

Cuyahoga Metropolitan Housing Authority

*Single Audit Report
for the Year Ended
December 31, 2004*



**Auditor of State
Betty Montgomery**

Board of Commissioners
Cuyahoga Metropolitan Housing Authority
2711 Church Ave.
Cleveland, Ohio 44113

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, 2004 to December 31, 2004. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 13, 2005

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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 and for the years ended December 31, 2004 and 2003, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority at December 31, 2004 and 2003, and their changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 2003 and prior years, 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 3-11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic 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 and Actual Development Costs Incurred on Certain Projects Closed Through December 31, 2004, 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 23, 2005 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

June 23, 2005

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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.

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 12.

Overview of the Financial Statements

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America, including Governmental Accounting Standards Board (“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:

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

The financial 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, 2004 and 2003 and the results of its operations and cash flows for the years then ended.

2004 Financial Highlights

- The Authority’s net assets decreased by \$13.7 million (or 5.8%) during 2004. Of this decrease, \$13.5 million was due to the demolition of older estates in preparation of the construction of new units. Net assets were \$222.8 million and \$236.5 million at December 31, 2004 and 2003, respectively.

- Total operating and non-operating revenues decreased by \$.7 million (or less than 1%) during 2004, and were \$221.9 million and \$222.6 million for 2004 and 2003, respectively.
- The total expenses of all Authority programs increased by \$12.3 million (or 5.5%) due mostly to the \$13.5 million loss on demolition of capital assets. Total expenses were \$235.6 million and \$223.3 million for 2004 and 2003, respectively.
- The Authority's unrestricted net assets decreased by \$1.1 million (or 7.9%) during 2004, and were \$12.9 million and \$14.0 million for 2004 and 2003, respectively.

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 significant programs above, the Authority also maintains the following programs which have assets, liabilities, revenues, or expenses of at least 5% or more of the Authority's total assets, liabilities, revenues, or expenses in either 2004 or 2003:

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 for large scale redevelopment of the Authority's properties

Section 8 New Construction and Moderate Rehabilitation Program—a grant program for the operation of low-income housing developments where the Authority or private developers contract directly with HUD to develop low-income housing.

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 | | |
|--|-----------------|-----------------|-----------------|
| | 2004 | 2003 | 2002 |
| Assets: | | | |
| Current and other assets | \$ 44.8 | \$ 49.9 | \$ 45.9 |
| Capital assets | 216.3 | 230.1 | 235.3 |
| Total assets | <u>261.1</u> | <u>280.0</u> | <u>281.2</u> |
| Liabilities: | | | |
| Accounts payable and other current liabilities | 27.2 | 31.8 | 28.0 |
| Long-term liabilities | 11.1 | 11.7 | 16.0 |
| Total liabilities | <u>38.3</u> | <u>43.5</u> | <u>44.0</u> |
| Net Assets: | | | |
| Invested in capital assets—net of related debt | 206.4 | 219.4 | 223.8 |
| Restricted | 3.5 | 3.1 | 3.3 |
| Unrestricted | 12.9 | 14.0 | 10.1 |
| Total Net Assets | <u>\$ 222.8</u> | <u>\$ 236.5</u> | <u>\$ 237.2</u> |

For more detailed information see page 12 for the Statements of Net Assets.

Major Factors Affecting the Statement of Net Assets

December 31, 2004 compared to December 31, 2003

Current and other assets decreased by \$5.1 million. Current assets decreased \$5.5 million and current liabilities decreased by \$4.6 million. The Authority's current ratio remained at 1.5 to 1 in 2004. As such, there are sufficient current assets (primarily cash, investments and receivables from HUD) to extinguish current liabilities.

Capital assets decreased to \$216.3 million in 2004 from \$230.1 million in 2003. The \$13.8 million decrease is attributed primarily to the demolition of older estates with a net book value of \$13.5 million in preparation for the construction of new units and current year depreciation and amortization of \$26.6 million, offset by capital asset additions of \$26.3 million. For additional detail see "Capital Assets and Debt Administration."

Long-term liabilities decreased \$.6 million in 2004. The decrease is a result of normal paydown on long-term debt and capital lease liabilities of \$.9 million, and a \$.3 million increase in the workers compensation liability.

December 31, 2003 compared to December 31, 2002

Current and other assets increased by \$4.0 million. Current assets increased \$4.2 million and current liabilities increased by \$3.8 million. The Authority's current ratio remained at 1.5 to 1 in 2003. As such, there are sufficient current assets (primarily cash, investments and receivables from HUD) to extinguish current liabilities.

Capital assets decreased to \$230.1 million in 2003 from \$235.3 million in 2002. The \$5.2 million decrease is attributed primarily to current year depreciation and amortization of \$28.5 million offset by capital asset additions of \$23.4 million. For additional detail see "Capital Assets and Debt Administration".

Long-term liabilities decreased \$4.3 million in 2003. The decrease is a result of the normal paydown on long-term debt and capital leases, and a \$3.4 million decrease in payables to HUD related to utility allowances. As of May 2004, HUD is no longer permitted to make utility adjustments, whether due to or due from. Accordingly, as of December 31, 2003, the Authority wrote-off all unresolved utility allowance adjustments of \$6.3 million.

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. The following presents details on the change in unrestricted net assets during the years ended December 31, 2004 and 2003:

| | 2004 | 2003 |
|--|----------------|-------------------|
| | (In millions) | |
| Unrestricted net assets—Beginning of year | \$ 14.0 | \$ 10.1 |
| Total change in net assets | (13.7) | (0.7) |
| Adjustments: | | |
| Depreciation (1) | 26.6 | 28.5 |
| Other—loss on demolition of capital assets (1) | <u>13.5</u> | <u> </u> |
| Adjusted change in net assets | 26.4 | 27.8 |
| Payments on long term debt | (0.8) | (0.8) |
| Capital expenditures | (26.3) | (23.4) |
| (Increase) decrease in restricted net assets | <u>(0.4)</u> | <u>0.3</u> |
| Unrestricted net assets—End of year | <u>\$ 12.9</u> | <u>\$ 14.0</u> |

(1) Loss on demolition of capital assets and depreciation are treated as an expense and reduce the net assets invested in capital assets, net of related debt, but does not have an impact on unrestricted net assets.

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 is as follows for the years ended December 31, 2004, 2003 and 2002:

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

| | 2004 | 2003 | 2002 |
|------------------------------------|-----------------|-----------------|-----------------|
| Operating revenues: | | | |
| Dwelling rent from tenants | \$ 13.0 | \$ 13.4 | \$ 13.4 |
| Other revenues | <u>2.2</u> | <u>2.3</u> | <u>1.4</u> |
| Total revenue | <u>15.2</u> | <u>15.7</u> | <u>14.8</u> |
| Operating expenses: | | | |
| Housing assistance payments | 94.4 | 86.8 | 75.6 |
| Depreciation | 26.6 | 28.5 | 29.9 |
| Administrative | 29.6 | 28.1 | 27.5 |
| Building maintenance | 20.7 | 21.9 | 22.8 |
| Utilities | 18.5 | 18.3 | 16.5 |
| Nonroutine maintenance | 20.6 | 28.5 | 15.2 |
| Tenant services | 3.5 | 3.7 | 4.3 |
| General | 3.8 | 3.3 | 3.0 |
| Protective services | 1.3 | 1.3 | 2.8 |
| Other | <u>2.4</u> | <u>2.2</u> | <u>2.1</u> |
| Total operating expenses | <u>221.4</u> | <u>222.6</u> | <u>199.7</u> |
| Operating loss | <u>(206.2)</u> | <u>(206.9)</u> | <u>(184.9)</u> |
| Non-operating revenues (expenses): | | | |
| Subsidies and grants from HUD | 205.7 | 205.9 | 171.7 |
| Grants—other | 0.6 | 0.5 | 0.7 |
| Interest income | 0.4 | 0.5 | 0.6 |
| Interest expense | (0.7) | (0.7) | (0.8) |
| Other | <u>(13.5)</u> | <u>0.0</u> | <u>(4.0)</u> |
| Total non-operating revenues—net | <u>192.5</u> | <u>206.2</u> | <u>168.2</u> |
| Change in net assets | (13.7) | (0.7) | (16.7) |
| Net assets—beginning of year | <u>236.5</u> | <u>237.2</u> | <u>253.9</u> |
| Net assets—end of year | <u>\$ 222.8</u> | <u>\$ 236.5</u> | <u>\$ 237.2</u> |

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

December 31, 2004 compared to December 31, 2003

Tenant and other revenue decreased slightly in 2004 as increased occupancy was offset by lower average rent levels.

HUD subsidies and grants decreased slightly as higher Housing Choice Voucher Program and Capital Fund subsidies were more than offset by lower Conventional Low Income Public Housing subsidy and elimination of the Drug Elimination Program. A 5% increase in units rented and higher average rent caused the Housing Choice Voucher Program subsidy to increase \$7.2 million or 7.6%. Capital Grant funding increased \$5.1 million due to closing of the 2001 Capital Fund and 1993 Hope VI grants as projects completed included Phoenix Village. Conventional Low Income Public Housing subsidy, including subsidy for extra-ordinary maintenance, decreased \$11.6 million, with \$6.3 million of the decrease due to the elimination of utility adjustments in 2003. Drug Elimination Program decreased \$.9 million as the program was discontinued.

Total operating expenses decreased \$1.1 million as higher Housing Assistance payments, up \$7.6 million, and higher administrative expenses, up \$1.5 million, were more than offset by lower nonroutine maintenance costs, down \$7.9 million, lower depreciation expense, down \$1.9 million, with all other expenses being down \$.4 million.

Total non-operating revenues—net decreased \$13.7 million in 2004 and is attributed primarily to a loss on demolition of older estates with a net book value of \$13.5 million in preparation for the construction of new units.

December 31, 2003 compared to December 31, 2002

Tenant and other revenue shows a slight increase again in 2003 due primarily to increased occupancy levels.

HUD subsidies and grants increased substantially due in part to the Housing Choice Voucher Program, which increased by \$12.2 million, or 15%. This was a result of an increase in tenant occupancy for that program of approximately 7%. The Low Income Public Housing Subsidy increased by \$6.8 million or 14% due primarily to HUD eliminating year end utility adjustments. The Operating Subsidy for non-capital construction projects increased by \$13.6 million or 91% due primarily to the closure of the 2001 Capital Fund Project. Finally, capital grants increased \$2.8 million or 16% due to extensive modernization of several estates and a move to individual housing.

Total operating expenses increased \$22.9 million primarily due to the following: Housing assistance payments increased by \$11.2 million due to the continued expansion of the program. In addition, non-routine maintenance costs increased by \$13.3 million in 2003 as the Authority put a high priority on preparing units for occupancy and extensive modernization of estates.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2004, the Authority had \$216.3 million invested in a variety of capital assets (as reflected in the following schedule), which represents a net decrease of \$13.8 million from December 31, 2003.

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

| | December 31 | | |
|--------------------------|-------------|----------|----------|
| | 2004 | 2003 | 2002 |
| Land | \$ 23.6 | \$ 23.6 | \$ 23.6 |
| Buildings | 537.3 | 569.2 | 563.6 |
| Equipment—administrative | 10.5 | 10.4 | 8.8 |
| Equipment—dwelling | 9.7 | 7.9 | 9.1 |
| Construction in progress | 12.4 | 18.3 | 1.6 |
| Total | 593.5 | 629.4 | 606.7 |
| Accumulated depreciation | (377.2) | (399.3) | (371.4) |
| Capital assets—net | \$ 216.3 | \$ 230.1 | \$ 235.3 |

The following reconciliation summarizes the 2004 and 2003 change in capital assets, which is presented in detail on pages 23 and 24 of the notes to the financial statements.

**CHANGES IN CAPITAL ASSETS
(In millions)**

| | 2004 | 2003 |
|----------------------------------|----------|----------|
| Capital assets—beginning of year | \$ 230.1 | \$ 235.3 |
| Additions | 26.3 | 23.4 |
| Retirements—net | (13.5) | (0.1) |
| Depreciation expense | (26.6) | (28.5) |
| Capital assets—end of year | \$ 216.3 | \$ 230.1 |

December 31, 2004 compared to December 31, 2003

Capital additions in 2004 were primarily for estate improvements through the Modernization Program under which \$24.3 million was expended for capital improvements. Equipment purchases totaled \$2.0 million.

In 2004 at Carver Park, the demolition of the remaining 168 units was completed and 166 townhouse units, which were started in 2003, were completed and occupancy began in November 2004. In addition, an additional 24 units were started for completion in January 2005 with occupancy expected in the summer of 2005. In 2004, \$11.1 million was expended on this project.

The King Kennedy North Family Redevelopment program which began in 2002 continued with the completion of 48 town homes. A grand opening ceremony and ribbon cutting was held in July 2004 with occupancy starting then. Phase II of the project consisting of 50 additional town houses was started with expected completion in the summer of 2005. In 2004, \$6.2 million was expended on this project.

The second phase of the Lakeview Terrace modernization and renovation program consisting of the conversion of 104 units to 64 units which began in March 2004, was 35% complete at year-end. The units are expected to be ready for occupancy in late 2005. In 2004, \$3.6 million was expended on this project.

In addition to these major improvements, the roofs were replaced at eight estates, new security systems were installed at fourteen estates, sidewalks were replaced at twelve estates and new security screens were installed at eight estates.

Equipment purchases include vehicles for police and inspection use, computer upgrades and appliances for the estates.

December 31, 2003 compared to December 31, 2002

Capital additions in 2003 were primarily for estate improvements through the Modernization Program under which \$22.2 million was expended for capital improvements. Equipment purchases totaled \$1.2 million.

In January 2003, a contract was awarded in the amount of \$30.2 million for the redevelopment of Carver Park Estates. The contract includes demolition of 409 vacant units and the construction of 279 new townhouse homes. During 2003, the demolition of 241 units and construction of 166 units commenced (for completion in mid 2004) at a cost of \$12.9 million.

In 2003, the Authority was in the final stages of a comprehensive modernization of units at Lakeview Terrace. This included renovation and conversion of 81 units into 56 townhouses. Costs in 2003 for the completion of the project were \$2.4 million.

King Kennedy North Family redevelopment project was started in 2002 with the planned demolition of 270 vacant units. In 2003, construction of 98 new townhouse units was started and \$2.5 million was expended. The total project is expected to cost approximately \$14.0 million.

In addition to these major projects various other projects including balcony repairs at two estates, carpet replacement at twelve estates, installation of digital surveillance systems at seven estates and roof replacements at more than thirty scattered site homes were completed.

Equipment expenditures included computers and fixtures for the remodeling and relocation of the Housing Choice Voucher Program and Purchasing offices.

Debt Outstanding

As of December 31, 2004, the Authority had \$9.0 million in long-term debt and capital lease obligations compared to \$9.9 million at December 31, 2003, for a \$0.9 million decrease. The following summarizes these obligations:

OUTSTANDING DEBT, AT YEAR-END (In millions)

| | December 31 | | |
|------------------------------|---------------|---------------|----------------|
| | 2004 | 2003 | 2002 |
| Energy program—capital lease | \$ 3.9 | \$ 4.4 | \$ 5.0 |
| Ambleside refinancing | <u>6.0</u> | <u>6.3</u> | <u>6.5</u> |
| Total | 9.9 | 10.7 | 11.5 |
| Less current portion | <u>(0.9)</u> | <u>(0.8)</u> | <u>(0.8)</u> |
| Long-term portion | <u>\$ 9.0</u> | <u>\$ 9.9</u> | <u>\$ 10.7</u> |

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 operating subsidy for the Conventional Low Income Housing program was funded at 94.8%. Capital fund program was reduced by 11%.
- 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.
- Employee health insurance benefits continue to rise. During 2004 they increased 8% over 2003.

* * * * *

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENTS OF NET ASSETS DECEMBER 31, 2004 AND 2003

| ASSETS | 2004 | 2003 | LIABILITIES | 2004 | 2003 |
|--|--------------------|--------------------|--|-----------------------|-----------------------|
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | \$ 19,426,745 | \$ 23,681,985 | CURRENT LIABILITIES: | | |
| Investments | 4,813,663 | 4,085,147 | Accounts payable—vendors | 12,508,965 | 17,350,549 |
| Cash and investments—restricted | 5,276,028 | 4,872,792 | Accounts payable—HUD | 3,726,887 | 3,435,024 |
| Accounts receivable tenants—net of allowance for doubtful accounts of \$391,817 and \$407,867 | 217,504 | 251,868 | Accrued expenses | 8,489,175 | 8,746,662 |
| Accounts receivable—HUD | 7,468,465 | 10,770,049 | Security and other deposits | 1,599,455 | 1,403,087 |
| Accounts receivable—other government | 495,792 | 406,508 | Current portion of long-term debt | 278,006 | 263,141 |
| Accounts receivable—other | 858,535 | 551,794 | Current portion of capital leases | 591,066 | 560,063 |
| Inventory | 998,264 | 1,188,011 | Total current liabilities | <u>27,193,554</u> | <u>31,758,526</u> |
| Prepaid expenses and other current assets | 1,176,729 | 373,866 | NON-CURRENT LIABILITIES: | | |
| Total current assets | <u>40,731,725</u> | <u>46,182,020</u> | Long-term debt—net of current portion | 5,720,831 | 5,998,837 |
| NON-CURRENT ASSETS: | | | | | |
| Capital assets: | | | Capital leases—net of current portion | 3,280,294 | 3,871,575 |
| Land | 23,554,223 | 23,562,784 | Workers' compensation liability | 2,150,000 | 1,850,000 |
| Property and equipment—net | 192,758,255 | 206,531,135 | Total non-current liabilities | <u>11,151,125</u> | <u>11,720,412</u> |
| Total capital assets | 216,312,478 | 230,093,919 | Total liabilities | <u>38,344,679</u> | <u>43,478,938</u> |
| Investments—restricted | 3,240,654 | 2,887,145 | NET ASSETS | | |
| Debt issuance costs, net of amortization of \$110,706 and \$98,408 | 164,997 | 177,294 | Invested in capital assets—net of related debt | 206,442,281 | 219,400,303 |
| Investment in joint venture | 664,096 | 616,291 | Restricted | 3,472,236 | 3,051,960 |
| Total non-current assets | <u>220,382,225</u> | <u>233,774,649</u> | Unrestricted | 12,854,754 | 14,025,468 |
| Total assets | <u>261,113,950</u> | <u>279,956,669</u> | TOTAL NET ASSETS | <u>\$ 222,769,271</u> | <u>\$ 236,477,731</u> |

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2004 AND 2003

| | 2004 | 2003 |
|--|-----------------------|-----------------------------|
| OPERATING REVENUES: | | |
| Dwelling rent from tenants | \$ 12,953,520 | \$ 13,421,326 |
| Other revenues | <u>2,226,230</u> | <u>2,254,784</u> |
| Total revenues | <u>15,179,750</u> | <u>15,676,110</u> |
| OPERATING EXPENSES: | | |
| Housing assistance payments | 94,437,673 | 86,801,155 |
| Depreciation | 26,611,044 | 28,467,752 |
| Administrative | 29,566,121 | 28,117,476 |
| Building maintenance | 20,739,715 | 21,864,580 |
| Utilities | 18,452,155 | 18,252,776 |
| Nonroutine maintenance | 20,607,512 | 28,540,861 |
| Tenant services | 3,528,406 | 3,725,047 |
| General | 3,827,297 | 3,304,479 |
| Protective services | 1,263,478 | 1,310,800 |
| Other | <u>2,364,463</u> | <u>2,146,707</u> |
| Total operating expenses | <u>221,397,864</u> | <u>222,531,633</u> |
| OPERATING LOSS | <u>(206,218,114)</u> | <u>(206,855,523)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | |
| HUD operating subsidies and grants | 180,177,508 | 185,433,926 |
| HUD capital grants | 25,477,502 | 20,410,195 |
| Grants—other | 594,591 | 539,194 |
| Interest income | 459,784 | 494,664 |
| Interest expense | (686,249) | (732,901) |
| Other—loss on demolition of capital assets | <u>(13,513,482)</u> | <u> </u> |
| Total non-operating revenues—net | <u>192,509,654</u> | <u>206,145,078</u> |
| CHANGE IN NET ASSETS | (13,708,460) | (710,445) |
| NET ASSETS—Beginning of year | <u>236,477,731</u> | <u>237,188,176</u> |
| NET ASSETS—End of year | <u>\$ 222,769,271</u> | <u>\$ 236,477,731</u> |

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003

| | 2004 | 2003 |
|--|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from tenant rents | \$ 12,987,884 | \$ 13,369,800 |
| Cash payments to suppliers for goods and services | (63,716,118) | (60,200,636) |
| Cash paid for salaries and benefits | (39,980,470) | (39,328,647) |
| Housing assistance payments | (94,437,673) | (86,801,155) |
| Other receipts | 1,931,030 | 1,854,494 |
| Other payments | <u>(1,855,798)</u> | <u>(2,278,803)</u> |
| Net cash used in operating activities | <u>(185,071,145)</u> | <u>(173,384,947)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING: | | |
| HUD operating subsidies and grants | 181,739,869 | 178,054,482 |
| Other grants | <u>505,307</u> | <u>535,200</u> |
| Cash provided by noncapital financing activities | <u>182,245,176</u> | <u>178,589,682</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| HUD capital grants | 27,509,829 | 19,978,648 |
| Property and equipment additions | (26,420,742) | (23,422,790) |
| Repayment of debt and capital lease obligations | (823,419) | (773,998) |
| Interest paid on debt and capital lease obligations | (687,773) | (731,509) |
| Proceeds from sale of capital assets | <u>77,657</u> | <u>203,631</u> |
| Net cash used in capital and related financing activities | <u>(344,448)</u> | <u>(4,746,018)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (8,784,676) | (7,507,293) |
| Proceeds from maturity of investments | 7,176,101 | 9,254,478 |
| Interest income | <u>448,243</u> | <u>566,199</u> |
| Net cash (used in) provided by investing activities | <u>(1,160,332)</u> | <u>2,313,384</u> |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (4,330,749) | 2,772,101 |
| CASH BALANCE—Beginning of year | <u>26,057,247</u> | <u>23,285,146</u> |
| CASH BALANCE—End of year* | <u>\$ 21,726,498</u> | <u>\$ 26,057,247</u> |

* The amount includes \$19,426,745 and \$23,681,985 unrestricted cash and cash equivalents and \$2,299,753 and \$2,375,262 of restricted cash in 2004 and 2003, respectively.

See notes to the financial statements.

(Continued)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003

| | 2004 | 2003 |
|--|-------------------------|-------------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | | |
| Operating loss | \$ (206,218,114) | \$ (206,855,523) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 26,611,044 | 28,467,752 |
| Provision for uncollectible accounts | (16,050) | 113,028 |
| Amortization of bond issue costs | 12,297 | 12,298 |
| Gain on sale of capital assets | | (75,284) |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Accounts receivable tenants | 50,414 | (164,554) |
| Accounts receivable—other | (295,200) | (325,006) |
| Inventory | 189,747 | 36,402 |
| Prepaid expenses and other assets | (802,863) | (174,883) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (4,841,584) | 6,706,708 |
| Accrued expenses and other | (257,204) | (981,491) |
| Security and other deposits | 196,368 | (29,394) |
| Workers' compensation | <u>300,000</u> | <u>(115,000)</u> |
| Net cash used in operating activities | <u>\$ (185,071,145)</u> | <u>\$ (173,384,947)</u> |

See notes to the financial statements.

(Concluded)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2004 AND 2003

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.

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 Housing Choice Voucher Program and Non-Housing Choice Voucher Program 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*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14*. Accordingly, the assets, liabilities, and results of operations of CNC III are not included in the accompanying financial statements.

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 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 2004 and 2003, 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, PAL Youth Enrichment Program, PAL Safety Town 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 2004 and 2003.

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 749 members. The number of votes granted to each member is based upon premiums paid and is limited to a maximum of 10% 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. HARRG and HAPI issue stand-alone financial reports that include financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to Housing Authority Insurance, c/o Mark Wilson, P.O. Box 189, Cheshire, CT 06410 or by calling 203-272-8220.

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. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. 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

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. *Capital Assets*—Capital assets (items with an individual cost greater than \$1,500, or appliances less than \$1,500, and a useful life exceeding two years), including land, property and equipment, are recorded at cost. Property and equipment are depreciated using the straight line method over the estimated useful lives of the 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 accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, at and during the reporting 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.

- m. *Reclassifications*—Certain reclassifications have been made to the 2003 financial statements to conform with the 2004 presentation.

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% 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 2% 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 \$21,726,498 and the bank balance was \$20,741,662, the difference representing outstanding checks and other in-transit items. Of the bank balance, \$500,000 was covered by federal depository insurance, \$19,029,564 was collateralized with securities held at the Federal Reserve Bank, \$1,212,098 was covered by pooled collateral held by the financial institution.

Investment—The Authority's investments at December 31, 2004 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 | \$ 1,085,850 | \$ - | \$ 1,585,850 |
| Federal Home Loan Mortgage Corp. securities | 1,000,000 | 1,436,053 | | 2,436,053 |
| Federal Home Loan Bank securities | 500,000 | 1,353,803 | | 1,853,803 |
| Federal Farm Credit Bank Discount Notes | 500,000 | 1,466,414 | | 1,966,414 |
| Subtotal | <u>\$ 2,500,000</u> | <u>\$ 5,342,120</u> | <u>\$ -</u> | 7,842,120 |
| Money market fund | | | | <u>3,188,472</u> |
| Total primary government investments | | | | <u>\$ 11,030,592</u> |

A reconciliation of cash and investments as shown on the statement of net assets at December 31, 2004 and 2003 to the deposits and investments included in this note is as follows:

| | 2004 | 2003 |
|----------------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$19,426,745 | \$23,681,985 |
| Investments | 4,813,663 | 4,085,147 |
| Cash and investments—restricted: | | |
| Current asset | 5,276,028 | 4,872,792 |
| Non-current asset | <u>3,240,654</u> | <u>2,887,145</u> |
| Total | <u>\$32,757,090</u> | <u>\$35,527,069</u> |
| Carrying amount of deposits | \$21,726,498 | \$26,057,247 |
| Carrying amount of investments | <u>11,030,592</u> | <u>9,469,822</u> |
| Total | <u>\$32,757,090</u> | <u>\$35,527,069</u> |

4. RESTRICTED CASH AND INVESTMENTS

At December 31, 2004 and 2003, 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:

| | 2004 | 2003 |
|---|--------------------|--------------------|
| Conventional Program: | | |
| Tenant security deposits | \$1,064,230 | \$ 944,621 |
| Industrial Commission of Ohio escrow fund | 3,535,463 | 3,271,011 |
| CMHA Charities Fund, Inc. | 132,729 | 58,337 |
| Homeownership Program: | | |
| Earned home payment account and nonroutine maintenance reserves | 163,957 | 286,975 |
| Ambleside: | | |
| Tenant security deposits | 35,306 | 35,121 |
| Nonroutine maintenance reserves | 653,691 | 353,573 |
| Debt amortization funds | 1,074,701 | 996,709 |
| Severance: | | |
| Tenant security deposits | 76,469 | 76,087 |
| Nonroutine maintenance reserves | 1,348,305 | 1,249,888 |
| Quarrytown: | | |
| Tenant security deposits | 36,292 | 35,825 |
| Nonroutine maintenance reserves | <u>395,539</u> | <u>451,790</u> |
| Total | <u>\$8,516,682</u> | <u>\$7,759,937</u> |

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

| | Balance January 1, 2004 | Additions | Deletions | December 31, 2004 |
|---|----------------------------|---------------------|------------------------|-----------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 23,562,784 | \$ - | \$ (8,561) | \$ 23,554,223 |
| Construction in progress (net change) | 18,291,692 | | (5,853,914) | 12,437,778 |
| Total capital assets not being depreciated | <u>41,854,476</u> | <u></u> | <u>(5,862,475)</u> | <u>35,992,001</u> |
| Capital Assets Being Depreciated: | | | | |
| Property and equipment | 587,503,744 | 32,274,656 | (62,228,379) | 557,550,021 |
| Less accumulated depreciation | <u>399,264,301</u> | <u>26,611,044</u> | <u>(48,645,801)</u> | <u>377,229,544</u> |
| Total Capital Assets Being Depreciated—net | <u>188,239,443</u> | <u>5,663,612</u> | <u>(13,582,578)</u> | <u>180,320,477</u> |
| Capital Assets, Net | <u>\$ 230,093,919</u> | <u>\$ 5,663,612</u> | <u>\$ (19,445,053)</u> | <u>\$ 216,312,478</u> |

During 2004, the Authority completed demolition of older estates with a net book value of \$13.5 million in preparation for the construction of new units and accordingly, recorded a loss on demolition of capital assets.

Capital asset activity for the year ended December 31, 2003 was as follows:

| | Balance January 1, 2003 | Additions | Deletions | December 31, 2003 |
|---|----------------------------|-----------------------|---------------------|-----------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 23,575,725 | \$ - | \$ (12,941) | \$ 23,562,784 |
| Construction in progress (net change) | 1,606,288 | 16,685,404 | | 18,291,692 |
| Total capital assets not being depreciated | <u>25,182,013</u> | <u>16,685,404</u> | <u>(12,941)</u> | <u>41,854,476</u> |
| Capital Assets Being Depreciated: | | | | |
| Property and equipment | 581,494,920 | 6,737,386 | (728,562) | 587,503,744 |
| Less accumulated depreciation | <u>371,409,705</u> | <u>28,467,752</u> | <u>(613,156)</u> | <u>399,264,301</u> |
| Total Capital Assets Being Depreciated—net | <u>210,085,215</u> | <u>(21,730,366)</u> | <u>(115,406)</u> | <u>188,239,443</u> |
| Capital Assets, Net | <u>\$ 235,267,228</u> | <u>\$ (5,044,962)</u> | <u>\$ (128,347)</u> | <u>\$ 230,093,919</u> |

The Authority maintains detailed records that track fixed assets by category. The following schedules list fixed asset balances for individual programs at December 31, 2004 and 2003:

| Programs | 2004 | | | | |
|---|---------------------|-----------------------|---------------------|-----------------------------|-----------------------|
| | Land | Property | Equipment | Accumulated Depreciation | Net |
| Conventional Low-Rent Housing Program | \$23,118,263 | \$ 539,935,301 | \$17,679,399 | \$ (369,448,729) | \$211,284,234 |
| Homeownership Program | 98,120 | 1,348,316 | 30,824 | (899,822) | 577,438 |
| Housing Choice Voucher and Moderate Rehabilitation Programs | | 39,609 | 1,077,422 | (556,080) | 560,951 |
| Title V | 278,000 | 558,000 | 30,734 | (588,734) | 278,000 |
| Section 8 New Construction Housing Assistance Payment Programs: | | | | | |
| Ambleside | 59,840 | 6,018,050 | 363,503 | (4,263,928) | 2,177,465 |
| Severance | | 368,002 | 255,095 | (318,060) | 305,037 |
| Quarrytown | | 335,500 | 337,556 | (256,977) | 416,079 |
| Other | | 959,927 | 650,561 | (897,214) | 713,274 |
| Total | <u>\$23,554,223</u> | <u>\$ 549,562,705</u> | <u>\$20,425,094</u> | <u>\$ (377,229,544)</u> | <u>\$ 216,312,478</u> |

| Programs | 2003 | | | | |
|---|---------------------|----------------------|---------------------|--------------------------|----------------------|
| | Land | Property | Equipment | Accumulated Depreciation | Net |
| Conventional Low-Rent Housing Program | \$23,118,263 | \$577,093,221 | \$15,777,925 | \$(391,803,684) | \$224,185,725 |
| Homeownership Program | 106,681 | 1,425,361 | 32,316 | (886,562) | 677,796 |
| Housing Choice Voucher and Moderate Rehabilitation Programs | | | 1,101,347 | (392,545) | 708,802 |
| Title V | 278,000 | 1,542,000 | 30,734 | (908,534) | 942,200 |
| Section 8 New Construction Housing Assistance Payment Programs: | | | | | |
| Ambleside | 59,840 | 5,924,160 | 350,717 | (4,089,075) | 2,245,642 |
| Severance | | 362,440 | 240,810 | (270,156) | 333,094 |
| Quarrytown | | | 306,362 | (216,600) | 89,762 |
| Other | | 960,740 | 647,303 | (697,145) | 910,898 |
| Total | <u>\$23,562,784</u> | <u>\$587,307,922</u> | <u>\$18,487,514</u> | <u>\$(399,264,301)</u> | <u>\$230,093,919</u> |

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses at December 31, 2004 and 2003 consist of the following items:

| | 2004 | 2003 |
|---------------------------------------|--------------------|--------------------|
| Payroll and related accruals | \$5,435,924 | \$5,063,649 |
| Workers' compensation—current portion | 1,000,000 | 1,000,000 |
| Other litigation reserves | 518,653 | 696,100 |
| Other | <u>1,533,357</u> | <u>1,986,913</u> |
| Total | <u>\$8,487,934</u> | <u>\$8,746,662</u> |

As of May 2004, HUD is no longer permitted to make utility adjustments. Public housing authorities were instructed to write-off any amounts associated with the utility allowance, whether due to or due from HUD. Accordingly, as of December 31, 2003, the Authority wrote-off all unresolved utility allowance adjustments resulting in an increase of \$6.3 million in HUD operating subsidies in 2003.

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 6.55% to 6.75%. The term bond matures on June 1, 2018 and bears interest at a rate of 7.00%.

The following is a summary of Ambleside's future debt service requirements for bonds payable as of December 31, 2004 :

| Year | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|----------------------|
| 2005 | \$ 290,000 | \$ 431,532 | \$ 721,532 |
| 2006 | | 411,600 | 411,600 |
| 2007 | | 411,600 | 411,600 |
| 2008 | | 411,600 | 411,600 |
| 2009 | | 411,600 | 411,600 |
| 2010-2014 | | 2,058,000 | 2,058,000 |
| 2015-2018 | <u>5,955,000</u> | <u>1,469,856</u> | <u>7,424,856</u> |
| Total payments | 6,245,000 | 5,605,788 | 11,850,788 |
| Less—unamortized bond discount | <u>(246,163)</u> | | <u>(246,163)</u> |
| Total | <u>\$ 5,998,837</u> | <u>\$ 5,605,788</u> | <u>\$ 11,604,625</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, 2004 and 2003, the net book value of equipment under capital lease was \$3,978,795 and \$4,439,692, respectively.

Payments under the agreement are as follows:

| | |
|-----------------------------------|---------------------|
| 2005 | \$ 785,969 |
| 2006 | 785,969 |
| 2007 | 785,969 |
| 2008 | 785,969 |
| 2009 | 785,969 |
| 2010 | <u>583,473</u> |
| | 4,513,318 |
| Less amount representing interest | <u>(641,958)</u> |
| Principal amount | <u>\$ 3,871,360</u> |

A roll-forward of the Authority's long-term debt and capital lease in 2004 follows:

| | Balance January 1, 2004 | Increase | Decrease | Balance December 31, 2004 | Due Within One Year |
|-----------------|-------------------------------|-------------|---------------------|---------------------------------|---------------------------|
| Ambleside Bonds | \$ 6,261,978 | \$ - | \$ (263,141) | \$ 5,998,837 | \$ 278,006 |
| Capital Lease | <u>4,431,638</u> | | <u>(560,278)</u> | <u>3,871,360</u> | <u>591,066</u> |
| Total | <u>\$ 10,693,616</u> | <u>\$ -</u> | <u>\$ (823,419)</u> | <u>\$ 9,870,197</u> | <u>\$ 869,072</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 Severance and Quarrytown are between HUD and the Authority. For 2004 and 2003, the total expense recognized under these operating leases was \$1,757,506 and \$1,885,687, respectively.

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 \$399,063 and \$407,748 in 2004 and 2003, respectively. The Authority also leases office equipment under various operating leases. Total expense recognized under these operating leases was \$383,139 in 2004 and \$239,251 in 2003.

Future minimum lease payments are as follows:

| Year | Severance | Quarrytown | Warehouses | Office Equipment | Total |
|-------|--------------------|-----------------------------|-----------------------------|-------------------|---------------------|
| 2005 | \$ 1,095,275 | \$ 882,374 | \$ 210,916 | \$ 219,359 | \$ 2,407,924 |
| 2006 | 1,096,490 | 882,374 | 214,936 | 137,748 | 2,331,548 |
| 2007 | 1,096,490 | 625,015 | 16,533 | 49,895 | 1,787,933 |
| 2008 | <u>959,429</u> | <u> </u> | <u> </u> | <u>2,183</u> | <u>961,612</u> |
| Total | <u>\$4,247,684</u> | <u>\$2,389,763</u> | <u>\$ 442,385</u> | <u>\$ 409,185</u> | <u>\$ 7,489,017</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 Ohio Public Employees Retirement System of Ohio (“OPERS”), a state-wide and state-administered defined benefit, cost-sharing multi-governmental employer pension plan, as required by the Ohio Revised Code. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS 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 Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

OPERS administers three separate pension plans as described below:

The Traditional Pension Plan (“TP”)—a cost-sharing multiple-employer defined benefit pension plan.

The Member-Directed Plan (“MD”)—a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

The Combined Plan ("CO")—a cost-sharing multiple-employer defined benefit pension plan. Under the CO plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO plans. Members of the MD plan do not qualify for ancillary benefits.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees other than law enforcement personnel are required to contribute 8.5% of their annual covered salary to OPERS. The 2004 employer contribution rate for local government employer units is 13.55% of covered payroll including 4% in 2004 and 5% in 2003 that was used to fund postretirement health care benefits. The Authority's total contributions to OPERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 2004, 2003 and 2002 were \$3,810,845, \$3,305,498 and \$3,051,316, respectively, which were equal to the required contributions for each year.

Other Postretirement Benefits—OPERS provides postretirement health care coverage to age and service retirees 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 OPERS 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 OPERS. The portion of the employer contribution rate used to fund health care for 2004 and 2003 was 4% and 5%, respectively, of covered payroll. During 2004 and 2003, \$1,596,166 and \$1,933,009, respectively, of the Authority's total contribution to OPERS was used for postretirement benefits.

OPERS' latest actuarial review was performed as of December 31, 2003. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment return assumption for 2003 was 8 percent. Active employee payroll is assumed to increase 4%, compounded annually, and assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next eight years. In subsequent years (nine and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEB provided through OPERS are advance-funded on an actuarially determined basis. The total number of active contributing participants in the TP and CO Plans was 369,885 at December 31, 2004. The actuarial value of OPERS' net assets available for OPEB at December 31, 2003 was \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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 749 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 \$25,000 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 804 public housing authority members. Through HAPI, the Authority carries building and contents coverage aggregating \$757,954,276 with a \$25,000 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 \$1,000 deductible.

The Authority is self-insured for the following risks:

- *Health Benefits*—Prior to 2003, the Authority was self-insured with respect to certain health benefit programs offered to its employees. Effective January 1, 2003, all health benefit 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 \$3,150,000 liability for self-insured workers' compensation claims in its Conventional Program and is fully funded at December 31, 2004.
- *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, 2004 and 2003 were as follows:

| | Health Benefits | Workers' Compensation Benefits | Employee Termination and Other |
|---|--------------------|--------------------------------------|--------------------------------------|
| Balance—January 1, 2003 | \$ 442,000 | \$2,965,000 | \$ 834,321 |
| Incurred claims—net of changes in estimates | (128,798) | 797,587 | 23,400 |
| Payments | <u>(313,202)</u> | <u>(912,587)</u> | <u>(161,621)</u> |
| Balance—December 31, 2003 | - | 2,850,000 | 696,100 |
| Incurred claims—net of changes in estimates | - | 1,345,665 | 74,053 |
| Payments | <u>-</u> | <u>(1,045,665)</u> | <u>(251,500)</u> |
| Balance—December 31, 2004 | <u>\$ -</u> | <u>\$3,150,000</u> | <u>\$ 518,653</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 2004 and 2003, there were no significant reductions in the Authority's insurance coverage.

The Authority paid \$500,092 and \$413,746 in premiums to HARRG and \$892,738 and \$796,744 in premiums to HAPI for the years ended December 31, 2004 and 2003, respectively. 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 \$9.0 million exist that arose from audits of the Authority's financial statements and grant programs for fiscal 2003 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 \$3,037,129 as of December 31, 2004 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, an Amendment of GASB Statement 14*, 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 in 2004 for the Authority, 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 adoption of this statement in 2004 was not material to the financial statements of the Authority.

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 this statement will have on its financial statement disclosures.

During November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes accounting and financial reporting standards for impairment of capital assets. Under provisions of this Statement, a capital asset is considered impaired when its service has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2004. The Authority has not determined the impact, if any, that this Statement will have on its financial statements.

During August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which addresses how state and local governments should account and report their costs and obligations related to postemployment health care and other non-pension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. Statement No. 45 will not be effective for the Authority until 2008 and, as such, the Authority has not determined the impact, if any, that this statement will have on its financial statements.

In December 2004, the GASB issued Statement No. 46, *Net Assets Restricted by Legislation, an amendment of GASB Statement No. 34*, which clarifies that a legally enforceable enabling legislation restriction for purposes of determining the existence of restricted net assets is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. Limitations on the use of net assets imposed by enabling legislation must be reported as restricted net assets under GASB Statement No. 34. Under Statement No. 46, the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. In addition, this statement specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation, or if legal enforceability is reevaluated, and requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The requirements of this statement are effective for the Authority in 2006 and the impact, if any, this statement will have on the Authority's financial statements has not been determined.

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

| Federal Grantor/Program Title | CFDA Number | Federal Expenditures |
|---|----------------|-------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (DIRECT PROGRAMS) | | |
| Conventional Low-Income Housing Programs—Subsidy | 14.850 | \$ 52,198,565 |
| Section 8 New Construction and Moderate Rehabilitation Programs: | | |
| New Construction—Ambleside | 14.182 | 1,066,173 |
| New Construction—Severance | 14.182 | 1,056,670 |
| New Construction—Quarrytown | 14.182 | 877,229 |
| Subtotal CFDA #14.182 | | <u>3,000,072</u> |
| Moderate Rehabilitation | 14.856 | 4,378,573 |
| Subtotal CFDA #14.182/14.856 (Section 8 Project-Based Cluster) | | <u>7,378,645</u> |
| Housing Choice Voucher | 14.871 | 97,900,577 |
| Subtotal CFDA #14.182/14.856/14.871 | | <u>105,279,222</u> |
| Capital Fund Program | | |
| Capital Fund Program—2002 | 14.872 | 19,695,891 |
| Capital Fund Program—2003 | 14.872 | 6,445,811 |
| Capital Fund Program—2003 - Second Allocation | 14.872 | 924,267 |
| Capital Fund Program—2004 | 14.872 | 5,556,442 |
| Subtotal CFDA #14.872 | | <u>32,622,411</u> |
| Urban Revitalization Development Grant | 14.866 | <u>13,158,591</u> |
| Homeownership Program | 14.851 | <u>293,310</u> |
| Supportive Housing Program | 14.235 | <u>757,968</u> |
| Resident Opportunities and Supportive Services | 14.870 | <u>309,281</u> |
| Public Housing Tenant Opportunity Program | 14.853 | <u>4,647</u> |
| Drug Elimination Grant—2001 | 14.854 | 157,506 |
| Youth Violence Grant | 14.854 | 590,717 |
| Subtotal CFDA #14.854 | | <u>748,223</u> |
| Multifamily Property Disposition | 14.199 | <u>303,526</u> |
| Total U.S. Department of Housing and Urban Development | | <u>205,675,744</u> |
| DEPARTMENT OF JUSTICE—Public Safety Partnership and Community Policing Grants (Direct program) | 16.710 | <u>18,239</u> |
| DEPARTMENT OF HOMELAND SECURITY—Public Assistance Grants (Direct program) | 97.036 | <u>6,468</u> |
| Total expenditures of federal awards | | <u>\$ 205,700,451</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, 2004

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. | 2004 Grant Expenditures |
|-----------------------------------|----------------------------|------------------|-------------------------|
| Section 8 Moderate Rehabilitation | Amesbury Rosalind | 14.856 | \$ 554,183 |
| Section 8 Moderate Rehabilitation | Puritas Place | 14.856 | 705,102 |
| Conventional Low-Rent | Progressive Action Council | 14.850 | 311,324 |

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, 2004 under the Multifamily Property Disposition Grant. The provisions of the grant agreement pertaining to the bonds impose continuing compliance requirements.

| Program Title | Federal CFDA No. | Bonds Outstanding at December 31, 2004 |
|----------------------------------|------------------|--|
| Multifamily Property Disposition | 14.199 | \$ 4,000,000 |

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE
 YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Business Activities | N/C S/R Section 8 Programs | Multifamily Property Disposition | Supportive Housing Program | Low Rent Public Housing | Development | Public Housing Comprehensive Improvement Assistance Program |
|-------------|---|---------------------|----------------------------|----------------------------------|----------------------------|-------------------------|-------------|---|
| 111 | Cash - Unrestricted | \$ 4,442,203 | \$ - | \$ 711,742 | \$ - | \$ 10,219,612 | \$ - | \$ - |
| 113 | Cash - Other Restricted | - | - | - | - | - | - | - |
| 114 | Cash - Tenant Security Deposits | - | 148,067 | - | - | 1,064,230 | - | - |
| 100 | Total Cash | 4,442,203 | 148,067 | 711,742 | - | 11,283,842 | - | - |
| 122 | Accounts Receivable - HUD Other Projects | - | - | 392,849 | 359,312 | - | - | - |
| 124 | Accounts Receivable - Other Government | - | - | - | - | - | - | - |
| 125 | Accounts Receivable - Miscellaneous | 19,592 | 2,196 | 113,390 | - | 17,710 | - | - |
| 126 | Accounts Receivable - Tenants - Dwelling Rents | - | 8,470 | 6,386 | - | 536,734 | - | - |
| 126.1 | Allowance for Doubtful Accounts - Dwelling Rents | - | (6,647) | (3,435) | - | (326,760) | - | - |
| 126.2 | Allowance for Doubtful Accounts - Other | - | - | - | - | - | - | - |
| 128 | Fraud Recovery | - | - | - | - | - | - | - |
| 128.1 | Allowance for Doubtful Accounts - Fraud | - | - | - | - | - | - | - |
| 129 | Accrued Interest Receivable | - | - | - | - | 15,759 | - | - |
| 120 | Total Receivables, net of allowances for doubtful accounts | 19,592 | 4,019 | 509,190 | 359,312 | 243,443 | - | - |
| 135 | Investments - Restricted for Payment of Current Liabilities | - | 347,700 | - | - | 1,000,000 | - | - |
| 132 | Investments Restricted | - | 3,124,536 | - | - | 2,055,199 | - | - |
| 142 | Prepaid Expenses and Other Assets | - | - | - | - | 987,183 | - | - |
| 143 | Inventories | - | - | - | - | 1,330,792 | - | - |
| 143.1 | Allowance for Obsolete Inventories | - | - | - | - | (332,528) | - | - |
| 144 | Interprogram Due From | - | - | - | - | 7,220,454 | - | - |
| 150 | Total Current Assets | 4,461,795 | 3,624,322 | 1,220,932 | 359,312 | 23,788,385 | - | - |
| 161 | Land | 278,000 | 59,840 | - | - | 23,118,263 | - | - |
| 162 | Buildings | 558,000 | 6,386,052 | 959,927 | - | 190,303,096 | - | 116,247,689 |
| 163 | Furniture, Equipment & Machinery - Dwellings | 30,734 | 956,154 | - | - | 4,183,706 | - | - |
| 164 | Furniture, Equipment & Machinery - Administration | - | - | - | - | 7,609,482 | - | - |
| 165 | Leasehold Improvements | - | - | - | - | - | - | - |
| 166 | Accumulated Depreciation | (588,734) | (4,838,965) | (505,963) | - | (165,628,485) | - | (97,496,650) |
| 167 | Construction In Progress | - | 335,500 | - | - | 1,110,062 | - | - |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | 278,000 | 2,898,581 | 453,964 | - | 60,696,124 | - | 18,750,999 |
| 174 | Other Assets | - | 164,997 | - | - | 664,096 | - | - |
| 180 | Total Non-Current Assets | 278,000 | 3,063,578 | 453,964 | - | 61,360,220 | - | 18,750,999 |
| 190 | Total Assets | \$ 4,739,795 | \$ 6,687,900 | \$ 1,674,896 | \$ 359,312 | \$ 85,148,605 | \$ - | \$ 18,750,999 |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Tenant Opportunity Technical Assistance | Public and Indian Housing Drug Elimination 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 |
|-------------|---|---|--|---|---|---|---|---|
| 111 | Cash - Unrestricted | 92 | 42,213 | - | - | - | - | - |
| 113 | Cash - Other Restricted | - | - | - | - | - | - | - |
| 114 | Cash - Tenant Security Deposits | - | - | - | - | - | - | - |
| 100 | Total Cash | 92 | 42,213 | - | - | - | - | - |
| 122 | Accounts Receivable - HUD Other Projects | 22,656 | 17,199 | - | - | - | - | - |
| 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 | 22,656 | 17,199 | - | - | - | - | - |
| 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 | - | 143 | 1,221,845 | 81,475 | - | 110,508 | 21,655 |
| 150 | Total Current Assets | 22,748 | 59,555 | 1,221,845 | 81,475 | - | 110,508 | 21,655 |
| 161 | Land | - | - | - | - | - | - | - |
| 162 | Buildings | - | - | - | - | - | - | - |
| 163 | Furniture, Equipment & Machinery - Dwellings | - | - | - | - | - | - | - |
| 164 | Furniture, Equipment & Machinery - Administration | 18,829 | 488,483 | - | - | - | - | - |
| 165 | Leasehold Improvements | - | - | - | - | - | - | - |
| 166 | Accumulated Depreciation | (12,223) | (308,600) | - | - | - | - | - |
| 167 | Construction In Progress | - | - | - | - | - | - | - |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | 6,606 | 179,883 | - | - | - | - | - |
| 174 | Other Assets | - | - | - | - | - | - | - |
| 180 | Total Non-Current Assets | 6,606 | 179,883 | - | - | - | - | - |
| 190 | Total Assets | 29,354 | 239,438 | 1,221,845 | 81,475 | - | 110,508 | 21,655 |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007 | 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 |
|-------------|---|---|---|---|--------------------------------------|--|--|--|
| 111 | Cash - Unrestricted | \$ - | \$ - | \$ - | \$ - | \$ 2,353,365 | \$ - | \$ - |
| 113 | Cash - Other Restricted | - | - | - | - | - | - | - |
| 114 | Cash - Tenant Security Deposits | - | - | - | - | - | - | - |
| 100 | Total Cash | - | - | - | - | 2,353,365 | - | - |
| 122 | Accounts Receivable - HUD Other Projects | - | - | - | - | - | 442 | 4,656,460 |
| 124 | Accounts Receivable - Other Government | - | - | - | - | - | - | - |
| 125 | Accounts Receivable - Miscellaneous | - | - | - | - | - | - | 24,929 |
| 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 | - | - | - | - | - | 442 | 4,681,389 |
| 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 | 9,679 | 109,715 | - | 3,371,776 | - | - | - |
| 150 | Total Current Assets | 9,679 | 109,715 | - | 3,371,776 | 2,353,365 | 442 | 4,681,389 |
| 161 | Land | - | - | - | - | - | - | - |
| 162 | Buildings | - | - | - | - | 141,194,291 | - | 47,248,827 |
| 163 | Furniture, Equipment & Machinery - Dwellings | - | - | - | - | 1,772,301 | - | 141,349 |
| 164 | Furniture, Equipment & Machinery - Administration | - | - | - | - | - | - | - |
| 165 | Leasehold Improvements | - | - | - | - | - | - | - |
| 166 | Accumulated Depreciation | - | - | - | - | (80,350,012) | - | (23,028,997) |
| 167 | Construction In Progress | - | - | - | - | 276,736 | - | 3,843,380 |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | - | - | - | - | 62,893,316 | - | 28,204,559 |
| 174 | Other Assets | - | - | - | - | - | - | - |
| 180 | Total Non-Current Assets | - | - | - | - | 62,893,316 | - | 28,204,559 |
| 190 | Total Assets | \$ 9,679 | \$ 109,715 | \$ - | \$ 3,371,776 | \$ 65,246,681 | \$ 442 | \$ 32,885,948 |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Resident Opportunity and Supportive Services | Housing Choice Vouchers | Public Housing Capital Fund Program | Public Safety Partnership and Community Policing Grants | State/Local | Component Units | Other Federal Program 1 | Other Federal Program 2 | Total |
|-------------|---|--|-------------------------|-------------------------------------|---|-------------|-----------------|-------------------------|-------------------------|----------------|
| 111 | Cash - Unrestricted | \$ - | \$ 3,092,886 | \$ 1,041,123 | \$ - | \$ - | \$ - | \$ 2,817,437 | \$ - | \$ 24,720,673 |
| 113 | Cash - Other Restricted | - | - | - | - | - | 132,729 | - | - | 132,729 |
| 114 | Cash - Tenant Security Deposits | - | - | - | - | - | - | - | - | 1,212,297 |
| 100 | Total Cash | - | 3,092,886 | 1,041,123 | - | - | 132,729 | 2,817,437 | - | 26,065,699 |
| 122 | Accounts Receivable - HUD Other Projects | 96,308 | 9,198 | 1,914,041 | - | - | - | - | - | 7,468,465 |
| 124 | Accounts Receivable - Other Government | - | - | - | - | 495,792 | - | - | - | 495,792 |
| 125 | Accounts Receivable - Miscellaneous | - | 467,939 | - | - | - | 269,104 | - | - | 914,860 |
| 126 | Accounts Receivable - Tenants - Dwelling Rents | - | - | - | - | - | - | 57,731 | - | 609,321 |
| 126.1 | Allowance for Doubtful Accounts - Dwelling Rents | - | - | - | - | - | - | (54,974) | - | (391,816) |
| 126.2 | Allowance for Doubtful Accounts - Other | - | (158,584) | - | - | - | - | - | - | (158,584) |
| 128 | Fraud Recovery | - | 404,702 | - | - | - | - | - | - | 404,702 |
| 128.1 | Allowance for Doubtful Accounts - Fraud | - | (318,202) | - | - | - | - | - | - | (318,202) |
| 129 | Accrued Interest Receivable | - | - | - | - | - | - | - | - | 15,759 |
| 120 | Total Receivables, net of allowances for doubtful accounts | 96,308 | 405,053 | 1,914,041 | - | 495,792 | 269,104 | 2,757 | - | 9,040,297 |
| 135 | Investments - Restricted for Payment of Current Liabilities | - | - | - | - | - | - | 163,957 | - | 1,511,657 |
| 132 | Investments Restricted | - | - | - | - | - | - | - | - | 5,179,735 |
| 142 | Prepaid Expenses and Other Assets | - | 189,546 | - | - | - | - | - | - | 1,176,729 |
| 143 | Inventories | - | - | - | - | - | - | - | - | 1,330,792 |
| 143.1 | Allowance for Obsolete Inventories | - | - | - | - | - | - | - | - | (332,528) |
| 144 | Interprogram Due From | - | - | - | - | - | - | - | - | 12,147,250 |
| 150 | Total Current Assets | 96,308 | 3,667,485 | 2,955,164 | - | 495,792 | 401,833 | 2,984,151 | - | 56,119,631 |
| 161 | Land | - | - | - | - | - | - | 98,120 | - | 23,554,223 |
| 162 | Buildings | - | 39,609 | 32,972,816 | - | - | - | 1,348,316 | - | 537,258,623 |
| 163 | Furniture, Equipment & Machinery - Dwellings | - | - | 3,838,867 | - | - | - | 16,996 | - | 10,940,107 |
| 164 | Furniture, Equipment & Machinery - Administration | 1,728 | 1,077,422 | - | 139,731 | 1,790 | - | 13,828 | - | 9,351,293 |
| 165 | Leasehold Improvements | - | - | - | - | - | - | - | - | - |
| 166 | Accumulated Depreciation | (980) | (556,060) | (2,944,547) | (68,612) | (836) | - | (899,822) | - | (377,229,546) |
| 167 | Construction In Progress | - | - | 6,794,761 | - | 77,339 | - | - | - | 12,437,778 |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | 748 | 560,951 | 40,661,897 | 71,119 | 78,293 | - | 577,438 | - | 216,312,478 |
| 174 | Other Assets | - | - | - | - | - | - | - | - | 629,093 |
| 180 | Total Non-Current Assets | 748 | 560,951 | 40,661,897 | 71,119 | 78,293 | - | 577,438 | - | 217,141,571 |
| 190 | Total Assets | \$ 97,056 | \$ 4,248,436 | \$ 43,617,061 | \$ 71,119 | \$ 574,085 | \$ 401,833 | \$ 3,561,599 | \$ - | \$ 273,261,202 |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Business Activities | N/C S/R Section 8 Programs | Multifamily Property Disposition | Supportive Housing Program | Low Rent Public Housing | Development | Public Housing Comprehensive Improvement Assistance Program |
|-------------|---|---------------------|----------------------------|----------------------------------|----------------------------|-------------------------|-------------|---|
| 312 | Accounts Payable <= 90 Days | \$ 48,948 | \$ 285,201 | \$ 7,313 | \$ 142,244 | \$ 4,835,006 | \$ - | \$ - |
| 321 | Accrued Wage/Payroll Taxes Payable | - | 25,977 | 833 | - | 2,634,958 | - | - |
| 322 | Accrued Compensated Absences-Current Portion | - | - | - | - | 2,099,752 | - | - |
| 325 | Accrued Interest Payable | - | 36,369 | - | - | - | - | - |
| 331 | Accounts Payable - HUD PHA Programs | - | - | 577,844 | - | - | - | - |
| 333 | Accounts Payable - Other Government | - | - | - | - | - | - | - |
| 341 | Tenant Security Deposits | - | 97,568 | 9,020 | - | 976,740 | - | - |
| 342 | Deferred Revenues | - | - | 2,877 | - | 27,841 | - | - |
| 343 | Current Portion of Long-term Debt - Capital Projects/mortgage | - | - | - | - | - | - | - |
| 343 | Revenue Bonds | - | 278,006 | - | - | 591,066 | - | - |
| 345 | Other Current Liabilities | 783,883 | - | - | - | - | - | - |
| 346 | Accrued Liabilities - Other | - | 140,000 | - | - | 1,938,927 | - | - |
| 347 | Interprogram Due To | 1,074,113 | 1,427,463 | 368,259 | 217,068 | - | - | - |
| 310 | Total Current Liabilities | 1,906,944 | 2,290,584 | 966,146 | 359,312 | 12,904,290 | - | - |
| | Long-term Debt, Net of Current - Capital Projects/mortgage | - | - | - | - | - | - | - |
| 351 | Revenue Bonds | - | 5,720,831 | - | - | 3,280,294 | - | - |
| 353 | Noncurrent Liabilities - Other | - | - | - | - | 2,150,000 | - | - |
| 350 | Total Noncurrent Liabilities | - | 5,720,831 | - | - | 5,430,294 | - | - |
| 300 | Total Liabilities | 1,906,944 | 8,011,415 | 966,146 | 359,312 | 18,334,584 | - | - |
| 508 | Total Contributed Capital | - | - | - | - | - | - | - |
| 508.1 | Invested in Capital Assets, Net of Related Debt | 278,000 | (3,100,256) | 453,964 | - | 56,824,764 | - | 18,750,999 |
| 511 | Total Reserved Fund Balance | - | - | - | - | - | - | - |
| 511.1 | Restricted Net Assets | - | 3,472,236 | - | - | - | - | - |
| 512.1 | Unrestricted Net Assets | 2,554,851 | (1,695,495) | 254,786 | - | 9,989,256 | - | - |
| 513 | Total Equity/Net Assets | 2,832,851 | (1,323,515) | 708,750 | - | 66,814,020 | - | 18,750,999 |
| 600 | Total Liabilities and Equity/Net Assets | \$ 4,739,795 | \$ 6,687,900 | \$ 1,674,896 | \$ 359,312 | \$ 85,148,604 | \$ - | \$ 18,750,999 |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Tenant Opportunity Technical Assistance | Public and Indian Housing Drug Elimination 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 |
|-------------|---|---|--|---|---|---|---|---|
| 312 | Accounts Payable <= 90 Days | \$ - | \$ 59,333 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 321 | Accrued Wage/Payroll Taxes Payable | - | - | - | - | - | - | - |
| 322 | Accrued Compensated Absences-Current Portion | - | - | - | - | - | - | - |
| 325 | Accrued Interest Payable | - | - | - | - | - | - | - |
| 331 | Accounts Payable - HUD PHA Programs | - | 222 | - | - | - | - | - |
| 333 | Accounts Payable - Other Government | - | - | - | - | - | - | - |
| 341 | Tenant Security Deposits | - | - | - | - | - | - | - |
| 342 | Deferred Revenues | 22,748 | - | - | - | - | - | - |
| 343 | Current Portion of Long-term Debt - Capital Projects/mortgage | - | - | - | - | - | - | - |
| 344 | Revenue Bonds | - | - | - | - | - | - | - |
| 345 | Other Current Liabilities | - | - | - | - | - | - | - |
| 346 | Accrued Liabilities - Other | - | - | - | - | - | - | - |
| 347 | Interprogram Due To | - | - | - | - | 4,570 | - | - |
| 310 | Total Current Liabilities | 22,748 | 59,555 | - | - | 4,570 | - | - |
| 351 | Long-term Debt, Net of Current - Capital Projects/mortgage | - | - | - | - | - | - | - |
| 353 | Revenue Bonds | - | - | - | - | - | - | - |
| 350 | Noncurrent Liabilities - Other | - | - | - | - | - | - | - |
| 350 | Total Noncurrent Liabilities | - | - | - | - | - | - | - |
| 300 | Total Liabilities | 22,748 | 59,555 | - | - | 4,570 | - | - |
| 508 | Total Contributed Capital | - | - | - | - | - | - | - |
| 508.1 | Invested in Capital Assets, Net of Related Debt | 6,606 | 179,883 | - | - | - | - | - |
| 511 | Total Reserved Fund Balance | - | - | - | - | - | - | - |
| 511.1 | Restricted Net Assets | - | - | - | - | - | - | - |
| 512.1 | Unrestricted Net Assets | - | - | 1,221,845 | 81,475 | (4,570) | 110,508 | 21,655 |
| 513 | Total Equity/Net Assets | 6,606 | 179,883 | 1,221,845 | 81,475 | (4,570) | 110,508 | 21,655 |
| 600 | Total Liabilities and Equity/Net Assets | \$ 29,354 | \$ 239,438 | \$ 1,221,845 | \$ 81,475 | \$ - | \$ 110,508 | \$ 21,655 |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007 | 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 |
|-------------|---|---|---|---|--------------------------------------|--|--|--|
| 312 | Accounts Payable <= 90 Days | \$ - | \$ - | \$ - | \$ - | \$ 29,700 | \$ - | \$ 4,671,192 |
| 321 | Accrued Wage/Payroll Taxes Payable | - | - | - | - | - | - | 28,527 |
| 322 | Accrued Compensated Absences-Current Portion | - | - | - | - | - | - | - |
| 325 | Accrued Interest Payable | - | - | - | - | - | - | - |
| 331 | Accounts Payable - HUD PHA Programs | - | - | - | - | 2,353,365 | - | 88,117 |
| 333 | Accounts Payable - Other Government | - | - | - | - | - | - | - |
| 341 | Tenant Security Deposits | - | - | - | - | - | - | - |
| 342 | Deferred Revenues | - | - | - | - | - | - | 24,929 |
| 343 | Current Portion of Long-term Debt - Capital Projects/mortgage | - | - | - | - | - | - | - |
| 345 | Revenue Bonds | - | - | - | - | - | - | - |
| 346 | Other Current Liabilities | - | - | - | - | - | - | - |
| 347 | Accrued Liabilities - Other | - | - | - | - | - | - | - |
| 347 | Interprogram Due To | - | - | - | - | - | 442 | 1,439,788 |
| 310 | Total Current Liabilities | - | - | 111,283 | - | 2,383,065 | 442 | 6,252,553 |
| 300 | Total Liabilities | - | - | 111,283 | - | 2,383,065 | 442 | 6,252,553 |
| 508 | Total Contributed Capital | - | - | - | - | - | - | - |
| 508.1 | Invested in Capital Assets, Net of Related Debt | - | - | - | - | 62,893,316 | - | 28,204,559 |
| 511 | Total Reserved Fund Balance | - | - | - | - | - | - | - |
| 511.1 | Restricted Net Assets | - | - | - | - | - | - | - |
| 512.1 | Unrestricted Net Assets | 9,679 | 109,715 | (111,283) | 3,371,776 | (29,700) | - | (1,571,164) |
| 513 | Total Equity/Net Assets | 9,679 | 109,715 | (111,283) | 3,371,776 | 62,863,616 | - | 26,633,395 |
| 600 | Total Liabilities and Equity/Net Assets | \$ 9,679 | \$ 109,715 | \$ - | \$ 3,371,776 | \$ 65,246,681 | \$ 442 | \$ 32,685,948 |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Resident Opportunity and Supportive Services | Housing Choice Vouchers | Public Housing Capital Fund Program | Public Safety Partnership and Community Policing Grants | State/Local | Component Units | Other Federal Program 1 | Other Federal Program 2 |
|-------------|---|--|-------------------------|-------------------------------------|---|-------------|-----------------|-------------------------|-------------------------|
| 312 | Accounts Payable <= 90 Days | \$ 5,640 | \$ 158,073 | \$ 2,235,759 | \$ - | \$ 222,716 | - | \$ 7,840 | \$ - |
| 321 | Accrued Wages/Payroll Taxes Payable | 12,969 | 199,072 | 425,302 | - | 1,850 | - | 6,684 | - |
| 322 | Accrued Compensated Absences-Current Portion | - | - | - | - | - | - | - | - |
| 325 | Accrued Interest Payable | - | - | - | - | - | - | - | - |
| 331 | Accounts Payable - HUD PHA Programs | - | 527,106 | 180,233 | - | - | - | - | - |
| 333 | Accounts Payable - Other Government | - | - | - | - | 1,241 | - | - | - |
| 341 | Tenant Security Deposits | - | 377,596 | - | - | - | - | 138,531 | - |
| 342 | Deferred Revenues | - | - | - | - | - | - | - | - |
| 343 | Current Portion of Long-term Debt - Capital Projects/mortgage | - | - | - | - | - | - | - | - |
| 345 | Revenue Bonds | - | - | - | - | - | - | - | - |
| 346 | Other Current Liabilities | - | 36,982 | - | - | - | - | 13,404 | - |
| 347 | Accrued Liabilities - Other | - | 24,050 | - | - | - | - | - | - |
| 350 | Interprogram Due To | 77,699 | 6,679,569 | 477,011 | - | 269,985 | - | - | - |
| 310 | Total Current Liabilities | 96,308 | 8,002,448 | 3,318,305 | - | 495,792 | - | 166,459 | - |
| 351 | Long-term Debt, Net of Current - Capital Projects/Mortgage | - | - | - | - | - | - | - | - |
| 353 | Revenue Bonds | - | - | - | - | - | - | - | - |
| 350 | Noncurrent Liabilities - Other | - | - | - | - | - | - | - | - |
| 350 | Total Noncurrent Liabilities | - | - | - | - | - | - | - | - |
| 300 | Total Liabilities | 96,308 | 8,002,448 | 3,318,305 | - | 495,792 | - | 166,459 | - |
| 508 | Total Contributed Capital | - | - | - | - | - | - | - | - |
| 508.1 | Invested in Capital Assets, Net of Related Debt | 748 | 560,951 | 40,661,897 | 71,119 | 78,293 | - | 577,438 | - |
| 511 | Total Reserved Fund Balance | - | - | - | - | - | - | - | - |
| 511.1 | Restricted Net Assets | - | - | - | - | - | - | - | - |
| 512.1 | Unrestricted Net Assets | - | (4,314,963) | (363,141) | - | - | 401,833 | 2,817,692 | - |
| 513 | Total Equity/Net Assets | 748 | (3,754,012) | 40,298,756 | 71,119 | 78,293 | 401,833 | 3,395,130 | - |
| 600 | Total Liabilities and Equity/Net Assets | \$ 97,056 | \$ 4,248,436 | \$ 43,617,061 | \$ 71,119 | \$ 574,085 | \$ 401,833 | \$ 3,561,589 | \$ - |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Total |
|-------------|---|-----------------------|
| 312 | Accounts Payable <= 90 Days | \$ 12,508,965 |
| 321 | Accrued Wage/Payroll Taxes Payable | 3,336,172 |
| 322 | Accrued Compensated Absences-Current Portion | 2,099,752 |
| 325 | Accrued Interest Payable | 36,369 |
| 331 | Accounts Payable - HUD PHA Programs | 3,726,887 |
| 333 | Accounts Payable - Other Government | 1,241 |
| 341 | Tenant Security Deposits | 1,599,455 |
| 342 | Deferred Revenues | 78,395 |
| 343 | Current Portion of Long-term Debt - Capital Projects/mortgage | 669,072 |
| 345 | Revenue Bonds | 834,269 |
| 346 | Other Current Liabilities | 2,102,977 |
| 347 | Accrued Liabilities - Other | 12,147,250 |
| 310 | Interprogram Due To | 39,340,804 |
| | Total Current Liabilities | |
| 351 | Long-term Debt, Net of Current - Capital Projects/Mortgage | 9,001,125 |
| 353 | Revenue Bonds | 2,150,000 |
| 350 | Noncurrent Liabilities - Other | 11,151,125 |
| | Total Noncurrent Liabilities | |
| 300 | Total Liabilities | 50,491,929 |
| 508 | Total Contributed Capital | - |
| 508.1 | Invested in Capital Assets, Net of Related Debt | 206,442,281 |
| 511 | Total Reserved Fund Balance | - |
| 511.1 | Restricted Net Assets | 3,472,236 |
| 512.1 | Unrestricted Net Assets | 12,654,755 |
| 513 | Total Equity/Net Assets | <u>222,769,272</u> |
| 600 | Total Liabilities and Equity/Net Assets | <u>\$ 273,261,201</u> |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Business Activities | N/C S/R Section 8 Programs | Multifamily Property Disposition | Supportive Housing Program | Low Rent Public Housing | Development | Public Housing Comprehensive Improvement Assistance Program |
|-------------|---|---------------------|----------------------------|----------------------------------|----------------------------|-------------------------|-------------|---|
| 703 | Net Tenant Rental Revenue | \$ - | \$ 1,345,236 | \$ 128,087 | \$ - | \$ 11,269,089 | \$ - | \$ - |
| 704 | Tenant Revenue - Other | - | - | - | - | 211,108 | - | - |
| 705 | Total Tenant Revenue | - | 1,345,236 | 128,087 | - | 11,480,197 | - | - |
| 706 | HUD PHA Operating Grants | - | 3,000,072 | 303,526 | 757,968 | 52,198,565 | - | - |
| 706.1 | Capital Grants | - | - | - | - | - | - | - |
| 708 | Other Government Grants | - | - | - | - | - | - | - |
| 711 | Investment Income - Unrestricted | 11,387 | - | - | - | 81,313 | - | - |
| 715 | Other Revenue | 302 | 48,560 | - | - | 1,250,635 | - | - |
| 716 | Gain/Loss on Sale of Fixed Assets | (639,600) | (76) | (810) | - | (8,695,297) | - | (1,058,252) |
| 720 | Investment Income - Restricted | - | 160,951 | - | - | 109,000 | - | - |
| 700 | Total Revenue | (627,911) | 4,554,743 | 430,803 | 757,968 | 56,424,413 | - | (1,058,252) |
| 911 | Administrative Salaries | - | 274,989 | 4,773 | 11,541 | 13,421,678 | - | - |
| 912 | Auditing Fees | - | - | - | - | 133,033 | - | - |
| 913 | Outside Management Fees | - | 4,750 | - | - | 200,636 | - | - |
| 915 | Employee Benefit Contributions - Administrative | - | 76,557 | 973 | - | 4,285,230 | - | - |
| 916 | Other Operating - Administrative | 144,243 | 759,892 | 49,184 | - | 1,411,062 | - | - |
| 921 | Tenant Services - Salaries | - | - | - | - | 749,880 | - | - |
| 923 | Employee Benefit Contributions - Tenant Services | - | - | - | - | 239,419 | - | - |
| 924 | Tenant Services - Other | 4,447 | 158 | - | 746,427 | 824,599 | - | - |
| 931 | Water | - | 61,226 | 19,192 | - | 5,679,944 | - | - |
| 932 | Electricity | - | 190,989 | 6,615 | - | 5,644,214 | - | - |
| 933 | Gas | - | 56,098 | 21,594 | - | 6,652,769 | - | - |
| 934 | Fuel | - | - | - | - | 114,168 | - | - |
| 941 | Ordinary Maintenance and Operations - Labor | - | 231,604 | 1,595 | - | 11,171,375 | - | - |
| 942 | Ordinary Maintenance and Operations - Materials and Other | - | 93,330 | 351 | - | 2,045,999 | - | - |
| 943 | Ordinary Maintenance and Operations - Contract Costs | - | 111,569 | 40,877 | - | 3,284,468 | - | - |
| 945 | Employee Benefit Contributions - Ordinary Maintenance | - | 64,478 | - | - | 3,566,760 | - | - |
| 951 | Protective Services - Labor | - | - | - | - | 466,584 | - | - |
| 952 | Protective Services - Other Contract Costs | - | 826 | - | - | 293,530 | - | - |
| 953 | Protective Services - Other | - | - | - | - | 165,072 | - | - |
| 955 | Employee Benefit Contributions - Protective Services | - | - | - | - | 148,969 | - | - |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Tenant Opportunity Technical Assistance | Public and Indian Housing Drug Elimination 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 |
|-------------|---|---|--|---|---|---|---|---|
| 703 | Net Tenant Rental Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 704 | Tenant Revenue - Other | - | - | - | - | - | - | - |
| 705 | Total Tenant Revenue | - | - | - | - | - | - | - |
| 706 | HUD PHIA Operating Grants | 4,647 | 744,965 | 384,873 | 497,778 | 99,786 | 918,348 | 45,725 |
| 706.1 | Capital Grants | - | 3,258 | - | - | - | - | - |
| 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 | 4,647 | 748,223 | 384,873 | 497,778 | 99,786 | 918,348 | 45,725 |
| 911 | Administrative Salaries | - | 36,164 | - | - | - | - | - |
| 912 | Auditing Fees | - | - | - | - | - | - | - |
| 913 | Outside Management Fees | - | - | - | - | - | - | - |
| 915 | Employee Benefit Contributions - Administrative | - | - | - | - | - | - | - |
| 916 | Other Operating - Administrative | 4,647 | 356,231 | 28,622 | 37,018 | 7,421 | 68,294 | 3,400 |
| 921 | Tenant Services - Salaries | - | 64,145 | - | - | - | - | - |
| 923 | Employee Benefit Contributions - Tenant Services | - | - | - | - | - | - | - |
| 924 | Tenant Services - Other | - | 106,916 | - | - | - | - | - |
| 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 | - | 181,509 | - | - | - | - | - |
| 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 Combined Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007 | 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 |
|-------------|---|---|---|---|--------------------------------------|--|--|--|
| 703 | Net Tenant Rental Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 704 | Tenant Revenue - Other | - | - | - | - | - | - | - |
| 705 | Total Tenant Revenue | - | - | - | - | - | - | - |
| 706 | HUD PHA Operating Grants | 107,677 | 684,766 | 1,639,620 | - | - | - | 3,098,396 |
| 706.1 | Capital Grants | - | - | - | - | - | - | 10,060,195 |
| 708 | Other Government Grants | - | - | - | - | - | - | - |
| 711 | Investment Income - Unrestricted | - | - | - | - | - | - | - |
| 715 | Other Revenue | - | - | - | - | - | - | - |
| 716 | Gain/Loss on Sale of Fixed Assets | - | - | - | - | (3,100,446) | - | (305) |
| 720 | Investment Income - Restricted | - | - | - | - | - | - | - |
| 700 | Total Revenue | 107,677 | 684,766 | 1,639,620 | - | (3,100,446) | - | 13,158,286 |
| 911 | Administrative Salaries | - | - | - | - | - | - | - |
| 912 | Auditing Fees | - | - | - | - | - | - | - |
| 913 | Outside Management Fees | - | - | - | - | - | - | - |
| 915 | Employee Benefit Contributions - Administrative | - | - | - | - | - | - | - |
| 916 | Other Operating - Administrative | 8,008 | 50,923 | 121,932 | - | - | - | - |
| 921 | Tenant Services - Salaries | - | - | - | - | - | - | - |
| 923 | Employee Benefit Contributions - Tenant Services | - | - | - | - | - | - | - |
| 924 | Tenant Services - Other | - | - | - | - | - | - | 50,758 |
| 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 Combined Financial Statements to the Financial Data Schedule.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE
 YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Resident Opportunity and Supportive Services | Housing Choice Vouchers | Public Housing Capital Fund Program | Public Safety Partnership and Community Policing Grants | State/Local | Component Units | Other Federal Program 1 | Other Federal Program 2 | Total |
|-------------|---|--|-------------------------|-------------------------------------|---|-------------|-----------------|-------------------------|-------------------------|---------------|
| 703 | Net Tenant Rental Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 12,742,412 |
| 704 | Tenant Revenue - Other | - | - | - | - | - | - | - | - | 211,108 |
| 705 | Total Tenant Revenue | - | - | - | - | - | - | - | - | 12,953,520 |
| 706 | HUD PHA Operating Grants | 309,281 | 97,879,843 | 17,208,362 | - | - | - | 293,310 | - | 180,177,508 |
| 706.1 | Capital Grants | - | - | 15,414,049 | - | - | - | - | - | 25,477,502 |
| 708 | Other Government Grants | - | 20,734 | - | 18,239 | 549,150 | - | - | 6,468 | 594,591 |
| 711 | Investment Income - Unrestricted | - | 6,578 | - | - | - | - | 85,315 | - | 184,593 |
| 715 | Other Revenue | - | 687,358 | - | - | - | 291,731 | 665 | - | 2,279,251 |
| 716 | Gain/Loss on Sale of Fixed Assets | - | (41) | (50,805) | - | - | - | 32,150 | - | (13,513,482) |
| 720 | Investment Income - Restricted | - | - | - | - | - | - | 5,240 | - | 275,191 |
| 700 | Total Revenue | 309,281 | 98,594,472 | 32,571,606 | 18,239 | 549,150 | 291,731 | 416,660 | 6,468 | 208,428,674 |
| 911 | Administrative Salaries | - | 3,690,446 | - | - | 5,937 | - | 97,920 | - | 17,543,448 |
| 912 | Auditing Fees | - | 87,290 | - | - | - | - | - | - | 220,323 |
| 913 | Outside Management Fees | - | 41,150 | - | - | - | - | - | - | 246,536 |
| 915 | Employee Benefit Contributions - Administrative | - | 1,133,602 | - | - | - | - | 29,505 | - | 5,525,867 |
| 916 | Other Operating - Administrative | 7,835 | 2,532,166 | - | 11,250 | 16,374 | 237,975 | 173,474 | - | 6,029,951 |
| 921 | Tenant Services - Salaries | 292,536 | - | - | - | 47,588 | - | - | - | 1,154,149 |
| 923 | Employee Benefit Contributions - Tenant Services | - | - | - | - | - | - | - | - | 239,419 |
| 924 | Tenant Services - Other | 8,910 | 770 | - | - | 371,711 | - | 20,141 | - | 2,134,837 |
| 931 | Water | - | - | - | - | - | - | 1,416 | - | 5,761,778 |
| 932 | Electricity | - | - | - | - | - | - | 347 | - | 5,842,165 |
| 933 | Gas | - | - | - | - | - | - | 3,583 | - | 6,734,044 |
| 934 | Fuel | - | - | - | - | - | - | - | - | 114,168 |
| 941 | Ordinary Maintenance and Operations - Labor | - | - | - | - | - | - | 43,794 | - | 11,448,368 |
| 942 | Ordinary Maintenance and Operations - Materials and Other | - | 12,457 | - | - | - | - | 923 | - | 2,153,060 |
| 943 | Ordinary Maintenance and Operations - Contract Costs | - | 41,606 | - | - | - | - | 8,866 | - | 3,493,854 |
| 945 | Employee Benefit Contributions - Ordinary Maintenance | - | - | - | - | - | - | 13,196 | 6,468 | 3,644,434 |
| 951 | Protective Services - Labor | - | - | - | - | - | - | - | - | 648,093 |
| 952 | Protective Services - Other Contract Costs | - | - | - | 6,989 | - | - | - | - | 301,345 |
| 953 | Protective Services - Other | - | - | - | - | - | - | - | - | 165,072 |
| 955 | Employee Benefit Contributions - Protective Services | - | - | - | - | - | - | - | - | 148,969 |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line # | Account Description | Business Activities | N/C S/R Section 8 Programs | Multifamily Property Disposition | Supportive Housing Program | Low Rent Public Housing | Development | Public Housing Comprehensive Improvement Assistance Program |
|--------|--|---------------------|----------------------------|----------------------------------|----------------------------|-------------------------|-------------|---|
| 961 | Insurance Premiums | \$ - | \$ 23,861 | - | - | \$ 3,141,861 | \$ - | - |
| 962 | Other General Expenses | - | 7,054 | - | - | - | - | - |
| 963 | Payments in Lieu of Taxes | - | - | - | - | - | - | - |
| 964 | Bad Debt - Tenant Rents | - | 8,393 | 2,709 | - | 465,442 | - | - |
| 966 | Bad Debt - Other | - | - | - | - | - | - | - |
| 967 | Interest Expense | - | 460,559 | - | - | 225,690 | - | - |
| 969 | Total Operating Expenses | 148,690 | 2,426,333 | 147,863 | 757,968 | 64,332,382 | - | - |
| 970 | Excess Operating Revenue over Operating Expenses | (776,601) | 2,128,410 | 282,940 | - | (7,907,969) | - | (1,058,252) |
| 971 | Extraordinary Maintenance | - | 178,577 | 14,077 | - | 112,620 | - | - |
| 972 | Casualty Losses - Non-Capitalized | - | - | - | - | 606,957 | - | - |
| 973 | Housing Assistance Payments | - | - | - | - | - | - | - |
| 974 | Depreciation Expense | 24,600 | 280,207 | 63,995 | - | 7,619,530 | - | 4,007,476 |
| 976 | Dwelling Units Rent Expense | - | 1,757,506 | - | - | - | - | - |
| 900 | Total Expenses | 173,290 | 4,642,623 | 225,935 | 757,968 | 72,671,489 | - | 4,007,476 |
| 1001 | Operating Transfers In | - | - | - | - | - | - | - |
| 1002 | Operating Transfers Out | - | - | - | - | - | - | - |
| 1010 | Total Other Financing Sources (Uses) | - | - | - | - | - | - | - |
| 1000 | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$ (801,201) | \$ (87,880) | \$ 204,868 | \$ - | \$ (16,247,076) | \$ - | \$ (5,065,728) |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Tenant Opportunity Technical Assistance | Public and Indian Housing Drug Elimination Program | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH003MR0001 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH003MR0002 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH003MR0003 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH003MR0004 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH003MR0005 |
|-------------|--|---|--|---|---|---|---|---|
| 961 | Insurance Premiums | - | - | - | - | - | - | - |
| 962 | Other General Expenses | - | - | - | - | - | - | 1 |
| 963 | Payments in Lieu of Taxes | - | - | - | - | - | - | - |
| 964 | Bad Debt - Tenant Rents | - | - | - | - | - | - | - |
| 966 | Bad Debt - Other | - | - | - | - | - | - | - |
| 967 | Interest Expense | - | - | - | - | - | - | - |
| 969 | Total Operating Expenses | 4,647 | 744,965 | 28,622 | 37,018 | 7,421 | 68,294 | 3,401 |
| 970 | Excess Operating Revenue over Operating Expenses | - | 3,258 | 356,251 | 460,760 | 92,365 | 850,054 | 42,324 |
| 971 | Extraordinary Maintenance | - | - | - | - | - | - | - |
| 972 | Casualty Losses - Non-Capitalized | - | - | - | - | - | - | - |
| 973 | Housing Assistance Payments | - | - | 351,353 | 454,576 | 90,743 | 841,384 | 41,898 |
| 974 | Depreciation Expense | 6,277 | 96,524 | - | - | - | - | - |
| 978 | Dwelling Units Rent Expense | - | - | - | - | - | - | - |
| 900 | Total Expenses | 10,924 | 841,489 | 379,975 | 491,594 | 98,164 | 909,678 | 45,299 |
| 1001 | Operating Transfers In | - | - | - | - | - | - | - |
| 1002 | Operating Transfers Out | - | - | - | - | - | - | - |
| 1010 | Total Other Financing Sources (Uses) | - | - | - | - | - | - | - |
| 1000 | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$ (6,277) | \$ (93,266) | \$ 4,898 | \$ 6,184 | \$ 1,622 | \$ 8,670 | \$ 426 |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007 | 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 |
|-------------|--|---|---|---|--------------------------------------|--|--|--|
| 961 | Insurance Premiums | - | - | - | - | - | - | - |
| 962 | Other General Expenses | - | - | (9,500) | - | - | - | - |
| 963 | Payments in Lieu of Taxes | - | - | - | - | - | - | - |
| 964 | Bad Debt - Tenant Rents | - | - | - | - | - | - | - |
| 966 | Bad Debt - Other | - | - | - | - | - | - | - |
| 967 | Interest Expense | - | - | - | - | - | - | - |
| 969 | Total Operating Expenses | 8,008 | 50,923 | 112,432 | - | - | - | 50,758 |
| 970 | Excess Operating Revenue over Operating Expenses | 99,669 | 633,843 | 1,527,188 | - | (3,100,446) | - | 13,107,528 |
| 971 | Extraordinary Maintenance | - | - | - | - | - | - | 3,047,637 |
| 972 | Casualty Losses - Non-Capitalized | - | - | - | - | - | - | - |
| 973 | Housing Assistance Payments | 96,997 | 629,204 | 1,533,051 | - | - | - | - |
| 974 | Depreciation Expense | - | - | - | - | 10,093,200 | - | 2,708,364 |
| 978 | Dwelling Units Rent Expense | - | - | - | - | - | - | - |
| 900 | Total Expenses | 105,005 | 680,127 | 1,645,483 | - | 10,093,200 | - | 5,806,759 |
| 1001 | Operating Transfers In | - | - | - | - | - | - | - |
| 1002 | Operating Transfers Out | - | - | - | - | - | - | - |
| 1010 | Total Other Financing Sources (Uses) | - | - | - | - | - | - | - |
| 1000 | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$ 2,672 | \$ 4,639 | \$ (5,863) | \$ - | \$ (13,193,646) | \$ - | \$ 7,351,527 |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Resident Opportunity and Supportive Services | Housing Choice Vouchers | Public Housing Capital Fund Program | Public Safety Partnership and Community Policing Grants | State/Local | Component Units | Other Federal Program 1 | Other Federal Program 2 | Total |
|-------------|--|--|-------------------------|-------------------------------------|---|-------------|-----------------|-------------------------|-------------------------|-----------------|
| 961 | Insurance Premiums | \$ - | \$ 113,269 | \$ - | \$ - | \$ - | \$ - | \$ 14,757 | \$ - | \$ 3,293,748 |
| 962 | Other General Expenses | - | 34,362 | - | - | - | - | - | - | 31,917 |
| 963 | Payments in Lieu of Taxes | - | - | - | - | - | - | 10,131 | - | 10,131 |
| 964 | Bad Debt - Tenant Rents | - | - | - | - | - | - | 10,944 | - | 487,488 |
| 966 | Bad Debt - Other | - | 4,012 | - | - | - | - | - | - | 4,012 |
| 967 | Interest Expense | - | - | - | - | - | - | - | - | 686,249 |
| 969 | Total Operating Expenses | 309,281 | 7,691,130 | - | 18,239 | 441,610 | 237,975 | 428,997 | 6,468 | 78,063,425 |
| 970 | Excess Operating Revenue over Operating Expenses | - | 90,903,342 | 32,571,606 | - | 107,540 | 53,756 | (12,317) | - | 130,365,249 |
| 971 | Extraordinary Maintenance | - | - | 17,208,362 | - | 30,202 | - | 16,037 | - | 20,607,512 |
| 972 | Casualty Losses - Non-Capitalized | - | - | - | - | - | - | - | - | 606,957 |
| 973 | Housing Assistance Payments | - | 90,398,467 | - | - | - | - | - | - | 94,437,673 |
| 974 | Depreciation Expense | 346 | 188,470 | 1,432,159 | 32,569 | 358 | - | 56,972 | - | 26,611,047 |
| 978 | Dwelling Units Rent Expense | - | - | - | - | - | - | - | - | 1,757,506 |
| 900 | Total Expenses | 309,627 | 98,278,067 | 18,640,521 | 50,808 | 472,170 | 237,975 | 502,006 | 6,468 | 222,084,120 |
| 1001 | Operating Transfers In | - | - | - | - | - | - | - | - | - |
| 1002 | Operating Transfers Out | - | - | - | - | - | - | - | - | - |
| 1010 | Total Other Financing Sources (Uses) | - | - | - | - | - | - | - | - | - |
| 1000 | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$ (346) | \$ 316,405 | \$ 13,931,085 | \$ (32,569) | \$ 76,980 | \$ 53,756 | \$ (85,326) | \$ - | \$ (13,655,446) |

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Business Activities | N/C S/R Section 8 Programs | Multifamily Property Disposition | Supportive Housing Program | Low Rent Public Housing | Development | Public Housing Comprehensive Improvement Assistance Program |
|-------------|--|---------------------|----------------------------|----------------------------------|----------------------------|-------------------------|-------------|---|
| 1102 | Debt Principal Payments - Enterprise Funds | \$ - | \$ 275,000 | \$ - | \$ - | \$ 560,278 | \$ - | \$ - |
| 1103 | Beginning Equity | 3,687,065 | (1,235,635) | 741,857 | - | 83,061,096 | - | 23,816,727 |
| 1104 | Prior Period Adjustments, Equity Transfers and Correction of errors | (53,013) | - | (237,975) | - | - | - | - |
| 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 | 6,841 | 456 | - | 100,888 | - | - |
| 1121 | Number of Unit Months Leased | 1 | 6,707 | 296 | - | 96,531 | - | - |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Tenant Opportunity Technical Assistance | Public and Indian Housing Drug Elimination 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 |
|-------------|--|---|--|---|---|---|---|---|
| 1102 | Debt Principal Payments - Enterprise Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1103 | Beginning Equity | 12,663 | 273,149 | 1,216,947 | 75,291 | (6,192) | 101,638 | 21,229 |
| 1104 | Prior Period Adjustments, Equity Transfers and Correction of errors | - | - | - | - | - | - | - |
| 1113 | Maximum Annual Contributions Commitment (Per ACC) Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months | - | - | 394,727 | 459,412 | 96,088 | 909,911 | 7,633 |
| 1114 | Contingency Reserve, ACC Program Reserve | - | - | 35,666 | 436,121 | 710,102 | 200,000 | 907,359 |
| 1115 | Total Annual Contributions Available | - | - | 430,393 | 895,533 | 806,190 | 1,109,911 | 915,192 |
| 1120 | Unit Months Available | - | - | 756 | 914 | 204 | 1,740 | 93 |
| 1121 | Number of Unit Months Leased | - | - | 699 | 914 | 166 | 1,638 | 82 |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH003MR0006 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH003MR0007 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH003MR0008 | Section 8 Rental Certificate Program | Public Housing Comprehensive Grant Program | Economic Development and Supportive Services Program | Revitalization of Severely Distressed Public Housing |
|-------------|---|---|---|---|--------------------------------------|--|--|--|
| 1102 | Debt Principal Payments - Enterprise Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1103 | Beginning Equity | 7,007 | 105,076 | (105,420) | 3,371,776 | 76,057,262 | - | 19,281,868 |
| 1104 | Prior Period Adjustments, Equity Transfers and Correction of errors | - | - | - | - | - | - | - |
| 1113 | Maximum Annual Contributions Commitment (Per ACC) | 105,648 | 632,108 | 390,098 | - | - | - | - |
| 1114 | Pro rata Maximum Annual Contributions Applicable to a Period of less than Twelve Months | - | - | - | - | - | - | - |
| 1115 | Contingency Reserve, ACC Program Reserve | 80,278 | 900,972 | 7,635,254 | - | - | - | - |
| 1116 | Total Annual Contributions Available | 185,926 | 1,533,080 | 8,025,352 | - | - | - | - |
| 1120 | Unit Months Available | 240 | 1,248 | 3,108 | - | - | - | - |
| 1121 | Number of Unit Months Leased | 226 | 1,248 | 2,946 | - | - | - | - |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

YEAR ENDED DECEMBER 31, 2004

| Line Item # | Account Description | Resident Opportunity and Supportive Services | Housing Choice Vouchers | Public Housing Capital Fund Program | Public Safety Partnership and Community Policing Grants | State/Local | Component Units | Other Federal Program 1 | Other Federal Program 2 | Total |
|-------------|---|--|-------------------------|-------------------------------------|---|-------------|-----------------|-------------------------|-------------------------|-------------|
| 1102 | Debt Principal Payments - Enterprise Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 835,278 |
| 1103 | Beginning Equity | 1,094 | (4,070,417) | 26,367,671 | 103,688 | 1,313 | 110,102 | 3,480,456 | - | 236,477,731 |
| 1104 | Prior Period Adjustments, Equity Transfers and Correction of errors | - | - | - | - | - | 237,975 | - | - | (53,013) |
| 1113 | Maximum Annual Contributions Commitment (Per ACC) | - | 92,759,714 | - | - | - | - | - | - | 95,755,539 |
| 1114 | Pro-rata Maximum Annual Contributions Applicable to a Period of less than Twelve Months | - | - | - | - | - | - | - | - | - |
| 1115 | Contingency Reserve, ACC Program Reserve | - | 11,814,590 | - | - | - | - | - | - | 22,720,342 |
| 1116 | Total Annual Contributions Available | - | 104,574,304 | - | - | - | - | - | - | 118,475,881 |
| 1120 | Unit Months Available | - | 163,460 | - | - | 1 | 1 | 412 | 1 | 280,164 |
| 1121 | Number of Unit Months Leased | - | 161,283 | - | - | 1 | 1 | 355 | 1 | 273,115 |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF THE COMBINED STATEMENT OF NET ASSETS TO THE FINANCIAL DATA SCHEDULE YEAR ENDED DECEMBER 31, 2004

| | Combined Statement of Net Assets | Reconciling Amount | | Financial Data Schedule |
|---|--|-----------------------|-----|----------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 19,426,745 | \$ 5,293,928 | 1 | \$ 24,720,673 |
| Cash - other restricted | | 132,729 | 1 | 132,729 |
| Cash - tenant security deposits | | 1,212,297 | 1 | 1,212,297 |
| Cash and investments - restricted | 5,276,028 | (96,293) | 1 | 5,179,735 |
| Investments - restricted for payment of current liabilities | | 1,511,657 | 1 | 1,511,657 |
| Investments - unrestricted | 4,813,663 | (4,813,663) | 1 | - |
| Accounts receivable tenant | 217,504 | 391,817 | 2 | 609,321 |
| Accounts receivable - HUD | 7,468,465 | - | | 7,468,465 |
| Accounts receivable - other government | 495,792 | - | | 495,792 |
| Accounts receivable - other | 858,535 | 56,325 | 2/3 | 914,860 |
| Accounts receivable - interfund | | 12,147,250 | 4 | 12,147,250 |
| Allowance for doubtful accounts - tenant | | (391,816) | 2 | (391,816) |
| Allowance for doubtful accounts - other | | (158,584) | 2 | (158,584) |
| Fraud recovery | | 404,702 | 2 | 404,702 |
| Allowance for doubtful accounts - fraud | | (318,202) | 2 | (318,202) |
| Accrued interest receivable | | 15,759 | 2/3 | 15,759 |
| Inventory | 998,264 | 332,528 | 2 | 1,330,792 |
| Allowance for obsolete inventory | | (332,528) | 2 | (332,528) |
| Prepaid expenses and other current assets | 1,176,729 | - | | 1,176,729 |
| Total current assets | 40,731,725 | 15,387,906 | | 56,119,631 |
| Non-current assets: | | | | |
| Land, property and equipment: | | | | |
| Land | 23,554,223 | - | | 23,554,223 |
| Property and equipment, net | 192,758,255 | (192,758,255) | 5 | |
| Buildings | | 537,258,623 | 5 | 537,258,623 |
| Furniture, equipment and machinery - dwellings | | 10,940,107 | 5 | 10,940,107 |
| Furniture, equipment and machinery - administrative | | 9,351,293 | 5 | 9,351,293 |
| Accumulated depreciation | | (377,229,546) | 5 | (377,229,546) |
| Construction in progress | | 12,437,778 | 5 | 12,437,778 |
| Land, property and equipment, net | 216,312,478 | - | | 216,312,478 |
| Investments - restricted | 3,240,654 | (3,240,654) | 1 | |
| Debt issuance costs | 164,997 | (164,997) | 6 | |
| Investment in joint venture | 664,096 | (664,096) | 6 | |
| Other assets | | 829,093 | 6 | 829,093 |
| Total non-current assets | 220,382,225 | (3,240,654) | | 217,141,571 |
| TOTAL ASSETS | \$ 261,113,950 | \$ 12,147,252 | | \$ 273,261,202 |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

**RECONCILIATION OF THE COMBINED STATEMENT OF NET ASSETS TO THE FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2004**

| | Combined Statement of Net Assets | Reconciling Amount | | Financial Data Schedule |
|--|--|-----------------------|----|----------------------------|
| LIABILITIES AND NET ASSETS | | | | |
| Liabilities: | | | | |
| Current Liabilities: | | | | |
| Accounts payable - vendors | \$ 12,508,965 | \$ - | | \$ 12,508,965 |
| Accrued wage/payroll taxes payable | | 3,336,172 | 7 | 3,336,172 |
| Accrued Compensated Absences-Current Portion | | 2,099,752 | 7 | 2,099,752 |
| Accrued interest payable | | 36,369 | 7 | 36,369 |
| Accounts payable - HUD | 3,726,887 | - | | 3,726,887 |
| Accounts payable - other government | | 1,241 | 7 | 1,241 |
| Accounts payable - interfund | | 12,147,250 | 4 | 12,147,250 |
| Current portion of capital leases | 591,066 | (591,066) | 8 | |
| Accrued expenses | 8,489,175 | (8,489,175) | 7 | |
| Security and other deposits | 1,599,455 | - | | 1,599,455 |
| Deferred revenue | | 78,395 | 7 | 78,395 |
| Contingent liabilities | | 2,102,977 | 7 | 2,102,977 |
| Other current liabilities | | 834,269 | 7 | 834,269 |
| Current portion of long-term debt | 278,006 | 591,066 | 8 | 869,072 |
| Total current liabilities | <u>27,193,554</u> | <u>12,147,250</u> | | <u>39,340,804</u> |
| Non-Current Liabilities: | | | | |
| Long term debt - net of current portion | 5,720,831 | 3,280,294 | 8 | 9,001,125 |
| Capital leases - net of current | 3,280,294 | (3,280,294) | 8 | |
| Workers compensation liability | 2,150,000 | - | | 2,150,000 |
| Total liabilities | <u>38,344,679</u> | <u>12,147,250</u> | | <u>50,491,929</u> |
| Net Assets: | | | | |
| Invested in capital assets - net of related debt | 206,442,281 | - | | 206,442,281 |
| Restricted | 3,472,236 | - | | 3,472,236 |
| Unrestricted | 12,854,754 | 1 | 13 | 12,854,755 |
| TOTAL NET ASSETS | <u>\$ 222,769,271</u> | <u>\$ 1</u> | | <u>\$ 222,769,272</u> |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS TO THE FINANCIAL DATA SCHEDULE YEAR ENDED DECEMBER 31, 2004

| | Combined Statement of Revenues, Expenses and Change in Net Assets | Reconciling Amount | | Financial Data Schedule |
|--|---|-----------------------|----|----------------------------|
| OPERATING REVENUES: | | | | |
| Dwelling rent from tenants | \$ 12,953,520 | \$ (211,108) | 9 | \$ 12,742,412 |
| Tenant revenue - other | | 211,108 | 9 | 211,108 |
| Subsidies and grants (HUD) | - | 180,177,508 | 9 | 180,177,508 |
| Grants - other | - | 594,591 | 9 | 594,591 |
| Capital grants | | 25,477,502 | 9 | 25,477,502 |
| Investment income - unrestricted | | 184,593 | 10 | 184,593 |
| Investment income - restricted | | 275,191 | 10 | 275,191 |
| Gain/loss on sale of fixed assets | | (13,513,482) | 9 | (13,513,482) |
| Other revenues | 2,226,230 | 53,021 | 9 | 2,279,251 |
| Total Revenues | 15,179,750 | 193,248,924 | | 208,428,674 |
| OPERATING EXPENSES: | | | | |
| Administrative | 29,566,121 | 4 | 13 | 29,566,125 |
| Tenant services | 3,528,406 | (1) | 13 | 3,528,405 |
| Utilities | 18,452,155 | - | 13 | 18,452,155 |
| Building maintenance | 20,739,715 | 1 | 13 | 20,739,716 |
| General | 3,827,297 | (1) | 13 | 3,827,296 |
| Nonroutine maintenance | 20,607,512 | (20,607,512) | 12 | |
| Protective services | 1,263,478 | 1 | 13 | 1,263,479 |
| Depreciation | 26,611,044 | (26,611,044) | 11 | |
| Housing assistance payments (HAP) | 94,437,673 | (94,437,673) | 14 | |
| Other | 2,364,463 | (2,364,463) | 9 | |
| Total operating expenses | 221,397,864 | (144,020,688) | | 77,377,176 |
| OPERATING INCOME (LOSS) | (206,218,114) | 337,269,612 | | 131,051,498 |
| NON-OPERATING REVENUES (EXPENSE): | | | | |
| HUD operating subsidies and grants | 180,177,508 | (180,177,508) | 9 | |
| HUD capital grants | 25,477,502 | (25,477,502) | 9 | |
| Grants - other | 594,591 | (594,591) | 9 | |
| Extraordinary maintenance | | (20,607,512) | 12 | (20,607,512) |
| Casualty losses - non-capitalized | | (606,957) | 9 | (606,957) |
| Depreciation | | (26,611,047) | 11 | (26,611,047) |
| Interest expense | (686,249) | - | | (686,249) |
| Dwelling units rent expense | | (1,757,506) | 9 | (1,757,506) |
| Interest income | 459,784 | (459,784) | 10 | |
| Housing assistance payments (HAP) | - | (94,437,673) | 14 | (94,437,673) |
| Other - loss on demolition of capital assets | (13,513,482) | 13,513,482 | 9 | - |
| Total other income (expense) | 192,509,654 | (337,216,598) | | (144,706,944) |
| NET LOSS | (13,708,460) | 53,014 | | (13,655,446) |
| Prior year adjustments | | (53,014) | 9 | (53,014) |
| NET ASSETS - Beginning of year | 236,477,731 | - | | 236,477,731 |
| NET ASSETS - End of year | \$ 222,769,271 | \$ | | \$ 222,769,271 |

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, 2004

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 and Accrued Interest Receivable from the financial statements to the FDS.
4. Accounts Receivable Interfund and Accounts Payable 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, Accrued Wages/Payroll Taxes Payable, Accrued Interest Payable, Accrued Expenses, Contingent Liabilities, Accrued Compensated Absences-Current Portion, Deferred Revenue, and Other Current Liabilities.

8. Debt and Capital Leases 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) 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 AND ACTUAL DEVELOPMENT COSTS INCURRED ON CERTAIN PROJECTS CLOSED THROUGH DECEMBER 31, 2004

| Modernization Project Number | OH12P003 70999 | OH12P003 50100 | OH12P003 50101 | OH12URD003 D198 | OH12URD003 D100 | OH12P003 092 | OH12P003 096 | OH12P003 097 | OH12R003 50101 |
|------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Funds approved | \$ 34,559,664 | \$ 34,441,343 | \$ 32,977,033 | \$ 913,420 | \$ 950,000 | \$ 16,438,886 | \$ 12,834,000 | \$ 13,500,329 | \$ 1,234,968 |
| Funds expended | <u>34,559,664</u> | <u>34,441,343</u> | <u>32,977,033</u> | <u>913,420</u> | <u>950,000</u> | <u>16,438,886</u> | <u>12,834,000</u> | <u>13,500,329</u> | <u>1,234,968</u> |
| Excess of funds approved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Funds advanced | \$ 34,559,664 | \$ 34,441,343 | \$ 32,977,033 | \$ 913,420 | \$ 950,000 | \$ 16,438,886 | \$ 12,834,000 | \$ 13,500,329 | \$ 1,234,968 |
| Funds expended | <u>34,559,664</u> | <u>34,441,343</u> | <u>32,977,033</u> | <u>913,420</u> | <u>950,000</u> | <u>16,438,886</u> | <u>12,834,000</u> | <u>13,500,329</u> | <u>1,234,968</u> |
| Excess of funds advanced | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN 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, 2004, and have issued our report thereon dated June 23, 2005, which includes an explanatory paragraph regarding certain unresolved compliance findings and questioned costs resulting from 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 the management of the Authority in a separate letter dated June 23, 2005.

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 Authority, in a separate letter dated June 23, 2005.

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 23, 2005

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, 2004. 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, 2004.

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 23, 2005

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2004

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? Yes No
- 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 |
|-------------|--|
| 14.182 | Section 8 New Construction |
| 14.856 | Section 8 Moderate Rehabilitation |
| 14.866 | Urban Revitalization Development Grant |
| 14.871 | Section 8 Housing Choice Voucher |
- 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, 2004

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, 2004

| | Finding | Still Applicable | Comments |
|------|--|-----------------------------|---|
| 99-5 | Compliance With Memorandum of Agreement and Allowable Costs | No | See Schedule of Other Reports |
| 03-1 | Urban Revitalization Development Grant—HUD Review of Hope VI Program | Yes | See Schedule of Other Reports |
| 03-2 | Conventional Program—Procurement and Suspension | No | Management's corrective action plan was completed in March 2004 |

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF OTHER REPORTS YEAR ENDED DECEMBER 31, 2004

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 indicated 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.

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.

On June 23, 2003, based on notifications from HUD, the Authority transferred \$499,895 from non-Federal funds into the Title V account to continue towards resolving the remaining questioned costs. On August 7, 2003, HUD accepted the payment of \$499,895 and indicated the remaining unresolved balance was \$8,632,848 (\$10,735,243 - \$1,602,500 - \$499,895).

With regard to final closure on the balance of \$8,632,848, HUD issued a letter dated November 25, 2003 advising the Authority that OIG has temporarily suspended any repayment actions until such time as the Authority receives a final judgment on a related pending legal action by the Authority to recover alleged damages.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF OTHER REPORTS YEAR ENDED DECEMBER 31, 2004

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 | \$ 638,390 |
| Phase II | \$258,366 | \$6,411,586 |

Substantially, all of the questioned costs noted above are included in the Inspector General's report on the previous page. 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. In June of 2004, HUD issued a notice indicating that \$486,209 of the \$499,895 payment was applicable towards Auditor of State Findings for Recovery and Questioned Costs.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT— REVIEW OF THE HOPE VI PROGRAM FOR THE PERIOD FROM APRIL 1, 2003 THROUGH FEBRUARY 22, 2004

HUD performed a review of the Hope VI program for the period from April 1, 2003 through February 22, 2004 and rendered its report in June 2004. The report detailed a number of findings, observations and recommendations resulting from the review. The findings resulting from the review relating to internal control and legal compliance are summarized below:

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF OTHER REPORTS YEAR ENDED DECEMBER 31, 2004

- Finding 2004-1—Compliance with Locked Checkpoints
- Finding 2004-2—Expenditure Support for Federal Funds Drawn Down Under the Program (Questioned Costs amounting to \$1,537,891)
- Finding 2004-3—Compliance with the Authority’s Internal Policies Regarding Expenditures
- Finding 2004-4—Support for the Disbursement of Hope VI Program Funds
- Finding 2004-5—Allocation of Costs to the Proper Grant
- Finding 2004-6—Allocation of Indirect salaries to the Hope VI Program
- Finding 2004-7—Timeliness of Relocation Notices
- Finding 2004-8—Independent Cost Estimates and Cost Analysis of Contractors’ Proposals
- Finding 2004-9—Timeliness of Issuance of Change Orders.

The provisions of the Authority’s Hope VI Grant Agreement, Revitalization Plan, Community and Supportive Service Plan and Hope VI application require compliance with the requirements described in the findings summarized above.

Status—The Authority responded in July 2004 to all findings and questions presented by HUD. To date, HUD has accepted supporting documentation for \$1,147,963 of the original \$1,537,891 in questioned costs. Subsequently, in February and April 2005, the Authority responded to additional questions in an effort to close Finding 2004-2 (Expenditure Support for Federal Funds Drawn Down Under the Program). Management is currently waiting for HUD to issue the results of the documentation submitted. The following table represents the status of each finding:

| Finding Number | Status |
|-----------------------|--|
| 2004-1 | Open |
| 2004-2 | Open – Amount of questioned costs reduced to \$389,928 |
| 2004-3 | Closed on April 13, 2005 |
| 2004-4 | Closed on April 13, 2005 |
| 2004-5 | Closed on April 13, 2005 |
| 2004-6 | Conditionally closed on April 13, 2005 |
| 2004-7 | Closed January 27, 2005 |
| 2004-8 | Open |
| 2004-9 | Closed on February 9, 2005 |

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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 4, 2005**