

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

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

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**FOR THE YEAR ENDED JUNE 30, 2004**





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Cincinnati Metropolitan Housing Authority  
16 W. Central Parkway  
Cincinnati, Ohio 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, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY  
Auditor of State

February 24, 2005

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**MALCOLM JOHNSON & COMPANY, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Cincinnati Metropolitan Housing Authority  
Cincinnati, Ohio

HUD, Cleveland Area Office  
Renaissance Bldg.  
1350 Euclid Ave. – Suite 500  
Cleveland, Ohio 44115-1815

We have audited the basic financial statements of the Cincinnati Metropolitan Housing Authority ("the Authority") as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cincinnati Metropolitan Housing Authority as of June 30, 2004, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2005, on our consideration of the Cincinnati Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

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 accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries made of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Cincinnati Metropolitan Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards 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 of the Authority. Also, the accompanying supplemental information such as the combining and individual nonmajor program financial statements, 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  
January 13, 2005

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2004**

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, 2004. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements elsewhere in this report.

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets increased in FY2004 by \$7,168,006 (3.2%). Net assets were \$223,676,389 and \$216,508,383 for 2004 and 2003 respectively.
- The Authority's cash/cash equivalents and investment balances at June 30, 2004 was \$7,318,623 a decrease of \$1,744,904 (19.2%) from prior fiscal year.
- The Authority had total revenue of \$106,919,874 and total operating expenses of \$99,810,878 for the year ended June 30, 2004.

**USING THE ANNUAL REPORT**

- **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.
- **Authority-wide Financial Statements** 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.
- **Notes to Financial Statements** 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:

**Conventional Public Housing** 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.

**Capital Fund Program** 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.



**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2004**  
**(Continued)**

**Drug Elimination Program** The Drug Elimination Program that was a grant funded through HUD, was eliminated in August 2003. These expenses were subsequently picked up by the operating budget.

**Housing Choice Vouchers Program** Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through 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.

**Hope VI Grant** The Hope VI Grants are programs funded by HUD for redevelopment of the Authorities properties.

**THE AUTHORITY AS A WHOLE**

The Authority's net assets increased by \$7,168,006 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 not 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**  
**(Condensed)**

|   | <b>2004</b>              | <b>2003</b>              |
|---|--------------------------|--------------------------|
|   | <b><u>(millions)</u></b> | <b><u>(millions)</u></b> |
| Current Assets                                  | \$ 19.7                  | \$ 23.3                  |
| Other Assets                                    | 21.2                     | 12.1                     |
| Capital Assets                                  | <u>206.3</u>             | <u>211.3</u>             |
| <b>Total Assets</b>                             | <b>247.2</b>             | <b>246.7</b>             |
| Current Liabilities                             | 8.7                      | 8.6                      |
| Long Term Liabilities                           | <u>14.9</u>              | <u>21.6</u>              |
| <b>Total Liabilities</b>                        | <b>23.6</b>              | <b>30.2</b>              |
| Net Assets:                                     |                          |                          |
| Invested in Capital Assets, Net of Related Debt | 191.6                    | 190.2                    |
| Unrestricted Net Assets                         | <u>32.0</u>              | <u>26.3</u>              |
| <b>Total Net Assets</b>                         | <b><u>\$ 223.6</u></b>   | <b><u>\$ 216.5</u></b>   |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2004**  
(Continued)

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

|   | <b>2004</b>       | <b>2003</b>       |
|---|-------------------|-------------------|
|   | <b>(millions)</b> | <b>(millions)</b> |
| Operating/Other Revenues                      | \$ 13.6           | \$ 14.6           |
| Governmental Revenues                         | <u>67.1</u>       | <u>65.4</u>       |
| <b>Total Operating Revenues</b>               | <b>80.7</b>       | <b>80.0</b>       |
| Operating Expenses                            | 84.2              | 77.0              |
| Depreciation Expense                          | <u>15.0</u>       | <u>16.2</u>       |
| <b>Total Operating Expenses</b>               | <b>99.2</b>       | <b>93.2</b>       |
| <b>Total Non-Operating Revenues/Expenses</b>  | <b>( 1.2)</b>     | <b>( 5.6)</b>     |
| <b>Capital Contributions</b>                  | <u>26.8</u>       | <u>26.6</u>       |
| <b>Change in Net Assets</b>                   | <u>7.1</u>        | <u>7.7</u>        |
| <b>Net Assets, Beginning of Year</b>          | <b>216.5</b>      | <b>172.3</b>      |
| <b>Prior Year Adjustment</b>                  | <u>.0</u>         | <u>36.5</u>       |
| <b>Adjusted Net Assets, Beginning of Year</b> | <b>216.5</b>      | <b>208.8</b>      |
| <b>Net Assets, End of Year</b>                | <u>\$ 223.6</u>   | <u>\$ 216.5</u>   |

**BUDGETARY HIGHLIGHTS**

For the year ended June 30, 2004, 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 expenses over revenues, when adjusted by depreciation expense, the Authority was under funded for the fiscal year 2004 and it was necessary to use reserves to cover expenses. The Authority's net assets increased during the fiscal year.

**Capital Assets and Debt Administration**

As of June 30, 2004 the Authority's investment in capital assets for its Proprietary Fund was \$206,318,521 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2004**  
**(Continued)**

**BUDGETARY HIGHLIGHTS (Continued)**

Major capital assets purchased from grants of \$26,885,409, 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, 2004 was \$12,829,833. 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.

**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, 2005:

- Reductions in funding levels by HUD for the operating budget (funded at 98.1%) 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 occurred August 2003; therefore ongoing expenses to maintain some of the programs were allocated to the Authority's Public Housing program.
- The Elderly Services Grant was eliminated and the expenses to maintain these programs were allocated to the Public Housing program and added to the operating budget for funding purposes.

**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.

# CINCINNATI METROPOLITAN HOUSING AUTHORITY

Cincinnati, Ohio

## STATEMENT OF NET ASSETS

JUNE 30, 2004

### ASSETS

#### Current assets

|   |                          |
|---|--------------------------|
| Cash and cash equivalents - unrestricted                  | \$ 5,695,538             |
| Cash and cash equivalents - restricted                    | 1,623,085                |
| Investments   | 3,039,379                |
| Interest receivable                                       | 3,604                    |
| Accounts receivable (net of allowance for uncollectibles) | 1,093,545                |
| Due from other governments                                | 7,471,110                |
| Inventory (net of allowance for obsolescence)             | 297,239                  |
| Notes receivable  | 171,632                  |
| Prepaid insurance   | 362,619                  |
| <b>Total current assets</b>                               | <b><u>19,757,751</u></b> |

#### Noncurrent assets

|  |            |
|--|------------|
| Notes and mortgages receivable             | 18,828,363 |
| Interest receivable on notes and mortgages | 2,180,638  |
| Insurance deposits                         | 171,947    |

#### Capital assets

|                                  |               |
|----------------------------------|---------------|
| Land                             | 26,897,388    |
| Buildings                        | 245,916,608   |
| Furniture, equipment & machinery | 3,194,059     |
| Accumulated depreciation         | (130,005,747) |
| Construction in progress         | 60,316,213    |

**Capital assets, net of accumulated depreciation** **206,318,521**

**Total noncurrent assets** **227,499,469**

**Total assets** **247,257,220**

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

# CINCINNATI METROPOLITAN HOUSING AUTHORITY

Cincinnati, Ohio

## STATEMENT OF NET ASSETS

JUNE 30, 2004

(Continued)

### Current liabilities

|                                  |                  |
|----------------------------------|------------------|
| Accounts payable                 | 1,510,002        |
| Accrued wages/taxes payable      | 865,332          |
| Accrued compensated absences     | 104,013          |
| Other accrued liabilities        | 637,346          |
| Due to other governments         | 2,600,178        |
| Notes and bonds payable          | 1,886,075        |
| Accrued interest payable         | 15,082           |
| Prepaid rents                    | 101,410          |
| Payable from restricted assets:  |                  |
| Resident security deposits       | 995,357          |
| <b>Total current liabilities</b> | <b>8,714,795</b> |

### Noncurrent liabilities:

|   |                   |
|---|-------------------|
| Notes payable (net of unamortized discount) | 12,829,833        |
| Workers' compensation contingency           | 327,385           |
| Accrued compensated absences                | 1,118,180         |
| Payable from restricted assets:             |                   |
| Family self sufficiency escrows             | 590,638           |
| <b>Total noncurrent liabilities</b>         | <b>14,866,036</b> |

### Total liabilities

**23,580,831**

### NET ASSETS

|   |                       |
|---|-----------------------|
| Investment in capital assets, Net of related debt | 191,602,613           |
| Unrestricted net assets                           | 32,073,776            |
| <b>Total net assets</b>                           | <b>\$ 223,676,389</b> |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004**

|  |                              |
|--|------------------------------|
| <b>Operating revenues</b>  |                              |
| Rental revenue   | \$ 12,297,694                |
| Governmental revenue   | 67,117,284                   |
| Other revenue  | 1,348,191                    |
| <b>Total operating revenues</b>  | <u>80,763,169</u>            |
| <b>Operating expenses</b>  |                              |
| Administrative   | 17,769,521                   |
| Tenant services  | 833,874                      |
| Utilities  | 9,231,270                    |
| Ordinary maintenance & operation   | 12,773,526                   |
| Protective services  | 123,775                      |
| General expenses   | 1,589,704                    |
| Housing assistance payments  | 41,882,847                   |
| Depreciation   | 15,061,913                   |
| <b>Total operating expenses</b>  | <u>99,266,430</u>            |
| <b>Operating loss</b>  | <u>(18,503,261)</u>          |
| <b>Nonoperating revenues (expenses)</b>                                  |                              |
| Interest revenue   | 1,362,548                    |
| Interest expense   | (501,357)                    |
| Loss on disposition of fixed assets                                      | (2,091,252)                  |
| Casualty losses  | (43,091)                     |
| <b>Total nonoperating expenses</b>                                       | <u>(1,273,152)</u>           |
| <b>Loss before other revenues, expenses, gains, losses and transfers</b> | <u>(19,776,413)</u>          |
| <b>Capital contributions</b>   | <u>26,885,409</u>            |
| <b>Increase in fund net assets</b>                                       | <u>7,108,996</u>             |
| <b>Net assets - beginning of year - restated</b>                         | <u>216,567,393</u>           |
| <b>Net assets, end of year</b>   | <u><u>\$ 223,676,389</u></u> |

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

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**

Cincinnati, Ohio

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004**

**Cash Flows From Operating Activities**

|  |                       |
|--|-----------------------|
| Receipts from residents and other deposits       | \$ 11,914,489         |
| Governmental operating revenues                  | 69,936,250            |
| Other receipts                                   | 3,319,756             |
| Payments to suppliers                            | (24,474,593)          |
| Payments to/for employees                        | (18,051,953)          |
| Payments to landlords                            | (41,882,847)          |
| <b>Net cash provided by operating activities</b> | <b><u>761,102</u></b> |

**Cash Flows From Capital and Related Financing Activities**

|  |                         |
|--|-------------------------|
| Capital contributions  | 26,885,409              |
| Purchases of capital assets  | (27,792,294)            |
| Disposals of capital assets  | 13,581,080              |
| Principal paid on capital debt                                       | (6,996,084)             |
| Interest paid  | (501,357)               |
| Other payments   | (43,091)                |
| <b>Net cash provided by capital and related financing activities</b> | <b><u>5,133,663</u></b> |

**Cash Flows From Investing Activities**

|   |                           |
|---|---------------------------|
| Proceeds from sales and maturities of investments | 477,358                   |
| Increase in notes receivable                      | (8,316,950)               |
| Interest and dividends                            | 199,923                   |
| <b>Net cash used by investing activities</b>      | <b><u>(7,639,669)</u></b> |

**Net decrease in cash equivalents** **(1,744,904)**

**Balance - beginning of the year** **9,063,527**

**Balance - end of the year** **\$ 7,318,623**

**Reconciliation of Cash Flows to Balance Sheet:**

|  |                                   |
|--|-----------------------------------|
| Cash and cash equivalents - unrestricted | \$ 5,695,538                      |
| Cash and cash equivalents - restricted   | 1,623,085                         |
|  | <b><u><u>\$ 7,318,623</u></u></b> |

There are no noncash investing, capital and financing activities.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**

**Cincinnati, Ohio**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

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

|   |                          |
|---|--------------------------|
| <b>Operating loss</b>   | <b>\$ (18,503,261)</b>   |
| Adjustments to reconcile net operating loss to net cash provided by operating activities: |                          |
| Depreciation elimination  | 15,061,913               |
| Increase in accounts receivable   | (405,021)                |
| Decrease in due to/(from) other governments   | 2,801,989                |
| Increase in inventory   | (41,913)                 |
| Increase in prepaid expenses  | (125,261)                |
| Decrease in other assets  | 224,018                  |
| Increase in security deposits   | 21,816                   |
| Decrease in accounts payable  | (546,514)                |
| Increase in accrued wages   | 80,510                   |
| Decrease in compensated absences  | (185,609)                |
| Increase in accrued liabilities   | 197,592                  |
| Increase in deferred revenue  | 16,977                   |
| Adjustment to prior year  | 2,163,866                |
| <b>Net cash provided by operating activities</b>  | <b>\$ <u>761,102</u></b> |

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



**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**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. **Summary of HUD Programs:** 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 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.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(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. Service Coordinator for Public Housing Program –** The Authority administers the service coordinator for this public housing program to provide a service coordinator who is responsible for limited case management and referral services for elderly and disabled public housing residents. Funding for this program is provided by grants from HUD.

- 4. Basis of Presentation and Accounting:** 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 emphasizes 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 applied in the preparation of the basic financial statements.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(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. Budgets:** 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. Cash Equivalents:** Cash equivalents consist of demand deposits, a Repo account and U.S. Government instruments. They are stated at fair value.
- 7. Interprogram Receivables and Payables:** 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. Investments:** 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. Inventories:** 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. Prepaid Items:** Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.
- 11. Restricted Assets:** 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. Use of Estimates:** 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.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

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

**13. Fair Value of Financial Instruments:** The carrying amount of the CMHA's financial instruments at June 30, 2004, including cash, investments, accounts receivable and accounts payable closely approximates fair value.

**14. Fixed Assets:**

**a. Book Value:** 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. Depreciation:** 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:

|                            |          |
|----------------------------|----------|
| Buildings                  | 40 years |
| Building modernization     | 10 years |
| Office and other equipment | 5 years  |

**c. Maintenance and Repairs Expenditures:** 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, 2004, 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.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

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

- 15. Compensated Absences:** Compensated absences are those absences for which employees will be paid, such as vacation and sick leave computed in accordance with *GASB Statement No. 16*. 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. Litigation Losses:** 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.

- 19. Use of Restricted Net Assets:** It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

- B - Deposits and Investments:** 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 and non-negotiable certificates of deposit 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.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
(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 |             |             | Fair Value                 |
|---|----------------------|-------------|-------------|----------------------------|
|   | 1                    | 2           | 3           |                            |
| <b>Demand Deposits</b>                                      | <u>\$ 7,316,573</u>  | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,316,573</u>        |
| Cash on hand  |                      |             |             | <u>2,050</u>               |
| <b>Total funds on deposits</b>                              |                      |             |             | <u><u>\$ 7,318,623</u></u> |
| <b>Reconciliation of deposit analysis to balance sheet:</b> |                      |             |             |                            |
| Cash and cash equivalents - unrestricted                    |                      |             |             | \$ 5,695,538               |
| Cash and cash equivalents - restricted                      |                      |             |             | <u>1,623,085</u>           |
|   |                      |             |             | <u><u>\$ 7,318,623</u></u> |

**Investments:** 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 Risk Category |             |             | Fair Value                 |
|--|----------------------|-------------|-------------|----------------------------|
|  | 1                    | 2           | 3           |                            |
| <b>Certificate of deposit</b>                                  | <u>\$ 3,039,379</u>  | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,039,379</u>        |
| <b>Reconciliation of investment analysis to balance sheet:</b> |                      |             |             |                            |
| Investments  |                      |             |             | <u><u>\$ 3,039,379</u></u> |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
(Continued)

**C - Accounts Receivable:**

|  |                            |
|--|----------------------------|
| Tenants (net of allowance for doubtful accounts of \$38,295) | \$ 255,524                 |
| The Affiliates/Project Monitoring                            | <u>838,021</u>             |
|  | <b><u>\$ 1,093,545</u></b> |

**D - Due From Other Governments:**

|   |                            |
|---|----------------------------|
| U. S. Department of Housing and Urban Development | <b><u>\$ 7,471,110</u></b> |
|---|----------------------------|

**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. 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 homes 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:

| <u>Amount</u>    | <u>Maker</u>               | <u>Date of Note</u>   | <u>Interest</u> | <u>Maturity Date</u> | <u>Term</u>                |
|------------------|----------------------------|---|-----------------|----------------------|----------------------------|
| \$10,962,411     | Lincoln Court Partnerships | LCI-3/20/01<br>LCII-3/20/01<br>LCIII-2/28/02<br>LCIV-10/18/01 | AFR             | 40 years             | Long                       |
| 860,260          | Homebuyers                 | LC - 11/12/03   | AFR             |                      | Long                       |
| <u>7,005,692</u> | Laurel Home Partnerships   | LHI - 10/24/02<br>LHII - 7/24/03<br>LHIV - 11/22/02           | AFR             | 40 years             | Long                       |
|                  |                            |   |                 |                      | <b><u>\$18,828,363</u></b> |

**F - Ground Lease** In regards to the above notes receivable, the partnerships entered into a 75 year ground lease in the total amount of \$837,000. A ground lease payment of \$297,000 was made upon execution of the agreement. The remaining \$540,000 is evidenced by notes receivable from the developer.

The term commences November 8, 2000 and ends November 8, 2075. In addition, the partnership is required to pay an annual rent payment equal to 10% of the project's net income. Other than real estate taxes, for which the Authority has responsibility, the partnership is responsible for paying all charges associated with the property. The ground lease contains other restrictive covenants relating to the use of the property as more fully described in the agreement.

Pursuant to the ground lease the Partnership is to make a PILOT payment each year equal to 10% of rental income, as defined in the agreement.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
(Continued)

**G - Land, Buildings and Equipment:**

|                               | <u>Balance<br/>June 30,<br/>2003</u> | <u>Adjustment<br/>to Restate<br/>Beginning<br/>Balance</u> | <u>Adjusted<br/>Beginning<br/>Balance</u> | <u>Additions</u>            | <u>Deletions</u>             | <u>Transfers</u>             | <u>Balance<br/>June 30,<br/>2004</u> |
|-------------------------------|--------------------------------------|--|---|-----------------------------|------------------------------|------------------------------|--------------------------------------|
| Land                          | \$ 25,367,037                        | \$ 245,371   | \$ 25,612,408                             | \$ 65,551                   | \$( 193,326)                 | \$ 1,412,755                 | \$ 26,897,388                        |
| Buildings                     | 235,697,524                          | 981,480  | 236,679,004                               | 265,411                     | (12,387,812)                 | 21,360,005                   | 245,916,608                          |
| Equipment -<br>Administration | 2,691,706                            | -  | 2,691,706                                 | 504,954                     | ( 73,064)                    | ( 507)                       | 3,123,089                            |
| Leasehold<br>Improvements     | -                                    | -  | -   | 70,970                      | -                            | -                            | 70,970                               |
| Construction in<br>Progress   | <u>67,698,151</u>                    | <u>( 3,446,678)</u>  | <u>64,251,473</u>                         | <u>26,885,408</u>           | <u>( 5,524,255)</u>          | <u>(25,296,413)</u>          | <u>60,316,213</u>                    |
| <b>Total</b>                  | <b>331,454,418</b>                   | <b>( 2,219,827)</b>  | <b>329,234,591</b>                        | <b>27,792,294</b>           | <b>(18,178,457)</b>          | <b>( 2,524,160)</b>          | <b>336,324,268</b>                   |
| Accumulated<br>Depreciation   | <u>( 120,089,090)</u>                | <u>114,972</u>   | <u>(119,974,118)</u>                      | <u>(15,061,914)</u>         | <u>5,178,469</u>             | <u>( 148,184)</u>            | <u>(130,005,747)</u>                 |
| <b>TOTAL</b>                  | <b><u>\$ 211,365,328</u></b>         | <b><u>\$(2,104,855)</u></b>                                | <b><u>\$ 209,260,473</u></b>              | <b><u>\$ 12,730,380</u></b> | <b><u>\$(12,999,988)</u></b> | <b><u>\$( 2,672,344)</u></b> | <b><u>\$ 206,318,521</u></b>         |

**H - 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 less two times the amount of sick usage over the prior three (3) years. 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, 2004 total leave to be paid upon termination is \$1,222,193. \$104,013 is current and \$1,118,180 is long-term.

**Schedule of Changes in Compensated Absences:**

| <u>June 30, 2003</u>       |                              |                  |                 | <u>June 30, 2004</u>       |                              |
|----------------------------|------------------------------|------------------|-----------------|----------------------------|------------------------------|
| <u>Current<br/>Portion</u> | <u>Long-Term<br/>Portion</u> | <u>Additions</u> | <u>Payments</u> | <u>Current<br/>Portion</u> | <u>Long-Term<br/>Portion</u> |
| <u>\$ 102,734</u>          | <u>\$ 1,065,380</u>          | <u>\$ 54,079</u> | <u>\$ -</u>     | <u>\$ 104,013</u>          | <u>\$ 1,118,180</u>          |

**I - Other Accrued Liabilities:**

|  |                          |
|--|--------------------------|
| Accrued workmen's compensation – current portion | \$ 271,581               |
| Contract retainages                              | 352,020                  |
| Tax settlement/Other                             | <u>13,745</u>            |
|  | <b><u>\$ 637,346</u></b> |



**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**J - Due to Other Governments:**

|   |                            |
|---|----------------------------|
| U.S. Department of Housing and Urban Development      | \$ 2,088,195               |
| City of Cincinnati – Payment in Lieu of Taxes (PILOT) | <u>511,983</u>             |
|   | <b><u>\$ 2,600,178</u></b> |

**K - Notes Payable:**

| Item | Authority Program       | Principal Balance           | Current Portion            | Long-term Portion           | Interest Expense         | Payee                     | Interest Rate | Note Date  |
|------|-------------------------|-----------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|---------------|------------|
| 1    | Hamilton County         | \$ 1,000,000                | \$ --                      | \$ 1,000,000                | \$ --                    | Hamilton Cty (HOME)       | 2.0%          | Jan 1996   |
| 2    | Hamilton County         | 1,018,676                   | --                         | 1,018,676                   | --                       | Hamilton Cty (HOME)       | 2.0%          | Mar 1998   |
| 3    | Hamilton County         | 1,200,000                   | --                         | 1,200,000                   | --                       | Hamilton Cty (HOME)       | 2.0%          | Nov 1998   |
| 4    | Hamilton County         | 900,000                     | --                         | 900,000                     | --                       | Hamilton Cty (HOME)       | 2.0%          | Oct 1999   |
| 5    | Hamilton County         | 1,150,000                   | --                         | 1,150,000                   | --                       | Hamilton Cty (HOME)       | 2.0%          | June 2002  |
| 6    | Hamilton County         | --                          | --                         | --                          | 45,133                   | Fifth/Third Bank - 141    | 5.2%          | April 1998 |
| 7    | Hamilton County         | 1,321,435                   | 40,312                     | 1,281,123                   | 53,045                   | Fifth/Third Bank - 158    | 4.0%          | Dec 2001   |
| 8    | Hamilton County         | --                          | --                         | --                          | 42,174                   | Fifth/Third Bank - 174    | 4.2%          | June 2003  |
| 9    | Hamilton County         | 1,010,281                   | 43,937                     | 966,344                     | 55,181                   | U.S. Bank                 | 5.25%         | Dec 1998   |
|      | Total Hamilton County   | <u>7,600,392</u>            | <u>84,249</u>              | <u>7,516,143</u>            | <u>195,533</u>           |                           |               |            |
|      | Low Rent Public Housing | 5,851,839                   | 538,149                    | 5,313,690                   | 230,834                  | Fifth/Third Bank (Vestar) | 5.1%          | Aug 2001   |
| 11   | HOPE VI                 | 1,263,677                   | 1,263,677                  | --                          | 5,676                    | Fannie Mae                | LIBOR +1.1    | Feb 2003   |
|      | <b>All Programs</b>     | <b><u>\$ 14,715,908</u></b> | <b><u>\$ 1,886,075</u></b> | <b><u>\$ 12,829,833</u></b> | <b><u>\$ 432,043</u></b> |                           |               |            |

**1-5 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, provided the units are preserved as low-income housing throughout the entire twenty-five year duration. CMHA therefore does not record interest expense or accruals on these loans, since CMHA's mission is to provide low-income housing, and has no plans to convert the units to market rate. There is no capitalized interest.

**6-9 Bank loans**

These loans were acquired to expand the affordable housing program using locally available funds. In the current year the Authority secured a short-term loan (item # 8) for \$2,600,000 which was used to extinguish item #6. The \$2.6 million note was paid off in December of 2003, leaving one note with Fifth/Third Bank and one note with U.S. Bank at December 31, 2003. There is no capitalized interest.

**10 Vestar 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 to the savings from the conservation will exceed the cost of the loan.

**11 Fannie Mae Loans**

These loans were acquired on behalf of the development partner. The loan proceeds are drawn from Fannie By CMHA. CMHA then re-loans these funds to the developer. Interest rates and terms upon the developer are approximately equal to CMHA's interest rates and terms with Fannie Mae.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2004

(Continued)

**K - Notes Payable: (Continued)**

**Amortization of Notes Payable**

|              | Hamilton County     | Hamilton County     | Hamilton County     | Hamilton County   | Hamilton County     | Total Hamilton County | Fifth/Third Bank Note | U.S. Bank Note      | Total Affordable Housing | Fifth/Third Bank Vestar | Fannie Mae Notes    | Authority Total      |
|--------------|---------------------|---------------------|---------------------|-------------------|---------------------|-----------------------|-----------------------|---------------------|--------------------------|-------------------------|---------------------|----------------------|
| 2005         | \$ --               | \$ --               | \$ --               | \$ --             | \$ --               | \$ --                 | \$ 40,312             | \$ 43,937           | \$ 84,249                | \$ 538,149              | \$ 1,263,677        | \$ 1,886,075         |
| 2006         | --                  | --                  | --                  | --                | --                  | --                    | 35,425                | 52,911              | 88,336                   | 560,688                 | --                  | 649,024              |
| 2007         | --                  | --                  | --                  | --                | --                  | --                    | 36,869                | 55,756              | 92,625                   | 584,171                 | --                  | 676,796              |
| 2008         | --                  | --                  | --                  | --                | --                  | --                    | 38,371                | 58,755              | 97,126                   | 608,638                 | --                  | 705,764              |
| 2009         | --                  | --                  | --                  | --                | --                  | --                    | 39,935                | 61,915              | 101,850                  | 634,131                 | --                  | 735,981              |
| 2010         | --                  | --                  | --                  | --                | --                  | --                    | 41,562                | 65,245              | 106,807                  | 660,689                 | --                  | 767,496              |
| 2011         | --                  | --                  | --                  | --                | --                  | --                    | 43,255                | 68,754              | 112,009                  | 688,361                 | --                  | 800,370              |
| 2012         | 100,000             | --                  | --                  | --                | --                  | 100,000               | 45,017                | 72,452              | 217,469                  | 717,192                 | --                  | 934,661              |
| 2013         | 100,000             | --                  | --                  | --                | --                  | 100,000               | 46,851                | 76,348              | 223,199                  | 747,231                 | --                  | 970,430              |
| 2014         | 100,000             | --                  | --                  | --                | --                  | 201,868               | 48,760                | 80,455              | 331,083                  | 112,589                 | --                  | 443,672              |
| 2015         | 100,000             | 101,868             | --                  | --                | --                  | 321,868               | 50,747                | 84,782              | 457,397                  | --                      | --                  | 457,397              |
| 2016         | 100,000             | 101,868             | 120,000             | --                | --                  | 411,868               | 52,814                | 89,341              | 554,023                  | --                      | --                  | 554,023              |
| 2017         | 100,000             | 101,868             | 120,000             | 90,000            | --                  | 411,868               | 54,966                | 94,146              | 560,980                  | --                      | --                  | 560,980              |
| 2018         | 100,000             | 101,868             | 120,000             | 90,000            | 115,000             | 526,868               | 57,205                | 105,484             | 689,557                  | --                      | --                  | 689,557              |
| 2019         | 100,000             | 101,868             | 120,000             | 90,000            | 115,000             | 526,868               | 59,536                | --                  | 586,404                  | --                      | --                  | 586,404              |
| 2020         | 100,000             | 101,868             | 120,000             | 90,000            | 115,000             | 526,868               | 61,962                | --                  | 588,830                  | --                      | --                  | 588,830              |
| 2021         | 100,000             | 101,868             | 120,000             | 90,000            | 115,000             | 526,868               | 64,486                | --                  | 591,354                  | --                      | --                  | 591,354              |
| 2022         | --                  | 101,868             | 120,000             | 90,000            | 115,000             | 426,868               | 67,113                | --                  | 493,981                  | --                      | --                  | 493,981              |
| 2023         | --                  | 101,864             | 120,000             | 90,000            | 115,000             | 426,864               | 69,848                | --                  | 496,712                  | --                      | --                  | 496,712              |
| 2024         | --                  | --                  | 120,000             | 90,000            | 115,000             | 325,000               | 72,692                | --                  | 397,692                  | --                      | --                  | 397,692              |
| 2025         | --                  | --                  | --                  | 90,000            | 115,000             | 205,000               | 75,655                | --                  | 280,655                  | --                      | --                  | 280,655              |
| 2026         | --                  | --                  | --                  | --                | 115,000             | 115,000               | 78,737                | --                  | 193,737                  | --                      | --                  | 193,737              |
| 2027         | --                  | --                  | --                  | --                | 115,000             | 115,000               | 81,945                | --                  | 196,945                  | --                      | --                  | 196,945              |
| 2028         | --                  | --                  | --                  | --                | --                  | --                    | 57,372                | --                  | 57,372                   | --                      | --                  | 57,372               |
| <b>Total</b> | <b>\$ 1,000,000</b> | <b>\$ 1,018,676</b> | <b>\$ 1,200,000</b> | <b>\$ 900,000</b> | <b>\$ 1,150,000</b> | <b>\$ 5,268,676</b>   | <b>\$ 1,321,435</b>   | <b>\$ 1,010,281</b> | <b>\$ 7,600,392</b>      | <b>\$ 5,851,839</b>     | <b>\$ 1,263,677</b> | <b>\$ 14,715,908</b> |
| Current      | \$ --               | \$ --               | \$ --               | \$ --             | \$ --               | \$ --                 | \$ 40,312             | \$ 43,937           | \$ 84,249                | \$ 538,149              | \$ 1,263,677        | \$ 1,886,075         |
| Long-term    | 1,000,000           | 1,018,676           | 1,200,000           | 900,000           | 1,150,000           | 5,268,676             | 1,281,123             | 966,344             | 7,516,143                | 5,313,690               | --                  | 12,829,833           |
|              | <b>\$ 1,000,000</b> | <b>\$ 1,018,676</b> | <b>\$ 1,200,000</b> | <b>\$ 900,000</b> | <b>\$ 1,150,000</b> | <b>\$ 5,268,676</b>   | <b>\$ 1,321,435</b>   | <b>\$ 1,010,281</b> | <b>\$ 7,600,392</b>      | <b>\$ 5,851,839</b>     | <b>\$ 1,263,677</b> | <b>\$ 14,715,908</b> |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**L - Changes in Long-term Liabilities:**

|                                 | Balance June 30, 2003 |                     |                     | Payments              | Additions          | Total               | Balance June 30, 2004 |                      |
|---------------------------------|-----------------------|---------------------|---------------------|-----------------------|--------------------|---------------------|-----------------------|----------------------|
|                                 | Current               | Noncurrent          | Total               |                       |                    |                     | Current               | Noncurrent           |
| Notes payable                   | \$ 1,975,218          | \$ 19,175,646       | \$21,150,864        | \$( 9,273,633)        | \$2,838,677        | \$14,715,908        | \$1,886,075           | \$ 12,829,833        |
| Workers comp contingency        | -                     | 830,326             | 830,326             | ( 502,941)            | -                  | 327,385             | -                     | 327,385              |
| Compensated absences            | 102,734               | 1,065,380           | 1,168,114           | -                     | 54,079             | 1,222,193           | 104,013               | 1,118,180            |
| Family Self-sufficiency escrows | -                     | 561,128             | 561,128             | -                     | 29,510             | 590,638             | -                     | 590,638              |
|                                 | <u>\$2,077,952</u>    | <u>\$21,632,480</u> | <u>\$23,710,432</u> | <u>\$( 9,776,574)</u> | <u>\$2,922,266</u> | <u>\$16,856,124</u> | <u>\$1,990,088</u>    | <u>\$ 14,866,036</u> |

**M - 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, 2004, were \$17,053,320.

**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, 2004 were as follows:

|                                   |                             |
|-----------------------------------|-----------------------------|
| Housing Choice Vouchers           | \$ 44,424,977               |
| Section 8 Moderate Rehabilitation | <u>1,929,307</u>            |
|                                   | <b><u>\$ 46,354,284</u></b> |

**N - 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*.

- 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.
- Funding Policy:** The Ohio Revised Code provides statutory authority for employee and employer contributions.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**N - Retirement Commitments: (Continued)**

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

|      | <u>Percentage of Covered Payroll</u> |                 | <u>Total Payroll</u> | <u>Payroll Covered</u> | <u>Authority Contributions</u> | <u>Employee Contributions</u> |
|------|--------------------------------------|-----------------|----------------------|------------------------|--------------------------------|-------------------------------|
|      | <u>Employer</u>                      | <u>Employee</u> |                      |                        |                                |                               |
| 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                     |
| 2004 | 13.55%                               | 8.5%            | 14,939,767           | 14,596,789             | 1,977,801                      | 1,240,701                     |

**O - Other Post-Employment Benefits:** Public Employees Retirement System of Ohio provided post-retirement 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 2004 employer contribution rate for local government employers was 13.55% of covered payroll: 5% was the portion that was used to fund health care for the year 2003. 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 2004 was \$759,281, based on the 2003 rate.

**P - Self-Funded Health Benefits:** 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 Humana Choice Care. It provides a maximum life benefit of \$1 million per individual.

**Q - Commitments:** CMHA is engaged in modernization programs funded by HUD. In this regard, CMHA has entered into construction-type contracts, with approximately \$3,900,000 remaining until completion.

**R - Economic Dependency:** HUD provides approximately 88% of CMHA's operating and modernization revenues. If the amount of revenues received from HUD falls below critical levels, the Authority's reserves could be adversely affected.

**S - 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, 2004. There was one finding issued regarding tenant file reviews. This finding was addressed in our continued Prior Audit Findings #2003-1

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**T - 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.

**U - Leasing Activities (as Lessor):** 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.

**V - Interprogram Transfers:** The Authority will make cash transfers between its various programs as outlined in the Federal Regulations and authorized and approved by the Authority's Board of Commissioners.

**W - Schedule of Changes to Net Assets:**

|   | <b>Investment in<br/>Capital Assets -<br/>Net of Related<br/>Debt</b> | <b>Unrestricted<br/>Net Assets</b> | <b>Total</b>          |
|---|---|------------------------------------|-----------------------|
| <b>Balance beginning of year</b>          | <b>\$ 211,365,328</b>   | <b>\$ 5,143,055</b>                | <b>\$ 216,508,383</b> |
| Adjustments to restate beginning balance* | -   | 59,010                             | 59,010                |
| <b>Adjusted balance beginning of year</b> | <b>211,365,328</b>  | <b>5,202,065</b>                   | <b>216,567,393</b>    |
| Change in net assets                      | -   | 7,108,996                          | 7,108,996             |
| Change in investments in capital assets   | ( 10,254,950)   | 10,254,950                         | -                     |
| <b>Balance at end of year</b>             | <b>\$ 201,110,378</b>   | <b>\$ 22,566,011</b>               | <b>\$ 223,676,389</b> |

**\*Adjustments to restate beginning balance**

|  |              |
|--|--------------|
| Correction of insurance deposit                            | \$( 248,263) |
| Equity transfer of other auditors                          | ( 176,227)   |
| Miscellaneous other  | ( 267)       |
| Correction of prior year section 8 annual settlements      | ( 3,514)     |
| Correction of prior year expenses - Section 8              | 225,314      |
| Audit correction of Fixed Assets                           | 140,079      |
| Correction of prior year prepaid insurance                 | 75,000       |
| Correction of hard/soft costs and depreciation adjustments | 46,888       |

**Net adjustments to restate beginning balance** **\$ 59,010**

**SUPPLEMENTAL INFORMATION**

CINCINNATI METROPOLITAN HOUSING AUTHORITY

Cincinnati, Ohio

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND NET ASSETS  
JUNE 30, 2004

|   | Local Initiatives Business Activities |                  | Congregate Housing Services Program |    | Affordable Housing HOME Investment Partnership Program |                  | Section 8 Moderate Rehabilitation Single Room Occupancy |               | Low Rent Public Housing |                    | Public and Indian Housing Drug Elimination Program |    | Section 8 Moderate Rehabilitation M0002MR0002 |               | Section 8 Moderate Rehabilitation M0002MR0003 |               |
|---|---------------------------------------|------------------|-------------------------------------|----|--|------------------|---|---------------|-------------------------|--------------------|--|----|---|---------------|---|---------------|
|   |                                       |                  |                                     |    |  |                  |   |               |                         |                    |  |    |   |               |   |               |
| <b>ASSETS</b>   |                                       |                  |                                     |    |  |                  |   |               |                         |                    |  |    |   |               |   |               |
| <b>Current assets</b>                                     |                                       |                  |                                     |    |  |                  |   |               |                         |                    |  |    |   |               |   |               |
| Cash and cash equivalents - unrestricted                  | \$                                    | 1,284,597        | \$                                  | -- | \$   | 16,928           | \$  | --            | \$                      | 982,473            | \$   | -- | \$  | --            | \$  | --            |
| Cash and cash equivalents - restricted                    |                                       | --               |                                     | -- |  | 52,723           |   | --            |                         | 979,724            |  | -- |   | --            |   | --            |
| Investments   |                                       | --               |                                     | -- |  | --               |   | --            |                         | 2,019,544          |  | -- |   | --            |   | --            |
| Interest receivable                                       |                                       | 809              |                                     | -- |  | --               |   | --            |                         | 2,795              |  | -- |   | --            |   | --            |
| Accounts receivable (net of allowance for uncollectibles) |                                       | 198,582          |                                     | -- |  | 15,883           |   | --            |                         | 431,227            |  | -- |   | --            |   | --            |
| Due from other governments                                |                                       | --               |                                     | -- |  | --               |   | --            |                         | --                 |  | -- |   | --            |   | --            |
| Due from other programs                                   |                                       | 524,575          |                                     | -- |  | --               |   | 29,815        |                         | 6,515,614          |  | -- |   | 88,244        |   | 89,063        |
| Inventory (net of allowance for obsolescence)             |                                       | --               |                                     | -- |  | --               |   | --            |                         | 297,239            |  | -- |   | --            |   | --            |
| Notes receivable  |                                       | --               |                                     | -- |  | --               |   | --            |                         | 171,632            |  | -- |   | --            |   | --            |
| Prepaid insurance   |                                       | --               |                                     | -- |  | --               |   | --            |                         | 362,619            |  | -- |   | --            |   | --            |
| <b>Total current assets</b>                               |                                       | <b>2,008,563</b> |                                     |    |  | <b>85,534</b>    |   | <b>29,815</b> |                         | <b>11,762,867</b>  |  |    |   | <b>88,244</b> |   | <b>89,063</b> |
| <b>Noncurrent assets</b>                                  |                                       |                  |                                     |    |  |                  |   |               |                         |                    |  |    |   |               |   |               |
| Notes and mortgages receivable                            |                                       | --               |                                     | -- |  | --               |   | --            |                         | --                 |  | -- |   | --            |   | --            |
| Interest receivable on notes and mortgages                |                                       | --               |                                     | -- |  | --               |   | --            |                         | --                 |  | -- |   | --            |   | --            |
| Insurance deposits  |                                       | --               |                                     | -- |  | --               |   | --            |                         | 171,947            |  | -- |   | --            |   | --            |
| <b>Capital assets</b>                                     |                                       |                  |                                     |    |  |                  |   |               |                         |                    |  |    |   |               |   |               |
| Land  |                                       | --               |                                     | -- |  | 1,578,043        |   | --            |                         | 25,319,345         |  | -- |   | --            |   | --            |
| Buildings   |                                       | 1,000            |                                     | -- |  | 6,340,833        |   | --            |                         | 239,574,775        |  | -- |   | --            |   | --            |
| Furniture, equipment & machinery                          |                                       | 25,952           |                                     | -- |  | --               |   | --            |                         | 2,755,124          |  | -- |   | --            |   | --            |
| Accumulated depreciation                                  |                                       | (15,571)         |                                     | -- |  | (576,326)        |   | --            |                         | (129,232,568)      |  | -- |   | --            |   | --            |
| Construction in progress                                  |                                       | 945,769          |                                     | -- |  | --               |   | --            |                         | --                 |  | -- |   | --            |   | --            |
| <b>Capital assets, net of accumulated depreciation</b>    |                                       | <b>957,150</b>   |                                     |    |  | <b>7,342,550</b> |   |               |                         | <b>138,416,676</b> |  |    |   |               |   |               |
| <b>Total noncurrent assets</b>                            |                                       | <b>957,150</b>   |                                     |    |  | <b>7,342,550</b> |   |               |                         | <b>138,588,623</b> |  |    |   |               |   |               |
| <b>Total assets</b>                                       |                                       | <b>2,965,713</b> |                                     |    |  | <b>7,428,084</b> |   | <b>29,815</b> |                         | <b>150,351,490</b> |  |    |   | <b>88,244</b> |   | <b>89,063</b> |

|   |                     |                     |                  |                  |                       |                  |                  |                  |                  |
|---|---------------------|---------------------|------------------|------------------|-----------------------|------------------|------------------|------------------|------------------|
| <b>Current liabilities</b>                        |                     |                     |                  |                  |                       |                  |                  |                  |                  |
| Accounts payable                                  | 1,095               | 71,120              | --               | --               | 513,614               | --               | --               | --               | --               |
| Accrued wages/taxes payable                       | 7,361               | --                  | --               | --               | 763,542               | --               | --               | --               | --               |
| Accrued compensated absences                      | 884                 | --                  | --               | --               | 79,245                | --               | --               | --               | --               |
| Other accrued liabilities                         | 1,459               | 12,286              | --               | --               | 271,581               | --               | --               | --               | --               |
| Due to other programs                             | --                  | 189,183             | --               | --               | 430,415               | --               | --               | 22,138           | 17,798           |
| Due to other governments                          | --                  | --                  | --               | 11,697           | 511,983               | --               | --               | --               | --               |
| Notes and bonds payable                           | --                  | 84,249              | --               | --               | 538,149               | --               | --               | --               | --               |
| Accrued interest payable                          | --                  | 4,517               | --               | --               | 4,689                 | --               | --               | --               | --               |
| Prepaid rents                                     | --                  | 15,543              | --               | --               | 85,867                | --               | --               | --               | --               |
| Payable from restricted assets:                   |                     |                     |                  |                  |                       |                  |                  |                  |                  |
| Resident security deposits                        | --                  | 52,723              | --               | --               | 942,634               | --               | --               | --               | --               |
| <b>Total current liabilities</b>                  | <b>10,799</b>       | <b>429,621</b>      | <b>--</b>        | <b>11,697</b>    | <b>4,141,719</b>      | <b>--</b>        | <b>--</b>        | <b>22,138</b>    | <b>17,798</b>    |
| <b>Noncurrent liabilities:</b>                    |                     |                     |                  |                  |                       |                  |                  |                  |                  |
| Notes payable (net of unamortized discount)       | --                  | 7,516,143           | --               | --               | 5,313,690             | --               | --               | --               | --               |
| Workers' compensation contingency                 | --                  | --                  | --               | --               | 327,385               | --               | --               | --               | --               |
| Accrued compensated absences                      | 3,105               | --                  | --               | --               | 1,074,415             | --               | --               | --               | --               |
| Payable from restricted assets:                   |                     |                     |                  |                  |                       |                  |                  |                  |                  |
| Family self sufficiency escrows                   | --                  | --                  | --               | --               | --                    | --               | --               | --               | --               |
| <b>Total noncurrent liabilities</b>               | <b>3,105</b>        | <b>7,516,143</b>    | <b>--</b>        | <b>--</b>        | <b>6,715,490</b>      | <b>--</b>        | <b>--</b>        | <b>--</b>        | <b>--</b>        |
| <b>Total liabilities</b>                          | <b>13,904</b>       | <b>7,945,764</b>    | <b>--</b>        | <b>11,697</b>    | <b>10,857,209</b>     | <b>--</b>        | <b>--</b>        | <b>22,138</b>    | <b>17,798</b>    |
| <b>NET ASSETS</b>                                 |                     |                     |                  |                  |                       |                  |                  |                  |                  |
| Investment in capital assets, Net of related debt | 957,150             | (257,842)           | --               | --               | 132,564,837           | --               | --               | --               | --               |
| Unrestricted net assets                           | 1,994,659           | (259,838)           | --               | 18,118           | 6,929,444             | --               | --               | 66,106           | 71,265           |
| <b>Total net assets</b>                           | <b>\$ 2,951,809</b> | <b>\$ (517,680)</b> | <b>\$ 18,118</b> | <b>\$ 18,118</b> | <b>\$ 139,494,281</b> | <b>\$ 66,106</b> | <b>\$ 66,106</b> | <b>\$ 66,106</b> | <b>\$ 71,265</b> |



CINCINNATI METROPOLITAN HOUSING AUTHORITY  
Cincinnati, Ohio

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND NET ASSETS  
JUNE 30, 2004  
(Continued)

|   | Section 8                                  |  |  | Housing<br>Choice<br>Vouchers | Rehabilitation<br>of Severely<br>Distressed<br>Public<br>Housing | Resident<br>Opportunity<br>and Supportive<br>Services | Public<br>Housing<br>Capital<br>Fund<br>Program | Interprogram<br>Elimination | Total              |
|---|--|--|--|-------------------------------|--|---|---|-----------------------------|--------------------|
|   | Moderate<br>Rehabilitation<br>M0002/MR0004 | Moderate<br>Rehabilitation<br>M0002/MR0005 | Moderate<br>Rehabilitation<br>M0002/MR0006 |                               |  |   |   |                             |                    |
| <b>ASSETS</b>   |  |  |  |                               |  |   |   |                             |                    |
| <b>Current assets</b>                                     |  |  |  |                               |  |   |   |                             |                    |
| Cash and cash equivalents - unrestricted                  | \$ -                                       | \$ -                                       | \$ -                                       | 2,585,037                     | \$ 826,503   | \$ -  | \$ -  | \$ -                        | \$ 5,695,538       |
| Cash and cash equivalents - restricted                    | -  | -  | -  | 590,638                       | -  | -   | -   | -                           | 1,623,085          |
| Investments   | -  | -  | -  | 1,019,835                     | -  | -   | -   | -                           | 3,039,379          |
| Interest receivable                                       | -  | -  | -  | -                             | -  | -   | -   | -                           | 3,604              |
| Accounts receivable (net of allowance for uncollectibles) | -  | -  | -  | 6,253                         | 441,600  | -   | -   | -                           | 1,093,545          |
| Due from other governments                                | -  | -  | 11,231                                     | -                             | 4,868,356  | -   | 2,574,813                                       | -                           | 7,471,110          |
| Inventory (net of allowance for obsolescence)             | 247,491                                    | 15,711                                     | 3,912                                      | 110,338                       | -  | -   | -   | (7,624,763)                 | 297,239            |
| Notes receivable  | -  | -  | -  | -                             | -  | -   | -   | -                           | 171,632            |
| Prepaid insurance   | -  | -  | -  | -                             | -  | -   | -   | -                           | 362,619            |
| <b>Total current assets</b>                               | <b>247,491</b>                             | <b>15,711</b>                              | <b>15,143</b>                              | <b>4,312,101</b>              | <b>6,136,459</b>   | <b>16,710</b>   | <b>2,574,813</b>                                | <b>(7,624,763)</b>          | <b>19,757,751</b>  |
| <b>Noncurrent assets</b>                                  |  |  |  |                               |  |   |   |                             |                    |
| Notes and mortgages receivable                            | -  | -  | -  | -                             | 18,828,363   | -   | -   | -                           | 18,828,363         |
| Interest receivable on notes and mortgages                | -  | -  | -  | -                             | 2,180,638  | -   | -   | -                           | 2,180,638          |
| Insurance deposits  | -  | -  | -  | -                             | -  | -   | -   | -                           | 171,947            |
| <b>Capital assets</b>                                     |  |  |  |                               |  |   |   |                             |                    |
| Land  | -  | -  | -  | -                             | -  | -   | -   | -                           | 26,897,388         |
| Buildings   | -  | -  | -  | -                             | -  | -   | -   | -                           | 245,916,608        |
| Furniture, equipment & machinery                          | -  | -  | -  | -                             | 412,983  | -   | -   | -                           | 3,194,059          |
| Accumulated depreciation                                  | -  | -  | -  | (181,282)                     | -  | -   | -   | -                           | (130,005,747)      |
| Construction in progress                                  | -  | -  | -  | -                             | 23,487,048   | -   | 35,883,396                                      | -                           | 60,316,213         |
| Capital assets, net of accumulated depreciation           | -  | -  | -  | 231,701                       | 23,487,048   | -   | 35,883,396                                      | -                           | 206,318,531        |
| <b>Total noncurrent assets</b>                            | <b>-</b>                                   | <b>-</b>                                   | <b>-</b>                                   | <b>231,701</b>                | <b>44,996,049</b>  | <b>-</b>  | <b>35,883,396</b>                               | <b>-</b>                    | <b>227,499,469</b> |
| <b>Total assets</b>                                       | <b>247,491</b>                             | <b>15,711</b>                              | <b>15,143</b>                              | <b>4,543,802</b>              | <b>50,632,508</b>  | <b>16,710</b>   | <b>38,458,209</b>                               | <b>(7,624,763)</b>          | <b>247,257,220</b> |



CINCINNATI METROPOLITAN HOUSING AUTHORITY

Cincinnati, Ohio

COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

|   | Local Initiatives Business Activities | Congregate Housing Services Program | Affordable Housing HOME Investment Partnership Program | Section 8 Moderate Rehabilitation Single Room Occupancy | Low Rent Public Housing | Public and Indian Housing Drug Elimination Program | Section 8 Moderate Rehabilitation M0002MR0002 | Section 8 Moderate Rehabilitation M0002MR0003 |
|---|---------------------------------------|-------------------------------------|--|---|-------------------------|--|---|---|
| <b>Operating revenues</b>   |                                       |                                     |  |   |                         |  |   |   |
| Rental revenue  | \$ 13,636                             | \$ --                               | \$ 972,023   | \$ --   | \$ 11,312,035           | \$ --  | \$ --   | \$ --   |
| Governmental revenue  | --                                    | 101,858                             | --   | 47,197  | 17,053,320              | 176,063  | 199,817                                       | 50,612  |
| Other revenue   | 708,178                               | --                                  | 24,849   | --  | 614,783                 | --   | 2   | 2   |
| <b>Total operating revenues</b>   | <b>721,814</b>                        | <b>101,858</b>                      | <b>996,872</b>   | <b>47,197</b>   | <b>28,980,138</b>       | <b>176,063</b>                                     | <b>199,819</b>                                | <b>50,614</b>                                 |
| <b>Operating expenses</b>   |                                       |                                     |  |   |                         |  |   |   |
| Administrative  | 247,482                               | --                                  | 115,439  | 8,380   | 9,440,305               | --   | 20,586  | 6,992   |
| Tenant services   | --                                    | 101,858                             | --   | --  | 307,975                 | 176,063  | --  | --  |
| Utilities   | 9,106                                 | --                                  | 141,438  | --  | 9,080,726               | --   | --  | --  |
| Ordinary maintenance & operation  | 41,540                                | --                                  | 755,587  | 207   | 11,928,422              | --   | 514   | 175   |
| Protective services   | --                                    | --                                  | --   | --  | 123,775                 | --   | --  | --  |
| General expenses  | 16,376                                | --                                  | 85,910   | 17  | 1,455,889               | --   | 76  | 26  |
| Housing assistance payments   | --                                    | --                                  | --   | 35,890  | --                      | --   | 181,746                                       | 39,328  |
| Depreciation  | 5,190                                 | --                                  | 145,709  | --  | 14,842,611              | --   | --  | --  |
| <b>Total operating expenses</b>   | <b>319,694</b>                        | <b>101,858</b>                      | <b>1,244,083</b>                                       | <b>44,494</b>   | <b>47,179,703</b>       | <b>176,063</b>                                     | <b>202,922</b>                                | <b>46,521</b>                                 |
| <b>Operating income (loss)</b>  | <b>402,120</b>                        | <b>--</b>                           | <b>(247,211)</b>                                       | <b>2,703</b>  | <b>(18,199,565)</b>     | <b>--</b>  | <b>(3,103)</b>                                | <b>4,093</b>                                  |
| <b>Nonoperating revenues (expenses)</b>   |                                       |                                     |  |   |                         |  |   |   |
| Interest revenue  | 38,436                                | --                                  | 677  | --  | 94,103                  | --   | 124   | 41  |
| Interest expense  | (51,734)                              | --                                  | (190,734)  | --  | (253,013)               | --   | --  | --  |
| Loss on disposition of fixed assets   | --                                    | --                                  | --   | --  | (2,091,252)             | --   | --  | --  |
| Casualty losses   | --                                    | --                                  | --   | --  | (43,091)                | --   | --  | --  |
| <b>Total nonoperating revenues (expenses)</b>                                     | <b>(13,298)</b>                       | <b>--</b>                           | <b>(190,057)</b>                                       | <b>--</b>   | <b>(2,293,253)</b>      | <b>--</b>  | <b>124</b>                                    | <b>41</b>                                     |
| <b>Income (loss) before other revenues, expenses, gains, losses and transfers</b> | <b>388,822</b>                        | <b>--</b>                           | <b>(437,268)</b>                                       | <b>2,703</b>  | <b>(20,492,818)</b>     | <b>--</b>  | <b>(2,979)</b>                                | <b>4,134</b>                                  |
| <b>Capital contributions</b>  |                                       |                                     |  |   |                         |  |   |   |
| Transfers from (to) other programs  | (2,569,086)                           | --                                  | 2,569,086  | --  | --                      | --   | --  | --  |
| Increase (decrease) in fund net assets  | (2,180,264)                           | --                                  | 2,131,818  | 2,703   | (20,492,818)            | --   | (2,979)                                       | 4,134   |
| <b>Net assets, beginning of year</b>  | <b>1,651,318</b>                      | <b>--</b>                           | <b>179,001</b>   | <b>15,415</b>   | <b>134,340,631</b>      | <b>--</b>  | <b>69,085</b>                                 | <b>67,131</b>                                 |
| Prior year adjustments and correction of errors                                   | 3,480,755                             | --                                  | (2,828,499)  | --  | 25,646,468              | --   | --  | --  |
| <b>Adjusted net assets - beginning of year</b>                                    | <b>5,132,073</b>                      | <b>--</b>                           | <b>(2,649,498)</b>                                     | <b>15,415</b>   | <b>159,987,099</b>      | <b>--</b>  | <b>69,085</b>                                 | <b>67,131</b>                                 |
| <b>Net assets, end of year</b>  | <b>\$ 2,951,809</b>                   | <b>\$ --</b>                        | <b>\$ (517,680)</b>                                    | <b>\$ 18,118</b>  | <b>\$ 139,494,281</b>   | <b>\$ --</b>                                       | <b>\$ 66,106</b>                              | <b>\$ 71,265</b>                              |

CINCINNATI METROPOLITAN HOUSING AUTHORITY

Cincinnati, Ohio

COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

(Continued)

|   | Section 8<br>Moderate<br>Rehabilitation<br>M0002MR0004 | Section 8<br>Moderate<br>Rehabilitation<br>M0002MR0005 | Section 8<br>Moderate<br>Rehabilitation<br>M0002MR0006 | Housing<br>Choice<br>Vouchers | Revitalization<br>of Severely<br>Distressed<br>Public<br>Housing | Resident<br>Opportunity<br>and Supportive<br>Services | Public<br>Housing<br>Capital<br>Fund<br>Program | Total               |
|---|--|--|--|-------------------------------|--|---|---|---------------------|
| <b>Operating revenues</b>   |  |  |  |                               |  |   |   |                     |
| Rental revenue  | \$ 747,146   | \$ 115,739   | \$ 768,796   | \$ 44,424,977                 | \$ 1,587,620   | \$ 247,978  | \$ 1,596,161                                    | \$ 12,297,694       |
| Governmental revenue  | 5  | 1  | 7  | 364                           | --   | --  | --  | 67,117,284          |
| Other revenue   | 747,151  | 115,740  | 768,803  | 44,425,341                    | 1,587,620  | 247,978   | 1,596,161                                       | 1,348,191           |
| <b>Total operating revenues</b>   |  |  |  |                               |  |   |   | <b>80,763,169</b>   |
| <b>Operating expenses</b>   |  |  |  |                               |  |   |   |                     |
| Administrative  | 71,534   | 11,321   | 97,006   | 4,275,100                     | 1,879,215  | --  | 1,596,161                                       | 17,769,521          |
| Tenant services   | --   | --   | --   | --                            | --   | 247,978   | --  | 833,874             |
| Utilities   | 1,784  | 282  | 2,419  | 42,596                        | --   | --  | --  | 9,231,270           |
| Ordinary maintenance & operation  | --   | --   | --   | --                            | --   | --  | --  | 12,773,526          |
| Protective services   | 267  | 42   | 356  | 30,745                        | --   | --  | --  | 123,775             |
| General expenses  | 669,908  | 104,251  | 678,452  | 40,173,272                    | --   | --  | --  | 1,589,704           |
| Housing assistance payments   | --   | --   | --   | 68,403                        | --   | --  | --  | 41,882,847          |
| Depreciation  | --   | --   | --   | --                            | --   | --  | --  | 15,061,913          |
| <b>Total operating expenses</b>   | <b>743,493</b>   | <b>115,896</b>   | <b>778,233</b>   | <b>44,590,116</b>             | <b>1,879,215</b>   | <b>247,978</b>  | <b>1,596,161</b>                                | <b>99,266,430</b>   |
| <b>Operating income (loss)</b>  | <b>3,658</b>   | <b>(156)</b>   | <b>(9,430)</b>   | <b>(164,775)</b>              | <b>(291,595)</b>   | <b>--</b>   | <b>--</b>                                       | <b>(18,503,261)</b> |
| <b>Nonoperating revenues (expenses)</b>   |  |  |  |                               |  |   |   |                     |
| Interest revenue  | 430  | 68   | 583  | 29,130                        | 1,198,956  | --  | --  | 1,362,548           |
| Interest expense  | --   | --   | --   | --                            | (5,876)  | --  | --  | (501,357)           |
| Loss on disposition of fixed assets   | --   | --   | --   | --                            | --   | --  | --  | (2,091,252)         |
| Casualty losses   | --   | --   | --   | --                            | --   | --  | --  | (43,091)            |
| <b>Total nonoperating revenues (expenses)</b>                                     | <b>430</b>   | <b>68</b>  | <b>583</b>   | <b>29,130</b>                 | <b>1,193,080</b>   | <b>--</b>   | <b>--</b>                                       | <b>(1,273,152)</b>  |
| <b>Income (loss) before other revenues, expenses, gains, losses and transfers</b> | <b>4,088</b>   | <b>(88)</b>  | <b>(8,847)</b>   | <b>(135,645)</b>              | <b>901,485</b>   | <b>--</b>   | <b>--</b>                                       | <b>(19,776,413)</b> |
| <b>Capital contributions</b>  |  |  |  |                               |  |   |   |                     |
| Transfers from (to) other programs  | --   | --   | --   | --                            | 6,045,193  | --  | 20,840,216                                      | 26,885,409          |
| Increase (decrease) in fund net assets  | 4,088  | (88)   | (8,847)  | (135,645)                     | 6,946,678  | --  | 20,840,216                                      | 7,108,996           |
| Net assets, beginning of year   | 97,478   | (3,996)  | 12,759   | 2,244,582                     | 37,945,933   | --  | 39,889,046                                      | 216,508,383         |
| Prior year adjustments and correction of errors                                   | --   | --   | --   | (990,189)                     | (403,659)  | --  | (24,845,866)                                    | 59,010              |
| Adjusted net assets - beginning of year   | 97,478   | (3,996)  | 12,759   | 1,254,393                     | 37,542,274   | --  | 15,043,180                                      | 216,567,393         |
| Net assets, end of year   | \$ 101,566   | \$ (4,084)   | \$ 3,912   | \$ 1,118,748                  | \$ 44,488,952  | \$ --   | \$ 35,883,396                                   | \$ 223,676,389      |

| Line Item No. | Account Description   | Business Activities | Congregate Housing Service Program | HOME Investment Partnerships Program | Section 8 Moderate Rehabilitation Single Room Occupancy | Low Rent Public Housing | Public and Indian Housing Drug Elimination Program | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation OH004MR0002 |
|---------------|---|---------------------|------------------------------------|--------------------------------------|---|-------------------------|--|---|
| 111           | Cash - Unrestricted   | \$1,284,597         | \$0                                | \$16,928                             | \$0   | \$982,473               | \$0  | \$0   |
| 113           | Cash - Other Restricted                                       | \$0                 | \$0                                | \$0                                  | \$0   | \$37,090                | \$0  | \$0   |
| 114           | Cash - Tenant Security Deposits                               | \$0                 | \$0                                | \$52,723                             | \$0   | \$942,634               | \$0  | \$0   |
| 100           | Total Cash  | \$1,284,597         | \$0                                | \$69,651                             | \$0   | \$1,962,197             | \$0  | \$0   |
| 122           | Accounts Receivable - HUD Other Projects                      | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0   |
| 125           | Accounts Receivable - Miscellaneous                           | \$198,582           | \$0                                | \$0                                  | \$0   | \$191,586               | \$0  | \$0   |
| 126           | Accounts Receivable - Tenants - Dwelling Rents                | \$0                 | \$0                                | \$15,883                             | \$0   | \$277,936               | \$0  | \$0   |
| 126.1         | Allowance for Doubtful Accounts - Dwelling Rents              | \$0                 | \$0                                | \$0                                  | \$0   | \$-38,295               | \$0  | \$0   |
| 126.2         | Allowance for Doubtful Accounts - Other                       | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0   |
| 127           | Notes, Loans, & Mortgages Receivable - Current                | \$0                 | \$0                                | \$0                                  | \$0   | \$171,632               | \$0  | \$0   |
| 129           | Accrued Interest Receivable                                   | \$809               | \$0                                | \$0                                  | \$0   | \$2,795                 | \$0  | \$0   |
| 120           | Total Receivables, net of allowances for doubtful accounts    | \$199,391           | \$0                                | \$15,883                             | \$0   | \$605,654               | \$0  | \$0   |
| 131           | Investments - Unrestricted                                    | \$0                 | \$0                                | \$0                                  | \$0   | \$2,019,544             | \$0  | \$0   |
| 142           | Prepaid Expenses and Other Assets                             | \$0                 | \$0                                | \$0                                  | \$0   | \$362,619               | \$0  | \$0   |
| 143           | Inventories   | \$0                 | \$0                                | \$0                                  | \$0   | \$317,239               | \$0  | \$0   |
| 143.1         | Allowance for Obsolete Inventories                            | \$0                 | \$0                                | \$0                                  | \$0   | \$-20,000               | \$0  | \$0   |
| 144           | Interprogram Due From   | \$524,575           | \$0                                | \$0                                  | \$29,815  | \$6,515,614             | \$0  | \$88,244  |
| 150           | Total Current Assets  | \$2,008,563         | \$0                                | \$85,534                             | \$29,815  | \$11,762,867            | \$0  | \$88,244  |
| 161           | Land  | \$0                 | \$0                                | \$1,578,043                          | \$0   | \$25,319,345            | \$0  | \$0   |
| 162           | Buildings   | \$1,000             | \$0                                | \$6,340,833                          | \$0   | \$239,574,775           | \$0  | \$0   |
| 164           | Furniture, Equipment & Machinery - Administration             | \$25,952            | \$0                                | \$0                                  | \$0   | \$2,755,124             | \$0  | \$0   |
| 165           | Leasehold Improvements  | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0   |
| 166           | Accumulated Depreciation                                      | \$-15,571           | \$0                                | \$-576,326                           | \$0   | \$-129,232,568          | \$0  | \$0   |
| 167           | Construction In Progress                                      | \$945,769           | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0   |
| 160           | Total Fixed Assets, Net of Accumulated Depreciation           | \$957,150           | \$0                                | \$7,342,550                          | \$0   | \$138,416,676           | \$0  | \$0   |
| 171           | Notes, Loans, & Mortgages Receivable - Non Current            | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0   |
| 172           | Notes, Loans, & Mortgages Receivable - Non Current - Past Due | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0   |
| 174           | Other Assets  | \$0                 | \$0                                | \$0                                  | \$0   | \$171,947               | \$0  | \$0   |
| 180           | Total Non-Current Assets                                      | \$957,150           | \$0                                | \$7,342,550                          | \$0   | \$138,588,623           | \$0  | \$0   |
| 190           | Total Assets  | \$2,965,713         | \$0                                | \$7,428,084                          | \$29,815  | \$150,351,490           | \$0  | \$88,244  |

| Line Item No. | Account Description   | Business Activities | Congregate Housing Service Program | HOME Investment Partnerships Program | Section 8 Moderate Rehabilitation Single Room Occupancy | Low Rent Public Housing | Public and Indian Housing Drug Elimination Program | Lower Income Housing Assistance Program, Section 8 Moderate Rehabilitation OH004MR0002 |
|---------------|---|---------------------|------------------------------------|--------------------------------------|---|-------------------------|--|--|
| 312           | Accounts Payable <= 90 Days   | \$1,095             | \$0                                | \$71,120                             | \$0   | \$513,614               | \$0  | \$0  |
| 321           | Accrued Wage/Payroll Taxes Payable  | \$7,361             | \$0                                | \$0                                  | \$0   | \$763,542               | \$0  | \$0  |
| 322           | Accrued Compensated Absences - Current Portion                              | \$884               | \$0                                | \$0                                  | \$0   | \$79,245                | \$0  | \$0  |
| 325           | Accrued Interest Payable  | \$0                 | \$0                                | \$4,517                              | \$0   | \$4,689                 | \$0  | \$0  |
| 331           | Accounts Payable - HUD PHA Programs   | \$0                 | \$0                                | \$0                                  | \$11,697  | \$0                     | \$0  | \$22,138   |
| 333           | Accounts Payable - Other Government   | \$0                 | \$0                                | \$0                                  | \$0   | \$511,983               | \$0  | \$0  |
| 341           | Tenant Security Deposits  | \$0                 | \$0                                | \$52,723                             | \$0   | \$942,634               | \$0  | \$0  |
| 342           | Deferred Revenues   | \$0                 | \$0                                | \$15,543                             | \$0   | \$85,867                | \$0  | \$0  |
| 343           | Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | \$0                 | \$0                                | \$84,249                             | \$0   | \$538,149               | \$0  | \$0  |
| 345           | Other Current Liabilities   | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0  |
| 346           | Accrued Liabilities - Other   | \$1,459             | \$0                                | \$12,286                             | \$0   | \$271,581               | \$0  | \$0  |
| 347           | Interprogram Due To   | \$0                 | \$0                                | \$189,183                            | \$0   | \$430,415               | \$0  | \$0  |
| 310           | Total Current Liabilities   | \$10,799            | \$0                                | \$429,621                            | \$11,697  | \$4,141,719             | \$0  | \$22,138   |
| 351           | Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds    | \$0                 | \$0                                | \$7,516,143                          | \$0   | \$5,313,690             | \$0  | \$0  |
| 352           | Long-term Debt, Net of Current - Operating Borrowings                       | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0  |
| 354           | Accrued Compensated Absences - Non Current                                  | \$3,105             | \$0                                | \$0                                  | \$0   | \$1,074,415             | \$0  | \$0  |
| 353           | Noncurrent Liabilities - Other  | \$0                 | \$0                                | \$0                                  | \$0   | \$327,385               | \$0  | \$0  |
| 350           | Total Noncurrent Liabilities  | \$3,105             | \$0                                | \$7,516,143                          | \$0   | \$6,715,490             | \$0  | \$0  |
| 300           | Total Liabilities   | \$13,904            | \$0                                | \$7,945,764                          | \$11,697  | \$10,857,209            | \$0  | \$22,138   |
| 508           | Total Contributed Capital   | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0  |
| 508.1         | Invested in Capital Assets, Net of Related Debt                             | \$957,150           | \$0                                | \$-257,842                           | \$0   | \$132,564,837           | \$0  | \$0  |
| 511           | Total Reserved Fund Balance   | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0  |
| 511.1         | Restricted Net Assets   | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0  |
| 512.1         | Unrestricted Net Assets   | \$1,994,659         | \$0                                | \$-259,838                           | \$18,118  | \$6,929,444             | \$0  | \$66,106   |
| 513           | Total Equity/Net Assets   | \$2,951,809         | \$0                                | \$-517,680                           | \$18,118  | \$139,494,281           | \$0  | \$66,106   |
| 600           | Total Liabilities and Equity/Net Assets                                     | \$2,965,713         | \$0                                | \$7,428,084                          | \$29,815  | \$150,351,490           | \$0  | \$88,244   |

| Line Item No. | Account Description               | Business Activities | Congregate Housing Service Program | HOME Investment Partnerships Program | Section 8 Moderate Rehabilitation Single Room Occupancy | Low Rent Public Housing | Public and Indian Housing Drug Elimination Program | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH004MFR0002 |
|---------------|-----------------------------------|---------------------|------------------------------------|--------------------------------------|---|-------------------------|--|--|
| 703           | Net Tenant Rental Revenue         | \$13,636 \$0        | \$0                                | \$972,023                            | \$0   | \$11,312,035            | \$0  | \$0  |
| 704           | Tenant Revenue - Other            | \$0 \$0             | \$0                                | \$0                                  | \$0   | \$174,158               | \$0  | \$0  |
| 705           | Total Tenant Revenue              | \$13,636 \$0        | \$0                                | \$972,023                            | \$0   | \$11,486,193            | \$0  | \$0  |
| 706           | HUD PHA Operating Grants          | \$0                 | \$101,858                          | \$0                                  | \$47,197  | \$17,053,320            | \$176,063  | \$199,817  |
| 706.1         | Capital Grants                    | \$0                 | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0  |
| 711           | Investment Income - Unrestricted  | \$38,436 \$0        | \$0                                | \$677                                | \$0   | \$94,103                | \$0  | \$124  |
| 715           | Other Revenue                     | \$708,178 \$0       | \$0                                | \$24,849                             | \$0   | \$440,625               | \$0  | \$2  |
| 716           | Gain/Loss on Sale of Fixed Assets | \$0 \$0             | \$0                                | \$0                                  | \$0   | \$-2,091,252            | \$0  | \$0  |
| 720           | Investment Income - Restricted    | \$0 \$0             | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0  |
| 700           | Total Revenue                     | \$760,250 \$101,858 | \$997,549                          | \$47,197                             | \$26,982,989  | \$176,063               | \$199,943  |  |

| Line Item No. | Account Description  | Business Activities | Congregate Housing Service Program | HOME Investment Partnerships Program | Section 8 Moderate Rehabilitation Single Room Occupancy | Low Rent Public Housing | Public and Indian Housing Drug Elimination Program | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH004MR0002 |
|---------------|--|---------------------|------------------------------------|--------------------------------------|---|-------------------------|--|---|
| 911           | Administrative Salaries  | \$144,702           | \$0                                | \$45,032                             | \$1,160   | \$4,791,914             | \$0  | \$2,849   |
| 912           | Auditing Fees  | \$0                 | \$0                                | \$0                                  | \$16  | \$50,940                | \$0  | \$38  |
| 913           | Outside Management Fees  | \$0                 | \$0                                | \$52,362                             | \$0   | \$0                     | \$0  | \$0   |
| 914           | Compensated Absences   | \$716               | \$0                                | \$0                                  | \$0   | \$129,866               | \$0  | \$0   |
| 915           | Employee Benefit Contributions - Administrative                | \$46,503            | \$0                                | \$11,643                             | \$290   | \$1,517,080             | \$0  | \$713   |
| 916           | Other Operating - Administrative                               | \$55,561            | \$0                                | \$6,402                              | \$6,914   | \$2,950,505             | \$0  | \$16,986  |
| 921           | Tenant Services - Salaries                                     | \$0                 | \$0                                | \$0                                  | \$0   | \$15,236                | \$0  | \$0   |
| 923           | Employee Benefit Contributions - Tenant Services               | \$0                 | \$0                                | \$0                                  | \$0   | \$14,526                | \$0  | \$0   |
| 924           | Tenant Services - Other  | \$0                 | \$101,858                          | \$0                                  | \$0   | \$278,213               | \$176,063  | \$0   |
| 931           | Water  | \$0                 | \$0                                | \$0                                  | \$0   | \$1,713,631             | \$0  | \$0   |
| 932           | Electricity  | \$0                 | \$0                                | \$0                                  | \$0   | \$2,749,328             | \$0  | \$0   |
| 933           | Gas  | \$0                 | \$0                                | \$0                                  | \$0   | \$3,807,839             | \$0  | \$0   |
| 935           | Labor  | \$0                 | \$0                                | \$0                                  | \$0   | \$617,675               | \$0  | \$0   |
| 937           | Employee Benefit Contributions - Utilities                     | \$0                 | \$0                                | \$0                                  | \$0   | \$192,253               | \$0  | \$0   |
| 938           | Other Utilities Expense  | \$9,106             | \$0                                | \$141,438                            | \$0   | \$0                     | \$0  | \$0   |
| 941           | Ordinary Maintenance and Operations - Labor                    | \$0                 | \$0                                | \$98,126                             | \$0   | \$5,594,233             | \$0  | \$0   |
| 942           | Ordinary Maintenance and Operations - Materials and Other      | \$2,630             | \$0                                | \$295,510                            | \$29  | \$1,477,379             | \$0  | \$73  |
| 943           | Ordinary Maintenance and Operations - Contract Costs           | \$38,910            | \$0                                | \$336,636                            | \$178   | \$2,943,091             | \$0  | \$441   |
| 945           | Employee Benefit Contributions - Ordinary Maintenance          | \$0                 | \$0                                | \$25,315                             | \$0   | \$1,767,971             | \$0  | \$0   |
| 951           | Protective Services - Labor                                    | \$0                 | \$0                                | \$0                                  | \$0   | \$58,312                | \$0  | \$0   |
| 952           | Protective Services - Other Contract Costs                     | \$0                 | \$0                                | \$0                                  | \$0   | \$45,287                | \$0  | \$0   |
| 955           | Employee Benefit Contributions - Protective Services           | \$0                 | \$0                                | \$0                                  | \$0   | \$20,176                | \$0  | \$0   |
| 961           | Insurance Premiums   | \$0                 | \$0                                | \$0                                  | \$17  | \$564,876               | \$0  | \$41  |
| 962           | Other General Expenses   | \$16,376            | \$0                                | \$66,065                             | \$0   | \$190,249               | \$0  | \$35  |
| 963           | Payments in Lieu of Taxes                                      | \$0                 | \$0                                | \$0                                  | \$0   | \$424,190               | \$0  | \$0   |
| 964           | Bad Debt - Tenant Rents  | \$0                 | \$0                                | \$19,845                             | \$0   | \$250,726               | \$0  | \$0   |
| 967           | Interest Expense   | \$51,734            | \$0                                | \$190,734                            | \$0   | \$253,013               | \$0  | \$0   |
| 968           | Severance Expense  | \$0                 | \$0                                | \$0                                  | \$0   | \$25,948                | \$0  | \$0   |
| 969           | Total Operating Expenses                                       | \$366,238           | \$101,858                          | \$1,289,108                          | \$8,604   | \$32,444,357            | \$176,063  | \$21,176  |
| 970           | Excess Operating Revenue over Operating Expenses               | \$394,012           | \$0                                | \$-291,559                           | \$38,593  | \$-5,461,368            | \$0  | \$178,767   |
| 971           | Extraordinary Maintenance                                      | \$0                 | \$0                                | \$0                                  | \$0   | \$145,748               | \$0  | \$0   |
| 972           | Casualty Losses - Non-Capitalized                              | \$0                 | \$0                                | \$0                                  | \$0   | \$43,091                | \$0  | \$0   |
| 973           | Housing Assistance Payments                                    | \$0                 | \$0                                | \$0                                  | \$35,890  | \$0                     | \$0  | \$181,746   |
| 974           | Depreciation Expense   | \$5,190             | \$0                                | \$145,709                            | \$0   | \$14,942,611            | \$0  | \$0   |
| 900           | Total Expenses   | \$371,428           | \$101,858                          | \$1,434,817                          | \$44,494  | \$47,475,807            | \$176,063  | \$202,922   |
| 1001          | Operating Transfers In   | \$0                 | \$0                                | \$2,569,086                          | \$0   | \$0                     | \$0  | \$0   |
| 1002          | Operating Transfers Out  | \$-2,569,086        | \$0                                | \$0                                  | \$0   | \$0                     | \$0  | \$0   |
| 1010          | Total Other Financing Sources (Uses)                           | \$-2,569,086        | \$0                                | \$2,569,086                          | \$0   | \$0                     | \$0  | \$0   |
| 1000          | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$-2,180,264        | \$0                                | \$2,131,818                          | \$2,703   | \$-20,492,818           | \$0  | \$-2,979  |



| Line Item No. | Account Description  | Business Activities | Congregate HOME Housing Service Program | HOME Investment Partnerships Program | Section 8 Moderate Rehabilitation Single Room Occupancy | Low Rent Public Housing | Public and Indian Housing Drug Elimination Program | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH004MR0002 |
|---------------|--|---------------------|---|--------------------------------------|---|-------------------------|--|---|
| 1102          | Debt Principal Payments - Enterprise Funds   | \$0                 | \$0                                     | \$7,522,416                          | \$0   | \$518,652               | \$0  | \$0   |
| 1103          | Beginning Equity   | \$1,651,318         | \$0                                     | \$179,001                            | \$15,415  | \$134,340,631           | \$0  | \$69,085  |
| 1104          | Prior Period Adjustments, Equity Transfers and Correction of Errors                    | \$3,480,755         | \$0                                     | \$-2,828,499                         | \$0   | \$25,646,468            | \$0  | \$0   |
| 1113          | Maximum Annual Contributions Commitment (Per ACC)                                      | \$0                 | \$0                                     | \$0                                  | \$60,960  | \$0                     | \$0  | \$110,012   |
| 1114          | Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months | \$0                 | \$0                                     | \$0                                  | \$0   | \$0                     | \$0  | \$0   |
| 1115          | Contingency Reserve, ACC Program Reserve   | \$0                 | \$0                                     | \$0                                  | \$293,395   | \$0                     | \$0  | \$58,846  |
| 1116          | Total Annual Contributions Available   | \$0                 | \$0                                     | \$0                                  | \$354,355   | \$0                     | \$0  | \$169,858   |
| 1120          | Unit Months Available  | 12                  | 0                                       | 2,211                                | 240   | 63,251                  | 0  | 384   |
| 1121          | Number of Unit Months Leased   | 12                  | 0                                       | 1,953                                | 151   | 56,248                  | 0  | 371   |

| Line Item No. | Account Description   | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH004MR0003 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH004MR0004 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH004MR0005 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OH004MR0006 | Revitalization of Severely Distressed Public Housing | Resident Opportunity and Supportive Services | Housing Choice Vouchers |
|---------------|---|---|---|---|---|--|--|-------------------------|
| 111           | Cash - Unrestricted   | \$0   | \$0   | \$0   | \$0   | \$826,503  | \$0  | \$2,585,037             |
| 113           | Cash - Other Restricted                                       | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$590,638               |
| 114           | Cash - Tenant Security Deposits                               | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 100           | Total Cash  | \$0   | \$0   | \$0   | \$0   | \$826,503  | \$0  | \$3,175,675             |
| 122           | Accounts Receivable - HUD Other Projects                      | \$0   | \$0   | \$11,231  | \$0   | \$4,868,356  | \$16,710                                     | \$0                     |
| 125           | Accounts Receivable - Miscellaneous                           | \$0   | \$0   | \$0   | \$0   | \$441,600  | \$0  | \$6,253                 |
| 126           | Accounts Receivable - Tenants - Dwelling Rents                | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 126.1         | Allowance for Doubtful Accounts - Dwelling Rents              | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 126.2         | Allowance for Doubtful Accounts - Other                       | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 127           | Notes, Loans, & Mortgages Receivable - Current                | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 129           | Accrued Interest Receivable                                   | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 120           | Total Receivables, net of allowances for doubtful accounts    | \$0   | \$0   | \$11,231  | \$0   | \$5,309,956  | \$16,710                                     | \$6,253                 |
| 131           | Investments - Unrestricted                                    | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$1,019,835             |
| 142           | Prepaid Expenses and Other Assets                             | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 143           | Inventories   | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 143.1         | Allowance for Obsolete Inventories                            | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 144           | Interprogram Due From   | \$89,063  | \$247,491   | \$15,711  | \$3,912   | \$0  | \$0  | \$110,338               |
| 150           | Total Current Assets  | \$89,063  | \$247,491   | \$15,711  | \$15,143  | \$6,136,459  | \$16,710                                     | \$4,312,101             |
| 161           | Land  | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 162           | Buildings   | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 164           | Furniture, Equipment & Machinery - Administration             | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$342,013               |
| 165           | Leasehold Improvements  | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$70,970                |
| 166           | Accumulated Depreciation                                      | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$-181,282              |
| 167           | Construction In Progress                                      | \$0   | \$0   | \$0   | \$0   | \$23,487,048   | \$0  | \$0                     |
| 160           | Total Fixed Assets, Net of Accumulated Depreciation           | \$0   | \$0   | \$0   | \$0   | \$23,487,048   | \$0  | \$231,701               |
| 171           | Notes, Loans, & Mortgages Receivable - Non Current            | \$0   | \$0   | \$0   | \$0   | \$18,828,363   | \$0  | \$0                     |
| 172           | Notes, Loans, & Mortgages Receivable - Non Current - Past Due | \$0   | \$0   | \$0   | \$0   | \$2,180,638  | \$0  | \$0                     |
| 174           | Other Assets  | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 180           | Total Non-Current Assets                                      | \$0   | \$0   | \$0   | \$0   | \$44,496,049   | \$0  | \$231,701               |
| 190           | Total Assets  | \$89,063  | \$247,491   | \$15,711  | \$15,143  | \$50,632,508   | \$16,710                                     | \$4,543,802             |

| Line Item No. | Account Description   | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH004MR0003 | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH004MR0004 | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH004MR0005 | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH004MR0006 | Revitalization of Severely Distressed Public Housing | Resident Opportunity and Supportive Services | Housing Choice Vouchers |
|---------------|---|--|--|--|--|--|--|-------------------------|
| 321           | Accounts Payable <= 90 Days   | \$0  | \$0  | \$0  | \$0  | \$592,412  | \$4,025                                      | \$17,217                |
| 322           | Accrued Wage/Payroll Taxes Payable  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$94,429                |
| 325           | Accrued Compensated Absences - Current Portion                              | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$23,884                |
| 331           | Accrued Interest Payable  | \$0  | \$0  | \$0  | \$0  | \$5,876  | \$0  | \$0                     |
| 333           | Accounts Payable - HUD PHA Programs   | \$17,798   | \$145,925  | \$15,711   | \$0  | \$0  | \$0  | \$1,874,926             |
| 341           | Accounts Payable - Other Government   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 342           | Tenant Security Deposits  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 343           | Deferred Revenues   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 344           | Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | \$0  | \$0  | \$0  | \$0  | \$1,263,677  | \$0  | \$0                     |
| 345           | Other Current Liabilities   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 346           | Accrued Liabilities - Other   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 347           | Interprogram Due To   | \$0  | \$0  | \$4,084  | \$11,231   | \$4,281,591  | \$12,685                                     | \$783,300               |
| 310           | Total Current Liabilities   | \$17,798   | \$145,925  | \$19,795   | \$11,231   | \$6,143,556  | \$16,710                                     | \$2,793,756             |
| 351           | Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds    | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 352           | Long-term Debt, Net of Current - Operating Borrowings                       | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$590,638               |
| 354           | Accrued Compensated Absences - Non Current                                  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$40,660                |
| 353           | Noncurrent Liabilities - Other  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 350           | Total Noncurrent Liabilities  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$631,298               |
| 300           | Total Liabilities   | \$17,798   | \$145,925  | \$19,795   | \$11,231   | \$6,143,556  | \$16,710                                     | \$3,425,054             |
| 508           | Total Contributed Capital   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 508.1         | Invested in Capital Assets, Net of Related Debt                             | \$0  | \$0  | \$0  | \$0  | \$22,223,371   | \$0  | \$231,701               |
| 511           | Total Reserved Fund Balance   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 511.1         | Restricted Net Assets   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 512.1         | Unrestricted Net Assets   | \$71,265   | \$101,566  | \$4,084  | \$3,912  | \$22,265,581   | \$0  | \$887,047               |
| 513           | Total Equity/Net Assets   | \$71,265   | \$101,566  | \$4,084  | \$3,912  | \$44,488,952   | \$0  | \$1,118,748             |
| 600           | Total Liabilities and Equity/Net Assets                                     | \$89,063   | \$247,491  | \$15,711   | \$15,143   | \$50,632,508   | \$16,710                                     | \$4,543,802             |

| Line Item No. | Account Description               | Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation OH004MR0003 | Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation OH004MR0004 | Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation OH004MR0005 | Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation OH004MR0006 | Revitalization of Severely Distressed Public Housing | Resident Opportunity and Supportive Services | Housing Choice Vouchers |
|---------------|-----------------------------------|---|---|---|---|--|--|-------------------------|
| 703           | Net Tenant Rental Revenue         | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 704           | Tenant Revenue - Other            | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 705           | Total Tenant Revenue              | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 706           | HUD PHA Operating Grants          | \$50,612  | \$747,146   | \$115,739   | \$768,796   | \$1,587,620  | \$247,978                                    | \$44,424,977            |
| 706.1         | Capital Grants                    | \$0   | \$0   | \$0   | \$0   | \$6,045,193  | \$0  | \$0                     |
| 711           | Investment Income - Unrestricted  | \$41  | \$430   | \$68  | \$583   | \$1,198,956  | \$0  | \$29,130                |
| 715           | Other Revenue                     | \$2   | \$5   | \$1   | \$7   | \$0  | \$0  | \$364                   |
| 716           | Gain/Loss on Sale of Fixed Assets | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 720           | Investment Income - Restricted    | \$0   | \$0   | \$0   | \$0   | \$0  | \$0  | \$0                     |
| 700           | Total Revenue                     | \$50,655  | \$747,581   | \$115,808   | \$769,386   | \$8,831,769  | \$247,978                                    | \$44,454,471            |

| Line Item No. | Account Description  | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH004MR0003 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH004MR0004 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH004MR0005 | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat OH004MR0006 | Revitalization of Severely Distressed Public Housing | Resident Opportunity and Supportive Services | Housing Choice Vouchers |
|---------------|--|--|--|--|--|--|--|-------------------------|
| 911           | Administrative Salaries  | \$968  | \$9,902  | \$1,567  | \$13,428   | \$0  | \$0  | \$2,398,936             |
| 912           | Auditing Fees  | \$13   | \$136  | \$21   | \$184  | \$0  | \$0  | \$8,500                 |
| 913           | Outside Management Fees  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 914           | Compensated Absences   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$-8,568                |
| 915           | Employee Benefit Contributions - Administrative                | \$242  | \$2,477  | \$392  | \$3,359  | \$0  | \$0  | \$729,397               |
| 916           | Other Operating - Administrative                               | \$5,769  | \$59,019   | \$9,341  | \$80,035   | \$1,879,215  | \$0  | \$1,146,835             |
| 921           | Tenant Services - Salaries                                     | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 923           | Employee Benefit Contributions - Tenant Services               | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 924           | Tenant Services - Other  | \$0  | \$0  | \$0  | \$0  | \$0  | \$247,978                                    | \$0                     |
| 931           | Water  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 932           | Electricity  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 933           | Gas  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 935           | Labor  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 937           | Employee Benefit Contributions - Utilities                     | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 938           | Other Utilities Expense  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 941           | Ordinary Maintenance and Operations - Labor                    | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 942           | Ordinary Maintenance and Operations - Materials and Other      | \$25   | \$253  | \$40   | \$343  | \$0  | \$0  | \$5,860                 |
| 943           | Ordinary Maintenance and Operations - Contract Costs           | \$150  | \$1,531  | \$242  | \$2,076  | \$0  | \$0  | \$36,736                |
| 945           | Employee Benefit Contributions - Ordinary Maintenance          | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 951           | Protective Services - Labor                                    | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 952           | Protective Services - Other Contract Costs                     | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 955           | Employee Benefit Contributions - Protective Services           | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 961           | Insurance Premiums   | \$14   | \$145  | \$23   | \$191  | \$0  | \$0  | \$26,410                |
| 962           | Other General Expenses   | \$12   | \$122  | \$19   | \$165  | \$0  | \$0  | \$4,335                 |
| 963           | Payments in Lieu of Taxes                                      | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 964           | Bad Debt - Tenant Rents  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 967           | Interest Expense   | \$0  | \$0  | \$0  | \$0  | \$5,876  | \$0  | \$0                     |
| 968           | Severance Expense  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 969           | Total Operating Expenses                                       | \$7,193  | \$73,585   | \$11,645   | \$99,781   | \$1,885,091  | \$247,978                                    | \$4,348,441             |
| 970           | Excess Operating Revenue over Operating Expenses               | \$43,462   | \$673,996  | \$104,163  | \$669,605  | \$6,946,678  | \$0  | \$40,106,030            |
| 971           | Extraordinary Maintenance                                      | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 972           | Casualty Losses - Non-Capitalized                              | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 973           | Housing Assistance Payments                                    | \$39,328   | \$669,908  | \$104,251  | \$678,452  | \$0  | \$0  | \$40,173,272            |
| 974           | Depreciation Expense   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$68,403                |
| 900           | Total Expenses   | \$46,521   | \$743,493  | \$115,896  | \$778,233  | \$1,885,091  | \$247,978                                    | \$44,590,116            |
| 1001          | Operating Transfers In   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 1002          | Operating Transfers Out  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 1010          | Total Other Financing Sources (Uses)                           | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 1000          | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$4,134  | \$4,086  | \$-88  | \$-847   | \$6,946,678  | \$0  | \$-135,645              |

| Line Item No. | Account Description  | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH004MR0003 | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH004MR0004 | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH004MR0005 | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat OH004MR0006 | Revitalization of Severely Distressed Public Housing | Resident Opportunity and Supportive Services | Housing Choice Vouchers |
|---------------|--|--|--|--|--|--|--|-------------------------|
| 1102          | Debt Principal Payments - Enterprise Funds   | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$0                     |
| 1103          | Beginning Equity   | \$67,131   | \$97,478   | \$-3,996   | \$12,759   | \$37,945,933   | \$0  | \$2,244,582             |
| 1104          | Prior Period Adjustments, Equity Transfers and Correction of Errors                    | \$0  | \$0  | \$0  | \$0  | \$-403,659   | \$0  | \$-990,189              |
| 1113          | Maximum Annual Contributions Commitment (Per ACC)                                      | \$215,151  | \$268,263  | \$65,074   | \$320,539  | \$0  | \$0  | \$46,307,479            |
| 1114          | Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months | \$0  | \$0  | \$0  | \$0  | \$0  | \$0  | \$3,403,972             |
| 1115          | Contingency Reserve, ACC Program Reserve   | \$66,456   | \$290,968  | \$321,890  | \$491,200  | \$0  | \$0  | \$0                     |
| 1116          | Total Annual Contributions Available   | \$281,607  | \$559,231  | \$386,964  | \$811,739  | \$0  | \$0  | \$49,711,451            |
| 1120          | Unit Months Available  | 240  | 1,642  | 244  | 1,840  | 0  | 0  | 88,500                  |
| 1121          | Number of Unit Months Leased   | 126  | 1,289  | 204  | 1,748  | 0  | 0  | 87,370                  |

| Line Item No. | Account Description   | Public Housing Capital Fund Program | Total          |
|---------------|---|-------------------------------------|----------------|
| 111           | Cash - Unrestricted   | \$0                                 | \$5,695,538    |
| 113           | Cash - Other Restricted                                       | \$0                                 | \$627,728      |
| 114           | Cash - Tenant Security Deposits                               | \$0                                 | \$995,357      |
| 100           | Total Cash  | \$0                                 | \$7,318,623    |
| 122           | Accounts Receivable - HUD Other Projects                      | \$2,574,813                         | \$7,471,110    |
| 125           | Accounts Receivable - Miscellaneous                           | \$0                                 | \$838,021      |
| 126           | Accounts Receivable - Tenants - Dwelling Rents                | \$0                                 | \$293,819      |
| 126.1         | Allowance for Doubtful Accounts - Dwelling Rents              | \$0                                 | \$-38,295      |
| 126.2         | Allowance for Doubtful Accounts - Other                       | \$0                                 | \$0            |
| 127           | Notes, Loans, & Mortgages Receivable - Current                | \$0                                 | \$171,632      |
| 129           | Accrued Interest Receivable                                   | \$0                                 | \$3,604        |
| 120           | Total Receivables, net of allowances for doubtful accounts    | \$2,574,813                         | \$8,739,891    |
| 131           | Investments - Unrestricted                                    | \$0                                 | \$3,039,379    |
| 142           | Prepaid Expenses and Other Assets                             | \$0                                 | \$362,619      |
| 143           | Inventories   | \$0                                 | \$317,239      |
| 143.1         | Allowance for Obsolete Inventories                            | \$0                                 | \$-20,000      |
| 144           | Interprogram Due From   | \$0                                 | \$7,624,763    |
| 150           | Total Current Assets  | \$2,574,813                         | \$27,382,514   |
| 161           | Land  | \$0                                 | \$26,897,388   |
| 162           | Buildings   | \$0                                 | \$245,916,608  |
| 164           | Furniture, Equipment & Machinery - Administration             | \$0                                 | \$3,123,089    |
| 165           | Leasehold Improvements  | \$0                                 | \$70,970       |
| 166           | Accumulated Depreciation                                      | \$0                                 | \$-130,005,747 |
| 167           | Construction in Progress                                      | \$35,883,396                        | \$60,316,213   |
| 160           | Total Fixed Assets, Net of Accumulated Depreciation           | \$35,883,396                        | \$206,318,521  |
| 171           | Notes, Loans, & Mortgages Receivable - Non Current            | \$0                                 | \$18,828,363   |
| 172           | Notes, Loans, & Mortgages Receivable - Non Current - Past Due | \$0                                 | \$2,180,638    |
| 174           | Other Assets  | \$0                                 | \$171,947      |
| 180           | Total Non-Current Assets                                      | \$35,883,396                        | \$227,499,469  |
| 190           | Total Assets  | \$38,458,209                        | \$254,881,983  |

| Line Item No. | Account Description   | Public Housing Capital Fund Program | Total                |
|---------------|---|-------------------------------------|----------------------|
| 312           | Accounts Payable <= 90 Days   | \$310,519                           | \$1,510,002          |
| 321           | Accrued Wage/Payroll Taxes Payable  | \$0                                 | \$665,332            |
| 322           | Accrued Compensated Absences - Current Portion                              | \$0                                 | \$104,013            |
| 325           | Accrued Interest Payable  | \$0                                 | \$15,082             |
| 331           | Accounts Payable - HUD PHA Programs   | \$0                                 | \$2,088,195          |
| 333           | Accounts Payable - Other Government   | \$0                                 | \$511,983            |
| 341           | Tenant Security Deposits  | \$0                                 | \$995,357            |
| 342           | Deferred Revenues   | \$0                                 | \$101,410            |
| 343           | Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | \$0                                 | \$1,886,075          |
| 345           | Other Current Liabilities   | \$352,020                           | \$352,020            |
| 346           | Accrued Liabilities - Other   | \$0                                 | \$285,326            |
| 347           | Interprogram Due To   | \$1,912,274                         | \$7,624,763          |
| 310           | <b>Total Current Liabilities</b>  | <b>\$2,574,813</b>                  | <b>\$16,339,568</b>  |
| 351           | Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds    | \$0                                 | \$12,829,833         |
| 352           | Long-term Debt, Net of Current - Operating Borrowings                       | \$0                                 | \$590,638            |
| 354           | Accrued Compensated Absences - Non Current                                  | \$0                                 | \$1,118,180          |
| 353           | Noncurrent Liabilities - Other  | \$0                                 | \$327,385            |
| 350           | <b>Total Noncurrent Liabilities</b>   | <b>\$0</b>                          | <b>\$14,866,036</b>  |
| 300           | <b>Total Liabilities</b>  | <b>\$2,574,813</b>                  | <b>\$31,205,594</b>  |
| 508           | <b>Total Contributed Capital</b>  | <b>\$0</b>                          | <b>\$0</b>           |
| 508.1         | Invested in Capital Assets, Net of Related Debt                             | \$35,883,396                        | \$191,602,613        |
| 511           | <b>Total Reserved Fund Balance</b>  | <b>\$0</b>                          | <b>\$0</b>           |
| 511.1         | Restricted Net Assets   | \$0                                 | \$0                  |
| 512.1         | Unrestricted Net Assets   | \$0                                 | \$32,073,776         |
| 513           | <b>Total Equity/Net Assets</b>  | <b>\$35,883,396</b>                 | <b>\$223,676,389</b> |
| 600           | <b>Total Liabilities and Equity/Net Assets</b>                              | <b>\$38,458,209</b>                 | <b>\$254,881,983</b> |



| Line Item No. | Account Description               | Public Housing Capital Fund Program | Total                |
|---------------|-----------------------------------|-------------------------------------|----------------------|
| 703           | Net Tenant Rental Revenue         | \$0                                 | \$12,297,694         |
| 704           | Tenant Revenue - Other            | \$0                                 | \$174,158            |
|               | <b>Total Tenant Revenue</b>       | <b>\$0</b>                          | <b>\$12,471,852</b>  |
| 706           | HUD PHA Operating Grants          | \$1,596,161                         | \$67,117,284         |
| 708.1         | Capital Grants                    | \$20,840,216                        | \$26,885,409         |
| 711           | Investment Income - Unrestricted  | \$0                                 | \$1,362,548          |
| 715           | Other Revenue                     | \$0                                 | \$1,174,033          |
| 716           | Gain/Loss on Sale of Fixed Assets | \$0                                 | \$-2,091,252         |
| 720           | Investment Income - Restricted    | \$0                                 | \$0                  |
| 700           | <b>Total Revenue</b>              | <b>\$22,436,377</b>                 | <b>\$108,919,874</b> |

| Line Item No. | Account Description  | Public Housing Capital Fund Program | Total        |
|---------------|--|-------------------------------------|--------------|
| 911           | Administrative Salaries  | \$0                                 | \$7,410,458  |
| 912           | Auditing Fees  | \$0                                 | \$59,848     |
| 913           | Outside Management Fees  | \$0                                 | \$52,362     |
| 914           | Compensated Absences   | \$0                                 | \$122,014    |
| 915           | Employee Benefit Contributions - Administrative                | \$0                                 | \$2,312,096  |
| 916           | Other Operating - Administrative                               | \$1,596,161                         | \$7,812,743  |
| 921           | Tenant Services - Salaries                                     | \$0                                 | \$15,236     |
| 923           | Employee Benefit Contributions - Tenant Services               | \$0                                 | \$14,526     |
| 924           | Tenant Services - Other  | \$0                                 | \$804,112    |
| 931           | Water  | \$0                                 | \$1,713,631  |
| 932           | Electricity  | \$0                                 | \$2,749,328  |
| 933           | Gas  | \$0                                 | \$3,807,839  |
| 935           | Labor  | \$0                                 | \$617,675    |
| 937           | Employee Benefit Contributions - Utilities                     | \$0                                 | \$192,253    |
| 938           | Other Utilities Expense  | \$0                                 | \$150,544    |
| 941           | Ordinary Maintenance and Operations - Labor                    | \$0                                 | \$5,692,359  |
| 942           | Ordinary Maintenance and Operations - Materials and Other      | \$0                                 | \$1,782,142  |
| 943           | Ordinary Maintenance and Operations - Contract Costs           | \$0                                 | \$3,359,991  |
| 945           | Employee Benefit Contributions - Ordinary Maintenance          | \$0                                 | \$1,793,286  |
| 951           | Protective Services - Labor                                    | \$0                                 | \$58,312     |
| 952           | Protective Services - Other Contract Costs                     | \$0                                 | \$45,287     |
| 955           | Employee Benefit Contributions - Protective Services           | \$0                                 | \$20,176     |
| 961           | Insurance Premiums   | \$0                                 | \$591,717    |
| 962           | Other General Expenses   | \$0                                 | \$277,378    |
| 963           | Payments in Lieu of Taxes                                      | \$0                                 | \$424,190    |
| 964           | Bad Debt - Tenant Rents  | \$0                                 | \$270,571    |
| 967           | Interest Expense   | \$0                                 | \$501,357    |
| 968           | Severance Expense  | \$0                                 | \$25,848     |
| 969           | Total Operating Expenses                                       | \$1,596,161                         | \$42,677,279 |
| 970           | Excess Operating Revenue over Operating Expenses               | \$20,840,216                        | \$64,242,595 |
| 971           | Extraordinary Maintenance                                      | \$0                                 | \$145,748    |
| 972           | Casualty Losses - Non-Capitalized                              | \$0                                 | \$43,091     |
| 973           | Housing Assistance Payments                                    | \$0                                 | \$41,882,847 |
| 974           | Depreciation Expense   | \$0                                 | \$15,061,913 |
| 900           | Total Expenses   | \$1,596,161                         | \$99,810,878 |
| 1001          | Operating Transfers In   | \$0                                 | \$2,569,086  |
| 1002          | Operating Transfers Out  | \$0                                 | \$-2,569,086 |
| 1010          | Total Other Financing Sources (Uses)                           | \$0                                 | \$0          |
| 1000          | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$20,840,216                        | \$7,108,996  |

| Line Item No. | Account Description   | Public Housing Capital Fund Program | Total         |
|---------------|---|-------------------------------------|---------------|
| 1102          | Debt Principal Payments - Enterprise Funds  | \$0                                 | \$8,041,068   |
| 1103          | Beginning Equity  | \$39,889,046                        | \$216,508,383 |
| 1104          | Prior Period Adjustments, Equity Transfers and Correction of Errors                     | \$-24,845,866                       | \$59,010      |
| 1113          | Maximum Annual Contributions Commitment (Per ACC)                                       | \$0                                 | \$47,347,478  |
| 1114          | Pro rata Maximum Annual Contributions Applicable to a Period of less than Twelve Months | \$0                                 | \$3,403,972   |
| 1115          | Contingency Reserve, ACC Program Reserve  | \$0                                 | \$1,522,755   |
| 1116          | Total Annual Contributions Available  | \$0                                 | \$62,274,206  |
| 1120          | Unit Months Available   | 0                                   | 158,564       |
| 1121          | Number of Unit Months Leased  | 0                                   | 149,472       |

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**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM**  
**COSTS AND ADVANCES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

| <b>PROGRAM</b>  | <u><b>CFP 501-00</b></u>     | <u><b>CFP 501-01</b></u>     | <u><b>CFP 501-02</b></u>     |
|---|------------------------------|------------------------------|------------------------------|
| <b>BUDGET</b>   | <u><b>\$ 17,804,442</b></u>  | <u><b>\$ 16,472,068</b></u>  | <u><b>\$ 14,371,877</b></u>  |
| <b>ADVANCES:</b>  |                              |                              |                              |
| Cash receipts - prior years                                   | \$ 17,804,442                | \$ 13,726,949                | \$ 10,275,410                |
| Cash receipts - current year                                  | <u>          --</u>          | <u>2,745,419</u>             | <u>4,096,467</u>             |
| <b>Cumulative as of June 30, 2004</b>                         | <u><b>\$ 17,804,442</b></u>  | <u><b>\$ 16,472,368</b></u>  | <u><b>\$ 14,371,877</b></u>  |
| <b>COSTS:</b>   |                              |                              |                              |
| Prior years   | \$ 17,804,442                | \$ 14,377,556                | \$ 11,382,657                |
| Current year  | <u>          --</u>          | <u>2,094,812</u>             | <u>2,989,220</u>             |
| <b>Cumulative as of June 30, 2004</b>                         | <u><b>\$ 17,804,442</b></u>  | <u><b>\$ 16,472,368</b></u>  | <u><b>\$ 14,371,877</b></u>  |
| <b>Excess/(deficiency) of advances due to/<br/>(from) HUD</b> | <u><b>\$          --</b></u> | <u><b>\$          --</b></u> | <u><b>\$          --</b></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.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL HOPE VI  
GRANT PROGRAM COSTS AND ADVANCES  
FOR THE YEAR ENDED JUNE 30, 2004**

| PROGRAM  | Grandview<br>Demo   | Lincoln              | Laurel                | Lincoln<br>Demo     | Total                 |
|--|---------------------|----------------------|-----------------------|---------------------|-----------------------|
| <b>BUDGET</b>  | \$ 720,000          | \$ 31,093,590        | \$ 35,000,000         | \$ 2,563,440        | \$ 69,377,030         |
| <b>ADVANCES:</b>   |                     |                      |                       |                     |                       |
| Cash receipts - prior years  | \$ --               | \$ 23,811,497        | \$ 13,867,523         | \$ 884,221          | \$ 38,563,241         |
| Cash receipts - current year   | --                  | 6,258,050            | 2,736,433             | 1,040,745           | 10,035,228            |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ --</b>        | <b>\$ 30,069,547</b> | <b>\$ 16,603,956</b>  | <b>\$ 1,924,966</b> | <b>\$ 48,598,469</b>  |
| <b>COSTS AND LOANS:</b>  |                     |                      |                       |                     |                       |
| Prior year - per audit   | \$ --               | \$ 27,943,569        | \$ 15,436,586         | \$ 884,221          | \$ 44,264,376         |
| Prior year adjustment  | (403,659)           | --                   | --                    | --                  | (403,659)             |
| Current year   | --                  | 2,448,098            | 4,113,676             | 1,071,039           | 7,632,813             |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ (403,659)</b> | <b>\$ 30,391,667</b> | <b>\$ 19,550,262</b>  | <b>\$ 1,955,260</b> | <b>\$ 51,493,530</b>  |
| <b>Excess/(deficiency) of advances due to/(from) HUD</b>                             | <b>\$ 403,659</b>   | <b>\$ (322,120)</b>  | <b>\$ (2,946,306)</b> | <b>\$ (30,294)</b>  | <b>\$ (2,895,061)</b> |
| <b>Actual Modernization Cost Certificate issued and agreed to Authority records?</b> | No                  | No                   | No                    | No                  |                       |
| <b>Soft costs - HUD</b>  |                     |                      |                       |                     |                       |
| Prior years - audit  | \$ --               | \$ 6,275,051         | \$ 4,715,205          | \$ 884,221          | \$ 11,874,477         |
| Prior year adjustment  | --                  | --                   | (1,423,743)           | --                  | (1,423,743)           |
| Current year   | --                  | 148,647              | 367,934               | 1,071,039           | 1,587,620             |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ --</b>        | <b>\$ 6,423,698</b>  | <b>\$ 3,659,396</b>   | <b>\$ 1,955,260</b> | <b>\$ 12,038,354</b>  |
| <b>Hard costs - HUD</b>  |                     |                      |                       |                     |                       |
| Prior years  | \$ --               | \$ 16,084,676        | \$ 10,663,687         | \$ --               | \$ 26,748,363         |
| Prior year loan adjustment   | (403,659)           | (3,378,594)          | (5,524,255)           | --                  | (9,306,508)           |
| Current year   | --                  | 2,299,451            | 3,745,742             | --                  | 6,045,193             |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ (403,659)</b> | <b>\$ 15,005,533</b> | <b>\$ 8,885,174</b>   | <b>\$ --</b>        | <b>\$ 23,487,048</b>  |
| <b>Loans to developer &amp; others</b>   |                     |                      |                       |                     |                       |
| Prior years  | \$ --               | \$ 6,526,460         | \$ 36,514             | \$ --               | \$ 6,562,974          |
| Current year   | --                  | 2,435,976            | 6,969,178             | --                  | 9,405,154             |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ --</b>        | <b>\$ 8,962,436</b>  | <b>\$ 7,005,692</b>   | <b>\$ --</b>        | <b>\$ 15,968,128</b>  |
| <b>Cumulative costs and loans - HUD</b>  | <b>\$ (403,659)</b> | <b>\$ 30,391,667</b> | <b>\$ 19,550,262</b>  | <b>\$ 1,955,260</b> | <b>\$ 51,493,530</b>  |
|  | --                  | --                   | --                    | --                  | --                    |
| <b>CDBG loan expenditures</b>  |                     |                      |                       |                     |                       |
| Soft costs   | \$ --               | \$ 1,999,975         | \$ --                 | \$ --               | \$ 1,999,975          |
| Hard costs   | --                  | --                   | --                    | --                  | --                    |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ --</b>        | <b>\$ 1,999,975</b>  | <b>\$ --</b>          | <b>\$ --</b>        | <b>\$ 1,999,975</b>   |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**

**Cincinnati, Ohio**

**STATEMENT AND RECONCILIATION OF ACTUAL DRUG ELIMINATION  
COSTS AND ADVANCES  
FOR THE YEAR ENDED JUNE 30, 2004**

| <b>PROGRAM YEAR</b>                                      | <b>2001</b>                |
|--|----------------------------|
| <b>BUDGET</b>  | <b><u>\$ 1,606,085</u></b> |
| <b>ADVANCES:</b>   |                            |
| Cash receipts - prior years                              | \$ 1,308,665               |
| Cash receipts - current year                             | <u>297,420</u>             |
| <b>Cumulative as of June 30, 2004</b>                    | <b><u>\$ 1,606,085</u></b> |
| <b>COSTS:</b>  |                            |
| Prior years  | \$ 1,430,023               |
| Current year   | <u>176,062</u>             |
| <b>Cumulative as of June 30, 2004</b>                    | <b><u>\$ 1,606,085</u></b> |
| <b>Excess/(deficiency) of advances due to/(from) HUD</b> | <b><u>\$ --</u></b>        |
| <b>Final SF 269a issued and agreed to PHA records</b>    | <b><u>No</u></b>           |
| <b>Soft costs</b>  |                            |
| Prior years  | \$ 1,430,023               |
| Current year   | <u>176,062</u>             |
| <b>Cumulative as of June 30, 2004</b>                    | <b><u>\$ 1,606,085</u></b> |
| <b>Hard costs</b>  |                            |
| Prior years  | \$ --                      |
| Current year   | <u>--</u>                  |
| <b>Cumulative as of June 30, 2004</b>                    | <b><u>\$ --</u></b>        |
| <b>Cumulative hard and soft costs</b>                    | <b><u>\$ 1,606,085</u></b> |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL RESIDENT OPPORTUNITY  
AND SUPPORTIVE SERVICES COSTS AND ADVANCES  
FOR THE YEAR ENDED JUNE 30, 2004**

| GRANT   | <u>OH99RSE004P0197</u> | <u>OH99RSE004P0089</u> | <u>OH99RSE004P0099</u> | <u>TOTAL</u>       |
|---|------------------------|------------------------|------------------------|--------------------|
| <b>BUDGET</b>   | <b>\$ 150,000</b>      | <b>\$ 202,957</b>      | <b>\$ 300,000</b>      | <b>\$ 652,957</b>  |
| <b>ADVANCES:</b>                                      |                        |                        |                        |                    |
| Cash receipts - prior years                           | \$ 64,322              | \$ 44,072              | \$ 4,206               | \$ 112,600         |
| Cash receipts - current year                          | 85,678                 | 136,648                | 29,563                 | 251,889            |
| <b>Cumulative as of June 30, 2004</b>                 | <b>\$ 150,000</b>      | <b>\$ 180,720</b>      | <b>\$ 33,769</b>       | <b>\$ 364,489</b>  |
| <b>COSTS:</b>   |                        |                        |                        |                    |
| Prior years   | \$ 64,592              | \$ 55,090              | \$ 13,539              | \$ 133,221         |
| Current year  | 85,408                 | 136,648                | 25,922                 | 247,978            |
| <b>Cumulative as of June 30, 2004</b>                 | <b>\$ 150,000</b>      | <b>\$ 191,738</b>      | <b>\$ 39,461</b>       | <b>\$ 381,199</b>  |
| <b>Deficiency of advances due from HUD</b>            | <b>\$ --</b>           | <b>\$ (11,018)</b>     | <b>\$ (5,692)</b>      | <b>\$ (16,710)</b> |
| <b>Final SF 269a issued and agreed to PHA records</b> | <u>No</u>              | <u>No</u>              | <u>No</u>              |                    |
| <b>Soft costs</b>                                     |                        |                        |                        |                    |
| Prior years   | \$ 64,592              | \$ 55,090              | \$ 13,539              | \$ 133,221         |
| Current year  | 85,408                 | 136,648                | 25,922                 | 247,978            |
| <b>Cumulative as of June 30, 2004</b>                 | <b>\$ 150,000</b>      | <b>\$ 191,738</b>      | <b>\$ 39,461</b>       | <b>\$ 381,199</b>  |
| <b>Hard costs</b>                                     |                        |                        |                        |                    |
| Prior years   | \$ --                  | \$ --                  | \$ --                  | \$ --              |
| Current year  | --                     | --                     | --                     | --                 |
| <b>Cumulative as of June 30, 2004</b>                 | <b>\$ --</b>           | <b>\$ --</b>           | <b>\$ --</b>           | <b>\$ --</b>       |
| <b>Cumulative hard and soft costs</b>                 | <b>\$ 150,000</b>      | <b>\$ 191,738</b>      | <b>\$ 39,461</b>       | <b>\$ 381,199</b>  |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**STATEMENT AND RECONCILIATION OF ACTUAL CONGREGATE  
HOUSING SERVICES PROGRAM COSTS AND ADVANCES  
FOR THE YEAR ENDED JUNE 30, 2004**

| <b>PROGRAM YEAR</b>                                      | <b>CHSP</b>         |
|--|---------------------|
| <b>BUDGET</b>  | <b>\$ 1,133,503</b> |
| <b>ADVANCES:</b>   |                     |
| Cash receipts - prior years                              | \$ 1,101,486        |
| Cash receipts - current year                             | 101,858             |
| <b>Cumulative as of June 30, 2004</b>                    | <b>\$ 1,203,344</b> |
| <b>COSTS:</b>  |                     |
| Prior years  | \$ 1,101,486        |
| Current year   | 101,858             |
| <b>Cumulative as of June 30, 2004</b>                    | <b>\$ 1,203,344</b> |
| <b>Excess/(deficiency) of advances due to/(from) HUD</b> | <b>\$ --</b>        |
| <b>Final SF 269a issued and agreed to PHA records</b>    | <b>Yes</b>          |
| <b>Soft costs</b>  |                     |
| Prior years  | \$ 1,101,486        |
| Current year   | 101,858             |
| <b>Cumulative as of June 30, 2004</b>                    | <b>\$ 1,203,344</b> |
| <b>Hard costs</b>  |                     |
| Prior years  | \$ --               |
| Current year   | --                  |
| <b>Cumulative as of June 30, 2004</b>                    | <b>\$ --</b>        |
| <b>Cumulative hard and soft costs</b>                    | <b>\$ 1,203,344</b> |



**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL CAPITAL FUND  
PROGRAM COSTS AND ADVANCES  
FOR THE YEAR ENDED JUNE 30, 2004**

| PROGRAM  | CFP 501-00           | CFP 501-01           | CFP 501-02           | CFP 501-03           | CFP 502-03          | RHF<br>CFP 701-99 |
|--|----------------------|----------------------|----------------------|----------------------|---------------------|-------------------|
|  | \$                   | \$                   | \$                   | \$                   | \$                  | \$                |
| <b>BUDGET</b>  | \$ 17,804,442        | \$ 16,472,068        | \$ 14,371,877        | \$ 11,651,861        | \$ 2,799,457        | \$ 131,041        |
| <b>ADVANCES:</b>   |                      |                      |                      |                      |                     |                   |
| Cash receipts - prior years  | \$ 17,804,442        | \$ 13,726,649        | \$ 10,275,410        | \$ --                | \$ --               | \$ 131,041        |
| Cash receipts - current year   | --                   | 2,745,419            | 4,096,467            | 9,419,276            | 417,137             | --                |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ 17,804,442</b> | <b>\$ 16,472,068</b> | <b>\$ 14,371,877</b> | <b>\$ 9,419,276</b>  | <b>\$ 417,137</b>   | <b>\$ 131,041</b> |
| <b>COSTS:</b>  |                      |                      |                      |                      |                     |                   |
| Prior year - per audit   | \$ 17,804,442        | \$ 14,377,556        | \$ 11,382,657        | \$ --                | \$ --               | \$ 131,041        |
| Current year   | --                   | 2,094,512            | 2,989,220            | 10,225,429           | 2,185,797           | --                |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ 17,804,442</b> | <b>\$ 16,472,068</b> | <b>\$ 14,371,877</b> | <b>\$ 10,225,429</b> | <b>\$ 2,185,797</b> | <b>\$ 131,041</b> |
| Deficiency of advances due from HUD<br>including retainages                              | \$ --                | \$ --                | \$ --                | \$ (806,153)         | \$ (1,768,660)      | \$ --             |
| <b>Actual Modernization Cost Certificate issued<br/>and agreed to Authority records?</b> | <b>Yes</b>           | <b>Yes</b>           | <b>Yes</b>           | <b>No</b>            | <b>No</b>           | <b>No</b>         |
| <b>Soft costs</b>  |                      |                      |                      |                      |                     |                   |
| Prior years  | \$ 1,474,136         | \$ 1,784,060         | \$ 1,020,449         | \$ --                | \$ --               | \$ --             |
| Adjustment to prior year costs   | 114,971              | --                   | --                   | --                   | --                  | --                |
| Current year   | --                   | (497)                | 525,471              | 1,071,187            | --                  | --                |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ 1,589,107</b>  | <b>\$ 1,783,563</b>  | <b>\$ 1,545,920</b>  | <b>\$ 1,071,187</b>  | <b>\$ --</b>        | <b>\$ --</b>      |
| <b>Hard costs</b>  |                      |                      |                      |                      |                     |                   |
| Prior years  | \$ 16,330,306        | \$ 12,593,496        | \$ 10,362,208        | \$ --                | \$ --               | \$ 131,041        |
| Adjustment to prior year costs   | (114,971)            | --                   | --                   | --                   | --                  | --                |
| Current year   | --                   | 2,095,009            | 2,463,749            | 9,154,242            | 2,185,797           | --                |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ 16,215,335</b> | <b>\$ 14,688,505</b> | <b>\$ 12,825,957</b> | <b>\$ 9,154,242</b>  | <b>\$ 2,185,797</b> | <b>\$ 131,041</b> |
| <b>Cumulative hard and soft costs</b>  | <b>\$ 17,804,442</b> | <b>\$ 16,472,068</b> | <b>\$ 14,371,877</b> | <b>\$ 10,225,429</b> | <b>\$ 2,185,797</b> | <b>\$ 131,041</b> |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**STATEMENT AND RECONCILIATION OF ACTUAL CAPITAL FUND  
PROGRAM COSTS AND ADVANCES  
FOR THE YEAR ENDED JUNE 30, 2004**  
(Continued)

| PROGRAM  | RHF<br>CFP 501-99 | RHF<br>CFP 501-00 | RHF<br>CFP 501-01   | RHF<br>CFP 501-02   | RHF<br>CFP 501-03 | RHF<br>CFP 502-03 | Total                |
|--|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|----------------------|
| <b>BUDGET</b>  | \$ 233,663        | \$ 453,486        | \$ 1,658,739        | \$ 2,744,946        | \$ 437,550        | \$ 1,957,302      | \$ 70,716,432        |
| <b>ADVANCES:</b>   |                   |                   |                     |                     |                   |                   |                      |
| Cash receipts - prior years  | \$ 233,663        | \$ 347,603        | \$ --               | \$ --               | \$ --             | \$ --             | \$ 42,518,808        |
| Cash receipts - current year   | --                | 105,883           | 1,658,739           | 2,744,946           | 437,550           | --                | 21,625,417           |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ 233,663</b> | <b>\$ 453,486</b> | <b>\$ 1,658,739</b> | <b>\$ 2,744,946</b> | <b>\$ 437,550</b> | <b>\$ --</b>      | <b>\$ 64,144,225</b> |
| <b>COSTS:</b>  |                   |                   |                     |                     |                   |                   |                      |
| Prior year - per audit   | \$ 233,663        | \$ 353,303        | \$ --               | \$ --               | \$ --             | \$ --             | \$ 44,282,662        |
| Current year   | --                | 100,183           | 1,658,739           | 2,744,946           | 437,550           | --                | 22,436,376           |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ 233,663</b> | <b>\$ 453,486</b> | <b>\$ 1,658,739</b> | <b>\$ 2,744,946</b> | <b>\$ 437,550</b> | <b>\$ --</b>      | <b>\$ 66,719,038</b> |
| Deficiency of advances due from HUD<br>including retainages                              | \$ --             | \$ --             | \$ --               | \$ --               | \$ --             | \$ --             | \$ (2,574,813)       |
| <b>Actual Modernization Cost Certificate issued<br/>and agreed to Authority records?</b> | No                | No                | No                  | No                  | No                | No                |                      |
| <b>Soft costs</b>  |                   |                   |                     |                     |                   |                   |                      |
| Prior years  | \$ --             | \$ --             | \$ --               | \$ --               | \$ --             | \$ --             | \$ 4,278,645         |
| Adjustment to prior year costs   | --                | --                | --                  | --                  | --                | --                | 114,971              |
| Current year   | --                | --                | --                  | --                  | --                | --                | 1,596,161            |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ --</b>      | <b>\$ --</b>      | <b>\$ --</b>        | <b>\$ --</b>        | <b>\$ --</b>      | <b>\$ --</b>      | <b>\$ 5,989,777</b>  |
| <b>Hard costs</b>  |                   |                   |                     |                     |                   |                   |                      |
| Prior years  | \$ 233,663        | \$ 353,303        | \$ --               | \$ --               | \$ --             | \$ --             | \$ 40,004,017        |
| Adjustment to prior year costs   | --                | --                | --                  | --                  | --                | --                | (114,971)            |
| Current year   | --                | 100,183           | 1,658,739           | 2,744,946           | 437,550           | --                | 20,840,215           |
| <b>Cumulative as of June 30, 2004</b>  | <b>\$ 233,663</b> | <b>\$ 453,486</b> | <b>\$ 1,658,739</b> | <b>\$ 2,744,946</b> | <b>\$ 437,550</b> | <b>\$ --</b>      | <b>\$ 60,729,261</b> |
| <b>Cumulative hard and soft costs</b>  | <b>\$ 233,663</b> | <b>\$ 453,486</b> | <b>\$ 1,658,739</b> | <b>\$ 2,744,946</b> | <b>\$ 437,550</b> | <b>\$ --</b>      | <b>\$ 66,719,038</b> |

**SINGLE AUDIT SECTION**

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**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 OMB Circular A-133? | No            |

Identification of major programs:

| <b>CFDA Number</b> | <b>Name of Federal Program</b>                                 |
|--------------------|--|
| 14.866             | Revitalization of Severely Distressed Public Housing (HOPE VI) |
| 14.872             | Public Housing Capital Fund Program                            |

|  |             |
|--|-------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$2,820,081 |
| Auditee qualified as low-risk auditee?                                   | Yes         |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(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**

**2003-1      Condition:                      Deficiencies Noted in Maintenance of Low Rent and Section 8 Resident Files**

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

4 files contained incorrect information on HUD Form 50058: 2 files' social security number documentation for family members did not agree to HUD Form 50058 social security information, 1 file income verification did not agree with information on HUD Form 50058, and 1 file had the incorrect rent calculation on the HUD Form 50058

2 files did not have a complete HUD Form 9886, one of which was signed but not dated

1 file lacked documentation of flat rents being offered

1 file lacked a current completed inspection

1 file lacked interim certification documentation to support the rent calculation

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

12 files did not have a properly executed lease agreement between the landlord and the tenant

2 files' HUD Form 50058 information did not agree to the file information

1 file lacked correct rent calculation

1 file had an incorrect utility allowance

1 file HAP (Housing Authority Payment) did not agree to the HAP contract and file documentation

Also in our review of Low Rent Public Housing and Section 8 Tenant files we noted that criminal background records were being retained in the files.

**CFDA Numbers:**            14.850a, 14.871

**Questioned Costs:**        None

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
**Cincinnati, Ohio**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(Continued)**

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

|               |                   |  |
|---------------|-------------------|--|
| <b>2003-1</b> | <b>Condition:</b> | <b>Deficiencies Noted in Maintenance of Low Rent and Section 8 Resident Files (Continued)</b>  |
|               | <b>Cause:</b>     | 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.   |
|               | <b>Effect:</b>    | The Authority has not been in complete compliance with the above HUD requirements.   |
|               | <b>Criteria:</b>  | <p>24 CFR 5.216 requires that each assistance application must submit the following information to the processing entity when the assistant applicant's eligibility under the program involved is being determined: (1) the complete and accurate social security numbers assigned to the assistant applicant and to each member of the assistant's household who is at least six years of age; and (2) documentation sufficient to verify each such social security number.</p> <p>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.</p> <p>24 CFR 960.253 requires that the Authority must document that flat rent was offered to all residents.</p> <p>24 CFR 966.4(j)(1) requires annual inspections.</p> <p>24 CFR 982.308(b) contains lease requirements</p> <p>24 CFR 913, Sections 104(b) and 105(d), require housing authorities to comply with reporting requirements.</p> <p>24 CFR 5.903 and PIH notice 2003-11 states under record management that the Authority must establish and implement a system of record management that ensures that any criminal record received by the Authority from law enforcement agency is: I) maintained confidentially, II) not misused or improperly disseminated and, III) destroyed, once the purpose(s) for which the record was requested has been accomplished.</p> |

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**  
Cincinnati, Ohio

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(Continued)

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

|               |                        |  |
|---------------|------------------------|--|
| <b>2003-1</b> | <b>Condition:</b>      | <b>Deficiencies Noted in Maintenance of Low Rent and Section 8 Resident Files (Continued)</b>  |
|               | <b>Recommendation:</b> | 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.   |
|               | <b>Reply:</b>          | Recertification processes and work are routinely audited. 10% of all files are reviewed on an on-going basis. The Authority always strives to improve our processes and will continue to do so. An approximate 2% data entry error rate hardly constitutes a lack of internal audit procedures. There is no indication of any systematic non-compliance with HUD requirements and procedures. The paper file on one interim recertification was misplaced, but the computer system showed that the verification had, in fact, been completed. The auditor's cause statement is an exaggeration of the situation. |

**SECTION V – HUD HOPE VI REVIEW**

After fiscal year-end June 30, 2004, but during our audit fieldwork, we learned that HUD issued a review of the Authority's HOPE VI program on September 8, 2004. From our review of this report, we observed that there were four findings that required follow-up action.

While these findings do not appear material to the overall financial statements at June 30, 2004, the Authority is in process of making the appropriate response required by HUD. It is at HUD's purview to clear these findings.

**CINCINNATI METROPOLITAN HOUSING AUTHORITY**

Cincinnati, Ohio

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

**FEDERAL GRANTOR**

| <b>CFDA<br/>NUMBER</b>                                   | <b>PROGRAM TITLE</b>                                    | <b>FEDERAL<br/>EXPENDITURES</b> |
|--|---|---------------------------------|
| <b>U.S. Department of Housing and Urban Development:</b> |   |                                 |
| 14.170   | Congregate Housing Service Program                      | \$ 101,858                      |
| 14.249   | Section 8 Moderate Rehabilitation Single Room Occupancy | 47,197                          |
| 14.850a  | Low Rent Public Housing                                 | 17,053,320                      |
| 14.854   | Public and Indian Housing Drug Elimination Program      | 176,063                         |
| 14.856   | Section 8 Moderate Rehabilitation MO002MR0002           | 199,817                         |
| 14.856   | Section 8 Moderate Rehabilitation MO002MR0003           | 50,612                          |
| 14.856   | Section 8 Moderate Rehabilitation MO002MR0004           | 747,146                         |
| 14.856   | Section 8 Moderate Rehabilitation MO002MR0005           | 115,739                         |
| 14.856   | Section 8 Moderate Rehabilitation MO002MR0006           | 768,796                         |
| 14.871   | Housing Choice Vouchers                                 | 44,424,977                      |
| 14.866   | Revitalization of Severely Distressed Public Housing    | 7,632,813                       |
| 14.870   | Resident Opportunity and Supportive Services            | 247,978                         |
| 14.872   | Public Housing Capital Fund Program                     | 22,436,377                      |
|  | <b>Total Federal Awards Expenditures</b>                | <b>\$ 94,002,693</b>            |

**Notes to the Schedule of Expenditures of Federal Awards**

**A. Basis of Accounting:**

This schedule is prepared on the accrual basis of accounting.

**B. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".**

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

|                |                |                      |
|----------------|----------------|----------------------|
| FDS line 706   | HUD PHA Grants | \$ 67,117,284        |
| FDS line 706.1 | Capital Grants | 26,885,409           |
|                |                | <b>\$ 94,002,693</b> |



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

Board of Commissioners  
Cincinnati Metropolitan Housing Authority  
Cincinnati, Ohio

HUD, Cleveland Area Office  
Renaissance Bldg.  
1350 Euclid Ave. – Suite 500  
Cleveland, Ohio 44115-1815

We have audited the basic financial statements of the Cincinnati Metropolitan Housing Authority ("the Authority") as of and for the year ended June 30, 2004, and have issued our report thereon dated January 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**


In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management/Board of Commissioners of the Authority in a separate letter dated January 13, 2005.

This report is intended solely 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  
January 13, 2005

**MALCOLM JOHNSON & COMPANY, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners  
Cincinnati Metropolitan Housing Authority  
Cincinnati, Ohio

HUD, Cleveland Area Office  
Renaissance Bldg.  
1350 Euclid Ave. - Suite 500  
Cleveland, Ohio 44115-1815

**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, 2004. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the 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, 2004.

**Internal Control Over Compliance**

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Authority's 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  
January 13, 2005



**Auditor of State  
Betty Montgomery**

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800-282-0370

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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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 8, 2005**