts from CGP, CFP, URD (HOPE VI) and other reimbursement based grants are recognized when the related expenses are incurred. Expenses are recognized as incurred.
- h. *Debt Issuance Costs and Original Issue Discounts*—Bond premiums, original issuance discounts and bond issuance costs are amortized over the life of the underlying debt using the effective interest method.
- i. *Indirect Costs*—Certain indirect costs are charged to programs under a cost allocation plan. These indirect costs are accumulated in and allocated from the Conventional Low-Rent Housing Program.
- j. *Inventory*—Inventory is valued using an average costing method. Expense is recorded based upon consumption.
- k. *Use of Estimates*—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, at and during the reported period. Actual results could differ from those estimates.
- l. *Budgetary Accounting and Control*—The Authority’s annual budget is prepared on the accrual basis of accounting and approved by the Board of Commissioners. The budget includes anticipated amounts for current year revenues and expenses as well as new capital projects.

The Authority maintains budgetary control by not permitting total operating expenses and expenditures for individual programs to exceed their respective budget amounts without the appropriate approvals. All budget amounts lapse at year end.

3. DEPOSITS AND INVESTMENTS

Legal Requirement—The deposit and investment of the Authority’s monies are governed by the provisions of the Ohio Revised Code. The Authority is permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, state and local government investment pools, direct obligations of the federal government, obligations of Federal government agencies and securities of federal government agencies. These investments must mature within three years of their purchase. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer for a period not exceeding 30 days.

Under Ohio law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (“FDIC”), or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase

agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instrument, contract or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse purchase agreements.

To report the custodial credit risk of its deposits and investments, the Authority has classified its deposits and investments in the following categories established in accordance with GASB Statement No. 3:

Deposits:

- Category 1 Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- Category 3 Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name).

Investments:

- Category 1 Insured or registered, or securities held by the Authority or its agent in the Authority's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

Deposits—At year-end, the carrying amount of the Authority's deposits was \$23,199,993 and the bank balance was \$26,018,670, the difference representing outstanding checks and other in-transit items. Of the bank balance, \$350,242 was covered by federal depository insurance, \$2,384,897 was collateralized with securities held at the Federal Reserve Bank, \$925,745 was covered by pooled collateral held by the financial institution, and \$22,357,786 was uninsured and uncollateralized as defined by GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name, as permitted under Ohio law.

Investment—The Authority’s investments at December 31, 2002 are classified by risk category as follows:

Description	Risk Categories			Total Fair Value/ Carrying Value
	1	2	3	
Federal National Mortgage Association discount notes	\$ 500,000	\$ 2,110,241		\$ 2,610,241
Federal Home Loan Mortgage Corp. securities	500,000	2,231,646		2,731,646
Federal Home Loan Bank securities	500,000	1,139,750		1,639,750
Federal Farm Credit Bank Discount notes	500,000	424,704		924,704
United States Treasury note		402,014		402,014
Subtotal	<u>\$ 2,000,000</u>	<u>\$ 6,308,355</u>		8,308,355
Money market fund				<u>3,034,624</u>
Total primary government investments				<u>\$ 11,342,979</u>

A reconciliation of cash and investments as shown on the statement of net assets at December 31, 2002 to the deposits and investments included in this note is as follows:

Cash and cash equivalents	\$21,657,248
Investments	5,459,501
Cash and investments—restricted:	
Current asset	4,303,507
Non-current asset	<u>3,122,716</u>
Total	<u>\$34,542,972</u>
Carrying amount of deposits	\$23,199,993
Carrying amount of investments	<u>11,342,979</u>
Total	<u>\$34,542,972</u>

4. RESTRICTED CASH AND INVESTMENTS

At December 31, 2002, the Authority had the following cash and investments, the use of which was restricted under the terms of various grant programs, debt obligations, and other requirements:

Conventional Program:	
Tenant security deposits	\$ 934,148
Industrial Commission of Ohio escrow fund	2,804,352
Homeownership Program:	
Earned home payment account and nonroutine maintenance reserves	283,438
Ambleside:	
Tenant security deposits	34,764
Nonroutine maintenance reserves	770,421
Debt amortization funds	929,711
Severance:	
Tenant security deposits	75,448
Nonroutine maintenance reserves	1,139,146
Quarrytown:	
Tenant security deposits	35,806
Nonroutine maintenance reserves	<u>418,989</u>
	<u><u>\$7,426,223</u></u>

5. LAND, PROPERTY AND EQUIPMENT

The Authority maintains detailed records that track fixed assets by category. The following schedule lists fixed asset balances for individual programs at December 31, 2002:

Programs	Land	Property	Equipment	Accumulated Depreciation	Net
Conventional Low-Rent Housing Program	\$23,118,263	\$ 554,908,238	\$15,681,285	\$ (364,527,572)	\$ 229,180,214
Homeownership Program	119,622	1,488,680	29,602	(893,433)	744,471
Section 8 Housing Choice Voucher and Moderate Rehabilitation Programs			668,036	(260,672)	407,364
Title V/Affordable Housing	278,000	1,542,000	64,102	(912,516)	971,586
Section 8 New Construction Housing Assistance Payment Programs:					
Ambleside	59,840	5,920,686	299,443	(3,920,119)	2,359,850
Severance		362,440	238,845	(219,030)	382,255
Quarrytown			306,003	(175,952)	130,051
Other		<u>960,736</u>	<u>631,112</u>	<u>(500,411)</u>	<u>1,091,437</u>
Total	<u>\$23,575,725</u>	<u>\$ 565,182,780</u>	<u>\$17,918,428</u>	<u>\$ (371,409,705)</u>	<u>\$ 235,267,228</u>

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses at December 31, 2002 consist of the following items:

Payroll and payroll related accruals	\$5,362,516
Workers' compensation—current portion	1,000,000
Construction claims	835,000
Other litigation reserves	834,321
Employee medical benefits	442,000
Other	<u>1,252,924</u>
 Total	 <u><u>\$9,726,761</u></u>

The utility allowance payable to HUD at December 31, 2002 represents the estimated excess of the subsidy received from HUD for utility costs for 2002 (noncurrent liability) and 2001 (current liability) over the actual utility costs incurred. The amounts will be offset against the Authority's operating subsidy from HUD in 2004 (noncurrent liability) and 2003 (current liability).

7. DEBT AND LEASE OBLIGATIONS

Ambleside Bonds:

In December 1994, the Authority, through the Cleveland-Rock Glen Housing Assistance Corporation, issued \$8.3 million in Multifamily Housing Revenue and Revenue Refunding bonds (composed of \$2.4 million of serial bonds and a \$5.9 million term bond) to retire the mortgage obligation on the Ambleside Section 8 New Construction project and provide funds for the construction of housing for low income elderly, handicapped and disabled individuals.

The bonds are secured by a pledge of all revenues generated by the Ambleside project, including the housing assistance payments from HUD, and by a mortgage on the Ambleside property. The serial bonds are payable in June and December of each year through December 2005 and bear interest at rates ranging from 6.45 percent to 6.75 percent. The term bond matures on June 1, 2018 and bears interest at a rate of 7.00 percent.

The following is a summary of Ambleside's future debt service requirements for bonds payable as of December 31, 2002:

Year	Principal	Interest	Total
2003	\$ 255,000	\$ 465,929	\$ 720,929
2004	275,000	448,700	723,700
2005	290,000	431,532	721,532
2006		411,600	411,600
2007		411,600	411,600
2008-2012		2,058,000	2,058,000
2013-2017		2,058,000	2,058,000
2018	<u>5,955,000</u>	<u>235,056</u>	<u>6,190,056</u>
Total payments	6,775,000	6,520,417	13,295,417
Less - unamortized bond discount	<u>(269,710)</u>	<u> </u>	<u>(269,710)</u>
 Total	 <u><u>\$ 6,505,290</u></u>	 <u><u>\$ 6,520,417</u></u>	 <u><u>\$ 13,025,707</u></u>

At the Authority's option, the bonds are subject to redemption after June 1, 2006, in whole or in part, at a specified premium plus accrued interest through the redemption date.

Capital Lease:

In 1997, the Authority entered into a tax exempt capital lease to acquire equipment to upgrade the heating and energy efficiency of several properties. The agreement expires in September 2010. At December 31, 2002, the net book value of equipment under capital lease was \$4,900,589 (cost and accumulated depreciation were \$6,913,454 and \$2,012,865, respectively).

Payments under the agreement are as follows:

2003	\$ 785,969
2004	785,969
2005	785,969
2006	785,969
2007	785,969
2008-2010	<u>2,155,411</u>
	6,085,256
Less amount representing interest	<u>(1,122,932)</u>
Principal amount	<u>\$ 4,962,324</u>

Other Lease Obligations:

The Authority has entered into long-term operating lease agreements with private developers for the Severance and Quarrytown buildings and administers the Section 8 New Construction Housing Assistance Payments Programs for these facilities. The Authority manages these properties and prepares all the necessary reports for HUD. The annual contributions contracts between the Severance Housing Corporation ("Severance") and the Cuyahoga County Housing Corporation ("Quarrytown") are between HUD and the Authority. The total expense recognized under these operating leases was \$1,830,857 in 2002.

During 2002, the Authority entered into agreements to lease two separate facilities to house warehouse and centralized maintenance operations. Total expense recognized under these operating leases was \$236,958 in 2002. The Authority also leases office equipment under various operating leases. Total expense recognized under these operating leases was \$255,910 in 2002.

Future minimum lease payments are as follows:

Year	Severance	Quarrytown	Warehouses	Office Equipment	Total
2003	\$ 1,001,575	\$ 829,282	\$ 307,036	\$ 255,910	\$ 2,393,803
2004	1,001,575	829,282	318,332	240,739	2,389,928
2005	1,001,575	829,282	94,333	159,149	2,084,339
2006	1,001,575	829,282		97,081	1,927,938
2007	1,001,575	587,408		26,487	1,615,470
2008-2012	<u>876,378</u>	<u> </u>	<u> </u>	<u>18,711</u>	<u>895,089</u>
	<u>\$5,884,253</u>	<u>\$3,904,536</u>	<u>\$ 719,701</u>	<u>\$ 798,077</u>	<u>\$11,306,567</u>

In addition to minimum lease payments, the Authority is obligated to deposit approximately \$83,000 annually in nonroutine maintenance reserves.

8. RETIREMENT BENEFITS

Employees and Plan—Employees of the Authority belong to the Public Employees Retirement System of Ohio (“PERS”), a state-wide and state-administered defined benefit, cost-sharing multi-governmental employer pension plan, as required by the Ohio Revised Code. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees other than law enforcement personnel are required to contribute 8.5 percent of their annual covered salary to PERS. The 2002 employer contribution rate for local government employer units is 13.55 percent of covered payroll including 5.0 percent that was used to fund postretirement health care benefits. The Authority’s total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 2002, 2001 and 2000 were \$3,051,316, \$3,073,763 and \$2,674,226, respectively, which were equal to the required contributions for each year.

Other Postretirement Benefits—PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (“OPEB”) as described in GASB Statement No. 12.

A portion of each employer’s contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The portion of the employer contribution rate used to fund health care for 2002 and 2001 was 5.0 percent and 4.3 percent, respectively, of covered payroll. During 2002 and 2001, \$1,784,394 and \$1,428,885, respectively, of the Authority’s total contribution to PERS was used for postretirement benefits.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041 at December 31, 2001 (latest information available). The actuarial value of the Retirement System’s net assets available for benefits at December 31, 2001 was \$11.6 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

9. INSURANCE COVERAGE AND RISK RETENTION

The Authority is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

As described in Note 1, the Authority is a member of HARRG, which is a comprehensive general liability insurance group operated as a joint venture by its 721 public housing authority members. Through HARRG, the Authority carries \$5,000,000 of general liability coverage, with a \$25,000 deductible, as well as \$1,000,000 of law enforcement liability, with a \$10,000 deductible, and \$2,000,000 of public officials' errors and omissions coverage, with a \$25,000 deductible.

The Authority is also a member of HAPI, which is a property insurance group operated as a joint venture by its 792 public housing authority members. Through HAPI, the Authority carries building and contents coverage aggregating \$745,900,500 with a \$10,000 deductible.

The Authority's commercial automobile fleet and garage keepers coverage includes liability insurance with a combined single limit of \$1,000,000 per accident with a \$250 deductible.

The Authority is self-insured for the following risks:

- *Health Benefits*—The Authority is self-insured with respect to certain of the health benefit programs offered to its employees. Other programs are fully insured through commercial insurance carriers.
- *Workers' Compensation Benefits*—The Authority is self-insured for workers' compensation benefits provided to its employees. An excess liability policy provides coverage for individual claims that are greater than \$350,000 per individual occurrence and \$10,000,000 in the aggregate. The Authority has recorded a \$2,965,000 liability for self-insured workers' compensation claims in its Conventional Program at December 31, 2002, \$2,804,352 of which has been funded.
- *Employee Termination and Other Third-Party Liability Matters*—The Authority is self-insured for certain employee termination and miscellaneous third-party claims that are not covered by HARRG.

The changes in the Authority's liabilities for self-insured risks for the years ended December 31, 2002 and 2001 were as follows:

	Health Benefits	Workers' Compensation Benefits	Employee Termination and Other
Balance—January 1, 2001	\$ 328,000	\$ 2,502,000	\$ 1,431,617
Incurred claims, net of changes in estimates	1,173,091	1,309,447	370,415
Payments	<u>(1,173,091)</u>	<u>(952,447)</u>	<u>(41,486)</u>
Balance—December 31, 2001	328,000	2,859,000	1,760,546
Incurred claims, net of changes in estimates	1,754,988	1,058,192	(233,670)
Payments	<u>(1,640,988)</u>	<u>(952,192)</u>	<u>(692,555)</u>
Balance—December 31, 2002	<u>\$ 442,000</u>	<u>\$ 2,965,000</u>	<u>\$ 834,321</u>

The liabilities above represent the Authority's best estimates based upon available information and include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic factors.

The Authority strictly adheres to a Risk Control Work Plan policy that incorporates nine standards for risk management. The policy, passed by resolution of the Board of Commissioners and supported by HARRG, seeks to implement risk management activities that include the assignment of a full time risk control administrator, establishment of an active risk control committee, together with a formal self inspection and preventive maintenance program. Other standards include conducting on-site risk control training and education, the development of emergency action plans and property conservation programs and the establishment of an accident and incident investigation program. During 2002, there were no significant reductions in the Authority's insurance coverage.

The Authority paid \$234,690 in premiums to HARRG and \$405,383 in premiums to HAPI for the year ended December 31, 2002. Settled claims have not exceeded the Authority's insurance coverage in any of the past three years.

10. CONTINGENCIES

Certain unresolved compliance findings and questioned costs approximating \$9 million exist that arose from audits of the Authority's financial statements and grant programs for fiscal 1998 and prior years. The ultimate resolution of the compliance findings and questioned costs is not presently determinable. No provision has been made in the financial statements for the effect, if any, of such contingencies.

The Authority is a defendant in several lawsuits, including construction claims. Where possible, estimates have been made and reflected in the financial statements for the effect, if any, of such contingencies. The ultimate outcome of these matters is not presently determinable.

11. DEFICITS IN INDIVIDUAL FUNDS

The Ambleside Fund has an overall net asset deficit of \$2,481,269 resulting from accumulated depreciation on the building and other fixed assets. Management believes that operating revenues will be adequate to cover its debt service and operating expenses in the future.

12. NEW ACCOUNTING STANDARDS

During May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which clarifies existing accounting guidance and provides greater consistency in accounting for organizations that are closely related to a primary government. The standard, which is effective for fiscal years beginning after June 15, 2003, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a state or local government. The Authority has not completed an analysis of the impact of this statement on its reported financial condition and results of operations.

During March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principle areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. The Authority has not determined the impact, if any, that this statement will have on its financial statement disclosures.

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2002

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (DIRECT PROGRAMS)		
Conventional Low-Rent Housing Programs:		
Subsidy	14.850	\$ <u>48,857,536</u>
Section 8 New Construction and Moderate Rehabilitation Programs:		
New Construction—Ambleside	14.182	1,148,115
New Construction—Severance	14.182	1,138,657
New Construction—Quarrytown	14.182	<u>784,534</u>
Subtotal CFDA #14.182		3,071,306
Moderate Rehabilitation	14.856	<u>4,634,659</u>
Subtotal CFDA #14.182/14.856 (Section 8 Project-Based Cluster)		7,705,965
Housing Choice Voucher	14.871	<u>78,189,672</u>
Subtotal CFDA #14.8182/14.856/14.871		<u>85,895,637</u>
Comprehensive Grant Program		
Comprehensive Grant Program—1998	14.859	(2,083)
Comprehensive Grant Program—1999	14.859	<u>10,679,215</u>
Subtotal CFDA #14.859		10,677,132
Capital Fund Program		
Capital Fund Program—2000	14.872	5,959,004
Capital Fund Program—2001	14.872	4,617,082
Capital Fund Program—2002	14.872	<u>3,807,600</u>
Subtotal CFDA #14.872		<u>14,383,686</u>
Subtotal CFDA #14.859/14.872		<u>25,060,818</u>
Urban Revitalization Development Grant	14.866	<u>3,139,018</u>
Homeownership Program	14.851	<u>197,963</u>
Supportive Housing Program	14.235	<u>578,048</u>
Resident Opportunities and Supportive Services	14.870	<u>241,920</u>
Economic Development Supportive Service Program	14.864	<u>532,745</u>
Public Housing Tenant Opportunity Program	14.853	<u>98,178</u>
Drug Elimination Grant—1999	14.854	157,123
Drug Elimination Grant—2000	14.854	1,485,870
Drug Elimination Grant—2001	14.854	1,296,114
Youth Violence Grant	14.854	<u>23,952</u>
Subtotal CFDA #14.854		<u>2,963,059</u>
Multifamily Property Disposition	14.199	<u>4,158,466</u>
Total U.S. Department of Housing and Urban Development		<u>171,723,388</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE—Volunteers in Service to America (Direct program)	94.013	<u>3,500</u>
DEPARTMENT OF JUSTICE—Public Safety Partnership and Community Policing Grants (Direct program)	16.710	<u>121,180</u>
Total expenditures of federal awards		<u>\$ 171,848,068</u>

See notes to Supplemental Schedule of Expenditures of Federal Awards.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

NOTES TO THE SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2002

1. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of the Cuyahoga Metropolitan Housing Authority (the "Authority"). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is required to be included on the Schedule.

The information presented in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Catalog of Federal Domestic Assistance ("CFDA") Numbers are presented for each federal grant.

Revenue and expenses are presented on an accrual basis of accounting with the exception of fixed assets and depreciation. For purposes of the Schedule, depreciation expense is not recorded and the cost of fixed asset additions is included as an expenditure.

2. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Authority provided federal awards to subrecipients as follows:

Program Title	Subrecipient	Federal CFDA No.	2002 Grant Expenditures
Section 8 Moderate Rehabilitation	Amesbury Rosalind	14.856	\$ 555,648
Section 8 Moderate Rehabilitation	Puritas Place	14.856	692,593
Conventional Low-Rent	Progressive Action Council Housing	14.850	293,493

3. MORTGAGE REVENUE BONDS

As shown in the table below, the Authority had subordinate multifamily housing mortgage revenue bonds (the "bonds") outstanding at December 31, 2002 under the Multifamily Property Disposition Grant. The bonds at December 31, 2002 were included in federal expenditures presented in the Schedule because the provisions of the grant agreement pertaining to the bonds impose continuing compliance requirements.

Program Title	Federal CFDA No.	Bonds Outstanding at December 31, 2002
Multifamily Property Disposition	14.199	\$ 4,000,000

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program
111	Cash - Unrestricted	\$ 1,656,236	\$ -	\$ 398,717	\$ -	\$ 17,660,606	\$ -	\$ -	\$ 955
113	Cash - Other Restricted	-	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	146,018	-	-	934,147	-	-	-
100	Total Cash	1,656,236	146,018	398,717	-	18,594,753	-	-	955
122	Accounts Receivable - HUD Other Projects	-	450,728	86,467	75,674	835,000	-	2,400	253,809
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	7,528	-	28,140	-	77,224	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	4,657	4,751	-	425,909	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	(1,500)	(2,211)	-	(250,644)	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	73,270	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	7,528	453,885	117,147	75,674	1,160,759	-	2,400	253,809
135	Investments - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
132	Investments Restricted	-	3,258,266	-	-	2,381,252	-	-	-
142	Prepaid Expenses and Other Assets	12,758	4,064	-	-	194,283	-	-	-
143	Inventories	-	-	-	-	1,522,753	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	(298,340)	-	-	-
144	Interprogram Due From	-	-	-	-	7,548,748	-	-	-
150	Total Current Assets	1,676,522	3,862,233	515,864	75,674	31,104,208	-	2,400	254,764
161	Land	278,000	59,840	-	-	23,118,263	-	-	-
162	Buildings	1,542,000	6,283,126	960,737	-	227,454,933	130,430,595	-	-
163	Furniture, Equipment & Machinery - Dwellings	64,102	844,291	-	-	4,936,229	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	7,609,482	-	15,020	485,225
165	Leasehold Improvements	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(912,516)	(4,315,101)	(377,974)	-	(180,602,703)	(100,253,501)	(834)	(116,276)
167	Construction In Progress	-	-	-	-	390,819	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	971,586	2,872,156	582,763	-	82,907,023	30,177,094	14,186	368,949
174	Other Assets	-	189,593	-	-	575,472	-	-	-
180	Total Non-Current Assets	971,586	3,061,749	582,763	-	83,482,495	30,177,094	14,186	368,949
190	Total Assets	\$ 2,648,108	\$ 6,923,982	\$ 1,098,627	\$ 75,674	\$ 114,586,703	\$ 30,177,094	\$ 16,586	\$ 623,713

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Section 8 Rental Voucher Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007
111	Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
113	Cash - Other Restricted	-	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-
100	Total Cash	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
132	Investments Restricted	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-
144	Interprogram Due From	-	1,210,879	70,979	-	96,348	21,022	3,991	98,545
150	Total Current Assets	-	1,210,879	70,979	-	96,348	21,022	3,991	98,545
161	Land	-	-	-	-	-	-	-	-
162	Buildings	-	-	-	-	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	-	-	-	-	-	-	-	-
167	Construction In Progress	-	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	-	-	-	-	-	-	-	-
190	Total Assets	\$ -	\$ 1,210,879	\$ 70,979	\$ -	\$ 96,348	\$ 21,022	\$ 3,991	\$ 98,545

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program
111	Cash - Unrestricted	\$ -	\$ -	\$ 2,353,365	\$ -	\$ -	\$ -	\$ 1,660,657	\$ 1,184,478
113	Cash - Other Restricted	-	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-
100	Total Cash	-	-	2,353,365	-	-	-	1,660,657	1,184,478
122	Accounts Receivable - HUD Other Projects	-	-	-	442	1,034,758	52,996	441,476	5,018,584
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	55,469	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	(53,230)	-
128	Fraud Recovery	-	-	-	-	-	-	298,326	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	(288,462)	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	-	-	-	442	1,034,758	52,996	453,579	5,018,584
135	Investments - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
132	Investments Restricted	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	4,700	-
143	Inventories	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-
144	Interprogram Due From	-	3,371,776	-	-	-	-	-	-
150	Total Current Assets	-	3,371,776	2,353,365	442	1,034,758	52,996	2,118,936	6,203,062
161	Land	-	-	-	-	-	-	-	-
162	Buildings	-	-	149,208,313	-	39,064,297	-	-	7,190,024
163	Furniture, Equipment & Machinery - Dwellings	-	-	1,417,669	-	118,003	-	-	1,596,983
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	1,728	624,741	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	-	-	(65,429,987)	-	(17,699,870)	(288)	(260,672)	(541,511)
167	Construction In Progress	-	-	-	-	192,564	-	43,295	979,609
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	85,195,995	-	21,674,994	1,440	407,364	9,225,105
174	Other Assets	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	-	-	85,195,995	-	21,674,994	1,440	407,364	9,225,105
190	Total Assets	\$ -	\$ 3,371,776	\$ 87,549,360	\$ 442	\$ 22,709,752	\$ 54,436	\$ 2,526,300	\$ 15,428,167

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Volunteers in Service to America	Total
111	Cash - Unrestricted	\$ -	\$ -	\$ -	\$ 2,583,985	\$ -	\$ -	\$ 27,498,999
113	Cash - Other Restricted	-	-	40,849	-	-	-	40,849
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	1,080,165
100	Total Cash	-	-	40,849	2,583,985	-	-	28,620,013
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	8,252,334
124	Accounts Receivable - Other Government	92,681	309,833	-	-	-	-	402,514
125	Accounts Receivable - Miscellaneous	-	80,754	-	-	-	-	249,115
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	59,863	-	-	495,180
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	(40,484)	-	-	(294,839)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	(53,230)
128	Fraud Recovery	-	-	-	-	-	-	298,326
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	(288,462)
129	Accrued Interest Receivable	-	-	-	2,478	-	-	75,748
120	Total Receivables, net of allowances for doubtful accounts	92,681	390,587	-	21,857	-	-	9,136,686
135	Investments - Restricted for Payment of Current Liabilities	-	-	-	283,438	-	-	283,438
132	Investments Restricted	-	-	-	-	-	-	5,639,518
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	215,805
143	Inventories	-	-	-	-	-	-	1,522,753
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	(298,340)
144	Interprogram Due From	-	-	-	-	-	-	12,422,288
150	Total Current Assets	92,681	390,587	40,849	2,889,280	-	-	57,542,161
161	Land	-	-	-	119,622	-	-	23,575,725
162	Buildings	-	-	-	1,488,680	-	-	563,622,705
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	15,774	-	-	8,993,051
164	Furniture, Equipment & Machinery - Administration	127,351	1,790	-	13,828	-	-	8,879,165
165	Leasehold Improvements	-	-	-	-	-	-	-
166	Accumulated Depreciation	(4,920)	(119)	-	(893,433)	-	-	(371,409,705)
167	Construction In Progress	-	-	-	-	-	-	1,606,287
160	Total Fixed Assets, Net of Accumulated Depreciation	122,431	1,671	-	744,471	-	-	235,267,228
174	Other Assets	-	-	-	-	-	-	765,065
180	Total Non-Current Assets	122,431	1,671	-	744,471	-	-	236,032,293
190	Total Assets	\$ 215,112	\$ 392,258	\$ 40,849	\$ 3,633,751	\$ -	\$ -	\$ 293,574,454

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program
312	Accounts Payable <= 90 Days	\$ 6,058	\$ 170,345	\$ 24,826	\$ 75,674	\$ 7,122,126	\$ -	\$ 2,209	\$ 77,083
321	Accrued Wage/Payroll Taxes Payable	-	25,622	-	-	4,944,308	-	-	36,492
325	Accrued Interest Payable	-	39,285	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	6,552	-	3,000,000	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	93,844	8,630	-	900,104	-	-	-
342	Deferred Revenues	-	-	5,202	-	10,675	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	243,311	-	-	530,686	-	-	-
345	Other Current Liabilities	1,025,735	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	95,000	-	-	3,097,856	-	-	-
347	Interprogram Due To	947,231	538,841	355,460	-	-	-	191	141,189
310	Total Current Liabilities	1,979,024	1,206,248	400,670	75,674	19,605,755	-	2,400	254,764
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	-	6,261,978	-	-	4,431,638	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	5,315,000	-	-	-
350	Total Noncurrent Liabilities	-	6,261,978	-	-	9,746,638	-	-	-
300	Total Liabilities	1,979,024	7,468,226	400,670	75,674	29,352,393	-	2,400	254,764
508	Total Contributed Capital	-	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	971,587	(3,633,133)	582,763	-	77,944,699	30,177,094	14,186	368,949
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	3,258,267	-	-	-	-	-	-
512.1	Unrestricted Net Assets	(302,503)	(169,378)	115,194	-	7,289,611	-	-	-
513	Total Equity/Net Assets	669,084	(544,244)	697,957	-	85,234,310	30,177,094	14,186	368,949
600	Total Liabilities and Equity/Net Assets	\$ 2,648,108	\$ 6,923,982	\$ 1,098,627	\$ 75,674	\$ 114,586,703	\$ 30,177,094	\$ 16,586	\$ 623,713

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Section 8 Rental Voucher Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007
312	Accounts Payable <= 90 Days	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-	-	-
342	Deferred Revenues	-	-	-	-	-	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-
347	Interprogram Due To	-	-	-	8,221	-	-	-	-
310	Total Current Liabilities	-	-	-	8,221	-	-	-	-
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	-	-	-	-
300	Total Liabilities	-	-	-	8,221	-	-	-	-
508	Total Contributed Capital	-	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	-	1,210,879	70,979	(8,221)	96,348	21,022	3,991	98,545
513	Total Equity/Net Assets	-	1,210,879	70,979	(8,221)	96,348	21,022	3,991	98,545
600	Total Liabilities and Equity/Net Assets	\$ -	\$ 1,210,879	\$ 70,979	\$ -	\$ 96,348	\$ 21,022	\$ 3,991	\$ 98,545

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program
312	Accounts Payable <= 90 Days	\$ -	\$ -	\$ 29,700	\$ -	\$ 471,881	\$ 468	\$ 72,341	\$ 2,452,748
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	11,210	4,318	127,491	207,580
325	Accrued Interest Payable	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	2,353,365	-	-	-	10,340	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-	252,951	-
342	Deferred Revenues	-	-	-	-	-	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	26,787	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-
347	Interprogram Due To	74,604	-	-	442	682,583	48,210	4,843,265	4,405,585
310	Total Current Liabilities	74,604	-	2,383,065	442	1,165,674	52,996	5,333,175	7,065,913
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	-	-	-	-
300	Total Liabilities	74,604	-	2,383,065	442	1,165,674	52,996	5,333,175	7,065,913
508	Total Contributed Capital	-	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	-	-	85,195,995	-	21,674,995	1,440	407,364	9,225,106
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	(74,604)	3,371,776	(29,700)	-	(130,917)	-	(3,214,239)	(862,852)
513	Total Equity/Net Assets	(74,604)	3,371,776	85,166,295	-	21,544,078	1,440	(2,806,875)	8,362,254
600	Total Liabilities and Equity/Net Assets	\$ -	\$ 3,371,776	\$ 87,549,360	\$ 442	\$ 22,709,752	\$ 54,436	\$ 2,526,300	\$ 15,428,167

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Volunteers in Service to America	Total
312	Accounts Payable <= 90 Days	\$ -	\$ 98,373	\$ -	\$ 40,008	\$ -	\$ -	\$ 10,643,840
321	Accrued Wage/Payroll Taxes Payable	-	964	-	4,531	-	-	5,362,516
325	Accrued Interest Payable	-	-	-	-	-	-	39,285
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	5,370,257
333	Accounts Payable - Other Government	-	8,041	-	-	-	-	8,041
341	Tenant Security Deposits	-	-	-	226,314	-	-	1,481,843
342	Deferred Revenues	-	-	-	-	-	-	15,877
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	773,997
345	Other Current Liabilities	-	-	-	14,337	-	-	1,066,859
346	Accrued Liabilities - Other	-	-	-	-	-	-	3,192,856
347	Interprogram Due To	92,681	283,209	-	576	-	-	12,422,288
310	Total Current Liabilities	92,681	390,587	-	285,766	-	-	40,377,659
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	10,693,616
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	5,315,000
350	Total Noncurrent Liabilities	-	-	-	-	-	-	16,008,616
300	Total Liabilities	92,681	390,587	-	285,766	-	-	56,386,275
508	Total Contributed Capital	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	122,431	1,671	-	744,471	-	-	223,799,618
511	Total Reserved Fund Balance	-	-	-	-	-	-	-
511	Total Reserved Fund Balance	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-	-	3,258,267
512.1	Unrestricted Net Assets	-	-	40,849	2,603,514	-	-	10,130,294
513	Total Equity/Net Assets	122,431	1,671	40,849	3,347,985	-	-	237,188,179
600	Total Liabilities and Equity/Net Assets	\$ 215,112	\$ 392,258	\$ 40,849	\$ 3,633,751	\$ -	\$ -	\$ 293,574,454

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program
703	Net Tenant Rental Revenue	\$ -	\$ 1,332,121	\$ 125,208	\$ -	\$ 11,678,189	\$ -	\$ -	\$ -
704	Tenant Revenue - Other	-	14	-	-	204,891	-	-	-
705	Total Tenant Revenue	-	1,332,135	125,208	-	11,883,080	-	-	-
706	HUD PHA Operating Grants	-	3,071,306	-	578,048	48,857,536	-	98,178	2,670,685
706.1	Capital Grants	-	-	-	-	-	-	-	292,374
708	Other Government Grants	-	-	158,467	-	-	-	-	-
711	Investment Income - Unrestricted	-	-	-	-	268,371	-	-	-
715	Other Revenue	59,005	47,330	74,846	-	1,006,143	-	-	-
716	Gain/Loss on Sale of Fixed Assets	29,934	(91)	-	-	(32,454)	-	-	-
720	Investment Income - Restricted	-	149,569	-	-	116,000	-	-	-
700	Total Revenue	88,939	4,600,249	358,521	578,048	62,098,676	-	98,178	2,963,059
911	Administrative Salaries	-	206,169	-	8,587	12,120,412	-	-	166,920
912	Auditing Fees	-	-	-	-	180,104	-	-	-
913	Outside Management Fees	-	-	-	-	124,813	-	-	-
915	Employee Benefit Contributions - Administrative	-	66,868	-	-	3,848,305	-	-	-
916	Other Operating - Administrative	23,271	676,189	(427)	853	2,648,537	-	83,158	547,433
921	Tenant Services - Salaries	-	-	-	-	575,379	-	-	241,362
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	182,686	-	-	-
924	Tenant Services - Other	922	-	-	568,608	1,058,515	-	-	555,959
931	Water	-	54,839	16,888	-	5,393,831	-	-	-
932	Electricity	-	181,732	1,819	-	6,761,743	-	-	-
933	Gas	(78)	36,578	15,545	-	3,832,582	-	-	-
934	Fuel	-	-	-	-	203,622	-	-	-
941	Ordinary Maintenance and Operations - Labor	-	236,210	-	-	11,115,500	-	-	-
942	Ordinary Maintenance and Operations - Materials and Other	750	64,257	-	-	3,003,675	-	-	-
943	Ordinary Maintenance and Operations - Contract Costs	18,666	119,757	1,225	-	4,890,769	-	-	-
945	Employee Benefit Contributions - Ordinary Maintenance	-	76,611	-	-	3,529,239	-	-	-
951	Protective Services - Labor	-	1,561	-	-	779,350	-	-	1,159,011
952	Protective Services - Other Contract Costs	-	229	-	-	434,460	-	-	-
953	Protective Services - Other	-	-	-	-	197,206	-	-	-
955	Employee Benefit Contributions - Protective Services	-	506	-	-	247,448	-	-	-

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Section 8 Rental Voucher Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
704	Tenant Revenue - Other	-	-	-	-	-	-	-	-
705	Total Tenant Revenue	-	-	-	-	-	-	-	-
706	HUD PHA Operating Grants	-	361,980	762,731	94,006	890,266	56,872	108,695	698,425
706.1	Capital Grants	-	-	-	-	-	-	-	-
708	Other Government Grants	-	-	-	-	-	-	-	-
711	Investment Income - Unrestricted	-	-	-	-	-	-	-	-
715	Other Revenue	-	-	-	-	-	-	-	-
716	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-
720	Investment Income - Restricted	-	-	-	-	-	-	-	-
700	Total Revenue	-	361,980	762,731	94,006	890,266	56,872	108,695	698,425
911	Administrative Salaries	-	-	-	-	-	-	-	-
912	Auditing Fees	-	-	-	-	-	-	-	-
913	Outside Management Fees	-	-	-	-	-	-	-	-
915	Employee Benefit Contributions - Administrative	-	-	-	-	-	-	-	-
916	Other Operating - Administrative	-	27,401	57,736	7,116	67,390	4,305	8,228	52,869
921	Tenant Services - Salaries	-	-	-	-	-	-	-	-
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-
924	Tenant Services - Other	-	-	-	-	-	-	-	-
931	Water	-	-	-	-	-	-	-	-
932	Electricity	-	-	-	-	-	-	-	-
933	Gas	-	-	-	-	-	-	-	-
934	Fuel	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
951	Protective Services - Labor	-	-	-	-	-	-	-	-
952	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-
953	Protective Services - Other	-	-	-	-	-	-	-	-
955	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
704	Tenant Revenue - Other	-	-	-	-	-	-	-	-
705	Total Tenant Revenue	-	-	-	-	-	-	-	-
706	HUD PHA Operating Grants	1,661,684	-	2,985,736	532,745	1,597,481	240,192	78,189,672	10,310,670
706.1	Capital Grants	-	-	7,691,396	-	1,541,537	1,728	-	4,073,016
708	Other Government Grants	-	-	-	-	-	-	-	-
711	Investment Income - Unrestricted	-	-	-	-	-	-	5,433	-
715	Other Revenue	-	-	-	-	-	-	37,111	-
716	Gain/Loss on Sale of Fixed Assets	-	-	(7,665)	-	-	-	(11,977)	(1,902)
720	Investment Income - Restricted	-	-	-	-	-	-	-	-
700	Total Revenue	1,661,684	-	10,669,467	532,745	3,139,018	241,920	78,220,239	14,381,784
911	Administrative Salaries	-	-	-	-	-	-	2,735,279	-
912	Auditing Fees	-	-	-	-	-	-	77,700	-
913	Outside Management Fees	-	-	-	-	-	-	33,013	-
915	Employee Benefit Contributions - Administrative	-	-	-	-	-	-	871,029	-
916	Other Operating - Administrative	125,784	-	-	392,721	-	21,854	1,969,050	-
921	Tenant Services - Salaries	-	-	-	44,487	-	186,611	-	-
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-
924	Tenant Services - Other	-	-	-	95,537	-	31,727	-	-
931	Water	-	-	-	-	-	-	-	-
932	Electricity	-	-	-	-	-	-	-	-
933	Gas	-	-	-	-	-	-	-	-
934	Fuel	-	-	-	-	-	-	-	-
941	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	-	-
942	Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	-	-	5,044	-
943	Ordinary Maintenance and Operations - Contract Costs	-	-	-	-	-	-	47,045	-
945	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-	-
951	Protective Services - Labor	-	-	-	-	-	-	-	-
952	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-
953	Protective Services - Other	-	-	-	-	-	-	-	-
955	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Volunteers in Service to America	Total
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ 91,080	\$ -	\$ -	\$ 13,226,598
704	Tenant Revenue - Other	-	-	-	-	-	-	204,905
705	Total Tenant Revenue	-	-	-	91,080	-	-	13,431,503
706	HUD PHA Operating Grants	-	-	-	197,963	-	-	153,964,871
706.1	Capital Grants	-	-	4,000,000	-	-	-	17,600,051
708	Other Government Grants	121,180	588,331	-	-	-	3,500	871,478
711	Investment Income - Unrestricted	-	-	-	40,166	-	-	313,970
715	Other Revenue	-	-	13,450	2,928	-	-	1,240,813
716	Gain/Loss on Sale of Fixed Assets	-	-	-	135,988	-	-	111,833
720	Investment Income - Restricted	-	-	-	3,409	-	-	268,978
700	Total Revenue	121,180	588,331	4,013,450	471,534	-	3,500	187,803,497
911	Administrative Salaries	-	7,525	-	91,007	-	-	15,335,899
912	Auditing Fees	-	-	-	-	-	-	257,804
913	Outside Management Fees	-	-	-	-	-	-	157,826
915	Employee Benefit Contributions - Administrative	-	-	-	31,698	-	-	4,817,900
916	Other Operating - Administrative	(6,171)	30,876	-	158,986	-	3,500	6,900,659
921	Tenant Services - Salaries	-	40,465	-	-	-	-	1,088,304
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	182,686
924	Tenant Services - Other	-	369,298	-	-	-	-	2,680,566
931	Water	-	-	-	6,025	-	-	5,471,583
932	Electricity	-	-	-	2,661	-	-	6,947,955
933	Gas	-	-	-	4,932	-	-	3,889,559
934	Fuel	-	-	-	-	-	-	203,622
941	Ordinary Maintenance and Operations - Labor	-	-	-	38,207	-	-	11,389,917
942	Ordinary Maintenance and Operations - Materials and Other	-	-	-	1,117	-	-	3,074,843
943	Ordinary Maintenance and Operations - Contract Costs	-	-	-	-	-	-	5,077,462
945	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	13,308	-	-	3,619,158
951	Protective Services - Labor	-	29,938	-	-	-	-	1,969,860
952	Protective Services - Other Contract Costs	-	-	-	-	-	-	434,689
953	Protective Services - Other	-	-	-	-	-	-	197,206
955	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	247,954

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program
961	Insurance Premiums	\$ 22,601	\$ 16,921	\$ -	\$ -	\$ 2,440,181	\$ -	\$ -	\$ -
962	Other General Expenses	-	7,028	-	-	(54)	-	-	-
963	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	-	3,201	5,865	-	402,494	-	-	-
966	Bad Debt - Other	-	-	-	-	-	-	-	-
967	Interest Expense	-	493,084	-	-	283,119	-	-	-
969	Total Operating Expenses	66,132	2,241,740	40,915	578,048	64,253,916	-	83,158	2,670,685
970	Excess Operating Revenue over Operating Expenses	22,807	2,358,509	317,606	-	(2,155,240)	-	15,020	292,374
971	Extraordinary Maintenance	-	89,138	35,010	-	2,513	-	-	-
972	Casualty Losses - Non-Capitalized	-	-	-	-	239,504	-	-	-
973	Housing Assistance Payments	-	-	-	-	-	-	-	-
974	Depreciation Expense	29,066	250,617	62,264	-	7,642,127	8,695,374	834	82,195
978	Dwelling Units Rent Expense	-	1,830,858	-	-	-	-	-	-
900	Total Expenses	95,198	4,412,353	138,189	578,048	72,138,060	8,695,374	83,992	2,752,880
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (6,259)	\$ 187,896	\$ 220,332	\$ -	\$ (10,039,384)	\$ (8,695,374)	\$ 14,186	\$ 210,179

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Section 8 Rental Voucher Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007
961	Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
962	Other General Expenses	-	(339)	14,249	1,270	(818)	18,379	229	(1,540)
963	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-
966	Bad Debt - Other	-	-	-	-	-	-	-	-
967	Interest Expense	-	-	-	-	-	-	-	-
969	Total Operating Expenses	-	27,062	71,985	8,386	66,572	22,684	8,457	51,329
970	Excess Operating Revenue over Operating Expenses	-	334,918	690,746	85,620	823,694	34,188	100,238	647,096
971	Extraordinary Maintenance	-	-	-	-	-	-	-	-
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-
973	Housing Assistance Payments	-	325,432	690,019	84,003	807,130	52,191	97,440	631,151
974	Depreciation Expense	-	-	-	-	-	-	-	-
978	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-
900	Total Expenses	-	352,494	762,004	92,389	873,702	74,875	105,897	682,480
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ -	\$ 9,486	\$ 727	\$ 1,617	\$ 16,564	\$ (18,003)	\$ 2,798	\$ 15,945

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program
961	Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,197	\$ -
962	Other General Expenses	(285)	(9,712)	-	-	-	-	(43,145)	-
963	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-
966	Bad Debt - Other	-	-	-	-	-	-	9,000	-
967	Interest Expense	-	-	-	-	-	-	-	-
969	Total Operating Expenses	125,499	(9,712)	-	532,745	-	240,192	5,786,212	-
970	Excess Operating Revenue over Operating Expenses	1,536,185	9,712	10,669,467	-	3,139,018	1,728	72,434,027	14,381,784
971	Extraordinary Maintenance	-	-	2,985,736	-	1,597,480	-	-	10,310,670
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-
973	Housing Assistance Payments	1,516,161	(13,778)	-	-	-	-	71,429,745	-
974	Depreciation Expense	-	-	9,888,959	-	2,589,518	288	118,867	442,208
978	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-
900	Total Expenses	1,641,660	(23,490)	12,874,695	532,745	4,186,998	240,480	77,334,824	10,752,878
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ 20,024	\$ 23,490	\$ (2,205,228)	\$ -	\$ (1,047,980)	\$ 1,440	\$ 885,415	\$ 3,628,906

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Volunteers in Service to America	Total
961	Insurance Premiums	\$ -	\$ -	\$ -	\$ 9,824	\$ -	\$ -	\$ 2,571,724
962	Other General Expenses	-	-	-	-	-	-	(14,738)
963	Payments in Lieu of Taxes	-	-	-	14,337	-	-	14,337
964	Bad Debt - Tenant Rents	-	-	-	16,160	-	-	427,720
966	Bad Debt - Other	-	-	-	-	-	-	9,000
967	Interest Expense	-	-	-	-	-	-	776,203
969	Total Operating Expenses	(6,171)	478,102	-	388,262	-	3,500	77,729,698
970	Excess Operating Revenue over Operating Expenses	127,351	110,229	4,013,450	83,272	-	-	110,073,799
971	Extraordinary Maintenance	-	108,439	-	83,351	-	-	15,212,337
972	Casualty Losses - Non-Capitalized	-	-	4,000,000	-	-	-	4,239,504
973	Housing Assistance Payments	-	-	-	-	-	-	75,619,494
974	Depreciation Expense	4,920	119	-	60,357	-	-	29,867,713
978	Dwelling Units Rent Expense	-	-	-	-	-	-	1,830,858
900	Total Expenses	(1,251)	586,660	4,000,000	531,970	-	3,500	204,499,604
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ 122,431	\$ 1,671	\$ 13,450	\$ (60,436)	\$ -	\$ -	\$ (16,696,107)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program
1102	Debt Principal Payments - Enterprise Funds	\$ -	\$ 235,000	\$ -	\$ -	\$ 502,850	\$ -	\$ -	\$ -
1103	Beginning Equity	675,343	(732,140)	-	-	95,273,694	38,872,468	-	158,770
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	477,625	-	-	-	-	-
1113	Maximum Annual Contributions Commitment (Per ACC)	-	-	-	-	-	-	-	-
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	-	-	-	-	-	-	-
1116	Total Annual Contributions Available	-	-	-	-	-	-	-	-
1120	Unit Months Available	1	6,828	420	-	103,225	-	-	-
1121	Number of Unit Months Leased	1	6,720	420	-	91,327	-	-	-

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Section 8 Rental Voucher Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007
1102	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1103	Beginning Equity	(3,692,290)	1,201,393	70,252	(9,838)	79,784	39,025	1,193	82,600
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	3,692,290	-	-	-	-	-	-	-
1113	Maximum Annual Contributions Commitment (Per ACC)	-	94,369	150,347	50,413	185,276	52,607	-	-
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	45,598	263,716	661,686	148,951	710,650	51,185	1,977,696
1116	Total Annual Contributions Available	-	140,967	414,063	712,099	334,227	763,257	51,185	1,977,696
1120	Unit Months Available	1	768	1,500	204	1,728	156	240	1,392
1121	Number of Unit Months Leased	1	749	1,462	197	1,703	128	234	1,323

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program
1102	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1103	Beginning Equity	(94,628)	3,348,286	87,371,523	-	22,592,058	-	-	4,733,348
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	(3,692,290)	-
1113	Maximum Annual Contributions Commitment (Per ACC)	179,826	579,050	-	-	-	-	69,040,523	-
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	864,428	6,150,162	-	-	-	-	9,024,787	-
1116	Total Annual Contributions Available	1,044,254	6,729,212	-	-	-	-	78,065,310	-
1120	Unit Months Available	1,140	1	-	-	-	-	143,890	-
1121	Number of Unit Months Leased	1,030	1	-	-	-	-	143,246	-

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2002

Line Item #	Account Description	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Volunteers in Service to America	Total
1102	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 737,850
1103	Beginning Equity	-	-	27,399	3,408,421	477,625	-	253,884,286
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	(477,625)	-	-
1113	Maximum Annual Contributions Commitment (Per ACC)	-	-	-	-	-	-	70,332,411
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	-	-	-	-	-	19,898,859
1116	Total Annual Contributions Available	-	-	-	-	-	-	90,232,270
1120	Unit Months Available	-	1	1	697	-	-	262,193
1121	Number of Unit Months Leased	-	1	1	541	-	-	249,085

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF THE STATEMENT OF NET ASSETS TO THE FINANCIAL DATA SCHEDULE YEAR ENDED DECEMBER 31, 2002

	Statement of Net Assets	Reconciling Amount		Financial Data Schedule
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 21,657,248	\$ 5,841,751	1	\$ 27,498,999
Cash - other restricted	-	40,849	1	40,849
Cash - tenant security deposits	-	1,080,165	1	1,080,165
Cash and investments - restricted	4,303,507	1,336,011	1	5,639,518
Investments - restricted for payment of current liabilities	-	283,438	1	283,438
Investments - unrestricted	5,459,501	(5,459,501)	1	-
Accounts receivable tenant	200,342	294,838	2	495,180
Accounts receivable - HUD	8,252,335	(1)	2	8,252,334
Accounts receivable - other government	402,514	-	2	402,514
Accounts receivable - other	298,322	(49,207)	2/3	249,115
Accounts receivable - interfund	-	12,422,288	4	12,422,288
Allowance for doubtful accounts - tenant	-	(294,839)	2	(294,839)
Allowance for doubtful accounts - other	-	(53,230)	2	(53,230)
Fraud recovery	-	298,326	2	298,326
Allowance for doubtful accounts - fraud	-	(288,462)	2	(288,462)
Accrued interest receivable	-	75,748	2/3	75,748
Inventory	1,224,413	298,340	2	1,522,753
Allowance for obsolete inventory	-	(298,340)	2	(298,340)
Prepaid expenses and other current assets	198,983	16,822	2/3	215,805
Total current assets	<u>41,997,165</u>	<u>15,544,996</u>		<u>57,542,161</u>
Non-current assets:				
Land, property and equipment:				
Land	23,575,725	-		23,575,725
Property and equipment, net	211,691,503	(211,691,503)	5	-
Buildings	-	563,622,705	5	563,622,705
Furniture, equipment and machinery - dwellings	-	8,993,051	5	8,993,051
Furniture, equipment and machinery - administrative	-	8,879,165	5	8,879,165
Accumulated depreciation	-	(371,409,705)	5	(371,409,705)
Construction in progress	-	1,606,287	5	1,606,287
Land, property and equipment, net	<u>235,267,228</u>	<u>-</u>		<u>235,267,228</u>
Cash and investments - restricted	3,122,716	(3,122,716)	1	-
Debt issuance costs	189,592	(189,592)	6	-
Investment in joint venture	575,472	(575,472)	6	-
Other assets	-	765,065	6	765,065
Total non-current assets	<u>239,155,008</u>	<u>(3,122,715)</u>		<u>236,032,293</u>
TOTAL ASSETS	<u>\$ 281,152,173</u>	<u>\$ 12,422,281</u>		<u>\$ 293,574,454</u>

(Continued)

See notes to the Financial Data Schedule and the Reconciliation of the Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

**RECONCILIATION OF THE STATEMENT OF NET ASSETS TO THE FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2002**

	Statement of Net Assets	Reconciling Amount		Financial Data Schedule
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 10,643,841	\$ (1)	13	\$ 10,643,840
Accrued wage/payroll taxes payable	-	5,362,516	7	5,362,516
Accrued interest payable	-	39,285	7	39,285
Accounts payable - HUD	2,378,300	2,991,957	7	5,370,257
Accounts payable - other government	-	8,041	7	8,041
Payable to HUD - utility allowance	3,000,000	(3,000,000)	7	-
Accounts payable - interfund	-	12,422,288	4	12,422,288
Current portion of capital leases	530,686	(530,686)	8	-
Accrued expenses	9,726,761	(9,726,761)	7	-
Security and other deposits	1,432,481	49,362	7	1,481,843
Deferred revenue	-	15,877	7	15,877
Contingent liabilities	-	3,192,856	7	3,192,856
Other current liabilities	-	1,066,859	7	1,066,859
Current portion of long-term debt	243,311	530,686	8	773,997
Total current liabilities	<u>27,955,380</u>	<u>12,422,279</u>		<u>40,377,659</u>
Non-Current Liabilities:				
Long term debt, net of current portion	6,261,979	4,431,637	8	10,693,616
Capital leases, net of current	4,431,638	(4,431,638)	8	-
Payable to HUD	3,350,000	(3,350,000)	8	-
Other long-term liabilities	1,965,000	3,350,000	8	5,315,000
TOTAL LIABILITIES	<u>43,963,997</u>	<u>12,422,278</u>		<u>56,386,275</u>
NET ASSETS				
Invested in capital assets, net of related debt	223,799,614		4 13	223,799,618
Restricted	3,258,267	-		3,258,267
Unrestricted net assets	10,130,295	(1)	13	10,130,294
TOTAL NET ASSETS	<u>\$ 237,188,176</u>	<u>\$ 3</u>		<u>\$ 237,188,179</u>

(Continued)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS TO THE FINANCIAL DATA SCHEDULE YEAR ENDED DECEMBER 31, 2002

	Statement of Revenues, Expenses and Changes in Net Assets		Reconciling Amount	Financial Data Schedule
OPERATING REVENUES:				
Dwelling rent from tenants	\$ 13,431,501	\$ (204,903)	9	\$ 13,226,598
Tenant revenue - other	-	204,905	9	204,905
Subsidies and grants (HUD)	-	153,964,871	9	153,964,871
Grants - other	-	871,478	9	871,478
Capital grants	-	17,600,051	9	17,600,051
Investment income - unrestricted	-	313,970	10	313,970
Investment income - restricted	-	268,978	10	268,978
Gain on disposal of assets	-	111,833	9	111,833
Other revenues	1,352,642	(111,829)	9	1,240,813
Total revenues	<u>14,784,143</u>	<u>173,019,354</u>		<u>187,803,497</u>
OPERATING EXPENSES:				
Administrative	27,470,087	1	13	27,470,088
Tenant service	3,951,554	2	13	3,951,556
Utilities	16,512,718	1	13	16,512,719
Building maintenance	23,161,382	(2)	13	23,161,380
General	3,008,041	2	13	3,008,043
Nonroutine maintenance	15,212,338	(15,212,338)	12	-
Protective services	2,849,707	2	13	2,849,709
Depreciation expense	29,867,714	(29,867,714)	11	-
Housing assistance payments (HAP)	75,619,495	(75,619,495)	14	-
Other	2,070,361	(2,070,361)	9	-
Total operating expenses	<u>199,723,397</u>	<u>(122,769,902)</u>		<u>76,953,495</u>
OPERATING INCOME (LOSS)	<u>(184,939,254)</u>	<u>295,789,256</u>		<u>110,850,002</u>
OTHER INCOME (EXPENSE):				
HUD operating subsidies and grants	154,123,483	(154,123,483)	9	-
HUD capital grants	17,599,905	(17,599,905)	9	-
Grants - other	713,011	(713,011)	9	-
Extraordinary maintenance	-	(15,212,337)	12	(15,212,337)
Casualty losses - non-capitalized	-	(4,239,504)	9	(4,239,504)
Depreciation expense	-	(29,867,713)	11	(29,867,713)
Interest expense	(776,203)	-		(776,203)
Dwelling units rent expense	-	(1,830,858)	9	(1,830,858)
Interest income	582,948	(582,948)	10	-
Housing assistance payments (HAP)	-	(75,619,494)	14	(75,619,494)
Other	(4,000,000)	4,000,000	9	-
Total other income (expense)	<u>168,243,144</u>	<u>(295,789,253)</u>		<u>(127,546,109)</u>
NET LOSS	(16,696,110)	3	13	(16,696,107)
Prior year adjustments	-	-		-
NET ASSETS - Beginning of year	<u>253,884,286</u>	<u>-</u>		<u>253,884,286</u>
NET ASSETS - End of year	<u>\$ 237,188,176</u>	<u>\$ 3</u>		<u>\$ 237,188,179</u>

(Concluded)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

NOTES TO THE FINANCIAL DATA SCHEDULE AND THE RECONCILIATION OF THE FINANCIAL STATEMENTS TO THE FINANCIAL DATA SCHEDULE YEAR ENDED DECEMBER 31, 2002

A. BASIS OF PRESENTATION

The Cuyahoga Metropolitan Housing Authority (the "Authority") is required to submit annual financial information to the U.S. Department of Housing and Urban Development ("HUD"), Real Estate Assessment Center ("REAC"). The financial data is submitted to REAC using the Financial Data Schedule ("FDS") format, which is prescribed by REAC and applicable to government entities. The accompanying FDS, prepared in the form prescribed by REAC, differs from the information in the Authority's financial statements, prepared in conformity with accounting principles generally accepted in the United States of America, primarily due to classification differences. The accompanying schedule reconciles the Authority's financial statements to the FDS.

B. RECONCILIATION

The following items identify the amounts needed to reconcile the financial statements prepared in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental entities, to the FDS:

1. The FDS only requires that cash be broken down into restricted and non-restricted amounts and shown as a current asset. The financial statements reflect funds that are restricted and will not be used in the next 12 months as non-current.
2. The financial statements reflect Accounts Receivable and Inventory, net of allowances, but the FDS has a separate line for the allowance.
3. Classification differences exist between Accounts Receivable-Other, Accrued Interest Receivable and Prepaid Other from the financial statements to the FDS.
4. Accounts Receivable Interfund are eliminated on the financial statements, but are recorded on the FDS as both a current asset and current liability.
5. Property and Equipment is reflected as a net amount on the financial statements, but is recorded on separate line items on the FDS.
6. Debt issuance costs and the Authority's investment in a joint venture are shown separately on the financial statements, but are recorded as Other Assets on the FDS.
7. Classification differences exist between the following financial statements and FDS captions: Accounts Payable – HUD, Payable to HUD – Utility Allowance, Accrued Wages/Payroll Taxes Payable, Accrued Interest Payable, Accrued Expenses and Other, Contingent Liabilities, Security and Other Deposits, Deferred Revenue, and Other Current Liabilities.

8. Payable to HUD, Debt, Capital Leases, and Other Non-current Liabilities are separated between current and long term liabilities in the financial statements and combined on the FDS.
9. Represents classification differences between the financial statements and the FDS.
10. Interest income on investments is aggregated and recorded as other income on the financial statements and separated between unrestricted and restricted on the FDS.
11. Depreciation expense is classified as Operating Expense on the financial statements and Non-Operating on the FDS.
12. Nonroutine maintenance is classified as Operating Expense in the financial statements but as Non-Operating (Extraordinary Maintenance and Casualty losses) on the FDS.
13. Difference between financial statements and FDS is due to rounding.
14. Housing Assistance Payments are classified as Operating expenses in the financial statements and as Non-Operating on the FDS.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON CERTAIN PROJECTS CLOSED THROUGH DECEMBER 31, 2002

Modernization Project Number	OH12P003 71099
Funds approved	\$ 114,783
Funds expended	<u>114,783</u>
Excess of funds approved	<u>\$ -</u>
Funds advanced	114,783
Funds expended	<u>114,783</u>
Excess of funds advanced	<u>\$ -</u>



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Cuyahoga Metropolitan Housing Authority

We have audited the financial statements of Cuyahoga Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2002, and have issued our report thereon dated June 11, 2003, which includes explanatory paragraphs, regarding the adoption of certain new accounting standards as described in Note 2 to the financial statements and that certain unresolved compliance findings and questioned costs exist as a result of past audits of the Authority performed in accordance with the Single Audit Act Amendments of 1996. 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 Authority'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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated June 11, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority'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. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Authority in a separate letter dated June 11, 2003.

This report is intended solely for the information and use of the Authority's audit committee, management, federal awarding agencies, state funding agencies, pass-through entities and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

June 11, 2003



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

Board of Commissioners
Cuyahoga Metropolitan Housing Authority

Compliance

We have audited the compliance of Cuyahoga Metropolitan Housing Authority (the "Authority") 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 December 31, 2002. The Authority'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 the Authority's management. Our responsibility is to express an opinion on the Authority's compliance 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority 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 December 31, 2002.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 solely for the information and use of the Authority's audit committee, management, federal awarding agencies, state funding agencies, pass-through entities and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

June 11, 2003

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2002

Part I – Summary of Auditors’ Results

Financial Statements

- Type of auditors’ report issued: Unqualified
- Internal control over financial reporting:
 - Material weaknesses identified? Yes No
 - Reportable conditions identified not considered to be material weaknesses? N/A (None reported)
- Noncompliance material to financial statements noted? Yes No

Federal Awards

- Internal control over major programs:
 - Material weaknesses identified? Yes No
 - Reportable conditions identified not considered to be material weaknesses? N/A (None reported)
- Type of auditors’ report issued on compliance for major programs: Unqualified
- Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510(a))? Yes No

- Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Voucher
14.182	Section 8 New Construction Program
14.856	Section 8 Moderate Rehabilitation Program
14.866	Urban Revitalization Development Grant

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2002

Part II – Financial Statement Findings Section

None

Part III – Federal Award Findings and Questioned Cost Section

None

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATUS OF PRIOR YEAR FINDINGS YEAR ENDED DECEMBER 31, 2002

Findings	Still Applicable	Comments
99-3 Public Housing Waiting List	No	The Authority has taken corrective action.
99-5 Compliance With Memorandum of Agreement and Allowable Costs	Yes	See Schedule of Other Reports.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF OTHER REPORTS YEAR ENDED DECEMBER 31, 2002

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—REVIEW OF HOPE VI

The U.S. Department of Housing and Urban Development (“HUD”) performed a review of the Hope VI program during 2002, and issued their report dated January 14, 2003. The report detailed a number of findings, observations, and errors resulting from its review. The findings resulting from the review relating to internal control and legal compliance are summarized below:

- Finding 2002-1: Hope VI Budgets
- Finding 2002-2: Total Development Costs
- Finding 2002-3: Fiscal Management/Internal Controls
- Finding 2002-4: Pro-ration and Allocation of Charges
- Findings 2002-5 and 2002-6: Procurement
- Finding 2002-7: Physical Inspections

The current status of the findings, including the Authority’s response, was documented in the HUD Hope VI review report, and there have been no significant changes in the status as described therein.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT— INSPECTOR GENERAL’S AUDIT OF TITLE V

On March 31, 2000, the Department of Housing and Urban Development’s (“HUD”) Office of the Inspector General (“OIG”) released its audit report of the Authority’s Title V Fund.

The results of the audit indicate that the Authority did not follow HUD’s requirements for the use of its Title V funds, Office of Management and Budget’s Circular A-87, State of Ohio law, and the Authority’s policies regarding the use of Title V funds during the period January 1, 1990 through July 31, 1998. The OIG report recommended that the Cleveland Area Office Director of Public Housing Hub (“HUB”), in conjunction with the Ohio State Office Director of Columbus Multifamily Hub, assure that the Authority address the seven recommendations noted in the report.

The recommendations fell in three categories: (1) implement controls, (2) take administrative action against the former Chief Executive Officer and Chief Operating Officer and (3) provide documentation to support \$10,735,243 drawn from Title V funds and reimburse the Title V account \$531,966 from non-federal funds for ineligible payments.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF OTHER REPORTS FOR THE YEAR ENDED DECEMBER 31, 2002

Status—The Authority has addressed six of the seven HUD recommendations. Specifically, the recommendation to implement controls has been completed and the recommendation to take corrective action against the prior administration has been pursued by HUD. For the Title V expenditures lacking proper support, the Authority has submitted documentation for \$8,196,730 of such expenditures to HUD. To date, HUD has accepted \$1,602,500 of the amount submitted. For the ineligible Title V expenditures, the Authority reimbursed the Title V account \$387,302 of non-federal funds in April 2003. In June 2003, HUD notified the Authority that the recommendation for reimbursement of ineligible payments is considered closed.

AUDITOR OF THE STATE OF OHIO - SPECIAL AUDIT REPORT

The Auditor of the State of Ohio (“Auditor of State”) conducted a two phase Special Audit of the Authority covering the period January 1, 1990 through May 31, 1998 to determine if certain expenditures made by the Authority were in accordance with the terms of agreements entered into by the Authority, State and Federal law, and the Authority’s procedures. The Auditor of State Phase I report was issued on December 15, 1998 and the Phase II report was issued on November 8, 2001.

In both reports, the Auditor of State cited numerous instances where the Authority did not follow established procedures and/or lacked procedures and controls during the period under review. Additionally, the Auditor of State issued the following summary of financial findings.

	Findings for Recovery	Questioned Spending of Federal Grants
Phase I	\$ 323,502	\$ 638,839
Phase II	\$ 258,366	\$ 6,411,586

The Authority has responded to the Phase I and Phase II reports by implementing and enforcing improved internal control procedures which will assist in assuring future compliance. Additionally, the Authority has taken appropriate legal action against members of the prior administration and has notified HUD and all other related parties regarding the reports.

Status—The Auditor of State has notified HUD and has made the reports a matter of public record. The Auditor of State considers the matter closed and will not be pursuing any follow-up activity. In June 2003, the Authority was notified that HUD is reviewing the Auditor of State’s findings in combination with the OIG recommendations and that a repayment of \$499,895 in non-federal funds into the Title V account was required. As HUD’s review of the Auditor of State’s findings is not complete, this determination may not be indicative of the final resolution of the Special Audit Reports.

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Betty Montgomery**

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 19, 2003**