REPORT ON AUDIT OF FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2003



Board of Commissioners Cincinnati Metropolitan Housing Authority 16 W. Central Parkway Cincinnati, OH 45202

We have reviewed the Independent Auditor's Report of the Cincinnati Metropolitan Housing Authority, Hamilton County, prepared by Malcolm Johnson & Company, P.A., for the audit period July 1, 2002 through June 30, 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 Cincinnati Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Butty Montgomery

February 23, 2004

Auditor of State



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners Cincinnati Metropolitan Housing Authority Cincinnati, Ohio HUD, Cincinnati Area Office 525 Vine Street, 7th Floor Cincinnati, Ohio 45202-3188

We have audited the basic financial statements of the Cincinnati Metropolitan Housing Authority ("the Authority") as of and for the year ended June 30, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Cincinnati Metropolitan Housing Authority as of June 30, 2003, and the changes in financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note V to the basic financial statements, the Cincinnati Metropolitan Housing Authority adopted the provisions of Governmental Auditing Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of July 1, 2001. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued in the Single Audit Section of our report dated December 11, 2003, a report on our consideration of the Cincinnati Metropolitan Housing Authority 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.

The Management's Discussion and Analysis as detailed in this Report, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries made of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express an opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards in the Single Audit Section of our report is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local_Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. Also, the accompanying supplemental information including the Financial Data Schedule, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Malcolm Johnson & Company, P.A. Certified Public Accountants

DeBary, Florida December 11, 2003

As the management of the Cincinnati Metropolitan Housing Authority ("the Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with Authority's financial statements elsewhere in this report.

A - FINANCIAL HIGHLIGHTS

- 1. The Authority's net assets increased in FY2003 by \$7,773,851 (3.7%). Net assets were \$216,508,383 and \$208,770,203 for 2003 and 2002 respectively.
- 2. The Authority's cash/cash equivalents and investment balances at June 30, 2003 was \$12,604,924, an increase of \$2,080,133 (20%) from prior fiscal year.
- 3. The Authority had total revenue of \$101,501,967 and total operating expenses of \$93,728,116 for the year ended June 30, 2003.

B- USING THE ANNUAL REPORT

- 1. Management's Discussion and Analysis The "Management's Discussion and Analysis" is intended to serve as an introduction to the Authority-wide financial statements. The Authority-wide financial statements and Notes to Financial Statements included in the Audit Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types and in compliance with the regulations set forth in GASB 34.
- 2. <u>Authority-wide Financial Statements</u> The Authority-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Comparative Net Assets and Comparative Revenues, Expenses and Changes in Net Assets.
- 3. <u>Notes to Financial Statements</u> The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

The Authority has many programs that are consolidated into a single enterprise fund. The major programs consist of the following:

- a. <u>Conventional Public Housing</u>: Under the conventional or low rent housing program, the Authority rents units that it owns to low income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD), and HUD provides Operating Subsidy and Capital Grant Funding to enable the Authority to provide the housing at a rent that is based upon approximately 30% of household income.
- b. <u>Capital Fund Program</u>: The Conventional 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. The formula funding methodology used is based upon the number of units, including the bedroom sizes and the age of the buildings/units.

B - <u>USING THE ANNUAL REPORT</u> (Continued)

- c. <u>Drug Elimination Program</u>: The Drug Elimination Program is funded with a grant through HUD. The intended use is to reduce the use of illegal drugs and activities within the Authority's properties.
- d. <u>Housing Choice Vouchers Program</u>: 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 the Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at approximately 30% of household income.
- e. <u>Hope VI Grant</u>: The Hope VI grants are programs funded by HUD for redevelopment of the Authorities properties.
- C THE AUTHORITY AS A WHOLE The Authority's increase in net assets was \$7,773,851 during the fiscal year. As detailed below, the Authority's revenues are primarily subsidies and grants received from HUD. The Authority received subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenue was sufficient to cover all expenses, including depreciation during the fiscal year.

By far, the largest portion of the Authority's net assets reflects its investment in capital assets (e.g. land, building, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants; consequently, these assets are not available as a source of funds for future spending. The unrestricted net assets of the Authority are available for the future use to provide program services.

Statement of Net Assets

	2003 (millions)	2002 (millions)
Current Assets	\$ 23.3	\$ 22.9
Other Assets	12.1	12.9
Capital Assets	211.3	<u>167.9</u>
Total Assets	<u>246.7</u>	203.7
Current Liabilities	8.6	8.6
Long Term Liabilities	21.6	22.8
Total Liabilities	30.2	31.4
Net Assets:		
Invested in Capital Assets, Net of Related Debt Unrestricted Net Assets	190.2 26.3	167.9 4.4
Official Not Assets		
Total Net Assets	<u>\$ 216.5</u>	<u>\$ 172.3</u>

Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended (Condensed)

	2003 (millions)	2002 (millions)
Operating/Other Revenues Governmental Revenues	\$ 14.6 65.4	\$ 14.1 62.1
Total Operating Revenues	<u>80.0</u>	<u>76.2</u>
Operating Expenses Depreciation Expense	77.0 16.2	75.2 14.5
Total Operating Expenses	93.2	<u>89.7</u>
Total Non-Operating Revenues/Expenses	<u>(5.6</u>)	(
Capital Contributions	<u>26.6</u>	34.2
Change in Net Assets	7.7	12.9
Net Assets, Beginning of Year	172.3	159.3
Prior Year Adjustment	36.5	0.0
Adjusted Net Assets, Beginning of Year	208.7	159.3
Net Assets, End of Year	<u>\$ 216.5</u>	\$ 172.3

D - <u>Budgetary Highlights</u> For the year ended June 30, 2003, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with accounting procedures prescribed by the applicable funding agency.

As indicated by the excess of revenues over expenses, when adjusted by depreciation expense, the Authority's net assets increased during the fiscal year. This increase is indicative of the Authority operating within its budgetary limitations in total, for all its programs.

E - <u>Capital Assets and Debt Administration</u> As of June 30, 2003 the Authority's investment in capital assets for its Proprietary Fund was \$211,365,328 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress.

Major capital assets purchased from grants of \$26,548,379, during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Programs. These activities are funded by grants from HUD.

The Authority's long-term portion of debt as of June 30, 2003 was \$19,175,646. The long term debt was comprised of Hamilton County HOME and local bank loans for development of low rent housing in Hamilton County, lease-purchase agreement utilized to purchase equipment for energy cost savings program, and Fannie Mae bridge loans for Hope VI program and other mixed finance and low rent housing programs.

- F Economic Factors and Next Year's Budgetary Highlights The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2004:
 - Reductions in funding levels by HUD for the operating budget (funded at 94.7%) and Capital Grant.
 - Inflationary and weather conditions which applies pressure on utility rates, supplies and other costs.
 - Salary and benefits costs increases (e.g. health insurance cost increase).
 - The completion of the Drug Elimination Grant occurs as of August 2003; therefore ongoing expenses to maintain some of the programs will be allocated to the Authority's Public Housing program.
- G- Contacting the Authority Questions concerning any of the information provided in this report or requests for additional information should be addressed to Donald Troendle, Executive Director, Cincinnati Metropolitan Housing Authority, 16 West Central Parkway, Cincinnati, Ohio 45202.

STATEMENT OF NET ASSETS JUNE 30, 2003

ASSETS

Current assets:		
Cash and cash equivalents - unrestricted	\$	5,507,591
Cash and cash equivalents - restricted		3,555,936
Investments		2,516,737
Interest receivable		1,024,660
Accounts receivable (net of allowance for uncollectibles)		688,524
Due from other governments		9,515,847
Inventory (net of allowance for obsolescence)		255,326
Prepaid insurance		237,358
Total current assets		23,301,979
Noncurrent assets:		
Restricted assets:		
Investments - restricted		1,000,000
Notes and mortgages receivable		10,683,045
Insurance deposits		395,965
Capital assets:		
Land		25,367,037
Buildings		235,697,524
Furniture, equipment & machinery		2,691,706
Accumulated depreciation	. (120,089,090)
Construction in progress	`	67,698,151
Capital assets, net of accumulated depreciation		211,365,328
Total noncurrent assets		223,444,338
Total assets		246,746,317

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET ASSETS JUNE 30, 2003

(Continued)

Current liabilities:	
Accounts payable	2,056,516
Accrued wages/taxes payable	784,822
Accrued compensated absences	102,734
Other accrued liabilities	767,139
Due to other governments	1,842,926
Notes and bonds payable	1,975,218
Accrued interest payable	18,125
Prepaid rents	84,433
Payable from restricted assets:	
Resident security deposits	973,541
Total current liabilities	8,605,454
Noncurrent liabilities:	
Notes and bonds payable (net of unamortized discount)	19,175,646
Workers' compensation contingency	830,326
Accrued compensated absences	1,065,380
Payable from restricted assets:	
Family self sufficiency escrows	561,128
Total noncurrent liabilities	21,632,480
Total liabilities	30,237,934
NET ASSETS	
Investment in capital assets, Net of related debt	190,214,464
Unrestricted net assets	26,293,919
Total net assets	\$ 216,508,383

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED JUNE 30, 2003

Operating revenues: Rental revenue	\$	12.079.272
Governmental revenue	Þ	12,078,272
Other revenue		65,388,851 2,540,989
	-	
Total operating revenues		80,008,112
Operating expenses:		
Administrative		15,364,311
Tenant services		1,884,622
Utilities		8,767,230
Ordinary maintenance & operation		13,660,683
Protective services		30,525
General expenses		1,555,231
Housing assistance payments		35,733,602
Depreciation		16,177,933
Total operating expenses		93,174,137
Operating loss		(13,166,025)
Nonoperating revenues (expenses)		
Interest revenue		137,650
Interest expense		(513,739)
Loss on disposition of fixed assets		(5,192,174)
Casualty losses		(40,240)
Total nonoperating expenses		(5,608,503)
Loss before other revenues, expenses, gains, losses and transfers		(18,774,528)
Capital contributions		26,548,379
Increase in fund net assets		7,773,851
Net assets, beginning of year		172,293,286
Prior year adjustments and correction of errors		36,441,246
Adjusted net assets - beginning of year		208,734,532
Net assets, end of year	\$	216,508,383

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2003

Cash Flows From Operating Activities	
Receipts from residents and other deposits	\$ 12,087,262
Governmental operating revenues	69,663,443
Other receipts	7,422,445
Payments to suppliers	(24,010,888)
Payments to/for employees	(17,905,578)
Payments to landlords	(35,733,602)
Net cash provided by operating activities	11,523,082
Cash Flows From Capital and Related Financing Activities	
Decrease in capital debt	(2,159,642)
Capital contributions	26,548,379
Purchases of capital assets	(30,114,842)
Disposals of capital assets	(5,187,105)
Principal paid on capital debt	2,243,906
Interest paid	(513,739)
Other receipts	162,194
Net cash used by capital and related financing activities	(9,020,849)
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	1,119,349
Reduction in notes receivable	652,855
Interest and dividends	(897,181)
Net cash provided by investing activities	875,023
Net increase in cash equivalents	3,377,256
Balance - beginning of the year	5,686,271
Balance - end of the year	· · · · · · · · · · · · · · · · · · ·
Datance - end of the year	<u>\$ 9,063,527</u>
Reconciliation of Cash Flows to Balance Sheet:	
Cash and cash equivalents - unrestricted	5,507,591
Cash and cash equivalents - restricted	3,555,936
	\$ 9,063,527

COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2003 (Continued)

Reconciliation of Net Operating Loss to Net Cash Provided By Operating Activities

Operating loss	\$	(13,166,025)
Adjustments to reconcile net operating loss to		
net cash provided by operating activities:		
Depreciation elimination		16,177,933
Decrease in accounts receivable		23,515
Decrease in due to/(from) other governments		4,267,393
Decrease in inventory		67,611
Increase in prepaid expenses		(199,920)
Increase in other assets		(26,035)
Decrease in security deposits		(14,525)
Decrease in accounts payable		(1,739,590)
the contract of the contract o		34,288
Increase in accrued wages		152,909
Increase in compensated absences		(953,585)
Decrease in accrued liabilities		7,199
Increase in deferred revenue		6,891,914
Adjustment to prior year		
Net cash provided by operating activities	\$	11,523,082

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003

A - Summary of Significant Accounting Policies and Organization:

- 1. Organization: The Cincinnati Metropolitan Housing Authority ("CMHA") is a public body corporate and politic pursuant to laws of the State of Ohio, article 44A. CMHA was organized to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U. S. Department of Housing and Urban Development ("HUD") and other federal agencies.
- 2. Reporting Entity: The governing body of CMHA is its Board of Commissioners, which is composed of five members. The members are appointed as follows: Two (2) by the Mayor of the City of Cincinnati, one (1) by the Hamilton County Commissioners, one (1) by the Court of Common Pleas, and one (1) by the Probate Court. The Board appoints a Chief Executive Officer to administer the business of CMHA. CMHA is not considered a component unit of the City of Cincinnati, as the Board independently oversees CMHA's operations.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14 (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity had no component units.

The financial statements of the CMHA include Low-Rent Public Housing under Annual Contributions Contract C-984, Section 8 Housing Assistance Programs under Annual Contributions Contract C-5034, Local Initiatives Programs and the Hamilton County Affordable Housing Program.

3. <u>Summary of HUD Programs</u>: The accompanying financial statements include the activities of the Housing Programs subsidized by HUD. A summary of each of these programs and the related contracts with HUD is provided below.

a. Annual Contributions Contract C-984

- 1) Low Rent Public Housing: This type of housing consists of apartments and single-family dwellings owned and operated by the CMHA. Funding is provided by tenant rent payments and subsidies provided by HUD.
- 2) Modernization and Development: Substantially all additions to land, buildings, and equipment are accomplished through the HOPE VI Program, Comprehensive Grant Program or Capital Fund Program. These programs add to, replace or materially upgrade deteriorated portions of CMHA's housing units. Funding is provided through programs established by HUD.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

- 3. Summary of HUD Programs: (Continued)
 - a. Annual Contributions Contract C-984 (Continued)
 - 3) Public Housing Drug Elimination Program (PHDEP): This is funded by HUD and used to develop a comprehensive approach to counteract the drug problems facing residents of public housing in targeted communities by hiring security forces to patrol communities and establishing drug awareness and education programs.

b. Annual Contributions Contract C-5034 - Housing Assistance Payments Programs

- 1) Housing Choice Vouchers and Moderate Rehabilitation: These are housing programs wherein low-income tenants lease housing units directly from private landlords rather than through CMHA. HUD contracts with private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.
- c. Resident Opportunities and Supportive Services (ROSS) ROSS links public housing residents with supportive services, resident empowerment activities and assistance in becoming economically self sufficient.
- d. <u>Dormant Component Unit</u> The Lincolnview, Inc. was formed by the Board of Commissioners of CMHA for the purpose of CMHA's interest in management of the HOPE VI program after completion of Phase I and II. No activity flows through the dormant corporation as of June 30, 2003, and operational activity will not commence until fiscal year 2004.
- 4. <u>Basis of Presentation and Accounting</u>: In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Based upon compelling reasons offered by HUD, CMHA reports under the proprietary fund type (enterprise fund), which uses the accrual basis of accounting. The enterprise fund emphases the flow of economic resources measurement focus. In this fund, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Pursuant to the election option made available by GASB Statement No. 20, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the basic financial statements.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

4. Basis of Presentation and Accounting: (Continued)

The enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

- 5. <u>Budgets</u>: Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The modernization and development budgets are adopted on a "project length" basis. Budgets are not, however, legally adopted nor required for financial statement presentation.
- 6. <u>Cash Equivalents</u>: Cash equivalents consist of demand deposits, a Repo account and U.S. Government instruments. They are stated at fair value.
- 7. <u>Interprogram Receivables and Payables</u>: Interprogram receivables/payables are all current, and are the result of the use of the Low Rent Public Housing Program as the common paymaster for shared costs of CMHA. Cash settlements are made periodically and all interprogram balances net zero. Interprogram balances are eliminated for financial statement presentation.
- 8. <u>Investments</u>: Investments are recorded at fair value. Investment instruments pertaining to HUD programs consist only of items specifically approved by HUD. All funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of Ohio. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by CMHA's agent in CMHA's name.
- 9. <u>Inventories</u>: Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, CMHA establishes an allowance for obsolete inventory. CMHA relies upon its periodic (annual) inventory for financial reporting purposes. In accordance with the consumption method, inventory is expensed when items are actually placed in service.
- 10. <u>Prepaid Item</u>: Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.
- 11. <u>Restricted Assets</u>: Certain assets may be classified as restricted assets on the balance sheet because their use is restricted by contracts or agreements with outside third parties and lending institutions.
- 12. <u>Use of Estimates</u>: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

13. <u>Fair Value of Financial Instruments</u>: The carrying amount of the CMHA's financial instruments at June 30, 2003, including cash, investments, accounts receivable and accounts payable closely approximates fair value.

14. Fixed Assets:

a. <u>Book Value</u>: All purchased fixed assets are valued at cost when historical records are available. When no historical records are available, fixed assets are valued at estimated historical cost.

Land values were derived from development closeout documentations.

Donated fixed assets are recorded at their fair value at the time they are received.

Donor imposed restrictions are deemed to expire as the asset depreciates.

All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

b. <u>Depreciation</u>: Pursuant to the enterprise GAAP method, the cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings40 yearsBuilding modernization10 yearsOffice and other equipment5 years

- c. <u>Maintenance and Repairs Expenditures</u>: Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$5,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations.
- d. Impairment of Long-Lived Assets: CMHA has been and is currently involved in various demolition activities in conjunction with its HOPE VI and Modernization programs. In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of", CMHA has at June 30, 2003, recognized in the accompanying financial statements the impact of the demolition activities. Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. In the current year, there was no impairment loss.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

- 15. <u>Compensated Absences</u>: Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of CMHA and its employees, is accrued as employees earn the right to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of CMHA and its employees are accounted for in the period in which such services are rendered or in which such events take place.
- 16. <u>Litigation Losses</u>: CMHA recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred when the loss is probable and the loss is reasonably estimable.
- 17. Annual Contribution Contracts: Annual Contributions Contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of CMHA's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by CMHA.
- 18. Risk Management: CMHA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CMHA carries commercial insurance for major risks of loss including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

The CMHA self-insures workers' compensation with commercial coverage commencing at \$250,000 per incident.

B- <u>Deposits and Investments</u>: For purposes of the Statement of Cash Flows, CMHA considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. There were no noncash investing, capital and financing activities during the year.

HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by CMHA or with an unaffiliated bank or trust company for the account of CMHA.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

B - Deposits and Investments: (Continued)

Deposits: The three credit risk categories for deposits are defined as follows:

- (1) Insured or collateralized with securities held by the entity or by its agent (correspondent bank or Federal Reserve Bank) in the entity's name.
- (2) Collateralized with securities held by the pledging financial institution trust department or agent in the entity's name.
- (3) Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name.

	Credit Risk Category				
Demand Deposits	1 \$ 9,061,477	<u>2</u> \$	<u>3</u> \$	Fair Value \$ 9,061,477	
Cash on hand				2,050	
Total funds on deposits				<u>\$ 9.063,527</u>	
Reconciliation of deposit analysis to bala Cash and cash equivalents - unrestricted Cash and cash equivalents - restricted	nce sheet:			\$ 5,507,591 3,555,936	
				<u>\$ 9.063,527</u>	

<u>Investments</u>: The three credit risk categories for investments are defined as follows:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the government's name.

	Credit R		
U.S. Treasury Instruments	1 \$ 3,516,737	$\frac{2}{\$}$ $\frac{3}{\$}$	Fair Value \$ 3,516,737
Reconciliation of investment analysis	s to balance sheet:		
Investments - restricted			\$ 1,000,000
Investments			2,516,737
			<u>\$ 3,516,737</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

C - Accounts Receivable: Accounts receivable at June 30, 2003 consist of the following:

\$ 688,524

- **D-** <u>Due From Other Governments</u>: Amounts due from other governments at June 30, 2003 consist of the following:
 - U. S. Department of Housing and Urban Development

\$ 9.515.847

E - Notes Receivable: All notes receivable are the result of financing for Lincoln and Laurel HOPE IV revitalization projects. The majority of these receivables are to be paid 40 years from the date of the note. TCB Home Builders LLC note is to be received upon closing the sale of the last unit in the Lincoln Court Homeownership. The Homebuyer notes are comprised of various notes with the same terms. The first \$50,000 is forgiven at 10% per year over 10 years, and any amount over \$50,000 will be due on the sale of the home or 30 years from the date of the note. No interest is assigned to the Homebuyer notes. No portion of the notes receivable are to be paid within the next year. The following schedule summarizes the details pertaining to the notes receivable:

Amount \$ 9,021,823	Maker Lincoln Court Partnerships	Date of Note LCI-3/20/01 LCII-3/20/01 LCIII-2/28/02 LCIV-10/18/01	Interest AFR	Maturity Date 40 years	Term Long
450,000	TCB Homebuyers LLC	11/2000 (200,000) 11/2001 (250,000)		Upon closing of the last unit in Lincoln Court Homeownership	Long
	Laurel Home Partnership	10/24/02	AFR	40 years	Long

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

F - Land, Buildings and Equipment:

	Balance June 30, 2002	Adjustment to Restate Beginning Balance	Adjusted Beginning Balance	_Additions_	Deletions	Transfers	Balance June 30, 2003
Land	\$ 10,940,396	\$ 13,833,491	\$ 24,773,887	\$ 593,150	\$ -	S -	\$ 25,367,037
Buildings	164,432,410	35,435,647	199,868,057	2,335,364	-	33,489,103	235,692,524
Equipment – Administration Construction in Progress	3,648,047 74,005,926	(641,589)	3,006,458 	<u>27,186,328</u>	(314,752)	(33,494,103)	2,691,706 67.698.151
Total	253,026,779	48,627,549	301,654,328	30,114,842	(314,752)	(5,000)	331,449,418
Accumulated Depreciation	(85,142,623)	(19.078,216)	(104,220,839)	<u>(16,177,934</u>)	309,683		(120,089,090)
TOTAL	<u>\$ 167,884,156</u>	<u>\$ 29,549,333</u>	<u>\$ 197,433,489</u>	<u>\$ 13,936,908</u>	<u>\$(5,069</u>)	<u>\$(5,000)</u>	<u>\$ 211,360,328</u>

G - Other Accrued Liabilities:

Accrued workmen's compensation – current portion \$ 250,000 Contract retainages \$ 517,139

\$ 767,139

H - <u>Due to Other Governments</u>: Due to other governments at June 30, 2003 consist of the following:

County of Hamilton, Ohio – Development of Project 4-51	\$ 1,222,774
U.S. Department of Housing and Urban Development	127,700
City of Cincinnati - Payment in Lieu of Taxes (PILOT)	492,452

\$1,842,926

I - Notes Payable: Notes payable at June 30, 2003 consist of the following:

Item	Authority Program	Principal Balance	Current Portion	Long-term Portion	Interest Expense
1	Hamilton County	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
2	Hamilton County	1,018,676	-	1,018,676	·
3	Hamilton County	1,200,000	-	1,200,000	-
4	Hamilton County	900,000	-	900,000	•
5	Hamilton County	411,733	411,733	-	37,289
6	Hamilton County	1,051,425	43,062	1,008,363	56,399
7	Hamilton County	948,000	-	948,000	43,137
8	Hamilton County	3,225,538	-	3,225,538	-
	Subtotal	9,755,372	454,795	9,300,577	136,825
9	LRPH	6,370,492	495,423	5,875,069	335,967
10	HOPE VI	1,025,000	_1,025,000	-	-
11	Business Activity	4,000,000		4,000,000	40,947
	Total	<u>\$21,150,864</u>	\$ 1,975,218	<u>\$19,175,646</u>	<u>\$ 513,739</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

I - Notes Payable: (Continued)

		Date of	Rate of	Accrued	Final
<u>Item</u>	Payee	_Note_	<u>Interest</u>	<u>Interest</u>	Maturity
1	Hamilton County (HOME)	Jan 1996	2.0%	to be forgiven	2021
2	Hamilton County (HOME)	Mar 1998	2.0%	to be forgiven	2023
3	Hamilton County (HOME)	Nov 1998	2.0%	to be forgiven	2024
4	Hamilton County (HOME)	Nov 1998	2.0%	to be forgiven	2024
5	Fifth/Third Bank	Apr 1998	5.2%	932	2004
6	U. S. Bank	Dec 1998	5.25%	-	2018
7	Fifth/Third Bank	Dec 2001	4.2%		2003
8	Fifth/Third Bank	Feb 2003	4.2%	•	2013
9	Fifth/Third Bank (Vestar)	Aug 2001	5.1%	17,193	2014
10	Fannie Mae	Feb 2003	LIBOR+1.10		2004
11	Fannie Mae	Feb 2003	LIBOR+1.10		2006

- 1-4 Hamilton County (HOME) Loans: Hamilton County provided HOME funds for the development of low-rent housing units in Hamilton County. These loans (and interest of 2% per annum) will be forgiven at the rate of 10% annually commencing in the sixteenth year if the units are preserved as low-rent housing throughout the entire twenty-five year duration. CMHA therefore does not record interest expense and accruals on these loans, since CMHA's very mission is to provide low-rent housing.
- 5-8 Hamilton County Bank Loans: These loans were acquired in order to expand the Hamilton County program. The loans are with local banks.
- 9 Low-Rent Public Housing Loan: This loan is in the form of a lease-purchase agreement between CMHA and Fifth Third Bank. Proceeds of the loan were used to purchase equipment which will reduce energy costs so that the savings from the conservation will exceed the cost of the loan.
- 10 11 Fannie Mae Loans: These loans were acquired on behalf of the development partner. The loan proceeds are drawn from Fannie Mae by CMHA. CMHA then re-loans these funds to the developer. Interest rates and terms upon the developer is approximately equal to CMHA's interest rates and terms with Fannie Mae.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

I - Notes Payable: (Continued)

The notes payable mature as follows:

	Hamilton County HOME	HOPE VI Fannie Mae	LRPH I	Business Activitie Fannie Mae	s Total
2004	\$ 454,795	\$ 1,025,000	\$ 495,423	\$ -	\$ 1,975,218
2005	2,106,640	-	490,416	- ·	2,597,056
2006	47,797	-	516,021	-	563,818
2007	50,356	-	542,962	4,000,000	4,593,318
2008	53,053	•	571,309		624,362
2009-2012	411,037	-	2,845,936		3,256,973
2013-2017	1,941,186	•	908,425	-	2,849,611
2018-2022	2,056,378	-		-	2,056,378
2023-2027	521,864	-	-	-	521,864
2042	2,112,266		-		2,112,266
	9,755,372	1,025,000	6,370,492	4,000,000	21,150,864
Less current portion	454,795	1,025,000	495,423	<u>.</u>	1,975,218
Long-term portion	<u>\$ 9.300,577</u>	<u>s</u> -	<u>\$ 5,875,069</u>	<u>\$ 4,000,000</u>	<u>\$19,175,646</u>

J - Annual Contributions by Federal Agencies:

Annual Contributions Contract C-984 - Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget. Operating subsidy contributions for the year ended June 30, 2003, were \$21,783,439.

Annual Contributions Contract C-5034 - Annual Contributions Contracts on Section 8 programs provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payments with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by a participating family and related administrative expense. The Authority is also eligible to receive reimbursements for preliminary expense prior to lease up.

HUD contributions for the year ended June 30, 2003 were as follows:

Housing Choice Vouchers	\$ 37,986,069
Section 8 Moderate Rehabilitation	1,917,489

\$ 39.903.558

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

- K- Retirement Commitments: The following information was provided by PERS of Ohio to assist the Authority in complying with GASB Statement No. 27, Accounting for Pensions by State and Local Government Employees.
 - 1. Plan Description: CMHA contributes to the Public Employees' Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. Effective January 1, 2003 the legislature implemented a defined contributions plan for qualified participants. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries are as effective January 1, 2003, allowance for member directed plans. The authority to establish and amend benefits is provided by State Statute per Chapter 145 of the Ohio Revised Code. The Public Employees' Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-466-2085 or 800-222-7371.
 - 2. Funding Policy: The Ohio Revised Code provides statutory authority for employee and employer contributions.

The employee and employers contributions for the current and two preceding years were as follows:

	Percen Covered	-	Total	Daywall	A nelh auite.	Emmlarias
* .	Employer	Employee	Payroll	Payroll Covered	Authority ntributions	Employee ontributions
2001	13.55%	8.5%	\$14,567,740	\$ 14,299,545	\$ 1,937,588	\$ 1,215,465
2002	13.55%	8.5%	14,553,109	14,292,572	1,936,626	1,214,871
2003	13.55%	8.5%	15.410.106	15.142.614	2.052.068	1.287.145

- L Other Post-Employment Benefits: Public Employees Retirement System of Ohio provided postretirement health care coverage to aid and service retirees with 10 or more years of qualifying Ohio
 service credit. The method of funding by CMHA is Advance-funded on an actuarially determined basis.
 Health care coverage for disability recipients and primary survivor recipients is available. The health care
 coverage provided by the survivor recipients is available. The health care coverage provided by the
 retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB
 Statement Number 12. A portion of each employer's contribution to PERS is set aside for the funding of
 post-retirement health care. The Ohio Revised Code provides statutory authority for employer
 contributions. The 2003 employer contribution rate for local government employers was 13.55% of
 covered payroll: 4.3% was the portion that was used to fund health care for the year 2002. The Ohio
 Revised Code provides the statutory authority requiring public employers to fund post-retirement health
 care through their contributions to PERS. The employer contributions actually made by CMHA to fund
 post-employment benefits during fiscal 2003 was \$614,580, based on the 2002 rate.
- M <u>Self-Funded Health Benefits</u>: CMHA is self-insured for employee dental and vision coverage. CMHA has contracted with a third party administrator to direct this program. Health insurance is Carried Choice Care. It provides a maximum life benefit of \$1 million per individual.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

N- Compensated Absences Payable: Accrued vacation is paid upon termination. Sick leave is paid to exempt employees who have at least 10 years service and voluntarily resign, retire or are laid off from CMHA, at the level of 50% of their unused leave balance up to a maximum payment of 1000 hours. For the AFSCME and Building Trade unions sick leave shall be forfeited upon the employee's separation for any reason except retirement in which the payout will be 50% up to a maximum of 600 hours. For the IOUE union sick leave shall be forfeited upon the employee's separation for any reason except retirement in which the level of payout will be one of the following: 1.) employees hired before January 1, 1986 shall be paid at 50% of their balance in excess of 600 hours; 2.) employees hired on or after January 1, 1986 shall be paid at 50% of their balance up to a maximum of 800 hours; or 3.) employees hired after July 1, 2003 shall be paid at 50% of their balances up to a maximum of 600 hours. The cost of current leave privileges computed in accordance with GASB statement No. 16, "Compensated Absences", is recognized as current year expenditure in the period in which it is earned, in accordance with GAAP.

At June 30, 2003 total leave to be paid upon termination is \$1,168,114. \$102,734 is current and \$1,065,380 is long-term.

- O <u>Commitments</u>: CMHA is engaged in modernization programs funded by HUD. In this regard, CMHA has entered into construction-type contracts, with approximately \$5,183,000 remaining until completion.
- P Economic Dependency: HUD provides approximately 90% of CMHA's operating and modernization revenues.

Q - Contingencies:

- 1. CMHA is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of CMHA's attorney that resolution of these matters will not have a material adverse effect on the financial condition of CMHA.
- 2. CMHA is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There was one such examination for the year ended June 30, 2003. There was one finding issued regarding tenant file reviews. This finding was addressed in our continued Prior Audit Findings #2002-3
- R Conduit Type Debt: Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on part of CMHA. Accordingly, this debt has not been recorded in the financial statements of CMHA. Additionally, HUD no longer provides debt service information to CMHA.
- S- <u>Leasing Activities (as Lessor)</u>: The Authority is the lessor of dwelling units mainly to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as "Rental Revenue". Rental Revenue per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions, which impact personal income and local job availability.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (Continued)

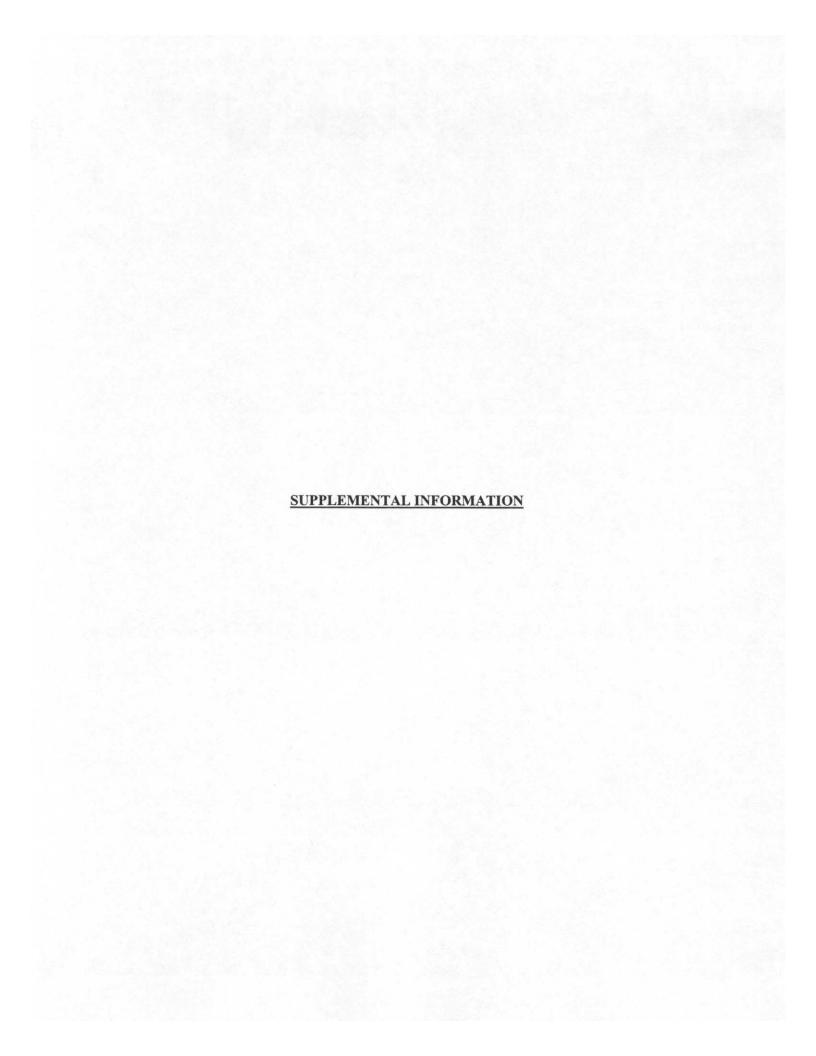
T - <u>Interfund Transfer</u>: The Authority will make cash transfers from the Capital Fund Program, Low Rent Public Housing and/or Section 8 Housing Programs as outlined in the Federal Regulations and authorized and approved by the Authority's Board of Commissioners.

U - Schedule of Changes from Fund Equity to Net Assets:

	ContributedCapital	Retained <u>Earnings</u>	Investment in Capital Assets - Related Debt	Unrestricted Net Assets	Total
Balance – beginning of year	\$ 167,884,156	\$ 4,409,130	s -	\$ -	\$ 172,293,286
Reclassification under GASB 34	(167,884,156)	(4,409,130)	167,884,156	4,409,130	
Adjustment to restate Beginning balance*	•		37,110,222	(668,976)	36,441,246
Adjusted balance – beginning of year-	-	-	204,994,378	3,740,154	208,734,532
Change in net assets	-	-	-	7,738,180	7,738,180
Change in investment in capital assets	•		(14,779,888)	14,779,888	· -
Balance – end of year	<u>s</u>	<u>s</u>	<u>\$ 190,214,490</u>	<u>\$ 26,258,222</u>	<u>\$ 216,472,712</u>
*Adjustments to restate be To correct amortization of Correction of prior year S Correction of Hard/Soft of adjustments from physic	of investment bonds Section 8 annual settler costs and depreciation	nents			(35,671) (633,305) 37,110,222
Net adjustments to restate	•				\$ 36.441.246

- V- Change in Accounting Principle: In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements and management's Discussion and Analysis for State and Local Governments. Changes caused by Statement 34 include the following:
 - (1) The financial report includes a "Management Discussion and Analysis" (MD&A) section, which provides an analysis of Cincinnati Metropolitan Housing Authority's overall financial position and results of operations.
 - (2) There is a change in classification of prior year fund equity. Categories of contributed capital and retained earnings were restructured into the net asset categories of investments in capital assets and unrestricted net assets.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements)



COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND NET ASSETS JUNE 30, 2003

				Continu		Buttle				
		Congregate	HOME	Moderate	Low	Ledina .	Section 8	Section 8	Section 8	Section 8
		Housing	Investment	Rebabilitation	Rent	Housing Drug	Rental Vancher	Moderate Rebabilitation	Moderate	Maderate
	Activities	Program	Program	Оссирансу	Housing	Program	Program	M6062MR0062	M0002MR0003	M0002MR0005
81188										
urreat assets:										
Cash and cash equivalents - unrestricted \$	3,928,094	1		1		1	ľ		1	
Cash and cash equivalents - restricted	1		72,397	ı	901,14 4					
Investments	1	1		1	2,516,715		1	4	1	
Interest receivable	1	•	1	•	22,154	t	1	T.		
Accounts receivable (net of allowance										
for uncollectibles)	137,818	•	178,510	1	372,196	•	1			
Due from other governments]: 	1: 5		1	121,358	1		•	77,825
Due from other programs	94,160	1	1	35,719	10,907,963			132,854	92,407	19,653
Inventory (net of allowance for										
obsolescence)	1	1	•	1	255,326	1	1	•	1	1
Prepaid insurance		.1			236,077		ı	1		1
Total current assets	4,160,072	1	563,795	35,719	15,990,645	121,358	1	132,854	92,407	97,478
Kestricieu ansets:										
Investments - resurcted	•	1	•	•	1		t .	•		1
Notes and mongages receivable	ı	1	1	1	300 300	1				•
		1			נטעיניני				i	
Capital assets:										
	1		2,039,965	1	23,227,072	•	1	•		f
Buildings	4,247,112	1	8,163,850	1	223,286,562	ı	1	1		1.
Furniture, equipment & machinery	26,459	1	1	1	2,451,555	1				
Accumulated depreciation	(10,888)	•	(536,974)	1	(119,313,377)	•	J.	1	1	1
Construction in progress	1	1	1					•	1	
Capital assets, net of accumulated deureciation	4262683	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	9,666,841	1	129,751,812	1			ı	
	436368		176 377		TT 141 451		1	1		
	Canada		The state of the s							
Total smets	8,422,755	1	19,230,636	35,719	146,138,422	121,358	f	132,854	92,487	97,478

Accraind magneyheres natable	8.433			692,649				1
Accreal compensated absences	1.768		ľ	84.499				
Other acorned liabilities		- 27.235		283.787				
Due to other programs	1,490,627	- 189,183			118.298			1
Due to other governments	1,222,774		20,304	492,452		- 63,769	25,276	1
Notes and bonds payable		454,795	•	495,423	l		1	1
Accrued interest payable		- 932		17,193			•	
Prepard rents		998 I	ı	83,573			lis de	
Payable from restricted assets:								
Resident security deposits	1	- 72,397		901,144				. •
Tetal current liabilities	2,769,932	- 751,058	18,384	4,105,346	121,358	63,769	25,276	
Noncurrent Habilities: News and fonds payable (net of transmitted discount)	000,000,4	- 9,300,577		5,875,069				
Workers compensation contingency Accrued compensated absences Payable from restricted assets:	9 1 1			848,821 988,555				
ratmly sell sufficiency escrows Tetal mencurrent liabilities	4,001,505	775,005,9		7,692,445				
	6,771,437	- 19,851,635	20,364	11,797,791	121,358	63,769	25,276	
Inscriment in capital assets, Net of related debt	262,683	- (88,531)		123,381,320				
University and south	1,388,635	- 267,532	15,415	10,959,311		- 69,085	67,131	97,478
Total Box March	\$ 1,651,318 \$	- S 179,001 S	15,415	\$ 134,346,31 \$		- S 69,005 S	67,131 \$	97,478

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND NET ASSETS JUNE 30, 2003 (Continued)

					Th 84 18 148				
	Section 8 Moderate	Section 8 Moderate	Housing	rubin Housing Comprehensive	of Severely Distressed	Resident Opportunity	Housing Capital		
	Rehabilitation M0002MR0006	Rehabilitation M0002MR0013	Choice Vouchers	Grant Program	Public Housing	and Supportive Services	Fund Program	Interprogram Elimination	Total
ASSETS									
Current assets:									
Cash and cash equivalents - unrestricted	1	1		S 1	· ·	1	S S	<u>د</u>	
Cash and cash equivalents - restricted		1.	561,128		2,021,267		1	ļ	3,555,936
Investments	1	•	7 7	1	1 000 523		1		1,016,/3/
Interest receivable	•	•	24.	1	1,001,363	•	f	1	1,024,000
for uncollectibles)		1	1		1	•			688,524
Due from other governments	. !	381,642	1,449,413		5,701,134	20,621	1,763,854	1	9,515,847
Due from other programs	14,355	1	168,918	1	. 1	1	•	(11,466,029)	1
Inventory (net of allowance for									
obsolescence)	1	1	t	1	1	1	1		255,326
Prepaid insurance	1	1	1,281	1		•			237,358
Total current assets	14,355	381,642	2,669,244	•	8,723,964	20,621	1,763,854	(11,466,029)	23,301,979
Noncurrent assets:									
Restricted assets:									
Investments - restricted	1	1	1,000,000	ı	1	ľ	1	. 1	1,000,000
Notes and mortgages receivable	1	i	I	1 .	10,683,045	1		1	10,683,045
Insurance deposits	1	1	1	1	!		1	1	395,965
Capital assets:									
Land	1.		1	1	1	•	1	1	25,367,037
Buildings	•	1.	1	ı	1	1	1	•	235,697,524
Furniture, equipment & machinery	•	1.	213,692	1	1	•	1		2,691,706
Accumulated depreciation		ı	(112,879)	1	1	1	(114,972)	1	(120,089,090)
Construction in progress	•	•	945,770		26,748,363	•	40,004,018		67,698,151
Capital assets, net of accumulated									
depreciation	•	1	1,046,583	1	26,748,363	•	39,889,046		211,365,328
Total noncurrent assets	•	1	2,046,583	1	37,431,408	1	39,889,046	•	223,444,338
Total assets	14,355	381,642	4,715,827	1	46,155,372	20,621	41,652,900	(11,466,029)	246,746,317

2,056,516	784,822	102,734	87,139		1,842,926	1,975,218	18,125	84,433	973.541	8.605.454			19,175,646	830,326	1,065,380	Sel 128	21.632.480	30.237,934			-04-71-7-04-1 -1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	26,293,919	
•				(11,466,029)	1	i	•		1	(11.466.029)								(620,000)					
705,784	L		436,117	601,933	1				1	1.763.854					1		.1	1.763.854		70.000	37,002,040		
5,153	k	17	+ (15,468		l	i,	1		20.621			•					20.621					
180,303			1	7,004,136		1,025,000				8.209.439								8.209.439			505,621,62		2
•	•	•	•	1	10			ı		1	-		1	1	1								
55,604	83,740	16,467		1,677,481			*			1.833.292			1	1	76,825	\$61.128	637.953	2471.245		. 0.17	CoC,040,1	1,197,999	3
	'n	í	1 (368,883		l,		1	Ī	368.883			1	1			•	368.883				12,759	
	1	1			18,351	•				18.351			1					12.51				(3,996)	3
	ayable	absences			#	9			posits			le (net of		contingency	desences	assets:				assets, Net of			
Accounts payable	Accrued wages/taxes payable	Accrued compensated absences	Other accrued habilities	Due to other programs	Due to other governments	Notes and bonds payable	Accrued interest payable	Prepaid news	Resident security denosits			Notes and boards payable (net of	(mannerfized discount)	Workers' compensation contingency	Accreted compensated absences	Payable from restricted assets: Family self enforcemy economs	Total mancurrent flabilities		NETASSETS	Investment in capital assets, Net of	ĺ	Unrestricted net assets	

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED JUNE 30, 2003

				Section 8		Public and				
		Congregate	HOME	Moderate	Low	Indian	Section 8	Section 8	Section 8	Section 8
	Rusiness	Retwices	Investment Partnershins	Sinele Room	Rent Public	Housing Drug	Veucher	Moderate Rehabilitation	Moderate Rehabilitation	Moderate Rehabilitation
	Activities	Program	Program	Occupancy	Housing	Program	Program	M0002MR0002	M0002MR0003	M0002MR0005
Operating revenues:										
Rental revenue			\$ 677,858		11,400,414	† •	· ·			1
Governmental revenue	.1.	85,899	: 1	32,916	21,783,439	1,111,160	1	194,882	46,772	751,118
Other revenue	704,951	1	10,098	1	647,929	1	i	-	1	7
Total operating revenues	704,951	85,899	687,956	32,916	33,831,782	1,111,160	J	194,883	46,772	751,122
Operating expenses:										
Administrative	250,465	. 1	79,654	1,536	9,604,220	i	ı	5,231	1,770	18,109
Tenant services	1	85,899			495,572	1,111,160		1.		1
Utilities	1	ı	86,317	ı	8,680,913	1	!	1		1
Ordinary maintenance & operation	133	1	439,214	38	13,098,376			133	4	458
Protective services	1	ı	ı		30,525	ŀ		.1		1
General expenses	46,249	ı	19,133	70	1,453,151	1	.!	89	23	234
Housing assistance payments	1	1	1	21,283	ı	1	1	165,206	35,137	664,979
Depreciation	5,190	1	145,709		15,963,346	1	ı	1	1	•
Total operating expenses	302,037	85,899	770,027	22,877	49,326,103	1,111,160		170,638	36,974	683,780
Operating income (loss)	402,914	1	(82,071)	10,039	(15,494,321)	1	1	24,245	9,798	67,342
Nonoperating revenues (expenses)										
Interest revenue	8,002	1	1,826	99	86,684	1	1	161	2	799
Interest expense	(40,947)	1	(136,825)	•	(335,967)	1	1		1	
Loss on disposition of fixed assets	(2,029)	ı	1	1	(5,186,887)	1	t		1	1
Casualty losses	1	1	(10,000)	-	(30,240)	1	1	1	1	1
Total nonoperating revenues	(34.974)	1	(144.999)	3	(5.466.410)	1	. 1	191	3	799
Incame (less) before other revenues			7.7.1.1.2							
expenses, gains, losses and transfers	367,940	1	(227,070)	10,095	(20,960,731)	1.	ı	24,436	9,862	68,004
Capital contributions	1	1	1	1	1	1	1	1	1	1
Increase (decrease) in fund net assets	367,940	1	(227,070)	10,095	(20,960,731)	1	1	24,436	9,862	68,004
Net assets, beginning of year	813,743	1	208,476	5,320	91,137,793	1	2,140,752	44,649	57,269	29,474
Prior year adjustments and correction of errors	469,635	1	197,595	1	64,163,569		(2,140,752)	1		1
Adjusted net assets - beginning of year	1,283,378		406,071	5,320	155,301,362	1		44,649	57,269	29,474
Net assets, end of year	\$ 1,651,318	-	179,001	15,415 5	\$ 134,340,631	1	•	\$ 69,085	\$ 67,131	\$ 97,478
•										

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED JUNE 30, 2003 (Continued)

				Public	Revitalization		Public		
	Section 8	Section 8		Housing	of Severely	Resident	Housing		
	Rehabilitation	Rehabilitation	Choice	Grant	Public	and Supportive	Fund	Interprogram	
	M0002MR0006	M0002MR0013	Vouchers	Program	Housing	Services	Program	Elimination	Total
Operating revenues:									
Rental revenue		·		1	1 	•	•	•	\$ 12,078,272
Governmental revenue	134,955	756,846	37,986,069	1	644,700	166,161	1,668,104		65,388,851
Other revenue	1	9	254	*	1,177,746	1	1		2,540,989
Total operating revenues	134,955	756,852	37,986,323	•	1,822,446	191,991	1,668,104		80,008,112
Operating expenses:									
Administrative	3,146	23,360	3,064,016	1	644,700		1,668,104	1	15,364,311
Tenant services			. !.	t	1	166,161	1	1	1,884,622
Utilities	1	1	. !		1		1	1	8,767,230
Ordinary maintenance & operation	62	165	121,617	1		1		1	13,660,683
Protective services		1	ı	1	•	1	J		30,525
General expenses	4	298	36,014	1	1	•	1		1,555,231
Housing assistance payments	119,823	663,694	34,063,480	1	1	1	1	1	35,733,602
Depreciation					•		63,688	1	16,177,933
Total operating expenses	123,089	687,943	37,285,127	1	644,700	191,991	1,731,792		93,174,137
Operating income (loss)	11,866	68,909	701,196	1	1,177,746	t	(63,688)		(13,166,025)
Nonoperating revenues (expenses)		-							
Interest revenue	115	853	39,197	1	4	•		.	137,650
Interest expense	4	1	1	1	•	1	4	. 1	(513,739)
Loss on disposition of fixed assets	1	1	(3,258)	1	1		:	1	(5,192,174)
Casualty losses	1	1	1			1	1		(40,240)
Total nonoperating revenues		•							
(expenses)	115	823	35,939	•			1		(5,608,503)
, expenses, gains, bosses and transfers	11.981	69.762	737,135	1	1,177,746		(889)(9)		(18,774,528)
Capital contributions			1	•	7,544,240	1	19,004,139	•	26,548,379
Increase (decrease) in fund net assets	11,981	69,762	737,135	1	8,721,986		18,940,451	1	7,773,851
Net assets, beginning of year	(15,977)	(57,003)	•	33,494,103	23,434,809	1	20,999,878	1	172,293,286
Prior year adjustments and correction of errors	1	1	1.507.447	(33.494.103)	5.789.138		(51.283)		36,441,246
Adjusted net assets - beginning of year	(15.977)	(57,003)	1,507,447		29,223,947	1	20,948,595	1	208,734,532
Net assets, end of year		\$ 12,759	\$ 2,244,582		\$ 37,945,933	9	\$ 39,889,046	8	\$ 216,508,383
					1				

	· ·	CongregateMOME	HOME	Section 8	/Norden	Fublic and	Cortion
	Business	Housing	Investment Partnershins	- T-		Housing	8 Rental
Account Description		Program	Program	Single Room Occupancy	Housing	Elimination Program	-
11 Cash - Unrestricted	\$3,928,094\$0	0\$1	\$312,888	0\$	\$779,070	0\$	0 %
13 Cash - Other Restricted	0\$	0\$	0\$	05	9	0\$	8
i -	0 \$		\$72,397	0\$	\$901,144	0\$	8
30 Total Cash	\$3,928,094		\$385,285	8	\$1,680,214	8	8
22 Accounts Receivable - HUD Other Projects	95	05	95	8	0\$	\$121,358	S
1 :	\$137,818	950	\$167,415	0\$	\$137,802	0\$	S
26 Accounts Receivable - Tenants - Dwelling Rents	<u>8</u>	05	\$11,095	95	\$292,104	S	8
26.1 Allowance for Doubtful Accounts - Dwelling Rents	S.		0\$	S	\$-57,710	0	S.
2 Allowance for Doubtful Accounts - Other	05		0	S _A	0	0 \$	<u>8</u>
.1 Allowance for Doubtful Accounts - Fraud	SA.	\$0	0 5	0\$	05	∞	8
Accrued Interest Receivable	S.		0\$	20	\$22,154	0	8
20 Total Receivables, net of altowances for doubtful accounts	\$137,818	3	\$178,510	82	2394,350	\$121,358	8
31 Investments - Unrestricted	0\$		0\$	0\$	\$2,516,715	0\$	
32 Investments Restricted	0\$	05	20	S	0\$	0\$	20
42 Prepaid Expenses and Other Assets			20	\$0	\$236,077	0\$	93
13 Inventories	20		0\$	0\$	\$326,489	9	S.
13.1 Allowance for Obsolete Inventories	0\$	S	\$ 0	\$0	\$-71,163	0\$	92
44 Interprogram Due From	\$94,160	S	0\$	\$35,719	\$10,907,963	0\$	95
50 Total Current Assets	\$4,160,072	83	\$563,795	\$35,719	\$15,990,645	\$121,358	3
Land	95	95	\$2,039,965	0\$	\$23,327,072	<u>.</u>	8
32 Buildings	\$4,247,112,50		\$8,163,850	20	\$223,286,562	0\$0	050
-	\$26,459		1	0\$	\$2,451,555	0\$	9
	\$-10,888			0\$	\$-119,313,377\$0	0\$1	S.
7	0\$			0\$	0\$	Q.	050
30 Total Fixed Assets, Net of Accumulated Depreciation	\$4,262,683\$0			8	\$129,751,812	8	8
Notes, Loans, & Mortgages Receivable - Non Current	SF.	05	0\$	8	8	9\$	95
74 Other Assets	9		S	8	\$395,965	0 \$	S
Total Non-Current Assets	\$4,262,683\$0		19,666,841	S	\$130,147,777	S	8
	\$8,422,755\$0		\$10 230.636 \$35.719	835,719	\$146 138 422 \$121 358	100	8

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L							Public and	
· · · · · · · · · · · · · · · · · · ·			Congregate HOME	HOME	Section 8	Dont	Indian	Section
*****		Business	Housing	Investment		LOW ACIT	Housing	8 Rental
<u>Lie</u>		Activities	Service	Partnerships	Renabilitation Single Boom	Fuonc	Drug	Voucher
tem L	Account Description		Program	Program	Occupancy	R I SOOI I	Elimination	Program
	Account Description	00000		0.0			rogram	
212		40,530	2	929	2	31,054,626	\$3,060	20
321	Accrued Wage/Payroll Taxes Payable	\$8,433			3	\$692,649	<u> </u>	9
322	Accrued Compensated Absences - Current Portion	\$1,768		0\$	9	\$84,499	9	9
325	Acqued Interest Payable	9				\$17,193	0\$	8
33	Accounts Payable - HUD PHA Programs	05		20	\$20,304	0\$	0\$	S
332		\$1,222,774		050		20	0\$	88
333	Accounts Payable - Other Government	05		05		\$492,452	0\$	8
8	Tenant Security Deposits	S.		2,397		\$901,144	0\$	93
342	Deferred Revenues		04		0\$	\$83,573	S	8
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	0\$	0\$	\$454,795	0\$	\$495,423	8 €	S
345	Other Current Liabilities	6		0\$		05	0\$	SS.
346	Accrued Liabilities - Other	S.	O\$	\$27,235	0\$	\$283,787	0\$	8
347	Interprogram Due To	\$1,490,627\$0	03	\$189,183	0\$	0\$	\$118,298	8
310	Total Cument Liabilities	\$2,769,932	8	\$751,058	\$20,304	\$4,105,346	\$121,358	3
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$4,000,000\$0	8	\$9,300,577	0\$	\$5,875,069	Q.	S
354	Accrued Compensated Absences - Non Current		0\$	0\$	0\$	\$988,555	0\$	8
353	Noncurrent Liabilities - Other	\$1,505				\$828,821	0\$	S
320	Total Noncurrent Liabilities	\$4,001,506,50		\$9,300,577	8	\$7,692,445	93	8
900	rotar Liabilities	\$6,777,457,50		\$10,051,635 \$20,304		\$11,797,791	\$121,358	9
8	Total Conhibuted Capital	8	0\$	0\$	05	0\$	93	8
208	Invested in Capital Assets, Net of Related Debt		S\$	\$-88,531		\$123,381,320\$0	0\$	0\$
110	511 Total Reserved Fund Balance	8			0\$	06	•	0\$
511.	511.1 Restricted Net Assets	\$0			20	1 . 1	95	0\$
512.1	512.1Unrestricted Net Assets	\$1,388,635		\$267,532	\$15,415	\$10,959,311	0 \$	9
513	Total Equipment Assoc	\$1,651,318\$0		100,001	917'51	02153,046,4618	0.5	8
88	600 Total Labilities and Equity/Net Assets	\$8,422,75580		\$10,230,636 \$35,719		\$146,138,422\$121,358	\$121,358	8

2 € 5	Account Description	Congreg Business Housing Activities Service Program	Congregate HOME Housing Investm Service Partner Program Program	HOME Investment Partnerships Program	Section 8 Moderate Rehabilitation Single Room Occupancy	Low Rent n Public Housing	Public and Indian Housing Orug Elimination Program	Section 8 Rental Voucher Program
9		8	8	\$677,858	8	\$11,400,414\$0	88	8
1	Tenati Revenue - Other	8	S	\$7,237	S	\$183,884 \$0	88	8
9	Total Tenani Reserve	8	8	560,2893	8	841,584,298	3	8
100	HUD PHA Operating Grants	8	668,382	_ S	\$32,916	\$21,783,439	951,111,160 50	8
9		8	8	3	8	2	8	05
-	Investment income - Unestricted	\$8,002	8	\$1. 826	958	\$86 ,684	S	8
6		8	8	8	88	&	8	8
40		5704,95150	S	\$2,861	8	\$464,045	2	2
9	Gain Loss on Sale of Fixed Assets	\$-2,029	82	S	24	\$-5,186,887,50	8	8
9	Present trades. Restricted	8 €	8	2	2	æ	S	8
o		\$7:0 \$24 \$85,889	688,889	\$689,782	525,972	\$28,731,57951,	E	03 09

					Section 8	·	Public and	:
		Business	Congregate HOME Housing Investr	HOME Investment	Moderate	transfer delay	Indian	Section 8 Rental
je			Service	Partnerships	Rehabilitation Single Boom	Public	Dug	Voucher
Se de	Account Description		Program	Program	****	Dienot.	Elimination Program	Program
911	Administrative Salaries	\$151,612	95	\$21,353	\$863	\$5,042,797	0\$	S
912	Auditing Fees	9	0\$	⊙	\$12	\$43,635	0\$	0\$
13	913 Outside Management Fees		S.	\$27,560	20	S	0\$	8
914	Compensated Absences		8	9	95	\$113,940	0\$	9
15	915 Employee Benefit Contributions - Administrative	\$41,437	95	\$1,902	\$206	\$1,533,653	0\$	05
916	Other Operating - Administrative	\$57,416	0\$	\$28,839	\$449	\$2,870,195	0\$	9
921			S.	0\$	05	\$213,280	0\$	93
923			0\$	\$0	0\$	\$61,422	\$0	0\$
924		တ္တ	\$85,899	\$ 0	S	\$220,870	\$1,111,160	9
931			S\$	0	9	\$1,739,738	0 \$	\$ 0
932	Electricity		9	9 0	\$ 0	\$2,863,850	0\$	03
933	Cass		0	9	9	\$3,279,749	2 0	0\$
935	Labor	\$ 0	9	0\$	20	\$610,800	0\$	0\$
937	Employee Benefit Contributions - Utilities		%	0\$	0\$	\$186,776	0\$	0\$
938	Other Utilities Expense		9	\$86,317	0\$	0\$0	S	9
941			0\$	\$89,008	0\$1	\$5,840,148	0\$	9
942		9	0\$	\$50,693	\$5	\$1,452,471	0\$	₩
943			20	\$291,797	\$ 33	\$2,260,606	0\$	9
945			90	\$7,716	0	\$1,756,980	0\$	S.
952	Protective Services - Other Contract Costs		0\$	0\$	05	\$30,525	S	0 \$
196		Charles and	0\$	\$6,727	\$13	\$656,198	0\$	0\$
962		2,525	0\$	\$1,519	25	\$73,108	0\$	0\$
963			0\$	0\$	0 \$	\$458,613	0\$	050
964	Bad Debt - Tenant Rents	0\$	0\$	\$10,887	20	\$185,365	9	9
296	Interest Expense	\$40,947	0\$	\$136,825	0\$	\$335,967	0\$	9
896		\$3,724	0\$	0\$	20	\$79,867		0\$
696	Total Operating Expenses	\$337,794\$85,899	\$85,899	\$761,143	\$1,594	\$31,910,553	\$1,111,160	8
2	970 Excess Operating Revenue over Operating Expenses	\$373,130\$0	9	\$-71,361	\$31,378	\$-3,178,974	0\$	09
971	Extraordinary Maintenance	0\$0	0\$	\$ 0	20	\$1,788,171	050	05
972	1	0\$	95	\$10,000	20	\$30,240	0\$	9
973	Housing Assistance Payments	05	0\$	920	\$21,283	0\$	\$0	20
974	-	8	8	\$145,709	0\$	\$15,963,346	0\$	9
98	Total Expenses	X	\$85,899	\$916,852	\$22,877	\$49,692,310	\$1,111,160	
8	1001 Operating Transfers In		8	05	0\$	05	0\$	<u>8</u>
Ĕ	1010 Total Other Financing Sources (Uses)	8	8	OS.	200	98	8	8
8	1000 Excess (Deficiency) of Operating Revenue Over (Under)	0.007.000	s	S-227 070	\$40,095	5-20 960 731	98	8
8		\$367,940\$0	93	\$-227,070	\$10,095	\$-20,960,73150	8	

PHA: OH004 FYED: 06/30/2003

ine fem Vo.	Congrega Business Housing Activities Service Program	Congregate HOME -tousing Investment Service Partnerships Program Program	Section 8 Moderate Rehabilitation Single Room Occupancy	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program
1102 Debt Principal Payments - Enterprise Funds	05	\$65,974	95	\$493,103	88	8
1103 Beginning Equity	\$813,743,50	\$208,476	\$5,320	\$91,137,793\$0	2	\$2,140,752
1104 Prior Period Adjustments, Equity Transfers and Correction of Enors	\$469,635\$0	\$197,595	O\$	\$64,163,569\$0	oş.	\$-2,140,752
1113 Maximum Annual Contributions Commitment (Per ACC)	03 03	S	\$53,220	9	0\$	93
1114 Prorata Maximum Annual Contributions Applicable to a Period of Less than Twelve Months	0\$ 0\$	0	S	S	8	s
1115 Contingency Reserve, ACC Program Reserve	05	8	25	9	0\$	0\$
1.16Troid Amusi Contributions Available	8	8	\$53,220		65	S
120 Unit Months Available	0	109,1	240	90,706	0	0
121 Number of Unit Months Leased	o o	1,529	117	58,862	0	0

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		Lower Income						
		Housing Assistance	Housing Assistance	Housing	Housing Assistance	Housing	, iki d	Revitalization of Severely
		Program Section	ig Comprehensive	Distressed				
fe je		8 Moderate Rehabilitat	ogram	Public Housing				
è	Account Description	OH004MR0002	OH004MR0003	OH004MR0004	OH004MR0005	OH004MR0006		
111	Cash - Unrestricted	&	02	S ₄	O _S	9		0\$
113	Cash - Other Restricted	0 %	S	8	S ₂	&		\$2,021,267
114	Cash - Tenant Security Deposits.	\$ 0	0\$	0\$	\$ 0	0\$		95
8	Total Cash	05	8	8	08	8	8	\$2,021,267
12	Accounts Receivable - HUD Other Projects	0\$	0\$	\$77,825	0\$	\$381.642	0\$	\$5.701.134
125		05	20	6	05		8	93
126		0\$	05	0\$	95			95
Ψ.	126.1 Allowance for Doubtful Accounts - Dwelling Rents	0\$	0\$	05	8			0\$
N	126.2 Allowance for Doubtful Accounts - Other	20	950	05	0\$			0\$
T.	128.1 Allowance for Doubtful Accounts - Fraud	20	0\$	0\$	3 0	⊗		0\$
129	Accrued Interest Receivable	0	<u> </u>	S.	<u>S</u>		Q.	\$1,001,563
120	Total Receivables, net of allowances for doubtful accounts	08	08	\$77,825	S	\$381,642	8	56 ,702,697
131	Investments - Unrestricted		0\$	\$ 0	0\$	0\$		0\$
132	Investments Restricted		0%	0\$	95		0\$	\$0
142	Prepaid Expenses and Other Assets		05	0\$	20			05
143	Inventories		0\$	0\$	S.			9
Ι	143.1 Allowance for Obsolete Inventories	9	9	0\$	Oğ.	0\$		20
4	Interprogram Due From		\$92,407	\$19,653	\$14,355			050
150	Total Current Assets		\$92,407	\$97,478	\$14,355	\$381,642		\$8,723,964
1	Land	0\$	0\$	0\$	0\$	95	0\$	0\$
1	Buildings	0\$	05	0\$	0\$	0\$		20
1	Fumiture, Equipment & Machinery - Administration	0\$	\$0	0\$	050			0\$
166	Accumulated Depreciation	SE.	S.	S	OS.			Q s
	Construction in Progress	S.	&	∞	0\$			\$26,748,363
160	Total Fixed Assets, Net of Accumulated Depreciation	8	05	08	20		0	\$ 26,748,363
1	Notes, Loans, & Mortgages Receivable - Non Current	0\$	0\$	0\$		0\$		\$10,683,045
174	Other Assets	0\$	0\$	0\$	O S	SA	S.	3
8	Total Non-Current Assets	0.5		08			80	37,431,408
- 10		738 GE 13	202 407	807.478	K14 955	674 540		646 45E 370
		P102,000	12/2:TO	4 01,410				

Sĺ	PITA: UTIVO4 FIED. UQISUIZUUS							
		Lower Income	Lower income	Lower Income	Lower Income	Lower Income		
		Housing	Housing	Housing	Housing	Housing		Revitalization
		Assistance	Assistance	Assistance	Assistance	Assistance	Public	of Severely
1.7		Program Section	Program Section	Program Section	Program Section	Program Section	Housing Comprehensive	Dietroccod
		8 Moderate			,		Grant Program	Public
		Rehabilitat	Rehabilitat	Rehabilitat	Rehabilitat	Rehabilitat		Housing
	Account Description	OH004MR0002	OH004MR0003	OH004MR0004	OH004MR0005	OH004MR0006		D
	Accounts Payable <= 90 Days			95	053		90	\$180.303
	Accrued WagerPayroll Taxes Payable	S	0\$	0\$	95			0\$
	Accrued Compensated Absences - Current Portion	0\$		0\$	8	0\$	0\$	S
1	Accrued Interest Payable		0\$	0\$	05			050
1	Accounts Payable - HUD PHA Programs	\$63,769	\$25,276	20	\$18,351		80	(E)
-	Accounts Payable - PHA Projects			88	20	0\$		2 3
****	Accounts Payable - Other Government	95	0\$	9	05		05	0\$
	Tenant Security Deposits			0\$	0\$			8
	Deferred Revenues			20	95	05	08	98
and the second	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	0\$	0\$	0\$	95			\$1,025,000
	Other Current Liabilities		0\$	8	88	05	0\$	05
	Accrued Liabilities - Other			95	95	050		0\$
	Interprogram Due To	80	0\$	05	0\$	68,883		\$7.004.136
	Total Curerit Labilities	\$63,769	\$25,276	80	\$18,351	\$368,883	8	\$8,209,439
	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	0 \$	0\$	&	<u> </u>	0\$	8	Ç,
	Accrued Compensated Absences - Non Current		700000000000000000000000000000000000000	S.	S.		0\$	93
	Noncurrent Liabilities - Other		0\$		0\$			8
	Total Noncurrent Liabilities	08		05	08		05	8
	Total Liabilities	\$63,769	\$25,276	9	\$18,351	\$368,883	08	\$8,209,439
	Total Contributed Capital	80	08		8		08	8
	508.1 Invested in Capital Assets, Net of Related Debt	0\$		0\$	0\$			\$25,723,363
211	Total Reserved Fund Balance			08	8	63	0.8	8
	511.1 Restricted Net Assets			20	0\$	8	0\$	95
	512.1 Unrestricted Net Assets			\$97,478	\$-3,996	\$12,759		\$12,222,570
	Total Equipment Assets	589,085		557,478	5-3,996	\$12,759		£37.945.933
908	Total I statistics and Forth Miles Assots							
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PH	PHA: OH004 FYED: 06/30/2003		ntps://nudapps.nu	ta.gov/HUD_Syste	ams/iaspna/reaci_P	rn4&CFIOKEN	nttps://nudapps.nud.gov/HUL_systems/laspna/reacl_Frm4&CF1UKEN=341211-0001232d-0530-11ce-842e-80b03	11ce-842e-80f
		Lower Income Housing	Lower Income Housing	Lower Income Housing	Lower Income Housing	ā		Revitalization
		Assistance	Assistance	Assistance	Assistance		Public	of Severely
		Program_Section	Program_Section	Program_Section	Program Section	tion	Housing_Comprehensive	Distressed
2		8 Moderate 8	8 Moderate	8 Moderate	8 Moderate	8 Moderate	Grant Program	Public
E 9	Account Description	Rehabilitat OH004MR0002	Rehabilitat OH004MR0003	Rehabilitat OH004MR0004	Rehabilitat OH004MR0005	Rehabilitat OH004MR0006		Housing
703	Net Tenant Rental Revenue	8	0\$	9	95	8	8	8
ğ	Tenant Revenue - Other	9	95	98	03	0\$	09	8
902	Total Tenant Revenue	80	(50	60	8	G\$	9	8
902	HUD PHA Operating Grants	\$194,882	\$46,772	\$751,118	\$134,955	\$756,846	05	\$644,700
706.1	(Capital Grants	2	<u>8</u>	S	8	S.	8	\$7,544,240
E	Investment income - Unrestricted	\$ 191	364	299\$	\$115	\$853	8	95
73	13.1 Cost of Sale of Assets	8	S	9	8	8	8	28
715	Other Revenue	\$1	S	Z.	8	9	8	\$1,177,746
716	Gain/Loss on Sale of Fixed Assets	8	0\$	8	8	8	8	8
82	Investment income - Restricted	S	<u> </u>	9	æ	8	8	25
8	Total Revenue	\$195,074	\$46,836	\$751,784	\$135,070	\$757.7 05	8	989'996'68

PHA: OH004 FYED: 06/30/2003

	Housing	Lower Income	Lower income	Lower Income	Lower Income		
-	Assistance		nousing Assistance	Rousing Assistance	riousing Assistance	Public	Revitalization of Severely
-	Program_Section		Program_Section	Program_Section		Housing_Comprehensive	
Line	8 Moderate	8 Moderate	8 Moderate	8 Moderate	8 Moderate	Grant Program	Public
No. Account Description	OH004MR0002	OHOO4MR0003	OHOO4MR0004	OHOO4MR0005	OH004MR0006	·	Single
911 Administrative Salaries	\$2,940	\$995	\$10,178	\$1,769	\$13,129	0\$	0\$
912 Auditing Fees	\$ 4	\$14	\$141	\$24	\$181	0\$	0\$2
913 Outside Management Fees	0\$	\$0	20	95	95	98	0 \$
914 Compensated Absences	\$20	25	\$70	\$12	\$91	0\$	03
915 Employee Benefit Contributions - Administrative	\$701	\$237	\$2,427	\$421	\$3,132	0\$	0\$
916 Other Operating - Administrative	\$1,529	\$517	\$5,293	\$920	\$6,827	0\$	\$644,700
921 Tenant Services - Salaries	05	\$ 0	95	0\$	9	9	05
923 Employee Benefit Contributions - Tenant Services	SA.	\$0 \$	\$ 0	S	O\$	OS.	20
924 Tenant Services - Other	S	<u>8</u>	05	0\$	0%	05	0\$
931 Water	0	\$0	20	\$0	\$0	80	0 \$
932 Electricity	Q.		%	80	0\$	98	20
933 Gas	O S		\$0	\$0	\$0	80	20
935 Labor	0\$		05	0\$	0\$	\$0	20
937 Employee Benefit Contributions - Utilities	0\$	\$ 0	Q.	OS.	<u>&</u>	S	0 \$
938 Other Utilities Expense	S.	0\$	0\$	\$ 0	0\$	0\$	0\$
	0\$	0\$	0\$	0\$	9 €	05	0 \$
	\$20		69\$	\$11	68\$	0\$	0\$
	\$113	9	\$389	\$68	\$502	0\$	0\$
945 Employee Benefit Contributions - Ordinary Maintenance	20		0\$	20	0\$	05	0\$
952 Protective Services - Other Contract Costs	0\$		20	20	20	20	0\$
961 Insurance Premiums	\$45	10	\$155	\$27	\$201	0\$	0\$
	\$23		\$79	\$14	\$97	0\$	0\$
	\$0		\$0	\$0	\$0	0\$	0\$
	0\$		\$0	\$0	\$0	20	- 0\$
	\$ 0		\$0	\$0	\$0	\$0	\$ 0
	2 0		20	20	20	20	0\$
969 Total Operating Expenses	\$5,432	51,837	\$18,801	\$3,266	\$24,249	05	\$644,700
970 Excess Operating Revenue over Operating Expenses	\$189,642	\$44,999	\$732,983	\$131,804	\$733,456	8	\$8,721,986
971 Extraordinary Maintenance	20	0\$	\$0	0\$	0\$	80	\$0
972 Casualty Losses - Non-Capitalized	0\$		0\$	0\$		0\$	05
973 Housing Assistance Payments	35,206	5,137	\$664,979	\$119,823	\$663,694	20	20
974 Depreciation Expense			0\$	0\$	9	0\$	8
900 Total Expenses	\$170,638	\$36,974	\$683,780	\$123,089	\$687,943	08	\$644,7 00
1001 Operating Transfers In	20		0\$	\$0		80	20
1010 Total Other Financing Sources (Uses)	90	0\$	8	05	98	8	93
5000 Excess (Deficiency) of Operating Revenue Over (Under)	\$24.436	59.862	F98:004	511.981	\$69.762	05	58 721 986
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	Lower income	Lower Income	Lower Income	Lower Income	Lower Income	٠	
	Housing	Housing	Housing	Housing			Revitalization
	Assistance	Assistance	Assistance	Assistance	Assistance	Public	of Severely
	Program Section	Program Section	Program Section	Program Section	Program Section	Housing Comprehensive	Distressed
Line	8 Moderate	8 Moderate	8 Moderate	8 Moderate	8 Moderate	Grant Program	Public
ltem.	Rehabilitat	Rehabilitat	Rehabilitat	Rehabilitat	Rehabilitat		Housing
No. Account Description	OH004MR0002	OH004MR0003	OH004MR0004	OH004MR0005	OH004MR0006		
1102 Debt Principal Payments - Enterprise Funds	0\$	0\$	9	2	0\$	0\$	OŞ.
11103 Beginning Equity	\$44,649	\$57,269	\$29,474	\$-15,977	\$-57,003	\$33,494,103	\$23,434,809
1104 Prior Period Adjustments, Equity Transfers and Correction of Errors	os.	0\$	0\$	0\$	0\$	\$-33,494,103	\$5,789,138
[1113]Maximum Annual Contributions Commitment (Per ACC)	\$103,394	\$66,456	\$222,291	\$38,000	\$375,204	8	8
1114 Prorate Maximum Annual Contributions Applicable to a Period of less than Twelve Months	0 5	0 \$	8	98	8	8	0
1115Contingency Reserve, ACC Program Reserve	\$155,257	S.	\$451,002	\$115,306	05	S.	S
1116 Total Annual Contributions Available	\$258,651	\$66,456	\$673,293	\$153,306	\$375,204	80	8
				Consideration of the second of	The state of the s		
1120 Unit Months Available	612	240	1,776	312	1,920	6	۵
1121 Number of Unit Months Leased	407	135	1,442	245	1,781	0	0

7	TA. OHOUT LIED. USTSUIZED				
ine		Resident Opportunity and Supportive	Housing Choice Vouchers	Public Housing Capital Fund	ļ
2	,,,,,	NCS)		riogiani	0.0
11	Cash - Unrestricted		\$487,539	20	\$5,507,591
13	Cash - Other Restricted		\$561,128	3 20	\$2,582,395
14	Cash - Tenant Security Deposits	S.	O S	OS.	\$973,541
8	Total Cash	60	\$1,048,567	93	\$9,063,527
22	Accounts Receivable - HUD Other Projects	\$20,621	\$1,449,413	\$1,763,854	\$9,515,847
25	Accounts Receivable - Miscellaneous	0\$	20	95	\$443,035
92	Accounts Receivable - Tenants - Dwelling Rents	95	20	95	\$303,199
26.1	Allowance for Doubtful Accounts - Dwelling Rents	S	20	95	\$-57,710
26.2	Allowance for Doubtful Accounts - Other	0\$	0\$	9	9
28.1	Allowance for Doubtful Accounts - Fraud	05	0\$	95	0\$0
8	Accrued Interest Receivable	9	5943	9	\$1,024,660
82	Total Receivables, net of allowances for doubtful accounts	\$20,621	\$1,450,356	\$1,763,854	\$11,229,031
31	Investments - Unrestricted	\$0	\$22	0\$	\$2.516.737
32	d		000	0\$	\$1,000,000
2	J Other Assets	05		95	\$237,358
43				95	\$326,489
43.1	Allowance for Obsolete Inventories			95	\$-71,163
7	anderstands in the commentation of the state		8	0\$	\$11,466,029
8	Total Current Assets		\$3,669,244	\$1,763,854	\$35,768,008
61	Land	\$0	\$0	0\$	\$25,367,037
62	Buildings	0\$	\$0	\$0	\$235,697,524
4	Fumiture, Equipment & Machinery - Administration	%	\$213,692	&	\$2,691,706
99	Accumulated Depreciation	05	\$-112,879	\$-114,972	\$-120,089,090
29	Construction in Progress	∞	\$945,770	\$40,004,018	\$67,698,151
8	Total Fixed Assets, Net of Accumulated Depreciation	88	\$1,046,583	970'688'683	\$211,365,328
7	Notes, Loans, & Mortgages Receivable - Non Current	0\$	0\$	0\$	\$10,683,045
74	Other Assets	3		0	\$395,965
8	Total Non-Current Assets	08	\$1,046,583	\$39,889,046	\$222,444,338
S		690.691	C4 745 897	644 650 000	E258 249 348
				71,54K,500	MESON ALLENS

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Line		Resident Opportunity and	Housing	Public Housing	
E S	Account Description	Supportive Services	Vouchers	Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$5,153	\$55,604	\$705,784	\$2,056,516
321	Accrued Wage/Payroll Taxes Payable	050	\$83,740	0\$	\$784,822
322	Accrued Compensated Absences - Current Portion	0\$	\$16,467	0\$	\$102,734
325	Aconued Interest Payable	950	9	9	\$18,125
_	Accounts Payable - HUD PHA Programs	0\$	\$0	0\$	\$127,700
_	Accounts Payable - PHA Projects	0\$	0\$	O \$	\$1,222,774
	Accounts Payable - Other Government	%	0\$	%	\$492,452
뚚	Tenant Security Deposits	\$0	0\$	\$0	\$973,541
342	Deferred Revenues	0\$	S	05	\$84,433
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	0\$	%	0\$	\$1,975,218
345	Other Current Liabilities	0\$	\$0	\$456,117	\$456,117
346	Accrued Liabilities - Other	20	20	0\$	\$311,022
347	Interprogram Due To	\$15,468	\$1,677,481	\$601,953	\$11,466,029
310	Total Current Liabilities	\$20,621	\$1,833,292	\$1,763,854	\$20,071,483
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	0\$	20	0\$	\$19,175,646
354	Accrued Compensated Absences - Non Current	05	\$76,825	\$ 0	\$1,065,380
353	Noncurrent Liabilities - Other	S.	\$561,128	\$0	\$1,391,454
932	Total Noncament Liabilities	08	\$637,953	03	\$21,632,480
300	Total Labilities	\$20,621	\$2,471,245	\$1,763,854	\$41,703,963
909	Total Contributed Capital	Į,	80	OS.	80
508.1	Invested in Capital Assets, Net of Related Debt	0\$	\$1,046,583	9,889,046	\$190,214,464
211	Total Reserved Fund Balance	03	8		98
511.1	Restricted Net Assets	0\$	0\$	0\$	0\$
512.1	Unrestricted Net Assets	20	\$1,197,999	0\$	\$26,293,919
513	Total Equity/Net Assets	8_	\$2,244,582	\$39,889,046	\$216,508,383
909	Total Liabilities and Equity/Net Assets	\$20,621	84,715,827	\$41,652,900	\$258,212,346

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ine Jem No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
83	Net Tenant Rental Revenue	95	93	94	\$12,078,272
3	Tenant Revenue - Other	SA:	S	OS.	\$191,121
8	Total Tenenii Revenue	8	83		\$12,269,393
98	HUD PHA Operating Grants	\$191,991	\$37,986,069	\$1,668,104	\$65,388,851
06.1	Capital Grants	S	8	\$19,004,139	\$26,548,379
-	Investment Income - Unrestricted	8	\$39,197	8	\$137,650
13.1	Cost of Sale of Assets	8	0\$	SA.	98
15		8	\$254	O\$	\$2,349,868
16	Cain/Loss on Sale of Fixed Assets	Sa	\$-3,258	S	\$-5,192,174
2	Investment Income - Restricted	S	S	2	2
8	Total Révanue	\$191,991	£38,022,262	\$20,672,243	\$104.501.967

Line No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
911	Administrative Salaries	O S	\$1,765,482	90	\$7,011,118
912	Auditing Fees	OS.	\$8,602	S	\$52,650
913	Outside Management Fees	9	8	S	\$27,560
914	Compensated Absences	S	\$15,017	9	\$129,163
915	Employee Benefit Contributions - Administrative	95	\$518,657	9	\$2,102,773
916	Other Operating - Administrative	\$	\$756,258	\$1,668,104	\$6,041,047
921	Tenant Services - Salaries	920	0\$	950	\$213,280
923	Employee Benefit Contributions - Tenant Services	0\$	0\$	0\$	\$61,422
924	Tenant Services - Other	\$191,991	0\$	0\$	\$1,609,920
-	Water	95	0\$	0\$	\$1,739,738
932	Electricity	8	020	0\$	\$2,863,850
933	Gas	0\$	0\$	8	\$3,279,749
2	Labor	0\$	0\$	0\$	\$610,800
937	Employee Benefit Contributions - Utilities	0\$	0\$	0\$	\$186,776
938	Other Utilities Expense	20	0\$	950	\$86.317
_	Ordinary Maintenance and Operations - Labor	0\$	0\$	0\$	\$5,929,156
942	Ordinary Maintenance and Operations - Materials and Other	0\$	\$4,177	80	\$1,507,647
943	Ordinary Maintenance and Operations - Contract Costs	0\$	\$117,440	0\$	\$2,671,013
5	Employee Benefit Contributions - Ordinary Maintenance	0\$	0\$	0\$	\$1,764,696
952	Protective Services - Other Contract Costs	0\$	20	O S	\$30,525
961	Insurance Premiums	\$0	\$9,576	0\$0	\$672,957
962	Other General Expenses	0\$	\$26,438	90	\$143,818
963	Payments in Lieu of Taxes	0\$	050	0\$	\$458,613
964	Bad Debt - Tenant Rents	0\$	0\$	95	\$196,252
296	Interest Expense	95	0\$0	20	\$513,739
896	Severance Expense	0\$	\$0	0\$	\$83,591
696	Total Operating Expenses	1661618	\$3,221,647	\$1,668,104	\$39,988,170
970	Excess Operating Revenue over Operating Expenses	8	\$34,800,615	\$19,004,139	\$61,513,797
971	Extraordinary Maintenance	0\$	0\$	0\$	\$1,788,171
972	Casualty Losses - Non-Capitalized	9	9	&	\$40,240
973	Housing Assistance Payments	9	\$34,063,480	0\$	\$35,733,602
974	Depreciation Expense	9	9	\$63,688	\$16,177,933
0	Total Expenses	\$ 191,991	\$37,285,127	\$1,731,792	\$93,728,116
1001	Operating Transfers In	0\$	0\$	0\$	95
0101	Total Other Financing Sources (Uses)	8	22	8	92

:					
	Resident Opportunity Supportunity Supportunity Supportune Services	ity and e	lousing Choice fouchers	Housing Choice Capital Fund Vouchers Program	2
2	2 Debt Principal Payments - Enterprise Funds	8		8	\$559,077
		8		\$20,999,878	\$172,293,286
*	 Prior Period Adjustments, Equity Transfers and Correction of Errors 50 		\$1,507,447	5-51,283	\$36,441,246
	Maximum Annual Contributions Commitment (Per ACC) \$0	88	\$30,926,527	2	\$31,785,092
7	Prorate Maximum Amual Contributions Applicable to a Period of less than \$0 Twelve Months	Š.	\$5,610,129		\$5,610,129
2	Contingency Researce, ACC Program Reserve	8		9	\$721,565
9	in Trotal Assessed Considerations Available	2	\$36,55,656	•	\$38,116,786
10		88,284	384		155,694
	Manager of Linit Month's Lessed	R3.704	2		148 222

STATEMENT AND RECONCILIATION OF ACTUAL HOPE VI GRANT PROGRAM COSTS AND ADVANCES FOR THE YEAR ENDED JUNE 30, 2003

PROGRAM	Lincoln	Laurel	Lincoln Demo	Total
BUDGET	\$ 31,093,590	\$ 35,000,000	<u>\$ 2,563,440</u>	\$ 68,657,030
ADVANCES:				
Cash receipts - prior years Cash receipts - current year	\$ 22,079,713 1,731,784	\$ 3,465,560 10,401,963	\$ 202,026 682,195	\$ 25,747,299 12,815,942
Cumulative as of June 30, 2003	\$ 23,811,497	\$ 13,867,523	\$ 884,221	\$ 38,563,241
COSTS AND LOANS:				
Prior year - per audit Prior year adjustment	\$ 26,003,963	\$ 9,843,106	\$ 202,450 423	\$ 36,049,519 423
Current year	1,939,606	5,593,480	681,348	8,214,434
Cumulative as of June 30, 2003	\$ 27,943,569	<u>\$ 15,436,586</u>	<u>\$ 884,221</u>	<u>\$ 44,264,376</u>
Deficiency of advances due from HUD	\$ (4,132,072)	<u>\$ (1,569,063)</u>	<u>s</u>	<u>\$ (5,701,135)</u>
Actual Modernization Cost Certificate				
issued and agreed to Authority records?	No	No	No	
Soft costs - HUD				
Prior years - audit Prior year adjustment	\$ 5,599,628	\$ 5,427,700	\$ 202,450	\$ 11,229,778
Current year	675,423	(712,495)	681,771	644,699
Cumulative as of June 30, 2003	<u>\$ 6,275,051</u>	\$ 4,715,205	<u>\$ 884,221</u>	<u>\$ 11,874,477</u>
Hard costs - HUD				
Prior years	\$ 14,820,494	\$ 4,357,713	\$	\$ 19,178,207
Prior year adjustment		25,916		25,916
Current year	1,264,182	6,280,058	***	7,544,240
Cumulative as of June 30, 2003	\$ 16,084,676	<u>\$ 10,663,687</u>	<u> </u>	\$ 26,748,363
Loans to developer & others Prior years Current year	\$ 5,583,842 	\$ 57,694	\$ 	\$ 5,641,536
Cumulative as of June 30, 2003	\$ 5,583,842	\$ 57,694	\$	\$ 5,641,536
Cumulative costs and loans - HUD	\$ 27,943,569	\$ 15,436,586	\$ 884,221	\$ 44,264,376
CDBG loan expenditures Soft costs Hard costs	\$ 1,666,236 333,739	\$	s	\$ 1,666,236 333,739
Cumulative as of June 30, 2003	\$ 1,999,975	<u> </u>	<u> </u>	\$ 1,999,975

STATEMENT AND RECONCILIATION OF ACTUAL DRUG ELIMINATION COSTS AND ADVANCES FOR THE YEAR ENDED JUNE 30, 2003

PROGRAM YEAR	2000	2001	TOTAL
BUDGET	\$ 1,660,033	\$ 1,606,085	\$ 3,266,118
ADVANCES:			
Cash receipts - prior years	\$ 1,323,005	\$ 572,284	\$ 1,895,289
Cash receipts - current year	337,028	736,381	1,073,409
Cumulative as of June 30, 2003	\$ 1,660,033	<u>\$ 1,308,665</u>	\$ 2,968,698
COSTS:			
Prior years	\$ 1,362,171	\$ 616,724	\$ 1,978,895
Current year	297,862	813,299	1,111,161
Cumulative as of June 30, 2003	\$ 1,660,033	\$ 1,430,023	\$ 3,090,056
Deficiency of advances due from HUD	<u> </u>	<u>\$ (121,358)</u>	\$ (121,358)
Final SF 269a issued and agreed to PHA			
records	Yes	No	
Soft costs			
Prior years	\$ 1,362,171	\$ 616,724	\$ 1,978,895
Current year	297,862	813,299	1,111,161
Cumulative as of June 30, 2003	\$ 1,660,033	\$ 1,430,023	\$ 3,090,056
Hard costs			,
Prior years	\$	\$	\$
Current year			
Cumulative as of June 30, 2003	<u>s</u>	<u> </u>	<u> </u>
Cumulative Hard and Soft Costs	\$ 1,660,033	\$ 1,430,023	\$ 3,090,056

STATEMENT AND RECONCILIATION OF ACTUAL RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES COSTS AND ADVANCES FOR THE YEAR ENDED JUNE 30, 2003

GRANT	OH99RSE004P0197	P0197	OH01RS/	OH01RSV004P0138	OH99RSE004P0089	86	OH99RSE004P0099		TOTAL	
BUDGET	\$	136,849	S	134,166	\$ 136,849	49 S	300,000	9	707,864	
ADVANCES:	6		•	70.07	•	•		•	•	
Cash receipts - prior years Cash receipts - current year	S	6,010 58,312	A .	42,106 92,060	44,072	27 - \$	4,206	<u>ب</u>	48,116 198,650	
Cumulative as of June 30, 2003	8	64,322	S	134,166	\$ 44,072	72 S	4,206	S	246,766	
COSTS:	,	,	,	,		•				
Prior years Current year	S	23,139 41,453	69	52,258 81,908	\$ 55,090	- 06 - 06	13,539	₩.	75,397 191,990	
Cumulative as of June 30, 2003	9 8	64,592	59	134,166	\$ 55,090	S 06	13,539	₩	267,387	
Deficiency of advances due from HUD	S	(270)	S		\$ (11,018)	8 \$	(9,333)	↔	(20,621)	
Final SF 269a issued and agreed to PHA records	No		Y	Yes	No		No			
Soft costs Prior years Current year	€ .	23,139	↔	52,258	\$	\$ ⊹ 9	- 13 530	⇔	75,397	
Cumulative as of June 30, 2003	9	64,592	s	134,166	\$ 55,090	& &	13,539	S	267,387	
Hard costs Prior years Current year	₩	1 1	€>	1 1	₩.	- - 	1 - 1	∞	1 1	
Cumulative as of June 30, 2003	9	1	9	I	S	اد ااد		S	1	
Cumulative Hard and Soft Costs	9	54,592	\$	134,166	\$ 55,090	. S ∥	13,539	S	267,387	

STATEMENT AND RECONCILIATION OF ACTUAL CONGREGATE HOUSING SERVICES PROGRAM COSTS AND ADVANCES FOR THE YEAR ENDED JUNE 30, 2003

PROGRAM YEAR		CHSP
BUDGET	<u>\$</u>	1,101,486
ADVANCES:		
Cash receipts - prior years	\$	1,015,587
Cash receipts - current year		85,899
Cumulative as of June 30, 2003	<u>\$</u>	1,101,486
COSTS:		
Prior years	\$	1,015,587
Current year		85,899
Cumulative as of June 30, 2003	\$	1,101,486
Excess/(deficiency) of advances due to/(from) HUD	\$	
Final SF 269a issued and agreed to PHA records		Yes
Soft costs		
Prior years	\$	1,015,587
Current year		85,899
Cumulative as of June 30, 2003	\$	1,101,486
Hard costs		
Prior years	\$.	
Current year		
Cumulative as of June 30, 2003	\$	
Cumulative Hard and Soft Costs	\$	1,101,486

STATEMENT AND RECONCILIATION OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES FOR THE YEAR ENDED JUNE 39, 2003

						RHF	2	RHF		RHF	
PROGRAM	CFP 501-00	CFP 501-01	1	CFP 501-02	Ç	CFP 701-99	CFP	CFP 501-99	ڑ	CFP 501-00	Total
BUDGET	\$ 17,804,442	\$ 16,472,068	S	14,371,877	6	131,041	S	233,663	S	453,486	\$ 49,466,577
ADVANCES: Cash receipts - prior years Cash receipts - current year	\$ 15,532,301 2,272,141	\$ 6,718,017 7,008,632	\$ 7	10,275,410	S	131,041	∽	233,663	S	347,603	\$ 22,615,022 19,903,786
Cumulative as of June 30, 2003	\$ 17,804,442	\$ 13,726,649	S	10,275,410	S	131,041	S	233,663	S	347,603	\$ 42,518,808
COSTS: Prior year - per audit Current year	\$ 16,166,806 1,637,636	\$ 7,078,909 7,298,647	s /	11,382,657	٠,	131,041	S	233,663	€9	353,303	\$ 23,610,419 20,672,243
Cumulative as of June 30, 2003	\$ 17,804,442	\$ 14,377,556	\$	11,382,657	S	131,041	\$	233,663	9	353,303	\$ 44,282,662
Deficiency of advances due from HUD including retainages	8	S (650,907)	2) s	(1,107,247)	∽	. 1	. s	1	∽	(5,700)	\$ (1,763,854)
Actual Modernization Cost Certificate issued and agreed to Authority records?	Yes	No		No		No		No		No	
Soft costs Prior years Current year	\$ 1,438,775 35,360	\$ 1,171,765 612,295	S	1,020,449	₩.	1 1	•	1 1	€9	1 1	\$ 2,610,540 1,668,104
Cumulative as of June 30, 2003	\$ 1,474,135	\$ 1,784,060	S	1,020,449	S	1	S	1	S	1	\$ 4,278,644
Hard costs Prior years Current year	\$ 14,728,031 1,602,276	\$ 5,907,144 6,686,352	S	10,362,208	4	131,041	٠,	233,663	٠,	353,303	\$ 20,999,879 19,004,139
Cumulative as of June 30, 2003 Cumulative Hard and Soft Costs	\$ 16,330,307 \$ 17,804,442	\$ 12,593,496 \$ 14,377,556	N N	10,362,208 11,382,657	S	131,041	9	233,663	sol sol	353,303 353,303	\$ 40,004,018 \$ 44,282,662
											v

CERTIFICATION OF ACTUAL COMPREHENSIVE GRANT PROGRAM COSTS AND ADVANCES FOR THE YEAR ENDED JUNE 30, 2003

PROGRAM	CGP 707		CGP 708	Total	
BUDGET	<u>\$</u>	16,638,185	\$ 19,672,305	\$	36,310,490
ADVANCES: Cash receipts - prior years Cash receipts - current year	\$	16,638,185	\$ 19,672,305 	\$	36,310,490
Cumulative as of June 30, 2003	\$	16,638,185	\$ 19,672,305	\$	36,310,490
COSTS: Prior year - per audit Prior year adjustment	\$	16,638,185	\$ 19,672,305	\$	36,310,490
Adjusted prior years Current year	-	16,638,185	19,672,305		36,310,490
Cumulative as of June 30, 2003 Excess/(deficiency) of advances due to/	<u>\$</u>	16,638,185	\$ 19,672,305	\$	36,310,490
(from) HUD including retainages	\$		<u> </u>	\$	

The Actual Modernization Cost Certificates are in agreement with Authority records.

All modernization work in connection with the grants has been completed.

All liabilities have been paid and there are no undischarged mechanics', laborers', contractors' or material-men's liens against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.

CERTIFICATION OF ACTUAL MODERNIZATION COSTS AND ADVANCES FOR THE YEAR ENDED JUNE 30, 2003

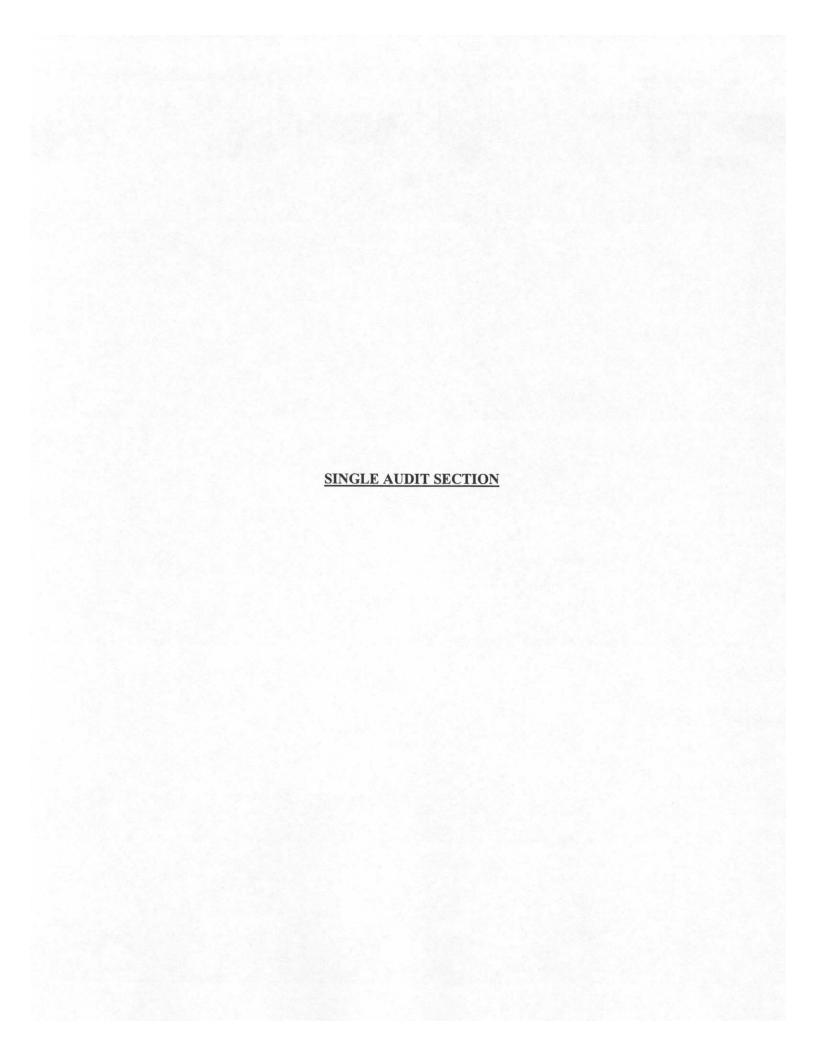
PROGRAM				CFP 501-00
BUDGET			\$	17,804,442
ADVANCES:				
Cash receipts - prior years			\$	15,532,301
Cash receipts - current year				2,272,141
Cumulative as of June 30,	2003		<u>\$</u>	17,804,442
COSTS:				
Prior years			2	16,166,806
Current year			Ψ	1,637,636
en e				1,057,050
Cumulative as of June 30,	2003		<u>\$</u>	17,804,442
Excess/(deficiency) of advance	ces due to/(from) HU	D	\$	

The Actual Modernization Cost Certificates are in agreement with Authority records.

All modernization work in connection with the grants has been completed.

All liabilities have been paid and there are no undischarged mechanics', laborers', contractors' or material-men's liens against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.



SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2003

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

No

Reportable condition(s) identified that are not considered to be material weaknesses?

None reported

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

No

Reportable condition(s) identified that are not considered to be material weakness(es)?

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 section 510(a) of Circular A-133?

No

Identification of major programs:

<u>CFD</u>	A	N	<u>umber</u>

Name of Federal Program

14.850a

Low-Rent Public Housing

14.854

Public and Indian Housing Drug Elimination Program

14.871

Housing Choice Vouchers Section 8 Moderate Rehabilitation

14.856

Dollar threshold used to distinguish between type A and type B programs:

\$2,759,239

Auditee qualified as low-risk auditee?

Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2003 (Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no Financial Statement Findings

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings and Questioned Costs.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2002-1 <u>Condition</u>: <u>Fixed Asset Inventory</u>

The Authority has not conducted a physical inventory of fixed assets in the last two years. Such an inventory is necessary to ensure that assets secured

with Federal Funds are controlled throughout their useful lives.

Current Status: This finding is cleared.

2002-2 <u>Condition</u>: <u>Section 8 Accounting Controls Deficiency</u>

The Authority issued incorrect year-end settlement statements and an incorrect Financial Data Schedule. This resulted in a settlement on the Voucher program which was approximately \$1 million greater than it

should have been.

Current Status: This finding is cleared.

2002-3 <u>Condition</u>: <u>Deficiencies Noted in Maintenance of Low Rent and Section 8 Resident</u>

<u>Files</u>

Our sample consisted of thirty (30) Low Rent Public Housing Resident

Files:

3 files lacked documentation of third party verification of household

4 files lacked documentation of Social Security Card for all household dependants over six years of age

3 files lacked correct rent calculation

1 file lacked current HUD 9886, Release of Information

1 file lacked current completed inspection

30 files lacked documentation of flat rents offered

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2003 (Continued)

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

2002-3 Condition:

Deficiencies Noted in Maintenance of Low Rent and Section 8 Resident

Files (Continued)

Our sample consisted of thirty (30) Section 8 Resident Files:

3 files lacked documentation of third party verification of household income

4 files lacked correct Utility Allowance given to tenants
2 files lacked documentation of rent reasonableness

1 file lacked 214 citizenship for all members of the household

CFDA Numbers:

14.850a, 14.871

Questioned Costs:

None

Cause:

The Authority's deficiency in its resident files stems from a lack of complete internal audit procedures, and non-compliance with HUD requirements and procedures.

Effect:

The Authority has not been in compliance with the above HUD requirements.

Criteria:

24 CFR 5.617, Section 8 Housing, and 24 CFR 960.255, Low Rent Public Housing. All files of families participating in the rental assistance program administered by the Agency are to be reviewed to determine of any family member qualifies for the EID.

24 CFR 960.253 requires that the Authority must document that flat rent was offered to all residents.

Public and Indian Housing – PIH Notice 94-36, requires the Authority to complete, have a signed and dated copy of the Authorization for the Release of Information/Privacy Act notice, HUD form 9886 and that it be retained in each resident file.

The U.S. Department of Immigration & Naturalization Act, Section 214, requires a Citizenship Declaration for each family member.

24 CFR 966.4(j)(1) requires annual inspections.

24 CFR 882.106(b), requires the PHA to certify that the rent for each unit under contract is reasonable in relation to rents currently being charged for comparable unassisted units by the same owner.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2003 (Continued)

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

2002-3 Condition:

Deficiencies Noted in Maintenance of Low Rent and Section 8 Resident

Files (Continued)

Criteria:

24 CFR 1000.128 requires all household income and deductions be

verified.

24 CFR 705 (G)(5) requires hard evidence of social security numbers to be

provided by the tenants within 60 days of the date of re-certification.

Recommendation:

In general, we recommend a full review of the re-certification process to

determine areas of weakness. Specifically, we recommend the use of a standard checklist in the re-certification process. We further recommend that each re-certification clerk's work be routinely audited. We also recommend more standardization in resident file organization of

information.

Reply:

We agree with the Auditors recommendation and will begin implementing

new procedures to be in compliance with HUD requirements.

Current Status:

This Finding Continues.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2003

FEDERAL GRANTOR		PASS		
CFDA NUMBER	OA .		FEDERAL EXPENDITURES	
U.S. Departmen	t of Housing and Urban Development:			
14.170	Congregate Housing Service Program	NA	\$	85,899
14.249	Section 8 Moderate Rehabilitation Single Room			ŕ
	Occupancy	NA		32,916
14.850a	Low Rent Public Housing	NA		21,783,439
14.854	Public and Indian Housing Drug Elimination Program	NA		1,111,160
14.856	Section 8 Moderate Rehabilitation MO002MR0002	NA		194,882
14.856	Section 8 Moderate Rehabilitation MO002MR0003	NA		46,772
14.856	Section 8 Moderate Rehabilitation MO002MR0005	NA		751,118
14.856	Section 8 Moderate Rehabilitation MO002MR0006	NA		134,955
14.856	Section 8 Moderate Rehabilitation MO002MR0013	NA		756,846
14.871	Housing Choice Vouchers	NA		37,986,069
14.866	Revitalization of Severely Distressed Public Housing	NA		8,188,940
14.870	Resident Opportunity and Supportive Services	NA		191,991
14.872	Public Housing Capital Fund Program	NA		20,672,243
	Total Federal Awards Expenditures		\$	91,937,230

Notes to the Schedule of Expenditures of Federal Awards

A. Basis of Accounting:

This schedule is prepared on the accrual basis of accounting.

B. Reconciliation of Total Federal Awards Expenditures to Financial Data Schedule:

FDS line 706	HUD PHA Grants		\$ 65,388,851
FDS line 706.1	Capital Grants		26,548,379
			\$ 91,937,230

MALCOLM JOHNSON & COMPANY, P.A.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners Cincinnati Metropolitan Housing Authority Cincinnati, Ohio HUD, Cincinnati Area Office 525 Vine Street, 7th Floor Cincinnati, Ohio 45202-3188

We have audited the financial statements of the Cincinnati Metropolitan Housing Authority ("the Authority") as of and for the year ended June 30, 2003, and have issued our report thereon dated December 11, 2003. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our report of the financial statements included an explanatory paragraph which described a change, discussed in Note V to the financial statements, in the organization's method of accounting.

Compliance

As part of obtaining reasonable assurance about whether the Cincinnati Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting.

In planning and performing our audit, we considered the Cincinnati Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Cincinnati Metropolitan Housing Authority's management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Malcolm Johnson & Company, P.A. Certified Public Accountants

DeBary, Florida December 11, 2003

MALCOLM JOHNSON & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS 210 N. HIGHWAY 17-92 P.O. BOX 530848 DEBARY, FLORIDA 32753-0848

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners Cincinnati Metropolitan Housing Authority Cincinnati, Ohio

HUD, Cincinnati Area Office 525 Vine Street, 7th Floor Cincinnati, Ohio 45202-3188

Compliance

We have audited the compliance of the Cincinnati 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 June 30, 2003. The Cincinnati Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Cincinnati Metropolitan Housing Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 Cincinnati Metropolitan Housing 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 June 30, 2003. However, we noted an immaterial instance of noncompliance that we have reported to management/Board of Commissioners of the Authority in a separate letter dated December 11, 2003.

Internal Control Over Compliance

December 11, 2003

The management of the Cincinnati Metropolitan Housing 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.

We noted a matter involving the internal control structure and its operation that we have reported to the management/Board of Commissioners of the Authority in a separate letter dated December 11, 2003.

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

Malcolm Johnson & Company, P.A. Certified Public Accountants

DeBary, Florida





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CINCINNATI METROPOLITAN HOUSING AUTHORITY HAMILTON 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.

CLERK OF THE BUREAU

Susan Babbitt

CERTIFIED MARCH 4, 2004