

***Cuyahoga
Metropolitan
Housing Authority***

*Single Audit Report as of and for the
Year Ended December 31, 2007*

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Cuyahoga Metropolitan Housing Authority (the "Authority"), as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cuyahoga Metropolitan Housing 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 General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cuyahoga Metropolitan Housing Authority as of December 31, 2007 and December 31, 2006, and the respective changes in financial position, and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11 to the financial statements, the Authority has been audited by outside regulatory agencies and has also been audited in accordance with the provisions of the Single Audit Act Amendment of 1996. Certain unresolved compliance findings and questioned costs exist as a result of audits conducted for 2007 and prior years, the outcome of which is not presently determinable. Accordingly, no provision for any loss that might result from the resolution of these matters has been made in the accompanying financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2008, on our consideration of the Cuyahoga 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 important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 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 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 that collectively comprise the Cuyahoga 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Supplemental Financial Data Schedule and Reconciliation of the Financial Statements to the Financial Data Schedule, as required by the U.S. Department of Housing and Urban Development, are presented for the purpose of additional analysis and are also not a required part of the basic financial statements of the Cuyahoga Metropolitan Housing Authority. These schedules are the responsibility of management of the Authority. Such supplemental schedules have been subjected to auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


James G. Zupka, CPA, Inc.
Certified Public Accountants

July 22, 2008

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

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

The following discussion and analysis provides an overview of the Authority’s financial activities and should be read in conjunction with the Authority’s financial statements which begin on page 14. If you have any questions, please contact – Lou Anne Chung, Chief Financial Officer, 1242 East 49th Street, Cleveland, Ohio 44114-3851 or telephone 216-432-5455 Ext. 3164.

Overview of the Financial Statements

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

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

The financial statements are prepared on the accrual basis and present all assets and liabilities of the Authority, both financial and capital, and short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Authority’s financial condition as of December 31, 2007 and 2006 and the results of its operations and cash flows for the years then ended.

2007 Financial Highlights

- The Authority’s net assets decreased by \$4.3 million (or 2.0%) during 2007. Net assets were \$210.5 million and \$214.8 million at December 31, 2007 and 2006, respectively.
- Total operating and non-operating revenues increased by \$6.2 million (2.7%) during 2007, and were \$233.7 million and \$227.5 million for 2007 and 2006, respectively.
- The total expenses of all Authority programs increased by \$9.8 million (4.3%). Total expenses were \$237.9 million and \$228.1 million for 2007 and 2006, respectively.
- The Authority’s unrestricted net assets decreased by \$3.1 million (or 10.6%) during 2007, and were \$26.0 million and \$29.1 million for 2007 and 2006, respectively.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

The Authority's Funds

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

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

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

Other Programs—In addition to the significant programs above, the Authority also maintains the following programs which have assets, liabilities, revenues, or expenses of at least 5% or more of the Authority's total assets, liabilities, revenues, or expenses in either 2007 or 2006:

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

Urban Revitalization Program Grants—a grant program funded by HUD for the redevelopment of the Authority's properties

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

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

AUTHORITY-WIDE FINANCIAL STATEMENT

Statement of Net Assets

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

CONDENSED STATEMENTS OF NET ASSETS
(in millions)

	December 31		
	2007	2006	2005
<u>Assets</u>			
Current and other assets	\$ 96.9	\$ 96.7	\$ 48.3
Capital assets	211.9	202.1	211.4
Total Assets	308.8	298.8	259.7
<u>Liabilities</u>			
Accounts payable and other current liabilities	33.5	36.2	28.8
Long-term liabilities	64.8	47.8	15.5
Total Liabilities	98.3	84.0	44.3
<u>Net Assets</u>			
Invested in capital assets—net of related debt	161.2	182.1	197.4
Restricted	23.3	3.6	3.4
Unrestricted	26.0	29.1	14.6
Total Net Assets	\$ 210.5	\$ 214.8	\$ 215.4

For more detailed information see page 14 for the Statements of Net Assets.

Major Factors Affecting the Statement of Net Assets

December 31, 2007 compared to December 31, 2006

Current and other assets increased by \$10.0 million. Current assets increased \$.2 million and current liabilities decreased by \$2.8 million. The Authority's current ratio was 2.9 to 1 in 2007. As such, there are sufficient current assets (primarily cash, investments and receivables from HUD) to extinguish current liabilities.

Capital assets increased to \$211.9 million in 2007 from \$202.1 million in 2006. The \$9.8 million increase is attributed primarily to current year capital asset additions of \$37.4 million offset by depreciation and amortization of \$27.3 million. For additional detail see "Capital Assets and Debt Administration."

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

Long-term liabilities increased \$17.0 million in 2007. The increase is primarily a result of the addition of \$18.0 million notes payable net of normal pay down on long-term debt and capital lease liabilities of \$1.0 million.

December 31, 2006 compared to December 31, 2005

Current and other assets increased by \$48.4 million. Current assets increased \$48.1 million and current liabilities increased by \$7.4 million. The Authority's current ratio was 2.6 to 1 in 2006. As such, there are sufficient current assets (primarily cash, investments and receivables from HUD) to extinguish current liabilities.

Capital assets decreased to \$202.1 million in 2006 from \$211.4 million in 2005. The \$9.3 million decrease is attributed primarily to current year depreciation of \$25.7 million, offset by capital asset additions of \$16.5 million. For additional detail see "Capital Asset and Debt Administration."

Long-term liabilities increased \$32.3 million in 2006. The increase is primarily a result of the addition of \$33.6 million in capital lease liability and \$5.2 million in notes payable net of normal pay down on long-term debt and capital lease liabilities of \$5.9 million.

While operating results are a significant measure of the Authority's activities, the analysis of the changes in unrestricted net assets provides a clearer picture of the change in financial well-being. The following presents details on the change in unrestricted net assets during the years ended December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
	<u>(in millions)</u>	
Unrestricted Net Assets—Beginning of year	<u>\$ 29.1</u>	<u>\$ 14.6</u>
Total change in net assets	(4.3)	(0.6)
Adjustments:		
Depreciation (1)	27.3	25.8
Other—unexpended borrowing on Capital Lease-net	11.6	(26.9)
Adjusted change in net assets	<u>34.6</u>	<u>(1.7)</u>
Additions to long term debt net of payments on long term debt	19.4	32.9
Capital expenditures	(37.4)	(16.5)
(Increase) decrease in restricted net assets	(19.7)	(0.2)
Unrestricted Net Assets—End of Year	<u><u>\$ 26.0</u></u>	<u><u>\$ 29.1</u></u>

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating results of the Authority, as well as the non-operating revenues and expenses. HUD subsidies and grants, while budgeted for operations, are considered non-operating revenues according to accounting principles generally accepted in the United States of America. Condensed information from the Authority's statements of revenue, expenses and changes in net assets is as follows for the years ended December 31, 2007, 2006 and 2005:

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

**CONDENSED STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS**

(in millions)

	2007	2006	2005
<u>Operating Revenues</u>			
Dwelling rent from tenants	\$ 14.5	\$ 13.8	\$ 12.9
Other revenues	3.6	2.9	1.7
Total Operating Revenues	18.1	16.7	14.6
<u>Operating Expenses</u>			
Housing assistance payments	89.3	88.0	93.7
Depreciation	27.2	25.8	25.2
Administrative	29.6	32.6	29.8
Building maintenance	22.1	21.7	19.1
Utilities	19.9	20.5	20.4
Nonroutine maintenance	25.6	26.7	37.4
Tenant services	3.3	3.3	3.6
General	5.7	4.5	4.3
Protective services	10.3	1.9	1.0
Other	2.4	2.0	2.5
Total Operating Expenses	235.4	227.0	237.0
Operating loss	(217.3)	(210.3)	(222.4)
<u>Non-Operating Revenues (Expenses)</u>			
Subsidies and grants from HUD	210.4	208.6	214.6
Grants—other	2.1	0.4	0.2
Interest income	3.1	1.8	0.8
Interest expense	(2.6)	(1.1)	(0.6)
Total Non-Operating Revenues—Net	213.0	209.7	215.0
Change in Net Assets	(4.3)	(0.6)	(7.4)
Net assets—Beginning of Year	214.8	215.4	222.8
Net Assets—End of Year	\$ 210.5	\$ 214.8	\$ 215.4

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

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

December 31, 2007 compared to December 31, 2006

Tenant and other revenue increased 8.4% in 2007 with tenant revenue increasing 5.0% and other revenue increasing 22.9%. The increased other revenue is due in part to refunds of utility overpayments from prior years.

Operating expenses increased \$8.4 million or 3.7% with the major increase in protective service costs as these costs are now charged at the estate level. Excluding protective service costs, operating expenses in 2007 were the same as in 2006.

HUD subsidies and grants increased .9% or \$1.8 million. Operating subsidies increased 2.4% or \$4.7 million while capital grants decreased 25.2% or \$2.9 million. The increase in operating subsidy was due to an increase in Low Income Public Housing subsidy of \$9.8 million offset by decreases in operating subsidy at Housing Choice voucher and MOD/Rehab of \$3.3 million, decreased subsidy for Urban Revitalization of \$.8 million and decreased subsidy for other programs of \$1.0 million. Interest income increased \$1.3 million due to interest earned on the unexpended EPC funds and interest earned on unexpended funds for the Ohio Bond Financing while interest expense increased \$1.5 million due to the outstanding debt for the EPC contract and the new debt for the Ohio Bond Financing debt.

December 31, 2006 compared to December 31, 2005

Overall, tenant and other revenue increased 14.3% in 2006, tenant rents increased 7.0% and other revenue increased 70.0%. Occupied units increased 3.1% and average rentals increased 3.7%. The other revenue increase was due to higher amounts earned by the Police and Legal Departments.

HUD subsidies and grants decreased \$6.0 million due primarily to lower Capital Fund subsidies, which decreased \$8.6 million or 18%. Low Income Public Housing subsidies increased \$2.2 million or 4% while Housing Choice Voucher subsidies increased \$1.1 million or 1.0% and Section 8 New Construction subsidies decreased \$.8 million, or 21%, as 2005 included retroactive rent increases.

Total operating expenses decreased \$10.0 million due primarily to lower housing assistance payments (\$5.7 million) and lower nonroutine maintenance (\$10.7 million) partially offset by higher administrative expenses (\$2.8 million) and all other expense categories were up \$3.6 million.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

Capital Assets and Debt Administration

Capital Assets

At December 31, 2007, the Authority had \$211.9 million invested in a variety of capital assets (as reflected in the following schedule), which represents a net increase of \$9.8 million from December 31, 2006.

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

	(in millions)		
	December 31		
	2007	2006	2005
Land	\$ 27.6	\$ 27.3	\$ 27.3
Buildings	611.2	572.0	553.7
Equipment—administrative	10.5	10.2	10.0
Equipment—dwelling	11.3	10.9	10.4
Construction in progress	4.3	7.9	10.9
Total	<u>664.9</u>	<u>628.3</u>	<u>612.3</u>
Accumulated depreciation	(453.0)	(426.2)	(400.9)
Capital Assets—Net	<u><u>\$ 211.9</u></u>	<u><u>\$ 202.1</u></u>	<u><u>\$ 211.4</u></u>

The following reconciliation summarizes the 2007 and 2006 change in capital assets, which is presented in detail in Note 5 to the financial statements.

CHANGES IN CAPITAL ASSETS

	(in millions)	
	2007	2006
Capital Assets—Beginning of Year	\$ 202.1	\$ 211.4
Additions	37.4	16.5
Retirements—net	(0.3)	0.0
Depreciation expense	(27.3)	(25.8)
Capital Assets—End of Year	<u><u>\$ 211.9</u></u>	<u><u>\$ 202.1</u></u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

December 31, 2007 compared to December 31, 2006

Capital additions in 2007 were primarily for estate improvements through the Modernization Program and the construction of new units. These expenditures totaled \$35.9 million. In addition, equipment purchases totaled \$1.1 million and land purchases totaled \$.4 million.

Several major capital improvement projects were completed in 2007. The renovation of the historic Lakeview Community was successfully completed. The Riverside Park new development project was initiated and completed meeting all critical tax credit dead line dates for occupancy. A total of 90 units were completed and occupied by December 31, 2007 at a cost of \$14 million.

Phase 1 of the Valleyview redevelopment project was completed and occupied by December 31, 2007 with a total of 102 units of which 51 were low income public housing units at a cost of \$14 million.

The Garden Valley redevelopment plan was finalized and submitted to HUD. The plan included the demolition plan for phase 1, a relocation plan for the entire site and the plan for the successful relocation of all families in phase 1.

Work continued on the \$33.6 million Energy Performance Contract entered into in 2006 and at December 31, 2007, over 80% of the improvements were completed.

In addition to the major projects, roofs were replaced at Miles-Elmarge Highrise, Cedar extension Family (19 buildings), Olde Cedar Building D and Lakeview Terrace Family (7 buildings).

Splash parks were designed and completed at Outhwaite Homes, Olde Cedar and Riverside Park.

Also designed and completed were the Louis Stokes Museum, the Sara J. Harper Library and the Lonnie Burton Learning Center.

Under the Basic Order Agreement Program (BOA), more than 60 long standing vacant units were renovated utilizing small vendors.

The purchase of the Severance Tower facility for \$3.3 million included land valued at \$.4million.

Equipment purchases included vehicles for police and construction inspection, computers and appliances for the estates.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

December 31, 2006 compared to December 31, 2005

Capital additions in 2006 were primarily for estate improvements through the Modernization Program under which \$15.2 million was expended for capital improvements. Equipment purchases totaled \$1.3 million. There were no land purchases.

Several major capital improvement projects were completed in 2006. The Lakeview Estates Phase II modernization project was completed with the conversion of 104 units into 64 units with occupancy occurring in Spring 2006.

The Valleyview redevelopment project began in early 2006 with an estimated completion date set for Summer 2007. This is a mixed income development project with a total of 102 units, of which 51 units will be Low Income Public Housing units. The total cost of this project will be \$14 million when completed.

Another major redevelopment project began in Fall 2006 at Riverside Park Estates. Ninety new units will be constructed under this project with an estimated completion occurring at the end of 2007 with a total cost of \$13 million.

An Energy Performance Contract was entered into with Siemens Building Technologies under which a total of \$33.6 million will be expended for improvements in heating, water consumption, and lighting technologies over a two-year period. Through December 31, 2006, \$6.7 million in improvements had been completed.

In addition to these major improvement projects, roofs were replaced at four estates, a new Water Splash park was constructed at Woodhill Homes Estate and the west wing of the Louis Stokes Community Center was renovated to be used as a library and day care center.

Under the Basic Order Agreement Program (BOA), more than 50 long standing vacant units were renovated using small vendors.

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

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Unaudited)**

Debt Outstanding

As of December 31, 2007, the Authority had \$62.9 million in long-term debt and capital lease obligations compared to \$45.9 million at December 31, 2006, for a \$17.0 million increase. The following summarizes these obligations:

	December 31		
	2007	2006	2005
Energy program—capital lease	\$ 36.3	\$ 36.3	\$ 3.3
Ohio Bond Financing	15.7	0.0	0.0
Bond anticipation note	5.3	5.2	5.0
Severance financing	4.0	0.0	0.0
Ambleside refinancing	5.1	5.4	5.7
Total	66.4	46.9	14.0
Less current portion	(3.5)	(1.0)	(0.6)
Long-term portion	\$ 62.9	\$ 45.9	\$ 13.4

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of the U.S. Department of Housing and Urban Development operating subsidy for the Conventional Low Income Housing program was funded at 83.4%
- Local labor supply and demand, which can affect salary and wage rates of the Authority
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs, which affects the costs of the programs
- Employee health insurance costs continue to rise.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2007 AND 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>	<u>LIABILITIES</u>	<u>2007</u>	<u>2006</u>
<u>Current Assets</u>			<u>Current Liabilities</u>		
Cash and cash equivalents	\$ 21,647,416	\$ 32,065,395	Accounts payable—vendors	\$ 13,170,047	\$ 18,325,138
Cash and Investments - Restricted	33,463,141	37,174,869	Accounts payable—HUD	3,137,851	4,003,618
Accounts Receivable Tenants - Net of Allowance for doubtful accounts of \$1,266,484 and \$1,004,349	645,258	743,649	Accrued expenses	11,520,791	10,983,942
Accounts Receivable - HUD	17,210,862	18,292,659	Security and other deposits	2,102,834	1,942,900
Accounts Receivable - Other Governments	1,146,441	129,151	Current portion of long-term debt	1,152,433	316,761
Accounts Receivable - Other	1,365,269	973,905	Current portion of capital leases	2,343,849	658,316
Inventory	516,741	644,331	Total Current Liabilities	33,427,805	36,230,675
Prepaid Expenses and Other Current Assets	1,766,050	2,039,818	<u>Non-Current Liabilities</u>		
Total Current Assets	77,761,178	92,063,777	Long-term debt—net of current portion	28,903,608	10,346,429
<u>Non-Current Assets</u>			Capital leases—net of current portion	33,972,160	35,608,192
Capital assets:			Workers' compensation liability	1,946,000	1,853,000
Land	27,573,400	27,300,633	Total Non-Current Liabilities	64,821,768	47,807,621
Property and Equipment - Net	184,299,452	174,798,433	TOTAL LIABILITIES	98,249,573	84,038,296
Total Capital Assets	211,872,852	202,099,066	<u>NET ASSETS</u>		
Investments - Restricted	17,671,521	3,639,937	Invested in capital assets—net of related debt	161,219,264	182,058,978
Debt issuance costs, net of amortization of \$160,189 and \$135,302	612,790	140,401	Restricted	23,363,915	3,600,596
Investment in Joint Ventures	855,200	855,200	Unrestricted	25,940,789	29,100,511
Total Non-Current Assets	231,012,363	206,734,604	TOTAL NET ASSETS	\$210,523,968	\$214,760,085
TOTAL ASSETS	\$308,773,541	\$ 298,798,381			

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUES</u>		
Dwelling rent from tenants	\$ 14,461,273	\$ 13,775,605
Other revenues	3,596,553	2,926,355
Total Operating Revenues	<u>18,057,826</u>	<u>16,701,960</u>
<u>OPERATING EXPENSES</u>		
Housing assistance payments	89,274,767	88,023,986
Depreciation	27,265,170	25,745,042
Administrative	29,551,091	32,626,379
Building maintenance	22,124,766	21,713,837
Utilities	19,871,382	20,471,321
Nonroutine maintenance	25,577,710	26,702,709
Tenant services	3,321,584	3,323,629
General	5,676,256	4,507,721
Protective services	10,332,327	1,862,435
Other	2,393,853	2,033,346
Total Operating Expenses	<u>235,388,906</u>	<u>227,010,405</u>
Operating Loss	<u>(217,331,080)</u>	<u>(210,308,445)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
HUD operating subsidies and grants	201,789,148	197,023,839
HUD capital grants	8,629,407	11,538,349
Grants—other	2,097,959	454,145
Interest income	3,131,148	1,829,603
Interest expense	<u>(2,552,699)</u>	<u>(1,143,090)</u>
Total Nonoperating Revenues—Net	<u>213,094,963</u>	<u>209,702,846</u>
Change in Net Assets	<u>(4,236,117)</u>	<u>(605,599)</u>
Net Assets—Beginning of year	<u>214,760,085</u>	<u>215,365,684</u>
Net Assets—End of year	<u>\$ 210,523,968</u>	<u>\$ 214,760,085</u>

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from tenant rents	\$ 14,559,664	\$ 13,423,088
Cash payments to suppliers for goods and services	(76,244,577)	(65,199,945)
Cash paid for salaries and benefits	(44,836,632)	(39,970,783)
Housing assistance payments	(89,274,767)	(88,023,986)
Other receipts	3,229,226	3,258,071
Other payments	(2,116,031)	(2,136,927)
Net Cash Used in Operating Activities	<u>(194,683,117)</u>	<u>(178,650,482)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>		
HUD operating subsidies and grants	205,779,887	193,463,823
Other grants	1,080,669	451,542
Cash Provided by Noncapital Financing Activities	<u>206,860,556</u>	<u>193,915,365</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
HUD capital grants	4,854,693	10,497,745
Property and equipment additions	(37,352,720)	(16,453,379)
Proceeds from issuance of bond anticipation notes and Equipment Lease Agreement	19,231,665	38,850,000
Repayment of debt and capital lease obligations	(994,408)	(5,921,427)
Interest paid on debt and capital lease obligations	(1,435,670)	(767,302)
Proceeds from sale of capital assets	292,311	168,775
Net Cash Used in Capital and Related Financing Activities	<u>(15,404,129)</u>	<u>26,374,412</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(18,781,643)	(7,833,265)
Proceeds from maturity of investments	6,457,052	12,255,755
Interest income	3,128,565	1,831,658
Net Cash Provided by (Used in) Investing Activities	<u>(9,196,026)</u>	<u>6,254,148</u>
Increase (Decrease) in Cash and Cash Equivalents	(12,422,716)	47,893,443
Cash and Cash Equivalents - Beginning of Year	65,998,753	18,105,310
CASH AND CASH EQUIVALENTS—End of year*	<u>\$ 53,576,037</u>	<u>\$ 65,998,753</u>

* The amount includes \$21,647,416 and \$32,065,395 unrestricted cash and cash equivalents. and \$31,928,621 and \$33,933,358 of restricted cash in 2007 and 2006, respectively.

(Continued)

See notes to the financial statements.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</u>		
Operating loss	\$ (217,331,080)	\$ (210,308,445)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	27,265,170	25,745,042
Provision for uncollectible accounts	262,135	117,224
Amortization of bond issue costs	24,888	12,298
Loss on sale of capital assets	21,453	(144,151)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable tenants	(163,744)	(469,741)
Accounts receivable—other	(388,780)	475,867
Inventory	127,590	222,164
Prepaid expenses and other assets	273,768	327,655
Increase (decrease) in liabilities:		
Accounts payable	(5,155,089)	4,830,345
Accrued expenses and other	127,638	657,139
Security and other deposits	159,934	141,121
Workers' compensation	93,000	(257,000)
Net Cash Used in Operating Activities	\$ (194,683,117)	\$ (178,650,482)

See notes to the financial statements.

(Concluded)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

1. DEFINITION OF THE ENTITY

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

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

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

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

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

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

1. DEFINITION OF THE ENTITY (CONTINUED)

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

Western Reserve Revitalization and Management Company—The Authority has established Western Reserve Revitalization and Management Company (“Western Reserve”) as a wholly-owned subsidiary. Western Reserve was established for the purpose of owning an investment as the general partner, together with The Cleveland Housing Network, in the Cleveland New Construction Limited Partnership (“CNC III”). CNC III was established for the purpose of developing single-family homes and townhouses as part of a scattered-site lease-purchase project. CNC III is not considered a component unit of the Authority as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement 14. Accordingly, the assets, liabilities, and results of operations of CNC III are not included in the accompanying financial statements.

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

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

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

1. DEFINITION OF THE ENTITY (CONTINUED)

Other Grants—During 2007 and 2006, the Authority received federal, state and local funding under the Resident Opportunities and Supportive Services Program, Foster Care Grant, City of Cleveland HOME funds, PAL Youth Enrichment Program, George Gund Foundation, The Cleveland Foundation, Youth Health Program, Supportive Housing Program, 21st Century Grant, Disaster Housing Assistant Grant, Disaster Voucher Program, and private donations. Expenditures for these programs and grants must be made in accordance with the rules and regulations established by the grantors.

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

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

Nonprofit Corporations—In accordance with housing subsidy contracts, the Authority has designated several Section 8 nonprofit corporations (Severance Housing Corporation, Cuyahoga Housing Corporation, Cuyahoga-Puritas Housing Corporation, Rosalind-Amesbury Housing Assistance Corporation, Cleveland-Rock Glen Housing Assistance Corporation, and Chester Village Housing Incorporated) to serve as instrumentalities of the Authority to assist in the development and financing of housing projects. The Board of the Authority appoints the Board of Trustees of the Severance Housing Corporation, Cuyahoga-Puritas Housing Corporation, Rosalind-Amesbury Housing Assistance Corporation, Cleveland-Rock Glen Housing Assistance Corporation, and Chester Village Housing Incorporated, the members of which are all the same. The Authority’s Board of Commissioners must approve all actions of the instrumentalities and, upon their dissolution, all assets and residual receipts are to be distributed to the Authority. These Section 8 nonprofit corporations have no employees, perform no day-to-day functions, and the officers thereof serve in a non-paid status. There are no assets or liabilities in these corporations and there were no revenues earned or expenses incurred during 2007 and 2006.

Joint Venture—The Authority is a member of the Housing Authority Risk Retention Group (“HARRG”) and the Housing Authority Property Insurance, Inc. (“HAPI”). HARRG and HAPI are nonprofit, tax exempt mutual insurance companies that are wholly owned by their public housing authority members. HARRG operates under the Federal Liability Risk Retention Act. It provides liability insurance coverages solely to public housing authorities and public housing and redevelopment agencies throughout the United States. HAPI is a captive insurance company formed pursuant to the Vermont Captive Insurance Companies Act. It provides property insurance to public housing authorities and public housing and redevelopment authorities throughout the United States. The Board of Directors is elected by HARRG’s approximately 752 members. The number of votes granted to each member is based upon premiums paid and is limited to a maximum of 10% of the total votes available. Due to the lack of significant oversight responsibility and accountability of the Authority’s Board of Commissioners for actions, operations, and fiscal matters of HARRG and HAPI, the degree of financial interdependency is considered insufficient to warrant inclusion of these organizations within the Authority’s reporting entity. HARRG and HAPI issue stand-alone financial reports that include financial statements and required supplementary information.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

1. DEFINITION OF THE ENTITY (CONTINUED)

Interested parties may obtain a copy by making a written request to Housing Authority Insurance, c/o Mark Wilson, P.O. Box 189, Cheshire, CT 06410 or by calling 203-272-8220.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis.

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

Basic financial statements:

- Statement of Net Assets
- Statement of Revenues, Expenses, and Changes in Net Assets
- Statement of Cash Flows
- Notes to the financial statements

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

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

- a. *Cash and Cash Equivalents*—Cash and cash equivalents include investments with original maturities of three months or less. Cash and cash equivalents are stated at fair value.
- b. *Investments*—Investments are stated at fair value.
- c. *Capital Assets*—Capital assets (items with an individual cost greater than \$1,500, or appliances less than \$1,500, and a useful life exceeding two years), including land, property and equipment, are recorded at cost. Property and equipment are depreciated using the straight line method over the estimated useful lives of the assets, which are as follows:

Property	15–40 Years
Equipment	3–7 Years

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. *Debt Obligations*—Debt obligations (and the related debt service requirements) of the Ambleside program, bond anticipation note, and a capital lease for the purchase of heating and energy efficiency equipment are the responsibility of the Authority, and are classified as liabilities in the accompanying financial statements.

e. *Compensated Absences*—Vacation time may be accrued and carried over from year to year up to a maximum of 240 hours. Earned vacation time is due and payable to employees upon termination of employment.

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

f. *Debt Amortization Funds*—Debt amortization funds consist of restricted cash and investments held by fiscal agents. These funds are used to retire current installments of debt and to pay interest accrued thereon. Investments of debt amortization funds are carried at fair value.

g. *Revenue Recognition*—Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which the grants relate. Tenant rental revenues are recognized during the period of occupancy. Receipts from CGP, CFP, URD (HOPE VI), and other reimbursement based grants are recognized when the related expenses are incurred. Expenses are recognized as incurred.

h. *Debt Issuance Costs and Original Issue Discounts*—Bond premiums, original issuance discounts and bond issuance costs are amortized over the life of the underlying debt using the effective interest method.

i. *Indirect Costs*—Certain indirect costs are charged to programs under a cost allocation plan. These indirect costs are accumulated in and allocated from the Conventional Low-Rent Housing Program.

j. *Inventory*—Inventory is valued using an average costing method. Expense is recorded based upon consumption.

k. *Use of Estimates*—The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, at and during the reporting period. Actual results could differ from those estimates.

l. *Budgetary Accounting and Control*—The Authority's annual budget is prepared on the accrual basis of accounting and approved by the Board of Commissioners. The budget includes anticipated amounts for current year revenues and expenses as well as new capital projects.

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. *Reclassifications*—Certain amounts reported in the previous year have been reclassified to conform to the current year presentation.

3. DEPOSITS AND INVESTMENTS

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

Under Ohio law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (“FDIC”), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. These securities must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority’s name.

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

Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does have a deposit policy that addresses custodial credit risk. At year-end, the carrying amount of the Authority’s deposits was \$53,576,037, and the bank balance was \$54,866,786, the difference representing outstanding checks and other in-transit items. Of the bank balance, \$1,200,000 was covered by federal depository insurance, \$52,960,276 was collateralized by securities pledged in the name of the Authority or by pooled collateral as permitted by the Ohio Revised Code, and \$706,510 in non public funds were not collateralized.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments—The Authority has a formal investment policy. Investments held by the Authority at December 31, 2007 are presented below, categorized by investment type and credit quality rating. Credit ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. All investments mature within one year.

Interest Rate Risk – The Authority's investment policy limits investments to 3 years, but does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Authority staggers maturity dates of investments to avoid losses from rising interest rates.

Concentration of Credit Risk – The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, all deposits exceeding the FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as permitted by the Ohio Revised Code.

<u>Description</u>	<u>Fair Value/ Carrying Value</u>	<u>Credit Quality Rating</u>
Federal National Mortgage Association Discount Notes	\$ 1,043,620	AAA
Federal Home Loan Mortgage Corporation Securities	401,296	AAA
Subtotal	1,444,916	
Money Market Fund	17,761,125	Not Rated
Total Primary Government Investments	<u>\$ 19,206,041</u>	

A reconciliation of cash and investments as shown on the statement of net assets at December 31, 2007 and 2006 to the deposits and investments included in this note is as follows:

	<u>2007</u>	<u>2006</u>
Cash and Cash Equivalents	\$ 21,647,416	\$ 32,065,395
Cash and Investments - Restricted:		
Current Assets	33,463,141	37,174,869
Non-Current Assets	17,671,521	3,639,937
Total	<u>\$ 72,782,078</u>	<u>\$ 72,880,201</u>
Carrying Amount of Deposits	\$ 53,576,037	\$ 65,998,753
Carrying Amount of Investments	19,206,041	6,881,448
Total	<u>\$ 72,782,078</u>	<u>\$ 72,880,201</u>

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

4. RESTRICTED CASH AND INVESTMENTS

At December 31, 2007 and 2006, the Authority had the following cash and investments, the use of which was restricted under the terms of various grant programs, debt obligations, and other requirements:

	<u>2007</u>	<u>2006</u>
Conventional Program:		
Tenant security deposits	\$ 1,177,450	\$ 1,062,900
Industrial Commission of Ohio escrow fund	3,835,046	4,304,182
Siemens Energy Performance Contract	6,074,591	30,794,823
CMHA Charities Fund, Inc.	355,317	199,582
Western Reserve	551,193	529,680
Homeownership Program:		
Earned home payment account and nonroutine maintenance reserves	210,000	163,700
Housing Choice Voucher Restricted HAP	19,906,086	0
Ohio Bond Financing:		
Net Proceeds	14,151,343	0
Debt Service Reserve	1,248,836	0
Ambleside:		
Tenant security deposits	40,090	38,730
Nonroutine maintenance reserves	967,536	737,380
Debt amortization funds	1,303,806	1,249,921
Severance:		
Tenant security deposits	85,899	81,335
Nonroutine maintenance reserves	1,011,346	1,488,936
Quarrytown:		
Tenant security deposits	40,982	39,278
Nonroutine maintenance reserves	175,141	124,359
Total	<u>\$ 51,134,662</u>	<u>\$ 40,814,806</u>

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	January 1, 2007	Additions	Deletions	December 31, 2007
Capital assets not being depreciated:				
Land	\$ 27,300,633	\$ 356,767	\$ (84,000)	\$ 27,573,400
Construction in progress (net change)	7,871,378	0	(3,582,003)	4,289,375
Total capital assets not being depreciated	35,172,011	356,767	(3,666,003)	31,862,775
Capital assets being depreciated:				
Property and equipment	593,164,940	40,577,956	(687,794)	633,055,102
Less accumulated depreciation	426,237,887	27,265,170	(458,032)	453,045,025
Total Capital Assets Being Depreciated - Net	166,927,053	13,312,786	(229,762)	180,010,077
Capital Assets—Net	\$ 202,099,064	\$ 13,669,553	\$ (3,895,765)	\$ 211,872,852

Capital asset activity for the year ended December 31, 2006 was as follows:

	January 1, 2006	Additions	Deletions	December 31, 2006
Capital assets not being depreciated:				
Land	\$ 27,309,133	\$ 0	\$ (8,500)	\$ 27,300,633
Construction in progress (net change)	10,930,839	0	(3,059,461)	7,871,378
Total capital assets not being depreciated	38,239,972	0	(3,067,961)	35,172,011
Capital assets being depreciated:				
Property and equipment	574,095,422	19,512,841	(443,323)	593,164,940
Less accumulated depreciation	400,920,040	25,745,044	(427,197)	426,237,887
Total Capital Assets Being Depreciated-Net	173,175,382	(6,232,203)	(16,126)	166,927,053
Capital Assets—Net	\$ 211,415,354	\$ (6,232,203)	\$ (3,084,087)	\$ 202,099,064

The Authority maintains detailed records that track fixed assets by category. The following schedules list fixed asset balances for individual programs at December 31, 2007 and 2006:

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

5. CAPITAL ASSETS (CONTINUED)

Programs	2007				
	Land	Property	Equipment	Accumulated Depreciation	Net
Conventional Low-Rent Housing Program	\$ 23,090,663	\$ 602,238,666	\$ 18,923,592	\$ (443,300,597)	\$ 200,952,324
Homeownership Program	92,130	1,294,406	16,946	(1,003,335)	400,147
Housing Choice Voucher and Moderate Rehabilitation Programs	0	282,365	1,273,387	(1,126,671)	429,081
Opportunity Square	3,696,000	0	0	0	3,696,000
Title V	278,000	558,000	28,894	(586,894)	278,000
Section 8 New Construction Housing Assistance Payment Programs:					
Ambleside	59,840	6,070,520	385,080	(4,852,747)	1,662,693
Severance	356,767	3,380,841	290,717	(443,693)	3,584,632
Quarrytown	0	456,633	327,388	(376,762)	407,259
Other	0	1,170,549	646,495	(1,354,328)	462,716
Total	\$ 27,573,400	\$ 615,451,980	\$ 21,892,499	\$ (453,045,027)	\$ 211,872,852

Programs	2006				
	Land	Property	Equipment	Accumulated Depreciation	Net
Conventional Low-Rent Housing Program	\$ 23,174,663	\$ 569,626,735	\$ 18,268,112	\$ (417,113,800)	\$ 193,955,710
Homeownership Program	92,130	1,294,406	29,622	(964,693)	451,465
Housing Choice Voucher and Moderate Rehabilitation Programs:		282,365	1,220,985	(964,396)	538,954
Opportunity Square	3,696,000	0	0	0	3,696,000
Title V	278,000	558,000	28,894	(586,894)	278,000
Section 8 New Construction Housing Assistance Payment Programs:					
Ambleside	59,840	6,070,520	378,994	(4,654,190)	1,855,164
Severance	0	387,681	309,016	(404,506)	292,191
Quarrytown	0	456,633	324,397	(329,700)	451,330
Other	0	1,170,548	629,412	(1,219,708)	580,252
Total	\$ 27,300,633	\$ 579,846,888	\$ 21,189,432	\$ (426,237,887)	\$ 202,099,066

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NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
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6. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses at December 31, 2007 and 2006 consist of the following items:

	<u>2007</u>	<u>2006</u>
Payroll and Related Accruals	\$ 5,707,176	\$ 5,747,281
Workers' Compensation—Current Portion	1,000,000	1,000,000
Other Litigation Reserves	577,000	1,266,368
Other	4,236,615	2,970,293
Total	<u><u>\$ 11,520,791</u></u>	<u><u>\$ 10,983,942</u></u>

7. DEBT AND LEASE OBLIGATIONS

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

The bonds are secured by a pledge of all revenues generated by the Ambleside project, including the housing assistance payments from HUD, and a mortgage on the Ambleside property. The serial bonds matured on December 2005. The term bond matures on June 1, 2018, and bears interest at a rate of 7 percent.

The following is a summary of Ambleside's future debt service requirements for bonds payable as of December 31, 2007, is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 355,000	\$ 365,925	\$ 720,925
2009	380,000	340,725	720,725
2010	410,000	313,600	723,600
2011	435,000	284,375	719,375
2012	465,000	253,400	718,400
2013-2017	2,890,000	718,775	3,608,775
2018	380,000	13,300	393,300
Total Payments	<u>5,315,000</u>	<u>2,290,100</u>	<u>7,605,100</u>
Less—Unamortized Bond Discount	<u>(208,571)</u>	<u>0</u>	<u>(208,571)</u>
Total	<u><u>\$ 5,106,429</u></u>	<u><u>\$ 2,290,100</u></u>	<u><u>\$ 7,396,529</u></u>

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7. DEBT AND LEASE OBLIGATIONS (CONTINUED)

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

Capital Lease—In 1997, the Authority entered into a tax exempt capital lease to acquire equipment to upgrade the heating and energy efficiency of several properties. The agreement expires in September 2010. At December 31, 2007 and 2006, the net book value of equipment under capital lease was \$2,596,104 and \$3,057,001, respectively.

Payments under the agreement are as follows:

2008	\$ 785,969
2009	785,969
2010	<u>589,476</u>
	2,161,414
Less Amount Representing Interest	<u>(163,222)</u>
 Principal Amount	 <u><u>\$1,998,192</u></u>

Capital Lease—On October 10, 2006, the Authority entered into an equipment lease-purchase agreement to acquire equipment under an energy performance contract to upgrade the heating and energy efficiency of several properties. The total amount of the contract is \$33,610,000 of which \$31,521,070 was committed at December 31, 2007. Principal payments do not commence until April 10, 2008. Interest from inception to April 10, 2007 in the amount of \$707,818 was added to principal.

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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

7. DEBT AND LEASE OBLIGATIONS (CONTINUED)

Payments under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,679,091	\$ 1,420,450	\$ 3,099,541
2009	2,322,021	1,331,395	3,653,416
2010	2,420,853	1,232,563	3,653,416
2011	2,523,892	1,129,524	3,653,416
2012	2,631,316	1,022,100	3,653,416
2013 - 2017	14,934,962	3,332,115	18,267,077
2018 - 2020	7,805,683	414,502	8,220,185
	<u>34,317,818</u>	<u>9,882,649</u>	<u>44,200,467</u>
Less Interest Added to Principal	(707,818)		(707,818)
Principal Amount	<u><u>\$ 33,610,000</u></u>	<u><u>\$ 9,882,649</u></u>	<u><u>\$ 43,492,649</u></u>

Bond Anticipation Note, Series 2005—In December 2005, the Authority entered into a Bond Anticipation Note for the purchase and initial project related expenses necessary to acquire approximately 25 acres of land to be used as the site of a consolidated administrative and operations facility. The Bond Anticipation Note was issued in anticipation of the issuance of permanent financing bonds, the proceeds of which will be used to pay off the Bond Anticipation Note and complete development of the property. The maturity date of the Note is December 1, 2006. On September 20, 2006, the Authority entered into a Bond Anticipation Note with a March 1, 2008 maturity date to replace this Bond Anticipation Note. On December 1, 2006, the original note was retired. The new note has a balance of \$5,240,000 with a 4% interest rate.

First Mortgage Note—On October 22, 2007 the Authority borrowed \$4,000,000 on a first mortgage note from FirstMerit Bank to finance the purchase of the Severance Tower property. The interest rate is 6% through November 14, 2010. From November 15, 2010 through November 14, 2013, the annual interest rate shall be a fixed rate equal to one hundred and fifty basis points (1.5%) above the banks Three Year Cost of Funds Index in effect on November 15, 2010. From November 15, 2013 through November 14, 2016, the annual interest rate shall be a fixed rate equal to one hundred fifty basis points (1.5%) above the banks Three Year Cost of Funds Index in effect on November 14, 2013. From November 15, 2016 until the note is paid in full, the annual interest rate shall be a fixed rate equal to one hundred fifty basis points (1.5%) above the banks Three Year Cost of Funds Index in effect on November 15, 2016. Starting on December 15, 2007, the note requires monthly payments of principal and interest of \$28,850 through November 15, 2017 at which time the entire unpaid principal balance hereof and all accrued interest, if any, shall be due and payable in full. The required installments of principal and interest shall be adjusted with each change in interest rate. At December 31, 2007, \$3,991,150 in debt remained outstanding.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

7. DEBT AND LEASE OBLIGATIONS (CONTINUED)

Payments under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 105,655	\$ 240,543	\$ 346,198
2009	112,958	233,240	346,198
Through November 15, 2010	<u>3,772,537</u>	<u>207,858</u>	<u>3,980,395</u>
Total	<u>\$3,991,150</u>	<u>\$ 681,641</u>	<u>\$ 4,672,791</u>

Ohio Bond Financing - On July 17, 2007, the Authority issued a Capital Fund backed bond with three other authorities. The Authority's debt from the bond issuance is \$15,315,000 and after providing for a debt service reserve and upfront costs, the Authority will have \$14,003,165 to spend on improvements to facilities. The bonds have a 20 year term with interest rates from 3.9% to 4.67%. A bond premium was also received and will be amortized over the life of the bonds on a straight line basis. Payments will be made in April and October (interest only) starting in October of 2007 and will be made directly from HUD. At December 31, 2007, total debt and unamortized bond premium was \$15,718,462.

Payments under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 685,000	\$ 766,086	\$ 1,451,086
2009	480,000	741,326	1,221,326
2010	505,000	720,395	1,225,395
2011	525,000	697,196	1,222,196
2012	550,000	671,664	1,221,664
2013 to 2017	3,175,000	2,905,764	6,080,764
2018 to 2022	4,100,000	1,957,614	6,057,614
2023 to 2027	<u>5,295,000</u>	<u>730,042</u>	<u>6,025,042</u>
Total	15,315,000	9,190,087	24,505,087
Unamortized bond premium	403,462	0	403,462
Total	<u>\$ 15,718,462</u>	<u>\$ 9,190,087</u>	<u>\$ 24,908,549</u>

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

7. DEBT AND LEASE OBLIGATIONS (CONTINUED)

A roll-forward of the Authority's long-term debt and capital lease in 2007 follows:

	January 1, 2007	Increase	Decrease	December 31, 2007	Due Within One Year
Ambleside Bonds	\$ 5,423,190	\$ 0	\$ (316,761)	\$ 5,106,429	\$ 340,818
Bond Anticipation Note	5,240,000	0	0	5,240,000	0
Ohio Bond Financing	0	15,728,942	(10,480)	15,718,462	705,959
Mortgage Note	0	4,000,000	(8,850)	3,991,150	105,655
Capital Lease	36,266,508	707,818	(658,317)	36,316,009	2,343,850
Total	\$ 46,929,698	\$ 20,436,760	\$ (994,408)	\$ 66,372,050	\$ 3,496,282

Other Lease Obligations—The Authority has entered into a long-term operating lease agreement with a private developer for the Quarrytown building and administers the Section 8 New Construction Housing Assistance Payments Programs for this facility. The Authority manages this property and prepares all the necessary reports for HUD. The annual contributions contract for Quarrytown is between HUD and the Authority. For 2007 and 2006, the total expense recognized under this operating lease was \$1,695,549 and \$1,989,455, respectively.

The Authority entered into agreements to lease three separate facilities to house warehouse, office space and centralized maintenance operations. Total expense recognized under these operating leases was \$445,327 and \$676,585 in 2007 and 2006, respectively. The Authority also leases office equipment under various operating leases. Total expense recognized under these operating leases was \$514,779 in 2007 and \$509,120 in 2006.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Quarrytown</u>	<u>Warehouses</u>	<u>Office Equipment</u>	<u>Total</u>
2008	\$ 879,238	\$ 470,345	\$ 110,548	\$ 1,460,131
2009	580,577	0	61,142	641,719
2010	481,582	0	2,887	484,469
2011	481,582	0	0	481,582
2012	481,582	0	0	481,582
Total	\$ 2,904,561	\$ 470,345	\$ 174,577	\$ 3,549,483

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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

All Authority full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as describe below:

1. The Traditional Pension Plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) – a benefit contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20 percent per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed plan.

OPERS provides retirement, disability, survivor, death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at www.opers.org.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 9.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 8.85 percent of covered payroll from January 1 to June 30, 2007, and 7.85 from July 1 to December 31, 2007. The Authority's required contributions to OPERS for the years ended December 31, 2007, 2006, and 2005, were \$3,102,482, \$3,491,103, and \$3,631,475, respectively. The full amount has been contributed for 2006 and 2005. 100 percent has been contributed for 2007. Contributions to the Member-Directed plan for 2007 were \$64,652 made by the Authority and \$44,346 made by the plan members

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9. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and primary survivor recipients is available with both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2007 employer rate was 13.85 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for State and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care was 5.00 percent from January 1 through June 30, 2007, and 6.00 percent from July 1 through December 31, 2007. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 percent to 5 percent annually for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

As of December 31, 2007, the number of active contributing participants in the Traditional Pension and Combined plans totaled 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual Authority contributions for 2007 which were used to fund post-employment benefits were \$2,054,682. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS' net assets available for payment of benefits at December 31, 2006 (the latest information available) was \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

9. POST-EMPLOYMENT BENEFITS (CONTINUED)

Ohio Public Employees Retirement System (Continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow the benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

10. INSURANCE COVERAGE AND RISK RETENTION

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

As described in Note 1, the Authority is a member of HARRG, which is a comprehensive general liability insurance group operated as a joint venture by its 745 public housing authority members. Through HARRG, the Authority carries \$5,000,000 of general liability coverage, with a \$25,000 deductible, as well as \$1,000,000 of law enforcement liability, with a \$25,000 deductible, and \$2,000,000 of public officials' errors and omissions coverage, with a \$25,000 deductible.

The Authority is also a member of HAPI, which is a property insurance group operated as a joint venture by its 783 public housing authority members. Through HAPI, the Authority carries building and contents coverage aggregating \$1,118,606,762 with a \$10,000 deductible.

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

The Authority is self-insured for the following risks:

Workers' Compensation Benefits—The Authority is self-insured for workers' compensation benefits provided to its employees. An excess liability policy provides coverage for individual claims that are greater than \$500,000 per individual occurrence and \$10,000,000 in the aggregate. The Authority has recorded a \$2,946,000 liability for self-insured workers' compensation claims in its Conventional Program and is fully funded at December 31, 2007.

Employee Termination and Other Third-Party Liability Matters—The Authority is self-insured for certain employee termination and miscellaneous third-party claims that are not covered by HARRG.

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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

10. INSURANCE COVERAGE AND RISK RETENTION (CONTINUED)

The changes in the Authority's liabilities for self-insured risks for the years ended December 31, 2007 and 2006 were as follows:

	Workers' Compensation Benefits	Employee Termination and Other
Balance—January 1, 2006	\$ 3,110,000	\$ 754,011
Incurred Claims—Net of Changes in Estimates	962,784	512,357
Payments	(1,219,784)	0
Balance—December 31, 2006	<u>2,853,000</u>	<u>1,266,368</u>
Incurred Claims—Net of Changes in Estimates	1,314,336	106,127
Payments	(1,221,336)	(795,455)
Balance—December 31, 2007	<u>\$ 2,946,000</u>	<u>\$ 577,040</u>

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

The Authority strictly adheres to a Risk Control Work Plan policy that incorporates nine standards for risk management. The policy, passed by resolution of the Board of Commissioners and supported by HARRG, seeks to implement risk management activities that include the assignment of a full time risk control administrator, establishment of an active risk control committee, together with a formal self inspection and preventive maintenance program. Other standards include conducting on-site risk control training and education, the development of emergency action plans and property conservation programs, and the establishment of an accident and incident investigation program. During 2007 and 2006, there were no significant reductions in the Authority's insurance coverage.

The Authority paid \$727,710 and \$657,729 in premiums to HARRG and \$1,470,816 and \$1,153,248 in premiums to HAPI for the years ended December 31, 2007 and 2006, respectively. Settled claims have not exceeded the Authority's insurance coverage in any of the past three years.

11. CONTINGENCIES

Certain unresolved compliance findings and questioned costs approximating \$9.0 million exist that arose from audits of the Authority's financial statements and grant programs for fiscal 2007 and prior years. The ultimate resolution of the compliance findings and questioned costs is not presently determinable. No provision has been made in the financial statements for the effect, if any, of such contingencies.

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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

11. CONTINGENCIES (CONTINUED)

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

12. DEFICITS IN INDIVIDUAL FUNDS

The Ambleside Fund has an overall net asset deficit of \$2,411,942 as of December 31, 2007 resulting from accumulated depreciation on the building and other fixed assets. Management believes that operating revenues will be adequate to cover its debt service and operating expenses in the future.

13. CONSTRUCTION COMMITMENTS

As of December 31, 2007, the Authority had the following significant construction commitments:

<u>Project Type</u>	<u>Amount</u>
Building Renovations	\$ 255,417
New Construction	1,947,735
Roofing	47,760
Site Improvements	661,208
Elevator Replacement	<u>3,692,449</u>
Total	<u>\$ 6,604,569</u>

14. NEW ACCOUNTING STANDARDS

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

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
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(CONTINUED)

14. NEW ACCOUNTING STANDARDS (CONTINUED)

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

During July 2005, the GASB issued GASB Statement No. 47, *Accounting for Termination Benefits*. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer either voluntary termination benefits (e.g., early retirement incentives) or involuntary termination benefits (i.e., severance). The significant requirements of GASB Statement 47 include the recognition in accrual basis financials as a liability and expense for involuntary termination benefits when (1) a termination plan has been approved by those with the authority to commit the government to the plan, (2) the plan has been communicated to the employees, and (3) the amount can be estimated. A liability and expense for voluntary termination benefits should be recognized when the offer is accepted and the amount can be estimated. GASB Statement 47 also requires employers to disclose a description of the termination benefit arrangements, the cost of the termination benefits, and the significant methods and assumptions used to determine termination benefit liabilities. The adoption of this statement in 2006 was not material to the financial statements of the Authority.

For fiscal year 2007, the Authority implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans* and GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. GASB Statement No. 43 applies for other postemployment benefit (OPEB) trust funds included in the financial reports of plan sponsors or employers and provides requirements for reporting OPEB funds by administrators of multiple-employer OPEB plans, when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or a collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged and sold.

The implementation of GASB Statements No. 43 and No. 48 did not affect the presentation of the financial statements of the Authority.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

15. INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

The calculation of Invested in Capital Assets, Net of Related Debt is impacted by proceeds reflected in the debt balance reported that is not yet spent, but rather is being held by the trustee bank at December 31, 2007. In addition, impacting that calculation are the debt service funds held by the trustee bank as required by the Trustee Indenture.

Capital Assets	\$ 211,872,852
Less Related Debt	(66,372,050)
Add back in Unspent Debt Proceeds and Debt Services Funds Held by Trustee	<u>15,718,462</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 161,219,264</u>

16. RESTRICTED NET ASSETS

Below is a summary of restricted net assets at December 31, 2007:

Unspent funding provided by HUD to make HAP payments in the Section 8 Housing Choice Voucher Program	\$19,906,086
Nonroutine maintenance and debt service reserves in the Section 8 New Construction program	<u>3,457,829</u>
Total Restricted Net Assets at December 31, 2007	<u>\$23,363,915</u>

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs</i>		
Conventional Low-Income Housing Programs—Subsidy	14.850	\$ 57,385,838
Section 8 New Construction and Moderate Rehabilitation Programs:		
New Construction—Ambleside	14.182	1,259,271
New Construction—Severance	14.182	1,064,096
New Construction—Quarrytown	14.182	827,526
Subtotal CFDA #14.182		<u>3,150,893</u>
Moderate Rehabilitation	14.856	2,375,595
Subtotal CFDA #14.182/14.856 (Section 8 Project-Based Cluster)		<u>5,526,488</u>
Housing Choice Voucher	14.871	100,551,724
Subtotal CFDA #14.182/14.856/14.871		<u>106,078,212</u>
Capital Fund Program:		
Capital Fund Program—2003 and prior	14.872	6,896,040
Capital Fund Program—2004	14.872	10,558,889
Capital Fund Program—2005	14.872	12,460,249
Capital Fund Program—2006	14.872	3,338,674
Subtotal CFDA #14.872		<u>33,253,852</u>
Revitalization of Severely Distressed Housing	14.866	9,921,530
Homeownership Program	14.851	252,793
Supportive Housing Program	14.235	1,101,708
Resident Opportunities and Supportive Services	14.870	31
Multifamily Property Disposition	14.199	2,229,509
Opportunities for Youth - Youthbuild Program	14.243	151,333
Total U.S. Department of Housing and Urban Development		<u>210,374,806</u>
<u>U.S. Department of Education</u>		
Disaster Housing Assistance Grant	97.109	2,001
<u>U.S. Department of Homeland Security</u>		
21st Century Community Learning	84.287	41,748
Total Expenditures of Federal Awards		<u>\$ 210,418,555</u>

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE SUPPLEMENTAL SCHEDULE OF
 EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2007**

1. BASIS OF PRESENTATION

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

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

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

2. SUBRECIPIENTS

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

Program Title	Subrecipient	Federal CFDA No.	2007 Grant Expenditures
Section 8 Moderate Rehabilitation	Amesbury Rosalind	14.856	\$ 311,879
Section 8 Moderate Rehabilitation	Puritas Place	14.856	335,357
Conventional Low-Rent	Progressive Action Council	14.850	308,132
Multifamily Property Disposition	Western Reserve Revitalization and Management Company	14.199	2,229,509

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SUPPLEMENTAL SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

3. MORTGAGE REVENUE BONDS

As shown in the table below, the Authority had subordinate multifamily housing mortgage revenue bonds (the "bonds") outstanding at December 31, 2004 under the Multifamily Property Disposition Grant. The provisions of the grant agreement pertaining to the bonds impose continuing compliance requirements.

Program Title	Federal CFDA No.	Bonds Outstanding at December 31, 2007
Multifamily Property Disposition	14.199	\$4,000,000

4. PUBLIC HOUSING REVENUE

Public Housing revenue on the Financial Data Schedule is shown as follows:

Public Housing Revenue received from HUD directly	\$ 57,385,838
Capital Funds transferred to Public Housing Program	<u>9,583,386</u>
Total	<u>\$ 66,969,224</u>

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CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Development	Public Housing Comprehensive Improvement Assistance Program	Public Housing Tenant Opportunities Program	Public and Indian Housing Drug Elimination Program	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MF0001
ASSETS											
Current Assets:											
111	Cash - Unrestricted	\$3,948,569	\$635,974	\$676,330	\$7,472	\$6,314,293	\$0	\$0	\$0	\$0	\$0
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$8,934,248	\$0	\$0	\$0	\$0	\$0
114	Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$1,177,450	\$0	\$0	\$0	\$0	\$0
100	Total Cash	\$3,948,569	\$635,974	\$676,330	\$7,472	\$16,425,991	\$0	\$0	\$0	\$0	\$0
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$59,023	\$130,378	\$0	\$0	\$0	\$0	\$0	\$0
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
125	Accounts Receivable - Miscellaneous	\$19,592	\$2,396	\$117,508	\$0	\$251,480	\$0	\$0	\$0	\$0	\$0
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$10,678	\$29,782	\$0	\$1,857,464	\$0	\$0	\$0	\$0	\$0
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	(\$4,489)	(\$19,168)	\$0	(\$1,233,646)	\$0	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$0	\$727	\$0	\$0	\$13,156	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowance for doubtful accounts	\$19,592	\$9,312	\$187,145	\$130,378	\$888,454	\$0	\$0	\$0	\$0	\$0
135	Investments - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
132	Investments Restricted	\$0	\$3,624,802	\$0	\$0	\$1,123,568	\$0	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$1,006,987	\$20,827	\$873	\$0	\$657,655	\$0	\$0	\$0	\$0	\$0
143	Inventories	\$0	\$0	\$0	\$0	\$781,896	\$0	\$0	\$0	\$0	\$0
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	(\$265,155)	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$0	\$0	\$0	\$17,251,076	\$0	\$0	\$0	\$0	\$1,243,347
150	Total Current Assets	\$4,975,148	\$4,290,915	\$864,348	\$137,850	\$36,863,485	\$0	\$0	\$0	\$0	\$1,243,347
Noncurrent Assets:											
161	Land	\$3,974,000	\$59,840	\$0	\$0	\$23,025,763	\$0	\$0	\$0	\$0	\$0
162	Buildings	\$558,000	\$10,264,761	\$1,003,202	\$0	\$221,595,862	\$0	\$116,247,689	\$0	\$0	\$0
163	Furniture, Equipment & Machinery - Dwellings	\$28,894	\$1,003,184	\$22,684	\$0	\$3,482,670	\$0	\$0	\$0	\$0	\$0
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0	\$7,609,482	\$0	\$0	\$18,829	\$461,733	\$0
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$586,894)	(\$5,673,201)	(\$713,832)	\$0	(\$181,337,801)	\$0	(\$108,926,626)	(\$18,829)	(\$461,733)	\$0
167	Construction in Progress	\$0	\$0	\$0	\$0	\$1,199,854	\$0	\$0	\$0	\$0	\$0
160	Total Fixed Assets, Net of Accumulated Depreciation	\$3,974,000	\$5,654,584	\$312,054	\$0	\$75,575,830	\$0	\$7,321,063	\$0	\$0	\$0
174	Other Assets	\$0	\$128,103	\$0	\$0	\$855,199	\$0	\$0	\$0	\$0	\$0
180	Total Noncurrent Assets	\$3,974,000	\$5,782,687	\$312,054	\$0	\$76,431,029	\$0	\$7,321,063	\$0	\$0	\$0
190	Total Assets	\$8,949,148	\$10,073,602	\$1,176,402	\$137,850	\$113,294,514	\$0	\$7,321,063	\$0	\$0	\$1,243,347

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0002	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0003	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0004	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0005	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0006	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0007	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Revitalization Severely Distressed Public Housing
ASSETS											
Current Assets:											
111	Cash - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,346,967	\$226,612
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
114	Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100	Total Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,346,967	\$226,612
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$849,824
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowance for doubtful accounts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$849,824
135	Investments - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
132	Investments Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
143	Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$102,972	\$236	\$125,987	\$21,553	\$17,893	\$111,245	\$0	\$3,371,776	\$6,398	\$0
150	Total Current Assets	\$102,972	\$236	\$125,987	\$21,553	\$17,893	\$111,245	\$0	\$3,371,776	\$2,353,365	\$1,076,436
Noncurrent Assets:											
161	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
162	Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$141,460,715	\$60,909,347
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,594,392	\$354,714
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$108,578,597)	(\$33,160,885)
167	Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$225,053
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,476,510	\$28,328,229
174	Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180	Total Noncurrent Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,476,510	\$28,328,229
190	Total Assets	\$102,972	\$236	\$125,987	\$21,553	\$17,893	\$111,245	\$0	\$3,371,776	\$36,829,875	\$29,404,665

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Total
ASSETS										
Current Assets:										
111	Cash - Unrestricted	\$0	\$2,231,042	\$611,641	\$0	\$1,249,052	\$0	\$3,341,832	\$57,632	\$21,647,416
113	Cash - Other Restricted	\$0	\$19,906,086	\$15,252,001	\$0	\$0	\$906,510	\$0	\$0	\$44,998,845
114	Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,177,450
100	Total Cash	\$0	\$22,137,128	\$15,863,642	\$0	\$1,249,052	\$906,510	\$3,341,832	\$57,632	\$67,823,711
122	Accounts Receivable - HUD Other Projects	\$31	\$144,779	\$15,948,657	\$0	\$0	\$0	\$0	\$0	\$17,132,692
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$1,224,611	\$0	\$0	\$0	\$1,224,611
125	Accounts Receivable - Miscellaneous	\$0	\$258,562	\$0	\$0	\$0	\$375,316	\$120,400	\$0	\$1,145,254
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$13,818	\$0	\$1,911,742
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	(\$9,181)	\$0	(\$1,266,484)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$398,668	\$0	\$0	\$0	\$0	\$0	\$0	\$398,668
128.1	Allowance for Doubtful Accounts - Fraud	\$0	(\$386,514)	\$0	\$0	\$0	\$0	\$0	\$0	(\$386,514)
129	Accrued Interest Receivable	\$0	\$0	\$189,653	\$0	\$0	\$0	\$4,325	\$0	\$207,861
120	Total Receivables, net of allowance for doubtful accounts	\$31	\$415,495	\$16,138,310	\$0	\$1,224,611	\$375,316	\$129,362	\$0	\$20,367,830
135	Investments - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$210,000	\$0	\$210,000
132	Investments Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,748,370
142	Prepaid Expenses and Other Assets	\$0	\$79,708	\$0	\$0	\$0	\$0	\$0	\$0	\$1,766,050
143	Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$781,896
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$265,155)
144	Interprogram Due From	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,252,483
150	Total Current Assets	\$31	\$22,632,331	\$32,001,952	\$0	\$2,473,663	\$1,281,826	\$3,681,194	\$57,632	\$117,685,185
Noncurrent Assets:										
161	Land	\$0	\$0	\$64,900	\$0	\$0	\$0	\$92,130	\$0	\$27,216,633
162	Buildings	\$0	\$282,365	\$57,735,678	\$0	\$167,347	\$0	\$1,294,406	\$0	\$611,519,372
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$5,882,334	\$0	\$0	\$0	\$16,946	\$0	\$12,385,818
164	Furniture, Equipment & Machinery - Administration	\$1,728	\$1,273,387	\$0	\$139,731	\$1,790	\$0	\$0	\$0	\$9,506,680
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$1,728)	(\$1,126,671)	(\$11,296,688)	(\$138,286)	(\$19,919)	\$0	(\$1,003,335)	\$0	(\$453,045,025)
167	Construction in Progress	\$0	\$0	\$2,324,468	\$0	\$540,000	\$0	\$0	\$0	\$4,289,375
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$429,081	\$54,710,692	\$1,445	\$689,218	\$0	\$400,147	\$0	\$211,872,853
174	Other Assets	\$0	\$0	\$484,687	\$0	\$0	\$0	\$0	\$0	\$1,467,989
180	Total Noncurrent Assets	\$0	\$429,081	\$55,195,379	\$1,445	\$689,218	\$0	\$400,147	\$0	\$213,340,842
190	Total Assets	\$31	\$23,061,412	\$87,197,331	\$1,445	\$3,162,881	\$1,281,826	\$4,081,341	\$57,632	\$331,026,027

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007**

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Development	Public Housing Comprehensive Improvement Assistance Program	Public Housing Tenant Opportunities Program	Public and Indian Housing Drug Elimination Program	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MF0001
LIABILITIES											
Current Liabilities:											
312	Accounts Payable <=90 Days	\$16,330	\$138,299	\$24,107	\$87,888	\$8,037,871	\$0	\$0	\$0	\$0	\$0
321	Accrued Wage/Payroll Taxes Payable	\$0	\$95,990	\$6,948	\$0	\$4,694,738	\$0	\$0	\$0	\$0	\$0
325	Accrued Interest Payable	\$272,480	\$41,647	\$0	\$0	\$320,405	\$0	\$0	\$0	\$0	\$0
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$430,091	\$7,472	\$0	\$0	\$0	\$0	\$0	\$0
333	Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
341	Tenant Security Deposits	\$0	\$106,803	\$22,274	\$0	\$1,188,834	\$0	\$0	\$0	\$0	\$0
342	Deferred Revenues	\$370,337	\$1,676	\$0	\$0	\$441,999	\$0	\$0	\$0	\$0	\$0
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$446,474	\$0	\$0	\$2,343,849	\$0	\$0	\$0	\$0	\$0
345	Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
346	Accrued Liabilities	\$0	\$95,641	\$278	\$0	\$2,608,227	\$0	\$0	\$0	\$0	\$0
347	Interprogram Due To	\$900,428	\$1,701,721	\$274,369	\$42,490	\$0	\$0	\$0	\$0	\$0	\$0
310	Total Current Liabilities	\$1,559,575	\$2,628,251	\$758,067	\$137,850	\$19,635,923	\$0	\$0	\$0	\$0	\$0
Noncurrent Liabilities:											
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenues Bonds	\$5,240,000	\$8,651,105	\$0	\$0	\$33,972,160	\$0	\$0	\$0	\$0	\$0
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$1,853,000	\$0	\$0	\$0	\$0	\$0
350	Total Noncurrent Liabilities	\$5,240,000	\$8,651,105	\$0	\$0	\$35,825,160	\$0	\$0	\$0	\$0	\$0
300	TOTAL LIABILITIES	\$6,799,575	\$11,279,356	\$758,067	\$137,850	\$55,461,083	\$0	\$0	\$0	\$0	\$0
NET ASSETS											
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	(\$1,266,000)	(\$3,442,995)	\$312,054	\$0	\$39,259,821	\$0	\$7,321,063	\$0	\$0	\$0
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$3,457,829	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$3,415,573	(\$1,220,588)	\$106,281	\$0	\$18,573,610	\$0	\$0	\$0	\$0	\$1,243,347
513	Total Equity/Net Assets	\$2,149,573	(\$1,205,754)	\$418,335	\$0	\$57,833,431	\$0	\$7,321,063	\$0	\$0	\$1,243,347
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	\$8,949,148	\$10,073,602	\$1,176,402	\$137,850	\$113,294,514	\$0	\$7,321,063	\$0	\$0	\$1,243,347

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0002	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0003	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0004	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0005	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0006	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0007	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Revitalization Severely Distressed Public Housing
LIABILITIES											
Current Liabilities:											
312	Accounts Payable <=90 Days	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,700	\$772,543
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,865
325	Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,353,365	\$0
333	Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
341	Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
342	Deferred Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$126,130
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
345	Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
346	Accrued Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
347	Interprogram Due To	\$0	\$0	\$0	\$0	\$0	\$0	\$126,555	\$0	\$0	\$168,619
310	Total Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$126,555	\$0	\$2,383,065	\$1,112,157
Noncurrent Liabilities:											
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenues Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
350	Total Noncurrent Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
300	TOTAL LIABILITIES	\$0	\$0	\$0	\$0	\$0	\$0	\$126,555	\$0	\$2,383,065	\$1,112,157
NET ASSETS											
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,476,510	\$28,328,229
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$102,972	\$236	\$125,987	\$21,553	\$17,893	\$111,245	(\$126,555)	\$3,371,776	(\$29,700)	(\$35,721)
513	Total Equity/Net Assets	\$102,972	\$236	\$125,987	\$21,553	\$17,893	\$111,245	(\$126,555)	\$3,371,776	\$34,446,810	\$28,292,508
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	\$102,972	\$236	\$125,987	\$21,553	\$17,893	\$111,245	\$0	\$3,371,776	\$36,829,875	\$29,404,665

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Total
LIABILITIES										
Current Liabilities:										
312	Accounts Payable <=90 Days	\$0	\$102,542	\$2,676,264	\$0	\$1,265,719	\$11,200	\$5,585	\$2,001	\$13,170,049
321	Accrued Wage/Payroll Taxes Payable	\$0	\$567,116	\$268,074	\$0	\$29,445	\$0	\$0	\$0	\$5,707,176
325	Accrued Interest Payable	\$0	\$0	\$185,200	\$0	\$0	\$0	\$0	\$0	\$819,732
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$346,923	\$0	\$0	\$0	\$0	\$0	\$3,137,851
333	Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$1,524	\$0	\$0	\$0	\$1,524
341	Tenant Security Deposits	\$0	\$564,447	\$0	\$0	\$0	\$0	\$220,476	\$0	\$2,102,834
342	Deferred Revenues	\$0	\$0	\$154,754	\$0	\$1,131,982	\$0	\$0	\$55,631	\$2,282,509
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$705,959	\$0	\$0	\$0	\$0	\$0	\$3,496,282
345	Other Current Liabilities	\$0	\$25,202	\$0	\$0	\$0	\$0	\$1,002	\$0	\$26,204
346	Accrued Liabilities	\$0	\$72,500	\$0	\$0	\$0	\$0	\$0	\$0	\$2,776,646
347	Interprogram Due To	\$31	\$4,947,994	\$13,972,699	\$0	\$104,993	\$12,585	\$0	\$0	\$22,252,484
310	Total Current Liabilities	\$31	\$6,279,801	\$18,309,873	\$0	\$2,533,663	\$23,785	\$227,063	\$57,632	\$55,773,291
Noncurrent Liabilities:										
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenues Bonds	\$0	\$0	\$15,012,503	\$0	\$0	\$0	\$0	\$0	\$62,875,768
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,853,000
350	Total Noncurrent Liabilities	\$0	\$0	\$15,012,503	\$0	\$0	\$0	\$0	\$0	\$64,728,768
300	TOTAL LIABILITIES	\$31	\$6,279,801	\$33,322,376	\$0	\$2,533,663	\$23,785	\$227,063	\$57,632	\$120,502,059
NET ASSETS										
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$429,081	\$54,710,691	\$1,445	\$689,218	\$0	\$400,147	\$0	\$161,219,264
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$19,906,086	\$0	\$0	\$0	\$0	\$0	\$0	\$23,363,915
512.1	Unrestricted Net Assets	\$0	(\$3,553,556)	(\$835,736)	\$0	(\$60,000)	\$1,258,041	\$3,454,131	\$0	\$25,940,789
513	Total Equity/Net Assets	\$0	\$16,781,611	\$53,874,955	\$1,445	\$629,218	\$1,258,041	\$3,854,278	\$0	\$210,523,968
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	\$31	\$23,061,412	\$87,197,331	\$1,445	\$3,162,881	\$1,281,826	\$4,081,341	\$57,632	\$331,026,027

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Development	Public Housing Comprehensive Improvement Assistance Program	Public Housing Tenant Opportunities Program	Public and Indian Housing Drug Elimination Program	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MF0001
REVENUES:											
703	Net Tenant Rental Revenue	\$0	\$1,501,389	\$265,099	\$0	\$12,454,516	\$0	\$0	\$0	\$0	\$0
704	Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$215,372	\$0	\$0	\$0	\$0	\$0
705	Total Tenant Revenue	\$0	\$1,501,389	\$265,099	\$0	\$12,669,888	\$0	\$0	\$0	\$0	\$0
706	HUD PHA Operating Grants	\$0	\$3,150,893	\$2,229,509	\$1,101,708	\$66,969,224	\$0	\$0	\$0	\$0	\$372,297
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
708	Other Governmental Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
711	Investment Income - Unrestricted	\$10,587	\$0	\$24,168	\$0	\$1,196,171	\$0	\$0	\$0	\$0	\$0
715	Other Revenue	\$1,457	\$62,398	\$1,845	\$0	\$4,309,615	\$0	\$0	\$0	\$0	\$0
716	Gain/Loss of Sale of Fixed Assets	\$0	\$0	\$0	\$0	(\$51,431)	\$0	\$0	\$0	\$0	\$0
720	Investment Income - Restricted	\$0	\$207,849	\$0	\$0	\$78,631	\$0	\$0	\$0	\$0	\$0
700	TOTAL REVENUES	\$12,044	\$4,922,529	\$2,520,621	\$1,101,708	\$85,172,098	\$0	\$0	\$0	\$0	\$372,297

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line		Lower Income Housing Assistance	Lower Income Housing Assistance	Lower Income Housing Assistance	Lower Income Housing Assistance	Lower Income Housing Assistance	Lower Income Housing Assistance	Lower Income Housing Assistance	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Revitalization Severely Distressed Public Housing
Item No.	Account Description	OH003MR0002	OH003MR0003	OH003MR0004	OH003MR0005	OH003MR0006	OH003MR0007	OH003MR0008			
REVENUES:											
	703 Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	704 Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	705 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	706 HUD PHA Operating Grants	\$341,337	\$104,580	\$116,002	\$45,763	\$115,569	\$315,479	\$964,568	\$0	\$0	\$8,574,070
	706.1 Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,347,460
	708 Other Governmental Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	711 Investment Income - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	715 Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000
	716 Gain/Loss of Sale of Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$169)
	720 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	700 TOTAL REVENUES	\$341,337	\$104,580	\$116,002	\$45,763	\$115,569	\$315,479	\$964,568	\$0	\$0	\$9,971,361

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Total
REVENUES:										
703	Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$24,897	\$0	\$14,245,901
704	Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$215,372
705	Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$24,897	\$0	\$14,461,273
706	HUD PHA Operating Grants	\$31	\$100,551,724	\$16,388,519	\$0	\$0	\$0	\$252,793	\$2,001	\$201,596,067
706.1	Capital Grants	\$0	\$0	\$7,281,947	\$0	\$0	\$0	\$0	\$0	\$8,629,407
708	Other Governmental Grants	\$0	\$0	\$0	\$0	\$2,291,040	\$0	\$0	\$0	\$2,291,040
711	Investment Income - Unrestricted	\$0	\$1,032,495	\$358,165	\$0	\$0	\$0	\$218,756	\$0	\$2,840,342
715	Other Revenue	\$0	\$776,901	\$1,050	\$0	\$0	\$634,491	\$9,826	\$0	\$5,847,583
716	Gain/Loss of Sale of Fixed Assets	\$0	\$4,580	(\$7,183)	\$0	\$0	\$0	\$32,750	\$0	(\$21,453)
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$4,326	\$0	\$290,806
700	TOTAL REVENUES	\$31	\$102,365,700	\$24,022,498	\$0	\$2,291,040	\$634,491	\$543,348	\$2,001	\$235,935,065

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Development	Public Housing Comprehensive Improvement Assistance Program	Public Housing Tenant Opportunities Program	Public and Indian Housing Drug Elimination Program	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MF0001
EXPENSES:											
911	Administrative Salaries	\$0	\$287,815	\$25,947	\$3,183	\$11,610,633	\$0	\$0	\$0	\$0	\$0
912	Auditing Fees	\$0	\$4,336	\$289	\$0	\$134,544	\$0	\$0	\$0	\$0	\$0
913	Outside Management Fees	\$12,100	\$31,276	\$1,517	\$0	\$517,860	\$0	\$0	\$0	\$0	\$0
915	Employee Benefit Contributions - Administrative	\$0	\$93,993	\$17,968	\$0	\$4,023,661	\$0	\$0	\$0	\$0	\$0
916	Other Operating - Administrative	\$164,821	\$562,039	\$49,822	\$0	\$2,201,441	\$0	\$0	\$0	\$0	\$30,448
921	Tenant Services - Salaries	\$0	\$40,085	\$0	\$0	\$694,400	\$0	\$0	\$0	\$0	\$0
923	Employee Benefit Contributions - Tenant Services	\$0	\$13,091	\$0	\$0	\$240,644	\$0	\$0	\$0	\$0	\$0
924	Tenant Services - Other	\$2,193	\$10,112	\$4,012	\$1,098,525	\$859,212	\$0	\$0	\$0	\$0	\$0
931	Water	\$0	\$85,405	\$28,688	\$0	\$6,717,191	\$0	\$0	\$0	\$0	\$0
932	Electricity	\$0	\$197,371	\$36,417	\$0	\$5,643,589	\$0	\$0	\$0	\$0	\$0
933	Gas	\$0	\$89,701	\$24,721	\$0	\$6,549,677	\$0	\$0	\$0	\$0	\$0
934	Fuel	\$0	\$0	\$0	\$0	\$154,654	\$0	\$0	\$0	\$0	\$0
938	Other Utilities Expense	\$0	\$0	\$0	\$0	\$239,013	\$0	\$0	\$0	\$0	\$0
941	Ordinary Maintenance and Operations - Labor	\$0	\$268,717	\$27,060	\$0	\$11,437,711	\$0	\$0	\$0	\$0	\$0
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$98,845	\$27,831	\$0	\$2,169,145	\$0	\$0	\$0	\$0	\$0
943	Ordinary Maintenance and Operations - Contract Costs	\$3,073	\$287,291	\$88,699	\$0	\$2,755,861	\$0	\$0	\$0	\$0	\$0
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$87,756	\$0	\$0	\$3,963,735	\$0	\$0	\$0	\$0	\$0
951	Protective Services - Labor	\$0	\$27,649	\$0	\$0	\$4,558,898	\$0	\$0	\$0	\$0	\$0
952	Protective Services - Other Contract Costs	\$0	\$114,066	\$1,677	\$0	\$3,764,630	\$0	\$0	\$0	\$0	\$0
953	Protective Services - Other	\$0	\$469	\$156	\$0	\$211,704	\$0	\$0	\$0	\$0	\$0
955	Employee Benefit Contributions - Protective Services	\$0	\$9,030	\$0	\$0	\$1,579,885	\$0	\$0	\$0	\$0	\$0
961	Insurance Premiums	\$0	\$63,248	\$18,744	\$0	\$3,836,034	\$0	\$0	\$0	\$0	\$0
962	Other General Expenses	\$0	\$5,486	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$582)
964	Bad Debt - Tenant Rents	\$0	\$7,677	\$20,327	\$0	\$1,498,233	\$0	\$0	\$0	\$0	\$0
966	Bad Debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
967	Interest Expense	\$212,511	\$447,332	\$0	\$0	\$1,557,209	\$0	\$0	\$0	\$0	\$0
969	Total Operating Expenses	\$394,698	\$2,832,790	\$373,875	\$1,101,708	\$76,919,564	\$0	\$0	\$0	\$0	\$29,866
970	Excess Operation Revenue over Operating Expenses	(\$382,654)	\$2,089,739	\$2,146,746	\$0	\$8,252,534	\$0	\$0	\$0	\$0	\$342,431
971	Extraordinary Maintenance	(\$32,786)	\$0	\$32,786	\$0	\$0	\$0	\$0	\$0	\$0	\$0
972	Casualty Losses - Non Capitalized	\$0	\$38,109	\$0	\$0	\$628,201	\$0	\$0	\$0	\$0	\$0
973	Housing Assistance Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$334,375
974	Depreciation Expense	\$0	\$306,101	\$68,879	\$0	\$6,227,358	\$0	\$3,809,979	\$0	\$14,686	\$0
978	Dwelling Units Rent Expense	\$0	\$1,695,544	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
900	TOTAL EXPENSES	\$361,912	\$4,872,544	\$475,540	\$1,101,708	\$83,775,123	\$0	\$3,809,979	\$0	\$14,686	\$364,241
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$349,868)	\$49,985	\$2,045,081	\$0	\$1,396,975	\$0	(\$3,809,979)	\$0	(\$14,686)	\$8,056

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0002	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0003	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0004	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0005	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0006	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0007	Lower Income Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0008	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Revitalization Severely Distressed Public Housing
EXPENSES:											
911	Administrative Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
912	Auditing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
913	Outside Management Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
915	Employee Benefit Contributions - Administrative	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
916	Other Operating - Administrative	\$27,916	\$8,553	\$9,487	\$3,743	\$9,452	\$25,801	\$78,885	\$0	\$0	\$0
921	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
923	Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
924	Tenant Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
931	Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
932	Electricity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
933	Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
934	Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
938	Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
951	Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
952	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
953	Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
955	Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
961	Insurance Premiums	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
962	Other General Expenses	(\$3,567)	(\$157)	\$19,392	\$415	(\$185)	(\$416)	(\$15,904)	\$0	\$0	\$0
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
966	Bad Debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
969	Total Operating Expenses	\$24,349	\$8,396	\$28,879	\$4,158	\$9,267	\$25,385	\$62,981	\$0	\$0	\$0
970	Excess Operation Revenue over Operating Expenses	\$316,988	\$96,184	\$87,123	\$41,605	\$106,302	\$290,094	\$901,587	\$0	\$0	\$9,971,361
971	Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,574,070
972	Casualty Losses - Non Capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
973	Housing Assistance Payments	\$303,661	\$94,249	\$103,618	\$41,509	\$103,415	\$288,133	\$880,501	\$0	\$0	\$0
974	Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,440,570	\$3,854,941
978	Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
900	TOTAL EXPENSES	\$328,010	\$102,645	\$132,497	\$45,667	\$112,682	\$313,518	\$943,482	\$0	\$9,440,570	\$12,429,011
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$13,327	\$1,935	(\$16,495)	\$96	\$2,887	\$1,961	\$21,086	\$0	(\$9,440,570)	(\$2,457,650)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Total
EXPENSES:										
911	Administrative Salaries	\$0	\$4,406,694	\$0	\$0	\$11,565	\$0	\$0	\$0	\$16,345,837
912	Auditing Fees	\$0	\$75,300	\$0	\$0	\$0	\$0	\$0	\$0	\$214,469
913	Outside Management Fees	\$0	\$220,625	\$0	\$0	\$0	\$0	\$631	\$0	\$784,009
915	Employee Benefit Contributions - Administrative	\$0	\$1,511,359	\$0	\$0	\$0	\$0	\$0	\$0	\$5,646,981
916	Other Operating - Administrative	\$0	\$2,862,695	\$0	\$0	\$124,425	\$2,617,971	\$33,326	\$0	\$8,810,825
921	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$246,355	\$0	\$0	\$0	\$980,840
923	Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$253,735
924	Tenant Services - Other	\$31	\$6,499	\$0	\$0	\$106,315	\$0	\$110	\$0	\$2,087,009
931	Water	\$0	\$0	\$0	\$0	\$0	\$0	\$36,769	\$0	\$6,868,053
932	Electricity	\$0	\$0	\$0	\$0	\$0	\$0	\$2,431	\$0	\$5,879,808
933	Gas	\$0	\$0	\$0	\$0	\$0	\$0	(\$723)	\$0	\$6,663,376
934	Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$154,654
938	Other Utilities Expense	\$0	\$66,478	\$0	\$0	\$0	\$0	\$0	\$0	\$305,491
941	Ordinary Maintenance and Operations - Labor	\$0	\$56,688	\$0	\$0	\$0	\$0	\$7,005	\$0	\$11,797,181
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$14,566	\$0	\$0	\$0	\$0	\$9,493	\$0	\$2,319,880
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$59,593	\$0	\$0	\$0	\$7,750	\$21,452	\$0	\$3,223,719
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,051,491
951	Protective Services - Labor	\$0	\$37,266	\$0	\$0	\$0	\$0	\$0	\$0	\$4,623,813
952	Protective Services - Other Contract Costs	\$0	\$20,299	\$0	\$0	\$0	\$0	\$6,040	\$0	\$3,906,712
953	Protective Services - Other	\$0	\$558	\$0	\$0	\$0	\$0	\$0	\$0	\$212,887
955	Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,588,915
961	Insurance Premiums	\$0	\$155,644	\$0	\$0	\$0	\$0	\$29,969	\$0	\$4,103,639
962	Other General Expenses	\$0	\$26,305	\$0	\$0	\$0	\$0	\$0	\$0	\$30,787
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$15,798	\$0	\$1,542,035
966	Bad Debt - Other	\$0	(\$205)	\$0	\$0	\$0	\$0	\$0	\$0	(\$205)
967	Interest Expense	\$0	\$0	\$335,647	\$0	\$0	\$0	\$0	\$0	\$2,552,699
969	Total Operating Expenses	\$31	\$9,520,364	\$335,647	\$0	\$488,660	\$2,625,721	\$162,301	\$0	\$94,948,640
970	Excess Operation Revenue over Operating Expenses	\$0	\$92,845,336	\$23,686,851	\$0	\$1,802,380	(\$1,991,230)	\$381,047	\$2,001	\$140,986,425
971	Extraordinary Maintenance	\$0	\$0	\$16,413,755	\$0	\$1,322,380	\$0	\$0	\$0	\$26,310,205
972	Casualty Losses - Non Capitalized	\$0	\$10,546	\$0	\$0	\$0	\$0	\$0	\$0	\$676,856
973	Housing Assistance Payments	\$0	\$87,123,305	\$0	\$0	\$0	\$0	\$0	\$2,001	\$89,274,767
974	Depreciation Expense	\$58	\$203,003	\$3,250,784	\$19,369	\$16,973	\$0	\$52,469	\$0	\$27,265,170
978	Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,695,544
900	TOTAL EXPENSES	\$89	\$96,857,218	\$20,000,186	\$19,369	\$1,828,013	\$2,625,721	\$214,770	\$2,001	\$240,171,182
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$58)	\$5,508,482	\$4,022,312	(\$19,369)	\$463,027	(\$1,991,230)	\$328,578	\$0	(\$4,236,117)

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Multifamily Property Disposition	Supportive Housing Program	Low Rent Public Housing	Public Development	Public Housing Comprehensive Improvement Assistance Program	Public Housing Tenant Opportunities Program	Public and Indian Housing Drug Elimination Program	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MF0001
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$2,646,181	(\$874,395)	\$569,131	\$0	\$55,908,372	\$0	\$11,131,042	\$0	\$14,686	\$1,235,291
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$146,740)	(\$381,344)	(\$2,195,877)	\$0	\$528,084	\$0	\$0	\$0	\$0	\$0
1120	Unit Months Available	\$0	\$6,840	\$456	\$0	\$106,080	\$0	\$0	\$0	\$0	\$756
1121	Number of Unit Months Leased	\$0	\$6,786	\$296	\$0	\$103,553	\$0	\$0	\$0	\$0	\$704
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Lower Income	Lower Income	Lower Income	Lower Income	Lower Income	Lower Income	Lower Income	Section 8	Public Housing	Revitalization
		Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0002	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0003	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0004	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0005	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0006	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0007	Housing Assistance Program - Section 8 - Moderate Rehabilitation OH003MR0008	Rental Certificate Program	Comprehensive Grant Program	Severely Distressed Public Housing
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$89,645	(\$1,699)	\$142,482	\$21,457	\$15,006	\$109,284	(\$147,641)	\$3,371,776	\$43,887,380	\$30,750,158
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1120	Unit Months Available	\$744	\$204	\$228	\$84	\$240	\$540	\$2,042	\$0	\$0	\$0
1121	Number of Unit Months Leased	\$637	\$199	\$218	\$76	\$223	\$502	\$1,654	\$0	\$0	\$0
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
AS OF DECEMBER 31, 2007

Line Item No.	Account Description	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Public Safety Partnership and Community Policing Grants	State/Local	Component Units	Other Federal Program 1	Other Federal Program 2	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$58	\$11,273,129	\$49,852,643	\$20,814	\$166,191	\$1,053,394	\$3,525,700	\$0	\$214,760,085
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$2,195,877	\$0	\$0	\$0
1120	Unit Months Available	\$0	\$167,076	\$0	\$0	\$0	\$0	\$372	\$1	\$285,663
1121	Number of Unit Months Leased	\$0	\$164,698	\$0	\$0	\$0	\$0	\$130	\$1	\$279,677
1117	Administrative Fee Equity	\$0	(\$3,124,475)	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,124,475)
1118	Housing Assistance Payments Equity	\$0	\$19,906,086	\$0	\$0	\$0	\$0	\$0	\$0	\$19,906,086

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
RECONCILIATION OF THE STATEMENT OF NET ASSETS
TO THE FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Combined Statement of Net Assets	Reconciling Amount	Reconciliation Reference (1)	Financial Data Schedule
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 21,647,416	\$ 0		\$ 21,647,416
Cash - Other Restricted	0	44,998,845	1	44,998,845
Cash - Tenant Security Deposits	0	1,177,450	1	1,177,450
Cash and Investments - Restricted	33,463,141	(33,463,141)	1	0
Investments - Restricted for Payment of Current Liabilities	0	210,000	1	210,000
Investments - Restricted	17,671,521	(12,923,151)	1	4,748,370
Accounts Receivable - Tenant	645,258	1,266,484	2	1,911,742
Accounts Receivable - HUD	17,210,862	(78,170)	2	17,132,692
Accounts Receivable - Other Government	1,146,441	78,170	2/3	1,224,611
Accounts Receivable - Other	1,365,269	(220,015)	2/3	1,145,254
Accounts Receivable - Interfund	0	22,252,483	4	22,252,483
Allowance for Doubtful Accounts - Tenant	0	(1,266,484)	2	(1,266,484)
Fraud Recovery	0	398,668	2	398,668
Allowance for Doubtful Accounts - Fraud	0	(386,514)	2	(386,514)
Accrued interest Receivable	0	207,861	2/3	207,861
Inventory	516,741	265,155	2	781,896
Allowance for Obsolete Inventory	0	(265,155)	2	(265,155)
Prepaid Expenses and Other Current Assets	<u>1,766,050</u>	<u>0</u>		<u>1,766,050</u>
Total Current Assets	<u>95,432,699</u>	<u>22,252,486</u>		<u>117,685,185</u>
Non-Current Assets:				
Land, Property, and Equipment:				
Land	27,573,400	(356,767)	5	27,216,633
Property and Equipment - Net	184,299,452	(184,299,452)	5	0
Buildings	0	611,519,372	5	611,519,372
Furniture, Equipment, and Machinery - Dwellings	0	12,385,818	5	12,385,818
Furniture, Equipment, and Machinery - Administrative	0	9,506,680	5	9,506,680
Accumulated Depreciation	0	(453,045,025)	5	(453,045,025)
Construction in Progress	<u>0</u>	<u>4,289,375</u>	5	<u>4,289,375</u>
Land, Property, and Equipment - Net	<u>211,872,852</u>	<u>1</u>		<u>211,872,853</u>
Debt Issuance Costs	612,790	(612,790)	6	0
Investment in Joint Venture	855,200	(855,200)	6	0
Other Assets	<u>0</u>	<u>1,467,989</u>	6	<u>1,467,989</u>
Total Non-Current Assets	<u>213,340,842</u>	<u>0</u>		<u>213,340,842</u>
TOTAL ASSETS	<u>\$ 308,773,541</u>	<u>\$ 22,252,486</u>		<u>\$ 331,026,027</u>

(1) See Pages 59-60

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
RECONCILIATION OF THE STATEMENT OF NET ASSETS
TO THE FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Combined Statement of Net Assets	Reconciling Amount	Reconciliation Reference (1)	Financial Data Schedule
<u>LIABILITIES AND EQUITY</u>				
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$ 13,170,047	\$ 2	13	\$ 13,170,049
Accrued Wages/Payroll Taxes Payable	0	5,707,176	7	5,707,176
Accrued Interest Payable	0	819,732	7	819,732
Accounts Payable - HUD	3,137,851	0		3,137,851
Accounts Payable - Other Government	0	1,524	7	1,524
Accounts Payable - Interfund	0	22,252,484	4	22,252,484
Current Portion of Capital Lease	2,343,849	1,152,433	8	3,496,282
Accrued Expenses	11,520,791	(8,744,145)	7	2,776,646
Security and Other Deposits	2,102,834	0		2,102,834
Deferred Revenue	0	2,282,509	7	2,282,509
Other Current Liabilities	0	26,204	7	26,204
Current Portion of Long-Term Debt	1,152,433	(1,152,433)	8	0
Total Current Liabilities	<u>33,427,805</u>	<u>22,345,486</u>		<u>55,773,291</u>
<u>Non-Current Liabilities</u>				
Long-Term Debt - Net of Current Portion	28,903,608	33,972,160	8	62,875,768
Capital Leases - Net of Current	33,972,160	(33,972,160)	8	0
Other Long-Term Liabilities	1,946,000	(93,000)		1,853,000
Total Non-Current Liabilities	<u>64,821,768</u>	<u>(93,000)</u>		<u>64,728,768</u>
TOTAL LIABILITIES	<u>98,249,573</u>	<u>22,252,486</u>		<u>120,502,059</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	161,219,264	0		161,219,264
Restricted Net Assets	23,363,915	0		23,363,915
Unrestricted Net Assets	25,940,789	0		25,940,789
TOTAL NET ASSETS	<u>\$210,523,968</u>	<u>\$ 0</u>		<u>\$ 210,523,968</u>

(1) See Pages 59-60.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS TO THE FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Combined Statement of Revenues, Expenses, and Change in Net Assets	Reconciling Amount	Reconciliation Reference (1)	Financial Data Schedule
<u>Operating Revenues</u>				
Dwelling Rent from Tenants	\$ 14,461,273	\$ (215,372)	9	\$ 14,245,901
Tenant Revenue - Other	0	215,372	9	215,372
Subsidies and Grants (HUD)	0	201,596,067	9	201,596,067
Grants - Other	0	2,291,040	9	2,291,040
Capital Grants	0	8,629,407	9	8,629,407
Investment Income - Unrestricted	0	2,840,342	10	2,840,342
Investment Income - Restricted	0	290,806	10	290,806
Gain on Disposal of Assets	0	(21,453)	9	(21,453)
Other Revenues	3,596,553	2,251,030	9	5,847,583
Total Operating Revenues	18,057,826	217,877,239		235,935,065
<u>Operating Expenses</u>				
Administrative	29,551,091	2,251,030	9	31,802,121
Tenant Services	3,321,584	0		3,321,584
Utilities	19,871,382	0		19,871,382
Building Maintenance	22,124,766	(732,495)	9	21,392,271
General	5,676,256	0		5,676,256
Nonroutine Maintenance	25,577,710	(25,577,710)	12	0
Protective Services	10,332,327	0		10,332,327
Depreciation Expense	27,265,170	(27,265,170)	11	0
Housing Assistance Payments (HAP)	89,274,767	(89,274,767)	14	0
Interest Expense	0	2,552,699	15	2,552,699
Other	2,393,853	(2,393,853)	9	0
Total Operating Expenses	235,388,906	(140,440,266)		94,948,640
Operating Income (Loss)	(217,331,080)	358,317,505		140,986,425
<u>Other Income (Expense)</u>				
HUD Operating Subsidies and Grants	201,789,148	(201,789,148)	9	0
HUD Capital Grants	8,629,407	(8,629,407)	9	0
Grants - Other	2,097,959	(2,097,959)	9	0
Extraordinary Maintenance	0	(26,310,205)	12	(26,310,205)
Casualty Losses - Non-Capitalized	0	(676,856)	9	(676,856)
Depreciation Expense	0	(27,265,170)	11	(27,265,170)
Interest Expenses	(2,552,699)	2,552,699	15	0
Dwelling Units - Rent Expense	0	(1,695,544)	9	(1,695,544)
Interest Income	3,131,148	(3,131,148)	10	0
Housing Assistance Payments (HAP)	0	(89,274,767)	14	(89,274,767)
Total Other Income (Expense)	213,094,963	(358,317,505)		(145,222,542)
Net Loss	(4,236,117)	0		(4,236,117)
Net Assets - Beginning of Year	214,760,085	0		214,760,085
Net Assets - End of Year	\$210,523,968	\$ 0		\$210,523,968

(1) See Pages 59-60.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL DATA SCHEDULE AND THE RECONCILIATION
OF THE FINANCIAL STATEMENTS TO THE FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

1. BASIS OF PRESENTATION

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

2. RECONCILIATION

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

1. The FDS only requires that cash be broken down into restricted and non-restricted amounts and shown as a current asset. The financial statements reflect funds that are restricted and will not be used in the next 12 months as non-current.
2. The financial statements reflect accounts receivable and inventory, net of allowances, but the FDS has a separate line for the allowance.
3. Classification differences exist between accounts receivable-other and accrued interest receivable from the financial statements to the FDS.
4. Accounts receivable interfund and accounts payable interfund are eliminated on the financial statements, but are recorded on the FDS as both a current asset and current liability.
5. Property and Equipment is reflected as a net amount on the financial statements, but is recorded on separate line items on the FDS.
6. Debt issuance costs and the Authority’s investment in a joint venture are shown separately on the financial statements, but are recorded as other assets on the FDS.
7. Classification differences exist between the following financial statements and FDS captions: accounts payable—other government, accrued wage/payroll taxes payable, accrued interest payable, accrued expenses, contingent liabilities, accrued compensated absences—current portion, deferred revenue, and other current liabilities.
8. Debt and capital leases are separated between current and long term liabilities in the financial statements and combined on the FDS.
9. The difference represents classification differences between the financial statements and the FDS.
10. Interest income on investments is aggregated and recorded as other income on the financial statements and separated between unrestricted and restricted on the FDS.

CUYAHOGA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL DATA SCHEDULE AND THE RECONCILIATION
OF THE FINANCIAL STATEMENTS TO THE FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

2. **RECONCILIATION** (CONTINUED)

11. Depreciation expense is classified as operating expense on the financial statements and non-operating on the FDS.
12. Nonroutine maintenance is classified as operating expense in the financial statements but as non-operating (extraordinary maintenance) on the FDS.
13. The difference between financial statements and FDS is due to rounding.
14. Housing assistance payments are classified as operating expenses in the financial statements and as non-operating on the FDS.
15. Interest expense is classified as non-operating on the financial statements and operating on the FDS.

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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
Cuyahoga Metropolitan Housing Authority

We have audited the financial statements of the Cuyahoga Metropolitan Housing Authority, as of and for the year ended December 31, 2007, which comprise the Cuyahoga Metropolitan Housing Authority's basic financial statements and have issued our report thereon dated July 22, 2008. 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 Cuyahoga Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cuyahoga Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cuyahoga Metropolitan Housing Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Cuyahoga Metropolitan Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Cuyahoga Metropolitan Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Cuyahoga Metropolitan Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Cuyahoga Metropolitan Housing Authority's internal control.

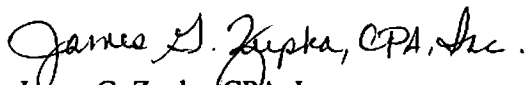
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cuyahoga Metropolitan Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions 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 the management of the Cuyahoga Metropolitan Housing Authority in a separate letter dated July 22, 2008.

This report is intended solely for the information and use of the audit committee, management, the Board of Commissioners, others within the entity, federal awarding agencies and pass-through entities, and the Auditor of the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.


James G. Zupka, CPA, Inc.
Certified Public Accountants

July 22, 2008

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

Board of Commissioners
Cuyahoga Metropolitan Housing Authority

Compliance

We have audited the compliance of the Cuyahoga Metropolitan Housing 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 its major federal programs for the year ended December 31, 2007. The Cuyahoga Metropolitan Housing Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Cuyahoga Metropolitan Housing Authority's management. Our responsibility is to express an opinion on the Cuyahoga Metropolitan Housing 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 Cuyahoga Metropolitan Housing 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 of the Cuyahoga Metropolitan Housing Authority's compliance with those requirements.

In our opinion, the Cuyahoga Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007

Internal Control Over Compliance

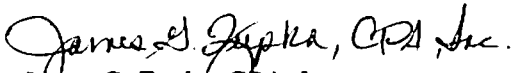
The management of the Cuyahoga Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Cuyahoga Metropolitan Housing Authority's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do express an opinion on the effectiveness of the Cuyahoga Metropolitan Housing Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Board of Commissioners, others within the entity, federal awarding agencies and pass-through entities, and the Auditor of the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.


James G. Zupka, CPA, Inc.
Certified Public Accountants

July 22, 2008

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Part I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified		
Internal control over financial reporting:			
Material weaknesses identified?	Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?	Yes	X	No
Noncompliance material to financial statements noted?	Yes	X	No

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?	N/A (None Reported)		

Type of auditors’ report issued on compliance for major reports:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a))?	Yes	X	No
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Identification of major programs:	
CFDA Number	Name of Federal Program or Cluster
14.850	Public Housing

Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
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Auditee qualified as low-risk auditee?	X	Yes	No
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**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Part II—Financial Statement Findings Section

None

Part III—Federal Award Findings and Questioned Cost Section

None

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Finding	Still Applicable	Comments
03-1	Urban Revitalization Development Grant—HUD Review of Hope VI Program	Yes	See Schedule of Other Reports

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF OTHER REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

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

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

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

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

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

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

HUD and the Authority continue to have dialogue and on October 6, 2005, the Authority responded to a HUD request to provide information regarding other non-federal funding sources. In a letter dated May 22, 2006 HUD advised the Authority that a repayment agreement might be necessary to close this issue. The Authority has taken the position that an impartial review of previously submitted documentation is necessary and that HUD’s request is invalid.

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF OTHER REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

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

HUD performed a review of the Hope VI program for the period from April 1, 2003 through February 22, 2004 and rendered its report in June 2004. The report detailed nine findings. The status of the findings are summarized below:

- Finding 2004-2—Expenditure Support for Federal Funds Drawn Down Under the Program
(No Questioned Costs)
- Finding 2004-6—Allocation of Indirect salaries to the Hope VI Program
- Finding 2004-8—Independent Cost Estimates and Cost Analysis of Contractors' Proposals

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

Status—The Authority has provided documentation and responses to HUD and to date, HUD has accepted supporting documentation for all questioned costs. The following table represents the status of each finding:

Finding Number	Status
2004-2	Closed—Amount of questioned costs reduced to \$0
2004-6	Closed
2004-8	Open

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF OTHER REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—REVIEW OF THE HOPE VI PROGRAM FOR THE PERIOD FROM FEBRUARY 2004 THROUGH FEBRUARY 2005

HUD performed a review of the Hope VI program for the period from February 2004 through February 2005 and rendered its report in October 2005. The report detailed six findings. The findings resulting from the review are summarized below:

- Finding 2005-1—The Housing Authority lacked adequate controls to safeguard program funds
- Finding 2005-3—The Housing Authority disbursed HOPE VI program funds in excess of the terms outlined in the contract between the Housing Authority and its vendor
- Finding 2005-6—There were 10 occurrences noted where the Housing Authority has not met the established date to complete a critical milestone (aka “Locked Checkpoint”). Incorporated Finding 2004-1.

Status—The Authority provided documentation and responses to HUD in 2005 and 2006 resulting in the below results:

Finding Number	Status
2005-1	Closed
2005-3	Closed—January 30, 2007
2005-6	Open

**CUYAHOGA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF OTHER REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT – OFFICE OF FAIR HOUSING
AND EQUAL OPPORTUNITY SECTION 504 COMPLIANCE REVIEW**

On September 28, 2007, the Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, issued a Letter of Findings of Non-Compliance related to its Section 504 Compliance Review of the Authority's facilities and Low Income Public Housing Program administration. The results of the review indicated that the Authority is in non-compliance with Section 504 of the Rehabilitation Act of 1973 and Title II of the Americans with Disabilities Act (ADA). In general, HUD's on-site compliance review revealed deficiencies with respect to accessibility of the Authority's housing units, as well as accessibility to its housing and non-housing programs, services, and activities.

Status – Following the issuance of the Letter of Findings and Non-Compliance, HUD and the Authority negotiated a 7 year Voluntary Compliance Agreement (VCA). The VCA sets forth the specific reporting, compliance, and recordkeeping requirements which, when implemented, will enable the Authority to obtain compliance with Section 504 and the ADA. On July 9, 2008, the Authority authorized the execution of the VCA. The VCA was subsequently executed by the Authority's Chief Executive Officer and sent to HUD for execution.

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