

***CUYAHOGA METROPOLITAN  
HOUSING AUTHORITY***

*Financial Statements  
for the Year Ended  
December 31, 1999  
and Independent Auditors' Reports*



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of County Commissioners  
Cuyahoga Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of Cuyahoga Metropolitan Housing Authority, prepared by Deloitte & Touche LLP, for the audit period January 1, 1999 to December 31, 1999. 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. Cuyahoga Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

October 31, 2000

# 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 balance sheet of the Cuyahoga Metropolitan Housing Authority (the "Authority") as of December 31, 1999, and we were engaged to audit the related statements of revenues, expenses and changes in retained earnings for the year then ended.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of deficiencies in the Authority's system of internal accounting and administrative controls during all or part of 1999, there can be no reasonable assurance that the accompanying statement of revenues, expenses and changes in retained earnings reflect the results of all transactions requiring financial statement recognition. Accordingly, it was not practicable to extend our auditing procedures to enable us to form an opinion on the accompanying statement of revenues, expenses and changes in retained earnings for the year ended December 31, 1999. Further, because of the condition of the accounting records during 1999 and 1998, we were unable to assess whether the Authority's accounting principles were applied on a basis consistent with that of the preceding year.

Because of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the statement of revenue, expenses and changes in retained earnings for the year ended December 31, 1999.

It was not practical to present a statement of cash flows for the year ended December 31, 1999. Presentation of such statement summarizing the Authority's operating, investing and financing activities is required by accounting principles generally accepted in the United States of America.

In our opinion, the balance sheet presents fairly, in all material respects, the financial position of the Authority at December 31, 1999 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Authority has restated the accompanying financial statements to conform with accounting principles generally accepted in the United States of America.

As discussed in Note 11 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, and is under investigation by regulatory agencies. The outcome of these matters 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.

As discussed in Note 11 to the financial statements, the Authority is a defendant in several lawsuits. The ultimate outcomes of these matters are not presently determinable.

We were engaged to audit the financial statements as a whole. The accompanying Combining Financial Statements, Supplemental Financial Data Schedule, as required by the U.S. Department of Housing and Urban Development ("HUD"), and the 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*, are presented for the purpose of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of management of the Authority. Because of the matters listed in paragraph three, the scope of our work was not sufficient to enable us to express, and we do not express, opinions on the Supplemental Financial Data Schedule and Schedule of Expenditures of Federal Awards.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2000 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations contracts and grants. That report is an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Deloitte & Touche LLP*

August 11, 2000

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## BALANCE SHEET AS OF DECEMBER 31, 1999

<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Note 4)	\$ 21,270,347		
Investments – restricted (Notes 4 and 5)	2,136,010		
Accounts receivable tenants – net of allowance for doubtful accounts of \$166,605	167,218		
Accounts receivable – HUD	12,225,232		
Accounts receivable – other	208,689		
Inventory	1,584,621		
Prepaid and other current assets	<u>3,998,535</u>		
Total current assets	<u>41,590,652</u>		
<b>NON-CURRENT ASSETS:</b>			
Land, property and equipment, net (Note 6)	270,229,628		
Investments restricted for debt amortization	2,031,877		
Investments restricted for replacement reserves and surplus escrow (Notes 4 and 5)	2,212,216		
Debt issuance costs, net of amortization of \$61,202	227,798		
Insurance deposits	<u>506,193</u>		
Total non-current assets	<u>275,207,712</u>		
<b>TOTAL ASSETS</b>	<u><u>\$316,798,364</u></u>		
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable - vendors		\$ 10,492,376	
Accounts payable - HUD		2,339,254	
Capital leases (Note 8)		790,701	
Accrued expenses (Note 7)		9,373,831	
Security and other deposits		1,634,662	
Deferred revenues		4,194,198	
Current portion of long-term debt (Note 8)		<u>214,626</u>	
Total current liabilities		<u>29,039,648</u>	
Non-current liabilities:			
Long term debt, net of current (Note 8)		6,938,598	
Capital leases, long-term portion		5,941,492	
Workers' compensation liability (Notes 7 and 10)		<u>1,640,000</u>	
Total liabilities		<u>43,559,738</u>	
Equity		<u>273,238,626</u>	
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>\$316,798,364</u></u>	

See notes to the financial statements.

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS YEAR ENDED DECEMBER 31, 1999

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### OPERATING REVENUES:

Dwelling rent from tenants	\$ 12,340,534
Subsidies and grants from HUD	114,723,115
Housing Assistance Payments (HAP)	2,619,413
Interest	951,227
Grants - other	5,992,026
Other revenues	<u>878,659</u>

Total revenues 137,504,974

### OPERATING EXPENSES:

Administrative	21,235,227
Tenant service	3,844,118
Utilities	13,895,414
Building	42,328,116
General	8,484,859
Nonroutine maintenance	6,793,082
Protective services	3,307,916
Housing Assistance Payments (HAP)	<u>43,312,917</u>

Total operating expenses 143,201,649

OPERATING LOSS (5,696,675)

### OTHER INCOME (EXPENSE):

Loss on disposal of assets	(28,048)
Interest expense	(912,826)
Proceeds from home sales	<u>34,577</u>

Total other income (expense) (906,297)

NET LOSS (6,602,972)

BEGINNING RETAINED EARNINGS AS PREVIOUSLY STATED 736,356,350

RESTATEMENT OF BEGINNING RETAINED EARNINGS (Note 2) (456,514,752)

BEGINNING RETAINED EARNINGS AS RESTATED 279,841,598

ENDING RETAINED EARNINGS \$ 273,238,626

See notes to the financial statements.

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1999

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### 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 Cuyahoga County 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 Comprehensive Grant Program ("CGP") and Urban Revitalization Development Grant ("URD", "HOPE VI").

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

***Section 8 Voucher, Certificate and Moderate Rehabilitation Programs (ACC C-5015)*** - The Authority contracts with private landlords and subsidizes the rental 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.

***Woody Woods/Noah Properties*** - In September 1996, HUD sold ten 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, all of the properties were demolished. The remaining Woody Woods property is market rate housing for Section 8 and non-Section 8 residents.

**Local Funds** - 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 Board of Commissioners.

**Title V/Affordable Housing** - Assets in the Title V program represent the proceeds and investment of the proceeds 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 (AO) 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.

**Grants Consolidated** - During 1999, the Authority received federal, state and local funding under the Transitional Housing Program, Public Housing Drug Elimination Grant Program, Youth Violence Grant, Youth Apprenticeship Program, Economic Development Self Sufficiency Grant, Service Coordinators Grant Program for Public Housing, Ameritech Woodruff Foundation Grant, COPS Grant, Urban Youth Corps Grant, Cuyahoga Work and Training Grant, Ohio Work and Training Grant, Foster Care Grant, Annie E. Casey Foundation, Jobs Plus and Y Haven II. Expenditures for these programs and grants must be made in accordance with the rules and regulations established by the grantor.

**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 1999.

The Annual Contribution Contracts for Cuyahoga-Puritas Housing Corporation, Rosalind-Amesbury Housing Assistance Corporation, Cleveland-Rock Glen Housing Assistance Corporation, and Chester Village Housing Incorporated are between HUD and the applicable instrumentalities. The financial statements of the Authority do not reflect any activity for these instrumentalities.

**Property Management Organization** - During 1999 the Authority provided financial assistance through the Conventional Program to the Hough Area Partners in Progress (“HAPP”).

The Authority has a contract with HAPP that transferred responsibilities for the operations of Addison Townhouses, a conventionally funded property, from CMHA to HAPP. The Authority provides HAPP with a portion of the Authority’s operating subsidy in consideration for these services. The financial statements of the Authority do not include any financial activity, balances, or other information related to HAPP.

**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 500 members. The number of votes granted to each member is based upon premiums paid and is limited to a maximum of 10 percent of the total votes available. Due to the lack of significant oversight responsibility and accountability of the Authority’s Board of Commissioners for actions, operations, and fiscal matters of HARRG and HAPI, the degree of financial interdependency is considered insufficient to warrant inclusion of these organizations within the Authority’s reporting entity. See Note 10 for additional information.

## 2. CHANGE IN METHOD OF ACCOUNTING

Effective in 1999, the Authority converted its financial statements from the HUD basis of accounting to generally accepted accounting principles (GAAP). The significant changes include the following items:

- a. Depreciation expense and accumulated depreciation are recorded on structures and equipment.
- b. Investments are presented at fair market value.
- c. Bonds and notes guaranteed by HUD are recorded as capital contributions.
- d. Liabilities for compensated absences and contingent liabilities are accrued.
- e. Certain administrative and soft costs related to development and modernization projects are expensed rather than capitalized.

An adjustment was recorded to beginning equity to account for the effect of this conversion and includes the following:

Administrative and soft costs	\$ 187,632,210
Accumulated Depreciation	261,292,603
HUD guaranteed debt	4,789,939
Compensated absences and contingent liabilities	<u>2,800,000</u>
	<u>\$ 456,514,752</u>

### 3. 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 (“GAAP”).

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB 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. *Investments* - Investments are stated at fair value.
- b. *Land, Property and Equipment* - Land, property and equipment are recorded at cost. Property and equipment are depreciated over the estimated useful lives of the assets. Depreciation is computed using the straight line method.
- c. *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. HUD-guaranteed debt is treated as contributed capital as all debt service requirements are paid directly by HUD.
- d. *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 separation from the Agency.

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

- e. *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 market.
- f. *Recognition of Revenue and Expenses* – Subsidies and grants received from HUD and other grantors are generally recognized when received. Tenant rental revenues are recognized during the period of occupancy. Receipts from CGP, URD (HOPE VI) and other grants are recognized when the related expense is incurred. Expenses are recognized as incurred.
- g. *Debt Issuance Costs and Original Issue Discounts* - Bond premiums, original issuance discounts and bond issuance discounts are amortized over the life of the underlying debt using the interest method.
- h. *Indirect Costs* - Certain indirect costs are charged to programs under a HUD-approved cost allocation plan. These indirect costs are accumulated in and allocated from the Conventional Low-Rent Housing Program.
- i. *Inventory* - Inventory is valued using an average costing method. Expense is recorded based upon consumption.

- j. *Use of Estimates* - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, at and during the reported period. Actual results could differ from those estimates.

#### 4. DEPOSITS AND INVESTMENTS

**Legal Requirements** - 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 thirty 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 110 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

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

To demonstrate its custodial credit risk with deposits and investments and compliance with the Ohio Revised Code, the Authority follows Governmental Accounting Standards Board Statement No. 3 (GASB No. 3), which has established custodial credit risk categories for deposits and investments as follows:

**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 \$21,270,347 and the bank balance was \$ 25,972,874, the difference representing outstanding checks and other in-transit items. Of this amount, \$ 300,000 was covered by FDIC insurance, and \$25,460,541 was collateralized with securities held at the Federal Reserve Bank in the Authority's name and \$212,333 was uninsured and Uncollateralized, but was covered by pooled collateral held by the financial institution.

**Investments** - The Authority's investments are identified by risk category as follows.

Description	Risk Category			Fair Value
	1	2	3	
Federal National Mortgage Association Discount Notes		\$ 1,568,514		\$ 1,568,514
Certificates of Deposit		86,979		86,979
Money Market		2,577,994	\$ 405,876	2,983,870
Guaranteed Investment Contract		957,641		957,641
Savings Accounts (Restricted)		<u>783,099</u>		<u>783,099</u>
Total		<u>\$ 5,974,227</u>	<u>\$ 405,876</u>	<u>\$ 6,380,103</u>

A reconciliation of cash and investments as shown on the Combining Balance Sheet follows:

	Total
Cash and cash equivalents	\$ 21,270,347
Restricted investments	2,136,010
Replacement reserve/surplus escrow	2,212,216
Debt amortization funds	<u>2,031,877</u>
Total	<u>\$ 27,650,450</u>
Carrying amount of deposits	\$ 21,270,347
Carrying amount of investments	<u>6,380,103</u>
Total	<u>\$ 27,650,450</u>

## 5. RESTRICTED INVESTMENTS AND RESERVES

At December 31, 1999, the Authority had the following restricted investments and reserves:

Conventional program:	
Tenant security deposits	\$ 799,585
Industrial Commission of Ohio	499,164
Escrow funds - investments	405,876
Homeownership Nonroutine Management	
Reserve and Earned Home Payment	
Account Reserve	269,765
Ambleside:	
Tenant security deposits	31,680
Nonroutine maintenance reserves and escrows	879,886
Severance:	
Tenant security deposits	70,130
Nonroutine maintenance reserves	664,797
Quarrytown:	
Tenant security deposits	59,810
Nonroutine maintenance reserves	<u>667,533</u>
	<u>\$ 4,348,226</u>

## 6. LAND, PROPERTY AND EQUIPMENT

The Authority maintains detailed records that track fixed assets by category. The following schedule lists fixed asset balances for individual programs at December 31, 1999.

Programs	Land	Property	Equipment	Accumulated Depreciation	Net
Conventional Low-Rent Housing Program	\$23,100,294	\$510,219,624	\$12,758,795	\$ (281,694,180)	\$264,384,533
Homeownership Program	189,365	2,120,305	18,593	(1,128,525)	1,199,738
Section 8 Voucher, Certificate and Moderate Rehabilitation Program			377,881	(242,360)	135,521
Title V/Affordable Housing	296,000	1,578,000	122,548	(866,047)	1,130,501
Section 8 New Construction Housing Assistance Payments Programs:					
Ambleside	59,840	5,924,160	273,027	(3,476,198)	2,780,829
Severance			114,547	(113,316)	1,231
Quarrytown			120,670	(92,798)	27,872
Grants Consolidated		<u>796,174</u>	<u>97,504</u>	<u>(324,275)</u>	<u>569,403</u>
Total	<u>\$23,645,499</u>	<u>\$520,638,263</u>	<u>\$13,883,565</u>	<u>\$ (287,937,699)</u>	<u>\$270,229,628</u>

Depreciation is provided on the straight-line basis over the estimated useful life of the respective assets, which are as follows:

Property	15 - 40 Years
Equipment	3 - 7 Years

Depreciation expense for 1999 was \$27,090,075.

## 7. ACCRUED EXPENSES

Accrued expenses at December 31, 1999 consist of the following items:

Litigation reserves	\$3,989,075
Payroll and payroll related accruals	3,781,625
Worker's compensation - current portion	850,000
Accrued interest	42,834
Payments in lieu of taxes	23,948
Other	<u>686,349</u>
Total	<u>\$9,373,831</u>

## 8. DEBT OBLIGATION

### *Ambleside Bond Refinancing:*

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 to retire the mortgage on the Ambleside Section 8 New Construction project. The Authority has entered into a Memorandum of Understanding with the U.S. Department of Housing and Urban Development which states the excess proceeds of this transaction shall be used for the construction of housing for low income elderly, handicapped and disabled people.

The bonds are secured by a pledge of all revenues of the Ambleside project, including the housing assistance payments from HUD, and by a mortgage on the Ambleside property. The serial bonds mature in June and December of each year through December 2005 and bear interest at rates ranging from 4.75 percent to 6.75 percent. The \$5.955 million term bond matures June 1, 2018, and bears interest at a rate of 7 percent.

The following is a summary of Ambleside's future debt service requirements for bonds payable as of December 31, 1999:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2000	\$ 205,000	\$ 509,411	\$ 714,411
2001	225,000	496,177	721,177
2002	235,000	481,601	716,601
2003	255,000	465,929	720,929
2004	275,000	448,700	723,700
2005-2009	290,000	2,097,300	2,387,300
2010-2017	-	2,084,250	2,084,250
2015-2018	5,955,000	1,424,238	7,379,238
Less Unamortized Bond Discount	<u>(304,402)</u>	<u>-</u>	<u>(304,402)</u>
<b>Total</b>	<b><u>\$7,135,598</u></b>	<b><u>\$8,007,606</u></b>	<b><u>\$ 15,143,204</u></b>

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

### *Coltman Road Debt:*

In April 1996, the Authority assumed a \$47,048 mortgage note payable that related to donated property located on Coltman Road. The note bears interest at 8.554 percent and requires principal and interest payments of \$907 per month through September 2001. The following is a summary of future debt service payments as of December 31, 1999.

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2000	\$ 9,626	\$ 1,255	\$ 10,881
2001	<u>8,000</u>	<u>161</u>	<u>8,161</u>
<b>Total</b>	<b><u>\$ 17,626</u></b>	<b><u>\$ 1,416</u></b>	<b><u>\$ 19,042</u></b>

**Capital Lease:**

In 1997, the Authority entered into a Tax Exempt Installment Purchase Agreement for the purchase of equipment to upgrade the heating and energy efficiency of several properties. The agreement expires in September 2010.

Payments under the agreement are as follows:

2000	\$ 1,128,246
2001	785,969
2002	785,969
2003	785,969
2004	785,969
Thereafter	<u>4,519,329</u>
	8,791,451
Less amount representing interest	<u>(2,059,258)</u>
Principal amount	<u>\$ 6,732,193</u>

**Other Lease Obligations:**

The Authority has entered into long term lease agreements with private developers for the Severance and Quarrytown buildings and participates in the Section 8 New Construction Housing Assistance Payments Programs. The authority manages these properties and performs all HUD funding and reporting requirements. The annual contributions contracts between the Severance Housing Corporation (“Severance”) and the Cuyahoga County Housing Corporation (“Quarrytown”) are between HUD and the Authority.

Future minimum lease payments are as follows:

	2000	2001	2002	2003	2004	Thereafter
<b>Severance Building</b>						
10/17/78 - 10/16/2008						
Sublease payment	\$ 289,030	\$ 289,030	\$ 289,030	\$ 289,030	\$ 289,030	\$ 1,107,950
Debt service contribution	428,485	428,485	428,485	428,485	428,485	1,642,526
Escrow reserves	<u>215,425</u>	<u>215,425</u>	<u>215,425</u>	<u>215,425</u>	<u>215,425</u>	<u>825,796</u>
	<u>\$ 932,940</u>	<u>\$ 3,576,272</u>				
<b>Quarrytown Building</b>						
8/24/77 - 8/23/07						
Sublease payment	\$ 406,250	\$ 406,250	\$ 406,250	\$ 406,250	\$ 406,250	\$ 1,083,332
Debt service contribution	397,656	397,656	397,656	397,656	397,656	1,060,416
Escrow reserves	<u>64,436</u>	<u>64,436</u>	<u>64,436</u>	<u>64,436</u>	<u>64,436</u>	<u>171,828</u>
	<u>868,342</u>	<u>868,342</u>	<u>868,342</u>	<u>868,342</u>	<u>868,342</u>	<u>2,315,576</u>
Total	<u>\$ 1,801,282</u>	<u>\$ 5,891,848</u>				

## 9. PENSION PLAN

***Employees and Plan*** - Employees of the Authority belong to the Public Employees Retirement System of Ohio ("PERS"), a state-wide and state administered defined benefit, cost-sharing multi-governmental employer pension plan, as required by the Ohio Revised Code.

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5 percent of their annual covered salary to PERS. The employer contribution rate for local government employer units is 13.55 percent of covered payroll, including 4.2 percent that is used to fund postretirement health care benefits. The Authority's total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 1999, 1998 and 1997 were \$4,253,967, \$4,909,641 and \$4,137,645, respectively, equal to the required contributions for each year.

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

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and postretirement health care through their contributions to PERS. The portion of the employer contribution rate used to fund health care for 1999 was 4.2 percent of covered payroll. During 1999, \$1,318,573 of the Authority's total contribution to PERS was used for postretirement benefits.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

Total PERS expenditures for OPEB during 1999 were \$524 million. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9.9 billion. The number of PERS benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

## 10. WORKERS' COMPENSATION, INSURANCE COVERAGE AND RISK RETENTION

The Authority is self-insured for workers' compensation. 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 liability for self-insured workers' compensation of \$2,490,000, in its Conventional Program, of which \$913,000 has been funded.

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 public housing authority members. Through HARRG, the Authority carries \$5,000,000 of general liability coverage, with a \$25,000 deductible, as well as \$1,000,000 of law enforcement liability, with a \$10,000 deductible, and \$2,000,000 of public officials' errors and omissions coverage, with a \$25,000 deductible.

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

The Authority paid \$287,356 in premiums to HAARG and \$255,633 in premiums to HAPI for the year ended December 31, 1999.

## **11. CONTINGENCIES**

There are compliance findings and questioned costs arising from the Authority's 1996, 1997 and 1998 audits performed in accordance with the Single Audit Act Amendments of 1996. The ultimate resolution of the additional compliance findings and questioned costs are not presently determinable. No provision has been made in the financial statements for the effect, if any, of such contingencies.

In addition, certain matters related to the Authority are currently under investigation by regulatory agencies. The outcome of these matters is not presently determinable. No provision has been made in the financial statements for the effects, if any, of such contingencies.

The Authority is a defendant in several lawsuits. 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.

## **12. DEFICITS IN RETAINED EARNINGS**

The Section 8 Voucher, Certificate and Moderate Rehabilitation Program has a deficit in retained earnings of \$680,190 at December 31, 1999. It is management's plan to eliminate the Section 8 deficit by reducing administrative and overhead costs of the program. Management believes that the administrative fees earned in excess of the costs to operate the Section 8 Program will be sufficient to reduce the deficit. Management plans to take a more structured and aggressive approach toward reduction of the deficit.

The Woody Woods/Noah Properties Fund has a deficit in retained earnings of \$235,233 at December 31, 1999. Management plans to eliminate the deficit through the receipt of grant funds for the demolition and rehabilitation of these properties and also by taking a more structured and aggressive approach towards rental revenue generation and cost control.

The Ambleside Fund has an overall deficit in retained earnings of \$2,173,727 resulting from a change in accounting principles that resulted in an adjustment of \$3,291,895 to record the cumulative effect of depreciation on the building and other fixed assets. Management believes that operating revenues are adequate to cover its debt service and operating expenses.

### 13. EQUITY TRANSFERS

During 1999, the Authority made net equity transfers as follows:

	<b>Transfer In</b>	<b>Transfer Out</b>
Local Program	\$ 141,261	
Ambleside	<u>                    </u>	<u>\$ 141,261</u>
	<u>\$ 141,261</u>	<u>\$ 141,261</u>

The transfer out from the Ambleside program to the Local Program was a result of a surplus in the debt service reserve fund relative to Ambleside Bond issued December 1, 1994.

### 14. NEW ACCOUNTING STANDARDS

The Government Accounting Standards Board has issued Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." These statements establish accounting standards for nonexchange transactions such as grants and other assistance provided to the Authority by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 33 is effective for the Authority's year ending December 31, 2001 and Statement No. 34 is effective for the year ending December 31, 2002. The Authority has not completed an analysis of the impact of these two statements on its reported financial condition and results of operations.

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**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**

**SUPPLEMENTAL COMBINING BALANCE SHEET  
YEAR ENDED DECEMBER 31, 1999**

ASSETS	Annual Contributions								Woody Woods and Noah Operating	Grants Consolidated	Eliminations	Total
	Contract Number C-5003	Conventional Low-Rent Housing Program	Home-ownership Program	ACC C-5015 Section 8	Local Funds	Title V/ Affordable Housing	C-77-242 Ambleside	Contract Programs C-78-089 Severance				
<b>CURRENT ASSETS:</b>												
Cash and cash equivalents		\$ 17,168,914	\$ 1,640,203	\$ 1,483,579	\$ 131,083	\$ 453,818	\$ 180,334	\$ 70,130	\$ 31,630	\$ 110,980	\$ 69,806	\$ 21,270,347
Investments - restricted		1,704,625	269,765		31,680		31,680	59,810	59,810			2,136,010
Accounts receivable - tenants, net		148,413	13,962		2,997		2,997	918	928			167,218
Accounts receivable - HUD		10,685,804	3,419	172,245		7,528					1,367,183	12,225,232
Accounts receivable - other		194,940	56,194	2,802		888,425	5,534					208,689
Accounts receivable - interfund		3,737,804										
Inventory		1,584,621										
Prepaid and other current assets		288,924	73	3,706,359	3,066		32	33	48			1,584,621
Total current assets		35,514,045	1,983,616	5,364,985	134,149	1,349,771	220,577	71,081	92,416	110,980	1,436,989	41,590,652
<b>NON-CURRENT ASSETS:</b>												
Land, property and equipment, net		264,384,533	1,199,738	135,521	1,130,501	1,130,501	2,780,829	1,231	27,872		569,403	270,229,628
Debt amortization funds							957,642	985,768	88,467			2,031,877
Replacement reserves and surplus escrow							879,886	664,797	667,533			2,212,216
Debt issuance costs, net							227,798					227,798
Insurance deposits		506,193										506,193
Total non-current assets		264,890,726	1,199,738	135,521		1,130,501	4,846,155	1,651,796	783,872		569,403	275,207,712
<b>TOTAL ASSETS</b>		<b>\$300,404,771</b>	<b>\$3,183,354</b>	<b>\$5,500,506</b>	<b>\$134,149</b>	<b>\$2,480,272</b>	<b>\$5,066,732</b>	<b>\$1,722,877</b>	<b>\$876,288</b>	<b>\$110,980</b>	<b>\$2,006,392</b>	<b>\$316,798,364</b>
<b>LIABILITIES AND EQUITY</b>												
<b>LIABILITIES:</b>												
<b>Current liabilities:</b>												
Accounts payable - vendors		\$ 9,699,757	\$ 6,856	\$ 97,103	\$ 4,472	\$ 142	\$ 30,376	\$ 7,163	\$ 6,993	\$ 6,071	\$ 633,443	\$ 10,492,376
Accounts payable - HUD		2,339,254		1,521,242	8,154	2,123,445		139,297	77,346	337,438	481,035	2,339,254
Accounts payable - interfund												
Capital leases		790,701										790,701
Accrued expenses		9,153,715	61,201	48,414	12,049		45,825	3,245	2,678	2,704	44,000	9,373,831
Security and other deposits		851,514	284,405	410,436		590	28,660	25,924	33,133			1,634,662
Deferred revenues		90,697		4,103,501								4,194,198
Current portion of long term debt					9,626		205,000					214,626
Total current liabilities		22,925,638	352,462	6,180,696	34,301	2,124,177	309,861	175,629	120,150	346,213	1,158,478	29,039,648
<b>Non-current liabilities:</b>												
Long term debt, net of current		5,941,492			8,000		6,930,598					6,938,598
Capital leases, long-term portion		1,640,000										1,640,000
Workers' compensation liability		30,507,130	352,462	6,180,696	42,301	2,124,177	7,240,459	175,629	120,150	346,213	1,158,478	43,559,738
Total liabilities		269,897,641	2,830,892	(680,190)	91,848	356,095	(2,173,727)	1,547,248	756,138	(235,233)	847,914	273,238,626
Equity												
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$300,404,771</b>	<b>\$3,183,354</b>	<b>\$5,500,506</b>	<b>\$134,149</b>	<b>\$2,480,272</b>	<b>\$5,066,732</b>	<b>\$1,722,877</b>	<b>\$876,288</b>	<b>\$110,980</b>	<b>\$2,006,392</b>	<b>\$316,798,364</b>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**

**SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED DECEMBER 31, 1999**

	Annual Contributions								Woody Woods and Noah Operating	Grants Consolidated	Total
	Contract Number C-5003 Conventional	Low-Rent Housing Program	Home-ownership Program	ACC C-5015 Section 8	Local Funds	Title VI/Affordable Housing	C-77-242 Ambleside	Contract Programs C-78-089 Severance			
<b>OPERATING REVENUES:</b>											
Dwelling rent from tenants	\$ 10,884,967	\$ 130,873					\$ 439,367	\$ 400,395	\$ 425,076	\$ 59,856	\$ 12,340,534
Subsidies and grants from HUD	66,297,068	401,634		\$ 48,024,413			928,879	828,383	752,217	109,934	114,723,115
Housing Assistance Payments (HAP)							112,433	96,932	22,309		2,619,413
Interest	586,389	55,635		77,529							951,227
Grants - other							25,170	2,275	201		\$ 5,992,026
Other revenues	751,276	770		42,821		\$ 56,146	1,505,849	1,327,985	1,199,803	169,790	878,659
<b>Total revenues</b>	<b>78,519,700</b>	<b>588,912</b>		<b>48,144,763</b>		<b>56,146</b>	<b>1,505,849</b>	<b>1,327,985</b>	<b>1,199,803</b>	<b>169,790</b>	<b>137,504,974</b>
<b>OPERATING EXPENSES:</b>											
Administrative	15,453,511	212,431		3,606,364	\$ 44,578	34,810	257,003	203,826	215,946	86,619	21,235,227
Tenant service	853,462		189								3,844,118
Utilities	13,590,230	5,102				2,583	240,287			57,212	13,895,414
Building	39,823,391	76,320		11,722	1,840	26,620	265,401	986,565	974,441	41,436	42,328,116
General	7,596,767	75,173		694,373	12,226	331	38,819	15,084	34,094	14,972	8,484,859
Nonroutine maintenance	6,417,196	15,380		6,303	29,455	(149,711)	(8,580)		(5,835)		6,793,082
Protective services	2,000,724										3,307,916
Housing Assistance Payments (HAP)				43,312,917							43,312,917
<b>Total operating expenses</b>	<b>85,735,281</b>	<b>384,406</b>		<b>47,631,868</b>	<b>88,099</b>	<b>(85,367)</b>	<b>792,930</b>	<b>1,205,475</b>	<b>1,218,646</b>	<b>200,239</b>	<b>143,201,649</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(7,215,581)</b>	<b>204,506</b>		<b>512,895</b>	<b>(88,099)</b>	<b>141,513</b>	<b>712,919</b>	<b>122,510</b>	<b>(18,843)</b>	<b>(30,449)</b>	<b>(5,696,675)</b>
<b>OTHER INCOME (EXPENSE):</b>											
Gain (loss) on disposal of assets	(22,327)	1,452			(1,962)	(7,173)					(28,048)
Interest expense	(378,190)						(532,674)				(912,826)
Proceeds from home sales		34,577									34,577
Total other income (expense)	(400,517)	36,029			(1,962)	(7,173)	(532,674)				(906,297)
<b>NET INCOME (LOSS)</b>	<b>(7,616,098)</b>	<b>240,535</b>		<b>512,895</b>	<b>(90,061)</b>	<b>134,340</b>	<b>180,245</b>	<b>122,510</b>	<b>(18,843)</b>	<b>(30,449)</b>	<b>(6,602,972)</b>
<b>BEGINNING RETAINED EARNINGS, AS PREVIOUSLY STATED</b>	726,573,168	3,923,487		(1,212,569)	40,648	2,567,070	1,079,184	1,443,073	777,098	(204,784)	736,356,350
<b>RESTATEMENT OF BEGINNING RETAINED EARNINGS</b>	(449,059,429)	(1,333,130)		19,484		(2,345,315)	(3,291,895)	(18,335)	(2,117)		(456,514,752)
<b>BEGINNING RETAINED EARNINGS, AS RESTATED</b>	277,513,739	2,590,357		(1,193,085)	40,648	221,755	(2,212,711)	1,424,738	774,981	(204,784)	279,841,598
<b>RETAINED EARNINGS TRANSFER</b>					141,261		(141,261)				
<b>ENDING RETAINED EARNINGS</b>	\$ 269,897,641	\$ 2,830,892		\$ (680,190)	\$ 91,848	\$ 356,095	\$ (2,173,727)	\$ 1,547,248	\$ 756,138	\$ (235,233)	\$ 273,238,626

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 1999

Federal Grantor/Program Title	CFDA/Contract Number	Federal Revenues	Other Revenues	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (DIRECT PROGRAMS)				
Major Programs:				
Conventional Low-Rent Housing Programs:				
Subsidy	14.850	\$ 42,329,447	\$ 15,630,145	\$ 55,847,704
Major Reconstruction of Obsolete Properties	14.850	<u>45,574</u>	<u>                    </u>	<u>45,574</u>
Subtotal CFDA #14.850		42,375,021	15,630,145	55,893,278
Section 8 Voucher, Certificate and Moderate Rehabilitation Program				
New Construction - Ambleside	14.182	928,879	576,970	1,147,581
New Construction - Severance	14.182	828,383	499,603	1,204,012
New Construction - Quarrytown	14.182	752,217	447,586	1,223,209
Voucher	14.855	16,334,865	37,434	15,909,385
Certificate Program	14.857	26,638,082	68,860	25,727,027
Moderate Rehabilitation	14.856	<u>5,157,760</u>	<u>14,056</u>	<u>5,140,700</u>
Subtotal CFDA #14.182/855/856/857		50,640,186	1,644,509	50,351,914
Comprehensive Grant Program				
Comprehensive Grant Program - 1995	14.859	5,376		5,376
Comprehensive Grant Program - 1996	14.859	990,510		991,279
Comprehensive Grant Program - 1997 (Note 3)	14.859	4,079,498		3,755,561
Comprehensive Grant Program - 1998 (Note 3)	14.859	8,496,843		8,497,342
Comprehensive Grant Program - 1999	14.859	4,011,497		4,011,497
Emergency Funding	14.859	<u>474,795</u>	<u>                    </u>	<u>748,035</u>
Subtotal CFDA #14.859		18,058,519		18,009,090
Urban Revitalization Development Grant (Note 3)	14.866	2,465,450		2,526,385
Homeownership Program	14.851	401,634	187,278	273,823
Transitional Housing Program	14.235	317,221		317,221
Supportive Housing Program	14.235	<u>287,642</u>	<u>                    </u>	<u>287,642</u>
Subtotal CFDA # 14.235		604,863		604,863
Service Coordinators Grant - 1995	14.861	166,346		160,826
Economic Development Supportive Service Program	14.864	43,512		43,512
Drug Elimination Grant - 1995	14.854	59,291		59,291
Drug Elimination Grant - 1996	14.854	509,272		509,272
Drug Elimination Grant - 1997	14.854	2,401,017		2,316,562
Drug Elimination Grant - 1998	14.854	239,700		239,700
Youth Violence Grant	14.854	<u>664,897</u>	<u>                    </u>	<u>664,897</u>
Subtotal CFDA #14.854		3,874,177		3,789,722
PASS THROUGH PROGRAM				
Community Development Block Grant received through the Ohio Department of Development	14.218	<u>10,074</u>	<u>                    </u>	<u>10,074</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 118,639,782</u>	<u>\$ 17,461,932</u>	<u>\$ 131,663,487</u>

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## NOTES TO THE SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 1999

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### 1. GENERAL

The accompanying Supplemental Schedule of Expenditures of Federal Awards 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 supplemental schedule.

### 2. BASIS OF ACCOUNTING

The accompanying Supplemental Schedule of Expenditures of Federal Awards is presented as follows:

Revenue and Expenses are presented on an accrual basis with the exception of fixed assets and depreciation. For this schedule, depreciation expense is not recorded and the costs of fixed assets are included as an expense.

### 3. TRANSFERS

Expenditures of \$4,952,497 previously reported under the Urban Revitalization Grant were transferred to the 1997 and 1998 Comprehensive Grant programs in 1999. This transfer has not been reflected in the schedule as the expenditures had been previously reported.

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**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program
111	Cash - Unrestricted	\$ 211,964	\$ 14,007,354	\$ -	\$ 147,371	\$ -	\$ 1,137,648
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	799,585	-	-	-	-
100	Total Cash	211,964	14,806,939	-	147,371	-	1,137,648
121	Accounts Receivable - PHA Projects	-	2,663,776	61,757	657,150	-	172,245
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	184,541	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	7,368	287,527	-	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(2,525)	(139,114)	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
129	Accrued Interest Receivable	-	12,592	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	4,843	3,009,322	61,757	657,150	-	172,245
131	Investments - Unrestricted	-	-	-	-	-	-
132	Investments Restricted	4,407,026	499,164	-	-	-	-
142	Prepaid Expenses and Other Assets	113	274,959	-	-	574	3,706,573
143	Inventories	-	1,584,622	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Interprogram Due From	-	9,612,239	-	15,572	-	-
150	Total Current Assets	4,623,946	29,787,245	61,757	820,093	574	5,016,466
161	Land	59,840	23,100,294	-	-	-	-
162	Buildings	5,924,160	227,144,676	130,430,595	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	508,244	4,361,810	6,870	59,962	-	-
164	Furniture, Equipment & Machinery - Administration	-	7,612,313	-	-	128,253	209,044
165	Leasehold Improvements	-	-	-	-	-	-
166	Accumulated Depreciation	(3,682,312)	(159,279,119)	(74,171,772)	(32,811)	(82,257)	(134,074)
167	Construction In Progress	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	2,809,932	102,939,974	56,265,693	27,151	45,996	74,970
174	Other Assets	226,486	506,193	-	-	-	-
180	Total Non-Current Assets	3,036,418	103,446,167	56,265,693	27,151	45,996	74,970
190	Total Assets	\$ 7,660,364	\$ 133,233,412	\$ 56,327,450	\$ 847,244	\$ 46,570	\$ 5,091,436

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Public Housing Comprehensive Grant Program	PIH - Family Investment Corporation	Indian Community Development Block Grant Program	Revitalization of Severely Distressed Public Housing	State/Local	Internal Service Fund
111	Cash - Unrestricted	\$ 1,831,290	\$ -	\$ 1,640,203	\$ -	\$ -	\$ 180,786
112	Cash - Restricted - Modernization and Development	-	-	-	90,982	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-
100	Total Cash	1,831,290	-	1,640,203	90,982	-	180,786
121	Accounts Receivable - PHA Projects	5,712,284	-	-	2,247,988	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	382,776	327,257
125	Accounts Receivable - Miscellaneous	-	-	-	10,000	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	38,929	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	(24,966)	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	3,419	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	5,712,284	-	17,382	2,257,988	382,776	327,257
131	Investments - Unrestricted	-	-	269,764	-	-	-
132	Investments Restricted	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	1,772	-	73	-	-	-
143	Inventories	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Interprogram Due From	24,940	-	56,194	-	-	-
150	Total Current Assets	7,570,286	-	1,983,616	2,348,970	382,776	508,043
161	Land	-	-	189,365	-	-	-
162	Buildings	119,505,067	-	2,120,305	30,658,677	-	792,684
163	Furniture, Equipment & Machinery - Dwellings	685,113	-	18,593	92,690	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	37,542	-
165	Leasehold Improvements	-	-	-	-	-	-
166	Accumulated Depreciation	(37,802,585)	-	(1,128,525)	(10,440,705)	(35,376)	(256,088)
167	Construction In Progress	500,541	-	-	1,980,067	-	3,490
160	Total Fixed Assets, Net of Accumulated Depreciation	82,888,136	-	1,199,738	22,290,729	2,166	540,086
174	Other Assets	-	-	-	-	-	-
180	Total Non-Current Assets	82,888,136	-	1,199,738	22,290,729	2,166	540,086
190	Total Assets	\$ 90,458,422	\$ -	\$ 3,183,354	\$ 24,639,699	\$ 384,942	\$ 1,048,129

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0006
111	Cash - Unrestricted	\$ 1,843,724	\$ -	\$ -	\$ -	\$ -	\$ -
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-
100	Total Cash	1,843,724	-	-	-	-	-
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	2,000	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	2,000	-	-	-	-	-
131	Investments - Unrestricted	-	-	-	-	-	-
132	Investments Restricted	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	16	-	-	-	-	-
143	Inventories	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Interprogram Due From	-	33,361	-	58,060	3,120	-
150	Total Current Assets	1,845,740	33,361	-	58,060	3,120	-
161	Land	-	-	-	-	-	-
162	Buildings	-	-	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	40,584	-	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-
166	Accumulated Depreciation	(26,029)	-	-	-	-	-
167	Construction In Progress	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	14,555	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-
180	Total Non-Current Assets	14,555	-	-	-	-	-
190	Total Assets	\$ 1,860,295	\$ 33,361	\$ -	\$ 58,060	\$ 3,120	\$ -

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0008	Business Activities	Total
111	Cash - Unrestricted	\$ -	\$ -	\$ 584,901	\$ 21,585,241
112	Cash - Restricted - Modernization and Development	-	-	-	90,982
114	Cash - Tenant Security Deposits	-	-	-	799,585
100	Total Cash	-	-	584,901	22,475,808
121	Accounts Receivable - PHA Projects	-	-	-	11,515,200
122	Accounts Receivable - HUD Other Projects	-	-	-	710,033
125	Accounts Receivable - Miscellaneous	-	-	7,528	204,069
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	333,824
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	(166,605)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-
129	Accrued Interest Receivable	-	-	-	16,011
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-	7,528	12,612,532
131	Investments - Unrestricted	-	-	-	269,764
132	Investments Restricted	-	-	-	4,906,190
142	Prepaid Expenses and Other Assets	-	-	3,066	3,987,146
143	Inventories	-	-	-	1,584,622
143.1	Allowance for Obsolete Inventories	-	-	-	-
144	Interprogram Due From	61,449	-	-	9,864,935
150	Total Current Assets	61,449	-	595,495	55,700,997
161	Land	-	-	296,000	23,645,499
162	Buildings	-	-	1,578,000	518,154,164
163	Furniture, Equipment & Machinery - Dwellings	-	-	122,547	5,855,829
164	Furniture, Equipment & Machinery - Administration	-	-	-	8,027,736
165	Leasehold Improvements	-	-	-	-
166	Accumulated Depreciation	-	-	(866,048)	(287,937,701)
167	Construction In Progress	-	-	-	2,484,098
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	1,130,499	270,229,625
174	Other Assets	-	-	-	732,679
180	Total Non-Current Assets	-	-	1,130,499	270,962,304
190	Total Assets	\$ 61,449	\$ -	\$ 1,725,994	\$ 326,663,301

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program
312	Accounts Payable <= 90 Days	\$ 44,532	\$ 4,144,003	\$ -	\$ 272,815	\$ 32,957	\$ 53,718
321	Accrued Wage/Payroll Taxes Payable	8,914	1,914,734	-	39,313	16,047	26,156
322	Accrued Compensated Absences	-	1,600,000	-	-	-	-
325	Accrued interest payable	42,834	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	1,100,000	-	-	-	-
341	Tenant Security Deposits	87,717	851,514	-	-	239,601	170,835
342	Deferred Revenues	-	90,697	-	-	2,648,972	940,369
343	Current Portion of Long-term Debt - Capital Projects	205,000	790,701	-	-	-	-
345	Other Current Liabilities	-	168,933	-	-	385	627
346	Accrued Liabilities - Other	-	5,472,656	-	-	-	-
347	Interprogram Due To	211,109	224,776	61,756	427,281	2,014,102	841,551
310	Total Current Liabilities	600,106	16,358,014	61,756	739,409	4,952,064	2,033,256
351	Long-term Debt, Net of Current - Capital Projects	6,930,598	5,941,492	-	-	-	-
353	Noncurrent Liabilities - Other	-	1,640,000	-	-	-	-
350	Total Noncurrent Liabilities	6,930,598	7,581,492	-	-	-	-
300	Total Liabilities	7,530,704	23,939,506	61,756	739,409	4,952,064	2,033,256
504	Net HUD PHA Contributions	129,660	40,717,922	56,265,694	107,835	-	-
508	Total Contributed Capital	129,660	40,717,922	56,265,694	107,835	-	-
511	Total Reserved Fund Balance	-	-	-	-	-	-
512	Undesignated Fund Balance/Retained Earnings	-	68,575,984	-	-	(4,905,494)	3,058,180
513	Total Equity	129,660	109,293,906	56,265,694	107,835	(4,905,494)	3,058,180
600	Total Liabilities and Equity	\$ 7,660,364	\$ 133,233,412	\$ 56,327,450	\$ 847,244	\$ 46,570	\$ 5,091,436

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Public Housing Comprehensive Grant Program	PIH - Family Investment Corporation	Indian Community Development Block Grant Program	Revitalization of Severely Distressed Public Housing	State/Local	Internal Service Fund
312	Accounts Payable <= 90 Days	\$ 3,188,444	\$ -	\$ 6,856	\$ 2,202,704	\$ 86,645	\$ 280,053
321	Accrued Wage/Payroll Taxes Payable	156,227	-	1,992	5,773	4,687	2,704
322	Accrued Compensated Absences	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	1,239,254	-	-	-	-	-
341	Tenant Security Deposits	-	-	284,405	-	-	-
342	Deferred Revenues	-	-	-	-	-	-
343	Current Portion of Long-term Debt - Capital Projects	-	-	-	-	-	-
345	Other Current Liabilities	-	-	59,208	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-
347	Interprogram Due To	3,465,517	108	-	502,162	172,503	381,524
310	Total Current Liabilities	8,049,442	108	352,461	2,710,639	263,835	664,281
351	Long-term Debt, Net of Current - Capital Projects	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	-	-
300	Total Liabilities	8,049,442	108	352,461	2,710,639	263,835	664,281
504	Net HUD PHA Contributions	82,408,980	-	2,830,893	21,929,060	121,107	383,848
508	Total Contributed Capital	82,408,980	-	2,830,893	21,929,060	121,107	383,848
511	Total Reserved Fund Balance	-	-	-	-	-	-
512	Undesignated Fund Balance/Retained Earnings	-	(108)	-	-	-	-
513	Total Equity	82,408,980	(108)	2,830,893	21,929,060	121,107	383,848
600	Total Liabilities and Equity	\$ 90,458,422	\$ -	\$ 3,183,354	\$ 24,639,699	\$ 384,942	\$ 1,048,129

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0006
312	Accounts Payable <= 90 Days	\$ 10,429	\$ -	\$ -	\$ -	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	5,078	-	-	-	-	-
322	Accrued Compensated Absences	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-
342	Deferred Revenues	514,160	-	-	-	-	-
343	Current Portion of Long-term Debt - Capital Projects	-	-	-	-	-	-
345	Other Current Liabilities	122	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-
347	Interprogram Due To	142,328	-	8,431	-	-	11,569
310	Total Current Liabilities	672,117	-	8,431	-	-	11,569
351	Long-term Debt, Net of Current - Capital Projects	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	-	-
300	Total Liabilities	672,117	-	8,431	-	-	11,569
504	Net HUD PHA Contributions	1,188,178	33,361	-	58,060	3,120	-
508	Total Contributed Capital	1,188,178	33,361	-	58,060	3,120	-
511	Total Reserved Fund Balance	-	-	-	-	-	-
512	Undesignated Fund Balance/Retained Earnings	-	-	(8,431)	-	-	(11,569)
513	Total Equity	1,188,178	33,361	(8,431)	58,060	3,120	(11,569)
600	Total Liabilities and Equity	\$ 1,860,295	\$ 33,361	\$ -	\$ 58,060	\$ 3,120	\$ -

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0008	Business Activities	Total
312	Accounts Payable <= 90 Days	\$ -	\$ -	4,614	\$ 10,327,770
321	Accrued Wage/Payroll Taxes Payable	-	-	-	2,181,625
322	Accrued Compensated Absences	-	-	-	1,600,000
325	Accrued interest payable	-	-	-	42,834
331	Accounts Payable - HUD PHA Programs	-	-	-	2,339,254
341	Tenant Security Deposits	-	-	590	1,634,662
342	Deferred Revenues	-	-	-	4,194,198
343	Current Portion of Long-term Debt - Capital Projects	-	-	9,626	1,005,327
345	Other Current Liabilities	-	-	12,049	241,324
346	Accrued Liabilities - Other	-	-	-	5,472,656
347	Interprogram Due To	-	157,044	1,243,174	9,864,935
310	Total Current Liabilities	-	157,044	1,270,053	38,904,585
351	Long-term Debt, Net of Current - Capital Projects	-	-	8,000	12,880,090
353	Noncurrent Liabilities - Other	-	-	-	1,640,000
350	Total Noncurrent Liabilities	-	-	8,000	14,520,090
300	Total Liabilities	-	157,044	1,278,053	53,424,675
504	Net HUD PHA Contributions	61,449	-	447,941	206,687,108
508	Total Contributed Capital	61,449	-	447,941	206,687,108
511	Total Reserved Fund Balance	-	-	-	-
512	Undesignated Fund Balance/Retained Earnings	-	(157,044)	-	66,551,518
513	Total Equity	61,449	(157,044)	447,941	273,238,626
600	Total Liabilities and Equity	\$ 61,449	\$ -	\$ 1,725,994	\$ 326,663,301

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program
703	Net Tenant Rental Revenue	\$ 1,264,838	\$ 10,884,967	\$ -	\$ -	\$ -	\$ -
704	Tenant Revenue - Other	27,642	92,407	-	-	-	-
705	Total Tenant Revenue	1,292,480	10,977,374	-	-	-	-
706	HUD PHA Grants	5	42,375,019	-	-	16,297,431	26,569,222
708	Other Government Grants	2,509,479	-	-	3,769,743	-	-
711	Investment Income - Unrestricted	-	586,388	-	-	26,313	42,889
714	Fraud Recovery	-	-	-	-	-	-
715	Other Revenue	-	4,066,383	-	-	11,125	25,966
716	Gain/Loss on Sale of Fixed Assets	-	(22,187)	-	-	-	-
720	Investment Income - Restricted	231,674	-	-	-	-	-
700	Total Revenue	4,033,638	57,982,977	-	3,769,743	16,334,869	26,638,077
911	Administrative Salaries	115,949	9,357,468	-	255,222	717,355	1,169,242
912	Auditing Fees	-	133,084	-	-	22,061	35,958
915	Employee Benefit Contributions - Administrative	-	2,487,260	-	-	195,733	319,033
916	Other Operating - Administrative	504,756	4,832,500	-	287,834	472,961	770,896
921	Tenant Services - Salaries	-	378,880	-	363,914	-	-
923	Employee Benefit Contributions - Tenant Services	-	97,436	-	-	-	-
924	Tenant Services - Other	-	474,581	-	1,555,583	64	105
931	Water	46,861	5,603,213	-	-	-	-
932	Electricity	157,808	4,063,346	-	-	-	-
933	Gas	35,618	2,799,122	-	-	-	-
934	Fuel	-	103,034	-	-	-	-
935	Labor	-	1,021,401	-	-	-	-
937	Employee Benefit Contributions - Utilities	-	262,673	-	-	-	-
938	Other Utilities Expense	-	114	-	-	-	-
941	Ordinary Maintenance and Operations - Labor	178,903	7,814,203	-	-	-	-
942	Ordinary Maintenance and Operations - Materials and Other	85,799	2,472,187	-	-	193	315
943	Ordinary Maintenance and Operations - Contract Costs	106,133	4,021,822	-	-	3,785	6,169
945	Employee Benefit Contributions - Ordinary Maintenance	-	2,009,576	-	-	-	-
951	Protective Services - Labor	-	1,643,841	-	1,307,190	-	-
952	Protective Services - Other Contract Costs	-	159,169	-	-	-	-
953	Protective Services - Other	-	197,715	-	-	-	-
955	Employee Benefit Contributions - Protective Services	-	422,746	-	-	-	-

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Public Housing Comprehensive Grant Program	PIH - Family Investment Corporation	Indian Community Development Block Grant Program	Revitalization of Severely Distressed Public Housing	State/Local	Internal Service Fund
703	Net Tenant Rental Revenue	-	-	130,873	-	-	59,856
704	Tenant Revenue - Other	-	-	-	-	-	-
705	Total Tenant Revenue	-	-	130,873	-	-	59,856
706	HUD PHA Grants	5,764,575	-	401,634	526,274	-	1,160,962
708	Other Government Grants	-	160,826	-	-	1,010,429	-
711	Investment Income - Unrestricted	-	-	55,635	-	-	-
714	Fraud Recovery	-	-	-	-	-	-
715	Other Revenue	-	-	35,348	-	-	-
716	Gain/Loss on Sale of Fixed Assets	-	-	1,452	(141)	-	-
720	Investment Income - Restricted	-	-	-	-	-	-
700	Total Revenue	5,764,575	160,826	624,942	526,133	1,010,429	1,220,818
911	Administrative Salaries	-	-	71,092	-	38,436	96,510
912	Auditing Fees	-	-	-	-	-	-
915	Employee Benefit Contributions - Administrative	-	-	-	-	-	-
916	Other Operating - Administrative	-	23,689	139,044	-	35,140	459,667
921	Tenant Services - Salaries	-	-	-	-	161,055	-
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-
924	Tenant Services - Other	-	137,137	-	-	772,778	-
931	Water	-	-	3,503	-	-	22,396
932	Electricity	-	-	591	-	-	16,581
933	Gas	-	-	1,008	-	-	17,970
934	Fuel	-	-	-	-	-	-
935	Labor	-	-	-	-	-	-
937	Employee Benefit Contributions - Utilities	-	-	-	-	-	-
938	Other Utilities Expense	-	-	-	-	-	254
941	Ordinary Maintenance and Operations - Labor	-	-	1,592	-	-	-
942	Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	-	8,475
943	Ordinary Maintenance and Operations - Contract Costs	-	-	2,470	-	-	102,759
945	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	3,020	-
951	Protective Services - Labor	-	-	-	-	-	-
952	Protective Services - Other Contract Costs	-	-	-	-	-	-
953	Protective Services - Other	-	-	-	-	-	-
955	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0006
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
704	Tenant Revenue - Other	-	-	-	-	-	-
705	Total Tenant Revenue	-	-	-	-	-	-
706	HUD PHA Grants	343,728	1,054,377	205,008	788,059	539,769	111,414
708	Other Government Grants	-	-	-	-	-	-
711	Investment Income - Unrestricted	8,327	-	-	-	-	-
714	Fraud Recovery	-	-	-	-	1,000	-
715	Other Revenue	3,909	-	-	-	-	-
716	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-
720	Investment Income - Restricted	-	-	-	-	-	-
700	Total Revenue	355,964	1,054,377	205,008	788,059	540,769	111,414
911	Administrative Salaries	-	-	-	-	-	-
912	Auditing Fees	-	-	-	-	-	-
915	Employee Benefit Contributions - Administrative	-	-	-	-	-	-
916	Other Operating - Administrative	28,599	89,270	10,721	67,880	48,850	10,228
921	Tenant Services - Salaries	-	-	-	-	-	-
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-
924	Tenant Services - Other	-	-	-	-	-	-
931	Water	-	-	-	-	-	-
932	Electricity	-	-	-	-	-	-
933	Gas	-	-	-	-	-	-
934	Fuel	-	-	-	-	-	-
935	Labor	-	-	-	-	-	-
937	Employee Benefit Contributions - Utilities	-	-	-	-	-	-
938	Other Utilities Expense	-	-	-	-	-	-
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	-	-	-	-	-	-

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0008	Business Activities	Total
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	12,340,534
704	Tenant Revenue - Other	-	-	-	120,049
705	Total Tenant Revenue	-	-	-	12,460,583
706	HUD PHA Grants	62,278	2,053,127	-	98,252,882
708	Other Government Grants	-	-	-	7,450,477
711	Investment Income - Unrestricted	-	-	-	719,552
714	Fraud Recovery	-	-	-	1,000
715	Other Revenue	-	208	56,146	4,199,085
716	Gain/Loss on Sale of Fixed Assets	-	-	(7,173)	(28,049)
720	Investment Income - Restricted	-	-	-	231,674
700	Total Revenue	62,278	2,053,335	48,973	123,287,204
911	Administrative Salaries	-	-	11,737	11,833,011
912	Auditing Fees	-	-	-	191,103
915	Employee Benefit Contributions - Administrative	-	-	-	3,002,026
916	Other Operating - Administrative	38	192,482	43,663	8,018,218
921	Tenant Services - Salaries	-	-	-	903,849
923	Employee Benefit Contributions - Tenant Services	-	-	-	97,436
924	Tenant Services - Other	-	-	-	2,940,248
931	Water	-	-	-	5,675,973
932	Electricity	-	-	-	4,238,326
933	Gas	-	-	-	2,853,718
934	Fuel	-	-	-	103,034
935	Labor	-	-	-	1,021,401
937	Employee Benefit Contributions - Utilities	-	-	-	262,673
938	Other Utilities Expense	-	-	2,583	2,951
941	Ordinary Maintenance and Operations - Labor	-	-	-	7,994,698
942	Ordinary Maintenance and Operations - Materials and Other	-	-	-	2,566,969
943	Ordinary Maintenance and Operations - Contract Costs	-	-	1,840	4,244,978
945	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	2,012,596
951	Protective Services - Labor	-	-	-	2,951,031
952	Protective Services - Other Contract Costs	-	-	-	159,169
953	Protective Services - Other	-	-	-	197,715
955	Employee Benefit Contributions - Protective Services	-	-	-	422,746

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program
961	Insurance Premiums	\$ 11,062	\$ 2,072,017	-	-	\$ 21,655	\$ 35,296
962	Other General Expenses	76,936	(16,822)	-	-	1,886	51,979
963	Payments in Lieu of Taxes	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	-	261,888	-	-	-	-
967	Interest Expense	532,674	378,190	-	-	-	-
969	Total Operating Expenses	1,852,499	53,050,644	-	3,769,743	1,435,693	2,388,993
970	Excess Operating Revenue over Operating Expenses	2,181,139	4,932,333	-	-	14,899,176	24,249,084
971	Extraordinary Maintenance	(14,415)	(305,589)	-	-	2,139	3,487
972	Casualty Losses - Non-Capitalized	-	431,936	-	-	-	-
973	Housing Assistance Payments	-	-	-	-	14,729,703	23,800,648
974	Depreciation Expense	204,173	8,091,099	8,697,663	18,376	13,333	21,732
978	Dwelling Units Rent Expense	1,707,467	-	-	-	-	-
900	Total Expenses	3,749,724	61,268,090	8,697,663	3,788,119	16,180,868	26,214,860
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	283,914	(3,285,113)	(8,697,663)	(18,376)	154,001	423,217

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
YEAR ENDED DECEMBER 31, 1999

Line Item #	Account Description	Public Housing Comprehensive Grant Program	PIH - Family Investment Corporation	Indian Community Development Block Grant Program	Revitalization of Severely Distressed Public Housing	State/Local	Internal Service Fund
961	Insurance Premiums	\$ -	\$ -	8,011	\$ -	\$ -	-
962	Other General Expenses	-	-	17,720	-	-	-
963	Payments in Lieu of Taxes	-	-	24,630	-	-	-
964	Bad Debt - Tenant Rents	-	-	24,813	-	-	-
967	Interest Expense	-	-	-	-	-	-
969	Total Operating Expenses	-	160,826	294,474	-	1,010,429	724,612
970	Excess Operating Revenue over Operating Expenses	5,764,575	-	330,468	526,133	-	496,206
971	Extraordinary Maintenance	5,764,575	-	15,380	526,274	-	488,873
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-
973	Housing Assistance Payments	-	-	-	-	-	-
974	Depreciation Expense	7,801,884	-	74,552	2,054,993	6,857	50,583
978	Dwelling Units Rent Expense	-	-	-	-	-	-
900	Total Expenses	13,566,459	160,826	384,406	2,581,267	1,017,286	1,264,068
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(7,801,884)	-	240,536	(2,055,134)	(6,857)	(43,250)

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0006
961	Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
962	Other General Expenses	-	-	-	-	-	-
963	Payments in Lieu of Taxes	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	-	-	-	-	-	-
967	Interest Expense	-	-	-	-	-	-
969	Total Operating Expenses	28,599	89,270	10,721	67,880	48,850	10,228
970	Excess Operating Revenue over Operating Expenses	327,365	965,107	194,287	720,179	491,919	101,186
971	Extraordinary Maintenance	677	-	-	-	-	-
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-
973	Housing Assistance Payments	365,742	931,746	202,718	662,119	488,799	112,755
974	Depreciation Expense	4,219	-	-	-	-	-
978	Dwelling Units Rent Expense	-	-	-	-	-	-
900	Total Expenses	399,237	1,021,016	213,439	729,999	537,649	122,983
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(43,273)	33,361	(8,431)	58,060	3,120	(11,569)

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0008	Business Activities	Total
961	Insurance Premiums	\$ -	\$ -	12,226	\$ 2,160,267
962	Other General Expenses	-	-	331	132,030
963	Payments in Lieu of Taxes	-	-	-	24,630
964	Bad Debt - Tenant Rents	-	-	-	286,701
967	Interest Expense	-	-	1,962	912,826
969	Total Operating Expenses	38	192,482	74,342	65,210,323
970	Excess Operating Revenue over Operating Expenses	62,240	1,860,853	(25,369)	58,076,881
971	Extraordinary Maintenance	-	-	(120,255)	6,361,146
972	Casualty Losses - Non-Capitalized	-	-	-	431,936
973	Housing Assistance Payments	791	2,017,897	-	43,312,918
974	Depreciation Expense	-	-	50,610	27,090,074
978	Dwelling Units Rent Expense	-	-	-	1,707,467
900	Total Expenses	829	2,210,379	4,697	144,113,864
1010	Total Other Financing Sources (Uses)	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	61,449	(157,044)	44,276	(20,826,660)

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program
1101	Capital Outlays Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1102	Debt Principal Payments - Enterprise Funds	184,247	449,494	-	-	-	-
1103	Beginning Equity	3,299,355	364,338,852	116,307,324	80,685	(5,104,277)	2,516,242
1104	Prior Period Adjustments and Equity Transfers	(3,453,609)	(251,759,833)	(51,343,967)	45,526	44,782	118,721
1112	Depreciation Add Back	204,173	8,091,099	8,697,663	18,376	13,333	21,732
1113	Maximum Annual Contributions Commitment (Per ACC)	-	-	-	-	-	26,070,511
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	-	-	-	-	11,711,848
1116	Total Annual Contributions Available	-	-	-	-	-	37,782,359
1120	Unit Months Available	6,828	101,556	-	-	37,860	67,031
1121	Number of Unit Months Leased	6,679	89,892	-	-	37,203	67,031

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Public Housing Comprehensive Grant Program	PIH - Family Investment Corporation	Indian Community Development Block Grant Program	Revitalization of Severely Distressed Public Housing	State/Local	Internal Service Fund
1101	Capital Outlays Enterprise Fund	\$ 12,284,512	\$ -	\$ -	\$ 1,939,176	\$ -	\$ -
1102	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-
1103	Beginning Equity	199,497,232	(5,628)	3,923,487	46,429,763	419,339	670,788
1104	Prior Period Adjustments and Equity Transfers	(121,570,880)	5,520	(1,333,130)	(24,384,745)	(291,375)	(243,690)
1112	Depreciation Add Back	7,801,884	-	74,552	2,054,993	6,857	50,583
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	-	-	816	-	-	-
1121	Number of Unit Months Leased	-	-	782	-	-	-

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0005	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0006
1101	Capital Outlays Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1102	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-
1103	Beginning Equity	1,375,470	-	-	-	-	-
1104	Prior Period Adjustments and Equity Transfers	(144,019)	-	-	-	-	-
1112	Depreciation Add Back	4,219	-	-	-	-	-
1113	Maximum Annual Contributions Commitment (Per ACC)	117,809	11,640	26,334	18,430	-	44,552
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	117,809	11,640	26,334	18,430	-	44,552
1120	Unit Months Available	912	2,232	696	1,740	1,872	324
1121	Number of Unit Months Leased	912	2,232	696	1,740	1,872	324

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**YEAR ENDED DECEMBER 31, 1999**

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH003MR0008	Business Activities	Total
1101	Capital Outlays Enterprise Fund	\$ -	-	-	14,223,688
1102	Debt Principal Payments - Enterprise Funds	-	-	8,655	642,396
1103	Beginning Equity	-	-	2,607,718	736,356,350
1104	Prior Period Adjustments and Equity Transfers	-	-	(2,204,053)	(456,514,752)
1112	Depreciation Add Back	-	-	50,610	27,090,074
1113	Maximum Annual Contributions Commitment (Per ACC)	840,769	1,664,559	-	28,794,604
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	-	-	11,711,848
1116	Total Annual Contributions Available	840,769	1,664,559	-	40,506,452
1120	Unit Months Available	1,620	1,128	-	224,615
1121	Number of Unit Months Leased	1,620	1,128	-	212,111

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## RECONCILIATION OF THE COMBINED BALANCE SHEET WITH THE FINANCIAL DATA SCHEDULE YEAR ENDED DECEMBER 31, 1999

ASSETS	Combined Balance Sheet	Reconciling Amount	Financial Data Schedule
<b>Current Assets:</b>			
Cash	\$ 21,270,347	\$ 1,205,461	1 \$ 22,475,808
Investments - Restricted	2,136,010	3,039,944	1 5,175,954
Accounts Receivable Tenant	167,218	166,606	2 333,824
Accounts Receivable - HUD	12,225,232	1	12,225,233
Accounts Receivable - Other	208,689	(4,620)	3 204,069
Accounts Receivable - Interfund	-	9,864,935	4 9,864,935
Allowance for doubtful accounts - Tenant	-	(166,605)	2 (166,605)
Accrued Interest Receivable	-	16,011	3 16,011
Inventory	1,584,621	1	1,584,622
Prepaid Expenses and Other	3,998,535	(11,389)	3 3,987,146
Total Current Assets	<u>41,590,652</u>		<u>55,700,997</u>
<b>Non-Current Assets:</b>			
<b>Land, Property and Equipment:</b>			
Land	23,645,499	-	5 23,645,499
Buildings	-	518,154,164	5 518,154,164
Property	520,638,263	(520,638,263)	-
Furniture, Equipment & Machinery - Dwellings	-	5,855,829	5 5,855,829
Furniture, Equipment & Machinery - Administrative	-	8,027,736	5 8,027,736
Equipment	13,883,565	(13,883,565)	5 -
Accumulated Depreciation	(287,937,699)	(2)	5 (287,937,701)
Construction in Progress	-	2,484,098	5 2,484,098
Land, Property and Equipment, Net	<u>270,229,628</u>		<u>270,229,625</u>
Debt Amortization Funds	2,031,877	(2,031,877)	1 -
Replacement Reserves and Surplus Escrow	2,212,216	(2,212,216)	1 -
Debt Issuance Costs	227,798	(227,798)	6 -
Insurance Deposits	506,193	(506,193)	6 -
Other Assets	-	732,679	6 732,679
Total Non-Current Assets	<u>275,207,712</u>		<u>270,962,304</u>
<b>TOTAL ASSETS</b>	<u>\$ 316,798,364</u>	<u>\$ 9,684,937</u>	<u>\$ 326,663,301</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 10,492,376	\$ (164,606)	7 \$ 10,327,770
Accrued Wage/Payroll Taxes Payable	-	2,181,625	7 2,181,625
Accrued Compensated Absences	-	1,600,000	7 1,600,000
Accrued interest payable	-	42,834	7 42,834
Accounts Payable - HUD	2,339,254	-	2,339,254
Accounts Payable - Interfund	-	9,864,935	4 9,864,935
Capital leases	790,701	(790,701)	8 -
Accrued Expenses	9,373,831	(9,373,831)	7 -
Security and Other Deposits	1,634,662	-	1,634,662
Deferred Revenue	4,194,198	-	4,194,198
Contingent Liabilities	-	5,472,656	7 5,472,656
Other Current Liabilities	-	241,324	7 241,324
Current Portion of Long Term Debt	214,626	790,701	8 1,005,327
Total Current Liabilities	<u>29,039,648</u>		<u>38,904,585</u>
<b>Non-Current Liabilities</b>			
Long Term Debt, net of current	6,938,598	5,941,492	12,880,090
Capital leases	5,941,492	(5,941,492)	-
Other Long Term Liabilities	1,640,000	-	1,640,000
Total Liabilities	<u>43,559,738</u>		<u>53,424,675</u>
Net HUD PHA Contributions	-	206,687,108	9 206,687,108
Undesignated Fund Balance/Retained Earnings	-	66,551,518	9 66,551,518
Equity	<u>273,238,626</u>	<u>(273,238,626)</u>	9 -
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 316,798,364</u>	<u>\$ 9,684,937</u>	<u>\$ 326,663,301</u>

\* Amounts are per note 6 to the financial statements.

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS WITH THE FINANCIAL DATA SCHEDULE YEAR ENDED DECEMBER 31, 1999

	Combined Statement of Revenues, Expenses and Changes in Retained Earnings	Reconciling Amount		Financial Data Schedule
<b>OPERATING REVENUES:</b>				
Dwelling rent from tenants	\$ 12,340,534	\$ -		\$ 12,340,534
Tenant Revenue - Other	-	120,049	10	120,049
Subsidies and Grants (HUD)	114,723,115	(16,470,233)	10	98,252,882
Housing Assistance Payments (HAP)	2,619,413	(2,619,413)	10	-
Other Government Grants	5,992,026	1,458,451	10	7,450,477
Investment Income - Unrestricted	-	719,552	11	719,552
Investment Income - Restricted	-	231,674	11	231,674
Fraud Recovery	-	1,000	10	1,000
Interest	951,227	(951,227)	11	-
Gain (loss) on Sales of Fixed Assets	-	(28,049)	12	(28,049)
Other revenues	878,659	3,320,426	10	4,199,085
Total Revenues	<u>137,504,974</u>			<u>123,287,204</u>
<b>OPERATING EXPENSES:</b>				
Administrative	21,235,227	1,809,131	13/14	23,044,358
Tenant Service	3,844,118	97,415	13	3,941,533
Utilities	13,895,414	262,662	13	14,158,076
Building	42,328,116	(25,508,875)	13/14/17	16,819,241
General	8,484,859	(5,881,231)	13	2,603,628
Nonroutine Maintenance	6,793,082	(6,793,082)	15	-
Protective Services	3,307,916	422,745	13	3,730,661
Interest Expense	-	912,826	16	912,826
Housing Assistance Payments (HAP)	43,312,917	(43,312,917)	18	-
Total Operating Expenses	<u>143,201,649</u>			<u>65,210,323</u>
OPERATING INCOME (LOSS)	<u>(5,696,675)</u>			<u>58,076,881</u>
<b>OTHER INCOME (EXPENSE):</b>				
Loss on Disposal of Assets	(28,048)	28,048	12	-
Extraordinary Maintenance	-	(6,361,146)	15	(6,361,146)
Casualty Losses - Non-Capitalized	-	(431,936)	15	(431,936)
Depreciation Expense	-	(27,090,074)	14	(27,090,074)
Interest Expense	(912,826)	912,826	16	-
Dwelling Units Rent Expense	-	(1,707,467)	17	(1,707,467)
Capital Outlays - Enterprise Fund	-	14,223,688	10	14,223,688
Proceeds from Home Sales	34,577	(34,577)	10	-
Housing Assistance Payments (HAP)	-	43,312,918	18	(43,312,918)
Total Other Income (Expense)	<u>(906,297)</u>			<u>(64,679,853)</u>
NET LOSS	<u>(6,602,972)</u>	-		<u>(6,602,972)</u>
<b>BEGINNING RETAINED EARNINGS AS PREVIOUSLY STATED</b>				
	736,356,350	-		736,356,350
<b>RESTATEMENT OF BEGINNING RETAINED EARNINGS</b>				
	<u>(456,514,752)</u>	-		<u>(456,514,752)</u>
<b>BEGINNING RETAINED EARNINGS RESTATED</b>				
	<u>279,841,598</u>	-		<u>279,841,598</u>
<b>ENDING RETAINED EARNINGS</b>				
	<u>\$ 273,238,626</u>	<u>-</u>		<u>\$ 273,238,626</u>

# 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, 1999

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### 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. The accompanying FDS was prepared in the form prescribed by REAC, which differs from the information in the Authority's financial statements which are prepared in conformity with generally accepted accounting principles, as applicable to government entities. The accompanying reconciliation was prepared to show the reconciliation of the financial statements to the FDS.

### B. RECONCILIATION

The following items identify the amounts needed to reconcile the financial statements prepared in conformity with generally accepted accounting principles, 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 Tenant Accounts Receivable net of allowances, but the FDS has a separate line for the allowance.
3. Classification differences exist between Accounts Receivable Other, Accrued Interest Receivable and Prepaid Other from the financial statement to the FDS.
4. Accounts Receivable Interfund are eliminated on the financial statements, but are recorded on the FDS as both a current asset and current liability.
5. Land, Property and Equipment is reflected as a net amount on the financial statements but is recorded on separate line items on the FDS.
6. Capitalized Cost of Bond issuance and Insurance Deposits on the financial statements are recorded as Other Assets on the FDS.
7. Classification differences exist between the financial statements and the FDS: Accounts Payable, Accrued Wages/Payroll Taxes Payable, Accrued Compensated Absences, Accrued Interest Payable, Accrued Expenses and Other, Contingent Liabilities, and Other Current Liabilities
8. Notes Payable Non-HUD is separated in the financial statements and combined on the FDS.
9. Equity is recorded net on the financial statements but recorded as Net HUD PHA Contributions and Undesignated Fund Balance/Retained Earnings on the FDS.

10. Represents classification differences between the financial statements and the FDS.
11. Interest income on investments is combined on the financial statements and separated between unrestricted and restricted on the FDS.
12. Loss on disposal of assets is recorded as other expense on the financial statements and operating revenue on the FDS.
13. Fringe benefit expenses were classified as General in the financial statements but are allocated among the various expense categories on the FDS.
14. Depreciation expense is classified as Operating Expense (Administrative and Building) on the financial statements and Non-Operating on the FDS.
15. Nonroutine maintenance is classified as Operating Expense on the financial statements but as Non-Operating (Extraordinary Maintenance and Casualty losses) on the FDS.
16. Interest Expense is classified as Non-Operating in the financial statements and as Operating on the FDS.
17. Dwelling Units Rent Expense is classified as Building on the financial statements but recorded on a separate line on the FDS.
18. Housing Assistance Payments are classified as Operating expenses in the financial statements and as Non-Operating on the FDS.



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

Board of Commissioners  
Cuyahoga Metropolitan Housing Authority

We have audited the balance sheet of Cuyahoga Metropolitan Housing Authority (the "Authority") as of December 31, 1999, and we were engaged to audit the related statement of revenues, expenses, and changes in retained earnings for the year then ended and have issued our report thereon dated August 11, 2000. Our report states that we were unable to express, and do not express, an opinion on the statement of revenue, expenses and changes in retained earnings due to deficiencies in the Authority's systems of internal accounting and administrative controls. In addition, it was not practical to present a statement of cash flows. Our report also contains explanatory paragraphs concerning the change to accounting principles generally accepted in the United States of America, and uncertainties relating to various matters. The report disclaims opinions on the required Supplemental Financial Data Schedule and Schedule of Expenditures of Federal Awards. 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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying Schedule of Findings and Questioned Costs as follows:

<b>Finding Number</b>	<b>Description</b>
99-2	Section 8 Compliance
99-3	Public Housing Waiting List (Conventional Low-Rent Housing Program)
99-4	Public Housing Eligibility (Conventional Low-Rent Housing Program)
99-5	Compliance With Memorandum of Agreement and Allowable Costs

In addition, we noted certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated August 11, 2000.

## 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as follows:

<b>Finding Number</b>	<b>Description</b>
99-1	Access to CCS System

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. In addition, we noted other matters involving the internal control over financial reporting that we have reported to management of the Authority in a separate letter dated August 11, 2000.

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

*Deloitte & Touche LLP*

August 11, 2000



## **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, 1999. The Authority's major federal programs are identified in the summary of auditor's 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.

We have audited the balance sheet of the Authority as of December 31, 1999, and we were engaged to audit the related statement of revenue, expenses, and changes in retained earnings for the year then ended and have issued our report thereon dated August 11, 2000. Our report states that we were unable to express, and do not express, an opinion on the statement of revenue, expenses, and changes in retained earnings due to deficiencies in the Authority's systems of internal accounting and administrative controls. In addition, it was not practical to present a statement of cash flows. Our report also contains explanatory paragraphs concerning the change to accounting principles generally accepted in the United States of America and uncertainties relating to various matters. The report disclaims opinions on the required Supplemental Financial Data Schedule and Schedule of Expenditures of Federal Awards.

The following list of compliance citations relating to major programs is detailed in the accompanying Schedule of Findings and Questioned Costs. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to the major programs.

<b>Finding Number</b>	<b>Description</b>
99-2	Section 8 Compliance
99-3	Public Housing Waiting List (Conventional Low-Rent Housing Program)
99-4	Public Housing Eligibility (Conventional Low-Rent Housing Program)
99-5	Compliance With Memorandum of Agreement and Allowable Costs

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 1999. In addition, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated August 11, 2000.

### **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, contract, 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.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as follows:

<b>Finding Number</b>	<b>Description</b>
99-1	Access to CCS System

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. In addition, we noted other matters involving the internal control over compliance that we have reported to management in a separate letter dated August 11, 2000.

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

*Deloitte & Touche LLP*

August 11, 2000

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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### Part I – Summary of Auditors’ Results

1. The independent auditors’ report on the financial statements disclaimed the opinion. An unqualified opinion was expressed on the balance sheet. Because of the deficiencies in internal control and administrative controls during all or part of 1999, we were unable to opine on the statement of revenues, expenses and changes in retained earnings. In addition, it was not practical to present a statement of cash flows, which is required by accounting principles generally accepted in the United States of America. Our report also contains explanatory paragraphs concerning the change to accounting principles generally accepted in the United States of America and uncertainties relating to various matters. We expressed an unqualified opinion on the balance sheet.
2. A reportable condition in internal control over financial reporting was identified, and is considered to be a material weakness.
3. Instances of noncompliance considered material to the financial statements were disclosed by our work.
4. A reportable condition in internal control over compliance with requirements applicable to major federal awards programs was identified, and is considered to be a material weakness.
5. The independent auditors’ report on compliance with requirements applicable to major federal award programs qualified the opinion.
6. The audit disclosed findings required to be reported by OMB Circular A-133.
7. The Authority’s major programs were:

<b>Name of Federal Program or Cluster</b>	<b>CFDA Number</b>
Conventional Low-Rent Housing Program	14.850
Section 8 Voucher and Certificate Programs Cluster	14.855/ 14.857
Transitional Housing/Supportive Housing Program	14.235

8. A threshold of \$3,000,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The Authority did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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### Part II – Financial Statement Findings Section

FINDING NO.	INTERNAL CONTROL STRUCTURE AND COMPLIANCE COMMENTS	QUESTIONED COSTS
99-1	<p data-bbox="380 564 659 590"><b>Access to CCS System</b></p> <p data-bbox="380 632 1219 764"><i>Condition</i> - All personnel in the tenant accounts receivable department can create or delete a tenant and change tenant information (i.e., rent amount, income, and family composition) in the CCS system. These personnel also handle rent receipts.</p> <p data-bbox="380 800 1235 898"><i>Criteria</i> - Only those individuals with responsibility for adding, deleting, or changing tenant information should be given access to those fields in the CCS system.</p> <p data-bbox="380 934 1230 1066"><i>Effect</i> - The lack of adequate internal controls over changes to tenant information could result in a misappropriation of assets of the agency or unauthorized changes to tenant masterfile data and thereby a failure to comply with the regulations that govern the program.</p> <p data-bbox="380 1102 1227 1236"><i>Recommendation</i> - We understand that the Authority has made modifications to the computer accesses of its tenant accounts receivable personnel. We recommend that the Authority should further assess computer security and accesses over all of its applications.</p>	

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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### Part III – Federal Award Findings and Questioned Cost Section

FINDING NO.	INTERNAL CONTROL STRUCTURE AND COMPLIANCE COMMENTS	QUESTIONED COSTS
99-2	<b>Section 8 Compliance</b>  <i>Condition</i> - We selected 45 tenants for compliance testing and noted the following matters regarding compliance with Section 8 regulations: <ul style="list-style-type: none"><li>• One instance where the application form could not be located.</li><li>• Two instances where the third-party income verification was not present in the file.</li><li>• One instance where birth certificates, social security cards, or other documentation supporting family composition and other allowances could not be located.</li><li>• Two instances where HUD Form 9886 was not present in the file.</li><li>• Three instances where HUD Form 50058 was not present in the file.</li><li>• Two instances where there was no evidence that an annual income re-examination occurred.</li><li>• Three instances where the rent determination worksheet was missing from the tenant file.</li><li>• Three instances where the utility allowance calculation was missing from the tenant file.</li><li>• Three instances where the HAP contract was not present in the tenant file.</li><li>• Four instances where no evidence that inspection and approval of the unit occurred.</li><li>• One instance where the tenant moved out of the unit in October 1998 and the landlord was paid through June 1999.</li><li>• Four instances where there was no evidence that an annual reinspection of the unit occurred.</li></ul> <i>Criteria</i> - HUD regulations require the Authority to keep adequate records to document its determinations of eligibility, income, rent and annual inspection.  <i>Effect</i> - The Authority could make housing assistance payments on behalf of ineligible tenants or landlords, or in incorrect amounts.	

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FINDING NO.	INTERNAL CONTROL STRUCTURE AND COMPLIANCE COMMENTS	QUESTIONED COSTS
99-3	<b>Public Housing Waiting List (Conventional Low-Rent Housing Program)</b>  <i>Recommendation</i> - Control procedures should be implemented to ensure that documentation is included in all files supporting the eligibility and calculation of rent subsidies. Procedures should be implemented to ensure that all program participants are re-examined every twelve months.  <i>Condition</i> - Of the 45 tenants selected for waiting list testing, we noted the following instances of noncompliance: <ul style="list-style-type: none"><li>• One instance where there was no supporting documentation of eligibility and preferences.</li><li>• One instance where there was no supporting documentation as to the reason that one tenant was housed five months earlier than another tenant who had the same application date.</li></ul> <i>Criteria</i> - Tenants who were housed from the waiting list should be chosen in accordance with the Authority's tenant selection and priority policies as required by HUD.  <i>Effect</i> - The Authority might inappropriately select people for housing where others with the specific priorities under the Authority's tenant selection policies do not obtain housing.  <i>Recommendation</i> - Control procedures should be implemented to ensure that the Authority's tenant selection policies are followed.	
99-4	<b>Public Housing Eligibility (Conventional Low-Rent Housing Program)</b>  <i>Condition</i> - Of the 45 tenants selected for eligibility testing, we noted the following: <ul style="list-style-type: none"><li>• Eight instances where the supporting documentation for income verification and calculation of tenant's rent could not be located.</li><li>• Eight instances where supporting documentation for re-examination of family income and composition and adjustment of total rent and housing assistance payments was not included in the tenant file.</li></ul>	

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FINDING NO.	INTERNAL CONTROL STRUCTURE AND COMPLIANCE COMMENTS	QUESTIONED COSTS
99-5	<p data-bbox="305 354 1276 453"><b>Criteria</b> - The Authority must verify income eligibility and calculate the tenant's rent payment in accordance with 24 CFR Section 5.613 and reexamine family income and composition in accordance with 24 CFR Section 5.617 and 960.209.</p> <p data-bbox="305 474 1276 537"><b>Effect</b> - The Authority was not in compliance with 24 CFR Section 5.613, 24 CFR Section 5.617 and 960.209.</p> <p data-bbox="305 558 1276 621"><b>Recommendation</b> - Control procedures should be implemented to ensure that documentation supporting eligibility is included in all tenant files.</p> <p data-bbox="305 659 1276 684"><b>Compliance With Memorandum of Agreement and Allowable Costs</b></p> <p data-bbox="305 705 1276 1052"><b>Condition</b> - As described in the Schedule of Other Reports, the Office of Inspector General for the U.S. Department of Housing and Urban Development ("OIG") and the Auditor of the State of Ohio ("AOS") conducted special audits of the Cuyahoga Metropolitan Housing Authority. The OIG and the AOS audit focused on compliance with a Memorandum of Agreement with HUD and allowable costs. Findings for recovery were issued by the AOS totaling \$961,891. The OIG issued findings that \$10,735,243 of expenditures were made without adequate support, \$531,966 was spent for items that were not necessary and reasonable low-income housing expenses, and \$45,292 was inappropriately transferred from the Conventional program to Title V.</p> <p data-bbox="305 1073 1276 1304"><b>Criteria</b> - The Authority entered into a Memorandum of Agreement with HUD in connection with the refinancing of \$8.3 million relating to its Ambleside Apartments. The Memorandum of Agreement stipulated that \$2,538,638 of net proceeds generated by the refinancing should be used by the Authority for the construction of housing for very low income elderly or disabled people. In addition, OMB Circular A-87 establishes the criteria for allowable costs and the State of Ohio issues guidelines relative to valid public purpose.</p> <p data-bbox="305 1325 1276 1461"><b>Effect</b> - Expenditures were made that were not in compliance with the Memorandum of Agreement with HUD, were not allowable costs as defined by OMB Circular A-87 and did not meet the criteria of a valid public purpose under guidelines established by the State of Ohio.</p> <p data-bbox="305 1482 1276 1612"><b>Recommendation</b> - We understand that the Authority has repaid \$45,292 from the Title V program to the conventional program. The Authority should implement procedures to ensure that all funds are spent on allowable items and in accordance with restrictions placed upon them.</p>	\$11,312,501

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## STATUS OF PRIOR YEAR FINDINGS YEAR ENDED DECEMBER 31, 1998

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	<b>Findings</b>	<b>Still Applicable</b>	<b>Comments</b>
97-1) & 98-1	Control and Financial Reporting Environments	No	The Authority has strengthened its system of internal controls and is reporting its financial statements in accordance with GAAP.
97-2) & 98-2	Compliance With Memorandum of Agreement and Allowable Costs	Yes	Still applicable for the current year. See finding #99-6 and Schedule of Other Reports for current year comment.
97-4) & 98-4	Section 8 Deficit	No	The Authority has reduced the deficit and has a plan in place to eliminate the deficit.
97-5) & 98-5	Modernization Programs	No	The Authority has implemented a reconciliation procedure to ensure that excess funds are not drawn on their Modernization programs.
97-7) & 98-6	General Ledger Account Support and Reconciliations	No	The Authority is performing reconciliations of account balances on a regular basis. In addition, they were able to provide support for general ledger balances.
97-9) & 98-7	Internal Control Over Accounts Payable	No	Accounts payable staff no longer have the ability to enter inventory receipts into the system or create new vendors.
97-10) & 98-8	General Ledger Entries	No	All journal entries are reviewed by the general accounting manager.
97-11) & 98-10	Family Self Sufficiency	No	Each family's escrow balance is now being reconciled to the general ledger. In addition, the Authority is now sending an annual statement of escrow account balances to each family.
97-12)	Title V/New Town - In Town Deficit	No	Title V/New Town - In Town has eliminated the deficit in retained earnings.
97-13) & 98-9	Self-Insured Workers' Compensation Program	No	The Authority is currently funding the worker's compensation self-insurance liability.
97-14) & 98-11	Section 8 Procedures	No	The Authority has implemented procedures to tighten controls related to the Section 8 program. Administrative matters noted in the prior audits were not issues for 1999.
97-15) & 98-12	Quality Control Review of Section 8 and Conventional Program Admissions	No	Only minor errors were noted in the current year. See management letter for current year comments.
97-16) & 98-13	Multifamily Tenant Characteristics System Submissions	No	Only minor errors were noted in the current year. See management letter for current year comments.
97-17) & 98-14	Conventional Program Utility Allowances	No	Only minor errors were noted in the current year. See management letter for current year comments.
97-18) & 98-15	Annual Reexaminations of Conventional Tenants	Yes	Still applicable for the current year. See finding #99-5 for current year comment.

(Continued)

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## STATUS OF PRIOR YEAR FINDINGS YEAR ENDED DECEMBER 31, 1998

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	<b>Findings</b>	<b>Still Applicable</b>	<b>Comments</b>
97-19) & 98-16	Construction Delay Log	No	
97-20) & 98-17	Public Housing Management Assessment Program	No	
97-21) & 98-18	Section 8 New Admission	No	Only minor errors were noted in the current year. See management letter for current year comments.
97-22) & 98-19	Section 8 Compliance	Yes	Still applicable for the current year. See finding #99-2 for current year comment.
97-23) & 98-20	Section 8 Quality Control	No	Only minor errors were noted in the current year. See management letter for current year comments.
97-24)	Drug Elimination Program	No	
98-3)	Noah Properties Deficit	No	See management letter for current year comment.
98-21)	Section 8 Utility Allowances	No	The correct utility table was utilized by the Authority to calculate utility allowances.
98-22)	Transitional Housing Activities Allowed and Unallowed	No	No instances of unsupported expenditures were noted in our testing of the Supportive Housing Program in 1999.
98-23)	Transitional Housing Matching	No	No instances of noncompliance were noted during our testing for 1999.
98-24)	Transitional Housing Cash Controls	No	No instances were noted where the Authority did not deposit checks received in a timely manner.
98-25)	Transitional Housing Program Income	No	
98-26)	Transitional Housing Reporting	No	No reporting requirements relate to the Supportive Housing grant until 2000.
98-27)	Transitional Housing Subrecipient Monitoring	No	The Authority received the December 31, 1998 audit report for Y-Haven. No instances of noncompliance with program requirements or material weaknesses were noted in this report. The December 31, 1999 audit has not been completed.
98-28)	COPS Grant Matching Requirements	No	No instances of noncompliance were noted during our testing for 1999.
98-29)	COPS Grant Eligibility	No	No instances were noted where law enforcement officers were hired or rehired prior to the start date of the grant.

(Concluded)

# CUYAHOGA METROPOLITAN HOUSING AUTHORITY

## SCHEDULE OF OTHER REPORTS FOR THE YEAR ENDED DECEMBER 31, 1999

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

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

The results of the audit indicate that the Authority did not follow HUD’s requirements for the use of its Title V funds, Office of Management and Budgets Circular A-87, State of Ohio law, and the Authority’s policies regarding the use of Title V funds. Between January 1990 and July 1998, the Authority made payments of \$10,735,243 from Title V funds without adequate supporting documentation. In addition, \$531,966 was spent for items that were not necessary and reasonable low-income housing expenses.

The Authority did not follow its Annual Contributions Contract with HUD regarding the deposit of low-income housing monies. The Authority inappropriately transferred \$45,292 of Low-Income Housing Program funds to its Title V bank account between January 1990 and July 1998.

HUD recommended that the Authority implement controls to correct the weaknesses cited in its report; provide support for or reimburse the Title V fund for unsupported payments and ineligible payments; and transfer \$45,292 from Title V funds to the Low-Income Housing Program funds.

**Status** – The Authority has repaid \$45,292 from Title V to the Low-Income Housing Program. The remainder of the finding is open.

### AUDITOR OF THE STATE OF OHIO – SPECIAL AUDIT REPORT

The Auditor of the State of Ohio conducted a special audit 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 policies. The findings of the report, dated December 15, 1998 are summarized below.

**Townhouse Payments** – A finding for recovery was issued against Claire E. Freeman-McCown (former Executive Director) and her bonding company in the amount of \$120,723, in favor of the Authority, for mortgage and interest payments made on behalf of Claire E. Freeman-McCown.

**MasterCard Payments** – Findings for recovery were made individually and jointly and severally against Claire E. Freeman-McCown and Ronnie Davis (former Chief Operating Officer) in the amount of \$202,779. The payments made on the MasterCard relate to airline tickets, meals, hotels, flowers and various miscellaneous items. The items noted in the finding for recovery lacked sufficient supporting documentation.

Payments totaling \$5,842 for a Board of Commissioners retreat were charged to the Title V funds. These expenditures are not specifically allowed under the Memorandum of Understanding between HUD and the Authority. These payments resulted in a federal questioned cost of \$5,842.

Compliance citations were issued relative to the Authority not following its “Procurement Procedures Manual” or its “Travel and Expense Procedures.”

***Salary/Bonus/Incentive Payments*** – Excess payments were made to both Claire E. Freeman-McCown and Ronnie Davis. Federal questioned costs related to these excess payments are as follows:

Claire E. Freeman-McCown	\$ 477,770
Ronnie Davis	\$ 154,777

***Management Comments*** – In addition to the findings and questioned costs noted above, the report made recommendations related to the following areas:

- Establishment of an audit committee
- Internal audit reporting function
- Authorization of bonuses
- Key personnel issues
- Monitoring by the Board of Commissioners

Phase II of the Auditor of the State of Ohio – Special Audit Report is in process and has not yet been released.

***Status*** – Open



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
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Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
NOVEMBER 14, 2000**