

Cuyahoga Metropolitan Housing Authority

*Single Audit Report
for the Year Ended
December 31, 2003*



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Cuyahoga Metropolitan Housing Authority, Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 21, 2004

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Cuyahoga Metropolitan Housing Authority
Cleveland, Ohio

We have audited the accompanying financial statements of the Cuyahoga Metropolitan Housing Authority (the "Authority") as of December 31, 2003 and 2002, and for the years then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Authority at December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the financial statements, the Authority has been audited by outside regulatory agencies and has also been audited in accordance with the provisions of the Single Audit Act Amendments of 1996. Certain unresolved compliance findings and questioned costs exist as a result of audits conducted for 2003 and prior years, the outcome of which is not presently determinable. Accordingly, no provision for any loss that might result from the resolution of these matters has been made in the accompanying financial statements.

The management's discussion and analysis on pages 3-10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying Supplemental Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Supplemental Financial Data Schedule and Reconciliation of the Financial Statements to the Financial Data Schedule, and the Supplemental Schedule of Actual Modernization Costs Incurred on Certain Projects Closed Through December 31, 2003, as required by the U.S. Department of Housing and Urban Development, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management of the Authority. Such supplemental schedules have been subjected to auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2004 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

June 24, 2004

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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

The following discussion and analysis provides an overview of the Authority’s financial activities and should be read in conjunction with the Authority’s financial statements which begin on page 11.

Overview of the Financial Statements

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

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

The financial statements are prepared on the accrual basis and present all assets and liabilities of the Authority, both financial and capital, and short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Authority’s financial condition as of December 31, 2003 and 2002 and the results of its operations and cash flows for the years then ended.

2003 Financial Highlights

- The Authority’s net assets decreased by \$.7 million (or 0.3%) during 2003. Net assets were \$236.5 million and \$237.2 million at December 31, 2003 and 2002, respectively.

- Total operating and non-operating revenues increased by \$34.8 million (or 18.5%) during 2003, and were \$222.6 million and \$187.8 million for 2003 and 2002, respectively.
- The total expenses of all Authority programs increased by \$18.8 million (or 9.2%). Total expenses were \$223.3 million and \$204.5 million for 2003 and 2002, respectively.
- The Authority's unrestricted net assets increased by \$3.9 million (or 38.6%) during 2003, and were \$14.0 million and \$10.1 million for 2003 and 2002, respectively.

The Authority's Funds

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

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

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

Other Programs—In addition to the significant programs above, the Authority also maintains the following programs which have assets, liabilities, revenues, or expenses of at least 5% or more of the Authority's total assets, liabilities, revenues, or expenses in either 2003 or 2002:

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

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

Hope VI Planning Grant—a grant program funded by HUD for large scale redevelopment of the Authority's properties

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

AUTHORITY-WIDE FINANCIAL STATEMENT

Statement of Net Assets

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

CONDENSED STATEMENT OF NET ASSETS (In millions)

	December 31		
	2003	2002	2001
Assets:			
Current and other assets	\$ 49.9	\$ 45.9	\$ 46.7
Capital assets	<u>230.1</u>	<u>235.3</u>	<u>250.7</u>
Total assets	<u>280.0</u>	<u>281.2</u>	<u>297.4</u>
Liabilities:			
Accounts payable and other current liabilities	31.8	28.0	27.1
Long-term liabilities	<u>11.7</u>	<u>16.0</u>	<u>16.4</u>
Total liabilities	<u>43.5</u>	<u>44.0</u>	<u>43.5</u>
Net Assets:			
Invested in capital assets—net of related debt	219.4	223.8	238.5
Restricted	3.1	3.3	3.0
Unrestricted	<u>14.0</u>	<u>10.1</u>	<u>12.4</u>
Total Net Assets	<u>\$ 236.5</u>	<u>\$ 237.2</u>	<u>\$ 253.9</u>

For more detailed information see page 11 for the Statements of Net Assets.

Major Factors Affecting the Statement of Net Assets

December 31, 2003 compared to December 31, 2002

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

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

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

December 31, 2002 compared to December 31, 2001

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

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

While operating results are a significant measure of the Authority’s activities, the analysis of the changes in unrestricted net assets provides a clearer picture of the change in financial well-being. The following presents details on the change in unrestricted net assets during the years ended December 31, 2003 and 2002:

	2003	2002
	(In millions)	
Unrestricted net assets—Beginning of year	\$ 10.1	\$ 12.4
Total change in net assets	(0.7)	(16.7)
Adjustments:		
Depreciation (1)	<u>28.5</u>	<u>29.9</u>
Adjusted change in net assets	27.8	13.2
Payments on long term debt	(0.8)	(0.6)
Capital expenditures	(23.4)	(14.6)
Increase (decrease) in restricted net assets	<u>0.3</u>	<u>(0.3)</u>
Unrestricted net assets—End of year	<u>\$ 14.0</u>	<u>\$ 10.1</u>

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

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating results of the Authority, as well as the non-operating revenues and expenses. HUD subsidies and grants, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles. Condensed information from the Authority’s statements of revenue, expenses and changes in net assets is as follows for the years ended December 31, 2003, 2002 and 2001:

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

	2003	2002	2001
Operating Revenues:			
Tenant revenue—rents and other	\$ 13.4	\$ 13.4	\$ 12.5
Other revenues	<u>2.3</u>	<u>1.4</u>	<u>1.4</u>
Total revenue	<u>15.7</u>	<u>14.8</u>	<u>13.9</u>
Operating Expenses:			
Housing assistance payments	86.8	75.6	58.8
Depreciation	28.5	29.9	28.9
Administrative	28.1	27.5	24.3
Building maintenance	21.9	22.8	20.1
Utilities	18.3	16.5	15.9
Nonroutine maintenance	28.5	15.2	15.1
Tenant services	3.7	4.3	3.5
General	3.3	3.0	2.6
Protective services	1.3	2.8	2.4
Other	<u>2.2</u>	<u>2.1</u>	<u>1.9</u>
Total Operating Expenses	<u>222.6</u>	<u>199.7</u>	<u>173.5</u>
Operating Loss	<u>(206.9)</u>	<u>(184.9)</u>	<u>(159.6)</u>
Non-operating revenues (expenses):			
Subsidies and grants from HUD	205.9	171.7	146.1
Grants—other	0.5	0.7	0.0
Interest income	0.5	0.6	1.2
Interest expense	(0.7)	(0.8)	(0.8)
Other	<u>0.0</u>	<u>(4.0)</u>	<u>0.0</u>
Total non-operating revenues—net	<u>206.2</u>	<u>168.2</u>	<u>146.5</u>
Change in net assets	(0.7)	(16.7)	(13.1)
Net assets—beginning of year	<u>237.2</u>	<u>253.9</u>	<u>267.0</u>
Net assets—end of year	<u>\$ 236.5</u>	<u>\$ 237.2</u>	<u>\$ 253.9</u>

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

December 31, 2003 compared to December 31, 2002

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

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

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

December 31, 2002 compared to December 31, 2001

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

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

Total operating expenses increased \$26.2 million primarily due to the following: Administrative expenses increased \$3.2 million due to increased payroll (\$1.3 million) as staffing has increased, higher employee benefits (\$0.8 million) due to increases in health insurance costs, and higher sundry expense (\$1.1 million) primarily due to the implementation of the Resident Choice Voucher Program. Housing assistance payments increased by \$16.8 million due to the expansion of the program. Finally, ordinary maintenance costs increased by \$2.7 million in 2002 as the Authority put a high priority on preparing units for occupancy where there had been a backlog. As a result of this program, units rented increased every month from May to December 2002.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2003, the Authority had \$230.1 million invested in a variety of capital assets (as reflected in the following schedule), which represents a net decrease of \$5.2 million from December 31, 2002.

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

	December 31		
	2003	2002	2001
Land	\$ 23.6	\$ 23.6	\$ 23.6
Buildings	569.2	563.6	549.0
Equipment—administrative	10.4	8.8	7.5
Equipment—dwelling	7.9	9.1	9.4
Construction in progress	<u>18.3</u>	<u>1.6</u>	<u>4.6</u>
Total	629.4	606.7	594.1
Accumulated depreciation	<u>(399.3)</u>	<u>(371.4)</u>	<u>(343.4)</u>
 Capital assets—net	 <u>\$ 230.1</u>	 <u>\$ 235.3</u>	 <u>\$ 250.7</u>

The following reconciliation summarizes the 2003 and 2002 change in capital assets, which is presented in detail on pages 22 and 23 of the notes to the financial statements.

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

	2003	2002
Capital assets—beginning of year	\$ 235.3	\$ 250.7
Additions	23.4	14.6
Retirements—net	(0.1)	(0.1)
Depreciation expense	<u>(28.5)</u>	<u>(29.9)</u>
Capital assets—end of year	<u>\$ 230.1</u>	<u>\$ 235.3</u>

December 31, 2003 compared to December 31, 2002

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

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

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

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

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

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

December 31, 2002 compared to December 31, 2001

2002's major additions to capital assets resulted primarily from the Authority's capital improvement programs. Modernization was in process at several of the Authority's Public Housing complexes, which resulted in additions of approximately \$13.3 million to capital assets for the year. The remaining portion of the capital additions consisted primarily of equipment purchases, which totaled \$1.3 million.

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

Debt Outstanding

As of December 31, 2003, the Authority had \$9.9 million in long-term debt and capital lease obligations compared to \$10.7 million at December 31, 2002, for a \$0.8 million decrease. The following summarizes these obligations:

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

	December 31		
	2003	2002	2001
Energy program—capital lease	\$ 4.4	\$ 5.0	\$ 5.5
Ambleside refinancing	<u>6.3</u>	<u>6.5</u>	<u>6.7</u>
Total	10.7	11.5	12.2
Less: current portion	<u>(0.8)</u>	<u>(0.8)</u>	<u>(0.7)</u>
 Long-term portion	 <u>\$ 9.9</u>	 <u>\$ 10.7</u>	 <u>\$ 11.5</u>

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENTS OF NET ASSETS DECEMBER 31, 2003 AND 2002

ASSETS	2003	2002	LIABILITIES	2003	2002
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 23,683,425	\$ 21,646,099	Accounts payable—vendors	17,350,549	10,643,841
Investments	4,085,147	5,459,501	Accounts payable—HUD	3,435,024	2,378,300
Cash and investments—restricted	4,871,352	4,314,656	Payable to HUD—utility allowance		3,000,000
Accounts receivable tenants—net of allowance for doubtful accounts of \$407,867 and \$294,839	251,868	200,342	Accrued expenses	8,746,662	9,726,761
Accounts receivable—HUD	10,770,049	8,252,335	Security and other deposits	1,403,087	1,432,481
Accounts receivable—other government	406,508	402,514	Current portion of long-term debt	263,141	243,311
Accounts receivable—other	551,794	298,322	Current portion of capital leases	<u>560,063</u>	<u>530,686</u>
Inventory	1,188,011	1,224,413			
Prepaid expenses and other current assets	<u>373,866</u>	<u>198,983</u>	Total current liabilities	<u>31,758,526</u>	<u>27,955,380</u>
Total current assets	<u>46,182,020</u>	<u>41,997,165</u>	NON-CURRENT LIABILITIES:		
NON-CURRENT ASSETS:			Long-term debt—net of current portion	5,998,837	6,261,979
Capital assets:			Capital leases—net of current portion	3,871,575	4,431,638
Land	23,562,784	23,575,725	Payable to HUD—utility allowance		3,350,000
Property and equipment—net	<u>206,531,135</u>	<u>211,691,503</u>	Workers' compensation liability	<u>1,850,000</u>	<u>1,965,000</u>
Total capital assets	230,093,919	235,267,228	Total non-current liabilities	<u>11,720,412</u>	<u>16,008,617</u>
Investments—restricted	2,887,145	3,122,716	Total liabilities	<u>43,478,938</u>	<u>43,963,997</u>
Debt issuance costs, net of amortization of \$110,706 and \$98,408	177,294	189,592	NET ASSETS		
Investment in joint venture	<u>616,291</u>	<u>575,472</u>	Invested in capital assets—net of related debt	219,400,303	223,799,614
Total non-current assets	<u>233,774,649</u>	<u>239,155,008</u>	Restricted	3,051,960	3,258,267
			Unrestricted	<u>14,025,468</u>	<u>10,130,295</u>
Total assets	<u>279,956,669</u>	<u>281,152,173</u>	TOTAL NET ASSETS	<u>\$ 236,477,731</u>	<u>\$ 237,188,176</u>

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
OPERATING REVENUES:		
Dwelling rent from tenants	\$ 13,421,326	\$ 13,431,501
Other revenues	<u>2,254,784</u>	<u>1,352,642</u>
Total revenues	<u>15,676,110</u>	<u>14,784,143</u>
OPERATING EXPENSES:		
Housing assistance payments	86,801,155	75,619,495
Depreciation	28,467,752	29,867,714
Administrative	28,117,476	27,470,087
Building maintenance	21,864,580	22,781,382
Utilities	18,252,776	16,512,718
Nonroutine maintenance	28,540,861	15,212,338
Tenant services	3,725,047	4,331,554
General	3,304,479	3,008,041
Protective services	1,310,800	2,849,707
Other	<u>2,146,707</u>	<u>2,070,361</u>
Total operating expenses	<u>222,531,633</u>	<u>199,723,397</u>
OPERATING LOSS	<u>(206,855,523)</u>	<u>(184,939,254)</u>
NON-OPERATING REVENUES (EXPENSES):		
HUD operating subsidies and grants	185,433,926	154,123,483
HUD capital grants	20,410,195	17,599,905
Grants—other	539,194	713,011
Interest income	494,664	582,948
Interest expense	(732,901)	(776,203)
Other	<u> </u>	<u>(4,000,000)</u>
Total non-operating revenues—net	<u>206,145,078</u>	<u>168,243,144</u>
CHANGE IN NET ASSETS	(710,445)	(16,696,110)
NET ASSETS—Beginning of year	<u>237,188,176</u>	<u>253,884,286</u>
NET ASSETS—End of year	<u>\$ 236,477,731</u>	<u>\$ 237,188,176</u>

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from tenant rents	\$ 13,369,800	\$ 13,380,735
Cash payments to suppliers for goods and services	(60,200,636)	(52,524,672)
Cash paid for salaries and benefits	(39,328,647)	(37,256,584)
Housing assistance payments	(86,801,155)	(75,619,495)
Other receipts	1,854,494	1,471,274
Other payments	<u>(2,278,803)</u>	<u>(2,185,743)</u>
Net cash used in operating activities	<u>(173,384,947)</u>	<u>(152,734,485)</u>
CASH FLOWS FROM NONCAPITAL FINANCING:		
HUD operating subsidies and grants	178,054,482	160,204,882
Other grants	<u>535,200</u>	<u>530,775</u>
Cash provided by noncapital financing activities	<u>178,589,682</u>	<u>160,735,657</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
HUD capital grants	19,978,648	19,149,534
Property and equipment additions	(23,422,790)	(14,621,164)
Repayment of debt and capital lease obligations	(773,998)	(726,364)
Interest paid on debt and capital lease obligations	(731,509)	(774,938)
Proceeds from sale of capital assets	<u>203,631</u>	<u>270,927</u>
Net cash (used in) provided by capital and related financing activities	<u>(4,746,018)</u>	<u>3,297,995</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(7,416,305)	(20,775,912)
Proceeds from maturity of investments	9,254,477	11,298,528
Interest income	<u>566,199</u>	<u>538,795</u>
Net cash provided by (used in) investing activities	<u>2,404,371</u>	<u>(8,938,589)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,863,088	2,360,578
CASH BALANCE—BEGINNING OF YEAR	<u>23,199,993</u>	<u>20,839,415</u>
CASH BALANCE—END OF YEAR*	<u>\$ 26,063,081</u>	<u>\$ 23,199,993</u>

* The amount includes \$23,683,425 and \$21,646,099 unrestricted cash and cash equivalents and \$2,379,656 and \$1,553,894 of restricted cash in 2003 and 2002, respectively.

See notes to the financial statements.

(Continued)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (206,855,523)	\$ (184,939,254)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	28,467,752	29,867,714
Provision for uncollectible accounts	113,028	58,983
Amortization of bond issue costs	12,298	12,298
Gain on the sale of property, plant and equipment	(75,284)	(111,831)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable tenants	(164,554)	(109,749)
Accounts receivable—other	(325,006)	230,463
Inventory	36,402	(110,970)
Prepaid expenses and other assets	(174,883)	202,367
Increase (decrease) in liabilities:		
Accounts payable	6,706,708	742,819
Accrued expenses and other	(981,491)	1,550,355
Security and other deposits	(29,394)	(133,680)
Workers' compensation	<u>(115,000)</u>	<u>6,000</u>
Net cash used in operating activities	<u>\$ (173,384,947)</u>	<u>\$ (152,734,485)</u>

(Concluded)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2003 AND 2002

1. DEFINITION OF THE ENTITY

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

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

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

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

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

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

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

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

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

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

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

Other Grants—During 2003 and 2002, the Authority received federal, state and local funding under the Public Housing Drug Elimination Grant Program, Youth Violence Grant, Economic Development Supportive Service Program, Resident Opportunities and Supportive Services Program, Foster Care Grant, CopsMore Program, 1st Vista Program, City of Cleveland CDBG, PAL Youth Enrichment Program, PAL Safety Town and Supportive Housing Program. Expenditures for these programs and grants must be made in accordance with the rules and regulations established by the grantors.

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

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

Nonprofit Corporations—In accordance with housing subsidy contracts, the Authority has designated several Section 8 nonprofit corporations (Severance Housing Corporation, Cuyahoga Housing Corporation, Cuyahoga-Puritas Housing Corporation, Rosalind-Amesbury Housing Assistance Corporation, Cleveland-Rock Glen Housing Assistance Corporation, and Chester Village Housing Incorporated) to serve as instrumentalities of the Authority to assist in the development and financing of housing projects. The Board of the Authority appoints the Board of Trustees of the Severance Housing Corporation, Cuyahoga-Puritas Housing Corporation, Rosalind-Amesbury Housing Assistance Corporation, Cleveland-Rock Glen Housing Assistance Corporation, and Chester Village Housing Incorporated, the members of which are all the same. The Authority’s Board of Commissioners must approve all actions of the instrumentalities and, upon their dissolution, all assets and residual receipts are to be distributed to the Authority. These Section 8 nonprofit corporations have no employees, perform no day-to-day functions, and the officers thereof serve in a non-paid status. There are no assets or liabilities in these corporations and there were no revenues earned or expenses incurred during 2003 and 2002.

Joint Venture—The Authority is a member of the Housing Authority Risk Retention Group (“HARRG”) and the Housing Authority Property Insurance, Inc. (“HAPI”). HARRG and HAPI are nonprofit, tax exempt mutual insurance companies that are wholly owned by their public housing authority members. HARRG operates under the Federal Liability Risk Retention Act. It provides liability insurance coverages solely to public housing authorities and public housing and redevelopment agencies throughout the United States. HAPI is a captive insurance company formed pursuant to the Vermont Captive Insurance Companies Act. It provides property insurance to public housing authorities and public housing and redevelopment authorities throughout the United States. The Board of Directors is elected by HARRG’s approximately 742 members. The number of votes granted to each member is based upon premiums paid and is limited to a maximum of 10 percent of the total votes available. Due to the lack of significant oversight responsibility and accountability of the Authority’s Board of Commissioners for actions, operations, and fiscal matters of HARRG and HAPI, the degree of financial interdependency is considered insufficient to warrant inclusion of these organizations within the Authority’s reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

- a. *Cash and Cash Equivalents*—Cash and cash equivalents include investments with original maturities of three months or less. Cash and cash equivalents are stated at fair value.
- b. *Investments*—Investments are stated at fair value.
- c. *Capital Assets*—Capital assets, including land, property and equipment, are recorded at cost. Property and equipment are depreciated over the estimated useful lives of the assets, which are as follows:

Property	15 - 40 Years
Equipment	3 - 7 Years

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

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

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

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

- m. *Reclassifications*—Certain reclassifications have been made to the 2002 financial statements to conform with the 2003 presentation.

3. DEPOSITS AND INVESTMENTS

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

Under Ohio law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (“FDIC”), or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority’s name.

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

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

Deposits:

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

Investments:

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

Deposits—At year-end, the carrying amount of the Authority’s deposits was \$26,063,081 and the bank balance was \$24,687,061, the difference representing outstanding checks and other in-transit items. Of the bank balance, \$400,000 was covered by federal depository insurance, \$6,917,805 was collateralized with securities held at the Federal Reserve Bank, \$954,043 was covered by pooled collateral held by the financial institution, and \$16,415,213 was uninsured and uncollateralized as defined by GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority’s name, as permitted under Ohio law.

Investment—The Authority’s investments at December 31, 2003 are classified by risk category as follows:

Description	Risk Categories			Total Fair Value/ Carrying Value
	1	2	3	
Federal National Mortgage Association discount notes	\$ 1,000,000	\$ 1,634,706		\$ 2,634,706
Federal Home Loan Mortgage Corp. securities	1,000,000	1,099,398		2,099,398
Federal Home Loan Bank securities	500,000	1,119,435		1,619,435
United States Treasury note		403,187		403,187
Subtotal	<u>\$ 2,500,000</u>	<u>\$ 4,256,726</u>		6,756,726
Money market fund				<u>2,707,262</u>
Total primary government investments				<u>\$ 9,463,988</u>

A reconciliation of cash and investments as shown on the statement of net assets at December 31, 2003 and 2002 to the deposits and investments included in this note is as follows:

	2003	2002
Cash and cash equivalents	\$23,683,425	\$21,646,099
Investments	4,085,147	5,459,501
Cash and investments—restricted:		
Current asset	4,871,352	4,314,656
Non-current asset	<u>2,887,145</u>	<u>3,122,716</u>
Total	<u>\$35,527,069</u>	<u>\$34,542,972</u>
Carrying amount of deposits	\$26,063,081	\$23,199,993
Carrying amount of investments	<u>9,463,988</u>	<u>11,342,979</u>
Total	<u>\$35,527,069</u>	<u>\$34,542,972</u>

4. RESTRICTED CASH AND INVESTMENTS

At December 31, 2003 and 2002, the Authority had the following cash and investments, the use of which was restricted under the terms of various grant programs, debt obligations, and other requirements:

	2003	2002
Conventional Program:		
Tenant security deposits	\$ 944,621	\$ 934,148
Industrial Commission of Ohio escrow fund	3,269,571	2,774,652
CMHA Charities Fund, Inc.	58,337	40,849
Homeownership Program:		
Earned home payment account and nonroutine maintenance reserves	286,975	283,438
Ambleside:		
Tenant security deposits	35,121	34,764
Nonroutine maintenance reserves	353,573	770,421
Debt amortization funds	996,709	929,711
Severance:		
Tenant security deposits	76,087	75,448
Nonroutine maintenance reserves	1,249,888	1,139,146
Quarrytown:		
Tenant security deposits	35,825	35,806
Nonroutine maintenance reserves	<u>451,790</u>	<u>418,989</u>
	<u>\$7,758,497</u>	<u>\$7,437,372</u>

5. CAPITAL ASSETS

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

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

Capital asset activity for the year ended December 31, 2002 was as follows:

	Balance January 1, 2002	Additions	Deletions	December 31, 2002
Capital Assets Not Being Depreciated:				
Land	\$ 23,605,289	\$	\$ (29,564)	\$ 23,575,725
Construction in progress (net change)	<u>4,594,406</u>	<u> </u>	<u>(2,988,118)</u>	<u>1,606,288</u>
Total capital assets not being depreciated	<u>28,199,695</u>	<u> </u>	<u>(3,017,682)</u>	<u>25,182,013</u>
Capital Assets Being Depreciated:				
Property and equipment	565,866,708	17,610,090	(1,981,878)	581,494,920
Less accumulated depreciation	<u>343,394,338</u>	<u>29,867,715</u>	<u>(1,852,348)</u>	<u>371,409,705</u>
Total Capital Assets Being Depreciated, Net	<u>222,472,370</u>	<u>(12,257,625)</u>	<u>(129,530)</u>	<u>210,085,215</u>
Capital Assets, Net	<u>\$ 250,672,065</u>	<u>\$ (12,257,625)</u>	<u>\$ (3,147,212)</u>	<u>\$ 235,267,228</u>

The Authority maintains detailed records that track fixed assets by category. The following schedules list fixed asset balances for individual programs at December 31, 2003 and 2002:

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

Programs	2002				
	Land	Property	Equipment	Accumulated Depreciation	Net
Conventional Low-Rent Housing Program	\$23,118,263	\$ 554,908,238	\$15,681,285	\$ (364,527,572)	\$ 229,180,214
Homeownership Program	119,622	1,488,680	29,602	(893,433)	744,471
Housing Choice Voucher and Moderate Rehabilitation Programs			668,036	(260,672)	407,364
Title V	278,000	1,542,000	64,102	(912,516)	971,586
Section 8 New Construction Housing Assistance Payment Programs:					
Ambleside	59,840	5,920,686	299,443	(3,920,119)	2,359,850
Severance		362,440	238,845	(219,030)	382,255
Quarrytown			306,003	(175,952)	130,051
Other		<u>960,736</u>	<u>631,112</u>	<u>(500,411)</u>	<u>1,091,437</u>
Total	<u>\$23,575,725</u>	<u>\$ 565,182,780</u>	<u>\$17,918,428</u>	<u>\$ (371,409,705)</u>	<u>\$ 235,267,228</u>

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses at December 31, 2003 and 2002 consist of the following items:

	2003	2002
Payroll and related accruals	\$5,063,649	\$5,362,516
Workers' compensation—current portion	1,000,000	1,000,000
Construction claims		835,000
Other litigation reserves	696,100	834,321
Employee medical benefits (See Note 9)		442,000
Other	<u>1,986,913</u>	<u>1,252,924</u>
Total	<u>\$8,746,662</u>	<u>\$9,726,761</u>

The utility allowance payable to HUD at December 31, 2002 represents the estimated excess of the subsidy received from HUD for utility costs for 2002 (noncurrent liability) and 2001 (current liability) over the actual utility costs incurred. As of May 2004, HUD is no longer permitted to make utility adjustments. Public housing authorities were instructed to write-off any amounts associated with the utility allowance, whether due to or due from HUD. Accordingly, as of December 31, 2003, the Authority wrote-off all unresolved utility allowance adjustments resulting in an increase of \$6.3 million in HUD operating subsidies in 2003.

7. DEBT AND LEASE OBLIGATIONS

Ambleside Bonds:

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

The bonds are secured by a pledge of all revenues generated by the Ambleside project, including the housing assistance payments from HUD, and by a mortgage on the Ambleside property. The serial bonds are payable in June and December of each year through December 2005 and bear interest at rates ranging from 6.55 percent to 6.75 percent. The term bond matures on June 1, 2018 and bears interest at a rate of 7.00 percent.

The following is a summary of Ambleside's future debt service requirements for bonds payable as of December 31, 2003 :

Year	Principal	Interest	Total
2004	\$ 275,000	\$ 448,700	\$ 723,700
2005	290,000	431,532	721,532
2006		411,600	411,600
2007		411,600	411,600
2008		411,600	411,600
2009-2013		2,058,000	2,058,000
2014-2018	<u>5,955,000</u>	<u>1,881,456</u>	<u>7,836,456</u>
Total payments	6,520,000	6,054,488	12,574,488
Less—unamortized bond discount	<u>(258,022)</u>		<u>(258,022)</u>
Total	<u>\$ 6,261,978</u>	<u>\$ 6,054,488</u>	<u>\$ 12,316,466</u>

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

Capital Lease:

In 1997, the Authority entered into a tax exempt capital lease to acquire equipment to upgrade the heating and energy efficiency of several properties. The agreement expires in September 2010. At December 31, 2003 and 2002, the net book value of equipment under capital lease was \$4,439,692 and \$4,900,589, respectively.

Payments under the agreement are as follows:

2004	\$ 785,969
2005	785,969
2006	785,969
2007	785,969
2008	785,969
2009-2010	<u>1,369,442</u>
	5,299,287
Less amount representing interest	<u>(867,649)</u>
Principal amount	<u>\$ 4,431,638</u>

A roll-forward of the Authority's long-term debt and capital lease in 2003 follows:

	Balance January 1, 2003	Increase	Decrease	Balance December 31, 2003	Due Within One Year
Ambleside Bonds	\$ 6,505,290	\$ -	\$ (243,312)	\$ 6,261,978	\$ 263,141
Capital Lease	<u>4,962,324</u>	<u> </u>	<u>(530,686)</u>	<u>4,431,638</u>	<u>560,063</u>
Total	<u>\$ 11,467,614</u>	<u>\$ -</u>	<u>\$ (773,998)</u>	<u>\$ 10,693,616</u>	<u>\$ 823,204</u>

Other Lease Obligations:

The Authority has entered into long-term operating lease agreements with private developers for the Severance and Quarrytown buildings and administers the Section 8 New Construction Housing Assistance Payments Programs for these facilities. The Authority manages these properties and prepares all the necessary reports for HUD. The annual contributions contracts between Severance and Quarrytown are between HUD and the Authority. For 2003 and 2002, the total expense recognized under these operating leases was \$1,885,687 and \$1,830,857, respectively.

The Authority entered into agreements to lease two separate facilities to house warehouse and centralized maintenance operations. Total expense recognized under these operating leases was \$407,748 and \$236,958 in 2003 and 2002, respectively. The Authority also leases office equipment under various operating leases. Total expense recognized under these operating leases was \$239,251 in 2003 and \$255,910 in 2002.

Future minimum lease payments are as follows:

Year	Severance	Quarrytown	Warehouses	Office Equipment	Total
2004	\$ 1,044,345	\$ 881,602	\$ 318,332	\$ 243,479	\$ 2,487,758
2005	1,093,574	882,011	94,333	187,951	2,257,869
2006	1,093,574	882,011		109,012	2,084,597
2007	1,093,574	624,758		18,887	1,737,219
2008	<u>956,877</u>	<u> </u>	<u> </u>	<u> </u>	<u>956,877</u>
	<u>\$5,281,944</u>	<u>\$3,270,382</u>	<u>\$ 412,665</u>	<u>\$ 559,329</u>	<u>\$ 9,524,320</u>

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

8. RETIREMENT BENEFITS

Employees and Plan—Employees of the Authority belong to the Ohio Public Employees Retirement System of Ohio (“OPERS”), a state-wide and state-administered defined benefit, cost-sharing multi-governmental employer pension plan, as required by the Ohio Revised Code. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

OPERS administers three separate pension plans as described below:

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees other than law enforcement personnel are required to contribute 8.5 percent of their annual covered salary to OPERS. The 2003 employer contribution rate for local government employer units is 13.55 percent of covered payroll including 5.0 percent that was used to fund postretirement health care benefits. The Authority’s total contributions to OPERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 2003, 2002 and 2001 were \$3,305,498, \$3,051,316 and \$3,073,763, respectively, which were equal to the required contributions for each year.

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

A portion of each employer’s contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The portion of the employer contribution rate used to fund health care for 2003 and 2002 was 5.0 percent of covered payroll. During 2003 and 2002, \$1,933,009 and \$1,784,394, respectively, of the Authority’s total contribution to OPERS was used for postretirement benefits.

OPERS’ latest actuarial review performed as of December 31, 2002. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually. The investment return assumption

for 2002 was 8 percent. Active employee payroll is assumed to increase 4 percent, compounded annually, and assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4 percent base increase, were assumed to range from 0.5 percent to 6.3 percent. Finally, health care costs were assumed to increase 4 percent annually.

The number of active contributing participants was 364,881 at December 31, 2002 (latest information available). The actuarial value of OPERS' net assets available for benefits at December 31, 2002 was \$10.0 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$16.4 billion, respectively.

In December 2001, OPERS adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan is being offered to all persons newly hired in an OPERS covered-position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, incorporates a cafeteria approach, offering a more broad range of health care options. The plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the previous ten-year "cliff" eligibility standard for the plan. The benefit recipient is free to select the option that best meets their needs. Recipients fund health care costs in excess of their monthly health care benefit. The plan also offers a spending account feature, enabling the benefit recipient to apply his or her allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

9. INSURANCE COVERAGE AND RISK RETENTION

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

As described in Note 1, the Authority is a member of HARRG, which is a comprehensive general liability insurance group operated as a joint venture by its 742 public housing authority members. Through HARRG, the Authority carries \$5,000,000 of general liability coverage, with a \$25,000 deductible, as well as \$1,000,000 of law enforcement liability, with a \$10,000 deductible, and \$2,000,000 of public officials' errors and omissions coverage, with a \$25,000 deductible.

The Authority is also a member of HAPI, which is a property insurance group operated as a joint venture by its 792 public housing authority members. Through HAPI, the Authority carries building and contents coverage aggregating \$755,892,276 with a \$10,000 deductible.

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

The Authority is self-insured for the following risks:

- *Health Benefits*—Prior to 2003, the Authority was self-insured with respect to certain health benefit programs offered to its employees. Effective January 1, 2003, all health benefit programs are fully insured through commercial insurance carriers.
- *Workers' Compensation Benefits*—The Authority is self-insured for workers' compensation benefits provided to its employees. An excess liability policy provides coverage for individual claims that are greater than \$350,000 per individual occurrence and \$10,000,000 in the aggregate. The Authority has recorded a \$2,850,000 liability for self-insured workers' compensation claims in its Conventional Program and is fully funded at December 31, 2003.
- *Employee Termination and Other Third-Party Liability Matters*—The Authority is self-insured for certain employee termination and miscellaneous third-party claims that are not covered by HARRG.

The changes in the Authority's liabilities for self-insured risks for the years ended December 31, 2003 and 2002 were as follows:

	Health Benefits	Workers' Compensation Benefits	Employee Termination and Other
Balance—January 1, 2002	\$ 328,000	\$ 2,859,000	\$ 1,760,546
Incurred claims, net of changes in estimates	1,754,988	1,058,192	(233,670)
Payments	<u>(1,640,988)</u>	<u>(952,192)</u>	<u>(692,555)</u>
Balance—December 31, 2002	442,000	2,965,000	834,321
Incurred claims, net of changes in estimates	(128,798)	797,587	23,400
Payments	<u>(313,202)</u>	<u>(912,587)</u>	<u>(161,621)</u>
Balance—December 31, 2003	<u>\$ -</u>	<u>\$ 2,850,000</u>	<u>\$ 696,100</u>

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

The Authority strictly adheres to a Risk Control Work Plan policy that incorporates nine standards for risk management. The policy, passed by resolution of the Board of Commissioners and supported by HARRG, seeks to implement risk management activities that include the assignment of a full time risk control administrator, establishment of an active risk control committee, together with a formal self inspection and preventive maintenance program. Other standards include conducting on-site risk control training and education, the development of emergency action plans and property conservation programs and the establishment of an accident and incident investigation program. During 2003 and 2002, there were no significant reductions in the Authority's insurance coverage.

The Authority paid \$413,746 and \$234,690 in premiums to HARRG and \$796,744 and \$405,383 in premiums to HAPI for the years ended December 31, 2003 and 2002, respectively. Settled claims have not exceeded the Authority's insurance coverage in any of the past three years.

10. CONTINGENCIES

Certain unresolved compliance findings and questioned costs approximating \$10.3 million exist that arose from audits of the Authority's financial statements and grant programs for fiscal 2003 and prior years. The ultimate resolution of the compliance findings and questioned costs is not presently determinable. No provision has been made in the financial statements for the effect, if any, of such contingencies.

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

11. DEFICITS IN INDIVIDUAL FUNDS

The Ambleside Fund has an overall net asset deficit of \$3,142,062 as of December 31, 2003 resulting from accumulated depreciation on the building and other fixed assets. Management believes that operating revenues will be adequate to cover its debt service and operating expenses in the future.

12. NEW ACCOUNTING STANDARDS

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

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

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

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2003

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (DIRECT PROGRAMS)		
Conventional Low-Income Housing Programs:		
Subsidy	14.850	\$ 52,668,248
Development	14.850	<u>450,239</u>
Subtotal CFDA #14.850	14.850	<u>53,118,487</u>
Section 8 New Construction and Moderate Rehabilitation Programs:		
New Construction—Ambleside	14.182	1,067,150
New Construction—Severance	14.182	1,015,369
New Construction—Quarrytown	14.182	<u>1,093,652</u>
Subtotal CFDA #14.182		3,176,171
Moderate Rehabilitation	14.856	<u>4,734,998</u>
Subtotal CFDA #14.182/14.856 (Section 8 Project-Based Cluster)		7,911,169
Housing Choice Voucher	14.871	<u>90,312,172</u>
Subtotal CFDA #14.182/14.856/14.871		<u>98,223,341</u>
Comprehensive Grant Program		
Comprehensive Grant Program—1999	14.859	<u>1,014,089</u>
Subtotal CFDA #14.859		<u>1,014,089</u>
Capital Fund Program		
Capital Fund Program—2000	14.872	15,988,687
Capital Fund Program—2001	14.872	19,411,530
Capital Fund Program—2002	14.872	6,873,857
Capital Fund Program—2003	14.872	<u>3,573,030</u>
Subtotal CFDA #14.872		<u>45,847,104</u>
Subtotal CFDA #14.859/14.872		<u>46,861,193</u>
Urban Revitalization Development Grant	14.866	<u>4,541,771</u>
Homeownership Program	14.851	<u>420,803</u>
Supportive Housing Program	14.235	<u>668,136</u>
Resident Opportunities and Supportive Services	14.870	<u>265,939</u>
Public Housing Tenant Opportunity Program	14.853	<u>28,390</u>
Drug Elimination Grant—2000	14.854	486
Drug Elimination Grant—2001	14.854	1,253,923
Youth Violence Grant	14.854	<u>361,731</u>
Subtotal CFDA #14.854		<u>1,616,140</u>
Multifamily Property Disposition	14.199	<u>87,543</u>
Total U.S. Department of Housing and Urban Development		<u>205,831,743</u>
DEPARTMENT OF JUSTICE—Public Safety Partnership and Community Policing Grants (Direct program)	16.710	<u>48,100</u>
Total expenditures of federal awards		<u>\$ 205,879,843</u>

See notes to Supplemental Schedule of Expenditures of Federal Awards.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

NOTES TO THE SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2003

1. BASIS OF PRESENTATION

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

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

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

2. SUBRECIPIENTS

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

Program Title	Subrecipient	Federal CFDA No.	2003 Grant Expenditures
Section 8 Moderate Rehabilitation	Amesbury Rosalind	14.856	\$ 570,106
Section 8 Moderate Rehabilitation	Puritas Place	14.856	712,130
Conventional Low-Rent	Progressive Action Council	14.850	349,498

3. MORTGAGE REVENUE BONDS

As shown in the table below, the Authority had subordinate multifamily housing mortgage revenue bonds (the "bonds") outstanding at December 31, 2003 under the Multifamily Property Disposition Grant. The provisions of the grant agreement pertaining to the bonds impose continuing compliance requirements.

Program Title	Federal CFDA No.	Bonds Outstanding at December 31, 2003
Multifamily Property Disposition	14.199	\$ 4,000,000

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Development	Public Housing Comprehensive Improvement Assistance Program
111	Cash - Unrestricted	\$ 4,751,819	\$ 108,917	\$ 580,316	\$ 2,337	\$ 14,589,636	\$ -	\$ -
113	Cash - Other Restricted	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	147,032	-	-	944,621	-	-
100	Total Cash	4,751,819	255,949	580,316	2,337	15,534,257	-	-
122	Accounts Receivable - HUD Other Projects	-	-	492,976	138,310	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	19,954	-	109,532	-	4,607	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	3,022	3,805	-	578,054	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	(1,965)	(2,566)	-	(350,300)	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	4,218	-	-
120	Total Receivables, net of allowances for doubtful accounts	19,954	1,057	603,747	138,310	236,579	-	-
135	Investments - Restricted for Payment of Current Liabilities	-	269,708	-	-	1,000,000	-	-
132	Investments Restricted	-	2,782,252	-	-	1,681,798	-	-
142	Prepaid Expenses and Other Assets	-	1,064	-	-	239,446	-	-
143	Inventories	-	-	-	-	1,484,473	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	(296,463)	-	-
144	Interprogram Due From	-	-	-	-	6,569,123	-	-
150	Total Current Assets	4,771,773	3,310,030	1,184,063	140,647	26,449,213	-	-
161	Land	278,000	59,840	-	-	23,118,263	-	-
162	Buildings	1,542,000	6,286,600	960,737	-	227,787,474	-	130,430,595
163	Furniture, Equipment & Machinery - Dwellings	30,734	897,888	-	-	4,536,388	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	7,609,482	-	-
165	Leasehold Improvements	-	-	-	-	-	-	-
166	Accumulated Depreciation	(908,534)	(4,575,831)	(441,968)	-	(187,859,362)	-	(106,613,868)
167	Construction In Progress	-	-	-	-	440,998	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	942,200	2,668,497	518,769	-	75,633,243	-	23,816,727
174	Other Assets	-	177,294	-	-	616,291	-	-
180	Total Non-Current Assets	942,200	2,845,791	518,769	-	76,249,534	-	23,816,727
190	Total Assets	\$ 5,713,973	\$ 6,155,821	\$ 1,702,832	\$ 140,647	\$ 102,698,747	\$ -	\$ 23,816,727

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005
111	Cash - Unrestricted	\$ 4,739	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -
113	Cash - Other Restricted	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-
100	Total Cash	4,739	20	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	18,008	246,190	-	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	18,008	246,190	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
132	Investments Restricted	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144	Interprogram Due From	-	-	1,216,947	75,291	-	101,838	21,229
150	Total Current Assets	22,747	246,210	1,216,947	75,291	-	101,838	21,229
161	Land	-	-	-	-	-	-	-
162	Buildings	-	-	-	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	18,829	485,225	-	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-	-
166	Accumulated Depreciation	(5,946)	(212,076)	-	-	-	-	-
167	Construction In Progress	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	12,883	273,149	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-
180	Total Non-Current Assets	12,883	273,149	-	-	-	-	-
190	Total Assets	\$ 35,630	\$ 519,359	\$ 1,216,947	\$ 75,291	\$ -	\$ 101,838	\$ 21,229

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing
111	Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 2,353,365	\$ -	\$ -
113	Cash - Other Restricted	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-
100	Total Cash	-	-	-	-	2,353,365	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	442	2,073,979
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	-	-	-	-	-	442	2,073,979
135	Investments - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
132	Investments Restricted	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144	Interprogram Due From	7,007	105,076	-	3,371,776	-	-	-
150	Total Current Assets	7,007	105,076	-	3,371,776	2,353,365	442	2,073,979
161	Land	-	-	-	-	-	-	-
162	Buildings	-	-	-	-	149,208,313	-	39,608,207
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	1,341,074	-	122,518
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-	-
166	Accumulated Depreciation	-	-	-	-	(75,476,514)	-	(20,322,775)
167	Construction In Progress	-	-	-	-	1,014,089	-	186,489
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	-	-	76,086,962	-	19,594,439
174	Other Assets	-	-	-	-	-	-	-
180	Total Non-Current Assets	-	-	-	-	76,086,962	-	19,594,439
190	Total Assets	\$ 7,007	\$ 105,076	\$ -	\$ 3,371,776	\$ 78,440,327	\$ 442	\$ 21,668,418

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Total
111	Cash - Unrestricted	\$ -	\$ 2,580,377	\$ 646,986	\$ -	\$ -	\$ -	\$ 2,737,589	\$ 28,356,101
113	Cash - Other Restricted	-	-	-	-	-	58,581	-	58,581
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	1,091,653
100	Total Cash	-	2,580,377	646,986	-	-	58,581	2,737,589	29,506,335
122	Accounts Receivable - HUD Other Projects	34,097	935,007	6,831,040	-	-	-	-	10,770,049
124	Accounts Receivable - Other Government	-	-	-	43,759	362,749	-	-	406,508
125	Accounts Receivable - Miscellaneous	-	572,061	-	-	-	51,765	-	757,919
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	-	-	74,855	659,736
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	(53,039)	(407,870)
126.2	Allowance for Doubtful Accounts - Other	-	(247,217)	-	-	-	-	-	(247,217)
128	Fraud Recovery	-	299,889	-	-	-	-	-	299,889
128.1	Allowance for Doubtful Accounts - Fraud	-	(262,580)	-	-	-	-	-	(262,580)
129	Accrued Interest Receivable	-	-	-	-	-	-	-	4,218
120	Total Receivables, net of allowances for doubtful accounts	34,097	1,297,160	6,831,040	43,759	362,749	51,765	21,816	11,980,652
135	Investments - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	285,153	1,554,861
132	Investments Restricted	-	-	-	-	-	-	1,822	4,465,872
142	Prepaid Expenses and Other Assets	-	134,420	-	-	-	-	-	374,930
143	Inventories	-	-	-	-	-	-	-	1,484,473
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	(296,463)
144	Interprogram Due From	-	-	-	-	-	-	28,844	11,497,131
150	Total Current Assets	34,097	4,011,957	7,478,026	43,759	362,749	110,346	3,075,224	60,567,791
161	Land	-	-	-	-	-	-	106,681	23,562,784
162	Buildings	-	-	11,976,152	-	-	-	1,396,515	569,196,593
163	Furniture, Equipment & Machinery - Dwellings	-	-	2,165,547	-	-	-	18,488	9,112,637
164	Furniture, Equipment & Machinery - Administration	1,728	923,905	-	139,731	1,790	-	13,828	9,194,518
165	Leasehold Improvements	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(634)	(392,545)	(1,531,165)	(36,043)	(477)	-	(886,562)	(399,264,300)
167	Construction In Progress	-	177,442	16,443,823	-	-	-	28,846	18,291,687
160	Total Fixed Assets, Net of Accumulated Depreciation	1,094	708,802	29,054,357	103,688	1,313	-	677,796	230,093,919
174	Other Assets	-	-	-	-	-	-	-	793,585
180	Total Non-Current Assets	1,094	708,802	29,054,357	103,688	1,313	-	677,796	230,887,504
190	Total Assets	\$ 35,191	\$ 4,720,759	\$ 36,532,383	\$ 147,447	\$ 364,062	\$ 110,346	\$ 3,753,020	\$ 291,455,295

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Development	Public Housing Comprehensive Improvement Assistance Program
312	Accounts Payable <= 90 Days	\$ 27,208	\$ 99,236	\$ 9,008	\$ 121,134	\$ 5,604,163	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	-	13,701	-	415	2,534,798	-	-
322	Accrued Compensated Absences-Current Portion	-	-	-	-	2,111,427	-	-
325	Accrued Interest Payable	-	37,893	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	577,844	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	94,022	6,210	-	957,406	-	-
342	Deferred Revenues	-	1,500	3,688	-	6,794	-	-
	Current Portion of Long-term Debt - Capital Projects/Mortgage							
343	Revenue Bonds	-	263,141	-	-	560,063	-	-
345	Other Current Liabilities	1,049,385	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	240,000	-	-	2,141,425	-	-
347	Interprogram Due To	950,315	643,126	364,225	19,098	-	-	-
310	Total Current Liabilities	2,026,908	1,392,619	960,975	140,647	13,916,076	-	-
	Long-term Debt, Net of Current - Capital Projects/Mortgage							
351	Revenue Bonds	-	5,998,837	-	-	3,871,575	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	1,850,000	-	-
350	Total Noncurrent Liabilities	-	5,998,837	-	-	5,721,575	-	-
300	Total Liabilities	2,026,908	7,391,456	960,975	140,647	19,637,651	-	-
508	Total Contributed Capital	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	942,200	(3,593,481)	518,769	-	71,201,605	-	23,816,727
511	Total Reserved Fund Balance	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	3,051,960	-	-	-	-	-
512.1	Unrestricted Net Assets	2,744,865	(694,114)	223,088	-	11,859,491	-	-
513	Total Equity/Net Assets	3,687,065	(1,235,635)	741,857	-	83,061,096	-	23,816,727
600	Total Liabilities and Equity/Net Assets	\$ 5,713,973	\$ 6,155,821	\$ 1,702,832	\$ 140,647	\$ 102,698,747	\$ -	\$ 23,816,727

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005
312	Accounts Payable <= 90 Days	\$ -	\$ 167,253	\$ -	\$ -	\$ -	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	-	14,158	-	-	-	-	-
322	Accrued Compensated Absences-Current Portion	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-	-
342	Deferred Revenues	22,747	-	-	-	-	-	-
	Current Portion of Long-term Debt - Capital Projects/Mortgage							
343	Revenue Bonds	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-
347	Interprogram Due To	-	64,799	-	-	6,192	-	-
310	Total Current Liabilities	22,747	246,210	-	-	6,192	-	-
	Long-term Debt, Net of Current - Capital Projects/Mortgage							
351	Revenue Bonds	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	-	-	-
300	Total Liabilities	22,747	246,210	-	-	6,192	-	-
508	Total Contributed Capital	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	12,883	273,149	-	-	-	-	-
511	Total Reserved Fund Balance	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	-	-	1,216,947	75,291	(6,192)	101,838	21,229
513	Total Equity/Net Assets	12,883	273,149	1,216,947	75,291	(6,192)	101,838	21,229
600	Total Liabilities and Equity/Net Assets	\$ 35,630	\$ 519,359	\$ 1,216,947	\$ 75,291	\$ -	\$ 101,838	\$ 21,229

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing
312	Accounts Payable <= 90 Days	\$ -	\$ -	\$ -	\$ -	\$ 29,700	\$ -	\$ 1,525,558
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	16,541
322	Accrued Compensated Absences-Current Portion	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	2,353,365	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-	-
342	Deferred Revenues	-	-	-	-	-	-	-
	Current Portion of Long-term Debt - Capital Projects/Mortgage							
343	Revenue Bonds	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-
347	Interprogram Due To	-	-	105,420	-	-	442	844,451
310	Total Current Liabilities	-	-	105,420	-	2,383,065	442	2,386,550
	Long-term Debt, Net of Current - Capital Projects/Mortgage							
351	Revenue Bonds	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	-	-	-	-	-	-	-
300	Total Liabilities	-	-	105,420	-	2,383,065	442	2,386,550
508	Total Contributed Capital	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	-	-	-	-	76,086,962	-	19,594,439
511	Total Reserved Fund Balance	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	7,007	105,076	(105,420)	3,371,776	(29,700)	-	(312,571)
513	Total Equity/Net Assets	7,007	105,076	(105,420)	3,371,776	76,057,262	-	19,281,868
600	Total Liabilities and Equity/Net Assets	\$ 7,007	\$ 105,076	\$ -	\$ 3,371,776	\$ 78,440,327	\$ 442	\$ 21,668,418

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Total
312	Accounts Payable <= 90 Days	\$ 11,760	\$ 944,416	\$ 8,582,745	\$ -	\$ 141,094	\$ 244	\$ 87,024	\$ 17,350,543
321	Accrued Wage/Payroll Taxes Payable	4,727	100,620	261,374	-	1,429	-	4,459	2,952,222
322	Accrued Compensated Absences-Current Portion	-	-	-	-	-	-	-	2,111,427
325	Accrued Interest Payable	-	-	-	-	-	-	-	37,893
331	Accounts Payable - HUD PHA Programs	-	-	501,564	-	-	-	-	3,432,773
333	Accounts Payable - Other Government	-	-	-	-	2,252	-	-	2,252
341	Tenant Security Deposits	-	345,449	-	-	-	-	166,898	1,569,985
342	Deferred Revenues	-	-	-	-	-	-	-	34,729
	Current Portion of Long-term Debt - Capital Projects/Mortgage								
343	Revenue Bonds	-	-	-	-	-	-	-	823,204
345	Other Current Liabilities	-	-	-	-	-	-	14,183	1,063,568
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	2,381,425
347	Interprogram Due To	17,610	7,400,691	819,029	43,759	217,974	-	-	11,497,131
310	Total Current Liabilities	34,097	8,791,176	10,164,712	43,759	362,749	244	272,564	43,257,152
	Long-term Debt, Net of Current - Capital Projects/Mortgage								
351	Revenue Bonds	-	-	-	-	-	-	-	9,870,412
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	1,850,000
350	Total Noncurrent Liabilities	-	-	-	-	-	-	-	11,720,412
300	Total Liabilities	34,097	8,791,176	10,164,712	43,759	362,749	244	272,564	54,977,564
508	Total Contributed Capital	-	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	1,094	708,802	29,054,357	103,688	1,313	-	677,796	219,400,303
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-	3,051,960
512.1	Unrestricted Net Assets	-	(4,779,219)	(2,686,686)	-	-	110,102	2,802,660	14,025,468
513	Total Equity/Net Assets	1,094	(4,070,417)	26,367,671	103,688	1,313	110,102	3,480,456	236,477,731
600	Total Liabilities and Equity/Net Assets	\$ 35,191	\$ 4,720,759	\$ 36,532,383	\$ 147,447	\$ 364,062	\$ 110,346	\$ 3,753,020	\$ 291,455,295

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Development	Public Housing Comprehensive Improvement Assistance Program
703	Net Tenant Rental Revenue	\$ -	\$ 1,344,215	\$ 131,535	\$ -	\$ 11,653,855	\$ -	\$ -
704	Tenant Revenue - Other	-	-	-	-	207,702	-	-
705	Total Tenant Revenue	-	1,344,215	131,535	-	11,861,557	-	-
706	HUD PHA Operating Grants	-	3,176,171	87,543	668,136	52,658,011	450,239	-
706.1	Capital Grants	-	-	-	-	10,237	-	-
708	Other Government Grants	-	-	-	-	-	-	-
711	Investment Income - Unrestricted	-	-	-	-	163,099	-	-
715	Other Revenue	153,214	46,627	-	-	1,569,170	-	-
716	Gain/Loss on Sale of Fixed Assets	(2,726)	(1,060)	-	-	1,274	-	-
720	Investment Income - Restricted	-	152,312	-	-	109,000	-	-
700	Total Revenue	150,488	4,718,265	219,078	668,136	66,372,348	450,239	-
911	Administrative Salaries	-	212,195	-	23,607	13,054,842	-	-
912	Auditing Fees	-	-	-	-	110,978	-	-
913	Outside Management Fees	-	5,000	-	-	140,574	-	-
915	Employee Benefit Contributions - Administrative	-	58,349	-	-	4,014,523	-	-
916	Other Operating - Administrative	114,663	990,325	20,884	9,581	1,216,885	-	-
921	Tenant Services - Salaries	-	-	-	-	667,366	-	-
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	205,223	-	-
924	Tenant Services - Other	4,621	1,168	-	631,838	901,369	-	-
931	Water	-	42,339	19,480	-	5,704,453	-	-
932	Electricity	-	119,828	813	-	5,398,192	-	-
933	Gas	-	52,109	28,429	-	6,731,075	-	-
934	Fuel	-	-	-	-	131,769	-	-
941	Ordinary Maintenance and Operations - Labor	-	214,298	-	3,110	11,363,622	-	-
942	Ordinary Maintenance and Operations - Materials and Other	-	107,960	2,566	-	1,909,491	450,239	-
943	Ordinary Maintenance and Operations - Contract Costs	1,400	151,110	3,324	-	3,990,900	-	-
945	Employee Benefit Contributions - Ordinary Maintenance	-	58,927	-	-	3,494,452	-	-
951	Protective Services - Labor	-	-	-	-	195,738	-	-
952	Protective Services - Other Contract Costs	-	696	-	-	392,481	-	-
953	Protective Services - Other	-	-	-	-	145,934	-	-
955	Employee Benefit Contributions - Protective Services	-	-	-	-	60,192	-	-

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
704	Tenant Revenue - Other	-	-	-	-	-	-	-
705	Total Tenant Revenue	-	-	-	-	-	-	-
706	HUD PHA Operating Grants	24,581	1,616,140	378,012	789,129	97,477	968,009	53,850
706.1	Capital Grants	3,809	-	-	-	-	-	-
708	Other Government Grants	-	-	-	-	-	-	-
711	Investment Income - Unrestricted	-	-	-	-	-	-	-
715	Other Revenue	-	-	-	-	-	-	-
716	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-
720	Investment Income - Restricted	-	-	-	-	-	-	-
700	Total Revenue	28,390	1,616,140	378,012	789,129	97,477	968,009	53,850
911	Administrative Salaries	-	167,809	-	-	-	-	-
912	Auditing Fees	-	-	-	-	-	-	-
913	Outside Management Fees	-	-	-	-	-	-	-
915	Employee Benefit Contributions - Administrative	-	-	-	-	-	-	-
916	Other Operating - Administrative	24,581	305,267	32,698	68,260	8,432	83,733	4,658
921	Tenant Services - Salaries	-	316,542	-	-	-	-	-
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-
924	Tenant Services - Other	-	392,767	-	-	-	-	-
931	Water	-	-	-	-	-	-	-
932	Electricity	-	-	-	-	-	-	-
933	Gas	-	-	-	-	-	-	-
934	Fuel	-	-	-	-	-	-	-
941	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	-
942	Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	-	-	-
943	Ordinary Maintenance and Operations - Contract Costs	-	-	-	-	-	-	-
945	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-
951	Protective Services - Labor	-	433,755	-	-	-	-	-
952	Protective Services - Other Contract Costs	-	-	-	-	-	-	-
953	Protective Services - Other	-	-	-	-	-	-	-
955	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
704	Tenant Revenue - Other	-	-	-	-	-	-	-
705	Total Tenant Revenue	-	-	-	-	-	-	-
706	HUD PHA Operating Grants	105,104	671,863	1,671,554	-	-	-	4,179,182
706.1	Capital Grants	-	-	-	-	1,014,089	-	362,589
708	Other Government Grants	-	-	-	-	-	-	-
711	Investment Income - Unrestricted	-	-	-	-	-	-	-
715	Other Revenue	-	-	-	-	-	-	-
716	Gain/Loss on Sale of Fixed Assets	-	-	-	-	(2,801)	-	-
720	Investment Income - Restricted	-	-	-	-	-	-	-
700	Total Revenue	105,104	671,863	1,671,554	-	1,011,288	-	4,541,771
911	Administrative Salaries	-	-	-	-	-	-	-
912	Auditing Fees	-	-	-	-	-	-	-
913	Outside Management Fees	-	-	-	-	-	-	-
915	Employee Benefit Contributions - Administrative	-	-	-	-	-	-	-
916	Other Operating - Administrative	9,091	58,116	144,589	-	-	-	-
921	Tenant Services - Salaries	-	-	-	-	-	-	-
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-
924	Tenant Services - Other	-	-	-	-	-	-	-
931	Water	-	-	-	-	-	-	-
932	Electricity	-	-	-	-	-	-	-
933	Gas	-	-	-	-	-	-	-
934	Fuel	-	-	-	-	-	-	-
941	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	-
942	Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	-	-	-
943	Ordinary Maintenance and Operations - Contract Costs	-	-	-	-	-	-	-
945	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-
951	Protective Services - Labor	-	-	-	-	-	-	-
952	Protective Services - Other Contract Costs	-	-	-	-	-	-	-
953	Protective Services - Other	-	-	-	-	-	-	-
955	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Total
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,019	\$ 13,213,624
704	Tenant Revenue - Other	-	-	-	-	-	-	-	207,702
705	Total Tenant Revenue	-	-	-	-	-	-	84,019	13,421,326
706	HUD PHA Operating Grants	265,939	90,312,172	26,840,013	-	-	-	420,803	185,433,928
706.1	Capital Grants	-	-	19,007,091	12,380	-	-	-	20,410,195
708	Other Government Grants	-	-	-	35,720	503,474	-	-	539,194
711	Investment Income - Unrestricted	-	15,967	-	-	-	-	52,667	231,733
715	Other Revenue	-	327,816	-	-	-	82,055	618	2,179,500
716	Gain/Loss on Sale of Fixed Assets	-	-	(4,922)	-	-	-	85,519	75,284
720	Investment Income - Restricted	-	-	-	-	-	-	1,616	262,928
700	Total Revenue	265,939	90,655,955	45,842,182	48,100	503,474	82,055	645,242	222,554,088
911	Administrative Salaries	-	3,091,228	-	-	17,982	-	102,258	16,669,921
912	Auditing Fees	-	79,800	-	-	-	-	-	190,778
913	Outside Management Fees	-	209,595	-	-	-	-	-	355,169
915	Employee Benefit Contributions - Administrative	-	896,230	-	-	-	-	27,445	4,996,547
916	Other Operating - Administrative	24,612	2,529,325	-	-	76,384	12,802	170,177	5,905,063
921	Tenant Services - Salaries	207,580	-	-	-	42,555	-	-	1,234,043
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	205,223
924	Tenant Services - Other	33,747	-	-	-	320,270	-	-	2,285,780
931	Water	-	-	-	-	-	-	1,370	5,767,642
932	Electricity	-	-	-	-	-	-	10,069	5,528,902
933	Gas	-	-	-	-	-	-	12,849	6,824,462
934	Fuel	-	-	-	-	-	-	-	131,769
941	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	42,310	11,623,340
942	Ordinary Maintenance and Operations - Materials and Other	-	738	-	-	-	-	4,386	2,475,380
943	Ordinary Maintenance and Operations - Contract Costs	-	54,378	-	-	-	-	15	4,201,127
945	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	11,356	3,564,735
951	Protective Services - Labor	-	-	-	-	46,283	-	-	675,776
952	Protective Services - Other Contract Costs	-	-	-	34,520	-	-	-	427,697
953	Protective Services - Other	-	-	-	1,200	-	-	-	147,134
955	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	60,192

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Development	Public Housing Comprehensive Improvement Assistance Program
961	Insurance Premiums	\$ -	\$ 23,410	\$ -	\$ -	\$ 2,537,179	\$ -	\$ -
962	Other General Expenses	(873,511)	7,494	-	-	-	-	-
963	Payments in Lieu of Taxes	-	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	-	2,323	12,704	-	543,414	-	-
966	Bad Debt - Other	-	-	-	-	-	-	-
967	Interest Expense	-	477,618	-	-	255,283	-	-
969	Total Operating Expenses	(752,827)	2,525,149	88,200	668,136	63,165,935	450,239	-
970	Excess Operating Revenue over Operating Expenses	903,315	2,193,116	130,878	-	3,206,413	-	-
971	Extraordinary Maintenance	-	-	22,984	-	440,255	-	-
972	Casualty Losses - Non-Capitalized	-	-	-	-	261,020	-	-
973	Housing Assistance Payments	-	-	-	-	-	-	-
974	Depreciation Expense	26,660	266,423	63,994	-	7,678,352	-	6,360,367
978	Dwelling Units Rent Expense	-	1,885,687	-	-	-	-	-
900	Total Expenses	(726,167)	4,677,259	175,178	668,136	71,545,562	450,239	6,360,367
1001	Operating Transfers In	2,141,326	-	-	-	3,000,000	-	-
1002	Operating Transfers Out	-	(732,397)	-	-	-	-	-
1010	Total Other Financing Sources (Uses)	2,141,326	(732,397)	-	-	3,000,000	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ 3,017,981	\$ (691,391)	\$ 43,900	\$ -	\$ (2,173,214)	\$ -	\$ (6,360,367)

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005
961	Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
962	Other General Expenses	-	-	(482)	(972)	(130)	(1,109)	(61)
963	Payments in Lieu of Taxes	-	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	-	-	-	-	-	-	-
966	Bad Debt - Other	-	-	-	-	-	-	-
967	Interest Expense	-	-	-	-	-	-	-
969	Total Operating Expenses	24,581	1,616,140	32,216	67,288	8,302	82,624	4,597
970	Excess Operating Revenue over Operating Expenses	3,809	-	345,796	721,841	89,175	885,385	49,253
971	Extraordinary Maintenance	-	-	-	-	-	-	-
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-
973	Housing Assistance Payments	-	-	339,728	717,529	87,146	879,895	49,046
974	Depreciation Expense	5,112	95,800	-	-	-	-	-
978	Dwelling Units Rent Expense	-	-	-	-	-	-	-
900	Total Expenses	29,693	1,711,940	371,944	784,817	95,448	962,519	53,643
1001	Operating Transfers In	-	-	-	-	-	-	-
1002	Operating Transfers Out	-	-	-	-	-	-	-
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (1,303)	\$ (95,800)	\$ 6,068	\$ 4,312	\$ 2,029	\$ 5,490	\$ 207

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing
961	Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
962	Other General Expenses	(153)	2,100	(711)	-	-	-	-
963	Payments in Lieu of Taxes	-	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	-	-	-	-	-	-	-
966	Bad Debt - Other	-	-	-	-	-	-	-
967	Interest Expense	-	-	-	-	-	-	-
969	Total Operating Expenses	8,938	60,216	143,878	-	-	-	-
970	Excess Operating Revenue over Operating Expenses	96,166	611,647	1,527,676	-	1,011,288	-	4,541,771
971	Extraordinary Maintenance	-	-	-	-	-	-	4,179,181
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-
973	Housing Assistance Payments	93,150	605,116	1,558,492	-	-	-	-
974	Depreciation Expense	-	-	-	-	10,120,321	-	2,624,800
978	Dwelling Units Rent Expense	-	-	-	-	-	-	-
900	Total Expenses	102,088	665,332	1,702,370	-	10,120,321	-	6,803,981
1001	Operating Transfers In	-	-	-	-	-	-	-
1002	Operating Transfers Out	-	-	-	-	-	-	-
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ 3,016	\$ 6,531	\$ (30,816)	\$ -	\$ (9,109,033)	\$ -	\$ (2,262,210)

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Total
961	Insurance Premiums	\$ -	\$ 94,887	\$ -	\$ -	\$ -	\$ -	\$ 12,439	\$ 2,667,915
962	Other General Expenses	-	912,454	-	-	-	-	-	44,919
963	Payments in Lieu of Taxes	-	-	-	-	-	-	14,183	14,183
964	Bad Debt - Tenant Rents	-	-	-	-	-	-	18,044	576,485
966	Bad Debt - Other	-	978	-	-	-	-	-	978
967	Interest Expense	-	-	-	-	-	-	-	732,901
969	Total Operating Expenses	265,939	7,869,613	-	35,720	503,474	12,802	426,901	77,308,061
970	Excess Operating Revenue over Operating Expenses	-	82,786,342	45,842,182	12,380	-	69,253	218,341	145,246,027
971	Extraordinary Maintenance	-	-	23,840,013	-	-	-	58,428	28,540,861
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	261,020
973	Housing Assistance Payments	-	82,471,053	-	-	-	-	-	86,801,155
974	Depreciation Expense	346	141,056	996,752	31,123	358	-	56,288	28,467,752
978	Dwelling Units Rent Expense	-	-	-	-	-	-	-	1,885,687
900	Total Expenses	266,285	90,481,722	24,836,765	66,843	503,832	12,802	541,617	223,264,536
1001	Operating Transfers In	-	-	-	-	-	-	28,846	5,170,172
1002	Operating Transfers Out	-	(1,437,775)	(3,000,000)	-	-	-	-	(5,170,172)
1010	Total Other Financing Sources (Uses)	-	(1,437,775)	(3,000,000)	-	-	-	28,846	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (346)	\$ (1,263,542)	\$ 18,005,417	\$ (18,743)	\$ (358)	\$ 69,253	\$ 132,471	\$ (710,448)

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Development	Public Housing Comprehensive Improvement Assistance Program
1102	Debt Principal Payments - Enterprise Funds	\$ -	\$ 255,000	\$ -	\$ -	\$ 530,686	\$ -	\$ -
1103	Beginning Equity	669,084	(544,244)	697,957	-	85,234,310	-	30,177,094
1113	Maximum Annual Contributions Commitment (Per ACC)	-	-	-	-	-	-	-
	Prorata Maximum Annual Contributions Applicable to a Period							
1114	of less than Twelve Months	-	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	-	-	-	-	-	-
1116	Total Annual Contributions Available	-	-	-	-	-	-	-
		-						
1120	Unit Months Available	-	6,833	384	-	103,093	-	-
1121	Number of Unit Months Leased	-	6,777	346	-	96,925	-	-

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

**SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003**

Line Item #	Account Description	Tenant Opportunity Technical Assistance	Public and Indian Housing Drug Elimination Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0001	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0002	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0003	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0004	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0005
1102	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1103	Beginning Equity	14,186	368,949	1,210,879	70,979	(8,221)	96,348	21,022
1113	Maximum Annual Contributions Commitment (Per ACC)	-	-	392,439	783,632	100,018	866,034	47,367
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	-	21,240	428,642	707,561	45,248	914,669
1116	Total Annual Contributions Available	-	-	413,679	1,212,274	807,579	911,282	962,036
1120	Unit Months Available	-	-	756	1,434	204	1,740	96
1121	Number of Unit Months Leased	-	-	733	1,410	190	1,681	88

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0006	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0007	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitate OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Economic Development and Supportive Services Program	Revitalization of Severely Distressed Public Housing
1102	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1103	Beginning Equity	3,991	98,545	(74,604)	3,371,776	85,166,295	-	21,544,078
1113	Maximum Annual Contributions Commitment (Per ACC)	103,723	281,892	225,879	-	-	-	-
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	65,454	1,280,011	471,441	-	-	-	-
1116	Total Annual Contributions Available	169,177	1,561,903	697,320	-	-	-	-
1120	Unit Months Available	240	1,326	540	-	-	-	-
1121	Number of Unit Months Leased	223	1,244	472	-	-	-	-

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
YEAR ENDED DECEMBER 31, 2003

Line Item #	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Total
1102	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	785,686
1103	Beginning Equity	1,440	(2,806,875)	8,362,254	122,431	1,671	40,849	3,347,985	237,188,179
1113	Maximum Annual Contributions Commitment (Per ACC)	-	89,374,584	-	-	-	-	-	92,175,568
	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-	-	-
1114		-	-	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	100	-	-	-	-	-	3,934,366
1116	Total Annual Contributions Available	-	89,374,684	-	-	-	-	-	96,109,934
		-	-	-	-	-	-	-	-
1120	Unit Months Available	-	154,221	-	-	-	-	445	271,312
1121	Number of Unit Months Leased	-	153,159	-	-	-	-	288	263,536

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF THE STATEMENT OF NET ASSETS TO THE FINANCIAL DATA SCHEDULE DECEMBER 31, 2003

ASSETS	Statement of Net Assets	Reconciling Amount	Financial Data Schedule
Current Assets:			
Cash and cash equivalents	\$ 23,683,425	\$ 4,672,676	1 \$ 28,356,101
Cash - other restricted		58,581	1 58,581
Cash - tenant security deposits		1,091,653	1 1,091,653
Cash and investments - restricted	4,871,352	(405,480)	1 4,465,872
Investments - restricted for payment of current liabilities		1,554,861	1 1,554,861
Investments - unrestricted	4,085,147	(4,085,147)	1 -
Accounts receivable tenant	251,868	407,868	2 659,736
Accounts receivable - HUD	10,770,049	-	2 10,770,049
Accounts receivable - other government	406,508	-	406,508
Accounts receivable - other	551,794	206,125	2/3 757,919
Accounts receivable - interfund		11,497,131	4 11,497,131
Allowance for doubtful accounts - tenant		(407,870)	2 (407,870)
Allowance for doubtful accounts - other		(247,217)	2 (247,217)
Fraud recovery		299,889	2 299,889
Allowance for doubtful accounts - fraud		(262,580)	2 (262,580)
Accrued interest receivable		4,218	2/3 4,218
Inventory	1,188,011	296,462	2 1,484,473
Allowance for obsolete inventory		(296,463)	2 (296,463)
Prepaid expenses and other current assets	373,866	1,064	2/3 374,930
Total current assets	<u>46,182,020</u>	<u>14,385,771</u>	<u>60,567,791</u>
Non-current assets:			
Land, property and equipment:			
Land	23,562,784	-	23,562,784
Property and equipment - net	206,531,135	(206,531,135)	5
Buildings		569,196,593	5 569,196,593
Furniture, equipment and machinery - dwellings		9,112,637	5 9,112,637
Furniture, equipment and machinery - administrative		9,194,518	5 9,194,518
Accumulated depreciation		(399,264,300)	5 (399,264,300)
Construction in progress		18,291,687	5 18,291,687
Land, property and equipment - net	<u>230,093,919</u>	<u>-</u>	<u>230,093,919</u>
Investments - restricted	2,887,145	(2,887,145)	1
Debt issuance costs	177,294	(177,294)	6
Investment in joint venture	616,291	(616,291)	6
Other assets		793,585	6 793,585
Total non-current assets	<u>233,774,649</u>	<u>(2,887,145)</u>	<u>230,887,504</u>
TOTAL ASSETS	<u>279,956,669</u>	<u>11,498,626</u>	<u>291,455,295</u>

(Continued)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF THE STATEMENT OF NET ASSETS TO THE FINANCIAL DATA SCHEDULE DECEMBER 31, 2003

	Statement of Net Assets	Reconciling Amount		Financial Data Schedule
LIABILITIES AND NET ASSETS				
Liabilities:				
Current Liabilities:				
Accounts payable	17,350,549	(6)	13	17,350,543
Accrued wage/payroll taxes payable		2,952,222	7	2,952,222
Accrued Compensated Absences-Current Portion		2,111,427	7	2,111,427
Accrued interest payable		37,893	7	37,893
Accounts payable - HUD	3,435,024	(2,251)	7	3,432,773
Accounts payable - other government		2,252	7	2,252
Accounts payable - interfund		11,497,131	4	11,497,131
Current portion of capital leases	560,063	(560,063)	8	
Accrued expenses	8,746,662	(8,746,662)	7	
Security and other deposits	1,403,087	166,898	7	1,569,985
Deferred revenue		34,729	3/7	34,729
Contingent liabilities		2,381,425	7	2,381,425
Other current liabilities		1,063,568	7	1,063,568
Current portion of long term debt	263,141	560,063	8	823,204
Total current liabilities	<u>31,758,526</u>	<u>11,498,626</u>		<u>43,257,152</u>
Non-Current Liabilities:				
Long term debt - net of current portion	5,998,837	3,871,575	8	9,870,412
Capital leases - net of current portion	3,871,575	(3,871,575)	8	
Other long term liabilities	1,850,000	-	8	1,850,000
Total liabilities	<u>43,478,938</u>	<u>11,498,626</u>		<u>54,977,564</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	219,400,303			219,400,303
Restricted	3,051,960			3,051,960
Unrestricted	14,025,468			14,025,468
TOTAL NET ASSETS	<u>\$ 236,477,731</u>	<u>\$ -</u>		<u>\$ 236,477,731</u>

(Concluded)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS TO THE FINANCIAL DATA SCHEDULE YEAR ENDED DECEMBER 31, 2003

	Statement of Revenues, Expenses and Changes in Net Assets	Reconciling Amount		Financial Data Schedule
OPERATING REVENUES:				
Dwelling rent from tenants	\$ 13,421,326	\$ (207,702)	9	\$ 13,213,624
Tenant revenue - other		207,702	9	207,702
Subsidies and grants (HUD)		185,433,928	9	185,433,928
Grants - other		539,194	9	539,194
Capital grants		20,410,195	9	20,410,195
Investment income - unrestricted		231,733	10	231,733
Investment income - restricted		262,928	10	262,928
Gain on disposal of assets		75,284	9	75,284
Other revenues	2,254,784	(75,284)	9	2,179,500
Total Revenues	<u>15,676,110</u>	<u>206,877,978</u>		<u>222,554,088</u>
OPERATING EXPENSES:				
Administrative	28,117,476	2	13	28,117,478
Tenant Services	3,725,047	(1)	13	3,725,046
Utilities	18,252,776	(1)	13	18,252,775
Building Maintenance	21,864,580	2	13	21,864,582
General	3,304,479	1	13	3,304,480
Nonroutine maintenance	28,540,861	(28,540,861)	9	
Protective services	1,310,800	(1)	13	1,310,799
Depreciation expense	28,467,752	(28,467,752)	11	
Housing assistance payments (HAP)	86,801,155	(86,801,155)	14	
Other	2,146,707	(2,146,707)	9	
Total operating expenses	<u>222,531,633</u>	<u>(145,956,473)</u>		<u>76,575,160</u>
OPERATING (LOSS) INCOME	<u>(206,855,523)</u>	<u>352,834,451</u>		<u>145,978,928</u>
OTHER INCOME (EXPENSE):				
HUD operating subsidies and grants	185,433,926	(185,433,926)	9	
HUD Capital Grants	20,410,195	(20,410,195)	9	
Grants - other	539,194	(539,194)	9	
Extraordinary maintenance		(28,540,861)	12	(28,540,861)
Casualty losses - non-capitalized		(261,020)	9	(261,020)
Depreciation expense		(28,467,752)	11	(28,467,752)
Interest expense	(732,901)			(732,901)
Dwelling units rent expense		(1,885,687)	9	(1,885,687)
Interest income	494,664	(494,664)	10	
Housing assistance payments (HAP)		(86,801,155)	14	(86,801,155)
Total other income (expense)	<u>206,145,078</u>	<u>(352,834,454)</u>		<u>(146,689,376)</u>
NET LOSS	(710,445)	(3)	13	(710,448)
NET ASSETS - Beginning of year	<u>237,188,176</u>	<u>3</u>		<u>237,188,179</u>
NET ASSETS - End of year	<u>\$ 236,477,731</u>	<u>\$ -</u>	13	<u>\$ 236,477,731</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, 2003

A. BASIS OF PRESENTATION

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

B. RECONCILIATION

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

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

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SUPPLEMENTAL SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON CERTAIN PROJECTS CLOSED THROUGH DECEMBER 31, 2003

Modernization Project Number	OH12R003 50199	OH12P003 50100
Funds approved	\$ 1,014,089	\$ 1,092,100
Funds expended	<u>1,014,089</u>	<u>1,092,100</u>
Excess of funds approved	<u>\$ -</u>	<u>\$ -</u>
Funds advanced	1,014,089	1,092,100
Funds expended	<u>1,014,089</u>	<u>1,092,100</u>
Excess of funds advanced	<u>\$ -</u>	<u>\$ -</u>

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

Board of Commissioners
Cuyahoga Metropolitan Housing Authority

We have audited the financial statements of Cuyahoga Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2003, and have issued our report thereon dated June 24, 2004, which includes an explanatory paragraph regarding certain unresolved compliance findings and questioned costs resulting from audits of the Authority performed in accordance with the Single Audit Act Amendments of 1996. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 under Finding 03-1. We also noted an immaterial instance of noncompliance that we have reported to the management of the Authority in the accompanying Schedule of Findings and Questioned Costs as Finding 03-2.

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 Finding 03-1.

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 believe none of the reportable conditions described above is a material weakness.

We also noted another matter involving the internal control over financial reporting that we have reported to the management of the Authority in the accompanying Schedule of Findings and Questioned Costs as Finding 03-2.

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

Deloitte & Touche LLP

June 24, 2004

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, 2003. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 03-1 and 03-2.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Deloitte & Touche LLP

June 24, 2004

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2003

Part I – Summary of Auditors’ Results

Financial Statements

- Type of auditors’ report issued: Unqualified

- Internal control over financial reporting:
 - Material weaknesses identified? Yes No
 - Reportable conditions identified not considered to be material weaknesses? Yes No
- Noncompliance material to financial statements noted? Yes No

Federal Awards

- Internal control over major programs:
 - Material weaknesses identified? Yes No
 - Reportable conditions identified not considered to be material weaknesses? N/A (None reported)

- Type of auditors’ report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510(a))? Yes No

- Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.850	Conventional Low-Rent Housing
14.872	Capital Fund Program

- Dollar threshold used to distinguish between Type A and Type B programs \$3,000,000

- Auditee qualified as low-risk auditee? Yes No

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2003

Part II – Financial Statement Findings Section

Finding No: 03-1

Program Name: Urban Revitalization Development Grant

CFDA No: 14.866

Compliance Area: Allowable costs/cost principles
Procurement and suspension and debarment
Reporting
Special Tests and provisions

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

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

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

Effect: The Authority has not been able to support full compliance with the requirements of its Hope VI grant. Accordingly, the questioned costs shown below may be required to be refunded to HUD.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2003

Questioned Costs: \$1,537,891

Recommendation: The Authority should work with HUD to resolve the findings described above. This may involve implementing new or revised procedures to ensure compliance or locating and providing HUD compliance documentation that was not available during its review.

Management's Response and Corrective Action Plan:

In response to the Hope VI program annual review issued in June 2004, the Authority is in the process of preparing a response and implementing a corrective action plan. The management responses are scheduled to be completed by July 14, 2004 for HUD review and approval. These management responses will be reviewed by the Hope VI Coordinator and Internal Audit prior to submission to HUD.

Authority Contact Person: Michael Bowen, Hope VI Coordinator

Anticipated Completion Date: July 14, 2004

Part III – Federal Award Findings and Questioned Cost Section

Finding No: 03-1 (see Part II above for details)

Finding No: 03-2

Program Name: Conventional Low Rent Housing Program
Capital Fund Program

CFDA No: 14.850
14.872

Compliance Area: Procurement and suspension and debarment

Condition: The Authority continuously rehabilitates vacant housing units for occupancy. A Delivery Order Contracts ("DOC") Program was initiated to outsource nonroutine maintenance activities to outside contractors to supplement rehabilitation work performed by Authority personnel in an effort to reduce housing vacancies. During 2003, the Authority's Internal Audit Department performed a review of \$520,050 of expenditures made and various materials issued under its DOC Program from July 2002 through July 2003. During the course of the review, Internal Audit personnel identified \$56,859 of vendor labor charges paid by the Authority that relate to services that allegedly were not performed and \$32,470 of materials issued to contractors engaged under the DOC Program that allegedly were not installed into the housing units.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2003

Criteria: Code of Federal Regulations, 24CFR 85.20(b)(6) states that all disbursements of federal funds must be properly supported. In addition, Office of Management and Budget Circulars A-102 and A-110 require proper physical security over property acquired with federal funds.

Effect: The DOC Program has been suspended by the Authority and the Authority is seeking retribution from the parties involved.

Questioned Costs: \$89,329

Recommendation: We support the Authority's recent efforts to strengthen its internal controls over the rehabilitation of vacant housing units and obtain compensation for any improper charges or stolen property.

Management's Response and Corrective Action Plan:

The Authority formed a task force to address the internal control weaknesses noted by Internal Audit during the review and to structure a new program. The Authority developed the Basic Ordering Agreement ("BOA"). The most significant structural improvements in BOA include:

- Construction is responsible for the overall program administration. Work specifications and quality control inspections are performed by Construction personnel.
- BOA contractors are limited to one to five housing units (via Task Orders not to exceed \$25,000) and BOA contractors are not awarded a new Task Order until their current Task Order is certified as complete.
- With exception of kitchen cabinets, BOA contractors supply all materials.
- Construction Inspectors and Chiefs (or Assistants) of Maintenance or Property Managers are required to certify that BOA contractors have completed their Task Orders.

Authority Contact Person: Amy Waxman, Director of Internal Audit

Anticipated Completion Date: Completed in March 2004

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

STATUS OF PRIOR YEAR FINDINGS YEAR ENDED DECEMBER 31, 2003

Findings	Still Applicable	Comments
99-5 Compliance With Memorandum of Agreement and Allowable Costs	No	See Schedule of Other Reports

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF OTHER REPORTS YEAR ENDED DECEMBER 31, 2003

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

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

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

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

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

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

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF OTHER REPORTS YEAR ENDED DECEMBER 31, 2003

AUDITOR OF THE STATE OF OHIO - SPECIAL AUDIT REPORT

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

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

	Findings for Recovery	Questioned Spending of Federal Grants
Phase I	\$ 323,502	\$ 638,390
Phase II	\$ 258,366	\$ 6,411,586

Substantially, all of the questioned costs noted above are included in the Inspector General’s report on the previous page. The Authority has responded to the Phase I and Phase II reports by implementing and enforcing improved internal control procedures which will assist in assuring future compliance. Additionally, the Authority has taken appropriate legal action against members of the prior administration and has notified HUD and all other related parties regarding the reports.

Status—The Auditor of State has notified HUD and has made the reports a matter of public record. The Auditor of State considers the matter closed and will not be pursuing any follow-up activity. In June 2003, the Authority was notified that HUD is reviewing the Auditor of State’s findings in combination with the OIG recommendations and that a repayment of \$499,895 in non-federal funds into the Title V account was required. In June of 2004, HUD issued a notice indicating that \$486,209 of the \$499,895 payment was applicable towards Auditor of State Findings for Recovery and Questioned Costs.

* * * * *



**Auditor of State
Betty Montgomery**

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 26, 2004**