

Cuyahoga County, Ohio

*Single Audit Report
for the Year Ended
December 31, 2004*



**Auditor of State
Betty Montgomery**

Board of County Commissioners
Cuyahoga County
1219 Ontario Street
Cleveland, Ohio 44113-1657

We have reviewed the *Independent Auditor's Report* of Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

August 16, 2005

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CUYAHOGA COUNTY, OHIO

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FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

June 29, 2005

Dear Users of the County's Basic Financial Statements:

The accompanying basic financial statements of the County as of and for the year ended December 31, 2004 include the financial statements and notes required under accounting principles generally accepted in the United States of America that are essential to fair presentation of the County's financial position and results of operations and the cash flows of the County's proprietary fund types. Additional information regarding the County's financial activities for 2004 is available in the County's separately issued Comprehensive Annual Financial Report ("CAFR") for the year ended December 31, 2004. Copies of the CAFR can be obtained from the Auditor of State website at <http://www.auditor.state.oh.us/AuditSearch/Search.aspx> or by contacting my office at:

Cuyahoga County Auditor's Office
1219 Ontario Street, Room 121
Cleveland, OH 44113

Telephone: (216) 443-7022

Sincerely,

INDEPENDENT AUDITORS' REPORT

The Honorable County Auditor,
County Treasurer and the
Board of County Commissioners
Cuyahoga County, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Cuyahoga, Ohio (the "County") as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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; and OMB Circular A-133, *Auditor of State, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Human Services Fund, Health and Human Services Levies Fund, Board of Mental Retardation Fund, and Health and Community Services Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 4 through 16 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the County's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the County's financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose 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*, and is not a required part of the basic financial statements. This schedule is the responsibility of management of the County. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2005, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

June 8, 2005

Management's Discussion and Analysis

As management of Cuyahoga County, we offer readers of Cuyahoga County's financial statements this narrative overview and analysis of the financial activities of Cuyahoga County for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letters of transmittal, which can be found on pages iv-xiii of this report.

Financial Highlights

- The assets of Cuyahoga County exceeded its liabilities at the close of the most recent fiscal year by \$638 million (*net assets*).
- The government's total net assets increased by \$100.2 million.
- As of the close of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$364.1 million, an increase of \$137.7 million in comparison with the prior year. Approximately 82% of this total amount, \$298.6 million, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$124.8 million, or 42.7% of total general fund expenditures.
- Additions to Cuyahoga County's total debt were \$141.6 million during the current fiscal year. Reductions in debt during 2004 amounted to \$95.2 million for a net increase of \$46.4 million. The County issued new debt and refinanced existing debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Cuyahoga County's basic financial statements. Cuyahoga County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government - wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Cuyahoga County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Cuyahoga County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Cuyahoga County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Cuyahoga County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Cuyahoga County include general

government, judicial, development, social services, health and safety and public works. The business-type activities of Cuyahoga County include a sanitary sewer authority, an airport, a parking garage and a crime information system.

The government-wide financial statements include not only Cuyahoga County itself (known as the *primary government*), but also a legally separate hospital for which Cuyahoga County is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 17 – 19 of the report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Cuyahoga County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Cuyahoga County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Cuyahoga County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, human services, health and human services levies, county board of mental retardation and health and community services funds which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Cuyahoga County adopts an annual appropriated budget for its general fund and the other major funds as well as the motor vehicle gas tax and debt service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 – 29 of this report.

Proprietary funds. Cuyahoga County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Cuyahoga County uses enterprise funds to account for its sanitary sewer, airport, parking garage and crime information system. *Internal service funds* are an accounting device used to

accumulate and allocate costs internally among Cuyahoga County's various functions. Cuyahoga County uses internal service funds to account for its central custodial, maintenance garage, data processing, printing, reproduction and supplies, communications and self-funded workers' compensation services. As these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary engineer which is considered to be a major fund of Cuyahoga County. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 30 - 33 of this report.

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support Cuyahoga County's own programs.

The basic fiduciary fund financial statement can be found on page 34 of this report.

Budgetary fund financial statements. The County's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP). The budgetary statements for the general fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 – 67 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cuyahoga County, assets exceeded liabilities by \$638 million at the close of the most recent fiscal year. This is the third year for Cuyahoga County in implementing Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis (MD&A) section.

Cuyahoga County's Net Assets (December 31; amounts in 000's)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets.....	\$ 841,777	\$ 758,688	\$ 13,898	\$ 12,539	\$ 855,675	\$ 771,227
Capital assets.....	<u>619,334</u>	<u>609,851</u>	<u>44,165</u>	<u>45,071</u>	<u>663,499</u>	<u>654,922</u>
Total assets.....	1,461,111	1,368,539	58,063	57,610	1,519,174	1,426,149
Long-term liabilities outstanding....	464,502	412,393	14,380	16,473	478,882	428,866
Other liabilities.....	<u>400,964</u>	<u>458,316</u>	<u>1,364</u>	<u>1,247</u>	<u>402,328</u>	<u>459,563</u>
Total liabilities.....	865,466	870,709	15,744	17,720	881,210	888,429
Net assets:						
Invested in capital assets, net of related debt.....	350,959	409,443	31,236	30,505	382,195	439,948
Restricted.....	38,995	34,255			38,995	34,255
Unrestricted.....	<u>205,691</u>	<u>54,132</u>	<u>11,083</u>	<u>9,385</u>	<u>216,774</u>	<u>63,517</u>
Total net assets.....	\$ <u>595,645</u>	\$ <u>497,830</u>	\$ <u>42,319</u>	\$ <u>39,890</u>	\$ <u>637,964</u>	\$ <u>537,720</u>

At the end of the current fiscal year, Cuyahoga County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

By far the largest portion of Cuyahoga County's net assets (59.9%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. Cuyahoga County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Cuyahoga County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Cuyahoga County's net assets, restricted net assets (6.1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$216.8 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Current and other assets, long-term liabilities outstanding and net assets invested in capital assets, net of related debt were all effected by the issuance of \$84.5 million of new debt. Other liabilities decreased due primarily to a methodology adjustment to the calculation of deferred revenue for personal property taxes. Also the accrual for wages and benefits was significantly smaller in 2004 due to a reduction in the

number of days accrued. The combination of an increase in noncapital assets and a decrease in other liabilities created a large positive variance in unrestricted net assets.

CUYAHOGA COUNTY'S CHANGES IN NET ASSETS
(Year ended December 31; amounts in 000's)

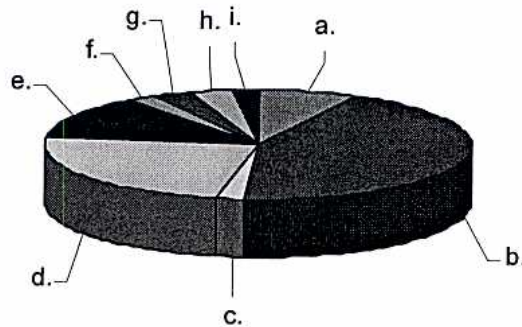
	Governmental Activities		Business-type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program revenues:						
Charges for Services.....	\$ 98,354	\$ 90,848	\$ 15,468	\$ 15,364	\$ 113,822	\$ 106,212
Operating grants and contributions	578,794	551,540	145	38	578,939	551,578
Capital grants and contributions.....	25,305	27,942			25,305	27,942
General revenues:						
Property taxes	315,172	257,640			315,172	257,640
Sales and other taxes.....	197,562	188,313			197,562	188,313
Grants and contributions not restricted to specific programs	41,982	35,556			41,982	35,556
Other	<u>64,598</u>	<u>60,360</u>	<u>102</u>	<u>61</u>	<u>64,700</u>	<u>60,421</u>
Total revenues.....	1,321,767	1,212,199	15,715	15,463	1,337,482	1,227,662
Expenses:						
General Government.....	69,154	59,963			69,154	59,963
Judicial	292,417	277,314			292,417	277,314
Development	32,524	25,332			32,524	25,332
Social Services.....	570,871	578,700			570,871	578,700
Health and Safety.....	178,342	152,904			178,342	152,904
Public Works	59,421	67,025			59,421	67,025
Interest	18,412	13,813			18,412	13,813
Sanitary Engineer.....			9,604	10,069	9,604	10,069
Airport.....			1,302	1,617	1,302	1,617
Huntington Park Garage.....			2,418	1,753	2,418	1,753
Cuyahoga County Information System....			<u>2,773</u>	<u>2,188</u>	<u>2,773</u>	<u>2,188</u>
Total expenses.....	1,221,141	1,175,051	16,097	15,627	1,237,238	1,190,678
Increase (Decrease) in net assets before transfers	100,626	37,148	(382)	(164)	100,244	36,984
Transfers	<u>(2,811)</u>	<u>(940)</u>	<u>2,811</u>	<u>940</u>		
Change in net assets.....	97,815	36,208	2,429	776	100,244	36,984
Net assets – Beginning of year	<u>497,830</u>	<u>461,622</u>	<u>39,890</u>	<u>39,114</u>	<u>537,720</u>	<u>500,736</u>
Net assets – End of year.....	\$ <u>595,645</u>	\$ <u>497,830</u>	\$ <u>42,319</u>	\$ <u>39,890</u>	\$ <u>637,964</u>	\$ <u>537,720</u>

The government's net assets increased by \$100.2 million during the current fiscal year. The net increase was due primarily to a new 4.9 mill property tax levy which passed in May 2003. The new levy generated an additional \$57.5 million of property tax revenue in 2004. Additional increases in net assets resulted from various programs such as the Community's Alternative Funding System (CAFS) amounting to \$9.6 million, various charges for services which grew by \$7.5 million and a non-prosecution agreement concerning a criminal case against various brokerage firms for lack of supervision of a broker who defrauded clients in Cuyahoga County amounting to \$9.3 million. A portion of the CAFS revenue increase resulted from settlement of a lawsuit against the State of Ohio for the years 1997 and 1999, and additional revenue derived from rate adjustments in 2004 to match revenue with costs. The charges for services growth included revenue for conveyance fees which are collected upon the sale of real property amounting \$1.4 million and indirect costs for the nongeneral fund portion of government management services amounting to \$4.9 million. In addition, the county realized an additional \$9.2 million of sales tax receipts due to the expansion of the sales tax base. The State of Ohio identified some services which had previously been exempt from sales tax and which will now be taxed to the consumer.

The general government expense increases were primarily a result of personnel costs which rose approximately 13.8% due to a cost of living increase amounting to 3%, medical insurance increase amounting to 7% and the calendar year having 27 pays instead of the normal 26 pays which added 3.8% to payroll. Also, the presidential election in 2004 cost an additional \$1.4 million to the Board of Elections. The judicial growth in spending was partially a result of the personnel cost increases. The health and safety increases in spending resulted from additional subsidy payments to MetroHealth System amounting to \$5.8 million for its portion of the new levy. Also, Medicaid claims in the Mental Health Board grew by \$17.2 million.

Additional increases in business-type activities were a result of transfers of \$2.2 million from the general fund to two enterprise funds.

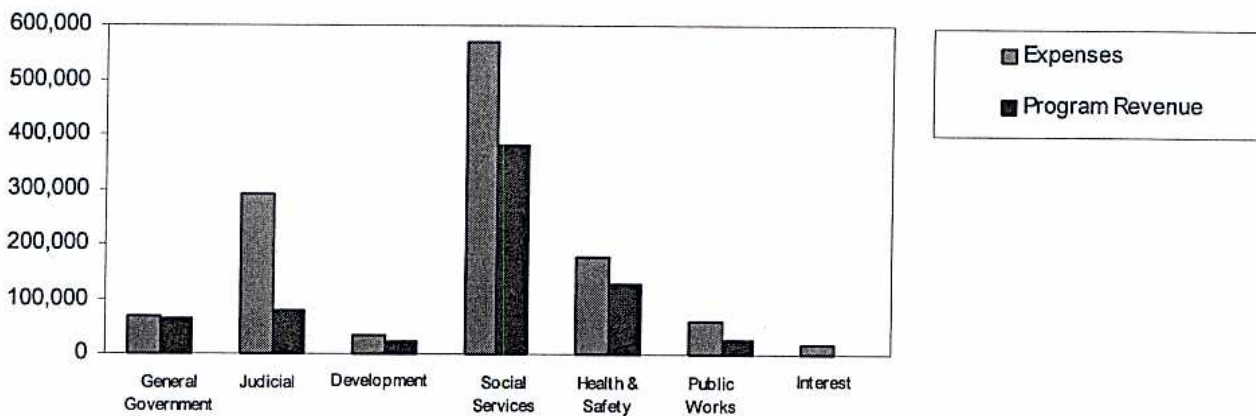
Revenues by Source – Governmental Activities



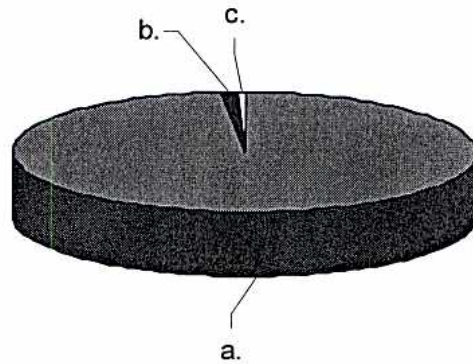
	(Amounts in 000's)	%
a. Charges for Services	\$ 98,354	7.4
b. Operating Grants and Contributions	578,794	43.8
c. Capital Grants, Contributions and Interest.....	25,305	1.9
d. Property Tax.....	315,172	23.8
e. Sales Tax.....	168,634	12.8
f. Other Tax.....	28,928	2.2
g. State Local Government.....	38,259	2.9
h. Grants and Contributions not restricted to specific programs	41,982	3.2
i. Other	26,339	2.0

Expenses and Program Revenues – Governmental Activities

(Amounts in 000's)



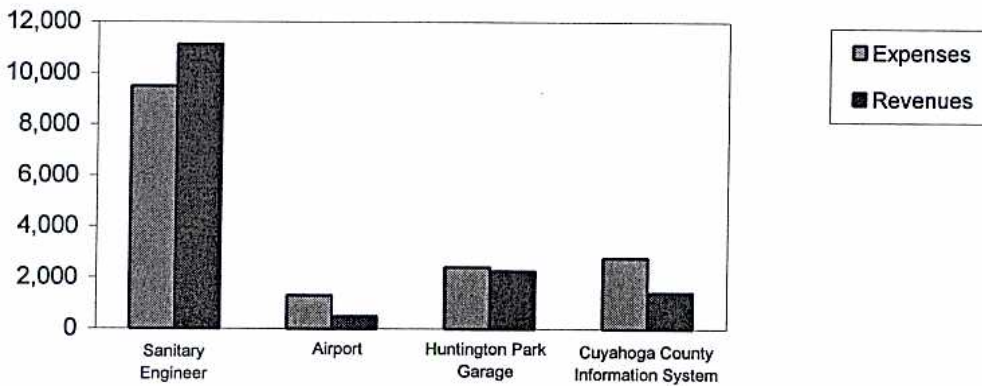
Revenues by Source – Business-type Activities



(Amounts in 000's)	
a. Charges for Services.....	\$ 15,468
b. Operating Grants and Contributions	145
c. Other.....	102

Expenses and Program Revenues – Business-type Activities

(Amounts in 000's)



Governmental activities. Governmental activities increased Cuyahoga County's net assets by \$97.8 million. Key elements of this increase are as follows:

- The County passed a new property tax levy in 2003 that began collection in 2004 generating an additional \$57.5 million.
- CAFS program revenues amounting to \$9.6 million including settlement of a lawsuit for the years 1997 and 1999 and rate adjustments.
- Charges for services increase amounting to \$7.5 million for various fees and services.
- Non-prosecution agreement of \$9.3 million.
- Expansion of services subject to the sales tax prescribed by the State of Ohio amounting to \$9.2 million.

Business-type activities. Business-type activities increased Cuyahoga County's net assets by \$2.4 million. Key elements of this increase are as follows.

- Increase in net assets resulted from two transfers from the general fund. The first one was a \$1 million transfer to the sanitary engineer fund to retire debt on a sewer project. The second transfer was an additional general fund subsidy of \$1.2 million to the Cuyahoga County information system fund in order to offset the loss of some system users in 2004 and for the cost of some system upgrades necessary to market the service.

Financial Analysis of the Government's Funds

As noted earlier, Cuyahoga County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Cuyahoga County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Cuyahoga County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$364.1 million, an increase of \$137.7 million in comparison with the prior year. Approximately \$298.6 million constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) for restricted assets (\$27.4 million), (2) for loans (\$19.1 million) or (3) to pay debt service (\$19 million).

The general fund is the chief operating fund of Cuyahoga County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$124.8 million, while fund balance reached \$162.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 42.7% of total general fund expenditures, while total fund balance represents 55.7% of that same amount.

The fund balance of Cuyahoga County's general fund decreased by \$23.6 million. The health and human services levies, the County Board of Mental Retardation, the health and community services fund and other governmental funds increased by \$55.7 million, \$13.3 million, \$11.4 million and \$80.8 million respectively, during the current fiscal year. Key factors in these changes are as follows:

- The general fund decrease occurred primarily from a subsidy to the human services and health and community services funds amounting to \$22.3 million.
- In 2004, the health and human services levies fund was owed \$26.6 million and \$13.5 million from the human service and the health and community service funds, respectively for advancing its subsidy. The remaining balance was new levy money not yet distributed.
- The County Board of Mental Retardation intergovernmental revenue increased \$13 million, the majority of which was from CAFS program.
- The health and community services fund increase in fund balance of \$11.4 million was partially a result of the increases in subsidies to the Mental Health Board and homeless services of \$3.2 million and \$1.8 million, respectively. There were also decreases in social service expenditures of \$7.8 million relating to foster care placements costs. The Department of Children and Family Services made many adjustments to reassign cases to proper levels of care, reunify children and reduce the amount of children brought into custody. The drop in foster care placements was over 400 children amounting to a savings of \$12.3 million.
- The fund balance increase of \$80.8 million in other governmental was a result of issuance of new debt of \$84.5 million deposited in the capital projects fund.

Proprietary funds. Cuyahoga County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the sanitary engineer at the end of the year amounted to \$8.3 million and all others amounted to \$2.6 million. The total increase in net assets was \$2.4 million. Other factors concerning the finances of these two funds have already been addressed in the discussion of Cuyahoga County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$22.7 million and can be briefly summarized as follows:

- Increase in transfers out was partially a result of the purchase of Whiskey Island. The island will be used as both a park and marina in the near term. The island could be used in the future to relocate the port authority. The decision to purchase Whiskey Island was made in December 2004 and an additional appropriation of \$4 million was necessary to transfer funds to a capital projects fund.
- There was also an increase of \$12.4 million in the general fund capital improvements subsidy. These transfers represent transfers to various capital projects not funded with the bond issuance.
- Increase in subsidy to sanitary engineer amounting to \$1 million to cover the cost of debt on a completed sewer project and increase to the cuyahoga county information system for system upgrades amounting to \$1.4 million.
- Increase to cover cost of upgrades to the human resources management system amounting to \$1.1 million.
- Cost of the 2004 presidential elections resulting in an additional budget adjustment of almost \$1 million.

Capital Asset and Debt Administration

Capital assets. Cuyahoga County's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$663.5 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, utility plant, buildings structures and improvements, furniture, fixtures and equipment, vehicles, infrastructure and construction in progress. The net increase in Cuyahoga County's investment in capital assets for the current fiscal year was 1.3% (a 1.6% increase for governmental activities and a 2% decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

CUYAHOGA COUNTY'S CAPITAL ASSETS (December 31; net of depreciation, amounts in 000's)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land.....	\$ 44,535	\$ 38,034	\$ 5,752	\$ 5,752	\$ 50,287	\$ 43,786
Land improvements.....	10,485	2,151	2,658	3,006	13,143	5,157
Utility plant.....			26,639	20,793	26,639	20,793
Buildings, structures and improvements.....	305,279	260,101	6,742	7,418	312,021	267,519
Furniture, fixtures and equipment	13,919	11,474	243	296	14,162	11,770
Vehicles.....	4,035	3,296	961	848	4,996	4,144
Infrastructure	199,601	203,973			199,601	203,973
Construction in progress	<u>41,480</u>	<u>90,822</u>	<u>1,170</u>	<u>6,958</u>	<u>42,650</u>	<u>97,780</u>
Total	\$ <u>619,334</u>	\$ <u>609,851</u>	\$ <u>44,165</u>	\$ <u>45,071</u>	\$ <u>663,499</u>	\$ <u>654,922</u>

The County was involved in a number of construction projects that resulted in the capitalization of various assets in 2004 including renovations of the County Justice Center amounting to \$22.6 million, the County Courthouse amounting to \$8.4 million and Juvenile Court amounting to \$4.2 million. The County purchased the Marion Building for \$4.4 million and Whiskey Island for \$4 million. The County built a new County Kennel for \$6.5 million. The County Engineer had renovations of various bridges and roads of \$7.7 million, and \$8.5 million was used to clean up county land for future development.

Some sewer improvements were capitalized in Business-type Activities including the Schady Road project for \$5.3 million.

Additional information on Cuyahoga County's capital assets can be found in Note E on pages 48 – 50 of this report.

Long-term debt. At the end of the current fiscal year, Cuyahoga County had total bonded debt outstanding of \$357.4 million. Of this amount, \$241.4 million comprises debt backed by the full faith and credit of the government and \$2.3 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of Cuyahoga County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and other debt such as notes to be financed by future bonds, loans and an installment purchase agreement financed by non-tax sources.

Cuyahoga County's Outstanding Debt
General Obligation Bonds and Other Long-term Debt
(December 31; amounts in 000's)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	\$ 241,445	\$ 172,250	\$	\$	\$ 241,445	\$ 172,250
Special assessment debt with governmental commitment			2,250	2,440	2,250	2,440
Revenue bonds	113,735	115,975			113,735	115,975
Bond anticipation notes		2,440	5,950	6,110	5,950	8,550
Loans	3,054	3,332	4,729	6,016	7,783	9,348
Installment purchase agreements .	<u>9,808</u>	<u>11,698</u>			<u>9,808</u>	<u>11,698</u>
Total	\$ <u>368,042</u>	\$ <u>305,695</u>	\$ <u>12,929</u>	\$ <u>14,566</u>	\$ <u>380,971</u>	\$ <u>320,261</u>

Cuyahoga County's total debt increased by \$60.7 million (19%) during the current fiscal year. The County refinanced some revenue bonds and bond anticipation notes and issued new general obligation bonds.

Cuyahoga County maintained a "AA+" rating from Standard & Poor's, "AAA" from Fitch and a "Aa1" rating from Moody's for general obligation debt. The revenue bonds have been rated "Aa3" by Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 1% of its total assessed valuation. The current debt limitation (voted and unvoted) for Cuyahoga County is \$565 million which is significantly in excess of Cuyahoga County's outstanding general obligation debt.

Additional information on Cuyahoga County's long-term debt can be found in Note F on pages 51 - 58 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Cuyahoga County is currently 6.2%, compared to 6.8% a year ago.
- The percentage of jobs lost between the third quarter 2003 and the third quarter 2004 was 1.8% in manufacturing, 3.4% in wholesale and retail and 1.3% in federal state and local government. In all sectors, job loss amounted to only .7% as compared to 1.5% one year ago.

Each of these factors were considered in preparing Cuyahoga County's budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased \$16.9 million. The primary reason for the decrease in unreserved fund balance was due to a subsidy to the human services and health and community services funds which was advanced in 2003.

In May 2003, the voters of Cuyahoga County approved a 4.9 mill health and human services levy to be collected in 2004 through 2008. The levy generated an additional \$57.5 million of property tax revenue in 2004.

The County issued \$84.5 million of new general obligation bonds to fund various project many of which were in various stages of completion.

Request for Information

This financial report is designed to provide a general overview of Cuyahoga County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Frank Russo, Cuyahoga County Auditor, Cuyahoga County, 1219 Ontario Street, Room 121, Cleveland, Ohio 44113.

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF NET ASSETS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	Primary Government			Component Unit MetroHealth System
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Equity in pooled cash and investments.....	\$ 286,218	\$ 10,864	\$ 297,082	\$ 2,287
Cash and investments-segregated accounts.....				221,253
Receivables:				
Taxes (net of allowance for uncollectibles).....	335,098		335,098	
Accounts (net of allowance for uncollectibles).....	649	268	917	58,041
Special assessments (net of allowance for uncollectibles).....		2,496	2,496	
Accrued interest.....	2,096		2,096	
Loans (net of allowance for uncollectibles).....	19,078		19,078	
Net receivables.....	356,921	2,764	359,685	58,041
Internal balances.....	33	(33)		
Due from other governments.....	165,711	264	165,975	
Inventory of supplies.....	38	10	48	
Prepaid expenses and other receivables.....				5,392
Other assets.....	919	29	948	28,686
Restricted assets:				3,881
Cash and investments.....	31,937		31,937	
Capital assets (net of accumulated depreciation):				33,387
Land.....	44,535	5,752	50,287	9,634
Land improvements.....	10,485	2,658	13,143	969
Utility plant.....		26,639	26,639	
Buildings, structures and improvements.....	305,279	6,742	312,021	180,535
Furniture, fixtures and equipment.....	13,919	243	14,162	41,950
Vehicles.....	4,035	961	4,996	6,970
Infrastructure.....	199,601		199,601	
Construction in progress.....	41,480	1,170	42,650	11,093
Net capital assets.....	619,334	44,165	663,499	251,151
TOTAL ASSETS	1,461,111	58,063	1,519,174	604,078
LIABILITIES				
Accounts payable.....	60,587	1,082	61,669	20,744
Deferred revenue.....	307,105		307,105	
Due to other governments.....	20,080	13	20,093	
Accrued wages and benefits.....	8,601	111	8,712	26,090
Matured bonds payable.....	14		14	
Other liabilities.....	1,410	158	1,568	15,717
Accrued interest payable.....	3,167		3,167	3,846
Noncurrent liabilities:				
Due within one year.....	47,667	7,040	54,707	41,745
Due in more than one year.....	416,835	7,340	424,175	279,608
TOTAL LIABILITIES	865,466	15,744	881,210	387,750
NET ASSETS				
Invested in capital assets, net of related debt.....	350,959	31,236	382,195	40,588
Restricted for:				
Restricted assets.....	19,977		19,977	2,887
Debt service.....	19,018		19,018	27,692
Unrestricted.....	205,691	11,083	216,774	145,161
TOTAL NET ASSETS	\$ 595,645	\$ 42,319	\$ 637,964	\$ 216,328

The notes to the financial statements are an integral part of this statement.

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Primary Government:		
Governmental activities:		
General government.....	\$ 69,154	\$ 64,865
Judicial.....	292,417	27,400
Development.....	32,524	367
Social services.....	570,871	1,884
Health and safety.....	178,342	1,524
Public works.....	59,421	2,314
Interest on long-term debt.....	18,412	
Total governmental activities.....	<u>1,221,141</u>	<u>98,354</u>
Business-type activities:		
Sanitary Engineer.....	9,604	11,102
Airport.....	1,302	663
Huntington Park Garage.....	2,418	2,266
Cuyahoga County Information System.....	2,773	1,437
Total business-type activities.....	<u>16,097</u>	<u>15,468</u>
Total primary government.....	<u>\$ 1,237,238</u>	<u>\$ 113,822</u>
Component unit:		
MetroHealth System.....	<u>\$ 562,298</u>	<u>\$ 498,434</u>

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes In Net Assets

Program Revenues		Primary Government			Component Unit MetroHealth System
Operating Grants and Contributions	Capital Grants, Contributions and Interest	Governmental Activities	Business- Type Activities	Totals	
\$ 60	\$	\$ (4,229)	\$	\$ (4,229)	\$
51,218		(213,799)		(213,799)	
20,808		(11,349)		(11,349)	
378,758		(190,229)		(190,229)	
127,591		(49,227)		(49,227)	
359	25,305	(31,443)		(31,443)	
		(18,412)		(18,412)	
<u>578,794</u>	<u>25,305</u>	<u>(518,688)</u>		<u>(518,688)</u>	
22			1,520	1,520	
123			(516)	(516)	
			(152)	(152)	
			(1,336)	(1,336)	
<u>145</u>			<u>(484)</u>	<u>(484)</u>	
\$ <u>578,939</u>	\$ <u>25,305</u>	\$ <u>(518,688)</u>	\$ <u>(484)</u>	\$ <u>(519,172)</u>	
\$ <u>31,031</u>	\$ <u>183</u>				<u>(32,650)</u>
General Revenues:					
Taxes:					
Property.....		315,172		315,172	
Sales and use.....		168,634		168,634	
Other.....		28,928		28,928	
State local government fund.....		38,259		38,259	
Unrestricted investment earnings.....		5,743	49	5,792	1,323
Grants and contributions not restricted to specific programs.....		41,982		41,982	
Miscellaneous.....		20,596	53	20,649	24,714
Transfers.....		(2,811)	2,811		
<u>Total general revenues, and transfers.....</u>		<u>616,503</u>	<u>2,913</u>	<u>619,416</u>	<u>26,037</u>
Change in net assets.....		97,815	2,429	100,244	(6,613)
Net assets-beginning of year.....		497,830	39,890	537,720	222,941
<u>Net assets-end of year.....</u>		<u>\$ 595,645</u>	<u>\$ 42,319</u>	<u>\$ 637,964</u>	<u>\$ 216,328</u>

**COUNTY OF CUYAHOGA, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
ASSETS				
Equity in pooled cash and investments.....	\$ 57,576	\$	\$ 15,881	\$ 33,004
Receivables:				
Taxes (net of allowance for uncollectibles).....	65,267		156,870	79,668
Accounts (net of allowance for uncollectibles)	265			
Accrued interest	2,096			
Loans (net of allowance for uncollectibles).....	1,000			
Net receivables.....	68,628		156,870	79,668
Due from other funds.....	41,935		40,120	
Due from other governments.....	26,443	82,630	10,369	11,619
Restricted assets -				
Cash and investments.....	31,937			
TOTAL ASSETS.....	\$ 226,519	\$ 82,630	\$ 223,240	\$ 124,291
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 5,438	\$ 12,975	\$	\$ 3,569
Deferred revenue.....	51,212		165,787	84,225
Due to other funds.....	2,208	67,735		1,049
Due to other governments.....				
Accrued wages and benefits.....	3,521	1,920		1,429
Matured bonds payable.....				
Other Liabilities.....	1,410			
TOTAL LIABILITIES.....	63,789	82,630	165,787	90,272
Fund Balances:				
Reserved for:				
Restricted assets.....	27,412			
Loans receivable.....	1,000			
Debt service.....	9,484			
Unreserved, reported in:				
General Fund:				
Designated for self-insurance.....	1,978			
Designated for proprietary funds.....	4,276			
Undesignated.....	118,580			
Special Revenue Funds.....			57,453	34,019
Capital Projects Fund.....				
TOTAL FUND BALANCES	162,730		57,453	34,019
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 226,519	\$ 82,630	\$ 223,240	\$ 124,291

The notes to the financial statements are an integral part of this statement.

<u>Health and Community Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 57,067	\$ 68,598	\$ 232,126
11,798	21,495	335,098
372		637
		2,096
	18,078	19,078
<u>12,170</u>	<u>39,573</u>	<u>356,909</u>
		82,055
13,768	17,818	162,647
		31,937
<u>\$ 83,005</u>	<u>\$ 125,989</u>	<u>\$ 865,674</u>

\$ 27,429	\$ 9,112	\$ 58,523
11,689	32,054	344,967
14,209	606	85,807
	2,817	2,817
745	383	7,998
	14	14
		1,410
<u>54,072</u>	<u>44,986</u>	<u>501,536</u>

		27,412
	18,078	19,078
	9,534	19,018
		1,978
		4,276
		118,580
28,933	30,758	151,163
	22,633	22,633
<u>28,933</u>	<u>81,003</u>	<u>364,138</u>
<u>\$ 83,005</u>	<u>\$ 125,989</u>	<u>\$ 865,674</u>

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**COUNTY OF CUYAHOGA, OHIO
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

**DECEMBER 31, 2004
(Amounts in 000's)**

Total fund balances for governmental funds.....	\$		364,138
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the funds.....			610,486
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.....			37,862
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....			42,045
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds			
Accrued interest payable.....		(3,167)	
Long-term debt.....		(456,638)	
Unamortized bond issuance costs.....		919	(458,886)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$		<u>595,645</u>

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
REVENUES				
Property taxes.....	\$ 21,146	\$	\$ 170,467	\$ 86,420
Sales and use tax.....	167,871			
Other tax.....	126		76	42
State local government fund.....	38,518			
Licenses and permits.....	89			
Charges for services.....	70,113	1,588		
Fines and forfeitures.....	5,833			
Investment earnings.....	4,324			
Other intergovernmental.....	10,159	258,530	23,448	26
Miscellaneous.....	12,651	1,321		89,478
TOTAL REVENUES.....	<u>330,830</u>	<u>261,439</u>	<u>193,991</u>	<u>177,563</u>
EXPENDITURES				
Current:				
General government.....	51,798			
Judicial.....	226,592			
Development.....	6,841			
Social services.....	5,778	309,362		
Health and safety.....	978		26,918	166,651
Public works.....				
Capital outlay.....				
Debt service:				
Principal retirement.....				
Interest.....	25			
Bond issuance costs.....				
TOTAL EXPENDITURES.....	<u>292,012</u>	<u>309,362</u>	<u>26,918</u>	<u>166,651</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	38,818	(47,923)	167,073	10,912
OTHER FINANCING SOURCES (USES)				
Transfers in.....	607	48,133	70	551
Transfers out:				
Debt retirement.....	(7,221)			
Other.....	(55,827)	(210)	(111,409)	
Capitalized leases.....				1,857
Issuance of debt.....				
Bond premium (discount)-net.....				
TOTAL OTHER FINANCING SOURCES (USES).....	<u>(62,441)</u>	<u>47,923</u>	<u>(111,339)</u>	<u>2,408</u>
NET CHANGE IN FUND BALANCES.....	(23,623)		55,734	13,320
FUND BALANCES AT BEGINNING OF YEAR.....	<u>186,353</u>		<u>1,719</u>	<u>20,699</u>
FUND BALANCES AT END OF YEAR.....	<u>\$ 162,730</u>	<u>\$ 0</u>	<u>\$ 57,453</u>	<u>\$ 34,019</u>

The notes to the financial statements are an integral part of this statement.

Health and Community Services	Other Governmental	Total Governmental Funds
\$ 13,399	\$ 23,740	\$ 315,172
		167,871
	29,644	29,888
		38,518
1,579		1,668
18,698		90,399
178	275	6,286
631	1,034	6,015
184,610	79,523	645,748
<u>1,457</u>	<u>4,085</u>	<u>21,111</u>
<u>220,552</u>	<u>138,301</u>	<u>1,322,676</u>
15,711	67	67,576
43,765	20,603	290,960
5,116	21,251	33,208
91,709	6,838	580,338
144,090	6,277	178,263
1,834	56,076	57,910
	30,207	30,207
	62,255	62,255
	17,042	17,067
	942	942
<u>302,225</u>	<u>221,558</u>	<u>1,318,726</u>
(81,673)	(83,257)	3,950
97,718	37,598	184,677
		(7,221)
(4,599)	(6,702)	(178,747)
		1,857
	127,320	127,320
	5,814	5,814
<u>93,119</u>	<u>164,030</u>	<u>133,700</u>
11,446	80,773	137,650
<u>17,487</u>	<u>230</u>	<u>226,488</u>
<u>\$ 28,933</u>	<u>\$ 81,003</u>	<u>\$ 364,138</u>

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**COUNTY OF CUYAHOGA, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

Net change in fund balances-total governmental funds.....	\$	137,650
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets that meet capitalization requirements is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$39,146) exceeded depreciation (\$30,824) in the current period.....		8,322
Net effect of sales and other disposals of capital assets.....		(1,827)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....		(395)
Expenses reported as compensated absences and special termination benefits in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.....		16,388
Interest is reported as an expenditure when due in the governmental funds, but is reported as incurred in the statement of activities.....		(1,334)
The issuance of long-term debt, (notes, bonds, capital leases, etc.) provides current financial resources to governmental funds and is not reported in the statement of activities.		(134,049)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities and is not reported in the statement of activities.		
Capital lease obligations.....		1,887
Environmental Protection Agency loan.....		28
Ohio Department of Development loan.....		250
Installment purchase agreement.....		1,890
General obligation and revenue bonds.....		60,365
Certain net expenses of the internal service funds are reported with governmental activities in the statement of activities.....		8,640
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$	<u>97,815</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUYAHOGA, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
ALL MAJOR GOVERNMENTAL FUNDS
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)

	General Fund			Human Services		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Final		Original	Final	
REVENUES						
Property taxes	\$ 19,943	\$ 20,159	\$ 21,186	\$	\$	\$
Sales and use tax	159,020	165,408	165,408			
Other tax	45	128	128			
State local government fund	38,526	38,526	38,526			
Licenses and permits	107	100	89			
Charges for services	59,336	65,450	70,155	1,744	1,590	1,588
Fines and forfeitures	6,250	6,587	5,998			
Investment earnings	14,000	12,000	11,769			
Other intergovernmental	9,984	7,876	8,892	265,583	243,505	240,928
Miscellaneous	3,336	6,455	12,401	2,584	4,181	2,250
TOTAL REVENUES	310,547	322,689	334,550	269,911	249,276	244,766
EXPENDITURES						
Current:						
GENERAL GOVERNMENT						
Personnel	28,212	30,493	29,785			
Other	31,347	32,291	22,633			
Capital	903	648	505			
TOTAL GENERAL GOVERNMENT	60,462	63,432	52,983			
JUDICIAL						
Personnel	156,443	157,136	156,507			
Other	73,130	78,142	73,891			
Capital	1,310	513	496			
TOTAL JUDICIAL	230,883	235,791	230,894			
DEVELOPMENT						
Personnel	751	751	694			
Other	3,715	3,483	3,458			
Capital	1	2	2			
TOTAL DEVELOPMENT	4,467	4,216	4,154			
SOCIAL SERVICES						
Personnel	1,703	1,776	1,707	131,684	130,943	127,987
Other	6,415	6,223	4,053	205,411	184,660	180,560
Capital	6	69	48	421	486	307
TOTAL SOCIAL SERVICES	8,124	8,068	5,808	337,516	316,089	308,854
HEALTH AND SAFETY						
Personnel	887	784	784			
Other	496	487	432			
Capital	4	7	4			
TOTAL HEALTH AND SAFETY	1,367	1,258	1,220			
PUBLIC WORKS						
Personnel						
Other						
Capital						
TOTAL PUBLIC WORKS						
TOTAL EXPENDITURES	305,303	312,765	295,059	337,516	316,089	308,854
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,244	9,924	39,491	(67,605)	(66,813)	(64,088)
OTHER FINANCING SOURCES (USES)						
Transfers in			607	67,508	123,134	62,495
Transfers out:						
Debt retirement	(7,262)	(7,422)	(7,221)			
Other	(19,179)	(34,299)	(32,718)			
TOTAL OTHER FINANCING SOURCES(USES)	(26,441)	(41,721)	(39,332)	67,508	122,923	62,285
NET CHANGE IN FUND BALANCES	(21,197)	(31,797)	159	(67)	56,110	(1,803)
FUND BALANCES(DEFICITS) AT BEGINNING OF YEAR	106,894	106,894	106,894	(57,901)	(57,901)	(57,901)
FUND BALANCES(DEFICITS) AT END OF YEAR	\$ 85,697	\$ 75,097	\$ 107,053	\$ (57,998)	\$ (1,791)	\$ (58,704)

The notes to the financial statements are an integral part of this statement.

Human Services Levies			Board of Mental Retardation			Health and Community Services		
Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
Original	Final		Original	Final		Original	Final	
\$ 175,929	\$ 168,643	\$ 170,940	\$ 87,166	\$ 85,518	\$ 86,621	\$ 12,500	\$ 14,868	\$ 13,426
	27	76			42			
						1,596	1,704	1,579
						17,969	17,579	18,730
						142	159	178
						582	771	633
17,174	24,512	23,447	22	22	31	171,043	146,389	196,665
			82,774	85,955	86,228			
			970	3,468	1,597	4,719	6,015	1,449
193,103	193,182	194,463	170,932	174,963	174,519	208,551	187,485	232,660
						11,363	11,120	11,096
						5,009	4,732	4,505
						63	16	13
						16,435	15,868	15,614
						28,023	28,750	27,507
						19,184	19,304	16,087
						318	437	339
						47,525	48,491	43,933
						1,852	1,791	1,646
						3,186	3,707	3,679
						5	21	9
						5,043	5,519	5,334
			89,380	89,380	86,544	352	400	373
			77,749	76,941	73,655	116,311	105,084	102,011
			3,774	5,325	4,959	1	9	1
			170,903	171,646	165,158	116,664	105,493	102,385
27,000	26,974	26,974				6,779	6,694	6,626
						125,373	138,456	133,925
						53	202	151
27,000	26,974	26,974				132,205	145,352	140,702
						404	404	378
						1,451	1,641	1,588
						1	1	
						1,856	2,046	1,966
27,000	26,974	26,974	170,903	171,646	165,158	319,728	322,769	309,934
166,103	166,208	167,489	29	3,317	9,361	(111,177)	(135,284)	(77,274)
	70	70			551	107,126	150,161	101,155
(166,103)	(151,528)	(151,528)					(3,690)	(4,599)
(166,103)	(151,458)	(151,458)			551	107,126	146,471	96,556
	14,750	16,031	29	3,317	9,912	(4,051)	11,187	19,282
(150)	(150)	(150)	14,423	14,423	14,423	10,169	10,169	10,169
\$ (150)	\$ 14,800	\$ 15,881	\$ 14,452	\$ 17,740	\$ 24,335	\$ 6,118	\$ 21,356	\$ 29,451

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
ASSETS				
Current assets:				
Equity in pooled cash and investments.....	\$ 8,112	\$ 2,752	\$ 10,864	\$ 54,092
Receivables:				
Accounts (net of allowance for uncollectibles).....	12	256	268	12
Special assessments (net of allowance for uncollectibles).....	250		250	
Net receivables.....	262	256	518	12
Due from other funds.....		46	46	6,867
Due from other governments.....		264	264	3,064
Inventory of supplies.....		10	10	38
Total current assets.....	8,374	3,328	11,702	64,073
Noncurrent assets:				
Special assessments receivable (net of allowance for uncollectibles)....	2,246		2,246	
Other assets.....	29		29	
Capital assets (net of accumulated depreciation):				
Land.....	472	5,280	5,752	
Land improvements.....	503	2,155	2,658	
Utility plant.....	26,639		26,639	
Buildings, structures and improvements.....	2,703	4,039	6,742	
Furniture, fixtures and equipment.....	205	38	243	8,049
Vehicles.....	857	104	961	799
Construction in progress.....	868	302	1,170	
Net capital assets.....	32,247	11,918	44,165	8,848
Total noncurrent assets.....	34,522	11,918	46,440	8,848
TOTAL ASSETS.....	42,896	15,246	58,142	72,921
LIABILITIES				
Current liabilities:				
Accounts payable.....	551	531	1,082	2,064
Due to other funds.....	297	37	334	2,827
Due to other governments.....	13		13	17,263
Accrued wages and benefits.....	398	114	512	2,608
Other liabilities.....	158		158	
Capital lease obligations.....				111
Special termination benefits.....	488	36	524	2,798
Loans payable.....	336		336	
Notes payable.....	5,950		5,950	
Bonds payable.....	190		190	
Total current liabilities.....	8,381	718	9,099	27,671
Noncurrent liabilities:				
Capital lease obligations.....				352
Special termination benefits.....	477	49	526	2,598
Loans payable.....	4,393		4,393	
Bonds payable.....	2,060		2,060	
Total noncurrent liabilities.....	6,930	49	6,979	2,950
TOTAL LIABILITIES.....	15,311	767	16,078	30,621
NET ASSETS				
Invested in capital assets, net of related debt.....	19,318	11,918	31,236	8,385
Unrestricted.....	8,267	2,561	10,828	33,915
TOTAL NET ASSETS.....	27,585	14,479	42,300	42,300
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.....			255	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES.....			42,319	

The notes to the financial statements are an integral part of this statement.

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES				
Charges for services.....	\$ 11,102	\$ 4,366	\$ 15,468	\$ 77,486
Other revenue.....	39	14	53	168
TOTAL OPERATING REVENUES.....	11,141	4,380	15,521	77,654
OPERATING EXPENSES				
Personal services.....	6,012	1,406	7,418	35,795
Contractual services and claims.....	721	1,344	2,065	8,749
Commodities.....	722	200	922	9,667
Depreciation.....	1,614	800	2,414	1,743
Other expenses.....	629	2,964	3,593	13,358
TOTAL OPERATING EXPENSES.....	9,698	6,714	16,412	69,312
OPERATING INCOME (LOSS).....	1,443	(2,334)	(891)	8,342
NONOPERATING REVENUES (EXPENSES)				
Interest income.....	49		49	
Interest expense.....	(158)		(158)	(11)
Grants.....	22	123	145	
Gain (Loss) on disposal of capital assets.....	5	1	6	(90)
TOTAL NONOPERATING REVENUES (EXPENSES).....	(82)	124	42	(101)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....	1,361	(2,210)	(849)	8,241
Transfers in.....	999	2,201	3,200	519
Transfers out:				
Debt retirement.....		(103)	(103)	
Other.....		(286)	(286)	(2,039)
Capital contributions.....				2,386
CHANGE IN NET ASSETS.....	2,360	(398)	1,962	9,107
TOTAL NET ASSETS				
BEGINNING OF YEAR.....	25,225	14,877		33,193
TOTAL NET ASSETS				
END OF YEAR.....	\$ 27,585	\$ 14,479		\$ 42,300
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.....			467	
CHANGE IN NET ASSETS-BUSINESS-TYPE ACTIVITIES.....			\$ 2,429	

The notes to the financial statements are an integral part of this statement.

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers.....	\$ 11,880	\$ 4,353	\$ 16,233	\$ 168
Other operating cash receipts.....	44	15	59	72,334
Cash payments to suppliers for goods and services.....	(2,530)	(4,583)	(7,113)	(36,092)
Cash payments to employees for services.....	(6,418)	(1,413)	(7,831)	(36,167)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	2,976	(1,628)	1,348	243
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds.....	999	2,201	3,200	519
Transfer to other funds.....		(389)	(389)	(2,039)
Proceeds from short-term interfund loan-net.....		15	15	1,816
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES.....	999	1,827	2,826	296
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from long-term debt.....	5,991		5,991	
Receipts from capital grants.....	272	123	395	
Proceeds from sale of capital assets.....				62
Acquisition and construction of capital assets.....	(1,198)	(309)	(1,507)	(2,120)
Principal paid on long-term debt.....	(7,586)		(7,586)	(51)
Interest paid on long-term debt.....	(280)		(280)	(11)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....	(2,801)	(186)	(2,987)	(2,120)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments.....	8		8	
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	8		8	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	1,182	13	1,195	(1,581)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	6,930	2,739	9,669	55,673
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,112	\$ 2,752	\$ 10,864	\$ 54,092

The notes to the financial statements are an integral part of this statement.

**BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS**

	<u>Sanitary Engineer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 1,443	\$ (2,334)	\$ (891)	\$ 8,342
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation.....	1,614	800	2,414	1,743
Changes in assets and liabilities:				
Accounts receivable-net.....	4	(134)	(130)	(11)
Due from other funds.....		(15)	(15)	(2,334)
Due from other governments.....		(69)	(69)	(2,805)
Inventory of supplies.....		(1)	(1)	(9)
Accounts payable.....	213	174	387	(63)
Due to other funds.....	232	11	243	288
Due to other governments.....	13		13	(1,503)
Accrued wages and benefits.....	(87)	(20)	(107)	(676)
Special termination benefits.....	(456)	(40)	(496)	(2,729)
TOTAL ADJUSTMENTS.....	<u>1,533</u>	<u>706</u>	<u>2,239</u>	<u>(8,099)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	<u>\$ 2,976</u>	<u>\$ (1,628)</u>	<u>\$ 1,348</u>	<u>\$ 243</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital assets acquired through capital lease.....	\$	\$	\$	\$ 376

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	<u>Agency Funds</u>
ASSETS	
Equity in pooled cash and investments.....	\$ 213,066
Cash and investments-segregated accounts.....	36,071
Taxes receivable.....	1,301,608
TOTAL ASSETS.....	<u>\$ 1,550,745</u>
LIABILITIES	
Due to other governments.....	\$ 1,505,695
Other liabilities.....	45,050
TOTAL LIABILITIES.....	<u>\$ 1,550,745</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE A - Description of Cuyahoga County and Basis of Presentation

The County: Cuyahoga County (the County) operates as a political subdivision of the State of Ohio. The County was formed by an act of the Ohio General Assembly in 1810. The three member Board of County Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer. In addition, there are seven other elected administrative officials, each of whom is independent as set forth in Ohio law. These officials are Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff and Treasurer. There are also thirty-four Common Pleas Court Judges, five Domestic Relations Court Judges, six Juvenile Court Judges, two Probate Court Judges and twelve Court of Appeals Judges elected on a County-wide basis to oversee the County's justice system.

Basis of Presentation: The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance or equity, revenues and expenditures or expenses, as appropriate. The County uses the following fund types:

Governmental Funds:

General Fund: This fund accounts for the general operating revenues and expenditures of the County not recorded elsewhere. The primary revenue sources are sales and use tax, property taxes, state local government fund receipts, intergovernmental receipts and various service fees.

Special Revenue Funds: These funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Revenues are derived primarily from property taxes, other taxes, and federal and state grant programs.

Debt Service Fund: This fund is used to account for revenues received and used to pay principal and interest on all long-term bonded debt except those payable from Enterprise funds. Revenues are derived primarily from property taxes.

Capital Projects Fund: This fund is used to account for the acquisition or construction of capital assets (other than those financed by Proprietary funds). Revenues and financing resources are derived from the issuance of debt, transfers from the General and Special Revenue funds and capital grant programs.

Permanent Funds: Permanent funds are for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government's programs. The County does not utilize permanent funds at this time.

Proprietary Funds:

Enterprise Funds: These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

Internal Service Funds: These funds are used to account for the goods or services provided by certain County departments to other County departments and funds on a cost-reimbursement basis.

Fiduciary Funds:

Agency Funds: These funds are used to account for assets held by the County as an agent for other governments, other funds and individuals. These assets include property and other taxes as well as other intergovernmental resources that have been collected by the County and will be distributed to other taxing districts located within the County.

Private-purpose Trust Funds: Private-purpose trust funds are used to account for other trust arrangements which benefit individuals, private organizations, or other governments. For accounting measurement purposes, the

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. The County does not utilize private-purpose trust funds at this time.

NOTE B - Summary of Significant Accounting Policies

The accompanying financial statements of the County are prepared in conformity with accounting principles generally accepted in the United States of America for local government units as prescribed in statements and interpretations issued by the Governmental Accounting Standards Board (GASB).

Reporting Entity: Cuyahoga County is a political subdivision of the State of Ohio. The three member board of County Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer. In addition, there are seven other elected administrative officials, each of whom is independent as set forth in Ohio Law. The accompanying financial statements present the government and its component units, entities for which Cuyahoga County is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see *Discretely Presented Component Unit* below for description) to emphasize that it is legally separate from the County.

Discretely Presented Component Unit: In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the MetroHealth System (the Hospital or Component Unit) is included as a discretely presented Component Unit in the County's basic financial statements. The Hospital provides health care and hospitalization to the general public and care for the County's indigents. The County appoints the majority of the Hospital's Board of Trustees. The Hospital's annual operating budget and investment policy are both approved by the County. The Component Unit is included in the County's reporting entity because of the significance of its operational and financial relationships with the County. The financial information of the Hospital is presented in a separate column to emphasize that it is legally separate from the government. Complete financial statements for the Hospital can be requested from the County Auditor.

Basic Financial Statements: Financial information of the County is presented as a set of basic financial statements in the following format:

Government-wide Financial Statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The policy of the County is to allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internal service fund balances, whether positive or negative, have been eliminated against the expenses and program revenue shown in the statement of activities.

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

are recognized as revenue in the year for which they are levied. State and local government fund shared revenues are recognized when the provider government recognizes its liability to the County. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, sales and use taxes, other tax, state local government funds, licenses and permits and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.

Human Services accounts for revenues from Federal, State and County governments and expenditures used to provide entitlement services, senior and adult programs, children and family services and employment services to eligible county residents.

Health and Human Services Levies accounts for revenues from Health and Human Services Levies. Levies and expenditures are determined by policies of the Board of County Commissioners.

County Board of Mental Retardation accounts for revenues primarily from the State and the special mental retardation levy and expenditures thereof that are used for the benefit of the mentally retarded and developmentally disabled.

Health and Community Services accounts for revenues from Federal, State and County governments and expenditures thereof as prescribed under the various health and community service functions including mental health and alcohol and drug programs.

The County reports the following major proprietary fund:

Sanitary Engineer accounts for the maintenance operations of county sewer lines. The office also enforces compliance of county sanitary regulations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance. The Hospital has elected to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants, contributions and interest including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

funds and of the County's internal service funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap-in fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Budgetary Accounting and Control: The County is required by state law to adopt annual budgets for the General fund, certain Special Revenue funds and the Debt Service fund. Major Special Revenue funds which are budgeted annually include Human Services, Health and Human Services Levies, County Board of Mental Retardation and Health and Community Services. The County Administrator prepares the budget, which is approved by the Board of County Commissioners. The Office of Budget and Management prepares a separate budgetary report. The Board of County Commissioners approves amendments to the original budget throughout the year as allowed by State statute. The County maintains budgetary control within an organizational unit and fund by not permitting expenditures/expenses and encumbrances to exceed appropriations for personnel, capital purchases and other costs. Elected officials and managers may amend the budget without approval of the County Commissioners as long as amendments are within legal categories. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances are closed to unreserved fund balance/retained earnings at year-end and are re-encumbered and reappropriated at the start of the following year.

The County's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP basis). The accompanying statement of revenues, expenditures, and changes in fund balances – budget and actual (non-GAAP budgetary basis), comparing budget to actual results of operations for the General fund and all annually budgeted major special revenue funds, is presented to demonstrate the County's compliance with legally adopted budgets and reflects only budget revisions formally adopted by the Board of County Commissioners. The Commissioners and their staff monitor the level of revenues and expenditures throughout the year, and policy decisions are made based on the available current information. Formal revisions to previous budgets may not be processed if actual results are within previously budgeted levels. Consequently, large variances may appear on the budget and actual comparisons in the accompanying statements. The County has chosen not to include the variance column in the Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual.

The budgetary process does not include annual budgeting for certain grants (including Community Development and Other funds) and the Capital Projects fund. Appropriations are made on a multi-year basis with the free balance and encumbrances being reappropriated annually. The administrative control is on a grant/project basis and, therefore, comparisons with annually appropriated funds do not provide meaningful data. The County adopts annual budgets for Proprietary funds, however, there is no legal requirement to report on compliance with such budgets.

The major differences between the budgetary basis and the GAAP basis are:

- (1) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budgetary) as opposed to being closed to unreserved fund balance/fund net assets at year-end and are re-encumbered at the beginning of the following year (GAAP).

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

A reconciliation of the results of operations for the year on the GAAP basis to the budget basis follows:

Net Change in Fund Balances (Amounts in 000's)					
	General Fund	Human Services	Health and Human Services Levies	County Board of Mental Retardation	Health and Community Services
GAAP basis.....	\$ (23,623)	\$	\$ 55,734	\$ 13,320	\$ 11,446
Increase/decrease:					
Accrued receivables at 12/31/04 not recognized in the 2004 budget	(137,006)	(82,630)	(207,359)	(91,287)	(25,938)
Accrued receivables at 12/31/03 recognized in the 2004 budget	202,553	67,946	191,738	93,802	46,569
Expenditures accrued as liabilities at 12/31/04 not recognized in the 2004 budget.....	63,789	82,630	165,787	90,272	54,072
Expenditures accrued as liabilities at 12/31/03 recognized in the 2004 budget.....	(65,379)	(30,412)	(189,869)	(100,930)	(56,563)
Encumbrances at 12/31/04 recognized as expenditures in the 2004 budget	(14,823)	(19,823)		(7,657)	(27,616)
Encumbrances at 12/31/03 not recognized as expenditures in the 2004 budget	10,028	20,367		9,319	17,312
Other GAAP adjustments ⁽¹⁾	(35,380)	(39,881)		3,073	
Budget basis.....	\$ <u>159</u>	\$ <u>(1,803)</u>	\$ <u>16,031</u>	\$ <u>9,912</u>	\$ <u>19,282</u>

(1) Change in the amount of short-term interfund loans by the General fund, unrealized gain on investments, net expenses for the Brownfield project, Gateway debt and agency funds reclassified as cash for financial reporting purposes.

Statement of Cash Flows: The County utilizes the direct method with respect to the statement of cash flows as defined by the GASB Statement No. 9. For purposes of the statement of cash flows, the County considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Pooled Cash and Investments: Cash resources of a majority of individual funds are combined to form a pool of cash and investments, which is managed by the County Treasurer. Investments in the pooled cash and investments accounts consist of U.S. Treasury Notes and other Federal Government securities, certificates of deposit, commercial paper, revenue anticipation bonds and the State Treasurer's Investment Pool.

Investments: The County accounts for its investments under the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which established accounting and financial reporting standards for government investments and investment pools, requiring most investments to be recorded at fair value and the recognition of unrealized gains and losses in the financial statements. The County has the ability and intent to hold all investments to maturity. Interest on investments is accrued as earned and distributed to appropriate funds utilizing a formula based on the average month-end balance of cash and cash equivalents of appropriate funds. County policy requires interest earned on investments to be credited to the General fund except where there is a legal requirement such as the Motor Vehicle Gas Tax Special Revenue fund or where there are bond proceeds for capital improvements such as the Capital Projects fund. Fair value is determined by quoted market prices.

Inventory of Supplies: Inventory is valued at the lower of cost (determined using the first-in first-out method) or net realizable value. Costs are expensed when inventory is consumed for Proprietary funds and for the Discretely Presented Component Unit. Costs are recognized as expenditures when inventory is purchased for Governmental funds.

Restricted Assets: The primary government's restricted assets are composed of the unspent proceeds of certain borrowings that are restricted for use in specified economic development activities and capital projects, as

COUNTY OF CUYAHOGA, OHIO
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well as deposits and investments held at certain financial institutions throughout the County to support the County's Housing Enhancement Loan Program (H.E.L.P.), which allows homeowners in County communities to borrow money from participating financial institutions to repair or remodel their homes or rental property at below market interest rates. Included in the Discretely Presented Component Unit column are restricted assets, consisting of investments restricted by donors, assets under the control of the bond trustee that are used for payment of principal and interest on the Hospital's bonds when due.

Capital Assets: Capital assets, which include land, land improvements, utility plant, buildings, structures and improvements, furniture, fixtures and equipment, vehicles and infrastructure assets (primarily bridges constructed and maintained by the County), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements to the extent the County's capitalization threshold is met. The County defines capital assets as assets with an estimated useful life in excess of 4 years (3 years for Component Unit) and an individual cost of more than \$9,000. Assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed capital assets are recorded at their estimated fair market value at the date contributed.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

Cost for maintenance and repairs are expensed when incurred. However, costs for repairs and upgrades that materially add to the value of the life of an asset and meet the above criteria are capitalized.

The County and the Component Unit depreciates capital assets on a straight-line basis using the following estimated useful lives:

Land improvements	5 to 20 years
Utility plant	20 to 50 years
Buildings, structures and improvements	5 to 40 years
Furniture, fixtures and equipment	3 to 22 years
Vehicles	4 to 9 years
Infrastructure	20 to 69 years

Capitalization of Interest: The County's policy is to capitalize interest on construction projects in the proprietary funds until substantial completion of the project. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. During 2004, capitalized interest was not material.

Compensated Absences: The County records accumulated unpaid sick, vacation and overtime pay benefits as accrued wages and benefits payable when earned by employees. For Governmental funds, the portion of the liability, which is not currently due and payable, is not reported. In the government-wide financial statements and for proprietary funds, the entire amount of compensated absences (current and noncurrent) is reported as a liability. The County utilizes the termination payments method to determine the liabilities for compensated absences as defined in GASB Statement No. 16.

Ohio law requires that vacation time not be accumulated for more than three years. Normally, all vacation time is to be taken in the year available unless administrative approval for carry-over is obtained. Sick time not taken may be accumulated until retirement. Employees with a minimum of ten years of service are paid one-fourth of accumulated sick time at the employee's current wage rate upon retirement up to a maximum of thirty days. Certain agencies of the County that are not under the control of the Board of County Commissioners may have slightly different policies for compensated absences.

Net Patient Service Revenue: Net patient service revenue of the Hospital is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review by a peer review organization. Differences between the estimated amounts accrued at interim and final settlements are reported in the Statement of Revenues, Expenses and Changes in Net Assets in the year of settlement. The Hospital recorded a favorable adjustment of

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\$5.1 million in 2004 and a favorable adjustment of \$9.4 million in 2003, due to prior year retroactive adjustments to amounts previously estimated.

Net revenue from the Medicare and Medicaid programs accounted for approximately 24% and 32%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2004. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. The Hospital believes that an adequate provision has been made in the financial statements for any adjustments that may result from final settlements.

Charity Care: Throughout the admission, billing and collection processes, certain patients are identified by the Hospital as qualifying for charity care. The Hospital provides care to these patients without charge or at amounts less than its established rates. The charges foregone for charity care provided by the Hospital, totaling \$121 million, represents 11.4% of gross charges in 2004, and are not reported as revenue. The Hospital accepts certain indigent Ohio residents and all residents from the County regardless of their ability to pay.

Encumbrances: Encumbrance accounting allows for the reservation of appropriations to provide for purchase commitments pertaining to purchase orders, contracts and other commitments. Encumbrances are closed to unreserved fund balance/unrestricted net assets at year-end and are re-encumbered at the beginning of the following year.

Interfund Transactions: During the normal course of operations, the County has numerous transactions between funds including transfers of resources to provide services and construct assets. Interfund transactions are generally classified as transfers in the accompanying financial statements. Transfers out are further categorized as transfers for debt retirement or other purposes. Transfers for debt retirement represent monies transferred to the Debt Service fund. Other transfers represent all other transfers out.

Fund Balance: In the governmental fund financial statements, the County records reservations of portions of fund balances that are legally segregated for specific future uses or do not represent available, spendable resources and, therefore, cannot be appropriated for expenditures. Designations of fund balance represent tentative management plans that are subject to change.

Risk Management: The County has implemented GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Employees' health insurance is provided through a commercial insurance program. The County pays a premium to the insurance providers without additional risk to the County, except for the prescription drug plan which is self-insured. The County maintains an Internal Service fund to account for the self-insurance of workers' compensation benefits through a retrospective rating plan with the State of Ohio. The County recognizes a liability for self-insured claims if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, the County has designated a portion of the fund balance of its General fund, pursuant to Ohio law, to provide for claims and judgements not covered by the various County insurance policies.

New Accounting Standards: During May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment to GASB Statement No. 14, *The Financial Reporting Entity*, which clarifies existing accounting guidance and provides greater consistency in accounting for organizations that are closely related to a primary government. The standard, which is effective for fiscal years beginning after June 15, 2003, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a state or local government. The County has determined that GASB Statement No. 39 has no impact on its reported financial condition and results of operations.

During November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. Under provisions of this statement, a capital asset is considered impaired when its service has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this statement are effective for fiscal periods

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beginning after December 15, 2004. The County and the Component Unit have not determined the impact, if any, that this statement will have on its financial statements.

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 for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. Statement 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. Statement No. 45 will not be effective for the County until the year ending December 31, 2007, and as such, the County has not determined the impact that this statement will have on its financial statements.

During December 2004, the GASB issued Statement No. 46, *Net Assets Restricted by Legislation, an amendment of GASB Statement No. 34*. This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. The Statement states that 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. Although the determination that a particular restriction is not legally enforceable may cause a government to review the enforceability of other restrictions, it should not necessarily lead a government to the same conclusion for all enabling legislation restrictions. This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The requirements of this Statement are effective for the County for the year ending December 31, 2006, and as such, the County has not determined the impact, if any, that this statement will have on its financial statements.

NOTE C - Cash and Investments

Cash and Investments:

Pooled Cash and Investments: Certain monies of the General fund, certain Agency funds and the Hospital are deposited and maintained in individual segregated bank accounts or invested in specifically segregated investments. All other funds of the County are held in a common group of bank accounts and investments. Collectively, these bank accounts and investments represent the Pooled Cash and Investments account. Amounts reported as cash and investments for the segregated funds and the pooled funds principally consist of bank balances, certificates of deposit, United States Treasury Notes, U.S. Agency obligations, municipal obligations of political subdivisions of the State of Ohio and the State Treasurer's Investment Pool.

Certain funds have made disbursements from the pooled cash account in excess of their individual equity in the pooled cash account. These amounts are reported in the balance sheet—governmental funds and the statement of net assets—proprietary funds as "Due to other funds" and are offset against the General fund's equity in pooled cash and investments.

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A summary of the Pooled Cash and Investments account balance by fund type at December 31, 2004, follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General	\$	\$ 99,511
Due From:		
Special Revenue.....	39,881	
Enterprise	15	
Internal Service.....	<u>2,039</u>	<u>(41,935)</u>
Net General.....		57,576
Other major governmental		105,952
Other governmental		68,598
Major enterprise		8,112
Other enterprise		2,752
Internal Service		<u>54,092</u>
Total government-wide		297,082
Agency		<u>213,066</u>
Total Equity in Pooled Cash and Investments.....		\$ <u>510,148</u>

Amounts due to other funds by Special Revenue funds will be paid from collection of reimbursements under grant programs from the Federal and State governments. Amounts owed by the Enterprise funds will be paid through increased Airport rental charges. Amounts owed by the Internal Service funds will be paid through collection of charges for services.

Deposits and Investments:

Primary Government

Deposits: At year-end, the carrying amount of the County's deposits, including certificates of deposit, was \$79.7 million and the bank balances were \$81.6 million. Any differences between the account bank balances and investments and the cash and investments recorded in the financial statements are due to normal reconciling items. The pooled securities serve as collateral for all public deposits held by the banks, including the County's deposits. The Ohio Revised Code (ORC) requires that the market value of securities held in the pool be at least equal to 105% of the public deposits held by the banks. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. County policy is to utilize federally insured banks and savings institutions located in the County.

All monies are deposited in the Cuyahoga County banks designated by the Board of County Commissioners. Interim funds not needed for immediate expenditures are invested in interest bearing or non-interest bearing accounts or invested pursuant to the Statement of Investment Policy adopted by the Cuyahoga County Investment Advisory Committee.

Custodial risk is the risk that, in the event of bank failure the County's deposits might not be recovered. The County's bank deposits at December 31, 2004 totaled \$81.6 million and were subject to the following categories of custodial risk:

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(Amounts in 000's)	
Uncollateralized	\$ 72,754
Collateralized with securities held by the pledging institution's trust department (O.R.C. 135.18) but not in the County's name	<u>6,458</u>
Total amount subject to custodial risk	<u>79,212</u>
Amount insured (FDIC Insurance)	<u>2,410</u>
Total bank balances	\$ <u>81,622</u>

Component Unit

Deposits: All monies are deposited to the Hospital's banks or trust companies designated by the Board of Trustees. Funds not needed for immediate expenditure may be deposited in interest bearing or non-interest bearing accounts or U.S. government obligations. Banks or trust companies shall furnish security for all such deposits, whether interest bearing or non-interest bearing, except that no such security is required for U.S. government obligations.

Custodial risk is the risk that, in the event of bank failure, the Hospital's deposits might not be recovered. The Hospital's bank deposits at December 31, 2004 totaled \$8.1 million and were subject to the following categories of custodial risk:

(Amounts in 000's)	
Uncollateralized	\$ 7,798
Collateralized with securities held by the pledging institution's trust department, but not in the Hospital's name	<u>68</u>
Total amount subject to custodial risk	<u>7,866</u>
Amount insured	<u>200</u>
Total bank balances	\$ <u>8,066</u>

At December 31, 2004, the financial statement carrying amount of the Hospital's deposits was \$8.4 million. The difference from the reported amount represents outstanding checks payable and normal reconciling items.

Primary Government

Investments: The County's Statement of Investment Policy, approved by the County's Investment Advisory Committee, authorizes investment by the County in investments permitted under the ORC. Eligible investments include U.S. Treasury Bills and Notes, backed by the full faith and credit of the U.S. government, obligations of U.S. government agencies, commercial paper, bankers acceptances, obligations of political subdivisions of the State of Ohio, certificates of deposit or savings or deposit accounts in an eligible institution defined in the ORC, State Treasurer's Investment Pool, shares in open-end no-load money market mutual funds registered under the Federal Investment Act of 1940 and repurchase agreements. Ohio statute prohibits the use of reverse repurchase agreements. County investment policy restricts repurchase agreements to durations of 30 days or less and all investments to maturities of not more than 5 years.

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At December 31, 2004, the fair value of the Primary Government investments were as follows:

Investment Type	(Amounts in 000's) Fair Value/Carrying Value
Repurchase Agreements	\$ 70,700
U. S. Treasuries.....	6,047
U.S. Government Agencies	420,496
Municipal Obligations.....	1,200
Total Primary Government Investments.....	\$ <u>498,443</u>

Interest Rate Risk. The ORC and the County's Statement of Investment Policy limits the purchase of securities to a stated maturity of no more than 5 years from the date of purchase unless the security is matched to a specific obligation or debt of the County. The purchase of any security with a maturity of greater than 5 years must be approved in advance by the Investment Advisory Committee.

At December 31, 2004, the County's investments had maturities as follows:

Maturities	Percentage
Less than 1 year	39.78%
1 to 4 years	60.22%

Further, the Statement of Investment Policy specifies that the portfolio be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of investment. Each investment type is limited to a maximum percentage of the total average portfolio.

Credit Risk. The ORC and the County's Statement of Investment Policy govern the minimum investment rating for each type of eligible investment security. Commercial Paper and Banker's Acceptances must have a minimum rating of "A-1" or "AA".

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has implemented several controls to mitigate custodial risk. All security transactions are executed on a delivery versus payment basis. All securities are delivered to the County's custodian bank before payment is made to the broker dealer for the security. Securities delivered to the custodian are held in the name of the County. If market conditions or liquidity needs require the sale of a security, the County will identify securities for sale that mitigate the amount of market loss. With repurchase agreements, the County requires that the counterparty deliver securities with a market value at least equal to 102% of the purchase price of the securities. If the counterparty fails to repurchase the securities per the terms of the agreement, the County reserves the right to sell the securities in the market.

Component Unit

At December 31, 2004, fair value of the County's Component Unit investments were as follows:

Investment Type	(Amounts in 000's) Fair Value/Carrying Value
Cash and investments	\$ 153,809
U. S. Treasuries.....	727
U.S. Government Agencies	79,430
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (Federal Pools).....	8,810
Collateralized Mortgage Obligations	1,596
Corporates.....	4,189
Total Hospital Investments.....	\$ <u>248,561</u>

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Interest Rate Risk. The Hospital's investment policies limit investment portfolio to maturities of five years or less. All of the Hospital's investments at December 31, 2004 have effective maturity dates of less than five years.

Credit Risk. All of the Hospital's investments are rated AAA by Standard and Poor's. The Hospital's investment policies are governed by State of Ohio statutes that authorize the Hospital to invest in U.S. government obligations. The Collateralized Mortgage Obligations and Federal Mortgage pools are investments that are grandfathered from previous statutes that allowed such investments. These investments have an effective maturity date of less than one year.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Hospital's investments, only the repurchase agreements are exposed to custodial risk. Repurchase agreements (included in the U. S. Government Agencies) at December 31, 2004 totaling \$9 million are uninsured, are not registered in the Hospital's name and are held by the financial institution's trust department.

NOTE D - Interfund Receivables and Payables

Individual interfund receivable and payable balances as of December 31, 2004 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund.....	\$ 41,935	\$ 2,208
Human Services		67,735
Health and Human Services Levies.....	40,120	
County Board of Mental Retardation.....		1,049
Health and Community Services		14,209
Other governmental funds		<u>606</u>
Total Governmental Funds.....	<u>82,055</u>	<u>85,807</u>
Proprietary Funds:		
Enterprise Funds:		
Sanitary Engineer		297
Other enterprise funds	<u>46</u>	<u>37</u>
Total Enterprise Funds.....	46	334
Internal Service Funds:	<u>6,867</u>	<u>2,827</u>
Totals	\$ <u>88,968</u>	\$ <u>88,968</u>

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A summary of interfund receivables/payables of the General fund follows:

Fund Types	(Amounts in 000's)	
	Receivables	Payables
Major Governmental Funds:		
Human Services	\$ <u>39,881</u>	\$ —
Total Major Governmental Funds.....	39,881	
Nonmajor Enterprise Funds:		
County Airport.....	15	
Cuyahoga County Information System		<u>31</u>
Total Nonmajor Enterprise Funds	<u>15</u>	31
Internal Service Funds:		
Maintenance Garage	897	35
Data Processing Center.....	1,142	
Printing, Reproduction and Supplies		121
Communications.....		71
Self-Funded Workers Compensation.....		<u>1,950</u>
Total Internal Service Funds	<u>2,039</u>	<u>2,177</u>
Totals	\$ <u>41,935</u>	\$ <u>2,208</u>

The receivables represent amounts overdrawn from the pooled cash account which are owed to the General fund.

The amount payable to the Cuyahoga County Information System is for computer charges from various General fund agencies. The amounts payable to Internal Service funds represent unpaid charges at December 31, 2004.

COUNTY OF CUYAHOGA, OHIO
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NOTE E - Capital Assets

A summary of changes in capital assets follows:

Governmental Activities:	(Amounts in 000's)			Balance December 31, 2004
	Balance January 1, 2004	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 38,034	\$ 8,027	\$ 1,526	\$ 44,535
Construction in progress.....	90,822	24,915	74,257	41,480
Total capital assets, not being depreciated.....	<u>128,856</u>	<u>32,942</u>	<u>75,783</u>	<u>86,015</u>
Capital assets, being depreciated:				
Land improvements.....	3,500	8,825	2	12,323
Buildings, structures and improvements.....	480,068	61,365	521	540,912
Furniture, fixtures and equipment.....	46,025	5,281	1,298	50,008
Vehicles.....	14,889	1,859	1,276	15,472
Infrastructure.....	432,191	8,014		440,205
Total capital assets, being depreciated.....	<u>976,673</u>	<u>85,344</u>	<u>3,097</u>	<u>1,058,920</u>
Less accumulated depreciation for:				
Land improvements.....	1,349	490	1	1,838
Buildings, structures and improvements.....	219,967	15,887	221	235,633
Furniture, fixtures and equipment.....	34,551	2,692	1,154	36,089
Vehicles.....	11,593	1,112	1,268	11,437
Infrastructure.....	228,218	12,386		240,604
Total accumulated depreciation.....	<u>495,678</u>	<u>32,567</u>	<u>2,644</u>	<u>525,601</u>
Total capital assets, being depreciated, net.....	<u>480,995</u>	<u>52,777</u>	<u>453</u>	<u>533,319</u>
Governmental activities capital assets, net.....	<u>\$ 609,851</u>	<u>\$ 85,719</u>	<u>\$ 76,236</u>	<u>\$ 619,334</u>

Business-type Activities:	(Amounts in 000's)			Balance December 31, 2004
	Balance January 1, 2004	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 5,752	\$ 986	\$ 6,774	\$ 5,752
Construction in progress.....	6,958	986	6,774	1,170
Total capital assets, not being depreciated.....	<u>12,710</u>	<u>986</u>	<u>6,774</u>	<u>6,922</u>
Capital assets, being depreciated:				
Land improvements.....	10,850			10,850
Utility plant.....	46,859	6,774		53,633
Buildings, structures and improvements.....	14,757	9		14,766
Furniture, fixtures and equipment.....	2,477	26		2,503
Vehicles.....	3,582	487	121	3,948
Total capital assets, being depreciated.....	<u>78,525</u>	<u>7,296</u>	<u>121</u>	<u>85,700</u>
Less accumulated depreciation for:				
Land improvements.....	7,844	348		8,192
Utility plant.....	26,066	928		26,994
Buildings, structures and improvements.....	7,339	685		8,024
Furniture, fixtures and equipment.....	2,181	79		2,260
Vehicles.....	2,734	374	121	2,987
Total accumulated depreciation.....	<u>46,164</u>	<u>2,414</u>	<u>121</u>	<u>48,457</u>
Total capital assets, being depreciated, net.....	<u>32,361</u>	<u>4,882</u>	<u>121</u>	<u>37,243</u>
Business-type activities capital assets, net.....	<u>\$ 45,071</u>	<u>\$ 5,868</u>	<u>\$ 6,774</u>	<u>\$ 44,165</u>

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Component Unit:	Amounts in (000's)			Balance December 31, 2004
	Balance January 1, 2004	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 8,954	\$ 680	\$	\$ 9,634
Construction in progress.....	62,043	37,302	88,252	11,093
Total capital assets, not being depreciated.....	<u>70,997</u>	<u>37,982</u>	<u>88,252</u>	<u>20,727</u>
Capital assets, being depreciated:				
Land improvements.....	7,699	130		7,829
Buildings, structures and improvements.....	374,189	71,508		445,697
Furniture, fixtures and equipment.....	191,831	22,580	1,102	213,309
Vehicles.....	7,367	2,361		9,728
Total capital assets, being depreciated.....	<u>581,086</u>	<u>96,579</u>	<u>1,102</u>	<u>676,563</u>
Less accumulated depreciation for:				
Land improvements.....	6,656	204		6,860
Buildings, structures and improvements.....	247,713	17,449		265,162
Furniture, fixtures and equipment.....	161,870	10,585	1,096	171,359
Vehicles.....	2,192	566		2,758
Total accumulated depreciation.....	<u>418,431</u>	<u>28,804</u>	<u>1,096</u>	<u>446,139</u>
Total capital assets, being depreciated, net.....	<u>162,655</u>	<u>67,775</u>	<u>6</u>	<u>230,424</u>
Component unit capital assets, net.....	<u>\$ 233,652</u>	<u>\$ 105,757</u>	<u>\$ 88,258</u>	<u>\$ 251,151</u>

Depreciation expense was charged to functions of the government as follows:

Governmental Activities:	(Amounts in 000's)
General government.....	\$ 2,921
Judicial.....	9,391
Development.....	3
Social services.....	5,585
Health and safety.....	186
Public works.....	12,738
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.....	1,743
Total depreciation expenses charged to governmental activities.....	<u>\$ 32,567</u>
 Business-type Activities:	
Sanitary Engineer.....	\$ 1,614
County Airport.....	414
Huntington Park Garage.....	386
Total depreciation expenses charged to business-type activities.....	<u>\$ 2,414</u>

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

A summary of construction commitments for governmental activities at December 31, 2004 follows:

Function	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2004	Future Commitments
General government.....	\$ 14,436	\$ 5,182	\$ 9,254
Judicial.....	40,999	25,448	15,551
Social services.....	2,406	954	1,452
Public works.....	26,560	9,896	16,664
Totals.....	<u>\$ 84,401</u>	<u>\$ 41,480</u>	<u>\$ 42,921</u>

The future construction commitments are expected to be financed primarily through bonded debt.

A summary of construction commitment for business-type activities at December 31, 2004 follows:

Business-type Activity	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2004	Future Commitments
Sanitary Engineer.....	\$ 2,491	\$ 868	\$ 1,623
Airport.....	789	302	487
Totals.....	<u>\$ 3,280</u>	<u>\$ 1,170</u>	<u>\$ 2,110</u>

The future construction commitments are expected to be financed primarily through special assessments and grants.

The Hospital has future contractual commitments for the construction of various projects totaling \$14.8 million. The projects are being funded with remaining bond proceeds amounting to \$1.2 million and operating funds.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE F - Debt and Other Obligations

Notes Payable and Long-Term Liabilities:

A summary of the County's notes payable and long-term liabilities at December 31, 2004 is provided below:

(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Governmental Activities:							
	Compensated Absences.....		\$ 21,382	\$ 39,399	\$ 38,371	\$ 22,410	\$ 2,241
2001	Special Termination Benefits-Due thru 2007.....	7.75%	52,514		17,416	35,098	17,896
	Various Capital Lease Obligations-Due thru 2029.....		25,130	1,857	1,887	25,100	1,545
2003	Installment Purchase Agreement-Due thru 2010, [\$13,742].....	3.72%-3.87%	11,698		1,890	9,808	1,773
Loans Payable:							
1989	Environmental Protection Agency-Due thru 2007, [\$494].....	None	82		28	54	28
1997	Ohio Department of Development Loan						
	- Due thru 2016, [\$5,000].....	None	3,250		250	3,000	250
	Total Loans Payable.....		3,332		278	3,054	278
General Obligation Bonds-Unvoted:							
1983	Building Improvements-Due thru 2004(1).....	9.375%	875		875		
1983	Health Service Facilities-Due thru 2004(1).....	9.375%	370		370		
1983	Auditorium-Due thru 2004(1).....	9.375%	175		175		
1983	Street Improvements-Due thru 2004(1).....	9.375%	50		50		
1983	Sanitary Improvements-Due thru 2004(1).....	9.375%	200		200		
1993	Various Purpose Refunding Bonds-Due thru 2012, [\$75,395].....	2.20%-5.25%	28,585		3,435	25,150	3,610
1993	Rock and Roll Hall of Fame-Due thru 2018, [\$12,000].....	2.75%-5.65%	8,890		395	8,495	415
1995	Various Purpose Improvements-Due thru 2015, [\$35,145].....	3.75%-5.50%	18,500		2,525	15,975	2,650
2000	Capital Improvements-Due thru 2020, [\$96,615].....	4.30%-5.75%	87,650		3,420	84,230	3,580
2004	Capital Improvements-Due thru 2024, [\$84,490].....	2.50%-5.25%		84,490		84,490	2,575
	Total General Obligation Bonds-Unvoted.....		145,295	84,490	11,445	218,340	12,830
General Obligation Bonds-Voted:							
1991	Jail II Series - Due thru 2006, [\$5,086].....	6.95%-7.05%	5,086		1,570	3,516	1,819
1993	Jail Facilities and Various Purpose Refunding Bonds						
	-Due thru 2013, [\$65,254].....	2.20%-5.25%	21,869		2,280	19,589	2,390
	Total General Obligation Bonds-Voted.....		26,955		3,850	23,105	4,209
	Total Tax Supported Bonds.....		172,250	84,490	15,295	241,445	17,039
Revenue Bonds:							
1992	Gateway Economic Development-Due thru 2022, [\$40,000].....	Variable	30,400		30,400		
1992	Gateway Economic Development-Due thru 2022, [\$35,000].....	8.625%	35,000			35,000	
1994	Gateway Economic Development-Due thru 2023, [\$45,000].....	4.45%-7.60%	34,615		1,535	33,080	1,635
1998	Brownfield Economic Redevelopment						
	-Due thru 2018, [\$15,465].....	5.31%-6.75%	13,125		13,125		
2000	Shaker Square Redevelopment-Due thru 2030, [\$2,855].....	6.886%	2,835		10	2,825	10
2004	Gateway Arena Project Series 2004A Refunding Bonds						
	-Due thru 2011 [\$10,750].....	1.50%-4.25%		10,750		10,750	1,415
2004	Gateway Arena Project Series 2004B Refunding Bonds						
	-Due thru 2022 [\$19,200].....	Variable		19,200		19,200	
2004	Brownfield Redevelopment Fund Project Refunding Bonds						
	Series 2004C -Due thru 2018 [\$12,880].....	1.50%-5.10%		12,880		12,880	725
	Total Revenue Bonds.....		115,975	42,830	45,070	113,735	3,785
	Bond premium/discount related to various issues-net.....			6,077	89	5,988	
	Total Bonds Payable.....		288,225	133,397	60,454	361,168	20,824
Capital Projects Fund:							
Bond Anticipation Notes:							
2003	Capital Improvement Notes-Due in 2004, [\$2,440].....	2.00%	2,440		2,440		
	Total Capital Projects Fund.....		2,440		2,440		
Internal Service Funds:							
	Compensated Absences.....		1,849	2,390	2,234	2,005	201
2001	Special Termination Benefits-Due thru 2007.....	7.75%	8,125		2,729	5,396	2,798
	Various Capital Lease Obligations-Due thru 2009.....		138	376	51	463	111
	Total Internal Service Funds.....		10,112	2,766	5,014	7,864	3,110
	Total Governmental Activities.....		\$ 414,833	\$ 177,419	\$ 127,760	\$ 464,602	\$ 47,667

(1) Combined original issue amount \$34,395

(CONTINUED)

COUNTY OF CUYAHOGA, OHIO
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(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Business-type Activities:							
	Compensated Absences.....		\$ 361	\$ 621	\$ 581	\$ 401	\$ 40
	2001 Special Termination Benefits-Due thru 2007.....	7.75%	1,546		496	1,050	524
	Various Loans Payable-Due thru 2019.....	4.04% - 7.00%	6,016		1,287	4,729	338
Bond Anticipation Notes:							
	2002 Olmsted Township Water and Sewer-Due in 2005 [\$5,950].....	2.50%		5,950		5,950	5,950
	2003 Capital Improvement Notes-Due in 2004, [\$1,082].....	2.00%	1,082		1,082		
	2003 Olmsted Township Water and Sewer-Due in 2004 [\$5,028].....	2.00%	5,028		5,028		
	Total Notes Payable.....		6,110	5,950	6,110	5,950	5,950
Self-Supporting Bonds Payable:							
	2000 Sewer Improvement-Due thru 2020, [\$1,040].....	4.55%-5.55%	940		35	905	40
	2003 Sewer Improvement-Due thru 2012 [\$1,500].....	2.00%-3.55%	1,500		155	1,345	150
	Total Self-Supporting Bonds Payable.....		2,440		190	2,250	190
	Total Business-type Activities.....		\$ 16,473	\$ 6,571	\$ 8,664	\$ 14,380	\$ 7,040
Component Unit							
	Compensated absences.....		\$ 22,633	\$ 4,552	\$ 2,032	\$ 25,153	\$ 2,093
	Amounts due third party payors (See Note B).....		42,544	761	1,870	41,435	6,872
	Claims payable (See Note J).....		41,735	18,059	14,020	45,774	21,925
	Various Capital Lease Obligations-Due thru 2007.....	4.958%-4.96%	4,538		2,244	2,294	812
	2004 Cuyahoga County Sanitary Engineer Loan -Due thru 2018.....	None		131	40	91	7
	2003 General and Professional Liability Note -Due in 2005.....	3.75%	3,400	4,576	3,400	4,576	4,576
Bonds:							
	1997 Hospital Improvement and Refunding Revenue Bonds-Due Thru 2027, [\$70,000].....	3.90%-5.80%	50,842	192	4,400	46,634	4,615
	1997 Hospital Refunding Revenue Bonds -Due thru 2019, [\$77,525].....	4.10%-5.50%	68,520	307	255	68,572	265
	1999 Hospital Improvement Revenue Bonds -Due thru 2029, [\$56,995].....	6.125%-6.15%	56,806	8		56,814	
	2003 Hospital Improvement Revenue Bonds -Due thru 2033, [\$30,545].....	Variable	30,545		535	30,010	580
	Total Bonds.....		206,713	507	5,190	202,030	5,460
	Total Component Unit.....		\$ 321,563	\$ 28,586	\$ 28,796	\$ 321,353	\$ 41,745

Capital Lease Information: The following summarizes future minimum lease payments under the capital leases, and the present values of net minimum lease payments for the Primary Government at December 31, 2004:

(Amounts in 000's)			
Year	Governmental Activities	Internal Service funds	
2005.....	\$ 3,742	\$ 132	
2006.....	3,728	107	
2007.....	3,756	107	
2008.....	3,796	94	
2009.....	3,824	78	
2010-2014.....	14,032		
2015-2019.....	5,272		
2020-2024.....	73		
2025-2029.....	58		
Total Minimum Lease Payments.....	38,281	518	
Amount Representing Interest.....	(13,181)	(55)	
Present Value of Net Minimum Lease Payments.....	\$ 25,100	\$ 463	

COUNTY OF CUYAHOGA, OHIO
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The following summarizes future minimum payments and the present values of net minimum lease payments for the Component Unit's equipment capital leases and loan obligation at December 31, 2004:

Year	(Amounts in 000's)	
	Equipment and Loan Obligation	
2005.....	\$	920
2006.....		786
2007.....		785
2008.....		7
2009.....		7
2010-2014.....		33
2015-2019.....		26
Total Minimum Lease Payments.....		<u>2,564</u>
Amount Representing Interest.....		<u>(179)</u>
Present Value of Net Minimum Lease Payments.....	\$	<u><u>2,385</u></u>

As of December 31, 2004, the net book value of the capital assets recorded as capital leases in the governmental activities funds and Component Unit were \$46.8 million and \$9.2 million, respectively.

Future Debt Service Requirements: A summary of the County's future debt service requirements for its outstanding long-term bonds, notes, installment purchase agreement and loans payable at December 31, 2004 are as follows:

Due In	(Amounts in 000's)			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005.....	\$ 22,875	\$ 23,126	\$ 6,476	\$ 227
2006.....	22,915	21,467	546	213
2007.....	25,566	17,355	555	199
2008.....	21,828	21,091	575	184
2009.....	22,701	20,194	591	167
2010-2014.....	94,202	81,385	2,729	553
2015-2019.....	93,140	34,747	1,377	153
2020-2024.....	63,875	8,838	80	5
2025-2029.....	800	174		
2030.....	140	7		
Totals.....	<u>\$ 368,042</u>	<u>\$ 228,384</u>	<u>\$ 12,929</u>	<u>\$ 1,701</u>

In May 2003 the County Commissioners authorized by resolution a loan in the amount of \$10 million from the Ohio Department of Transportation (ODOT). The money is provided through the state infrastructure bank fund, which are federal funds, to be used to improve a road and reconstruct a bridge. The loan will carry a 0% interest rate for the first 12 months and a 3% rate thereafter, through 2013. The County pledges its motor vehicle license tax as the source of repayment. The County has not received any of this funding through 2004, therefore, a liability has not been recorded. State Issue II and ODOT monies are used first for this project and when funding is exhausted the loan will be exercised for this purpose.

In January 2005, the County Commissioners authorized by resolution a loan in the amount of \$2.6 million from the Federal National Mortgage Association (Fannie Mae) on a taxable basis and in turn, loaning the funds received from Fannie Mae to private developers for the purpose of constructing housing projects. As security for repayment of the borrowing, the County will pledge loan repayments from the private developers, non-tax revenues and provide collateral in the form of cash or a letter of credit equal to 25% of the principal amount of the borrowing. Borrowing must be repaid in full within three to five years with periodic principal and interest payments to be made during the term of the borrowing. The County has not received nor loaned any of this funding through the date of this audit.

COUNTY OF CUYAHOGA, OHIO
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At December 31, 2004, the bonded debt service requirements of the Component Unit are as follows:

Due In	(Amounts in 000's)	
	Principal	Interest
2005.....	\$ 5,460	\$ 9,888
2006.....	5,700	9,646
2007.....	5,985	9,386
2008.....	6,270	9,118
2009.....	6,575	8,821
2010-2014.....	38,405	38,852
2015-2019.....	49,320	28,470
2020-2024.....	37,475	17,822
2025-2029.....	49,325	6,786
2030-2033.....	6,335	
Total.....	210,850	\$ 138,789
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....	(7,092)	
Unamortized discount.....	(1,728)	
Present value of net minimum payments.....	\$ 202,030	

Component Unit Swap Agreement: The Component Unit entered into various interest rate swap agreements with a total outstanding notional amount of \$142 million. The Hospital pays a rate equal to the Bond Market Association Municipal Index (the BMA SWAP Index), an index of seven-day high-grade tax-exempt variable rate demand obligations or a fixed rate of 1.5% or 3.5%. In return, the Hospital receives a fixed rate of 5.4% or a rate based on the BMA SWAP Index or 75% of the London Interbank Offered Rate (LIBOR). The interest rate swap arrangement with an effective date of March 2003 and a notional amount of \$30.5 million includes an option whereby the counterparty can terminate the transaction. The net interest savings for 2004 was \$1.5 million and is included as a reduction to interest expense. At December 31, 2004, the fair value of the swap agreements based on current settlement prices is \$1.4 million due from the counterparty and is included in other assets. The decrease of \$2.1 million in the fair value of the net swap assets during 2004 is recorded as unrestricted investment earnings in the statement of activities. Only the net difference is exchanged with the counterparty and the notional amount is not exchanged.

Long-Term Bonds: All long-term general obligation bonded debt of the Primary Government is retired from the Debt Service fund, except bonds payable from Enterprise funds which will be paid from cash flows generated by these funds. General obligation bonds are secured by the County's ability to levy a voted or unvoted property tax within limitations of Ohio law. Self-supporting bonds, except revenue bonds, are secured by an unvoted property tax levy; however, each bond indenture provides for principal and interest to also be paid from user charges. The revenue bonds are secured by non-tax revenue of the County.

Under the Uniform Bond Act of the Ohio Revised Code, the County has the capacity to issue approximately \$88.1 million of additional unvoted general obligation debt.

Accrued Wages and Benefits: County employees become eligible to receive one-fourth of their accumulated unpaid sick leave upon retirement after a minimum of ten years of service. Certain agencies may have policies that vary with regard to payment of accrued sick leave upon retirement. Termination of employment must be by retirement to receive accumulated unpaid sick leave. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Vacation time may not be accumulated for more than three years. Unused vacation time is payable upon termination of employment. In general, employees are eligible to be paid for unpaid overtime and unused compensatory time upon termination of employment. All sick, vacation, compensatory and overtime payments are made at the employee's current wage rate. Balances for compensated absences are kept at various department levels, therefore, the data is only combined annually for reporting purposes. Since data for increases and decreases in compensated absences is not available, amounts are estimated based on sample data.

COUNTY OF CUYAHOGA, OHIO
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Payments for compensated absences are made from the following major funds: The General fund, Human Services, County Board of Mental Retardation, Health and Community Services and the following non-major funds: Motor Vehicle Gas Tax, Community Development and Other.

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$24.4 million liability recorded in the statement of net assets (Governmental Activities) at December 31, 2004 was based were as follows:

Governmental Activities	Hours	Amount (in 000's)
Sick.....	27,143	\$ 526
Vacation.....	1,146,019	22,212
Overtime.....	86,494	1,677
Total.....	<u>1,259,656</u>	<u>\$ 24,415</u>

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$.4 million liability recorded in the statement of net assets (Business-type Activities) at December 31, 2004 was based were as follows:

Business-type Activities	Hours	Amount (in 000's)
Sick.....	524	\$ 10
Vacation.....	19,727	365
Overtime.....	1,417	26
Total.....	<u>21,668</u>	<u>\$ 401</u>

Special Termination Benefits: In May 2001, the Board of County Commissioners authorized the purchase of additional service credit (equal to 20% of accumulated service time up to a maximum of 5 years) under OPERS (see Note G) for certain employees close to retirement as an incentive to retire early. The Early Retirement Incentive Program (ERIP) was approved for participating departments and agencies of the County by agreement with the County Commissioners. Eligible employees had until June 30, 2002 to elect to participate in the program. As of June 30, 2002, 1,127 employees had accepted the program resulting in a total cost of \$101.3 million payable to OPERS. In addition, the County Board of Mental Retardation (CBMR) adopted a plan in 1999 which allows for participation by eligible CBMR employees in OPERS and STRS. Payments for purchased credit were paid in full prior to an employees participation before 2002. In 2002, CBMR chose to make payments on a quarterly basis for OPERS and annual basis for STRS. The activity related to the CBMR ERIP is included with the governmental activities amounting to \$1.2 million. This cost and the related obligation allocated to the County's funds and Governmental Activities are as follows:

	(Amounts in 000's)	
Governmental Activities.....	\$	86,458
Internal Service Funds.....		13,556
Business-type Activities.....		2,496
Total.....	\$	<u>102,510</u>

Payments for special termination benefits are made from the following major funds: The General fund, Human Services, County Board of Mental Retardation, Health and Community Services and the following non-major funds: Motor Vehicle Gas Tax, and Other.

Payments are made to OPERS in quarterly installments over the life of the purchased service credit. The following summarizes the future payment requirements to fund the cost of the special termination benefits for the employees who had elected to participate in the plan at December 31, 2004:

COUNTY OF CUYAHOGA, OHIO
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Year	Governmental Activities	Business-type Activities
2005.....	\$ 23,293	\$ 592
2006.....	18,274	467
2007.....	2,568	88
Total Termination Benefit Payments.....	44,135	1,147
Amount Representing Interest.....	(3,641)	(97)
Net Amount.....	\$ 40,494	\$ 1,050

Advance Refunding of General Obligation Bonds: On March 19, 1993, the County issued general obligation bonds amounting to \$140.7 million with interest rates ranging from 2.2% to 5.25%. The issues consisted of voted and unvoted refunding debt as well as new voted debt. The unvoted refunding debt amounted to \$75.4 million, the voted refunding debt amounted to \$49.4 million and the additional voted debt amounted to \$15.9 million. The refunding debt proceeds were used to advance refund outstanding debt of \$115.6 million which consisted of \$49.6 million and \$66 million of voted and unvoted debt, respectively. The County advance refunded the bonds to reduce its total debt service payments over the next 20 years by \$1.5 million and \$2.9 million on voted and unvoted debt, respectively, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.2 million and \$2.2 million on voted and unvoted debt, respectively. The aggregate amount of the defeased General Obligation Bonds outstanding at December 31, 2004 is \$24.7 million. The remaining proceeds from the issuance were used to fund various capital projects.

The County issued \$74 million of General Obligation (limited tax) Refunding Bonds dated April 21, 2005 to advance refund a portion of the County's \$35.1 million General Obligation (limited tax) Various Purpose Improvement Bonds, Series 1995, and advance refund a portion of the County's \$96.6 million General Obligation (limited tax) Capital Improvement Bonds, Series 2000. The proceeds of the Series 2005 Refunding Bonds were used to advance refund \$13.3 million of the Series 1995 bonds that are callable in November 2005 and \$60.1 million of the Series 2000 bonds that are callable in December 2011. The non-callable portion of the refunded bonds, which total \$26.8 million, remained outstanding at the time the Series 2005 Refunding Bonds were issued. The County advance refunded the bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3.1 million.

Current Refunding of Revenue Bonds: In February 2004, the outstanding portion of the \$40 million variable rate issue for the Taxable Economic Development Revenue Bonds Series 2004B (Gateway Arena Project) was refunded and replaced with refunding bonds. The original issue was split into two series, a \$10.75 million Series 2004A fixed rate bond and a \$19.2 million Series 2004B variable rate bond. The decision to fix only a portion of the refunded issue was made to provide some diversity to the County's debt portfolio. Leaving a large portion of the issue with a variable rate enabled the county to potentially realize increased interest savings as long-term rates continue to exhibit historically low trends. The Series 2004B variable rate bonds will bear interest initially at the rate determined under the Bond Purchase Agreement between the County and the Underwriters and thereafter at the weekly rate determined by the Remarketing Agent for each weekly interest period.

The outstanding portion of the Brownfield Economic Development Revenue Bonds was refunded in February 2004 as part of the County's debt refinancing strategy. The original issue was refunded and replaced with a \$12.88 million Series 2004C issue. The average weighted rate of the new Brownfield Refunding issue is expected to be 4.57% over the remaining life of the bonds. Refunding at the lower rate will result in a 30% savings in interest costs related to this issue.

Advance Refunding of Component Unit Bonds: Effective February 1, 1997, the County issued \$70 million of Hospital Improvement and Refunding Revenue Bonds Series 1997. The proceeds of the Series 1997 Bonds were used to advance refund \$20.9 million of Series 1989 Bonds scheduled to mature on February 15, 2007; to advance refund \$2.4 million, \$2.6 million and \$2.7 million of the Series 1989 Bonds stated to mature on February 15, 1999, February 15, 2000 and February 15, 2001, respectively; to finance the construction of various improvements and additions to the MetroHealth Medical Center; and to pay costs of issuance of the Series 1997 Bonds.

Effective November 1, 1997, the County issued \$77.5 million of Hospital Refunding Revenue Bonds, Series 1997A. The proceeds of the Series 1997A Bonds were used to advance refund \$73.7 million of Series 1989 Bonds

COUNTY OF CUYAHOGA, OHIO

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scheduled to mature on February 15, 2019. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9.8 million. This unamortized difference (\$7.1 million at December 31, 2004) is reported in the accompanying financial statements as a deduction from long-term debt and is being charged to operations through the year 2019 using the effective interest method.

Effective September 1, 1999, the County issued \$57 million of Hospital Improvement Revenue Bonds, Series 1999 (The MetroHealth System Project) (Series 1999 Bonds). The proceeds of the Series 1999 Bonds are being used to finance the construction of a 150-bed long-term care facility and acquire, construct, renovate, equip and improve operating rooms and other hospital facilities.

Effective March 13, 2003, the County issued \$30.5 million of Hospital Improvement Variable Rate Demand Revenue Bonds, Series 2003 (The MetroHealth System Project) (Series 2003 Bonds). The proceeds of the Series 2003 Bonds are being used to pay costs of constructing and equipping an administrative building and the Critical Care Pavilion. The bonds bear interest at a variable rate (not to exceed 10%) determined weekly as established by the Remarketing Agent based on current market values for similar bond offerings and are due at various dates until 2033. The rate at December 31, 2004 was 2.04%.

In connection with the issuance of the Series 2003 Bonds, the Hospital entered into a Reimbursement Agreement with a bank. Under the terms of the Reimbursement Agreement, the Hospital entered into an Irrevocable Letter of Credit (Letter of Credit) issued by a local bank that expires on March 22, 2008. Under the terms of the Letter of Credit, the Trustee will be entitled to draw amounts necessary to make principal and interest payments. The Letter of Credit is subject to various financial covenants.

Other Financial Obligations

Operating Leases: During the year 2004, the County had approximately 81 operating leases for office space and equipment. At December 31, 2004, there were 40 remaining with future obligations. The operating lease agreements range in length from one month to ten years. Total rental payments for 2004 amounted to \$5.1 million, of which \$.9 million was expended from proprietary funds. Rental obligations for the years 2005 through 2009 are \$8.8 million of which \$2.9 million represents the amount to be paid from proprietary funds. Rental payments for the years 2005, 2006, 2007, 2008 and 2009 will be \$3.1 million, \$2.6 million, \$1.6 million \$1.1 million, and \$.4 million respectively. Operating lease payments are recorded as an expenditure in the period to which they apply.

The Hospital has entered into operating lease agreements for a parking facility, medical space and office space which expire through 2020. Certain leases contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Rent expense totaled \$1.5 million in 2004. Minimum rental commitments under operating leases extending beyond one year at December 31, 2004 are as follows: 2005 - \$1.1 million; 2006 - \$1 million; 2007 - \$1 million; 2008 - \$1 million; 2009 - \$.9 million; 2010-2014 - \$3.7 million; 2015-2019 - \$2 million; 2020 - \$.1 million.

Gateway Loan Guarantees: The County currently guarantees the repayment of \$32.9 million of bonded debt of Gateway. This amount represents the outstanding par amount of bonds of two issues, the original outstanding amount of which was \$38.4 million of Subordinate Excise Tax Revenue Bonds and \$31 million of Stadium Revenue Bonds. As of December 31, 2004, the outstanding balance on these Gateway bond guarantees, including future interest payments, was \$6.7 million on the Subordinate Excise Tax Revenue Bonds (payable through September 1, 2005), and \$33.6 million on the Stadium Revenue Bonds payable through September 15, 2014). The County has not been required to make any payments on behalf of the Gateway bonds. In April 2004, Gateway refinanced the Subordinate Excise Tax Revenue Bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds.

Conduit Debt Obligations: Periodically, the County has issued Industrial Development, Hospital Revenue and Mortgage Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial and hospital facilities deemed to be in the public interest. These bonds are secured by the property financed and are payable solely from payment received on the underlying mortgage loans. The bonds do not constitute a debt or pledge of the full faith and credit of the County and, therefore, are not reported in the financial statements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

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DECEMBER 31, 2004

As of December 31, 2004, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were approximately \$274 million, \$2.1 billion and \$235.3 million, respectively.

NOTE G - Pension and Retirement Plans and Other Post-employment Benefits

Primary Government

OPERS PLAN DESCRIPTION: All full-time employees of the County, except teachers employed by the County Board of Mental Retardation, participate in the Ohio Public Employees Retirement System (OPERS). Employee retirement benefits are available for substantially all employees under three separate retirement plans administered by the OPERS. The plans are the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution pension plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and post-retirement healthcare benefits, to the Traditional and Combined Plan members however, healthcare benefits are not statutorily guaranteed. Participants in the Member-Directed Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefits to the OPERS Board of Trustees. OPERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

OPERS FUNDING POLICY: The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5% of covered payroll, except for law enforcement employees. In January 2001, House Bill 416 divided the OPERS law enforcement program into two separate divisions with separate employee contribution rates and benefits as follows: (1) The law enforcement classification which consists of sheriffs and deputy sheriffs with an employee contribution rate of 10.1% and (2) all other members of the law enforcement program who were placed in a newly named public safety division and are required to contribute 9%. The employer contribution rate is 13.55% of covered payroll, except for law enforcement which is 16.7%. The total employer contributions from the County to OPERS (excluding amounts paid in 2004, 2003 and 2002 for ERIP – See Note F) for the years 2004, 2003, and 2002 were \$49 million, \$34.4 million, and \$47.9 million, respectively, equal to the required contributions for each year. In 2003, OPERS offered to change its billing cycle from quarterly to monthly in exchange for a deferral of the 2nd quarter of 2003 employer contributions. The County agreed to participate and deferred paying its April 2003, May 2003 and June 2003 employer charges until December 2004, December 2005 and December 2006, respectively. The deferral amounts to \$3.4 million for April 2003, \$5.2 million for May 2003 and \$3.4 million for June 2003.

OPEB BENEFITS PROVIDED THROUGH OPERS: In addition to the pension benefits described previously, OPERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The portion of the employer contribution rate used to fund postretirement health care for both 2004 and 2003 was 4% and 5%, respectively, of covered payroll. During 2004 and 2003, \$14.4 million and \$12.6 million, respectively, of the County's total contribution to OPERS was used for postretirement benefits. At December 31, 2004, the County was not responsible for paying premiums, contributions, or claims for OPEB under OPERS for any retirees, terminated employees or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions based on the latest actuarial review performed as of December 31, 2003 were as follows:

Funding Method: The entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

COUNTY OF CUYAHOGA, OHIO

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Assets Valuation Method: All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return: The investment return assumption for 2003 was 8%.

Active Employee Total Payroll: An annual increase of 4%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from .5% to 6.3%.

Health Care: Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

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 skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of services at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow 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.

At December 31, 2004, there were 369,885 active participants contributing to the plan. The County's actuarially required OPEB contribution for 2003 equaled the actual amount contributed to OPERS by the County. In addition, at December 31, 2003, the actuarial value of the plan's net assets available for OPEB approximated \$10.5 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were \$26.9 billion and \$16.4 billion, respectively.

STRS OHIO PLAN DESCRIPTION: Teachers employed by the County Board of Mental Retardation (CBMR) participate in the State Teachers Retirement System of Ohio (STRS Ohio). STRS Ohio is a cost-sharing multiple-employer retirement plan. Employee benefits are available under three separate retirement plans administered by STRS Ohio. The plans are the defined benefit plan, the defined contribution plan and a combined plan, which allows member contributions to be allocated by members and employer contributions to be used to fund a defined benefit payment. STRS Ohio provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 3307 of the Ohio Revised Code assigns the authority to establish and amend benefits to the STRS Ohio Board of Trustees. STRS Ohio issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

STRS OHIO FUNDING POLICY: The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees were required to contribute 10% of covered payroll. The employer contribution rate is 14% of annual covered payroll. The employer contributions from the County Board of Mental Retardation to STRS Ohio for the years 2004, 2003 and 2002 were \$ 1.8 million, \$1.9 million, and \$2 million and, respectively, equal to the required contributions for each year.

OPEB: STRS Ohio also provides OPEB to plan members. The qualifications required to receive benefits replicate OPERS. STRS Ohio has established a Health Care Stabilization Fund to accumulate monies for OPEB. The portion of the employer contribution rate allocated to the Health Care Stabilization Fund was 1% of covered payroll. The County's contributions for OPEB for the years 2004 and 2003 were \$.1 million and \$.1 million, respectively, equal to the required contributions for each year.

The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004 (latest information available). For the year ended June 30, 2004, the net health care costs paid by STRS Ohio were \$268.7 million and there were 111,853 eligible recipients.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

Component Unit

Retirement and OPEB benefits for Hospital employees are provided through OPERS in the same manner as employees of the County's primary government. The Hospital's total contributions to OPERS for the years 2004, 2003 and 2002 were \$38 million, \$36.4 million and \$34.6 million, respectively, equal to the required contributions for each year. The portion of the Hospital's total contribution to OPERS which was used to fund OPEB for the years 2004 and 2003 was \$11 million and \$13.4 million, respectively.

NOTE H - Deficit Balances

At December 31, 2004, the Central Custodial Services, Maintenance Garage and Communications funds had net assets deficits of \$3.9 million, \$.1 million and \$.3 million, respectively. The Central Custodial Services, Maintenance Garage and Communications funds are Internal Service funds. The deficits will be eliminated through adjustment of the related fee schedules and subsidies as necessary.

NOTE I - Fund Equity

Reserves and Designations: The County segregates fund balances using two different account categories; reserved and designated. Two general types of reserved fund balance accounts are used. The first type indicates the portion of fund balance which is legally segregated for a specific future use. The second type indicates the portion of fund balance which does not represent available, spendable resources and is, therefore, not eligible to fund current year expenditures. Designations indicate the portion of the unreserved fund balance which management has earmarked for a specific future use. Designations are not legal segregations.

Reserve accounts used by the County include:

Reserved for Restricted Assets: This account represents the portion of the General fund's equity that includes certificates of deposit that support the County's Housing Enhancement Loan Program (H.E.L.P.) and the unspent proceeds of the County's Brownfield Economic Redevelopment bonds. At December 31, 2004, the balance in this account was \$27.4 million of which \$20 million represents the fund equity related to the certificates of deposit and \$7.4 million represents the fund equity related to the Brownfield Redevelopment bond proceeds.

Reserved for Loans Receivable: This account is used to separate the portion of fund equity that pertains to long-term loans receivable and is not available for current expenditure. At December 31, 2004, \$19.1 million has been reserved for loan repayments.

Reserved for Debt Service: This account is used to separate the portion of fund equity that must be used to fund principal and interest on Gateway Economic Development Revenue Bonds in the succeeding year as well as the equity balance in the Debt Service fund. At December 31, 2004, \$19 million has been reserved for debt service.

Designation accounts used by the County include:

Designated for Self-Insurance: This account is used to designate resources which management has earmarked to fund any claims or judgments against the County which are not covered by insurance. At December 31, 2004, \$2 million has been designated for self-insurance.

Designated for Proprietary Funds: This account is used to designate resources which management has earmarked to retire outstanding Enterprise and Internal Service funds' deficits. At December 31, 2004, \$4.3 million has been designated for future Internal Service funds' subsidies.

**COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2004

NOTE J - Risk Management and Other Contingencies

Primary Government

Litigation and Claims: There are certain pending and threatened lawsuits and other claims against the County. The County's management, after consultation with the County Prosecutor, is of the opinion that the potential uninsured claims against the County are not material to the County's combined financial statements.

Contingencies Under Grant Programs: The County participates in a number of Federal and State assisted grant programs. These programs are subject to financial and compliance audits by grantors or their representatives. The County believes that disallowed claims, if any, will not have a material adverse effect on the County's financial position.

Self-Insurance: The County has designated \$2 million of the fund balance of the General fund, pursuant to Ohio law, to provide monies for claims and judgements not covered by the various County insurance policies. Settled claims from risks covered by the County's insurance policies have not exceeded the insurance coverage for the past three fiscal years. Actual expenditures for claims and judgements against the County in 2004 and estimates for unsettled claims at December 31, 2004, including those incurred but not reported, were immaterial. The County is also self-insured with respect to unemployment and workers' compensation benefits. Self-insurance expenditures were immaterial for unemployment compensation in 2004. The County is self-insured with respect to its prescription drug plan. At December 31, 2004 the County's liability for claims was immaterial. Since 1992, the County has maintained an Internal Service fund for its self-insured workers' compensation benefits administered through a retrospective rating plan with the State of Ohio. Prior to 1992, the County was fully insured for workers' compensation benefits. The County uses a payroll-based rate to charge its various funds for workers' compensation benefits. These charges are contributed into the Self-Funded Workers' Compensation fund and are based on estimates needed to pay current claims and establish a reserve for claims incurred but not reported. Changes to the estimated claims payable recorded in the Self-Funded Workers' Compensation fund during the years ended December 31, 2004 and 2003 were:

Estimated Claims Payable	(Amounts in 000's)	
	2004	2003
Estimated claims payable beginning of year.....	\$ 18,766	\$ 17,654
Plus: Current year claims and changes in estimates	1,292	4,176
Less: Claim payments.....	<u>2,795</u>	<u>3,064</u>
Estimated claims payable end of year	<u>\$ 17,263</u>	<u>\$ 18,766</u>

Component Unit

Self-Insurance: The Hospital is self-insured for professional and patient care third party liability and workers' compensation benefits. For the professional and patient care liability, professional insurance consultants have been retained to determine funding requirements. Amounts funded for professional and patient care have been placed in an irrevocable, self-insurance trust account, which is being administered by a trustee.

COUNTY OF CUYAHOGA, OHIO
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Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The reserve for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The changes in the reserve were as follows during the years ended December 31, 2004 and 2003:

Estimated Claims Payable	(Amounts in 000's)	
	2004	2003
Estimated claims payable beginning of year.....	\$ 41,735	\$ 36,667
Plus: Current year claims and changes in estimates	18,059	13,419
Less: Claim payments.....	<u>14,020</u>	<u>8,351</u>
Estimated claims payable end of year	\$ <u>45,774</u>	\$ <u>41,735</u>
Due within one year	\$ <u>21,925</u>	\$ <u>19,954</u>

NOTE K - Encumbrances

Encumbrance accounting is employed in all County funds during the normal course of operations for purchase orders and contract-related expenditures/expenses. Encumbrances outstanding at year-end are closed to unreserved fund balance/retained earnings and are re-encumbered at the beginning of the succeeding year.

At December 31, 2004, encumbrances outstanding in Governmental funds and Proprietary funds which were reappropriated in the 2005 budget were:

Fund Type	(Amounts in 000's)
General fund	\$ 27,204
Human Services fund	27,682
County Board of Mental Retardation fund.....	12,366
Health and Community Services fund.....	30,796
Other Governmental funds	92,151
Sanitary Engineer fund	1,017
Other Enterprise funds.....	780
Internal Service funds	<u>10,120</u>
Total	\$ <u>202,116</u>

On a GAAP basis, a portion of these encumbrances represented liabilities of the County. At December 31, 2004, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)
General fund.....	\$ 3,034
Human Services fund	3,682
County Board of Mental Retardation fund.....	3,058
Health and Community Services fund.....	8,525
Other Governmental funds	7,692
Sanitary Engineer fund	74
Other Enterprise funds.....	379
Internal Service funds	<u>1,168</u>
Total	\$ <u>27,612</u>

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE L - Property Tax Revenues

Property taxes include amounts levied against real, tangible (used in business) and public utility property. The assessed value upon which the 2004 tax collection was based follows:

Property Type	(Amounts in 000's)
Real property	\$ 26,839,357
Personal tangible property	2,508,313
Tangible public utility property	<u>957,362</u>
Total assessed value	\$ <u>30,305,032</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the County levies 1.45 mills of the first 10 mills of assessed value of which .64 is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 12.07 voted mills have been levied for debt service, mental retardation, health and human services and health and welfare. A summary of voted millage follows:

Purpose	Voter Authorized Rate ⁽¹⁾	Rates Levied for Current Year Collection ⁽²⁾		Final Collection Year
		Agricultural/ Residential	Commercial/ Industrial	
Debt service	\$.27	\$.27	\$.27	2013
Mental retardation	3.90	3.16	3.40	2005
Health and human services ⁽³⁾	3.00	1.65	2.13	2004
Health and welfare	<u>4.90</u>	<u>4.46</u>	<u>4.79</u>	2008
Total voted millage	\$ <u>12.07</u>	\$ <u>9.54</u>	\$ <u>10.59</u>	

(1) In mills per \$1,000 of assessed valuation.
(2) Ohio law provides for a credit to certain voted levies to offset inflation in the value of real property. The mental retardation, health and human services and health and welfare levies are subject to this credit.
(3) A three year renewal levy was approved March 2004 to be collected in 2005 through 2007.

Real property taxes are levied each December on the assessed values as of the preceding January 1st, the lien date. Assessed values are established the preceding year by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in 2003. Public utility property taxes are assessed on tangible personal property, as well as land and land improvements at true value, which is, in general, net book value. Tangible property is assessed at 25% of true value except for inventories which are assessed at 23% of average value. Personal property (other than public utility property) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date.

The County Treasurer bills and collects property taxes on behalf of all taxing districts in Cuyahoga County including the County. Taxes are payable semi-annually. The County's practice is to extend the statutory due dates to January and July. Unpaid taxes become delinquent after December 31 of the year they are due. Foreclosure proceedings may be initiated by the County Prosecutor if delinquent taxes are not paid within one year.

The County Auditor periodically remits portions of the taxes collected to all taxing districts. The final settlements of real and public utility property taxes are made in June and November and tangible taxes in July and December for the first and second halves of the year, respectively.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

Property taxes receivable represent outstanding current and delinquent taxes which are measurable as of December 31. Property taxes receivable are levied to finance operations of the following year and, therefore, are also recorded as deferred revenue. Property taxes are recognized as revenue in the year for which they are levied.

Property tax revenues were recorded in the following funds in 2004:

Governmental Funds	(Amounts in 000's)
General.....	\$ 21,146
Health and Human Services Levies.....	170,467
County Board of Mental Retardation.....	86,420
Health and Community Services.....	13,399
Other Governmental	<u>23,740</u>
Total property tax revenues	\$ <u>315,172</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2004 for Cuyahoga County was \$32 million.

The delinquent property taxes described above do not include certain receivables that have been sold to a third party. Since 1998, the County has sold, on a nonrecourse basis, certain qualifying, delinquent real estate tax receivables, along with the related liens, to a third party in exchange for discounted cash payments that approximates the penalty and interest on the receivable. Some older delinquencies are sold at a deeper discount. In connection with the sale of the receivables, the third party obtained the right to foreclose on the related properties, as well as charge interest and certain fees on the delinquent amounts. The cash payments received by the County were credited to the County's Undivided Tax Agency fund and distributed to the various taxing districts within the County (including the County) in the same manner as if the delinquent receivables had been collected directly from the taxpayers.

**COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2004

NOTE M – Other Intergovernmental Revenue

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2004 follows:

Fund Type	(Amounts in 000's)
General fund:	
State Public Defender reimbursement	\$ 4,781
State property tax reimbursement	3,514
Other	<u>1,864</u>
Total General fund	<u>10,159</u>
Special Revenue funds:	
U.S. Department of Housing and Urban Development	20,642
U.S. Department of Justice	5,839
U.S. Department of Labor	51
U.S. Department of Education	1,340
U.S. Department of Homeland Security	3,818
U.S. Department of Health and Human Services	6,629
Federal and State Mental Health and Retardation	184,242
Ohio Department of Alcohol and Drug Addiction Services	26,352
Ohio Department of Job and Family Services	320,336
Ohio Department of Rehabilitation and Corrections	3,942
Ohio Department of Transportation	577
Ohio Department of Youth Services	5,511
State property tax reimbursement	23,448
Other	<u>8,663</u>
Total Special Revenue funds	<u>611,390</u>
Debt Service fund:	
State property tax reimbursement	<u>3,855</u>
Capital Projects fund:	
Ohio Department of Transportation	16,200
Other	<u>4,144</u>
Total Capital Projects fund	<u>20,344</u>
Total Other Intergovernmental	\$ <u>645,748</u>

NOTE N - Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds which are classified as transfers. Transfers are interfund transactions that do not represent loans, reimbursements or quasi-external transactions. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; reclassification or prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed

Transfers are recorded as other financing sources (uses) in Governmental funds and as nonoperating revenues (expenses) in Proprietary funds.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

A summary of interfund transfers by fund type follows for the year ended December 31, 2004:

Fund Type	(Amounts in 000's)										Total
	Transfer To										
Transfer From	General	Human Services	Health and Human Services Levies	County Board of Mental Retardation	Health and Community Services	Other Governmental Funds	Sanitary Engineer	Other Enterprise Funds	Internal Service Funds		
Transfers:											
Major Governmental Funds:											
General Fund	\$	\$ 12,238	\$ 70	\$	\$ 20,709	\$ 26,376	\$ 999	\$ 2,201	\$ 455	\$ 63,048	
Human Services						210				210	
Health and Human Services Levies		34,912			76,497					111,409	
Health and Community Services	325	956								4,599	
Other Governmental Funds	282	27		551	512	3,318				6,702	
Other Enterprise Funds						5,266			64	389	
Internal Services Funds						389				2,039	
Total Transfers	\$ 607	\$ 48,133	\$ 70	\$ 551	\$ 97,718	\$ 37,598	\$ 999	\$ 2,201	\$ 519	\$ 188,396	

NOTE O - Transactions with Gateway

In 1990, the County, the city of Cleveland and Gateway Economic Development Corporation of Greater Cleveland (Gateway) entered into a three party agreement which authorized Gateway to construct, own and provide for the operation of a sports facility which included a baseball stadium, an arena and a joint development site. Gateway was incorporated on May 31, 1990 and is a not-for-profit corporation legally separate from any other entity.

The County and Gateway also entered into a revolving loan agreement whereby the County agreed to issue bonds and loan the bond proceeds to Gateway to pay arena construction costs. As part of this agreement, the County issued taxable Economic Development Revenue Bonds of \$75 million on September 24, 1992 and \$45 million on February 1, 1994. At December 31, 2004, the County has \$98 million of debt outstanding relating to these bond issues (See Note F).

In February 2004, the County refinanced the 1992 variable rate Gateway Economic Development Bonds (See Note F). In April 2004, Gateway refinanced the Subordinate Excise Tax Revenue Bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds.

The amount due from Gateway under the revolving loan agreement is \$193.8 million at December 31, 2004, including unpaid accrued interest. During 2004, Gateway repaid the County over \$3.8 million and the remaining amount is fully reserved due to the uncertainty of the repayment from Gateway.

The County, Gateway and the Convention and Visitors Bureau of Greater Cleveland (the Bureau) entered into a cooperative agreement on September 15, 1992, which included a provision that allowed a credit to be given to Gateway for the incremental amount the Bureau receives from the County Transient Occupancy Tax to use as payment to the County for the bonds issued. This agreement was amended on December 22, 1998 to redefine the annual incremental credit and to provide for the deposit by the Bureau for the years 1994 through 1998. The County received \$1 million from this agreement during the year ended December 31, 1999. The County will receive \$.2 million during each subsequent year, subject to certain adjustments. The County received \$.2 million for the year ended December 31, 2004.

The County has also guaranteed the repayment of certain bonds issued by Gateway. See Note F for the details of the County's guarantee.

During 2004, Gateway completed negotiations on its stadium leases with the owners of the Cleveland Indians and the Cleveland Cavaliers. The new agreements free the organization from covering minor repairs and routine maintenance. Gateway's \$4.9 million annual expenses will be divided by the teams. Gateway agreed to give up \$1 million annually in naming rights from the Indians until 2016. The Cavaliers will no longer hold Gateway responsible for \$9.5 million of capital repairs which the Cavaliers paid and offset against previous rent payments.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

Although the County believes that the revenue sources that secure the repayment of the revenue bonds the County has guaranteed will be adequate to provide for the future debt service requirements under the bonds, if Gateway was to become insolvent, the impact on the County's future financial condition and operations cannot presently be determined because of uncertainties regarding the amount of Gateway's future cash needs and the extent (if any) of the County's funding of such needs.

NOTE P – Loans

Loans receivable represent economic development and property rehabilitation loans outstanding under the Federal Community Development Block Grant (CDBG) and various other grant and development programs. The loans are either non-interest bearing or have below market interest rates and are made to qualifying citizens and businesses for rehabilitation of real property within the County. The loans are secured by mortgages against the individual properties and generally have various repayment terms which may extend over several years.

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education:</i>			
Food Distribution	10.550	N/A	\$ 8,070
Total			<u>8,070</u>
National School Lunch Program	10.555	IRN66563	122,060
National School Lunch Program	10.555	IRN66563	159,358
National School Lunch Program	10.555	IRN66597	149,645
Total Child Nutrition Cluster			<u>431,063</u>
Total U.S. Department of Agriculture			<u>439,133</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education:</i>			
CCBMR Title VI-B School Age Grant	84.027	0665636B-SF-04	243,380
CCBMR Title VI-B School Age Grant	84.027	0665636B-SF-05	287,726
Total			<u>531,106</u>
CCBMR Title VI-B Preschool Grant	84.173	066563PG-S1-2003P	49,857
CCBMR Title VI-B Preschool Grant	84.173	066563PG-S1-2004	26,781
CCBMR Title VI-B Preschool Grant	84.173	066563PG-S1-2005	61,989
Total			<u>138,627</u>
Total Special Education Cluster			<u>669,733</u>
CCBMR Title V Innovative Education	84.298	066563-C2-S1-2004	2,912
Total			<u>672,645</u>
OFFICE FOR REHABILITATIVE SERVICES			
<i>Passed Through the Ohio Department of Rehabilitation Services Commission:</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Title I	4,621
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Title I	4,905
Total			<u>9,526</u>
OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY EDUCATION			
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Drug Free Schools	84.186	None	360,000
Total U.S. Department of Education			<u>1,042,171</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF ENERGY			
<i>Passed Through the Ohio Department of Development:</i>			
Home Weatherization Assistance Program	81.042	D-04-109	246,475
Home Weatherization Assistance Program	81.042	H-02-109	(11)
Home Weatherization Assistance Program	81.042	D-03-109	91,131
Total			<u>337,595</u>
Ethanol Tank Project-East 18th St. Building	81.119	N/A	<u>29,993</u>
Total U.S. Department of Energy			<u>367,588</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct Programs:</i>			
EPA Brownfield's Fund	66.817	EPA-500-F-03-078	<u>2,693</u>
<i>Passed Through the Ohio Environmental Protection Agency</i>			
Brownfield's Revolving Loan Fund	66.818	BP-98574401-2	<u>30,801</u>
Total U.S. Environmental Protection Agency			<u>33,494</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Programs:</i>			
Project Tapestry	93.104	1-U79-SM56055-01	<u>439,286</u>
Ryan White HIV / AIDS Grantee / Admin	93.914	5H89HA00045-07	286,226
Ryan White HIV Emergency Relief Project 01/02	93.914	2H89HA00045-06	36,894
HIV Emergency Relief P.C. Support 03/04	93.914	5H89HA00045-08	1,293,876
HIV Emergency Relief P.C. Support 04/05	93.914	2H89HA00045-09	2,051,594
Total			<u>3,668,590</u>
Girls Empowered	93.230	1 H79 TI13505-01	665,272
Strengthening Communities-Youth Project	93.230	6-U79-TI-13322-01-1	131,356
Comprehensive Care Juvenile Justice 2003	93.230	6-U79-TI-13322-01-1	584,093
Public Defender SCY Grant	93.230	5-U79-TI-13322-02	4,609
Total			<u>1,385,330</u>
<i>Passed Through the Ohio Department of Health:</i>			
HIV Emergency/Planning Support Council	93.917	18-1-002-1BV-04	<u>18,566</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Department of Alcohol and Addiction Services:</i>			
Ohio Second Chance	93.230	99-06771-00-OSCP-T-02-0269	78,040
Ohio Second Chance	93.230	99-06771-00-OSCP-T-04-0328	165,172
Ohio Second Chance	93.230	99-06771-00-OSCP-T-04-0455	183,384
Total			<u>426,596</u>
SAMHSA Adult Treatment Drug Court Project	93.243	TI 14109	9,276
Adult Drug Court	93.243	1 H79 TI14109-01	135,836
Total			<u>145,112</u>
<i>Passed Through the Ohio Department of Development:</i>			
Home Energy Assistance Program	93.568	H-99-109	2,934
Home Energy Assistance Program	93.568	H-04-109	550,155
Home Energy Assistance Program	93.568	H-03-109	194,983
Total			<u>748,072</u>
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Health Block Grant	93.959	N/A	6,343,280
UMADOP	93.959	N/A	446,757
Women's 15%	93.959	N/A	1,533,259
Yment	93.959	N/A	77,002
TASC	93.959	N/A	100,000
Community Prevention	93.959	N/A	135,000
Higher Education	93.959	N/A	12,500
Project Safe	93.959	N/A	114,262
Drug Free Community Coalition	93.959	N/A	84,892
Treatment Alternative to Street Crime FY '04	93.959	18-02962-00-TASC-T-04-9196	405,948
Treatment Alternative to Street Crime FY '05	93.959	18-02962-00-TASC-T-05-9196	364,994
Total			<u>9,617,894</u>
Medicaid Assistance Program - Title XIX	93.778	N/A	6,381,543
Total			<u>15,999,437</u>
<i>Passed Through the Ohio Department of Mental Health Services:</i>			
Community Mental Health Services Block Grant	93.958	MH12	774,918
Social Services Block Grant - Title XX	93.667	MH12	1,169,469
Medicaid Assistance Program - Title XIX	93.778	N/A	48,098,670
Total			<u>50,043,057</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Services Block Grant - Title XX	93.667	MR-18-01	<u>1,139,946</u>
Medicaid Assistance Program - Title XIX	93.778	N/A	24,700,264
Medicaid Assistance Program - Waiver Administration	93.778	N/A	<u>375,716</u>
Total			<u>25,075,980</u>
Total			<u>26,215,926</u>
Total U.S. Department of Health & Human Services			<u>99,089,972</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through the Ohio Department of Public Safety:</i>			
Emergency Management	97.042	34-6000.817	<u>150,420</u>
<i>Passed Through the Ohio Department of Emergency Management Assistance:</i>			
Homeland Security Grant Part I	97.004	2003-TE-TX-0199	304,226
Homeland Security Grant Part II	97.004	2003-MUP-30015	1,506,473
Homeland Security Grant Part II	97.004	2003-MU-T3-0015	24,022
Homeland Security Equipment Fund	97.004	2003-TE-TX-0199	106,212
Homeland Security Equipment Fund	97.004	2004-TE-TX-0199	832
Domestic Preparedness Program-County Radio Inst	97.004	2001-TE-CX-0016	3,550
Domestic Preparedness Program-Equipment Purchase	97.004	2002-TE-CX-0049	102,814
Domestic Preparedness Program-First Respond	97.004	2002-TE-CX-0106	349,307
Domestic Preparedness Program-Exercise Program	97.004	2002-TE-CX-0106	10,712
State Homeland Security Program	97.004	2004-GE-T4-0025	<u>14,724</u>
Total			<u>2,422,872</u>
FEMA FY02 Planning Grant	83.562	EMC-2003-GR-7026	<u>22,999</u>
Community Emergency Response Team Grant	97.054	EMC-2003-GR-7066	<u>37,374</u>
Urban Area Security Initiative (URSI)	97.008	2003-EU-T3-0012	<u>193,119</u>
Total U.S. Department of Homeland Security			<u>2,826,784</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Programs:</i>			
CDBG - Entitlement	14.218	N/A	<u>2,211,770</u>
Total CDBG - Entitlement and (HUD - Administered)			2,211,770
Small Cities Cluster			
Emergency Shelter Grants Program	14.231	N/A	122,511
Supportive Housing Program	14.235	N/A	2,818,288
Shelter Plus Care Program	14.238	N/A	7,593,492
CDBG Home Investment Partnership Program	14.239	N/A	6,397,235
HUD Section 108	14.246	N/A	792,110
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	<u>1,274,430</u>
Total U.S. Department of Housing and Urban Development			<u>21,209,836</u>
U.S. DEPARTMENT OF INTERIOR			
<i>Passed Through the Ohio & Erie Canal Association:</i>			
CPC-Cuyahoga Valley Initiative	15.AAA	N/A	<u>13,500</u>
Total U.S. Department of Interior			<u>13,500</u>
U.S. DEPARTMENT OF JUSTICE			
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY			
PREVENTION - JUVENILE JUSTICE AND DELINQUENCY			
PREVENTION - ALLOCATION TO THE STATES			
<i>Passed Through the Office of Criminal Justice Services:</i>			
Female Aftercare Project 2003	16.523	02-JB-011-A118	2,760
Female Aftercare Project 2004	16.523	03-JB-011-A118	31,142
Community Youth Sanction Program	16.523	03-JB-011-A124	835
JAIBG Administration II	16.523	2004-JB-RPU-0324	10,307
Juvenile Accountability Incentive Block Grant - 2003	16.523	2002-JB-RPU-0700	346,205
Juvenile Accountability Incentive Block Grant - 2004	16.523	2002-JB-ADM-0324	<u>531,315</u>
Total			922,564
<i>Juvenile Justice and Delinquency Prevention:</i>			
JUV Justice & Delinquency Title II	16.540	2002-JJ-RPU-0795	83,321
JJDP Block Grant FY2002	16.540	2002-JJ-RPU-0795	51,859
JJDP Block Grant FY2003	16.540	2003-JJ-RPU-0795	155,026
2002 Cuyahoga JJ Administration	16.540	2002-JJ-ADM-0320	1,879
2003 Cuyahoga JJ Administration	16.540	2003-JJ-ADM-0320	<u>5,456</u>
Total			297,541
Internet Crimes	16.542	2000MCCX-K016	<u>117,286</u>
Total			<u>1,337,391</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
OFFICE OF JUSTICE PROGRAMS - DRUG CONTROL AND SYSTEM IMPROVEMENT ACT			
<i>Passed Through the Office of Criminal Justice Services:</i>			
Edward Byrne Memorial Admin FY2002	16.579	2002-DG-ADM-7431	18,240
Edward Byrne Memorial Admin FY2003	16.579	2003-DG-ADM-7431	51,157
Youth Violence Therapy FY'01	16.579	2000-DG-FO2-7429	(1,195)
Youth Violence Therapy FY'02	16.579	2002-DG-CO2-7429	1,644
Youth Violence Therapy FY'00	16.579	1999-DG-FO2-7429	(406)
Community Based Prosecution - 2002	16.579	2000-PP-CX-0030	9,756
Victim Restitution Program	16.579	2002-DG-D-B-017	4,027
Victim Restitution Program	16.579	2003-DG-D-B-017	33,723
Teen & Elders Safe Together	16.579	2002-DG-B-B-022	1,664
Teen & Elders Safe Together	16.579	2003-DG-B-B-022	26,562
DV Survivors Project 2003	16.579	2002-DG-DO2-7426	161
Byrne Computer Upgrade	16.579	2002-DG-GO1-5043	8,503
Psychological Counseling	16.579	2002-DG-D-B-010	4,717
Psychological Counseling	16.579	2003-DG-D-B-010	4,172
Evidence Collection Training FY2003	16.579	2002-DG-E01-B005	216
Evidence Collection Training FY2004	16.579	2003-DG-E01-B005	4,799
Straight Release Overflow Unit FY2003	16.579	2002-DG-CB-006	4,432
Straight Release Overflow Unit FY2004	16.579	2003-DG-CB-006	48,242
FY2002 Narcotics Control Grant	16.579	2002-DG-RPU-0727	379,102
FY2003 Narcotics Control Grant	16.579	2003-DG-RPU-0737	466,681
Aggression Control Program 2002	16.579	2001-DG-CO2-7467	5,714
Trace Evidence Study - Byrne 2003	16.579	2002-DG-BOR-7411	41
Cognitive Education Project FY99	16.579	1998-DG-GO2-7400	23
Proware Enhancement Grant	16.579	2003-DG-G-B-040	32,550
GRAD	16.579	2003-DG-G-B-038	25,294
Competency Research	16.579	2003-DG-G-B-035	2,536
JA-CJS-Byrne	16.579	2003-DG-F-B-026	16,004
DV Tracking/Control FY2000	16.579	2000-DG-F02-7469	(23)
Juvenile Court Advocate Byrne - 2003	16.579	2002-DG-D-B-0007	5,014
Juvenile Court Advocate Byrne - 2004	16.579	2003-DG-D-B-0007	30,382
Pub Defender Info Systems Upgrade	16.579	2002-DG-G01-5043	23,365
Pub Defender Info Systems Upgrade	16.579	2003-DG-G-B037	23,976
Criminal Conduct Aftercare	16.579	2002-DG-C01-B013	(8,938)
Youth Intervention/Prevention Network	16.579	2003-DG-G-B-033	15,797
Total			<u>1,237,932</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
VAWA Coordinated Rape Crisis Center	16.588	1998-WF-VA5-8676	22,508
Violence Against Women Act	16.588	1996-WF-VA7-8673	(818)
Violence Against Women Act 98	16.588	1997-WF-VA7-8673	2,938
FY2003 VAWA Block Grant	16.588	2003-WF-RPU-0738	314,365
FY2002 VAWA Administration	16.588	2002-WF-ADM-8668	12,184
FY2003 VAWA Administration	16.588	2003-WF-ADM-8668	16,132
Total			<u>367,309</u>
Total of 16.579 & 16.588 Passed Through Office of Criminal Justice			<u>1,605,241</u>
OFFICE OF JUSTICE PROGRAMS - NATIONAL INSTITUTE OF JUSTICE			
<i>Passed Through the Office of Criminal Justice Services:</i>			
Training Toward Accreditation	16.560	2003-PC-NFS-7807A	<u>4,880</u>
OFFICE OF JUSTICE PROGRAMS			
<i>Passed Through the Ohio Attorney General's Office:</i>			
Felony Coordinator	16.575	1997-VAGENE-060	<u>307</u>
OFFICE OF JUSTICE PROGRAMS - OTHER			
<i>Direct Programs:</i>			
Gang Free Communities	16.544	2001-JD-FX-0002	<u>138,450</u>
Planning and Implementing Strategies in Community Prosecution	16.580	2000-PP-CX-0030	<u>47,556</u>
Gun Violence Prosecution	16.609	2003-GP-CX-0033	198,786
Media Outreach Community Engagement	16.609	2003-GP-CX-0010	63,750
Tri-County Juvenile Gun Violence	16.609	2003-GP-CX-0147	<u>101,414</u>
Total			363,950
<i>Passed Through the Ohio Department of Youth Services:</i>			
Truancy Prevention Title V	16.548	2002-JV-TSO-5112	<u>50,492</u>
<i>Passed Through the Office of Criminal Justice Services:</i>			
Standardizing Forensic Info 2004	16.580	2004-DG-G-B-030	1,882
Forensic Upgrades 2004	16.580	2004-DG-G-B-031	<u>16,500</u>
Total			18,382
RSAT Therapeutic Community 2003	16.593	2001-RS-SAT-120A	(6)
RSAT Therapeutic Community 2004	16.593	2002-RS-SAT-120A	136,982
RSAT Therapeutic Community 2005	16.593	2003-RS-SAT-120	<u>70,715</u>
Total			207,691
Violent Fugitive Task Force	16.609	2003-PS-PSN-315	23,686
Project Safe Neighborhood	16.609	2003-PS-PSN-310	<u>75,761</u>
Total			99,447

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Department of Rehab and Corrections:</i>			
C.O.R.E Going Home	16.202	2002-RE-CX-003	184,035
C.O.R.E BIP Project	16.202	04-CORE-0002	13,847
C.O.R.E TASC Project	16.202	04-CORE-0001	9,315
Total			<u>207,197</u>
Total U.S. Department of Justice			<u>4,080,984</u>
U.S. DEPARTMENT OF LABOR			
<i>Direct Programs:</i>			
Technology Training Network Program	17.249	AH-11081-01-60	135,545
Workforce Incentive Grant	17.266	WI-14194-04-60	6,256
Total			<u>141,801</u>
<i>Passed Through the Ohio Department of Youth Services:</i>			
Reed Act	17.225	G-04-15-0983	<u>7,798</u>
<i>Workforce Investment Act of 1998 Passed Through the Ohio Department of Job and Family Services:</i>			
WIA Administration	17.258	N/A	128,574
WIA Adult	17.258	N/A	699,826
Special Projects	17.258	N/A	15,983
Total			<u>844,383</u>
WIA Administration	17.259	N/A	225,183
WIA Youth	17.259	N/A	1,225,671
Special Projects	17.259	N/A	27,993
Workforce Training & Development	17.259	6000817	104
Total			<u>1,478,951</u>
WIA Administration	17.260	N/A	159,015
WIA Dislocated Worker	17.260	N/A	865,515
WIA Rapid Response	17.260	N/A	1,418,216
Special Projects - LTV	17.260	N/A	607,782
Dislocated Worker-Integrated Systems Tech	17.260	N/A	(7,500)
Special Projects	17.260	N/A	19,768
Total			<u>3,062,796</u>
Total WIA Cluster (17.258, 17.259, 17.260)			<u>5,386,130</u>
Total U.S. Department of Labor			<u>5,535,729</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Direct Program:</i>			
County Airport - Airport Improvement Program	20.106	3-39-0021-1201	166,300
<i>Passed Through the Ohio Department of Transportation:</i>			
ODOT - Denison-Harvard Bridge #83	20.205	G020428	55,107
ODOT - Detroit - Superior Bridge Intersection	20.205	EO33 (602)	2,144,306
ODOT - Falls Road	20.205	EO35 (988)	1,315,595
ODOT - Grant Avenue	20.205	G020471	132,494
ODOT - LPA/Hilliard Boulevard	20.205	E040 (428)	1,427,881
ODOT - LPA/Hillside Road	20.205	G010717	416,138
ODOT - LPA/Lee Road	20.205	G010 (127)	225,052
ODOT - LPA/Miles Road Bridges	20.205	G010671	241,954
ODOT - LPA/Pleasant Valley Road & Bridge No.58	20.205	G000 (382)	3,525,521
ODOT - LPA/Spafford Rd. Bridge	20.205	G020302	5,867
ODOT - LPA/Smith Road	20.205	G020250	960,770
ODOT - LPA/Stumph Road	20.205	G020105	449,635
ODOT - LPA/Warner Road	20.205	G020467	58,685
ODOT - LPA/Warrensville Center Road	20.205	G020098	655,326
ODOT - LPA/Wagar Road	20.205	F973 (125)	176,663
ODOT - West 140th Street	20.205	E034351	2,428,938
ODOT - West 150th Street	20.205	G020315	432,667
ODOT - LPA/West 117th Street	20.205	G000015	1,068,996
Total Highway Planning & Construction Cluster			<u>15,721,595</u>
<i>Passed Through the Ohio Environmental Protection Agency:</i>			
Hazardous Materials Preparation Training	20.703	HMEOH8016060	<u>9,263</u>
Total U.S. Department of Transportation			<u>15,897,158</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through the Ohio Secretary of State:</i>			
Voter Registration Grant	39.011	04-SOS-HAVA-18	<u>66,619</u>
Total U.S. Department of Treasury			<u>66,619</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 150,602,968</u>

(Concluded)

CUYAHOGA COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of the primary government of Cuyahoga County, Ohio, under programs financed by the U.S. government for the year ended December 31, 2004. The Schedule has been prepared using the cash basis of accounting. For purposes of the Schedule, federal awards include the following:

- Direct federal awards
- Pass-through funds received from non-federal organizations made under federally sponsored programs conducted by those organizations.

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 or Primary Grant Numbers are presented for those programs for which such numbers are available.

The County's basic financial statements include the operations of MetroHealth System, a discretely presented component unit, which expended \$8,570,278 in federal awards during the year ended December 31, 2004. These expenditures are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2004 because MetroHealth System had a separate audit performed in accordance with OMB Circular A-133.

2. LOANS RECEIVABLE

As shown in the table below, the County had loans receivable outstanding at December 31, 2004 under the Community Development Block Grant ("CDBG") Entitlement and Home Investment Partnership programs. All of the loans outstanding at December 31, 2004 pertained to federal awards received by the County, or program income associated with these awards, and provided as loans to eligible recipients in prior years. The loan balances detailed below were not included in federal expenditures presented in the accompanying Schedule because the provisions of the grant agreements pertaining to such loans do not require the repayment of the grant monies to the federal government. The loans outstanding at December 31, 2004 under federal grant programs were as follows:

Program Title	Federal CFDA No.	Loan Amounts Outstanding at December 31, 2004
CDBG—Entitlement and (HUD-Administered) Small Cities Cluster	14.218	\$ 11,151,834
CDBG Home Investment Partnership program	14.239	<u>7,063,355</u>
		<u>\$ 18,215,189</u>

3. SUBRECIPIENTS

Certain funds are passed through to subgrantee organizations by the County. Expenditures incurred by the subgrantees and reimbursed by the County are included in the accompanying Schedule.

CUYAHOGA COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2004

4. MEDICAID ASSISTANCE PROGRAM—TITLE XIX

The total amount expended by the County during 2004 under the Title XIX Medicaid Assistance Program (CFDA No. 93.778) is summarized as follows:

Passed Through From	Amount Expended
Ohio Department of Alcohol and Drug Addiction Services	\$ 6,381,543
Ohio Department of Mental Health Services	48,098,670
Ohio Department of Mental Retardation and Developmental Disabilities	<u>25,075,980</u>
Total	<u>\$ 79,556,193</u>

5. TITLE XX SOCIAL SERVICES BLOCK GRANT

The total amount expended by the County during 2004 under the Title XX Social Services Block Grant (CFDA No. 93.667) is summarized as follows:

Passed Through From	Amount Expended
Ohio Department of Mental Health Services	\$ 1,169,469
Ohio Department of Mental Retardation and Developmental Disabilities	<u>1,139,946</u>
Total	<u>\$ 2,309,415</u>

* * * * *

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

The Honorable County Auditor,
County Treasurer and the
Board of County Commissioners
Cuyahoga County, Ohio

We have audited the basic financial statements of Cuyahoga County, Ohio (the "County") as of and for the year ended December 31, 2004, and have issued our report thereon dated June 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the County in the accompanying Status of Prior Year Comments on Internal Control and Legal Compliance, Summary of Other Reports and in a separate letter dated June 8, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the County in the accompanying Status of Prior Year Comments on Internal Control and Legal Compliance, Summary of Other Reports, and in a separate letter dated June 8, 2005.

The comments and conclusions included in this report relate solely to the County's primary government (as defined by Government Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*). We understand that the comments and conclusions pertaining to the County's discretely presented component unit, MetroHealth System, regarding compliance and internal control over financial reporting have been separately communicated to you.

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

Deloitte & Touche LLP

June 8, 2005

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

The Honorable County Auditor,
County Treasurer and the
Board of County Commissioners
Cuyahoga County, Ohio

Compliance

We have audited the compliance of Cuyahoga County, Ohio (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of MetroHealth System, a discretely presented component unit, which expended \$8,570,278 in federal awards during the year ended December 31, 2004. These expenditures are not included in the County's Schedule of Expenditures of Federal Awards for the year ended December 31, 2004. Our audit, described below, did not include the operations of MetroHealth System because the component unit engaged us as auditors to perform an audit in accordance with OMB Circular A-133.

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

In our opinion, the County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the County 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 County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Deloitte & Touche LLP

June 8, 2005

CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2004

Summary of Auditors' Results

- Type of Report Issued on the Financial Statements as of and for the Year Ended December 31, 2004—Unqualified.
- Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements—N/A (none reported).
- Noncompliance noted that is Material to the Financial Statements—N/A (none reported).
- Reportable Conditions in Internal Control Over Major Federal Award Programs Disclosed by the Audit of the Financial Statements—N/A (none reported).
- Type of Report Issued on Compliance with Requirements Applicable to Major Federal Award Programs—Unqualified.
- The audit disclosed no findings which are required to be reported under Section .510(a) of OMB Circular A-133.
- Major Federal Award Programs Identified for the Year Ended December 31, 2004:
 - CFDA #93.778 Medicaid Assistance Program
 - CFDA #93.914 HIV Emergency Relief Project Grants
 - CFDA #14.238 Shelter Plus Care
- Dollar Threshold Used to Distinguish Between Type A and Type B Programs—\$3,000,000.
- The County was not considered to be a Low Risk Auditee as defined under OMB Circular A-133.

Findings Related to the Financial Statements that are Required to be Reported Under *Government Auditing Standards*:

None

Findings and Questioned Costs Related to Federal Awards that are Required to be Reported Under *Government Auditing Standards*:

None

CUYAHOGA COUNTY, OHIO

SUMMARY OF OTHER REPORTS

CUYAHOGA COUNTY MENTAL HEALTH BOARD PERFORMANCE AUDIT FINDINGS

During October 2002, the Auditor of the State of Ohio issued a report detailing the observations and recommendations resulting from its performance audit of the Cuyahoga County Mental Health Board (“CCMHB”). The principal findings resulting from the performance audit relating to internal control and legal compliance matters that were unresolved as of the 2002 Single Audit Report were as follows:

Development of Budgets/Tracking Expenditures

Observation—CCMHB does not develop budgets and track expenditures by division. As a result, divisions are not held fully accountable for their share of expenditures, which could negatively impact CCMHB’s financial condition. Additionally, CCMHB does not track and monitor actual expenditures by line item that could be partially attributed to its current accounting system. By budgeting by division and tracking expenditures by line item, CCMHB would appropriately control its operational finances and potentially maximize the amount of funding provided to consumers.

Auditor of State’s Recommended Corrective Action—CCMHB should develop budgets by division, and divisions should develop their budgets by adequately planning costs for each unit within the division. Budgets by division and unit should be monitored to ensure all areas at CCMHB are held fully accountable for expenditures. Furthermore, CCMHB should track and monitor actual division expenditures by line item. Doing so would allow CCMHB to adequately control expenditures, and determine how to address expenditures that are not being effectively controlled. Implementing a new accounting system could help the CCMHB develop and monitor budgets and actual expenditures by division and by line item.

Management’s Response—As noted by CCMHB in the prior year, CCMHB has taken proactive steps to implement the comments rendered.

As it relates to the divisional budgets, since the authoring of the findings CCMHB has reduced its staff size and has evaluated the cost effectiveness of divisional budgets. Prior to securing a financial management system (FMS), CCMHB explored the use of FAMIS as a vehicle to develop divisional budgeting. Due to the reductions in staff, the assessment rendered was that FAMIS was not the appropriate direction to accomplish this task. CCMHB opted to ensure that the FMS secured would provide flexibility in reaching divisional budgeting.

CCMHB was hopeful that with the development of the FY 2005 budget process the FMS would be in place and the CCMHB could begin divisional budgeting. However, this was not possible. CCMHB secured the FMS and anticipated full implementation of the Intuit/Fundware programming as of January 1, 2005 to ensure that all components were in place at the onset of the FY 2006 budget cycle. The implementation time table has been pushed back to July 1, 2005. The FMS has been designed to account for cost in a divisional format. From this format we are developing the budget formats to implement the divisional budget format as of July 1, 2005.

CUYAHOGA COUNTY, OHIO

SUMMARY OF OTHER REPORTS (CONTINUED)

Forecasting Beyond One Year

Observation—CCMHB has tracked annual funding by major source; however, funding is not forecasted beyond one year. Government Finance Officers Association (“GFOA”) recommends that government units at all levels forecast major funding and expenditures. The forecast should extend at least three years beyond the budget period and should be regularly monitored and periodically updated. By developing a forecast, as well as detailed accompanying assumptions, explanatory comments and the methodology used in deriving the financial estimates, CCMHB will provide a more comprehensive understanding of its anticipated financial condition.

Auditor of State’s Recommended Corrective Action—CCMHB should begin forecasting its funding and expenses beyond one year. CCMHB should develop at least a three-year financial forecast to ensure that the budgeting process incorporates CCMHB’s future financial needs and goals. Furthermore, CCMHB should analyze variances in forecasted to actual amounts before beginning the budget process to build on its understanding of why variances occurred and determine how to adjust the current year forecast to account for material variances.

Management’s Response—As noted by CCMHB in the prior year, CCMHB has taken proactive steps to implement the comments rendered.

CCMHB began to forecast its funding and expenses beyond a single year. This process has enabled CCMHB to determine its local funding support and the impact declines in all revenue sources and increases in expenditures are having on its ability to meet the needs of the community.

Also, with the implementation of the new FMS as of July 1, 2005, CCMHB will be able to improve this tracking mechanism to evaluate efficiencies of the system and provide reporting of all revenues and expenditures flowing into and out of the system and better assess the financial picture for future years.

Internal Accounting System

Observation—CCMHB does not have an effective and technologically up-to-date internal accounting system. As a result, CCMHB cannot easily track and monitor expenditures by line item. In addition, the lack of an effective accounting system precludes the Finance Unit from doing many functions easily, such as preparing financial reports and budgets, and analyzing costs. These processes need to be manually entered on various spreadsheet reports and analyzed for information. Manual data entry could lead to errors and to information being reported incorrectly, as well as requiring additional staff time to manually enter all of the required data.

Auditor of State’s Recommended Corrective Action—CCMHB should consider purchasing a new internal accounting system. However, prior to purchasing a new accounting system, the Finance Unit should fully evaluate benefits and costs of various systems and ensure that the new system will allow the Finance Unit to easily perform basic functions including tracking and monitoring expenditures by line item and by division. Implementing a new accounting system would allow the Finance Unit to function more efficiently and eliminate potential errors from the present system because data would not be manually transferred to spreadsheets.

CUYAHOGA COUNTY, OHIO

SUMMARY OF OTHER REPORTS (CONTINUED)

Management's Response—As noted by CCMHB in the prior year, CCMHB has taken proactive steps to implement the comments rendered.

CCMHB completed the process of selecting the vendor for the FMS. The vendor was selected and the Board of Governors and Chief Executive Officer approved the selection in July 2004. It was anticipated that the system would be functional as of October 2004. Due to timing of the acquisition and the vendor transferring ownership to another company this process was delayed.

CCMHB began defining its account structure to include all components of the above two findings as well as other internal needs that were addressed. CCMHB has completed the functional design stage of the FMS and initial training process. Dual systems will be running the last two weeks of June 2005 with a targeted implementation date of July 1, 2005.

In addition to the FMS system, CCMHB has upgraded its timekeeping system and also purchased an HR/payroll component of the FMS system to improve the monitoring and tracking of payroll related matters. The KRONOS timekeeping component is complete and CCMHB will evaluate how the payroll component of the FMS can provide added enhancements to this process in July 2005.

CUYAHOGA COUNTY DEPARTMENT OF WORKFORCE DEVELOPMENT WIA FINANCIAL MANAGEMENT REVIEW FINDINGS

During 2004, the Ohio Department of Job & Family Services ("ODJFS"), issued a report detailing the observations and recommendations resulting from its financial monitoring and technical assistance visit at the Cuyahoga County Department of Workforce Development ("CCDWD"). The significant finding resulting from the audit relating to internal control and legal compliance matters were as follows:

Financial Reporting, 29 CFR 97.20 (b) (2)

Observation—The CCDWD did not maintain internal accounting records to support the amounts reported on the ODJFS monthly financial report (2827) for two quarters tested. The amounts reported could not be verified by the documentation provided. The monthly reports containing incorrect obligations were not effectively reviewed.

Ohio Department of Job & Family Services Recommended Corrective Action—The CCDWD must verify that reported amounts match agency accounting balances prior to submission to ensure the County accurately reports their obligations.

Management's Response—The CCDWD will ensure that the total obligations, including those extending beyond a fiscal year, that are recorded in the books of account will match what is reported to ODJFS.

CUYAHOGA COUNTY, OHIO

SUMMARY OF OTHER REPORTS (CONCLUDED)

Individual Training Accounts, 20 CFR 663.320 (b), WIA 134 (d) (2) (K)

Observation—The CCDWD did not maintain adequate files of the training services provided to participants. Many files did not provide evidence of application for Pell Grants as required. There was inconsistent use of classroom attendance sheets for Individual Training Accounts (“ITA”) clients. Gaps existed in progress reports within the files. Certificates of completion were not consistently included in the files, and follow-up with participants was not documented.

Ohio Department of Job & Family Services Recommended Corrective Action—The CCDWD must institute a review procedure so all necessary information is present within participant files. Maintaining complete files will provide a complete record and trail for tracing a participant’s status and history.

Management’s Response—The CCDWD has conducted mandated training for all employed case managers as well as contracted staff. Part of the training curriculum related to sound file management practices, as well as WIA policies. The result will be consistent file management practices.

Internal Controls, 29 CFR 97.20 (b)(3)

Observation—The CCDWD cash receipts system allows one person to collect the funds, prepare receipts, make deposits, and record deposits into the accounting records. This lack of segregation of duties can lead to instances of undetected loss of funds.

Ohio Department of Job & Family Services Recommended Corrective Action—The CCDWD must separate the custody and recording duties of all receivables within the business unit.

Management’s Response—The CCDWD rarely receives cash. In the event cash is collected, the Business Service Manager will collect the money and issue a receipt. Cash will then be given to CCDWD’s Fiscal Office who will make the deposit and record the deposit.

Grant Revenue & Cash Receipts, 29 CFR 97.20 (b)(3)

Observation—The CCDWD’s present control structure does not include a cash receipts log. The lack of a physical log of all cash and cash equivalents exposes the department to instances of undetected loss of funds.

Ohio Department of Job & Family Services Recommended Corrective Action—The CCDWD must create a cash log completed by an individual not associated with the preparation of receipts, depositing, or entry of deposits into the accounting system.

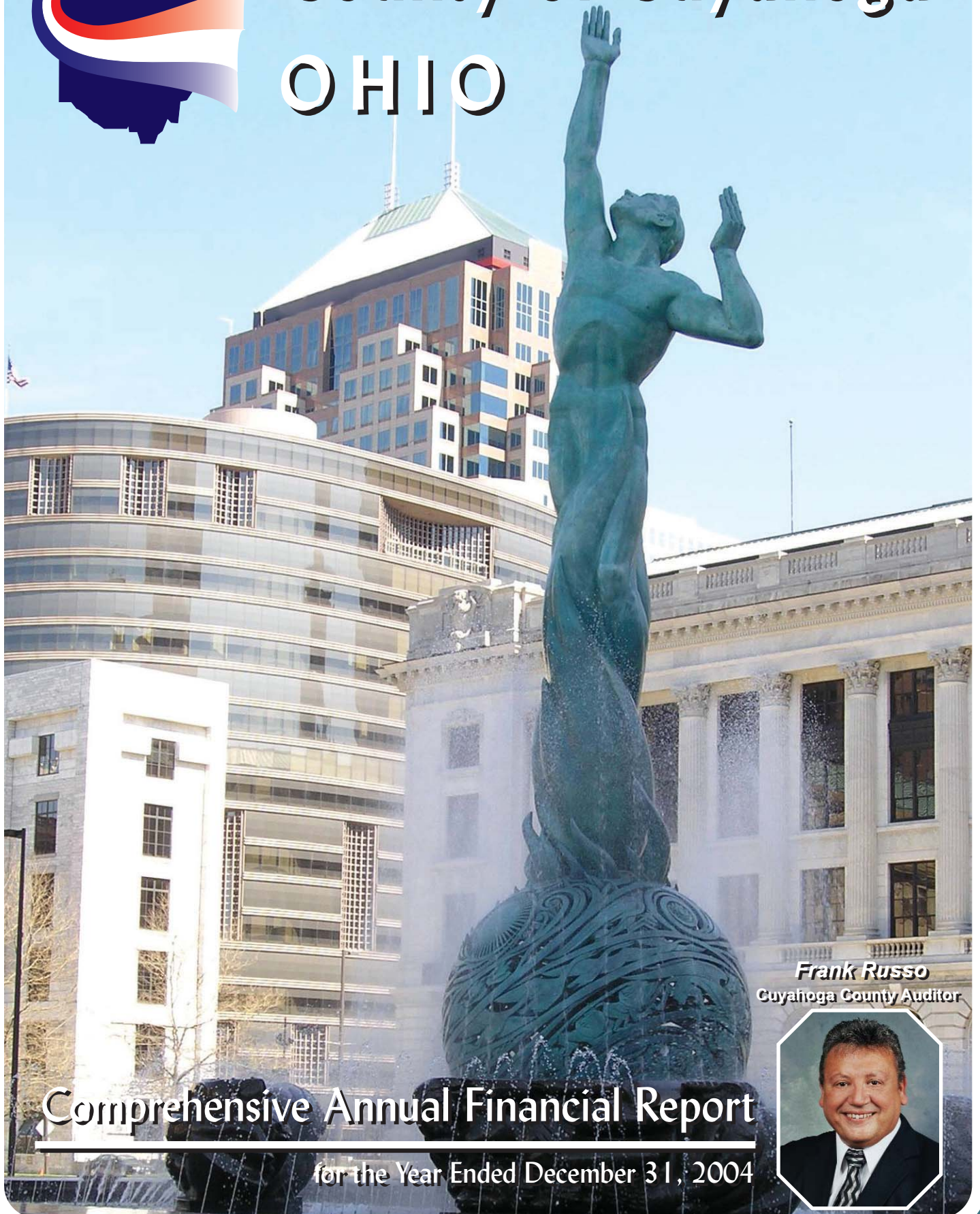
Management’s Response—The CCDWD has created a cash receipts log as requested. The log identifies not only cash that was received, but also checks.

* * * * *



County of Cuyahoga

OHIO



Frank Russo
Cuyahoga County Auditor



Comprehensive Annual Financial Report

for the Year Ended December 31, 2004

COUNTY OF CUYAHOGA,
OHIO

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2004**



FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

Prepared by:

Steven C. Letsky, CPA
Director of Accounting

Cheryl A. Arslanian, CPA
Manager-Financial Reporting

**COUNTY OF CUYAHOGA, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2004**

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**COUNTY OF CUYAHOGA, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2004**

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FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

June 8, 2005

The Citizens of the County of Cuyahoga

We are pleased to present the 2004 Comprehensive Annual Financial Report of the County of Cuyahoga. This report provides a full and complete disclosure of the financial position and operations of the County for the year ended December 31, 2004. My office believes that the data herein is accurate in all respects and that all disclosures necessary to enable the reader to gain a maximum understanding of the County's financial affairs have been included.

Preparation of this report represents a renewed commitment to the prudent financial management of Cuyahoga County. The annual report provides Cuyahoga County's elected officials and managers with accurate and reliable financial information for making important decisions affecting the quality and level of service provided to residents of the County.

We are proud that Cuyahoga County has received the Certificate of Achievement for Excellence in Financial Reporting 20 times from the Government Finance Officers Association. Attainment of this prestigious award is an annual goal of our office.

I thank Steven C. Letsky, Director of Accounting, and his staff for their efforts in this endeavor.

Respectfully submitted,

Frank Russo
Cuyahoga County Auditor



FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

June 8, 2005

Honorable Frank Russo
Cuyahoga County Auditor

Honorable Jimmy Dimora
Honorable Tim Hagan
Honorable Peter Lawson Jones
Cuyahoga County Commissioners

Honorable James Rokakis
Cuyahoga County Treasurer

We are pleased to present the Comprehensive Annual Financial Report of the County of Cuyahoga for the year ended December 31, 2004. This report contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the County. The responsibility for the accuracy of all data presented, its completeness and fairness of presentation rests with the County Auditor's Office (specifically the Financial Reporting Section), the Board of County Commissioners and the County Treasurer's Office.

This is the twenty-second consecutive year that the County has issued a Comprehensive Annual Financial Report (CAFR). This report, which is prepared in accordance with accounting principles generally accepted in the United States of America, is indicative of the commitment by County management to provide quality financial information to the citizens of the County and all other interested parties.

The CAFR is organized in three sections: The Introductory Section, the Financial Section and the Statistical Section. The Introductory Section contains a table of contents, letters of transmittal, the Certificate of Achievement for Excellence in Financial Reporting for 2003, a list of elected officials and an organization chart. The financial section includes the independent auditors' report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, supplementary information and various other statements and schedules pertaining to the County's funds and activities. The Statistical Section provides selected financial, economic and demographic information, which may be used to indicate trends for comparative fiscal periods.

REPORTING ENTITY

The County of Cuyahoga is a political subdivision of the State of Ohio. It encompasses 59 municipalities, villages and townships, of which Cleveland is the largest. The County includes 459 square miles and has an estimated population of 1,351,009 making it the 27th largest county in the United States. The County provides general governmental services to its citizens including: Social services including drug and alcohol abuse programs and programs for the mentally retarded, health and community assistance related services, civil and criminal justice system services, road and bridge maintenance and other general administrative support services. The County operates several enterprise activities including a sewer system, an airport, a parking garage and a crime

information system. The County also operates a hospital, which is presented in the financial statements as a Discretely Presented Component Unit.

For financial reporting purposes, the entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the County's Basic Financial Statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either the County's ability to impose its will over the component unit or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the County.

ECONOMIC OUTLOOK

Recent economic news has not been encouraging but 2004 did see some positive developments. Hotels experienced a decrease in vacancy rate. The overall hotel occupancy rate for Greater Cleveland was 57.1% in 2004 versus 54.6% in 2003. The occupancy rate increased for the second year in a row and room rates rose for the first time since 2000. The vacancy rate for office and industrial real estate decreased in 2004. The downtown vacancy rate dropped from 21.9% to 20.6%. It appears as if the steep rise in vacancy rates that started in 2000 with the economic downturn has peaked. However, some of the Class A office towers, where vacancies averaged 18%, are looking for tenants. Vacancy rates at retail establishments are at 7.8%, which is the lowest level in three years and compares favorably to the 8.4% vacancy rate at the beginning of 2004. Vacancy rates for retail establishments peaked at 10% in 2003.

Despite the economic downturn, MBNA Corp., the credit card company, constructed a 190,000 square foot building at its current complex. The building is four stories and houses 900 employees. Its former three building complex that housed 2,200 people was nearing capacity. It is estimated the building cost \$25 million. Zoning variances, necessary to allow the project to proceed, were approved in March 2003 and construction was completed in 2004.

The Rock and Roll Hall of Fame and Museum, which opened in 1995, is proposing a new library and archives as the centerpiece of an expansion which would connect the Rock Hall to the Great Lakes Science Center. The 40,000 square foot expansion would include public spaces, classrooms, a restaurant and a multipurpose area. The original area slated to house a library was taken over by the special events, marketing and accounting departments. Groundbreaking dates have not been determined, nor have costs. The New York based Rock and Roll Hall of Fame Foundation, which oversees the museum in conjunction with the Cleveland Board, has raised unspecified funds for the library and archives. Additional funding is expected to be both private and public with the hall likely to seek state monies. The goal is to not incur additional debt. In order to alleviate pressure on the operating budget, the Cleveland-Cuyahoga County Port Authority refinanced the remainder of \$39 million in bonds issued in 1993 which helped pay for the construction of the museum. The refinancing freed up at least \$224,000 per year. Proceeds from a 1.5% county bed tax, corporate sponsorships and a 3% admission surcharge were pledged to repay the original bonds. If the admission surcharge failed to generate \$224,000 toward repayment of the bonds, the museum was responsible for making up the difference from its operating fund. The bed tax is currently generating enough money to cover the annual debt service. Also, corporate sponsorship was not heavily pursued because proceeds would be earmarked for the bond reserve fund. The Rock Hall is trying to change its image to become more of a destination and less of a symbol. One change being proposed is for the enshrinement to be held at the Rock Hall at least every 5 years. The Rock Hall is set to open a new home away from home facility in Phoenix, Arizona in 2006. The city will provide another location for traveling exhibits. The "on tour" site will occupy a two level 14,000 square foot building in downtown Phoenix. The Rock Hall's partners in Phoenix are paying the \$1.5 to \$2 million cost. Construction is set to begin July 1. The Rock Hall is also pursuing an "on tour" outlet in Memphis, Tennessee.

The Civic Vision 2000 and Beyond report, a comprehensive plan that will serve as a blueprint for transforming downtown Cleveland in the 21st century, was completed in 1998. The Steering Committee, consisting of over 20 community leaders, met over 15 months starting in December 1996. The report calls for spending upwards of \$2.7 billion in public and private funds over 10 years on 5 initiatives of major importance: (1) Dramatically change the lakefront; (2) Develop a new and competitive downtown convention center; (3) Restore and beautify Euclid Avenue; (4) Double the number of downtown residents; and (5) Develop attractive and user-friendly systems of connectivity. In addition, the Steering Committee recommended supporting the Greater Cleveland Growth Association (now the Greater Cleveland Partnership) task force review of Northeast Ohio's required air service needs, improving the Cleveland public schools and building inter-relationships with adjoining neighborhoods. Most of the Euclid Avenue projects are under construction. Civic Vision's goal is 3,000 new housing units with 1,200 having already been added and 7,000 new downtown hotel rooms with 617 currently in place. The Old Arcade linking Euclid and Superior avenues reopened May 2001 with a new Hyatt Hotel and retail stores. One proposal being considered for the lakefront is the shifting of the shoreway, a main freeway connecting downtown with the east and west side of the County, which runs along Lake Erie. Parts of the shoreway would become a tree-lined boulevard and an eight mile lakefront bike path would be created. It is felt this proposal would facilitate development along the lakeshore. Highlights of such a project would include 500 acres of new public space, 5 new marinas, 7,400 new housing units, 2.5 million square feet of office space, 1.4 million square feet of new commercial space and 9.2 miles of lakefront. The project could cost over \$1 billion and the funding source has not been identified.

A new Convention Facilities Authority (CFA) was appointed by the Board of County Commissioners (4 members), the Mayor of the city of Cleveland (4 members) and the Cuyahoga County Mayors and Managers Association (3 members). The authority will determine location, size, financing and operations of a new convention center. The authority must decide whether to rebuild the existing facility or construct a new one. There are two sites under consideration. A state of the art convention center could cost over \$450 million. Funding will also have to be addressed.

The expansion of Cleveland Hopkins International Airport has been debated and disputed for over 10 years. The cities of Cleveland and Brook Park have disagreed on the direction of the expansion and whether the I-X Center, an exposition hall, needs to be demolished in order to accommodate future airport runway expansion. In 1999, the city of Cleveland paid \$66.5 million for the I-X Center and Brook Park filed suit in Probate Court to acquire the I-X Center by eminent domain. The cities of Cleveland and Brook Park ended their long dispute concerning the Airport and the I-X Center in February 2001. Under the settlement, the city of Cleveland received the I-X Center and 90 acres of neighboring land. The I-X Center will continue to remain open for trade shows until a third runway is needed in 15 years. The city of Brook Park received the NASA Glenn Research Center and two tracts of land, one 11 acres and the other 34 acres and will receive one-half of the revenues of the Emerald Corporate Park, a Cleveland industrial park north of the airport. Cleveland will purchase up to 300 homes in Brook Park to make way for the new runway. While the dispute continued, a second runway was planned with a third to follow later. Cleveland received the necessary permits to begin the second runway in 2001 and it was completed in 2002 at a cost of \$50 million. In 2004, Cleveland completed expansion of the new runway extending it 2,000 feet making it 9,000 feet in total. The expanded runway will allow Hopkins to handle more takeoffs and landings in a shorter amount of time. The new runway expansion is the first major airfield expansion at Hopkins in more than 50 years. The cost of \$450 million was funded by bonds, which will be repaid by airport revenue and secured grants from the Federal Aviation Administration. Hopkins can now accommodate 525,000 takeoffs and landings a year instead of the previous 368,000.

Tyco International Ltd. (formerly Scott Technologies Inc. and Figgie International Incorporated) agreed in 1989 to relocate its headquarters from Richmond, Virginia to an area known as Chagrin Highlands on land owned by the city of Cleveland. The development on 650 acres will include a 3.5 million square foot office complex and 250,000 square feet of retail space as well as 1,000 hotel rooms. Developers expect six hotels with one 300 room full service inn and the rest in the 80 to 120

room range to be constructed. The project is expected to take 15 to 20 years to complete and will provide 16,000 to 20,000 permanent jobs when completed, generating \$44 million yearly in income taxes among five communities and \$8 million in income taxes from construction jobs over the project life. Ground was broken in June 1998 on the \$14 million four story 112,000 square foot office building and was completed in Fall 1999. Tyco occupies 15,000 square feet of the multi-tenant building which is 83% leased. University Hospitals Health System constructed a 100,000 square foot, four story technology advanced outpatient specialty medical center in the Chagrin Highlands at an estimated cost of \$29.2 million which opened in February 2001. The project also includes a four story 114,000 square foot office building, an Extended Stay America hotel and a restaurant. A complex of 3 restaurants with a total of 810 seats has been proposed for the project. A 300 unit Marriott hotel is being constructed in the Chagrin Highlands office and mixed-use development. Construction began during 2004 and will be completed by summer 2005. The full service hotel will include 14,000 square feet of meeting space, a 7,500 square foot ballroom that will accommodate 700 people and boardrooms.

The Greater Cleveland Regional Transit Authority (RTA) proposed a scaled down version of an earlier rejected transportation system now called the Euclid Corridor Improvement Project. The Euclid Corridor Improvement Project consists of a dedicated electric trolley bus line between Tower City and University Circle and would relocate 3 stations and renovate 3 others to be completed in 2008. The Federal government previously approved \$13 million to enable RTA to move ahead on the \$168.4 million bus-rapid transit line. RTA obtained almost 50% of the funding from the Federal government. The remainder of the project will be funded by \$50 million from the Ohio Department of Transportation, \$17.6 million from RTA, \$10 million from the Northeast Ohio Area-wide Coordinating Agency and \$8 million from the city of Cleveland. Construction began in late 2004. In addition to the actual Euclid Corridor project, there is related street work which will cost an estimated \$21.4 million and which will be done simultaneously.

A downturn in the economy and competition from imported steel led LTV Corporation to shut down its west-side steel making and rolling operations and reduce employment by 900. The steelmaker was forced to operate under Chapter 11 bankruptcy. Management originally decided to shut down operations and liquidate the assets. Through a concerted effort by some employees, elected officials and community leaders, a bankruptcy judge agreed to allow its sale. The plant was sold in 2002 to International Steel Group (ISG) and currently is back in operation. During first quarter 2003 and for the first time since 1994, 155,000 tons of steel left the port of Cleveland for Europe. In addition, ISG agreed to buy the operations of Weirton Steel Corporation out of U.S. Bankruptcy Court for \$255 million. The judge overseeing the Weirton bankruptcy approved the sale in 2004. The acquisition gives ISG the most steel making capacity in the United States. Weirton produces approximately 25% of the tin plate produced in the United States. In addition, ISG reopened a Cleveland west-side steel plant that was previously closed. ISG spent \$10 million to restart the basic oxygen furnace and continuous caster in May 2004 and hired 140 employees. The restart will have a ripple effect on businesses that support the mill such as mechanics and electrical suppliers. It will also mean more business for the port of Cleveland. In October 2004, a deal was reached between ISG, ISPAT International and LNM Holdings to merge their operations into the world's largest steel firm, Mittal Steel.

In October 2003 Northeast Ohio's first outdoor lifestyle center opened. The shopping center is known as Legacy Village. The center cost \$115 million and took two years to complete. An estimated 2,000 full-time jobs were created. The complex has more than 70 tenants and consists of a mix of upscale home stores, restaurants, clothing stores and specialty shops. The center has a "main street" appearance. In order to adjust to the northeast Ohio climate, electrical wiring was placed beneath the pavement and bricks to heat the sidewalks and melt the ice and snow. Legacy Village opened with 92% of its space having been leased. In November 2004 another lifestyle center on the west side of Cleveland called Crocker Park opened some of its retail operations. Crocker Park is a pedestrian oriented, neo-traditional, mixed-use planned unit development on 75 acres. It consists of 600,000 square feet of retail, 40,000 square feet of restaurants, 225,000 square

feet of office and 900,000 square feet of residential space consisting of loft apartments, townhouses and attached luxury homes.

The largest development in the greater downtown area concerns a baseball stadium, basketball arena and private development of land surrounding the area called the Gateway project. Gateway Economic Development Corp. is a private nonprofit entity formed by an agreement between the city of Cleveland and Cuyahoga County for the purpose of constructing and operating the baseball and arena facilities. The County Commissioners authorized by resolution a public vote on an excise tax on liquor, beer, wine and cigarettes (sin tax). The tax amounts to 16¢ on a gallon of beer, 32¢ on a gallon of wine, \$3 on a gallon of liquor and 4.5¢ on a pack of cigarettes imposed at the wholesale level throughout the County. The tax will remain in existence for a period of 15 years. The citizens passed the tax ordinance in the May 1990 primary election. Upon completion of the facilities, Gateway revealed a cost overrun of \$21.5 million. The cost overruns represented monies owed to contractors. Cuyahoga County agreed to loan Gateway \$11.5 million to pay contractor claims. The \$11.5 million interest free loan was to be repaid with 10 year commitments from the city of Cleveland for \$.3 million per year, the Convention and Visitor's Bureau for \$.5 million per year and Gateway for \$.4 million per year. None of the proposed repayment sources have agreed to their respective contributions except the city of Cleveland which has agreed to repay the County with interest earned on future sin tax monies, if any, supporting debt for the new Cleveland Browns stadium beginning in the year 2006. The remaining \$10 million was loaned to Gateway by a local bank. Repayment was to come from a grant from the State of Ohio capital budget. However, the state legislature agreed to provide a \$10 million interest free loan to be repaid by both the County and the city of Cleveland equally over 20 years from State Local Government monies. During 2004, Gateway completed renegotiations on its stadium leases with the owners of the Cleveland Indians and the Cleveland Cavaliers. The new 10 year agreements free the organization from covering minor repairs and routine maintenance. In addition, rent payments will no longer be tied to ticket sales, and Gateway's \$4.9 million in expenses will be divided by the teams annually after its budget is submitted in mid-November. Gateway agreed to give up \$1 million annually in naming rights from the Indians until 2016. The Indians covered 57% of the budget in 2004. Gateway will only be responsible for items over \$.5 million. The Cavaliers had held Gateway responsible for all capital repairs of Gund Arena and deducted the amounts from rent. As part of the agreement, the Cavaliers credit against rent which equaled \$9.5 million is no longer Gateway's responsibility. In March 2005 the Cleveland Cavaliers were sold to a new group headed by Dan Gilbert, owner and founder of Quicken Loans, the nation's largest online home lender. The change in ownership is not expected to impact the lease agreements with Gateway.

In Summer 1995, the city of Cleveland passed a council resolution authorizing the imposition and collection of an 8% parking tax on all public parking in Cleveland and a 2% admission tax on all entertainment events for the purpose of funding a football stadium. The County agreed to fund a portion of the cost of the project by extending the excise tax on beer, wine, alcohol and tobacco from the year 2005 through 2015. The sin tax was originally approved to repay bonds used to build the baseball stadium. Its life would have expired in the year 2005, when the sin tax bonds are retired. The County Commissioners placed the 10 year tax extension on the ballot. During the fall campaign to pass the tax, the owner of the Cleveland Browns, Art Modell, announced he was moving the team to Baltimore. The tax passed with 75% of the vote in favor as a show of fan support for keeping the Browns in Cleveland. The City sued Art Modell over a specific performance clause in the stadium lease, which required the Browns to play in the stadium during the life of the lease which expired after the 1998 season. In January 1996, during National Football League (NFL) meetings in Chicago, a compromise was reached whereby Art Modell was allowed to take his team to Baltimore but the team name and colors would remain in Cleveland with a promise from the NFL that a new or existing team would be located in Cleveland by the year 1999, and Modell would be required to pay \$9.3 million in damages. In return, the City agreed to build a new stadium with city and county taxes passed for this purpose. Since the county and city taxes would not support the full cost of a new stadium, the NFL agreed to loan up to \$48 million to the project with repayment to come from the sale of private seat licenses. A 30-year lease between the city of Cleveland and the NFL was

negotiated which gave the NFL the right to assign the lease to the new team. Demolition of Municipal Stadium began in fall 1996. Groundbreaking on the new stadium commenced in May 1997 with the project originally estimated to cost \$247 million. The stadium opened in August 1999 but cost overruns increased the price to almost \$300 million. The NFL agreed to provide an additional \$15 million toward any overruns and the City has stated it has sufficient funding to cover the remainder. The County will not begin distributing its sin tax contribution prior to 2005. The County will contribute \$87 million over 10 years for debt service. An additional \$29 million will be earmarked for repair and renovation. Any sin tax collections above \$116 million will remain with the County and be used to reimburse the County for Gateway debt.

Both the County Commissioners and the Juvenile Court judges agree that a new Juvenile Court and Youth Detention Center are necessary but cannot agree on where to locate this new complex. The site picked by the County Commissioners, which is four miles from their current site, is property currently owned by the County and recently underwent some environmental remediation. The Juvenile Court judges prefer a site closer to downtown. The new joint building facility is estimated to cost \$120 million but the financing has not yet been determined.

The County Commissioners are also seeking a site for a new County Administration building. The plan is to consolidate and relocate the offices of the County Commissioners, the Auditor, the Treasurer, the Recorder and the Board of Elections whose employees reside in four other buildings. The plan is to sell the other buildings to help offset the cost of the new building. It is also hoped that additional savings can come from lower maintenance costs. The favored site is currently vacant and the County has verbally committed to purchase the building for \$22 million including an 850 space parking garage that generates \$1.2 million in revenues annually. The new building would house nearly 2,000 employees. Construction costs and plans remain to be determined. The purchase agreement requires the project to begin within three years.

The first International Children's Games were held in 1918 with 9 European cities participating. In Summer 2004, the International Children's Games and Cultural Festival made their United States debut in Cleveland. The games included 2,200 children athletes from 55 nations participating in the global event. The events were hosted on 6 college campuses. Athletes had to be born between the years 1989 and 1992. President George Bush helped open the Children's Games, which generated nearly \$4.5 million in spending by visitors.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The County utilizes an automated accounting system, which provides the capability to prepare financial information based on accounting principles generally accepted in the United States of America (GAAP) for governments. Financial Accounting and Management Information System, known by the acronym FAMIS, is the basis for the County's accounting and budgetary controls. All operations of the County, with the exception of the Hospital, use FAMIS. Adequate internal accounting controls are an integral part of this system and are designed to achieve the fundamental objectives of safeguarding assets and providing reasonable assurance that financial transactions are properly recorded.

The County's day-to-day accounting and budgetary records are maintained on a basis other than GAAP. For financial reporting purposes, the accounting records are converted to the modified accrual basis for all Governmental funds for the governmental fund financial statements and the accrual basis for the government-wide financial statements and the Proprietary and Fiduciary funds. A further discussion of the two bases of accounting and their reconciliation can be found in Note B of the notes to the financial statements.

CASH MANAGEMENT

The Investment Advisory Committee, comprised of three County Commissioners, the Clerk of Courts and the County Treasurer, establishes investment policies and monitors all investment activity. Public Financial Management, Inc. (PFM) provides investment advisory services. Amendments to Ohio Revised Code Section 135 (Senate Bill 81) now restrict the type and length of investments and provide for ongoing investment training for County Treasurers.

The County Treasurer, through a change in State statute, contracted for the sale of delinquent property tax receivables. A delinquent sale which occurred in 2004 resulted in an additional \$.2 million of delinquent tax collection. In addition, there was an increase in collections of prior tax delinquencies because taxpayers wished to settle past due taxes with the County rather than deal with a private owner of the receivable. A contract is now being negotiated which will enable the Treasurer's Office to sell delinquencies for tax year 2003 at a discount. This sale is scheduled for April 2005. The buyer has also continued to purchase subsequent tax liens for delinquencies previously obtained.

The County Treasurer has established a linked deposit loan program for the purpose of enhancing housing in participating cities. The County has entered into agreements with certain eligible lending institutions and local communities to provide loans at below market interest rates to owners of real property located in the contracting community for certain housing repairs and improvements. After a linked deposit loan is made to an eligible borrower, the Treasurer will use monies from the County's portfolio of inactive funds to place a certificate of deposit with the lending institution at below market rates. The contracting community is responsible for inspecting the improvements to ensure their compliance with local building codes. More than 5,300 homeowners have borrowed over \$103.4 million since the program's inception in July 1999. The County feels increases in property values resulting from the loan program will eventually bring additional revenues to the County.

A similar linked deposit program was established in 2002 to provide low interest home improvement loans to owners of older and historic properties. The Preservation Resource Center of the Cleveland Restoration Society provides assistance to property owners and monitors home improvements completed through this program. Since its inception, 168 loans have been issued amounting to \$5.5 million.

It is the policy of the County Treasurer that all deposits be covered either by insurance or collateralized. The collateral is held by the pledging institution's agent in the name of the depository or the Federal Reserve Bank of Cleveland in pooled securities accounts consisting of government securities. The County's investment policy objectives consider safety, liquidity and yield. Before a security is purchased, the cash flow needs of the County and the cash flow forecast are analyzed. Key factors of decision making on the purchase of securities include type, term to maturity, principal value and rate of return.

RISK MANAGEMENT

The County has designated \$2 million of General fund balance to provide reserves for claims and judgements not covered by various County insurance policies. Settled claims from risks covered by the County's insurance policies have not exceeded the insurance coverage for the past three fiscal years. Actual expenditures for claims and judgements against the County and estimates for claims including those incurred but not reported, were immaterial in 2004. The County is also self-insured with respect to the Ohio Unemployment Compensation program. Self-insurance expenditures for unemployment compensation were not material in 2004. The County maintains an Internal Service fund for the self-insurance of workers compensation through a retrospective rating plan with the State of Ohio. All payroll funds in the County contribute to the Self-Funded Workers' Compensation

fund based on estimates needed to pay claims and to establish a reserve for claims incurred but not reported.

THE INDEPENDENT AUDIT

Included in this report is an unqualified audit opinion rendered on the County's basic financial statements for the year ended December 31, 2004 by our independent auditors, Deloitte & Touche LLP. County management will continue to subject the financial statements to an annual independent audit as part of the preparation of the CAFR. An annual audit serves to help maintain and strengthen the County's accounting and budgetary controls.

The County participates in the Federal "Single Audit" program, which consists of a single audit of all federal and federal flow-through funded programs administered by the County. As a requirement for continued federal funding eligibility, congressional legislation has made participation in the single audit program mandatory for a majority of local governments including Cuyahoga County.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Cuyahoga's MD&A can be found immediately following the report of the independent auditors.

GFOA CERTIFICATE OF ACHIEVEMENT

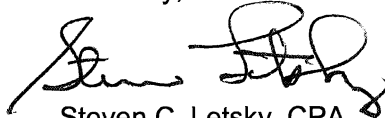
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cuyahoga, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Preparation of this report could not have been accomplished without the dedicated work of the entire financial reporting staff of the County Auditor's Office. We would like to express appreciation to each member of the financial reporting staff, the support staff in General Accounting, the staffs of the Budget Commission, the County Treasurer, the Information Services Center and the Office of Budget and Management. We would also like to thank Frank Russo, County Auditor, who has continued the tradition of Auditor's sound fiscal management and the County's other elected officials and managers for their assistance in this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven C. Letsky', written in a cursive style.

Steven C. Letsky, CPA
Director of Accounting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Cuyahoga,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

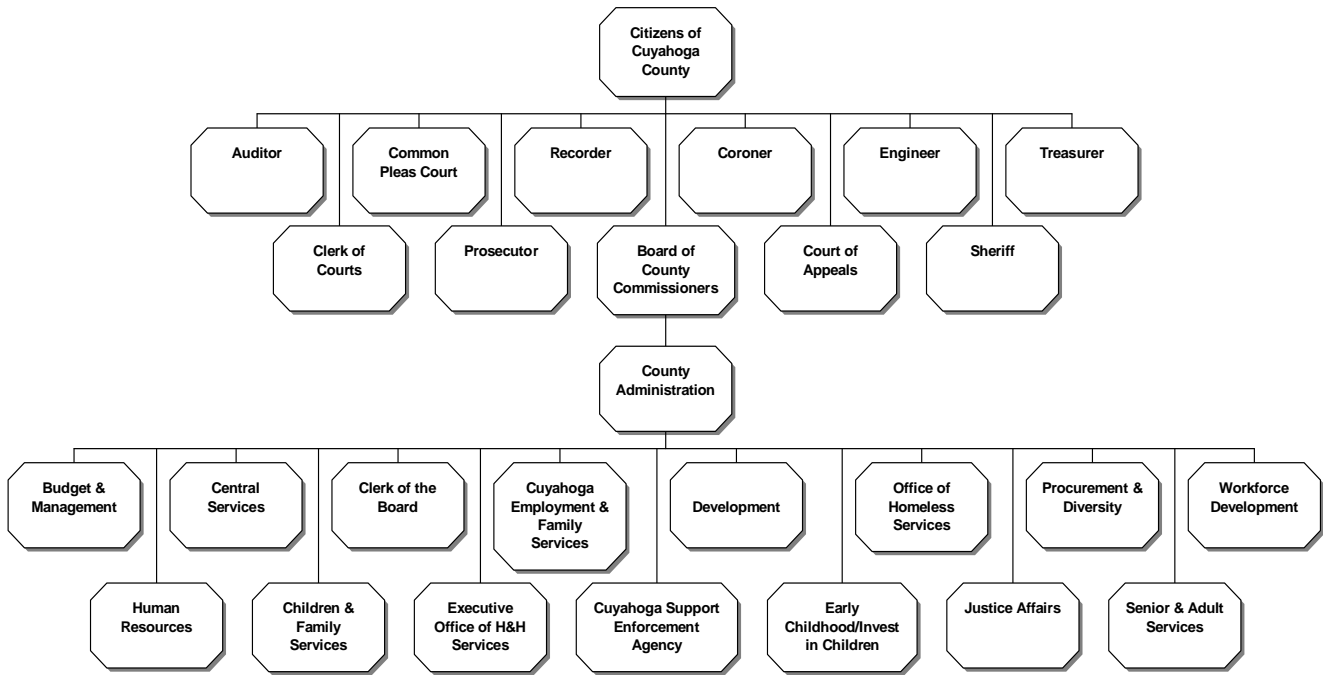
President

Jeffrey R. Emer

Executive Director

COUNTY OF CUYAHOGA, OHIO ORGANIZATION CHART

DECEMBER, 2004



Boards & Commissions

Alcohol & Drug Addictions Services Board
Board of Elections
Public Defenders Commission
Veterans Service Commission
Soldiers & Sailors Monument

Data Processing Board
Board of Revision
County Records Commission
County Budget Commission
County Ombudsman Office

MetroHealth System Board of Trustees
County Mental Retardation Board
Community Mental Health Board
County Planning Commission
County Solid Waste Planning

**COUNTY OF CUYAHOGA, OHIO
ELECTED OFFICIALS**

DECEMBER, 2004

Board of County Commissioners

Tim McCormack, President
Jimmy Dimora
Peter Lawson Jones

Frank Russo
Gerald E. Fuerst
Elizabeth K. Balraj, M.D.
Robert Klaiber Jr.
William D. Mason
Patrick J. O'Malley
Gerald T. McFaul
James Rokakis

Auditor
Clerk of Courts
Coroner
Engineer
Prosecutor
Recorder
Sheriff
Treasurer

Common Pleas Court Judges

General Division

Richard J. McMonagle, Presiding Judge
Dick Ambrose
Christopher A. Boyko
Mary Jane Boyle
Janet R. Burnside
Kenneth R. Callahan
Brian J. Corrigan
William J. Coyne
Carolyn B. Friedland
Stuart A. Friedman
Nancy A. Fuerst
Eileen A. Gallagher
Daniel Gaul
Lillian J. Greene
Burt W. Griffin
Peggy Foley Jones
Judith Kilbane Koch

Ann T. Mannen
David T. Matia
Bridget McCafferty
Timothy P. McCormick
Nancy R. McDonnell
Timothy J. McGinty
Christine T. McMonagle
John P. O'Donnell
Thomas J. Pokorny
Joseph D. Russo
Michael J. Russo
Nancy M. Russo
Shirley Strickland-Saffold
Ronald Suster
John D. Sutula
Kathleen Ann Sutula
Jose A. Villanueva

Domestic Relations Division

Timothy M. Flanagan, Administrative Judge
James P. Celebrezze
Cheryl S. Karner

Kathleen O'Malley
Anthony J. Russo

Probate Court Division

John J. Donnelly, Presiding Judge

John E. Corrigan

Juvenile Court Division

Joseph Russo, Administrative Judge
Janet Burney
Patrick F. Corrigan

Alison L. Floyd
John W. Gallagher
Peter M. Sikora

Ohio Court of Appeals Eight District

Kenneth Rocco, Administrative Judge
Patricia Blackmon
Anthony O. Calabrese, Jr.
Frank D. Celebrezze Jr.
Colleen Conway Cooney
Michael J. Corrigan

Ann Dyke
Sean C. Gallagher
Diane Karpinski,
Timothy McMonagle
James J. Sweeney

Financial Section

PART I

**Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements**



INDEPENDENT AUDITORS' REPORT

The Honorable County Auditor,
County Treasurer and the
Board of County Commissioners
Cuyahoga County, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Cuyahoga, Ohio (the "County") as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Human Services Fund, Health and Human Services Levies Fund, Board of Mental Retardation Fund, and Health and Community Services Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the County's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the County's management. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Deloitte & Touche LLP

June 8, 2005

Management's Discussion and Analysis

As management of Cuyahoga County, we offer readers of Cuyahoga County's financial statements this narrative overview and analysis of the financial activities of Cuyahoga County for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letters of transmittal, which can be found on pages iv-xiii of this report.

Financial Highlights

- The assets of Cuyahoga County exceeded its liabilities at the close of the most recent fiscal year by \$638 million (*net assets*).
- The government's total net assets increased by \$100.2 million.
- As of the close of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$364.1 million, an increase of \$137.7 million in comparison with the prior year. Approximately 82% of this total amount, \$298.6 million, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$124.8 million, or 42.7% of total general fund expenditures.
- Additions to Cuyahoga County's total debt were \$141.6 million during the current fiscal year. Reductions in debt during 2004 amounted to \$95.2 million for a net increase of \$46.4 million. The County issued new debt and refinanced existing debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Cuyahoga County's basic financial statements. Cuyahoga County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Cuyahoga County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Cuyahoga County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Cuyahoga County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Cuyahoga County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Cuyahoga County include general

government, judicial, development, social services, health and safety and public works. The business-type activities of Cuyahoga County include a sanitary sewer authority, an airport, a parking garage and a crime information system.

The government-wide financial statements include not only Cuyahoga County itself (known as the *primary government*), but also a legally separate hospital for which Cuyahoga County is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 17 – 19 of the report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Cuyahoga County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Cuyahoga County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Cuyahoga County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, human services, health and human services levies, county board of mental retardation and health and community services funds which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Cuyahoga County adopts an annual appropriated budget for its general fund and the other major funds as well as the motor vehicle gas tax and debt service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 – 29 of this report.

Proprietary funds. Cuyahoga County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Cuyahoga County uses enterprise funds to account for its sanitary sewer, airport, parking garage and crime information system. *Internal service funds* are an accounting device used to

accumulate and allocate costs internally among Cuyahoga County's various functions. Cuyahoga County uses internal service funds to account for its central custodial, maintenance garage, data processing, printing, reproduction and supplies, communications and self-funded workers' compensation services. As these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary engineer which is considered to be a major fund of Cuyahoga County. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 30 - 33 of this report.

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support Cuyahoga County's own programs.

The basic fiduciary fund financial statement can be found on page 34 of this report.

Budgetary fund financial statements. The County's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP). The budgetary statements for the general fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 – 67 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information*. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented in the other supplementary information. Combining and individual fund statements and schedules can be found on pages 70 – 110 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cuyahoga County, assets exceeded liabilities by \$638 million at the close of the most recent fiscal year. This is the third year for Cuyahoga County in implementing Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis (MD&A) section.

Cuyahoga County's Net Assets (December 31; amounts in 000's)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets.....	\$ 841,777	\$ 758,688	\$ 13,898	\$ 12,539	\$ 855,675	\$ 771,227
Capital assets.....	<u>619,334</u>	<u>609,851</u>	<u>44,165</u>	<u>45,071</u>	<u>663,499</u>	<u>654,922</u>
Total assets.....	1,461,111	1,368,539	58,063	57,610	1,519,174	1,426,149
Long-term liabilities outstanding....	464,502	412,393	14,380	16,473	478,882	428,866
Other liabilities.....	<u>400,964</u>	<u>458,316</u>	<u>1,364</u>	<u>1,247</u>	<u>402,328</u>	<u>459,563</u>
Total liabilities.....	865,466	870,709	15,744	17,720	881,210	888,429
Net assets:						
Invested in capital assets, net of related debt.....	350,959	409,443	31,236	30,505	382,195	439,948
Restricted.....	38,995	34,255			38,995	34,255
Unrestricted.....	<u>205,691</u>	<u>54,132</u>	<u>11,083</u>	<u>9,385</u>	<u>216,774</u>	<u>63,517</u>
Total net assets.....	\$ <u>595,645</u>	\$ <u>497,830</u>	\$ <u>42,319</u>	\$ <u>39,890</u>	\$ <u>637,964</u>	\$ <u>537,720</u>

At the end of the current fiscal year, Cuyahoga County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

By far the largest portion of Cuyahoga County's net assets (59.9%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. Cuyahoga County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Cuyahoga County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Cuyahoga County's net assets, restricted net assets (6.1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$216.8 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Current and other assets, long-term liabilities outstanding and net assets invested in capital assets, net of related debt were all effected by the issuance of \$84.5 million of new debt. Other liabilities decreased due primarily to a methodology adjustment to the calculation of deferred revenue for personal property taxes. Also the accrual for wages and benefits was significantly smaller in 2004 due to a reduction in the

number of days accrued. The combination of an increase in noncapital assets and a decrease in other liabilities created a large positive variance in unrestricted net assets.

CUYAHOGA COUNTY'S CHANGES IN NET ASSETS

(Year ended December 31; amounts in 000's)

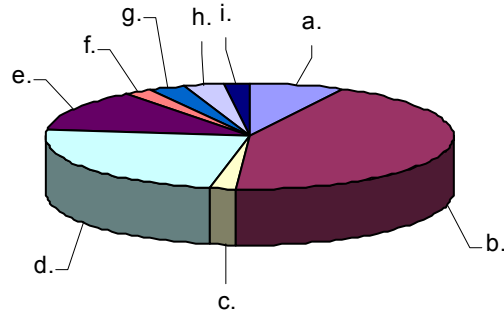
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program revenues:						
Charges for Services.....	\$ 98,354	\$ 90,848	\$ 15,468	\$ 15,364	\$ 113,822	\$ 106,212
Operating grants and contributions	578,794	551,540	145	38	578,939	551,578
Capital grants and contributions.....	25,305	27,942			25,305	27,942
General revenues:						
Property taxes	315,172	257,640			315,172	257,640
Sales and other taxes	197,562	188,313			197,562	188,313
Grants and contributions not restricted to specific programs	41,982	35,556			41,982	35,556
Other	<u>64,598</u>	<u>60,360</u>	<u>102</u>	<u>61</u>	<u>64,700</u>	<u>60,421</u>
Total revenues	<u>1,321,767</u>	<u>1,212,199</u>	<u>15,715</u>	<u>15,463</u>	<u>1,337,482</u>	<u>1,227,662</u>
Expenses:						
General Government.....	69,154	59,963			69,154	59,963
Judicial	292,417	277,314			292,417	277,314
Development.....	32,524	25,332			32,524	25,332
Social Services.....	570,871	578,700			570,871	578,700
Health and Safety.....	178,342	152,904			178,342	152,904
Public Works	59,421	67,025			59,421	67,025
Interest	18,412	13,813			18,412	13,813
Sanitary Engineer.....			9,604	10,069	9,604	10,069
Airport			1,302	1,617	1,302	1,617
Huntington Park Garage			2,418	1,753	2,418	1,753
Cuyahoga County Information System....			<u>2,773</u>	<u>2,188</u>	<u>2,773</u>	<u>2,188</u>
Total expenses.....	<u>1,221,141</u>	<u>1,175,051</u>	<u>16,097</u>	<u>15,627</u>	<u>1,237,238</u>	<u>1,190,678</u>
Increase (Decrease) in net assets before transfers	100,626	37,148	(382)	(164)	100,244	36,984
Transfers	<u>(2,811)</u>	<u>(940)</u>	<u>2,811</u>	<u>940</u>		
Change in net assets	97,815	36,208	2,429	776	100,244	36,984
Net assets – Beginning of year	<u>497,830</u>	<u>461,622</u>	<u>39,890</u>	<u>39,114</u>	<u>537,720</u>	<u>500,736</u>
Net assets – End of year.....	\$ <u>595,645</u>	\$ <u>497,830</u>	\$ <u>42,319</u>	\$ <u>39,890</u>	\$ <u>637,964</u>	\$ <u>537,720</u>

The government's net assets increased by \$100.2 million during the current fiscal year. The net increase was due primarily to a new 4.9 mill property tax levy which passed in May 2003. The new levy generated an additional \$57.5 million of property tax revenue in 2004. Additional increases in net assets resulted from various programs such as the Community's Alternative Funding System (CAFS) amounting to \$9.6 million, various charges for services which grew by \$7.5 million and a non-prosecution agreement concerning a criminal case against various brokerage firms for lack of supervision of a broker who defrauded clients in Cuyahoga County amounting to \$9.3 million. A portion of the CAFS revenue increase resulted from settlement of a lawsuit against the State of Ohio for the years 1997 and 1999, and additional revenue derived from rate adjustments in 2004 to match revenue with costs. The charges for services growth included revenue for conveyance fees which are collected upon the sale of real property amounting \$1.4 million and indirect costs for the nongeneral fund portion of government management services amounting to \$4.9 million. In addition, the county realized an additional \$9.2 million of sales tax receipts due to the expansion of the sales tax base. The State of Ohio identified some services which had previously been exempt from sales tax and which will now be taxed to the consumer.

The general government expense increases were primarily a result of personnel costs which rose approximately 13.8% due to a cost of living increase amounting to 3%, medical insurance increase amounting to 7% and the calendar year having 27 pays instead of the normal 26 pays which added 3.8% to payroll. Also, the presidential election in 2004 cost an additional \$1.4 million to the Board of Elections. The judicial growth in spending was partially a result of the personnel cost increases. The health and safety increases in spending resulted from additional subsidy payments to MetroHealth System amounting to \$5.8 million for its portion of the new levy. Also, Medicaid claims in the Mental Health Board grew by \$17.2 million.

Additional increases in business-type activities were a result of transfers of \$2.2 million from the general fund to two enterprise funds.

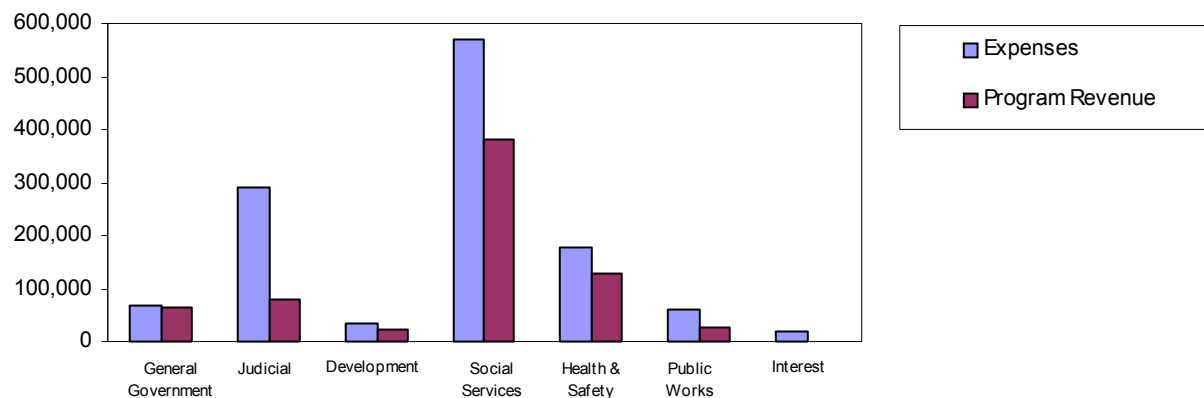
Revenues by Source – Governmental Activities



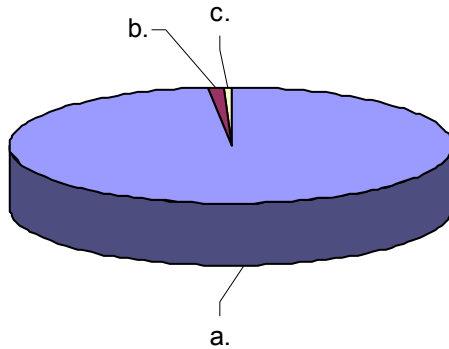
	(Amounts in 000's)	%
a. Charges for Services	\$ 98,354	7.4
b. Operating Grants and Contributions	578,794	43.8
c. Capital Grants, Contributions and Interest.....	25,305	1.9
d. Property Tax.....	315,172	23.8
e. Sales Tax	168,634	12.8
f. Other Tax	28,928	2.2
g. State Local Government.....	38,259	2.9
h. Grants and Contributions not restricted to specific programs	41,982	3.2
i. Other	26,339	2.0

Expenses and Program Revenues – Governmental Activities

(Amounts in 000's)



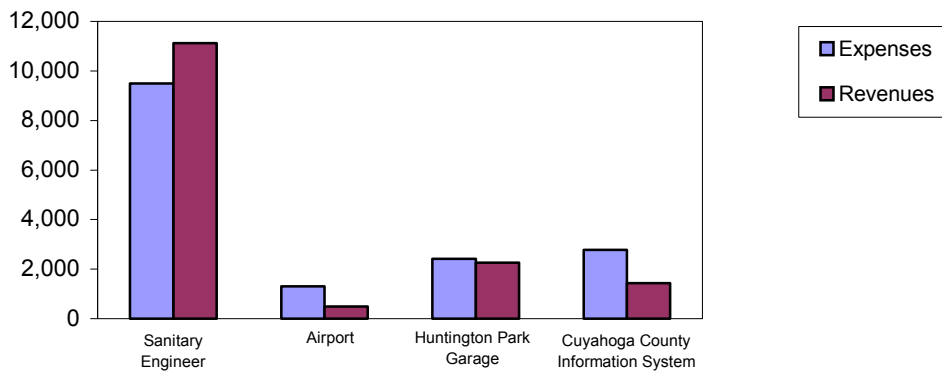
Revenues by Source – Business-type Activities



(Amounts in 000's)	
a. Charges for Services	\$ 15,468
b. Operating Grants and Contributions	145
c. Other	102

Expenses and Program Revenues – Business-type Activities

(Amounts in 000's)



Governmental activities. Governmental activities increased Cuyahoga County's net assets by \$97.8 million. Key elements of this increase are as follows:

- The County passed a new property tax levy in 2003 that began collection in 2004 generating an additional \$57.5 million.
- CAFS program revenues amounting to \$9.6 million including settlement of a lawsuit for the years 1997 and 1999 and rate adjustments.
- Charges for services increase amounting to \$7.5 million for various fees and services.
- Non-prosecution agreement of \$9.3 million.
- Expansion of services subject to the sales tax prescribed by the State of Ohio amounting to \$9.2 million.

Business-type activities. Business-type activities increased Cuyahoga County's net assets by \$2.4 million. Key elements of this increase are as follows.

- Increase in net assets resulted from two transfers from the general fund. The first one was a \$1 million transfer to the sanitary engineer fund to retire debt on a sewer project. The second transfer was an additional general fund subsidy of \$1.2 million to the Cuyahoga County information system fund in order to offset the loss of some system users in 2004 and for the cost of some system upgrades necessary to market the service.

Financial Analysis of the Government's Funds

As noted earlier, Cuyahoga County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Cuyahoga County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Cuyahoga County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$364.1 million, an increase of \$137.7 million in comparison with the prior year. Approximately \$298.6 million constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) for restricted assets (\$27.4 million), (2) for loans (\$19.1 million) or (3) to pay debt service (\$19 million).

The general fund is the chief operating fund of Cuyahoga County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$124.8 million, while fund balance reached \$162.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 42.7% of total general fund expenditures, while total fund balance represents 55.7% of that same amount.

The fund balance of Cuyahoga County's general fund decreased by \$23.6 million. The health and human services levies, the County Board of Mental Retardation, the health and community services fund and other governmental funds increased by \$55.7 million, \$13.3 million, \$11.4 million and \$80.8 million respectively, during the current fiscal year. Key factors in these changes are as follows:

- The general fund decrease occurred primarily from a subsidy to the human services and health and community services funds amounting to \$22.3 million.
- In 2004, the health and human services levies fund was owed \$26.6 million and \$13.5 million from the human service and the health and community service funds, respectively for advancing its subsidy. The remaining balance was new levy money not yet distributed.
- The County Board of Mental Retardation intergovernmental revenue increased \$13 million, the majority of which was from CAFS program.
- The health and community services fund increase in fund balance of \$11.4 million was partially a result of the increases in subsidies to the Mental Health Board and homeless services of \$3.2 million and \$1.8 million, respectively. There were also decreases in social service expenditures of \$7.8 million relating to foster care placements costs. The Department of Children and Family Services made many adjustments to reassign cases to proper levels of care, reunify children and reduce the amount of children brought into custody. The drop in foster care placements was over 400 children amounting to a savings of \$12.3 million.
- The fund balance increase of \$80.8 million in other governmental was a result of issuance of new debt of \$84.5 million deposited in the capital projects fund.

Proprietary funds. Cuyahoga County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the sanitary engineer at the end of the year amounted to \$8.3 million and all others amounted to \$2.6 million. The total increase in net assets was \$2.4 million. Other factors concerning the finances of these two funds have already been addressed in the discussion of Cuyahoga County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$22.7 million and can be briefly summarized as follows:

- Increase in transfers out was partially a result of the purchase of Whiskey Island. The island will be used as both a park and marina in the near term. The island could be used in the future to relocate the port authority. The decision to purchase Whiskey Island was made in December 2004 and an additional appropriation of \$4 million was necessary to transfer funds to a capital projects fund.
- There was also an increase of \$12.4 million in the general fund capital improvements subsidy. These transfers represent transfers to various capital projects not funded with the bond issuance.
- Increase in subsidy to sanitary engineer amounting to \$1 million to cover the cost of debt on a completed sewer project and increase to the cuyahoga county information system for system upgrades amounting to \$1.4 million.
- Increase to cover cost of upgrades to the human resources management system amounting to \$1.1 million.
- Cost of the 2004 presidential elections resulting in an additional budget adjustment of almost \$1 million.

Capital Asset and Debt Administration

Capital assets. Cuyahoga County's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$663.5 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, utility plant, buildings structures and improvements, furniture, fixtures and equipment, vehicles, infrastructure and construction in progress. The net increase in Cuyahoga County's investment in capital assets for the current fiscal year was 1.3% (a 1.6% increase for governmental activities and a 2% decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

CUYAHOGA COUNTY'S CAPITAL ASSETS (December 31; net of depreciation, amounts in 000's)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 44,535	\$ 38,034	\$ 5,752	\$ 5,752	\$ 50,287	\$ 43,786
Land improvements.....	10,485	2,151	2,658	3,006	13,143	5,157
Utility plant			26,639	20,793	26,639	20,793
Buildings, structures and improvements.....	305,279	260,101	6,742	7,418	312,021	267,519
Furniture, fixtures and equipment	13,919	11,474	243	296	14,162	11,770
Vehicles	4,035	3,296	961	848	4,996	4,144
Infrastructure	199,601	203,973			199,601	203,973
Construction in progress	41,480	90,822	1,170	6,958	42,650	97,780
Total	\$ <u>619,334</u>	\$ <u>609,851</u>	\$ <u>44,165</u>	\$ <u>45,071</u>	\$ <u>663,499</u>	\$ <u>654,922</u>

The County was involved in a number of construction projects that resulted in the capitalization of various assets in 2004 including renovations of the County Justice Center amounting to \$22.6 million, the County Courthouse amounting to \$8.4 million and Juvenile Court amounting to \$4.2 million. The County purchased the Marion Building for \$4.4 million and Whiskey Island for \$4 million. The County built a new County Kennel for \$6.5 million. The County Engineer had renovations of various bridges and roads of \$7.7 million, and \$8.5 million was used to clean up county land for future development.

Some sewer improvements were capitalized in Business-type Activities including the Schady Road project for \$5.3 million.

Additional information on Cuyahoga County's capital assets can be found in Note E on pages 48 – 50 of this report.

Long-term debt. At the end of the current fiscal year, Cuyahoga County had total bonded debt outstanding of \$357.4 million. Of this amount, \$241.4 million comprises debt backed by the full faith and credit of the government and \$2.3 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of Cuyahoga County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and other debt such as notes to be financed by future bonds, loans and an installment purchase agreement financed by non-tax sources.

Cuyahoga County's Outstanding Debt
General Obligation Bonds and Other Long-term Debt
(December 31; amounts in 000's)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	\$ 241,445	\$ 172,250	\$	\$	\$ 241,445	\$ 172,250
Special assessment debt with governmental commitment			2,250	2,440	2,250	2,440
Revenue bonds	113,735	115,975			113,735	115,975
Bond anticipation notes		2,440	5,950	6,110	5,950	8,550
Loans	3,054	3,332	4,729	6,016	7,783	9,348
Installment purchase agreements .	<u>9,808</u>	<u>11,698</u>			<u>9,808</u>	<u>11,698</u>
Total	\$ <u>368,042</u>	\$ <u>305,695</u>	\$ <u>12,929</u>	\$ <u>14,566</u>	\$ <u>380,971</u>	\$ <u>320,261</u>

Cuyahoga County's total debt increased by \$60.7 million (19%) during the current fiscal year. The County refinanced some revenue bonds and bond anticipation notes and issued new general obligation bonds.

Cuyahoga County maintained a "AA+" rating from Standard & Poor's, "AAA" from Fitch and a "Aa1" rating from Moody's for general obligation debt. The revenue bonds have been rated "Aa3" by Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 1% of its total assessed valuation. The current debt limitation (voted and unvoted) for Cuyahoga County is \$565 million which is significantly in excess of Cuyahoga County's outstanding general obligation debt.

Additional information on Cuyahoga County's long-term debt can be found in Note F on pages 51 - 58 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Cuyahoga County is currently 6.2%, compared to 6.8% a year ago.
- The percentage of jobs lost between the third quarter 2003 and the third quarter 2004 was 1.8% in manufacturing, 3.4% in wholesale and retail and 1.3% in federal state and local government. In all sectors, job loss amounted to only .7% as compared to 1.5% one year ago.

Each of these factors were considered in preparing Cuyahoga County's budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased \$16.9 million. The primary reason for the decrease in unreserved fund balance was due to a subsidy to the human services and health and community services funds which was advanced in 2003.

In May 2003, the voters of Cuyahoga County approved a 4.9 mill health and human services levy to be collected in 2004 through 2008. The levy generated an additional \$57.5 million of property tax revenue in 2004.

The County issued \$84.5 million of new general obligation bonds to fund various project many of which were in various stages of completion.

Request for Information

This financial report is designed to provide a general overview of Cuyahoga County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Frank Russo, Cuyahoga County Auditor, Cuyahoga County, 1219 Ontario Street, Room 121, Cleveland, Ohio 44113.

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**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF NET ASSETS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	Primary Government			Component Unit MetroHealth System
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Equity in pooled cash and investments.....	\$ 286,218	\$ 10,864	\$ 297,082	\$ 2,287
Cash and investments-segregated accounts.....				221,253
Receivables:				
Taxes (net of allowance for uncollectibles).....	335,098		335,098	
Accounts (net of allowance for uncollectibles).....	649	268	917	58,041
Special assessments (net of allowance for uncollectibles).....		2,496	2,496	
Accrued interest	2,096		2,096	
Loans (net of allowance for uncollectibles).....	19,078		19,078	
Net receivables.....	356,921	2,764	359,685	58,041
Internal balances.....	33	(33)		
Due from other governments.....	165,711	264	165,975	
Inventory of supplies.....	38	10	48	5,392
Prepaid expenses and other receivables.....				28,686
Other assets.....	919	29	948	3,881
Restricted assets:				
Cash and investments.....	31,937		31,937	33,387
Capital assets (net of accumulated depreciation):				
Land.....	44,535	5,752	50,287	9,634
Land improvements.....	10,485	2,658	13,143	969
Utility plant.....		26,639	26,639	
Buildings, structures and improvements.....	305,279	6,742	312,021	180,535
Furniture, fixtures and equipment.....	13,919	243	14,162	41,950
Vehicles.....	4,035	961	4,996	6,970
Infrastructure.....	199,601		199,601	
Construction in progress.....	41,480	1,170	42,650	11,093
Net capital assets.....	619,334	44,165	663,499	251,151
TOTAL ASSETS	1,461,111	58,063	1,519,174	604,078
LIABILITIES				
Accounts payable.....	60,587	1,082	61,669	20,744
Deferred revenue.....	307,105		307,105	
Due to other governments.....	20,080	13	20,093	
Accrued wages and benefits.....	8,601	111	8,712	26,090
Matured bonds payable.....	14		14	
Other liabilities.....	1,410	158	1,568	15,717
Accrued interest payable.....	3,167		3,167	3,846
Noncurrent liabilities:				
Due within one year.....	47,667	7,040	54,707	41,745
Due in more than one year.....	416,835	7,340	424,175	279,608
TOTAL LIABILITIES	865,466	15,744	881,210	387,750
NET ASSETS				
Invested in capital assets, net of related debt.....	350,959	31,236	382,195	40,588
Restricted for:				
Restricted assets	19,977		19,977	2,887
Debt service.....	19,018		19,018	27,692
Unrestricted.....	205,691	11,083	216,774	145,161
TOTAL NET ASSETS	\$ 595,645	\$ 42,319	\$ 637,964	\$ 216,328

The notes to the financial statements are an integral part of this statement.

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Primary Government:		
Governmental activities:		
General government.....	\$ 69,154	\$ 64,865
Judicial.....	292,417	27,400
Development.....	32,524	367
Social services.....	570,871	1,884
Health and safety.....	178,342	1,524
Public works.....	59,421	2,314
Interest on long-term debt.....	18,412	
Total governmental activities.....	<u>1,221,141</u>	<u>98,354</u>
Business-type activities:		
Sanitary Engineer.....	9,604	11,102
Airport.....	1,302	663
Huntington Park Garage.....	2,418	2,266
Cuyahoga County Information System.....	2,773	1,437
Total business-type activities.....	<u>16,097</u>	<u>15,468</u>
Total primary government.....	<u>\$ 1,237,238</u>	<u>\$ 113,822</u>
Component unit:		
MetroHealth System.....	<u>\$ 562,298</u>	<u>\$ 498,434</u>

The notes to the financial statements are an integral part of this statement.

Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
Operating Grants and Contributions	Capital Grants, Contributions and Interest	Primary Government			Component Unit MetroHealth System
		Governmental Activities	Business-Type Activities	Totals	
\$ 60	\$	\$ (4,229)	\$	\$ (4,229)	\$
51,218		(213,799)		(213,799)	
20,808		(11,349)		(11,349)	
378,758		(190,229)		(190,229)	
127,591		(49,227)		(49,227)	
359	25,305	(31,443)		(31,443)	
<u>578,794</u>	<u>25,305</u>	<u>(518,688)</u>		<u>(518,688)</u>	
22			1,520	1,520	
123			(516)	(516)	
			(152)	(152)	
			(1,336)	(1,336)	
<u>145</u>			<u>(484)</u>	<u>(484)</u>	
\$ <u>578,939</u>	\$ <u>25,305</u>	<u>(518,688)</u>	<u>(484)</u>	<u>(519,172)</u>	
\$ <u>31,031</u>	\$ <u>183</u>				<u>(32,650)</u>
General Revenues:					
Taxes:					
Property.....		315,172		315,172	
Sales and use.....		168,634		168,634	
Other.....		28,928		28,928	
State local government fund.....		38,259		38,259	
Unrestricted investment earnings.....		5,743	49	5,792	1,323
Grants and contributions not restricted to specific programs.....		41,982		41,982	
Miscellaneous.....		20,596	53	20,649	24,714
Transfers.....		(2,811)	2,811		
Total general revenues, and transfers.....		<u>616,503</u>	<u>2,913</u>	<u>619,416</u>	<u>26,037</u>
Change in net assets.....		97,815	2,429	100,244	(6,613)
Net assets-beginning of year.....		497,830	39,890	537,720	222,941
Net assets-end of year.....		<u>\$ 595,645</u>	<u>\$ 42,319</u>	<u>\$ 637,964</u>	<u>\$ 216,328</u>

**COUNTY OF CUYAHOGA, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	General Fund	Human Services	Health and Human Services Levies	County Board of Mental Retardation
ASSETS				
Equity in pooled cash and investments.....	\$ 57,576	\$	\$ 15,881	\$ 33,004
Receivables:				
Taxes (net of allowance for uncollectibles).....	65,267		156,870	79,668
Accounts (net of allowance for uncollectibles)	265			
Accrued interest	2,096			
Loans (net of allowance for uncollectibles).....	1,000			
Net receivables.....	68,628		156,870	79,668
Due from other funds.....	41,935		40,120	
Due from other governments.....	26,443	82,630	10,369	11,619
Restricted assets -				
Cash and investments.....	31,937			
TOTAL ASSETS.....	\$ 226,519	\$ 82,630	\$ 223,240	\$ 124,291
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 5,438	\$ 12,975	\$	\$ 3,569
Deferred revenue.....	51,212		165,787	84,225
Due to other funds.....	2,208	67,735		1,049
Due to other governments.....				
Accrued wages and benefits.....	3,521	1,920		1,429
Matured bonds payable.....				
Other Liabilities.....	1,410			
TOTAL LIABILITIES.....	63,789	82,630	165,787	90,272
Fund Balances:				
Reserved for:				
Restricted assets.....	27,412			
Loans receivable.....	1,000			
Debt service.....	9,484			
Unreserved, reported in:				
General Fund:				
Designated for self-insurance.....	1,978			
Designated for proprietary funds.....	4,276			
Undesignated.....	118,580			
Special Revenue Funds.....			57,453	34,019
Capital Projects Fund.....				
TOTAL FUND BALANCES	162,730		57,453	34,019
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 226,519	\$ 82,630	\$ 223,240	\$ 124,291

The notes to the financial statements are an integral part of this statement.

<u>Health and Community Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 57,067	\$ 68,598	\$ 232,126
11,798	21,495	335,098
372		637
		2,096
	18,078	19,078
<u>12,170</u>	<u>39,573</u>	<u>356,909</u>
		82,055
13,768	17,818	162,647
		31,937
<u><u>\$ 83,005</u></u>	<u><u>\$ 125,989</u></u>	<u><u>\$ 865,674</u></u>

\$ 27,429	\$ 9,112	\$ 58,523
11,689	32,054	344,967
14,209	606	85,807
	2,817	2,817
745	383	7,998
	14	14
		1,410
<u>54,072</u>	<u>44,986</u>	<u>501,536</u>

		27,412
	18,078	19,078
	9,534	19,018
		1,978
		4,276
		118,580
28,933	30,758	151,163
	22,633	22,633
<u>28,933</u>	<u>81,003</u>	<u>364,138</u>
<u><u>\$ 83,005</u></u>	<u><u>\$ 125,989</u></u>	<u><u>\$ 865,674</u></u>

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**COUNTY OF CUYAHOGA, OHIO
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

**DECEMBER 31, 2004
(Amounts in 000's)**

Total fund balances for governmental funds.....	\$		364,138
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the funds.....			610,486
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.....			37,862
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....			42,045
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds			
Accrued interest payable.....		(3,167)	
Long-term debt.....		(456,638)	
Unamortized bond issuance costs.....		919	(458,886)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$		<u>595,645</u>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
REVENUES				
Property taxes.....	\$ 21,146	\$	\$ 170,467	\$ 86,420
Sales and use tax.....	167,871			
Other tax.....	126		76	42
State local government fund.....	38,518			
Licenses and permits.....	89			
Charges for services.....	70,113	1,588		
Fines and forfeitures.....	5,833			
Investment earnings.....	4,324			26
Other intergovernmental.....	10,159	258,530	23,448	89,478
Miscellaneous.....	12,651	1,321		1,597
TOTAL REVENUES.....	330,830	261,439	193,991	177,563
EXPENDITURES				
Current:				
General government.....	51,798			
Judicial.....	226,592			
Development.....	6,841			
Social services.....	5,778	309,362		166,651
Health and safety.....	978		26,918	
Public works.....				
Capital outlay.....				
Debt service:				
Principal retirement.....				
Interest.....	25			
Bond issuance costs.....				
TOTAL EXPENDITURES.....	292,012	309,362	26,918	166,651
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	38,818	(47,923)	167,073	10,912
OTHER FINANCING SOURCES (USES)				
Transfers in.....	607	48,133	70	551
Transfers out:				
Debt retirement.....	(7,221)			
Other.....	(55,827)	(210)	(111,409)	
Capitalized leases.....				1,857
Issuance of debt.....				
Bond premium (discount)-net.....				
TOTAL OTHER FINANCING SOURCES (USES).....	(62,441)	47,923	(111,339)	2,408
NET CHANGE IN FUND BALANCES.....	(23,623)		55,734	13,320
FUND BALANCES AT BEGINNING OF YEAR.....				
	186,353		1,719	20,699
FUND BALANCES AT END OF YEAR.....				
	\$ 162,730	\$ 0	\$ 57,453	\$ 34,019

The notes to the financial statements are an integral part of this statement.

<u>Health and Community Services</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 13,399	\$ 23,740	\$ 315,172
		167,871
	29,644	29,888
		38,518
1,579		1,668
18,698		90,399
178	275	6,286
631	1,034	6,015
184,610	79,523	645,748
1,457	4,085	21,111
<u>220,552</u>	<u>138,301</u>	<u>1,322,676</u>
15,711	67	67,576
43,765	20,603	290,960
5,116	21,251	33,208
91,709	6,838	580,338
144,090	6,277	178,263
1,834	56,076	57,910
	30,207	30,207
	62,255	62,255
	17,042	17,067
	942	942
<u>302,225</u>	<u>221,558</u>	<u>1,318,726</u>
(81,673)	(83,257)	3,950
97,718	37,598	184,677
		(7,221)
(4,599)	(6,702)	(178,747)
		1,857
	127,320	127,320
	5,814	5,814
<u>93,119</u>	<u>164,030</u>	<u>133,700</u>
11,446	80,773	137,650
<u>17,487</u>	<u>230</u>	<u>226,488</u>
<u>\$ 28,933</u>	<u>\$ 81,003</u>	<u>\$ 364,138</u>

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**COUNTY OF CUYAHOGA, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

Net change in fund balances-total governmental funds.....	\$	137,650
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets that meet capitalization requirements is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$39,146) exceeded depreciation (\$30,824) in the current period.....		
		8,322
Net effect of sales and other disposals of capital assets.....		(1,827)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....		(395)
Expenses reported as compensated absences and special termination benefits in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.....		16,388
Interest is reported as an expenditure when due in the governmental funds, but is reported as incurred in the statement of activities.....		(1,334)
The issuance of long-term debt, (notes, bonds, capital leases, etc.) provides current financial resources to governmental funds and is not reported in the statement of activities.		(134,049)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities and is not reported in the statement of activities.		
Capital lease obligations.....		1,887
Environmental Protection Agency loan.....		28
Ohio Department of Development loan.....		250
Installment purchase agreement.....		1,890
General obligation and revenue bonds.....		60,365
Certain net expenses of the internal service funds are reported with governmental activities in the statement of activities.....		8,640
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$	<u>97,815</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUYAHOGA, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
ALL MAJOR GOVERNMENTAL FUNDS
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	General Fund			Human Services		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Final		Original	Final	
REVENUES						
Property taxes	\$ 19,943	\$ 20,159	\$ 21,186	\$	\$	\$
Sales and use tax	159,020	165,408	165,408			
Other tax	45	128	126			
State local government fund	38,526	38,526	38,526			
Licenses and permits	107	100	89			
Charges for services	59,336	65,450	70,155	1,744	1,590	1,588
Fines and forfeitures	6,250	6,587	5,998			
Investment earnings	14,000	12,000	11,769			
Other intergovernmental	9,984	7,876	8,892	265,583	243,505	240,928
Miscellaneous	3,336	6,455	12,401	2,584	4,181	2,250
TOTAL REVENUES	310,547	322,689	334,550	269,911	249,276	244,766
EXPENDITURES						
Current:						
GENERAL GOVERNMENT						
Personnel	28,212	30,493	29,785			
Other	31,347	32,291	22,633			
Capital	903	648	565			
TOTAL GENERAL GOVERNMENT	60,462	63,432	52,983			
JUDICIAL						
Personnel	156,443	157,136	156,507			
Other	73,130	78,142	73,891			
Capital	1,310	513	496			
TOTAL JUDICIAL	230,883	235,791	230,894			
DEVELOPMENT						
Personnel	751	751	694			
Other	3,715	3,463	3,458			
Capital	1	2	2			
TOTAL DEVELOPMENT	4,467	4,216	4,154			
SOCIAL SERVICES						
Personnel	1,703	1,776	1,707	131,684	130,943	127,987
Other	6,415	6,223	4,053	205,411	184,660	180,560
Capital	6	69	48	421	486	307
TOTAL SOCIAL SERVICES	8,124	8,068	5,808	337,516	316,089	308,854
HEALTH AND SAFETY						
Personnel	867	784	784			
Other	496	467	432			
Capital	4	7	4			
TOTAL HEALTH AND SAFETY	1,367	1,258	1,220			
PUBLIC WORKS						
Personnel						
Other						
Capital						
TOTAL PUBLIC WORKS						
TOTAL EXPENDITURES	305,303	312,765	295,059	337,516	316,089	308,854
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,244	9,924	39,491	(67,605)	(66,813)	(64,088)
OTHER FINANCING SOURCES (USES)						
Transfers in			607	67,508	123,134	62,495
Transfers out:						
Debt retirement	(7,262)	(7,422)	(7,221)			
Other	(19,179)	(34,299)	(32,718)		(211)	(210)
TOTAL OTHER FINANCING SOURCES(USES)	(26,441)	(41,721)	(39,332)	67,508	122,923	62,285
NET CHANGE IN FUND BALANCES	(21,197)	(31,797)	159	(97)	56,110	(1,803)
FUND BALANCES(DEFICITS) AT BEGINNING OF YEAR						
	106,894	106,894	106,894	(57,901)	(57,901)	(57,901)
FUND BALANCES(DEFICITS) AT END OF YEAR						
	\$ 85,697	\$ 75,097	\$ 107,053	\$ (57,998)	\$ (1,791)	\$ (59,704)

The notes to the financial statements are an integral part of this statement.

Human Services Levies			Board of Mental Retardation			Health and Community Services		
Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
Original	Final		Original	Final		Original	Final	
\$ 175,929	\$ 168,643	\$ 170,940	\$ 87,166	\$ 85,518	\$ 86,621	\$ 12,500	\$ 14,868	\$ 13,426
	27	76			42			
						1,596	1,704	1,579
						17,969	17,579	18,730
						142	159	178
			22	22	31	582	771	633
17,174	24,512	23,447	82,774	85,955	86,228	171,043	146,389	196,665
			970	3,468	1,597	4,719	6,015	1,449
<u>193,103</u>	<u>193,182</u>	<u>194,463</u>	<u>170,932</u>	<u>174,963</u>	<u>174,519</u>	<u>208,551</u>	<u>187,485</u>	<u>232,660</u>
						11,363	11,120	11,096
						5,009	4,732	4,505
						63	16	13
						<u>16,435</u>	<u>15,868</u>	<u>15,614</u>
						28,023	28,750	27,507
						19,184	19,304	16,087
						318	437	339
						<u>47,525</u>	<u>48,491</u>	<u>43,933</u>
						1,852	1,791	1,646
						3,186	3,707	3,679
						5	21	9
						<u>5,043</u>	<u>5,519</u>	<u>5,334</u>
			89,380	89,380	86,544	352	400	373
			77,749	76,941	73,655	116,311	105,084	102,011
			3,774	5,325	4,959	1	9	1
			<u>170,903</u>	<u>171,646</u>	<u>165,158</u>	<u>116,664</u>	<u>105,493</u>	<u>102,385</u>
						6,779	6,694	6,626
27,000	26,974	26,974				125,373	138,456	133,925
						53	202	151
<u>27,000</u>	<u>26,974</u>	<u>26,974</u>				<u>132,205</u>	<u>145,352</u>	<u>140,702</u>
						404	404	378
						1,451	1,641	1,588
						1	1	
						<u>1,856</u>	<u>2,046</u>	<u>1,966</u>
27,000	26,974	26,974	170,903	171,646	165,158	319,728	322,769	309,934
166,103	166,208	167,489	29	3,317	9,361	(111,177)	(135,284)	(77,274)
	70	70			551	107,126	150,161	101,155
(166,103)	(151,528)	(151,528)					(3,690)	(4,599)
<u>(166,103)</u>	<u>(151,458)</u>	<u>(151,458)</u>			<u>551</u>	<u>107,126</u>	<u>146,471</u>	<u>96,556</u>
	14,750	16,031	29	3,317	9,912	(4,051)	11,187	19,282
(150)	(150)	(150)	14,423	14,423	14,423	10,169	10,169	10,169
<u>(150)</u>	<u>14,600</u>	<u>15,881</u>	<u>14,452</u>	<u>17,740</u>	<u>24,335</u>	<u>6,118</u>	<u>21,356</u>	<u>29,451</u>

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
ASSETS				
Current assets:				
Equity in pooled cash and investments.....	\$ 8,112	\$ 2,752	\$ 10,864	\$ 54,092
Receivables:				
Accounts (net of allowance for uncollectibles).....	12	256	268	12
Special assessments (net of allowance for uncollectibles).....	250	250	250	12
Net receivables.....	262	256	518	12
Due from other funds.....		46	46	6,867
Due from other governments.....		264	264	3,064
Inventory of supplies.....		10	10	38
Total current assets.....	8,374	3,328	11,702	64,073
Noncurrent assets:				
Special assessments receivable (net of allowance for uncollectibles).....	2,246		2,246	
Other assets.....	29		29	
Capital assets (net of accumulated depreciation):				
Land.....	472	5,280	5,752	
Land improvements.....	503	2,155	2,658	
Utility plant.....	26,639		26,639	
Buildings, structures and improvements.....	2,703	4,039	6,742	
Furniture, fixtures and equipment.....	205	38	243	8,049
Vehicles.....	857	104	961	799
Construction in progress.....	868	302	1,170	
Net capital assets.....	32,247	11,918	44,165	8,848
Total noncurrent assets.....	34,522	11,918	46,440	8,848
TOTAL ASSETS.....	42,896	15,246	58,142	72,921
LIABILITIES				
Current liabilities:				
Accounts payable.....	551	531	1,082	2,064
Due to other funds.....	297	37	334	2,827
Due to other governments.....	13		13	17,263
Accrued wages and benefits.....	398	114	512	2,608
Other liabilities.....	158		158	
Capital lease obligations.....				111
Special termination benefits.....	488	36	524	2,798
Loans payable.....	336		336	
Notes payable.....	5,950		5,950	
Bonds payable.....	190		190	
Total current liabilities.....	8,381	718	9,099	27,671
Noncurrent liabilities:				
Capital lease obligations.....				352
Special termination benefits.....	477	49	526	2,598
Loans payable.....	4,393		4,393	
Bonds payable.....	2,060		2,060	
Total noncurrent liabilities.....	6,930	49	6,979	2,950
TOTAL LIABILITIES.....	15,311	767	16,078	30,621
NET ASSETS				
Invested in capital assets, net of related debt.....	19,318	11,918	31,236	8,385
Unrestricted.....	8,267	2,561	10,828	33,915
TOTAL NET ASSETS.....	\$ 27,585	\$ 14,479	\$ 42,064	\$ 42,300
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.....				
			255	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES.....			\$ 42,319	

The notes to the financial statements are an integral part of this statement.

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES				
Charges for services.....	\$ 11,102	\$ 4,366	\$ 15,468	\$ 77,486
Other revenue.....	39	14	53	168
TOTAL OPERATING REVENUES.....	11,141	4,380	15,521	77,654
OPERATING EXPENSES				
Personal services.....	6,012	1,406	7,418	35,795
Contractual services and claims.....	721	1,344	2,065	8,749
Commodities.....	722	200	922	9,667
Depreciation.....	1,614	800	2,414	1,743
Other expenses.....	629	2,964	3,593	13,358
TOTAL OPERATING EXPENSES.....	9,698	6,714	16,412	69,312
OPERATING INCOME (LOSS).....	1,443	(2,334)	(891)	8,342
NONOPERATING REVENUES (EXPENSES)				
Interest income.....	49		49	
Interest expense.....	(158)		(158)	(11)
Grants.....	22	123	145	
Gain (Loss) on disposal of capital assets.....	5	1	6	(90)
TOTAL NONOPERATING REVENUES (EXPENSES).....	(82)	124	42	(101)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....	1,361	(2,210)	(849)	8,241
Transfers in.....	999	2,201	3,200	519
Transfers out:				
Debt retirement.....		(103)	(103)	
Other.....		(286)	(286)	(2,039)
Capital contributions.....				2,386
CHANGE IN NET ASSETS.....	2,360	(398)	1,962	9,107
TOTAL NET ASSETS BEGINNING OF YEAR.....	25,225	14,877		33,193
TOTAL NET ASSETS END OF YEAR.....	\$ 27,585	\$ 14,479		\$ 42,300
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.....			467	
CHANGE IN NET ASSETS-BUSINESS-TYPE ACTIVITIES.....			\$ 2,429	

The notes to the financial statements are an integral part of this statement.

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers.....	\$ 11,880	\$ 4,353	\$ 16,233	\$ 168
Other operating cash receipts.....	44	15	59	72,334
Cash payments to suppliers for goods and services.....	(2,530)	(4,583)	(7,113)	(36,092)
Cash payments to employees for services.....	(6,418)	(1,413)	(7,831)	(36,167)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	2,976	(1,628)	1,348	243
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds.....	999	2,201	3,200	519
Transfer to other funds.....		(389)	(389)	(2,039)
Proceeds from short-term interfund loan-net.....		15	15	1,816
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES.....	999	1,827	2,826	296
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from long-term debt.....	5,991		5,991	
Receipts from capital grants.....	272	123	395	
Proceeds from sale of capital assets.....				62
Acquisition and construction of capital assets.....	(1,198)	(309)	(1,507)	(2,120)
Principal paid on long-term debt.....	(7,586)		(7,586)	(51)
Interest paid on long-term debt.....	(280)		(280)	(11)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....	(2,801)	(186)	(2,987)	(2,120)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments.....	8		8	
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	8		8	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	1,182	13	1,195	(1,581)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	6,930	2,739	9,669	55,673
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,112	\$ 2,752	\$ 10,864	\$ 54,092

The notes to the financial statements are an integral part of this statement.

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 1,443	\$ (2,334)	\$ (891)	\$ 8,342
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation.....	1,614	800	2,414	1,743
Changes in assets and liabilities:				
Accounts receivable-net.....	4	(134)	(130)	(11)
Due from other funds.....		(15)	(15)	(2,334)
Due from other governments.....		(69)	(69)	(2,805)
Inventory of supplies.....		(1)	(1)	(9)
Accounts payable.....	213	174	387	(63)
Due to other funds.....	232	11	243	288
Due to other governments.....	13		13	(1,503)
Accrued wages and benefits.....	(87)	(20)	(107)	(676)
Special termination benefits.....	(456)	(40)	(496)	(2,729)
TOTAL ADJUSTMENTS.....	<u>1,533</u>	<u>706</u>	<u>2,239</u>	<u>(8,099)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	\$ <u>2,976</u>	\$ <u>(1,628)</u>	\$ <u>1,348</u>	\$ <u>243</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital assets acquired through capital lease.....	\$ _____	\$ _____	\$ _____	\$ <u>376</u>

**COUNTY OF CUYAHOGA, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	<u>Agency Funds</u>
ASSETS	
Equity in pooled cash and investments.....	\$ 213,066
Cash and investments-segregated accounts.....	36,071
Taxes receivable.....	1,301,608
TOTAL ASSETS.....	<u>\$ 1,550,745</u>
LIABILITIES	
Due to other governments.....	\$ 1,505,695
Other liabilities.....	45,050
TOTAL LIABILITIES.....	<u>\$ 1,550,745</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE A - Description of Cuyahoga County and Basis of Presentation

The County: Cuyahoga County (the County) operates as a political subdivision of the State of Ohio. The County was formed by an act of the Ohio General Assembly in 1810. The three member Board of County Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer. In addition, there are seven other elected administrative officials, each of whom is independent as set forth in Ohio law. These officials are Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff and Treasurer. There are also thirty-four Common Pleas Court Judges, five Domestic Relations Court Judges, six Juvenile Court Judges, two Probate Court Judges and twelve Court of Appeals Judges elected on a County-wide basis to oversee the County's justice system.

Basis of Presentation: The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance or equity, revenues and expenditures or expenses, as appropriate. The County uses the following fund types:

Governmental Funds:

General Fund: This fund accounts for the general operating revenues and expenditures of the County not recorded elsewhere. The primary revenue sources are sales and use tax, property taxes, state local government fund receipts, intergovernmental receipts and various service fees.

Special Revenue Funds: These funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Revenues are derived primarily from property taxes, other taxes, and federal and state grant programs.

Debt Service Fund: This fund is used to account for revenues received and used to pay principal and interest on all long-term bonded debt except those payable from Enterprise funds. Revenues are derived primarily from property taxes.

Capital Projects Fund: This fund is used to account for the acquisition or construction of capital assets (other than those financed by Proprietary funds). Revenues and financing resources are derived from the issuance of debt, transfers from the General and Special Revenue funds and capital grant programs.

Permanent Funds: Permanent funds are for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government's programs. The County does not utilize permanent funds at this time.

Proprietary Funds:

Enterprise Funds: These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

Internal Service Funds: These funds are used to account for the goods or services provided by certain County departments to other County departments and funds on a cost-reimbursement basis.

Fiduciary Funds:

Agency Funds: These funds are used to account for assets held by the County as an agent for other governments, other funds and individuals. These assets include property and other taxes as well as other intergovernmental resources that have been collected by the County and will be distributed to other taxing districts located within the County.

Private-purpose Trust Funds: Private-purpose trust funds are used to account for other trust arrangements which benefit individuals, private organizations, or other governments. For accounting measurement purposes, the

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. The County does not utilize private-purpose trust funds at this time.

NOTE B - Summary of Significant Accounting Policies

The accompanying financial statements of the County are prepared in conformity with accounting principles generally accepted in the United States of America for local government units as prescribed in statements and interpretations issued by the Governmental Accounting Standards Board (GASB).

Reporting Entity: Cuyahoga County is a political subdivision of the State of Ohio. The three member board of County Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer. In addition, there are seven other elected administrative officials, each of whom is independent as set forth in Ohio Law. The accompanying financial statements present the government and its component units, entities for which Cuyahoga County is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see *Discretely Presented Component Unit* below for description) to emphasize that it is legally separate from the County.

Discretely Presented Component Unit: In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the MetroHealth System (the Hospital or Component Unit) is included as a discretely presented Component Unit in the County's basic financial statements. The Hospital provides health care and hospitalization to the general public and care for the County's indigents. The County appoints the majority of the Hospital's Board of Trustees. The Hospital's annual operating budget and investment policy are both approved by the County. The Component Unit is included in the County's reporting entity because of the significance of its operational and financial relationships with the County. The financial information of the Hospital is presented in a separate column to emphasize that it is legally separate from the government. Complete financial statements for the Hospital can be requested from the County Auditor.

Basic Financial Statements: Financial information of the County is presented as a set of basic financial statements in the following format:

Government-wide Financial Statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The policy of the County is to allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internal service fund balances, whether positive or negative, have been eliminated against the expenses and program revenue shown in the statement of activities.

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

are recognized as revenue in the year for which they are levied. State and local government fund shared revenues are recognized when the provider government recognizes its liability to the County. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, sales and use taxes, other tax, state local government funds, licenses and permits and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.

Human Services accounts for revenues from Federal, State and County governments and expenditures used to provide entitlement services, senior and adult programs, children and family services and employment services to eligible county residents.

Health and Human Services Levies accounts for revenues from Health and Human Services Levies. Levies and expenditures are determined by policies of the Board of County Commissioners.

County Board of Mental Retardation accounts for revenues primarily from the State and the special mental retardation levy and expenditures thereof that are used for the benefit of the mentally retarded and developmentally disabled.

Health and Community Services accounts for revenues from Federal, State and County governments and expenditures thereof as prescribed under the various health and community service functions including mental health and alcohol and drug programs.

The County reports the following major proprietary fund:

Sanitary Engineer accounts for the maintenance operations of county sewer lines. The office also enforces compliance of county sanitary regulations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance. The Hospital has elected to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants, contributions and interest including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

funds and of the County's internal service funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap-in fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Budgetary Accounting and Control: The County is required by state law to adopt annual budgets for the General fund, certain Special Revenue funds and the Debt Service fund. Major Special Revenue funds which are budgeted annually include Human Services, Health and Human Services Levies, County Board of Mental Retardation and Health and Community Services. The County Administrator prepares the budget, which is approved by the Board of County Commissioners. The Office of Budget and Management prepares a separate budgetary report. The Board of County Commissioners approves amendments to the original budget throughout the year as allowed by State statute. The County maintains budgetary control within an organizational unit and fund by not permitting expenditures/expenses and encumbrances to exceed appropriations for personnel, capital purchases and other costs. Elected officials and managers may amend the budget without approval of the County Commissioners as long as amendments are within legal categories. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances are closed to unreserved fund balance/retained earnings at year-end and are re-encumbered and reappropriated at the start of the following year.

The County's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP basis). The accompanying statement of revenues, expenditures, and changes in fund balances – budget and actual (non-GAAP budgetary basis), comparing budget to actual results of operations for the General fund and all annually budgeted major special revenue funds, is presented to demonstrate the County's compliance with legally adopted budgets and reflects only budget revisions formally adopted by the Board of County Commissioners. The Commissioners and their staff monitor the level of revenues and expenditures throughout the year, and policy decisions are made based on the available current information. Formal revisions to previous budgets may not be processed if actual results are within previously budgeted levels. Consequently, large variances may appear on the budget and actual comparisons in the accompanying statements. The County has chosen not to include the variance column in the Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual.

The budgetary process does not include annual budgeting for certain grants (including Community Development and Other funds) and the Capital Projects fund. Appropriations are made on a multi-year basis with the free balance and encumbrances being reappropriated annually. The administrative control is on a grant/project basis and, therefore, comparisons with annually appropriated funds do not provide meaningful data. The County adopts annual budgets for Proprietary funds, however, there is no legal requirement to report on compliance with such budgets.

The major differences between the budgetary basis and the GAAP basis are:

- (1) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budgetary) as opposed to being closed to unreserved fund balance/fund net assets at year-end and are re-encumbered at the beginning of the following year (GAAP).

**COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2004

A reconciliation of the results of operations for the year on the GAAP basis to the budget basis follows:

Net Change in Fund Balances (Amounts in 000's)					
	General Fund	Human Services	Health and Human Services Levies	County Board of Mental Retardation	Health and Community Services
GAAP basis.....	\$ (23,623)	\$	\$ 55,734	\$ 13,320	\$ 11,446
Increase/decrease:					
Accrued receivables at 12/31/04 not recognized in the 2004 budget.....	(137,006)	(82,630)	(207,359)	(91,287)	(25,938)
Accrued receivables at 12/31/03 recognized in the 2004 budget.....	202,553	67,946	191,738	93,802	46,569
Expenditures accrued as liabilities at 12/31/04 not recognized in the 2004 budget.....	63,789	82,630	165,787	90,272	54,072
Expenditures accrued as liabilities at 12/31/03 recognized in the 2004 budget.....	(65,379)	(30,412)	(189,869)	(100,930)	(56,563)
Encumbrances at 12/31/04 recognized as expenditures in the 2004 budget.....	(14,823)	(19,823)		(7,657)	(27,616)
Encumbrances at 12/31/03 not recognized as expenditures in the 2004 budget.....	10,028	20,367		9,319	17,312
Other GAAP adjustments ⁽¹⁾	(35,380)	(39,881)		3,073	
Budget basis	\$ <u>159</u>	\$ <u>(1,803)</u>	\$ <u>16,031</u>	\$ <u>9,912</u>	\$ <u>19,282</u>

(1) Change in the amount of short-term interfund loans by the General fund, unrealized gain on investments, net expenses for the Brownfield project, Gateway debt and agency funds reclassified as cash for financial reporting purposes.

Statement of Cash Flows: The County utilizes the direct method with respect to the statement of cash flows as defined by the GASB Statement No. 9. For purposes of the statement of cash flows, the County considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Pooled Cash and Investments: Cash resources of a majority of individual funds are combined to form a pool of cash and investments, which is managed by the County Treasurer. Investments in the pooled cash and investments accounts consist of U.S. Treasury Notes and other Federal Government securities, certificates of deposit, commercial paper, revenue anticipation bonds and the State Treasurer's Investment Pool.

Investments: The County accounts for its investments under the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which established accounting and financial reporting standards for government investments and investment pools, requiring most investments to be recorded at fair value and the recognition of unrealized gains and losses in the financial statements. The County has the ability and intent to hold all investments to maturity. Interest on investments is accrued as earned and distributed to appropriate funds utilizing a formula based on the average month-end balance of cash and cash equivalents of appropriate funds. County policy requires interest earned on investments to be credited to the General fund except where there is a legal requirement such as the Motor Vehicle Gas Tax Special Revenue fund or where there are bond proceeds for capital improvements such as the Capital Projects fund. Fair value is determined by quoted market prices.

Inventory of Supplies: Inventory is valued at the lower of cost (determined using the first-in first-out method) or net realizable value. Costs are expensed when inventory is consumed for Proprietary funds and for the Discretely Presented Component Unit. Costs are recognized as expenditures when inventory is purchased for Governmental funds.

Restricted Assets: The primary government's restricted assets are composed of the unspent proceeds of certain borrowings that are restricted for use in specified economic development activities and capital projects, as

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

well as deposits and investments held at certain financial institutions throughout the County to support the County's Housing Enhancement Loan Program (H.E.L.P.), which allows homeowners in County communities to borrow money from participating financial institutions to repair or remodel their homes or rental property at below market interest rates. Included in the Discretely Presented Component Unit column are restricted assets, consisting of investments restricted by donors, assets under the control of the bond trustee that are used for payment of principal and interest on the Hospital's bonds when due.

Capital Assets: Capital assets, which include land, land improvements, utility plant, buildings, structures and improvements, furniture, fixtures and equipment, vehicles and infrastructure assets (primarily bridges constructed and maintained by the County), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements to the extent the County's capitalization threshold is met. The County defines capital assets as assets with an estimated useful life in excess of 4 years (3 years for Component Unit) and an individual cost of more than \$9,000. Assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed capital assets are recorded at their estimated fair market value at the date contributed.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

Cost for maintenance and repairs are expensed when incurred. However, costs for repairs and upgradings that materially add to the value of the life of an asset and meet the above criteria are capitalized.

The County and the Component Unit depreciates capital assets on a straight-line basis using the following estimated useful lives:

Land improvements	5 to 20 years
Utility plant	20 to 50 years
Buildings, structures and improvements	5 to 40 years
Furniture, fixtures and equipment	3 to 22 years
Vehicles	4 to 9 years
Infrastructure	20 to 69 years

Capitalization of Interest: The County's policy is to capitalize interest on construction projects in the proprietary funds until substantial completion of the project. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. During 2004, capitalized interest was not material.

Compensated Absences: The County records accumulated unpaid sick, vacation and overtime pay benefits as accrued wages and benefits payable when earned by employees. For Governmental funds, the portion of the liability, which is not currently due and payable, is not reported. In the government-wide financial statements and for proprietary funds, the entire amount of compensated absences (current and noncurrent) is reported as a liability. The County utilizes the termination payments method to determine the liabilities for compensated absences as defined in GASB Statement No. 16.

Ohio law requires that vacation time not be accumulated for more than three years. Normally, all vacation time is to be taken in the year available unless administrative approval for carry-over is obtained. Sick time not taken may be accumulated until retirement. Employees with a minimum of ten years of service are paid one-fourth of accumulated sick time at the employee's current wage rate upon retirement up to a maximum of thirty days. Certain agencies of the County that are not under the control of the Board of County Commissioners may have slightly different policies for compensated absences.

Net Patient Service Revenue: Net patient service revenue of the Hospital is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review by a peer review organization. Differences between the estimated amounts accrued at interim and final settlements are reported in the Statement of Revenues, Expenses and Changes in Net Assets in the year of settlement. The Hospital recorded a favorable adjustment of

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

\$5.1 million in 2004 and a favorable adjustment of \$9.4 million in 2003, due to prior year retroactive adjustments to amounts previously estimated.

Net revenue from the Medicare and Medicaid programs accounted for approximately 24% and 32%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2004. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. The Hospital believes that an adequate provision has been made in the financial statements for any adjustments that may result from final settlements.

Charity Care: Throughout the admission, billing and collection processes, certain patients are identified by the Hospital as qualifying for charity care. The Hospital provides care to these patients without charge or at amounts less than its established rates. The charges foregone for charity care provided by the Hospital, totaling \$121 million, represents 11.4% of gross charges in 2004, and are not reported as revenue. The Hospital accepts certain indigent Ohio residents and all residents from the County regardless of their ability to pay.

Encumbrances: Encumbrance accounting allows for the reservation of appropriations to provide for purchase commitments pertaining to purchase orders, contracts and other commitments. Encumbrances are closed to unreserved fund balance/unrestricted net assets at year-end and are re-encumbered at the beginning of the following year.

Interfund Transactions: During the normal course of operations, the County has numerous transactions between funds including transfers of resources to provide services and construct assets. Interfund transactions are generally classified as transfers in the accompanying financial statements. Transfers out are further categorized as transfers for debt retirement or other purposes. Transfers for debt retirement represent monies transferred to the Debt Service fund. Other transfers represent all other transfers out.

Fund Balance: In the governmental fund financial statements, the County records reservations of portions of fund balances that are legally segregated for specific future uses or do not represent available, spendable resources and, therefore, cannot be appropriated for expenditures. Designations of fund balance represent tentative management plans that are subject to change.

Risk Management: The County has implemented GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Employees' health insurance is provided through a commercial insurance program. The County pays a premium to the insurance providers without additional risk to the County, except for the prescription drug plan which is self-insured. The County maintains an Internal Service fund to account for the self-insurance of workers' compensation benefits through a retrospective rating plan with the State of Ohio. The County recognizes a liability for self-insured claims if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, the County has designated a portion of the fund balance of its General fund, pursuant to Ohio law, to provide for claims and judgements not covered by the various County insurance policies.

New Accounting Standards: During May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment to GASB Statement No. 14, *The Financial Reporting Entity*, which clarifies existing accounting guidance and provides greater consistency in accounting for organizations that are closely related to a primary government. The standard, which is effective for fiscal years beginning after June 15, 2003, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a state or local government. The County has determined that GASB Statement No. 39 has no impact on its reported financial condition and results of operations.

During November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. Under provisions of this statement, a capital asset is considered impaired when its service has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this statement are effective for fiscal periods

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

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beginning after December 15, 2004. The County and the Component Unit have not determined the impact, if any, that this statement will have on its financial statements.

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 for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. Statement 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. Statement No. 45 will not be effective for the County until the year ending December 31, 2007, and as such, the County has not determined the impact that this statement will have on its financial statements.

During December 2004, the GASB issued Statement No. 46, *Net Assets Restricted by Legislation, an amendment of GASB Statement No. 34*. This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. The Statement states that 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. Although the determination that a particular restriction is not legally enforceable may cause a government to review the enforceability of other restrictions, it should not necessarily lead a government to the same conclusion for all enabling legislation restrictions. This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The requirements of this Statement are effective for the County for the year ending December 31, 2006, and as such, the County has not determined the impact, if any, that this statement will have on its financial statements.

NOTE C - Cash and Investments

Cash and Investments:

Pooled Cash and Investments: Certain monies of the General fund, certain Agency funds and the Hospital are deposited and maintained in individual segregated bank accounts or invested in specifically segregated investments. All other funds of the County are held in a common group of bank accounts and investments. Collectively, these bank accounts and investments represent the Pooled Cash and Investments account. Amounts reported as cash and investments for the segregated funds and the pooled funds principally consist of bank balances, certificates of deposit, United States Treasury Notes, U.S. Agency obligations, municipal obligations of political subdivisions of the State of Ohio and the State Treasurer's Investment Pool.

Certain funds have made disbursements from the pooled cash account in excess of their individual equity in the pooled cash account. These amounts are reported in the balance sheet—governmental funds and the statement of net assets—proprietary funds as "Due to other funds" and are offset against the General fund's equity in pooled cash and investments.

**COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS**

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A summary of the Pooled Cash and Investments account balance by fund type at December 31, 2004, follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General	\$	\$ 99,511
Due From:		
Special Revenue	39,881	
Enterprise	15	
Internal Service.....	<u>2,039</u>	<u>(41,935)</u>
Net General		57,576
Other major governmental		105,952
Other governmental		68,598
Major enterprise		8,112
Other enterprise		2,752
Internal Service.....		<u>54,092</u>
Total government-wide		<u>297,082</u>
Agency.....		<u>213,066</u>
Total Equity in Pooled Cash and Investments		\$ <u>510,148</u>

Amounts due to other funds by Special Revenue funds will be paid from collection of reimbursements under grant programs from the Federal and State governments. Amounts owed by the Enterprise funds will be paid through increased Airport rental charges. Amounts owed by the Internal Service funds will be paid through collection of charges for services.

Deposits and Investments:

Primary Government

Deposits: At year-end, the carrying amount of the County's deposits, including certificates of deposit, was \$79.7 million and the bank balances were \$81.6 million. Any differences between the account bank balances and investments and the cash and investments recorded in the financial statements are due to normal reconciling items. The pooled securities serve as collateral for all public deposits held by the banks, including the County's deposits. The Ohio Revised Code (ORC) requires that the market value of securities held in the pool be at least equal to 105% of the public deposits held by the banks. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. County policy is to utilize federally insured banks and savings institutions located in the County.

All monies are deposited in the Cuyahoga County banks designated by the Board of County Commissioners. Interim funds not needed for immediate expenditures are invested in interest bearing or non-interest bearing accounts or invested pursuant to the Statement of Investment Policy adopted by the Cuyahoga County Investment Advisory Committee.

Custodial risk is the risk that, in the event of bank failure the County's deposits might not be recovered. The County's bank deposits at December 31, 2004 totaled \$81.6 million and were subject to the following categories of custodial risk:

**COUNTY OF CUYAHOGA, OHIO
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(Amounts in 000's)	
Uncollateralized	\$ 72,754
Collateralized with securities held by the pledging institution's trust department (O.R.C. 135.18) but not in the County's name	<u>6,458</u>
Total amount subject to custodial risk	79,212
Amount insured (FDIC Insurance)	<u>2,410</u>
Total bank balances	\$ <u>81,622</u>

Component Unit

Deposits: All monies are deposited to the Hospital's banks or trust companies designated by the Board of Trustees. Funds not needed for immediate expenditure may be deposited in interest bearing or non-interest bearing accounts or U.S. government obligations. Banks or trust companies shall furnish security for all such deposits, whether interest bearing or non-interest bearing, except that no such security is required for U.S. government obligations.

Custodial risk is the risk that, in the event of bank failure, the Hospital's deposits might not be recovered. The Hospital's bank deposits at December 31, 2004 totaled \$8.1 million and were subject to the following categories of custodial risk:

(Amounts in 000's)	
Uncollateralized	\$ 7,798
Collateralized with securities held by the pledging institution's trust department, but not in the Hospital's name	<u>68</u>
Total amount subject to custodial risk	7,866
Amount insured	<u>200</u>
Total bank balances	\$ <u>8,066</u>

At December 31, 2004, the financial statement carrying amount of the Hospital's deposits was \$8.4 million. The difference from the reported amount represents outstanding checks payable and normal reconciling items.

Primary Government

Investments: The County's Statement of Investment Policy, approved by the County's Investment Advisory Committee, authorizes investment by the County in investments permitted under the ORC. Eligible investments include U.S. Treasury Bills and Notes, backed by the full faith and credit of the U.S. government, obligations of U.S. government agencies, commercial paper, bankers acceptances, obligations of political subdivisions of the State of Ohio, certificates of deposit or savings or deposit accounts in an eligible institution defined in the ORC, State Treasurer's Investment Pool, shares in open-end no-load money market mutual funds registered under the Federal Investment Act of 1940 and repurchase agreements. Ohio statute prohibits the use of reverse repurchase agreements. County investment policy restricts repurchase agreements to durations of 30 days or less and all investments to maturities of not more than 5 years.

COUNTY OF CUYAHOGA, OHIO
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At December 31, 2004, the fair value of the Primary Government investments were as follows:

Investment Type	(Amounts in 000's) Fair Value/Carrying Value
Repurchase Agreements	\$ 70,700
U. S. Treasuries	6,047
U.S. Government Agencies	420,496
Municipal Obligations.....	<u>1,200</u>
Total Primary Government Investments	\$ <u>498,443</u>

Interest Rate Risk. The ORC and the County's Statement of Investment Policy limits the purchase of securities to a stated maturity of no more than 5 years from the date of purchase unless the security is matched to a specific obligation or debt of the County. The purchase of any security with a maturity of greater than 5 years must be approved in advance by the Investment Advisory Committee.

At December 31, 2004, the County's investments had maturities as follows:

Maturities	Percentage
Less than 1 year	39.78%
1 to 4 years	60.22%

Further, the Statement of Investment Policy specifies that the portfolio be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of investment. Each investment type is limited to a maximum percentage of the total average portfolio.

Credit Risk. The ORC and the County's Statement of Investment Policy govern the minimum investment rating for each type of eligible investment security. Commercial Paper and Banker's Acceptances must have a minimum rating of "A-1" or "AA".

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has implemented several controls to mitigate custodial risk. All security transactions are executed on a delivery versus payment basis. All securities are delivered to the County's custodian bank before payment is made to the broker dealer for the security. Securities delivered to the custodian are held in the name of the County. If market conditions or liquidity needs require the sale of a security, the County will identify securities for sale that mitigate the amount of market loss. With repurchase agreements, the County requires that the counterparty deliver securities with a market value at least equal to 102% of the purchase price of the securities. If the counterparty fails to repurchase the securities per the terms of the agreement, the County reserves the right to sell the securities in the market.

Component Unit

At December 31, 2004, fair value of the County's Component Unit investments were as follows:

Investment Type	(Amounts in 000's) Fair Value/Carrying Value
Cash and investments	\$ 153,809
U. S. Treasuries	727
U.S. Government Agencies	79,430
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (Federal Pools).....	8,810
Collateralized Mortgage Obligations	1,596
Corporates	<u>4,189</u>
Total Hospital Investments	\$ <u>248,561</u>

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Interest Rate Risk. The Hospital's investment policies limit investment portfolio to maturities of five years or less. All of the Hospital's investments at December 31, 2004 have effective maturity dates of less than five years.

Credit Risk. All of the Hospital's investments are rated AAA by Standard and Poor's. The Hospital's investment policies are governed by State of Ohio statutes that authorize the Hospital to invest in U.S. government obligations. The Collateralized Mortgage Obligations and Federal Mortgage pools are investments that are grandfathered from previous statutes that allowed such investments. These investments have an effective maturity date of less than one year.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Hospital's investments, only the repurchase agreements are exposed to custodial risk. Repurchase agreements (included in the U. S. Government Agencies) at December 31, 2004 totaling \$9 million are uninsured, are not registered in the Hospital's name and are held by the financial institution's trust department.

NOTE D - Interfund Receivables and Payables

Individual interfund receivable and payable balances as of December 31, 2004 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 41,935	\$ 2,208
Human Services		67,735
Health and Human Services Levies.....	40,120	
County Board of Mental Retardation		1,049
Health and Community Services		14,209
Other governmental funds		<u>606</u>
Total Governmental Funds	<u>82,055</u>	<u>85,807</u>
Proprietary Funds:		
Enterprise Funds:		
Sanitary Engineer		297
Other enterprise funds.....	<u>46</u>	<u>37</u>
Total Enterprise Funds.....	<u>46</u>	<u>334</u>
Internal Service Funds:.....	<u>6,867</u>	<u>2,827</u>
Totals	\$ <u>88,968</u>	\$ <u>88,968</u>

**COUNTY OF CUYAHOGA, OHIO
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A summary of interfund receivables/payables of the General fund follows:

Fund Types	(Amounts in 000's)	
	Receivables	Payables
Major Governmental Funds:		
Human Services	\$ <u>39,881</u>	\$ —
Total Major Governmental Funds	39,881	
Nonmajor Enterprise Funds:		
County Airport	15	
Cuyahoga County Information System		<u>31</u>
Total Nonmajor Enterprise Funds	<u>15</u>	31
Internal Service Funds:		
Maintenance Garage	897	35
Data Processing Center	1,142	
Printing, Reproduction and Supplies		121
Communications		71
Self-Funded Workers Compensation		<u>1,950</u>
Total Internal Service Funds	<u>2,039</u>	<u>2,177</u>
Totals	\$ <u>41,935</u>	\$ <u>2,208</u>

The receivables represent amounts overdrawn from the pooled cash account which are owed to the General fund.

The amount payable to the Cuyahoga County Information System is for computer charges from various General fund agencies. The amounts payable to Internal Service funds represent unpaid charges at December 31, 2004.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

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NOTE E - Capital Assets

A summary of changes in capital assets follows:

Governmental Activities:	(Amounts in 000's)			Balance December 31, 2004
	Balance January 1, 2004	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 38,034	\$ 8,027	\$ 1,526	\$ 44,535
Construction in progress.....	90,822	24,915	74,257	41,480
Total capital assets, not being depreciated.....	<u>128,856</u>	<u>32,942</u>	<u>75,783</u>	<u>86,015</u>
Capital assets, being depreciated:				
Land improvements.....	3,500	8,825	2	12,323
Buildings, structures and improvements.....	480,068	61,365	521	540,912
Furniture, fixtures and equipment.....	46,025	5,281	1,298	50,008
Vehicles.....	14,889	1,859	1,276	15,472
Infrastructure.....	432,191	8,014		440,205
Total capital assets, being depreciated.....	<u>976,673</u>	<u>85,344</u>	<u>3,097</u>	<u>1,058,920</u>
Less accumulated depreciation for:				
Land improvements.....	1,349	490	1	1,838
Buildings, structures and improvements.....	219,967	15,887	221	235,633
Furniture, fixtures and equipment.....	34,551	2,692	1,154	36,089
Vehicles.....	11,593	1,112	1,268	11,437
Infrastructure.....	228,218	12,386		240,604
Total accumulated depreciation.....	<u>495,678</u>	<u>32,567</u>	<u>2,644</u>	<u>525,601</u>
Total capital assets, being depreciated, net.....	<u>480,995</u>	<u>52,777</u>	<u>453</u>	<u>533,319</u>
Governmental activities capital assets, net.....	<u>\$ 609,851</u>	<u>\$ 85,719</u>	<u>\$ 76,236</u>	<u>\$ 619,334</u>

Business-type Activities:	(Amounts in 000's)			Balance December 31, 2004
	Balance January 1, 2004	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 5,752	\$	\$	\$ 5,752
Construction in progress.....	6,958	986	6,774	1,170
Total capital assets, not being depreciated.....	<u>12,710</u>	<u>986</u>	<u>6,774</u>	<u>6,922</u>
Capital assets, being depreciated:				
Land improvements.....	10,850			10,850
Utility plant.....	46,859	6,774		53,633
Buildings, structures and improvements.....	14,757	9		14,766
Furniture, fixtures and equipment.....	2,477	26		2,503
Vehicles.....	3,582	487	121	3,948
Total capital assets, being depreciated.....	<u>78,525</u>	<u>7,296</u>	<u>121</u>	<u>85,700</u>
Less accumulated depreciation for:				
Land improvements.....	7,844	348		8,192
Utility plant.....	26,066	928		26,994
Buildings, structures and improvements.....	7,339	685		8,024
Furniture, fixtures and equipment.....	2,181	79		2,260
Vehicles.....	2,734	374	121	2,987
Total accumulated depreciation.....	<u>46,164</u>	<u>2,414</u>	<u>121</u>	<u>48,457</u>
Total capital assets, being depreciated, net.....	<u>32,361</u>	<u>4,882</u>		<u>37,243</u>
Business-type activities capital assets, net.....	<u>\$ 45,071</u>	<u>\$ 5,868</u>	<u>\$ 6,774</u>	<u>\$ 44,165</u>

**COUNTY OF CUYAHOGA, OHIO
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Component Unit:	Amounts in (000's)			Balance December 31, 2004
	Balance January 1, 2004	Additions	Deductions	
Capital assets, not being depreciated:.....				
Land.....	\$ 8,954	\$ 680	\$	\$ 9,634
Construction in progress.....	62,043	37,302	88,252	11,093
Total capital assets, not being depreciated.....	<u>70,997</u>	<u>37,982</u>	<u>88,252</u>	<u>20,727</u>
Capital assets, being depreciated:.....				
Land improvements.....	7,699	130		7,829
Buildings, structures and improvements.....	374,189	71,508		445,697
Furniture, fixtures and equipment.....	191,831	22,580	1,102	213,309
Vehicles.....	7,367	2,361		9,728
Total capital assets, being depreciated.....	<u>581,086</u>	<u>96,579</u>	<u>1,102</u>	<u>676,563</u>
Less accumulated depreciation for:				
Land improvements.....	6,656	204		6,860
Buildings, structures and improvements.....	247,713	17,449		265,162
Furniture, fixtures and equipment.....	161,870	10,585	1,096	171,359
Vehicles.....	2,192	566		2,758
Total accumulated depreciation.....	<u>418,431</u>	<u>28,804</u>	<u>1,096</u>	<u>446,139</u>
Total capital assets, being depreciated, net.....	<u>162,655</u>	<u>67,775</u>	<u>6</u>	<u>230,424</u>
Component unit capital assets, net.....	<u>\$ 233,652</u>	<u>\$ 105,757</u>	<u>\$ 88,258</u>	<u>\$ 251,151</u>

Depreciation expense was charged to functions of the government as follows:

Governmental Activities:	(Amounts in 000's)
General government.....	\$ 2,921
Judicial.....	9,391
Development.....	3
Social services.....	5,585
Health and safety.....	186
Public works.....	12,738
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.....	1,743
Total depreciation expenses charged to governmental activities.....	<u>\$ 32,567</u>
 Business-type Activities:	
Sanitary Engineer.....	\$ 1,614
County Airport.....	414
Huntington Park Garage.....	386
Total depreciation expenses charged to business-type activities.....	<u>\$ 2,414</u>

**COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS**

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A summary of construction commitments for governmental activities at December 31, 2004 follows:

Function	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2004	Future Commitments
General government.....	\$ 14,436	\$ 5,182	\$ 9,254
Judicial.....	40,999	25,448	15,551
Social services.....	2,406	954	1,452
Public works.....	26,560	9,896	16,664
Totals.....	<u>\$ 84,401</u>	<u>\$ 41,480</u>	<u>\$ 42,921</u>

The future construction commitments are expected to be financed primarily through bonded debt.

A summary of construction commitment for business-type activities at December 31, 2004 follows:

Business-type Activity	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2004	Future Commitments
Sanitary Engineer.....	\$ 2,491	\$ 868	\$ 1,623
Airport.....	789	302	487
Totals.....	<u>\$ 3,280</u>	<u>\$ 1,170</u>	<u>\$ 2,110</u>

The future construction commitments are expected to be financed primarily through special assessments and grants.

The Hospital has future contractual commitments for the construction of various projects totaling \$14.8 million. The projects are being funded with remaining bond proceeds amounting to \$1.2 million and operating funds.

COUNTY OF CUYAHOGA, OHIO
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DECEMBER 31, 2004

NOTE F - Debt and Other Obligations

Notes Payable and Long-Term Liabilities:

A summary of the County's notes payable and long-term liabilities at December 31, 2004 is provided below:

(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Governmental Activities:							
	Compensated Absences.....		\$ 21,382	\$ 39,399	\$ 38,371	\$ 22,410	\$ 2,241
2001	Special Termination Benefits-Due thru 2007.....	7.75%	52,514		17,416	35,098	17,896
	Various Capital Lease Obligations-Due thru 2029.....		25,130	1,857	1,887	25,100	1,545
2003	Installment Purchase Agreement-Due thru 2010, [\$13,742].....	3.72%-3.87%	11,698		1,890	9,808	1,773
Loans Payable:							
1989	Environmental Protection Agency-Due thru 2007, [\$494].....	None	82		28	54	28
1997	Ohio Department of Development Loan						
	- Due thru 2016, [\$5,000].....	None	3,250		250	3,000	250
	Total Loans Payable.....		3,332		278	3,054	278
General Obligation Bonds-Unvoted:							
1983	Building Improvements-Due thru 2004(1).....	9.375%	875		875		
1983	Health Service Facilities-Due thru 2004(1).....	9.375%	370		370		
1983	Auditorium-Due thru 2004(1).....	9.375%	175		175		
1983	Street Improvements-Due thru 2004(1).....	9.375%	50		50		
1983	Sanitary Improvements-Due thru 2004(1).....	9.375%	200		200		
1993	Various Purpose Refunding Bonds-Due thru 2012, [\$75,395].....	2.20%-5.25%	28,585		3,435	25,150	3,610
1993	Rock and Roll Hall of Fame-Due thru 2018, [\$12,000].....	2.75%-5.65%	8,890		395	8,495	415
1995	Various Purpose Improvements-Due thru 2015, [\$35,145].....	3.75%-5.50%	18,500		2,525	15,975	2,650
2000	Capital Improvements-Due thru 2020, [\$96,615].....	4.30%-5.75%	87,650		3,420	84,230	3,580
2004	Capital Improvements-Due thru 2024, [\$84,490].....	2.50%-5.25%		84,490		84,490	2,575
	Total General Obligation Bonds-Unvoted.....		145,295	84,490	11,445	218,340	12,830
General Obligation Bonds-Voted:							
1991	Jail II Series - Due thru 2006, [\$5,086].....	6.95%-7.05%	5,086		1,570	3,516	1,819
1993	Jail Facilities and Various Purpose Refunding Bonds						
	-Due thru 2013, [\$65,254].....	2.20%-5.25%	21,869		2,280	19,589	2,390
	Total General Obligation Bonds-Voted.....		26,955		3,850	23,105	4,209
	Total Tax Supported Bonds.....		172,250	84,490	15,295	241,445	17,039
Revenue Bonds:							
1992	Gateway Economic Development-Due thru 2022, [\$40,000].....	Variable	30,400		30,400		
1992	Gateway Economic Development-Due thru 2022, [\$35,000].....	8.625%	35,000			35,000	
1994	Gateway Economic Development-Due thru 2023, [\$45,000].....	4.45%-7.60%	34,615		1,535	33,080	1,635
1998	Brownfield Economic Redevelopment						
	-Due thru 2018, [\$15,465].....	5.31%-6.75%	13,125		13,125		
2000	Shaker Square Redevelopment-Due thru 2030, [\$2,855].....	6.886%	2,835		10	2,825	10
2004	Gateway Arena Project Series 2004A Refunding Bonds						
	-Due thru 2011 [\$10,750].....	1.50%-4.25%		10,750		10,750	1,415
2004	Gateway Arena Project Series 2004B Refunding Bonds						
	-Due thru 2022 [\$19,200].....	Variable		19,200		19,200	
2004	Brownfield Redevelopment Fund Project Refunding Bonds						
	Series 2004C -Due thru 2018 [\$12,880].....	1.50%-5.10%		12,880		12,880	725
	Total Revenue Bonds.....		115,975	42,830	45,070	113,735	3,785
	Bond premium/discount related to various issues-net.....			6,077	89	5,988	
	Total Bonds Payable.....		288,225	133,397	60,454	361,168	20,824
Capital Projects Fund:							
Bond Anticipation Notes:							
2003	Capital Improvement Notes-Due in 2004, [\$2,440].....	2.00%	2,440		2,440		
	Total Capital Projects Fund.....		2,440		2,440		
Internal Service Funds:							
	Compensated Absences.....		1,849	2,390	2,234	2,005	201
2001	Special Termination Benefits-Due thru 2007.....	7.75%	8,125		2,729	5,396	2,798
	Various Capital Lease Obligations-Due thru 2009.....		138	376	51	463	111
	Total Internal Service Funds.....		10,112	2,766	5,014	7,864	3,110
	Total Governmental Activities.....		\$ 414,833	\$ 177,419	\$ 127,750	\$ 464,502	\$ 47,667

(1) Combined original issue amount \$34,395

(CONTINUED)

COUNTY OF CUYAHOGA, OHIO
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(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Business-type Activities:							
	Compensated Absences.....		\$ 361	\$ 621	\$ 581	\$ 401	\$ 40
2001	Special Termination Benefits-Due thru 2007.....	7.75%	1,546		496	1,050	524
	Various Loans Payable-Due thru 2019.....	4.04% - 7.00%	6,016		1,287	4,729	336
Bond Anticipation Notes:							
2002	Olmsted Township Water and Sewer-Due in 2005 [\$5,950].....	2.50%		5,950		5,950	5,950
2003	Capital Improvement Notes-Due in 2004, [\$1,082].....	2.00%	1,082		1,082		
2003	Olmsted Township Water and Sewer-Due in 2004 [\$5,028].....	2.00%	5,028		5,028		
	Total Notes Payable.....		6,110	5,950	6,110	5,950	5,950
Self-Supporting Bonds Payable:							
2000	Sewer Improvement-Due thru 2020, [\$1,040].....	4.55%-5.55%	940		35	905	40
2003	Sewer Improvement-Due thru 2012 [\$1,500].....	2.00%-3.55%	1,500		155	1,345	150
	Total Self-Supporting Bonds Payable.....		2,440		190	2,250	190
	Total Business-type Activities.....		\$ 16,473	\$ 6,571	\$ 8,664	\$ 14,380	\$ 7,040
Component Unit							
	Compensated absences.....		\$ 22,633	\$ 4,552	\$ 2,032	\$ 25,153	\$ 2,093
	Amounts due third party payors (See Note B).....		42,544	761	1,870	41,435	6,872
	Claims payable (See Note J).....		41,735	18,059	14,020	45,774	21,925
	Various Capital Lease Obligations-Due thru 2007.....	4.958%-4.96%	4,538		2,244	2,294	812
2004	Cuyahoga County Sanitary Engineer Loan -Due thru 2018.....	None		131	40	91	7
2003	General and Professional Liability Note -Due in 2005.....	3.75%	3,400	4,576	3,400	4,576	4,576
Bonds:							
1997	Hospital Improvement and Refunding Revenue Bonds-Due Thru 2027, [\$70,000].....	3.90%-5.80%	50,842	192	4,400	46,634	4,615
1997	Hospital Refunding Revenue Bonds -Due thru 2019, [\$77,525].....	4.10%-5.50%	68,520	307	255	68,572	265
1999	Hospital Improvement Revenue Bonds -Due thru 2029, [\$56,995].....	6.125%-6.15%	56,806	8		56,814	
2003	Hospital Improvement Revenue Bonds -Due thru 2033, [\$30,545].....	Variable	30,545		535	30,010	580
	Total Bonds.....		206,713	507	5,190	202,030	5,460
	Total Component Unit.....		\$ 321,563	\$ 28,586	\$ 28,796	\$ 321,353	\$ 41,745

Capital Lease Information: The following summarizes future minimum lease payments under the capital leases, and the present values of net minimum lease payments for the Primary Government at December 31, 2004:

(Amounts in 000's)			
Year	Governmental Activities	Internal Service funds	
2005.....	\$ 3,742	\$ 132	
2006.....	3,728	107	
2007.....	3,756	107	
2008.....	3,796	94	
2009.....	3,824	78	
2010-2014.....	14,032		
2015-2019.....	5,272		
2020-2024.....	73		
2025-2029.....	58		
Total Minimum Lease Payments.....	38,281	518	
Amount Representing Interest.....	(13,181)	(55)	
Present Value of Net Minimum Lease Payments.....	\$ 25,100	\$ 463	

**COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS**

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The following summarizes future minimum payments and the present values of net minimum lease payments for the Component Unit's equipment capital leases and loan obligation at December 31, 2004:

Year	(Amounts in 000's)	
	Equipment and Loan Obligation	
2005.....	\$	920
2006.....		786
2007.....		785
2008.....		7
2009.....		7
2010-2014.....		33
2015-2019.....		26
Total Minimum Lease Payments.....		<u>2,564</u>
Amount Representing Interest.....		<u>(179)</u>
Present Value of Net Minimum Lease Payments.....	\$	<u><u>2,385</u></u>

As of December 31, 2004, the net book value of the capital assets recorded as capital leases in the governmental activities funds and Component Unit were \$46.8 million and \$9.2 million, respectively.

Future Debt Service Requirements: A summary of the County's future debt service requirements for its outstanding long-term bonds, notes, installment purchase agreement and loans payable at December 31, 2004 are as follows:

Due In	(Amounts in 000's)				
	Governmental Activities		Business-type Activities		
	Principal	Interest	Principal	Interest	
2005.....	\$ 22,875	\$ 23,126	\$ 6,476	\$ 227	
2006.....	22,915	21,467	546	213	
2007.....	25,566	17,355	555	199	
2008.....	21,828	21,091	575	184	
2009.....	22,701	20,194	591	167	
2010-2014.....	94,202	81,385	2,729	553	
2015-2019.....	93,140	34,747	1,377	153	
2020-2024.....	63,875	8,838	80	5	
2025-2029.....	800	174			
2030.....	140	7			
Totals.....	\$ <u>368,042</u>	\$ <u>228,384</u>	\$ <u>12,929</u>	\$ <u>1,701</u>	

In May 2003 the County Commissioners authorized by resolution a loan in the amount of \$10 million from the Ohio Department of Transportation (ODOT). The money is provided through the state infrastructure bank fund, which are federal funds, to be used to improve a road and reconstruct a bridge. The loan will carry a 0% interest rate for the first 12 months and a 3% rate thereafter, through 2013. The County pledges its motor vehicle license tax as the source of repayment. The County has not received any of this funding through 2004, therefore, a liability has not been recorded. State Issue II and ODOT monies are used first for this project and when funding is exhausted the loan will be exercised for this purpose.

In January 2005, the County Commissioners authorized by resolution a loan in the amount of \$2.6 million from the Federal National Mortgage Association (Fannie Mae) on a taxable basis and in turn, loaning the funds received from Fannie Mae to private developers for the purpose of constructing housing projects. As security for repayment of the borrowing, the County will pledge loan repayments from the private developers, non-tax revenues and provide collateral in the form of cash or a letter of credit equal to 25% of the principal amount of the borrowing. Borrowing must be repaid in full within three to five years with periodic principal and interest payments to be made during the term of the borrowing. The County has not received nor loaned any of this funding through the date of this audit.

COUNTY OF CUYAHOGA, OHIO
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At December 31, 2004, the bonded debt service requirements of the Component Unit are as follows:

Due In	(Amounts in 000's)	
	Principal	Interest
2005.....	\$ 5,460	\$ 9,888
2006.....	5,700	9,646
2007.....	5,985	9,386
2008.....	6,270	9,118
2009.....	6,575	8,821
2010-2014.....	38,405	38,852
2015-2019.....	49,320	28,470
2020-2024.....	37,475	17,822
2025-2029.....	49,325	6,786
2030-2033.....	6,335	
Total.....	210,850	\$ 138,789
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....	(7,092)	
Unamortized discount.....	(1,728)	
Present value of net minimum payments.....	\$ 202,030	

Component Unit Swap Agreement: The Component Unit entered into various interest rate swap agreements with a total outstanding notional amount of \$142 million. The Hospital pays a rate equal to the Bond Market Association Municipal Index (the BMA SWAP Index), an index of seven-day high-grade tax-exempt variable rate demand obligations or a fixed rate of 1.5% or 3.5%. In return, the Hospital receives a fixed rate of 5.4% or a rate based on the BMA SWAP Index or 75% of the London Interbank Offered Rate (LIBOR). The interest rate swap arrangement with an effective date of March 2003 and a notional amount of \$30.5 million includes an option whereby the counterparty can terminate the transaction. The net interest savings for 2004 was \$1.5 million and is included as a reduction to interest expense. At December 31, 2004, the fair value of the swap agreements based on current settlement prices is \$1.4 million due from the counterparty and is included in other assets. The decrease of \$2.1 million in the fair value of the net swap assets during 2004 is recorded as unrestricted investment earnings in the statement of activities. Only the net difference is exchanged with the counterparty and the notional amount in not exchanged.

Long-Term Bonds: All long-term general obligation bonded debt of the Primary Government is retired from the Debt Service fund, except bonds payable from Enterprise funds which will be paid from cash flows generated by these funds. General obligation bonds are secured by the County's ability to levy a voted or unvoted property tax within limitations of Ohio law. Self-supporting bonds, except revenue bonds, are secured by an unvoted property tax levy; however, each bond indenture provides for principal and interest to also be paid from user charges. The revenue bonds are secured by non-tax revenue of the County.

Under the Uniform Bond Act of the Ohio Revised Code, the County has the capacity to issue approximately \$88.1 million of additional unvoted general obligation debt.

Accrued Wages and Benefits: County employees become eligible to receive one-fourth of their accumulated unpaid sick leave upon retirement after a minimum of ten years of service. Certain agencies may have policies that vary with regard to payment of accrued sick leave upon retirement. Termination of employment must be by retirement to receive accumulated unpaid sick leave. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Vacation time may not be accumulated for more than three years. Unused vacation time is payable upon termination of employment. In general, employees are eligible to be paid for unpaid overtime and unused compensatory time upon termination of employment. All sick, vacation, compensatory and overtime payments are made at the employee's current wage rate. Balances for compensated absences are kept at various department levels, therefore, the data is only combined annually for reporting purposes. Since data for increases and decreases in compensated absences is not available, amounts are estimated based on sample data.

COUNTY OF CUYAHOGA, OHIO
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Payments for compensated absences are made from the following major funds: The General fund, Human Services, County Board of Mental Retardation, Health and Community Services and the following non-major funds: Motor Vehicle Gas Tax, Community Development and Other.

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$24.4 million liability recorded in the statement of net assets (Governmental Activities) at December 31, 2004 was based were as follows:

Governmental Activities	Hours	Amount (in 000's)
Sick.....	27,143	\$ 526
Vacation.....	1,146,019	22,212
Overtime.....	86,494	1,677
Total.....	<u>1,259,656</u>	<u>\$ 24,415</u>

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$.4 million liability recorded in the statement of net assets (Business-type Activities) at December 31, 2004 was based were as follows:

Business-type Activities	Hours	Amount (in 000's)
Sick.....	524	\$ 10
Vacation.....	19,727	365
Overtime.....	1,417	26
Total.....	<u>21,668</u>	<u>\$ 401</u>

Special Termination Benefits: In May 2001, the Board of County Commissioners authorized the purchase of additional service credit (equal to 20% of accumulated service time up to a maximum of 5 years) under OPERS (see Note G) for certain employees close to retirement as an incentive to retire early. The Early Retirement Incentive Program (ERIP) was approved for participating departments and agencies of the County by agreement with the County Commissioners. Eligible employees had until June 30, 2002 to elect to participate in the program. As of June 30, 2002, 1,127 employees had accepted the program resulting in a total cost of \$101.3 million payable to OPERS. In addition, the County Board of Mental Retardation (CBMR) adopted a plan in 1999 which allows for participation by eligible CBMR employees in OPERS and STRS. Payments for purchased credit were paid in full prior to an employees participation before 2002. In 2002, CBMR chose to make payments on a quarterly basis for OPERS and annual basis for STRS. The activity related to the CBMR ERIP is included with the governmental activities amounting to \$1.2 million. This cost and the related obligation allocated to the County's funds and Governmental Activities are as follows:

	(Amounts in 000's)	
Governmental Activities.....	\$	86,458
Internal Service Funds.....		13,556
Business-type Activities.....		2,496
Total.....	\$	<u>102,510</u>

Payments for special termination benefits are made from the following major funds: The General fund, Human Services, County Board of Mental Retardation, Health and Community Services and the following non-major funds: Motor Vehicle Gas Tax, and Other.

Payments are made to OPERS in quarterly installments over the life of the purchased service credit. The following summarizes the future payment requirements to fund the cost of the special termination benefits for the employees who had elected to participate in the plan at December 31, 2004:

COUNTY OF CUYAHOGA, OHIO
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Year	Governmental Activities	Business-type Activities
2005.....	\$ 23,293	\$ 592
2006.....	18,274	467
2007.....	2,568	88
Total Termination Benefit Payments.....	44,135	1,147
Amount Representing Interest.....	(3,641)	(97)
Net Amount.....	\$ 40,494	\$ 1,050

Advance Refunding of General Obligation Bonds: On March 19, 1993, the County issued general obligation bonds amounting to \$140.7 million with interest rates ranging from 2.2% to 5.25%. The issues consisted of voted and unvoted refunding debt as well as new voted debt. The unvoted refunding debt amounted to \$75.4 million, the voted refunding debt amounted to \$49.4 million and the additional voted debt amounted to \$15.9 million. The refunding debt proceeds were used to advance refund outstanding debt of \$115.6 million which consisted of \$49.6 million and \$66 million of voted and unvoted debt, respectively. The County advance refunded the bonds to reduce its total debt service payments over the next 20 years by \$1.5 million and \$2.9 million on voted and unvoted debt, respectively, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.2 million and \$2.2 million on voted and unvoted debt, respectively. The aggregate amount of the defeased General Obligation Bonds outstanding at December 31, 2004 is \$24.7 million. The remaining proceeds from the issuance were used to fund various capital projects.

The County issued \$74 million of General Obligation (limited tax) Refunding Bonds dated April 21, 2005 to advance refund a portion of the County's \$35.1 million General Obligation (limited tax) Various Purpose Improvement Bonds, Series 1995, and advance refund a portion of the County's \$96.6 million General Obligation (limited tax) Capital Improvement Bonds, Series 2000. The proceeds of the Series 2005 Refunding Bonds were used to advance refund \$13.3 million of the Series 1995 bonds that are callable in November 2005 and \$60.1 million of the Series 2000 bonds that are callable in December 2011. The non-callable portion of the refunded bonds, which total \$26.8 million, remained outstanding at the time the Series 2005 Refunding Bonds were issued. The County advance refunded the bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3.1 million.

Current Refunding of Revenue Bonds: In February 2004, the outstanding portion of the \$40 million variable rate issue for the Taxable Economic Development Revenue Bonds Series 2004B (Gateway Arena Project) was refunded and replaced with refunding bonds. The original issue was split into two series, a \$10.75 million Series 2004A fixed rate bond and a \$19.2 million Series 2004B variable rate bond. The decision to fix only a portion of the refunded issue was made to provide some diversity to the County's debt portfolio. Leaving a large portion of the issue with a variable rate enabled the county to potentially realize increased interest savings as long-term rates continue to exhibit historically low trends. The Series 2004B variable rate bonds will bear interest initially at the rate determined under the Bond Purchase Agreement between the County and the Underwriters and thereafter at the weekly rate determined by the Remarketing Agent for each weekly interest period.

The outstanding portion of the Brownfield Economic Development Revenue Bonds was refunded in February 2004 as part of the County's debt refinancing strategy. The original issue was refunded and replaced with a \$12.88 million Series 2004C issue. The average weighted rate of the new Brownfield Refunding issue is expected to be 4.57% over the remaining life of the bonds. Refunding at the lower rate will result in a 30% savings in interest costs related to this issue.

Advance Refunding of Component Unit Bonds: Effective February 1, 1997, the County issued \$70 million of Hospital Improvement and Refunding Revenue Bonds Series 1997. The proceeds of the Series 1997 Bonds were used to advance refund \$20.9 million of Series 1989 Bonds scheduled to mature on February 15, 2007; to advance refund \$2.4 million, \$2.6 million and \$2.7 million of the Series 1989 Bonds stated to mature on February 15, 1999, February 15, 2000 and February 15, 2001, respectively; to finance the construction of various improvements and additions to the MetroHealth Medical Center; and to pay costs of issuance of the Series 1997 Bonds.

Effective November 1, 1997, the County issued \$77.5 million of Hospital Refunding Revenue Bonds, Series 1997A. The proceeds of the Series 1997A Bonds were used to advance refund \$73.7 million of Series 1989 Bonds

COUNTY OF CUYAHOGA, OHIO

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scheduled to mature on February 15, 2019. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9.8 million. This unamortized difference (\$7.1 million at December 31, 2004) is reported in the accompanying financial statements as a deduction from long-term debt and is being charged to operations through the year 2019 using the effective interest method.

Effective September 1, 1999, the County issued \$57 million of Hospital Improvement Revenue Bonds, Series 1999 (The MetroHealth System Project) (Series 1999 Bonds). The proceeds of the Series 1999 Bonds are being used to finance the construction of a 150-bed long-term care facility and acquire, construct, renovate, equip and improve operating rooms and other hospital facilities.

Effective March 13, 2003, the County issued \$30.5 million of Hospital Improvement Variable Rate Demand Revenue Bonds, Series 2003 (The MetroHealth System Project) (Series 2003 Bonds). The proceeds of the Series 2003 Bonds are being used to pay costs of constructing and equipping an administrative building and the Critical Care Pavilion. The bonds bear interest at a variable rate (not to exceed 10%) determined weekly as established by the Remarketing Agent based on current market values for similar bond offerings and are due at various dates until 2033. The rate at December 31, 2004 was 2.04%.

In connection with the issuance of the Series 2003 Bonds, the Hospital entered into a Reimbursement Agreement with a bank. Under the terms of the Reimbursement Agreement, the Hospital entered into an Irrevocable Letter of Credit (Letter of Credit) issued by a local bank that expires on March 22, 2008. Under the terms of the Letter of Credit, the Trustee will be entitled to draw amounts necessary to make principal and interest payments. The Letter of Credit is subject to various financial covenants.

Other Financial Obligations

Operating Leases: During the year 2004, the County had approximately 81 operating leases for office space and equipment. At December 31, 2004, there were 40 remaining with future obligations. The operating lease agreements range in length from one month to ten years. Total rental payments for 2004 amounted to \$5.1 million, of which \$.9 million was expended from proprietary funds. Rental obligations for the years 2005 through 2009 are \$8.8 million of which \$2.9 million represents the amount to be paid from proprietary funds. Rental payments for the years 2005, 2006, 2007, 2008 and 2009 will be \$3.1 million, \$2.6 million, \$1.6 million \$1.1 million, and \$.4 million respectively. Operating lease payments are recorded as an expenditure in the period to which they apply.

The Hospital has entered into operating lease agreements for a parking facility, medical space and office space which expire through 2020. Certain leases contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Rent expense totaled \$1.5 million in 2004. Minimum rental commitments under operating leases extending beyond one year at December 31, 2004 are as follows: 2005 - \$1.1 million; 2006 - \$1 million; 2007 - \$1 million; 2008 - \$1 million; 2009 - \$.9 million; 2010-2014 - \$3.7 million; 2015-2019 - \$2 million; 2020 - \$.1 million.

Gateway Loan Guarantees: The County currently guarantees the repayment of \$32.9 million of bonded debt of Gateway. This amount represents the outstanding par amount of bonds of two issues, the original outstanding amount of which was \$38.4 million of Subordinate Excise Tax Revenue Bonds and \$31 million of Stadium Revenue Bonds. As of December 31, 2004, the outstanding balance on these Gateway bond guarantees, including future interest payments, was \$6.7 million on the Subordinate Excise Tax Revenue Bonds (payable through September 1, 2005), and \$33.6 million on the Stadium Revenue Bonds payable through September 15, 2014). The County has not been required to make any payments on behalf of the Gateway bonds. In April 2004, Gateway refinanced the Subordinate Excise Tax Revenue Bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds.

Conduit Debt Obligations: Periodically, the County has issued Industrial Development, Hospital Revenue and Mortgage Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial and hospital facilities deemed to be in the public interest. These bonds are secured by the property financed and are payable solely from payment received on the underlying mortgage loans. The bonds do not constitute a debt or pledge of the full faith and credit of the County and, therefore, are not reported in the financial statements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

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As of December 31, 2004, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were approximately \$274 million, \$2.1 billion and \$235.3 million, respectively.

NOTE G - Pension and Retirement Plans and Other Post-employment Benefits

Primary Government

OPERS PLAN DESCRIPTION: All full-time employees of the County, except teachers employed by the County Board of Mental Retardation, participate in the Ohio Public Employees Retirement System (OPERS). Employee retirement benefits are available for substantially all employees under three separate retirement plans administered by the OPERS. The plans are the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution pension plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and post-retirement healthcare benefits, to the Traditional and Combined Plan members however, healthcare benefits are not statutorily guaranteed. Participants in the Member-Directed Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefits to the OPERS Board of Trustees. OPERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

OPERS FUNDING POLICY: The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5% of covered payroll, except for law enforcement employees. In January 2001, House Bill 416 divided the OPERS law enforcement program into two separate divisions with separate employee contribution rates and benefits as follows: (1) The law enforcement classification which consists of sheriffs and deputy sheriffs with an employee contribution rate of 10.1% and (2) all other members of the law enforcement program who were placed in a newly named public safety division and are required to contribute 9%. The employer contribution rate is 13.55% of covered payroll, except for law enforcement which is 16.7%. The total employer contributions from the County to OPERS (excluding amounts paid in 2004, 2003 and 2002 for ERIP – See Note F) for the years 2004, 2003, and 2002 were \$49 million, \$34.4 million, and \$47.9 million, respectively, equal to the required contributions for each year. In 2003, OPERS offered to change its billing cycle from quarterly to monthly in exchange for a deferral of the 2nd quarter of 2003 employer contributions. The County agreed to participate and deferred paying its April 2003, May 2003 and June 2003 employer charges until December 2004, December 2005 and December 2006, respectively. The deferral amounts to \$3.4 million for April 2003, \$5.2 million for May 2003 and \$3.4 million for June 2003.

OPEB BENEFITS PROVIDED THROUGH OPERS: In addition to the pension benefits described previously, OPERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The portion of the employer contribution rate used to fund postretirement health care for both 2004 and 2003 was 4% and 5%, respectively, of covered payroll. During 2004 and 2003, \$14.4 million and \$12.6 million, respectively, of the County's total contribution to OPERS was used for postretirement benefits. At December 31, 2004, the County was not responsible for paying premiums, contributions, or claims for OPEB under OPERS for any retirees, terminated employees or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions based on the latest actuarial review performed as of December 31, 2003 were as follows:

Funding Method: The entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

COUNTY OF CUYAHOGA, OHIO

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Assets Valuation Method: All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return: The investment return assumption for 2003 was 8%.

Active Employee Total Payroll: An annual increase of 4%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from .5% to 6.3%.

Health Care: Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

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 skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of services at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow 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.

At December 31, 2004, there were 369,885 active participants contributing to the plan. The County's actuarially required OPEB contribution for 2003 equaled the actual amount contributed to OPERS by the County. In addition, at December 31, 2003, the actuarial value of the plan's net assets available for OPEB approximated \$10.5 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were \$26.9 billion and \$16.4 billion, respectively.

STRS OHIO PLAN DESCRIPTION: Teachers employed by the County Board of Mental Retardation (CBMR) participate in the State Teachers Retirement System of Ohio (STRS Ohio). STRS Ohio is a cost-sharing multiple-employer retirement plan. Employee benefits are available under three separate retirement plans administered by STRS Ohio. The plans are the defined benefit plan, the defined contribution plan and a combined plan, which allows member contributions to be allocated by members and employer contributions to be used to fund a defined benefit payment. STRS Ohio provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 3307 of the Ohio Revised Code assigns the authority to establish and amend benefits to the STRS Ohio Board of Trustees. STRS Ohio issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

STRS OHIO FUNDING POLICY: The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees were required to contribute 10% of covered payroll. The employer contribution rate is 14% of annual covered payroll. The employer contributions from the County Board of Mental Retardation to STRS Ohio for the years 2004, 2003 and 2002 were \$ 1.8 million, \$1.9 million, and \$2 million and, respectively, equal to the required contributions for each year.

OPEB: STRS Ohio also provides OPEB to plan members. The qualifications required to receive benefits replicate OPERS. STRS Ohio has established a Health Care Stabilization Fund to accumulate monies for OPEB. The portion of the employer contribution rate allocated to the Health Care Stabilization Fund was 1% of covered payroll. The County's contributions for OPEB for the years 2004 and 2003 were \$.1 million and \$.1 million, respectively, equal to the required contributions for each year.

The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004 (latest information available). For the year ended June 30, 2004, the net health care costs paid by STRS Ohio were \$268.7 million and there were 111,853 eligible recipients.

COUNTY OF CUYAHOGA, OHIO

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Component Unit

Retirement and OPEB benefits for Hospital employees are provided through OPERS in the same manner as employees of the County's primary government. The Hospital's total contributions to OPERS for the years 2004, 2003 and 2002 were \$38 million, \$36.4 million and \$34.6 million, respectively, equal to the required contributions for each year. The portion of the Hospital's total contribution to OPERS which was used to fund OPEB for the years 2004 and 2003 was \$11 million and \$13.4 million, respectively.

NOTE H - Deficit Balances

At December 31, 2004, the Central Custodial Services, Maintenance Garage and Communications funds had net assets deficits of \$3.9 million, \$.1 million and \$.3 million, respectively. The Central Custodial Services, Maintenance Garage and Communications funds are Internal Service funds. The deficits will be eliminated through adjustment of the related fee schedules and subsidies as necessary.

NOTE I - Fund Equity

Reserves and Designations: The County segregates fund balances using two different account categories; reserved and designated. Two general types of reserved fund balance accounts are used. The first type indicates the portion of fund balance which is legally segregated for a specific future use. The second type indicates the portion of fund balance which does not represent available, spendable resources and is, therefore, not eligible to fund current year expenditures. Designations indicate the portion of the unreserved fund balance which management has earmarked for a specific future use. Designations are not legal segregations.

Reserve accounts used by the County include:

Reserved for Restricted Assets: This account represents the portion of the General fund's equity that includes certificates of deposit that support the County's Housing Enhancement Loan Program (H.E.L.P.) and the unspent proceeds of the County's Brownfield Economic Redevelopment bonds. At December 31, 2004, the balance in this account was \$27.4 million of which \$20 million represents the fund equity related to the certificates of deposit and \$7.4 million represents the fund equity related to the Brownfield Redevelopment bond proceeds.

Reserved for Loans Receivable: This account is used to separate the portion of fund equity that pertains to long-term loans receivable and is not available for current expenditure. At December 31, 2004, \$19.1 million has been reserved for loan repayments.

Reserved for Debt Service: This account is used to separate the portion of fund equity that must be used to fund principal and interest on Gateway Economic Development Revenue Bonds in the succeeding year as well as the equity balance in the Debt Service fund. At December 31, 2004, \$19 million has been reserved for debt service.

Designation accounts used by the County include:

Designated for Self-Insurance: This account is used to designate resources which management has earmarked to fund any claims or judgments against the County which are not covered by insurance. At December 31, 2004, \$2 million has been designated for self-insurance.

Designated for Proprietary Funds: This account is used to designate resources which management has earmarked to retire outstanding Enterprise and Internal Service funds' deficits. At December 31, 2004, \$4.3 million has been designated for future Internal Service funds' subsidies.

**COUNTY OF CUYAHOGA, OHIO
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NOTE J - Risk Management and Other Contingencies

Primary Government

Litigation and Claims: There are certain pending and threatened lawsuits and other claims against the County. The County's management, after consultation with the County Prosecutor, is of the opinion that the potential uninsured claims against the County are not material to the County's combined financial statements.

Contingencies Under Grant Programs: The County participates in a number of Federal and State assisted grant programs. These programs are subject to financial and compliance audits by grantors or their representatives. The County believes that disallowed claims, if any, will not have a material adverse effect on the County's financial position.

Self-Insurance: The County has designated \$2 million of the fund balance of the General fund, pursuant to Ohio law, to provide monies for claims and judgements not covered by the various County insurance policies. Settled claims from risks covered by the County's insurance policies have not exceeded the insurance coverage for the past three fiscal years. Actual expenditures for claims and judgements against the County in 2004 and estimates for unsettled claims at December 31, 2004, including those incurred but not reported, were immaterial. The County is also self-insured with respect to unemployment and workers' compensation benefits. Self-insurance expenditures were immaterial for unemployment compensation in 2004. The County is self-insured with respect to its prescription drug plan. At December 31, 2004 the County's liability for claims was immaterial. Since 1992, the County has maintained an Internal Service fund for its self-insured workers' compensation benefits administered through a retrospective rating plan with the State of Ohio. Prior to 1992, the County was fully insured for workers' compensation benefits. The County uses a payroll-based rate to charge its various funds for workers' compensation benefits. These charges are contributed into the Self-Funded Workers' Compensation fund and are based on estimates needed to pay current claims and establish a reserve for claims incurred but not reported. Changes to the estimated claims payable recorded in the Self-Funded Workers' Compensation fund during the years ended December 31, 2004 and 2003 were:

Estimated Claims Payable	(Amounts in 000's)	
	2004	2003
Estimated claims payable beginning of year.....	\$ 18,766	\$ 17,654
Plus: Current year claims and changes in estimates	1,292	4,176
Less: Claim payments	<u>2,795</u>	<u>3,064</u>
Estimated claims payable end of year	<u>\$ 17,263</u>	<u>\$ 18,766</u>

Component Unit

Self-Insurance: The Hospital is self-insured for professional and patient care third party liability and workers' compensation benefits. For the professional and patient care liability, professional insurance consultants have been retained to determine funding requirements. Amounts funded for professional and patient care have been placed in an irrevocable, self-insurance trust account, which is being administered by a trustee.

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Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The reserve for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The changes in the reserve were as follows during the years ended December 31, 2004 and 2003:

	(Amounts in 000's)	
Estimated Claims Payable	2004	2003
Estimated claims payable beginning of year.....	\$ 41,735	\$ 36,667
Plus: Current year claims and changes in estimates	18,059	13,419
Less: Claim payments	<u>14,020</u>	<u>8,351</u>
Estimated claims payable end of year	\$ <u>45,774</u>	\$ <u>41,735</u>
Due within one year.....	\$ <u>21,925</u>	\$ <u>19,954</u>

NOTE K - Encumbrances

Encumbrance accounting is employed in all County funds during the normal course of operations for purchase orders and contract-related expenditures/expenses. Encumbrances outstanding at year-end are closed to unreserved fund balance/retained earnings and are re-encumbered at the beginning of the succeeding year.

At December 31, 2004, encumbrances outstanding in Governmental funds and Proprietary funds which were reappropriated in the 2005 budget were:

Fund Type	(Amounts in 000's)	
General fund	\$ 27,204	
Human Services fund	27,682	
County Board of Mental Retardation fund	12,366	
Health and Community Services fund	30,796	
Other Governmental funds	92,151	
Sanitary Engineer fund	1,017	
Other Enterprise funds	780	
Internal Service funds.....	<u>10,120</u>	
Total	\$ <u>202,116</u>	

On a GAAP basis, a portion of these encumbrances represented liabilities of the County. At December 31, 2004, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)	
General fund.....	\$ 3,034	
Human Services fund	3,682	
County Board of Mental Retardation fund	3,058	
Health and Community Services fund	8,525	
Other Governmental funds	7,692	
Sanitary Engineer fund	74	
Other Enterprise funds	379	
Internal Service funds.....	<u>1,168</u>	
Total	\$ <u>27,612</u>	

**COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2004

NOTE L - Property Tax Revenues

Property taxes include amounts levied against real, tangible (used in business) and public utility property. The assessed value upon which the 2004 tax collection was based follows:

Property Type	(Amounts in 000's)
Real property	\$ 26,839,357
Personal tangible property.....	2,508,313
Tangible public utility property	<u>957,362</u>
Total assessed value	\$ <u>30,305,032</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the County levies 1.45 mills of the first 10 mills of assessed value of which .64 is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 12.07 voted mills have been levied for debt service, mental retardation, health and human services and health and welfare. A summary of voted millage follows:

Purpose	Voter Authorized Rate ⁽¹⁾	Rates Levied for Current Year Collection ⁽²⁾		Final Collection Year
		Agricultural/ Residential	Commercial/ Industrial	
Debt service	\$.27	\$.27	\$.27	2013
Mental retardation	3.90	3.16	3.40	2005
Health and human services ⁽³⁾	3.00	1.65	2.13	2004
Health and welfare	<u>4.90</u>	<u>4.46</u>	<u>4.79</u>	2008
Total voted millage.....	\$ <u>12.07</u>	\$ <u>9.54</u>	\$ <u>10.59</u>	

(1) In mills per \$1,000 of assessed valuation.
(2) Ohio law provides for a credit to certain voted levies to offset inflation in the value of real property. The mental retardation, health and human services and health and welfare levies are subject to this credit.
(3) A three year renewal levy was approved March 2004 to be collected in 2005 through 2007.

Real property taxes are levied each December on the assessed values as of the preceding January 1st, the lien date. Assessed values are established the preceding year by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in 2003. Public utility property taxes are assessed on tangible personal property, as well as land and land improvements at true value, which is, in general, net book value. Tangible property is assessed at 25% of true value except for inventories which are assessed at 23% of average value. Personal property (other than public utility property) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date.

The County Treasurer bills and collects property taxes on behalf of all taxing districts in Cuyahoga County including the County. Taxes are payable semi-annually. The County's practice is to extend the statutory due dates to January and July. Unpaid taxes become delinquent after December 31 of the year they are due. Foreclosure proceedings may be initiated by the County Prosecutor if delinquent taxes are not paid within one year.

The County Auditor periodically remits portions of the taxes collected to all taxing districts. The final settlements of real and public utility property taxes are made in June and November and tangible taxes in July and December for the first and second halves of the year, respectively.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

Property taxes receivable represent outstanding current and delinquent taxes which are measurable as of December 31. Property taxes receivable are levied to finance operations of the following year and, therefore, are also recorded as deferred revenue. Property taxes are recognized as revenue in the year for which they are levied.

Property tax revenues were recorded in the following funds in 2004:

Governmental Funds	(Amounts in 000's)
General.....	\$ 21,146
Health and Human Services Levies.....	170,467
County Board of Mental Retardation	86,420
Health and Community Services	13,399
Other Governmental	<u>23,740</u>
Total property tax revenues.....	\$ <u>315,172</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2004 for Cuyahoga County was \$32 million.

The delinquent property taxes described above do not include certain receivables that have been sold to a third party. Since 1998, the County has sold, on a nonrecourse basis, certain qualifying, delinquent real estate tax receivables, along with the related liens, to a third party in exchange for discounted cash payments that approximates the penalty and interest on the receivable. Some older delinquencies are sold at a deeper discount. In connection with the sale of the receivables, the third party obtained the right to foreclose on the related properties, as well as charge interest and certain fees on the delinquent amounts. The cash payments received by the County were credited to the County's Undivided Tax Agency fund and distributed to the various taxing districts within the County (including the County) in the same manner as if the delinquent receivables had been collected directly from the taxpayers.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE M – Other Intergovernmental Revenue

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2004 follows:

Fund Type	(Amounts in 000's)
General fund:	
State Public Defender reimbursement	\$ 4,781
State property tax reimbursement.....	3,514
Other.....	<u>1,864</u>
Total General fund.....	<u>10,159</u>
Special Revenue funds:	
U.S. Department of Housing and Urban Development	20,642
U.S. Department of Justice	5,839
U.S. Department of Labor	51
U.S. Department of Education	1,340
U.S. Department of Homeland Security.....	3,818
U.S. Department of Health and Human Services.....	6,629
Federal and State Mental Health and Retardation.....	184,242
Ohio Department of Alcohol and Drug Addiction Services	26,352
Ohio Department of Job and Family Services.....	320,336
Ohio Department of Rehabilitation and Corrections.....	3,942
Ohio Department of Transportation	577
Ohio Department of Youth Services	5,511
State property tax reimbursement.....	23,448
Other.....	<u>8,663</u>
Total Special Revenue funds.....	<u>611,390</u>
Debt Service fund:	
State property tax reimbursement.....	<u>3,855</u>
Capital Projects fund:	
Ohio Department of Transportation	16,200
Other	<u>4,144</u>
Total Capital Projects fund	<u>20,344</u>
Total Other Intergovernmental.....	\$ <u>645,748</u>

NOTE N - Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds which are classified as transfers. Transfers are interfund transactions that do not represent loans, reimbursements or quasi-external transactions. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; reclassification or prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed

Transfers are recorded as other financing sources (uses) in Governmental funds and as nonoperating revenues (expenses) in Proprietary funds.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

A summary of interfund transfers by fund type follows for the year ended December 31, 2004:

Fund Type	(Amounts in 000's)									
	Transfer To									
Transfer From	General	Human Services	Health and Human Services Levies	County Board of Mental Retardation	Health and Community Services	Other Governmental Funds	Sanitary Engineer	Other Enterprise Funds	Internal Service Funds	Total
Transfers:										
Major Governmental Funds:										
General Fund	\$	\$ 12,238	\$ 70	\$	\$ 20,709	\$ 26,376	\$ 999	\$ 2,201	\$ 455	\$ 63,048
Human Services						210				210
Health and Human Services Levies ..		34,912			76,497					111,409
Health and Community Services	325	956				3,318				4,599
Other Governmental Funds	282	27		551	512	5,266			64	6,702
Other Enterprise Funds						389				389
Internal Services Funds						2,039				2,039
Total Transfers	\$ <u>607</u>	\$ <u>48,133</u>	\$ <u>70</u>	\$ <u>551</u>	\$ <u>97,718</u>	\$ <u>37,598</u>	\$ <u>999</u>	\$ <u>2,201</u>	\$ <u>519</u>	\$ <u>188,396</u>

NOTE O - Transactions with Gateway

In 1990, the County, the city of Cleveland and Gateway Economic Development Corporation of Greater Cleveland (Gateway) entered into a three party agreement which authorized Gateway to construct, own and provide for the operation of a sports facility which included a baseball stadium, an arena and a joint development site. Gateway was incorporated on May 31, 1990 and is a not-for-profit corporation legally separate from any other entity.

The County and Gateway also entered into a revolving loan agreement whereby the County agreed to issue bonds and loan the bond proceeds to Gateway to pay arena construction costs. As part of this agreement, the County issued taxable Economic Development Revenue Bonds of \$75 million on September 24, 1992 and \$45 million on February 1, 1994. At December 31, 2004, the County has \$98 million of debt outstanding relating to these bond issues (See Note F).

In February 2004, the County refinanced the 1992 variable rate Gateway Economic Development Bonds (See Note F). In April 2004, Gateway refinanced the Subordinate Excise Tax Revenue Bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds.

The amount due from Gateway under the revolving loan agreement is \$193.8 million at December 31, 2004, including unpaid accrued interest. During 2004, Gateway repaid the County over \$3.8 million and the remaining amount is fully reserved due to the uncertainty of the repayment from Gateway.

The County, Gateway and the Convention and Visitors Bureau of Greater Cleveland (the Bureau) entered into a cooperative agreement on September 15, 1992, which included a provision that allowed a credit to be given to Gateway for the incremental amount the Bureau receives from the County Transient Occupancy Tax to use as payment to the County for the bonds issued. This agreement was amended on December 22, 1998 to redefine the annual incremental credit and to provide for the deposit by the Bureau for the years 1994 through 1998. The County received \$1 million from this agreement during the year ended December 31, 1999. The County will receive \$.2 million during each subsequent year, subject to certain adjustments. The County received \$.2 million for the year ended December 31, 2004.

The County has also guaranteed the repayment of certain bonds issued by Gateway. See Note F for the details of the County's guarantee.

During 2004, Gateway completed negotiations on its stadium leases with the owners of the Cleveland Indians and the Cleveland Cavaliers. The new agreements free the organization from covering minor repairs and routine maintenance. Gateway's \$4.9 million annual expenses will be divided by the teams. Gateway agreed to give up \$1 million annually in naming rights from the Indians until 2016. The Cavaliers will no longer hold Gateway responsible for \$9.5 million of capital repairs which the Cavaliers paid and offset against previous rent payments.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

Although the County believes that the revenue sources that secure the repayment of the revenue bonds the County has guaranteed will be adequate to provide for the future debt service requirements under the bonds, if Gateway was to become insolvent, the impact on the County's future financial condition and operations cannot presently be determined because of uncertainties regarding the amount of Gateway's future cash needs and the extent (if any) of the County's funding of such needs.

NOTE P – Loans

Loans receivable represent economic development and property rehabilitation loans outstanding under the Federal Community Development Block Grant (CDBG) and various other grant and development programs. The loans are either non-interest bearing or have below market interest rates and are made to qualifying citizens and businesses for rehabilitation of real property within the County. The loans are secured by mortgages against the individual properties and generally have various repayment terms which may extend over several years.

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Financial Section

Part II

Combining and Individual Fund Statements and Schedules



**COUNTY OF CUYAHOGA, OHIO
NONMAJOR GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS ARE USED TO ACCOUNT FOR SPECIFIC GOVERNMENTAL REVENUES (OTHER THAN MAJOR CAPITAL PROJECTS) REQUIRING SEPARATE ACCOUNTING BECAUSE OF LEGAL OR REGULATORY PROVISIONS OR ADMINISTRATIVE ACTION AND EXPENDITURES FOR SPECIFIED PURPOSES.

Motor Vehicle Gas Tax	To account for Motor Vehicle Gas Tax federal and state revenues which are distributed to various municipalities and townships for repair and building of streets and bridges.
Community Development	To account for revenue from the Federal government and expenditures as prescribed under the Community Development Block Grant Program and Housing and Urban Development Programs (HUD).
Other	To account for miscellaneous special revenue grants received by the county. Health and Community Services Grants have been combined with this special revenue fund.
Debt Service	To account for revenues received and used to pay principal and interest on all long-term bonded debt except those payable from Enterprise funds. Revenues are derived primarily from property taxes.
Capital Projects	To account for financial resources to be used for the acquisition or construction of all county land and buildings, major improvements and road improvements. (Other than those financed by proprietary funds).

**COUNTY OF CUYAHOGA, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	Special Revenue			
	Motor Vehicle Gas Tax	Community Development	Other	Total
ASSETS				
Equity in pooled cash and investments.....	\$ 27,157	\$ 3,619	\$ 7,654	\$ 38,430
Receivables:				
Taxes (net of allowance for uncollectibles).....				
Loans (net of allowance for uncollectibles).....		18,078		18,078
Net receivables.....		18,078		18,078
Due from other governments.....	11,494	1,971		13,465
TOTAL ASSETS.....	\$ 38,651	\$ 23,668	\$ 7,654	\$ 69,973
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 1,833	\$ 1,343	\$ 4,850	\$ 8,026
Deferred revenue.....	7,170		2,135	9,305
Due to other funds.....	522	9	75	606
Due to other governments.....		2,817		2,817
Accrued wages and benefits.....	244	36	103	383
Matured bonds payable.....				
TOTAL LIABILITIES.....	9,769	4,205	7,163	21,137
Fund Balances				
Reserved for:				
Loans receivable.....		18,078		18,078
Debt service.....				
Unreserved, Undesignated.....	28,882	1,385	491	30,758
TOTAL FUND BALANCES	28,882	19,463	491	48,836
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 38,651	\$ 23,668	\$ 7,654	\$ 69,973

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 9,349	\$ 20,819	\$ 68,598
21,495		21,495
<u>21,495</u>	<u> </u>	<u>18,078</u>
1,453	2,900	17,818
<u>\$ 32,297</u>	<u>\$ 23,719</u>	<u>\$ 125,989</u>

\$ 22,749	\$ 1,086	\$ 9,112
		32,054
		606
		2,817
		383
14		14
<u>22,763</u>	<u>1,086</u>	<u>44,986</u>

9,534	22,633	18,078
<u>9,534</u>	<u>22,633</u>	<u>9,534</u>
<u>\$ 32,297</u>	<u>\$ 23,719</u>	<u>\$ 53,391</u>
		<u>81,003</u>
		<u>\$ 125,989</u>

**COUNTY OF CUYAHOGA, OHIO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
 (Amounts in 000's)**

	<u>Special Revenue</u>			
	<u>Motor Vehicle Gas Tax</u>	<u>Community Development</u>	<u>Other</u>	<u>Total</u>
REVENUES				
Property taxes.....	\$	\$	\$	\$
Other tax.....	29,633			29,633
Fines and forfeitures.....	275			275
Investment earnings.....	761			761
Other intergovernmental.....	4,688	20,642	29,994	55,324
Miscellaneous.....	115	15	2,016	2,146
TOTAL REVENUES.....	35,472	20,657	32,010	88,139
EXPENDITURES				
Current:				
General government.....			67	67
Judicial.....			20,603	20,603
Development.....		21,104	147	21,251
Social services.....			6,838	6,838
Health and safety.....			6,277	6,277
Public works.....	36,442		401	36,843
Capital outlay.....				
Debt service:				
Principal retirement.....				
Interest.....				
Bond issuance costs.....				
TOTAL EXPENDITURES.....	36,442	21,104	34,333	91,879
DEFICIENCY OF REVENUES OVER EXPENDITURES.....				
	(970)	(447)	(2,323)	(3,740)
OTHER FINANCING SOURCES (USES)				
Transfers in.....	679	1,804	3,816	6,299
Transfers out:				
Other.....	(5,228)		(1,420)	(6,648)
Issuance of debt.....				
Bond premium (discount)-net.....				
TOTAL OTHER FINANCING SOURCES (USES).....	(4,549)	1,804	2,396	(349)
NET CHANGE IN FUND BALANCES.....	(5,519)	1,357	73	(4,089)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....				
	34,401	18,106	418	52,925
FUND BALANCES AT END OF YEAR.....				
	\$ 28,882	\$ 19,463	\$ 491	\$ 48,836

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental</u>
\$ 23,740	\$	\$ 23,740
11		29,644
		275
	273	1,034
3,855	20,344	79,523
12	1,927	4,085
<u>27,618</u>	<u>22,544</u>	<u>138,301</u>
		67
		20,603
		21,251
		6,838
		6,277
	19,233	56,076
	30,207	30,207
60,365	1,890	62,255
16,586	456	17,042
942		942
<u>77,893</u>	<u>51,786</u>	<u>221,558</u>
(50,275)	(29,242)	(83,257)
7,324	23,975	37,598
	(54)	(6,702)
45,677	81,643	127,320
5,814		5,814
<u>58,815</u>	<u>105,564</u>	<u>164,030</u>
8,540	76,322	80,773
994	(53,689)	230
<u>\$ 9,534</u>	<u>\$ 22,633</u>	<u>\$ 81,003</u>

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**COUNTY OF CUYAHOGA, OHIO
INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE/FUND EQUITY
– BUDGET (NON GAAP) AND ACTUAL**

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property taxes.....	\$ 19,943	\$ 20,159	\$ 21,186
Sales and use tax.....	159,020	165,408	165,408
Other tax.....	45	128	126
State local government fund.....	38,526	38,526	38,526
Licenses and permits.....	107	100	89
Charges for services.....	59,336	65,450	70,155
Fines and forfeitures.....	6,250	6,587	5,998
Investment earnings.....	14,000	12,000	11,769
Other intergovernmental.....	9,984	7,876	8,892
Miscellaneous.....	3,336	6,455	12,401
TOTAL REVENUES.....	310,547	322,689	334,550
EXPENDITURES			
Current:			
GENERAL GOVERNMENT			
Vital Statistics			
Other.....	25	25	17
Total Vital Statistics.....	25	25	17
Bureau of Inspection			
Other.....	433	433	394
Total Bureau of Inspection.....	433	433	394
Auditor			
Personnel.....	5,475	6,209	6,165
Other.....	3,519	3,324	3,125
Capital.....	18	18	15
Total Auditor.....	9,012	9,551	9,305
Board of Elections			
Personnel.....	6,075	6,833	6,621
Other.....	5,120	6,343	6,069
Capital.....	17	19	17
Total Board of Elections.....	11,212	13,195	12,707
Board of Revision			
Personnel.....	478	478	468
Other.....	136	149	146
Capital.....	2	15	15
Total Board of Revision.....	616	642	629

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual
	Original	Final	Amounts
County Commissioners			
Personnel.....	1,183	1,183	1,123
Other.....	268	393	316
Capital.....	4	4	3
Total County Commissioners.....	1,455	1,580	1,442
County Administrator			
Personnel.....	814	750	749
Other.....	399	687	686
Capital.....	2	3	2
Total County Administrator.....	1,215	1,440	1,437
Human Resources			
Personnel.....	1,839	1,888	1,842
Other.....	1,850	2,905	2,971
Capital.....	5	22	22
Total Human Resources.....	3,694	4,815	4,835
Employment Relations			
Personnel.....	760	765	765
Other.....	275	296	308
Capital.....	2	1	1
Total Employment Relations.....	1,037	1,062	1,073
Benefits			
Personnel.....	451	451	451
Other.....	248	170	183
Capital.....	2	1	1
Total Benefits.....	701	622	634
Labor Relations			
Personnel.....	342	342	316
Other.....	31	32	18
Capital.....	1	1	1
Total Labor Relations.....	374	375	335
Office of Budget and Management			
Personnel.....	1,121	1,121	1,031
Other.....	542	397	354
Capital.....	4	4	1
Total Office of Budget and Management.....	1,667	1,522	1,386
Clerk of the Board			
Personnel.....	458	458	455
Other.....	69	110	101
Capital.....	1	1	1
Total Clerk of the Board.....	528	569	557

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Procurement and Diversity			
Personnel.....	826	826	794
Other.....	398	346	285
Capital.....	3	3	2
Total Procurement and Diversity.....	1,227	1,175	1,081
Risk and Property Management			
Personnel.....	537	537	520
Other.....	2,720	2,665	2,433
Capital.....	2	2	1
Total Risk and Property Management.....	3,259	3,204	2,954
Archives			
Personnel.....	190	200	195
Other.....	578	652	645
Capital.....	1	1	1
Total Archives.....	769	853	841
Recorder			
Personnel.....	4,184	4,973	4,904
Other.....	2,480	1,618	1,424
Capital.....	14	542	475
Total Recorder.....	6,678	7,133	6,803
Treasurer			
Personnel.....	3,398	3,398	3,307
Other.....	1,810	1,773	1,611
Capital.....	11	11	9
Total Treasurer.....	5,219	5,182	4,927
Reserve/Contingencies			
Other.....	6,000	6,000	
Total Reserve/Contingencies.....	6,000	6,000	
Agricultural Society			
Other.....	3	3	3
Total Agricultural Society.....	3	3	3
Memorial Day Allowances			
Other.....	72	72	64
Total Memorial Day Allowances.....	72	72	64
Soldiers and Sailors Monument			
Personnel.....	81	81	79
Other.....	52	74	74
Total Soldiers and Sailors Monument.....	133	155	153

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Cuyahoga County School District			
Other.....	99	99	29
Total Cuyahoga County School District.....	99	99	29
Self-Insurance			
Other.....	1,978	1,978	827
Total Self-Insurance.....	1,978	1,978	827
Miscellaneous			
Other.....	1,310	1,539	550
Total Miscellaneous.....	1,310	1,539	550
Data Systems Development			
Other.....	459	208	
Total Data Systems Development.....	459	208	
Capital Improvement G/F Subsidy			
Other.....	473		
Capital.....	814		
Total Capital Improvement G/F Subsidy.....	1,287		
TOTAL GENERAL GOVERNMENT.....	60,462	63,432	52,983
JUDICIAL			
Board & Care of Prisoners			
Other.....	4,509	6,359	5,448
Total Board & Care of Prisoners.....	4,509	6,359	5,448
Court of Appeals			
Personnel.....	1,317	1,527	1,519
Other.....	749	669	633
Capital.....	20	5	4
Total Court of Appeals.....	2,086	2,201	2,156
Clerk of Courts			
Personnel.....	6,342	6,280	6,279
Other.....	3,903	4,660	4,616
Capital.....	22		
Total Clerk of Courts.....	10,267	10,940	10,895
Court of Common Pleas - Law Library			
Personnel.....	206	206	204
Capital.....	1	1	1
Total Court of Common Pleas - Law Library.....	207	207	205

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual
	Original	Final	Amounts
Common Pleas Legal Research			
Other.....	103	103	101
Total Common Pleas Legal Research.....	103	103	101
Common Pleas-Judicial Administration			
Personnel.....	6,358	6,405	6,401
Other.....	16,032	16,219	14,792
Capital.....	100	97	96
Total Common Pleas-Judicial Administration.....	22,490	22,721	21,289
Common Pleas-Referees			
Personnel.....	744	887	882
Other.....	181	221	211
Capital.....	3	4	3
Total Common Pleas-Referees.....	928	1,112	1,096
Common Pleas-Court Services			
Personnel.....	6,439	6,667	6,661
Other.....	664	736	686
Capital.....	23	23	22
Total Common Pleas-Court Services.....	7,126	7,426	7,369
Common Pleas-Probation/Psychiatric			
Personnel.....	8,161	7,918	7,918
Other.....	2,391	2,245	2,221
Capital.....	28	28	27
Total Common Pleas-Probation/Psychiatric.....	10,580	10,191	10,166
Coroner			
Personnel.....	4,859	4,905	4,904
Other.....	1,840	2,217	1,839
Capital.....	17	49	49
Total Coroner.....	6,716	7,171	6,792
Domestic Relations Court			
Personnel.....	2,696	2,696	2,597
Other.....	928	962	952
Capital.....	10	1	1
Total Domestic Relations Court.....	3,634	3,659	3,550
Domestic Relations-Bureau of Support			
Personnel.....	2,982	2,982	2,811
Other.....	303	508	501
Capital.....	11	10	10
Total Domestic Relations-Bureau of Support.....	3,296	3,500	3,322

(Continued)

COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Justice Affairs Administration			
Personnel.....	575	763	738
Other.....	334	463	460
Capital.....	2	12	10
Total Justice Affairs Administration.....	911	1,238	1,208
Justice Affairs-Criminal Justice			
Personnel.....	507	507	464
Other.....	370	157	113
Capital.....	2	4	4
Total Justice Affairs-Criminal Justice.....	879	668	581
Witness Victim Services			
Personnel.....	565	628	628
Other.....	268	190	185
Capital.....	2		
Total Witness Victim Services.....	835	818	813
Criminal Justice Intervention Services			
Personnel.....	37	34	26
Other.....	93	82	61
Total Criminal Justice Intervention Services.....	130	116	87
Juvenile Court-Administration			
Personnel.....	2,271	2,043	2,043
Other.....	6,500	6,371	6,005
Capital.....	8	5	5
Total Juvenile Court-Administration.....	8,779	8,419	8,053
Juvenile Court-Legal			
Personnel.....	6,354	6,358	6,358
Other.....	5,039	5,349	5,062
Capital.....	711	23	23
Total Juvenile Court-Legal.....	12,104	11,730	11,443
Juvenile Court-Probation			
Personnel.....	5,950	5,978	5,978
Other.....	4,305	4,652	4,782
Capital.....	21	21	21
Total Juvenile Court-Probation.....	10,276	10,651	10,781

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Juvenile Court-Child Support			
Personnel.....	2,969	3,256	3,256
Other.....	444	985	835
Capital.....	10	1	1
Total Juvenile Court-Child Support.....	3,423	4,242	4,092
Juvenile Court-Detention Home			
Personnel.....	8,387	8,404	8,404
Other.....	3,823	4,376	4,345
Capital.....	30	19	19
Total Juvenile Court-Detention Home.....	12,240	12,799	12,768
Municipal Judicial Costs			
Personnel.....	3,053	2,863	2,851
Other.....		625	410
Total Municipal Judicial Costs.....	3,053	3,488	3,261
Village and Township Costs			
Other.....		5	5
Total Village and Township Costs.....		5	5
Probate Court			
Personnel.....	5,027	5,027	4,845
Other.....	1,224	1,344	1,209
Capital.....	18	18	10
Total Probate Court.....	6,269	6,389	6,064
Public Defender			
Personnel.....	5,561	5,561	5,561
Other.....	2,373	1,252	1,249
Capital.....	20	20	20
Total Public Defender.....	7,954	6,833	6,830
Prosecutor-General Office			
Personnel.....	13,356	13,105	13,054
Other.....	2,671	2,991	2,859
Capital.....	45	64	63
Total Prosecutor-General Office.....	16,072	16,160	15,976
Prosecutor-Child Support			
Personnel.....	2,219	2,253	2,252
Other.....	226	387	321
Capital.....	8		
Total Prosecutor-Child Support.....	2,453	2,640	2,573

(Continued)

COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Prosecutor-Children and Family Services			
Personnel.....	2,383	2,387	2,379
Other.....	57	111	97
Capital.....	9	9	8
Total Prosecutor-Children and Family Services.....	2,449	2,507	2,484
Sheriff			
Personnel.....	53,942	54,143	54,142
Other.....	10,808	10,915	10,914
Capital.....	178	88	88
Total Sheriff.....	64,928	65,146	65,144
Sheriff-Inmate Services			
Personnel.....	3,183	3,353	3,352
Other.....	2,992	2,988	2,979
Capital.....	11	11	11
Total Sheriff-Inmate Services.....	6,186	6,352	6,342
TOTAL JUDICIAL.....	230,883	235,791	230,894
DEVELOPMENT			
Development-Administration			
Personnel.....	119		
Total Development-Administration.....	119		
Economic Development			
Personnel.....	632	751	694
Other.....	3,427	3,109	3,104
Capital.....	1	2	2
Total Economic Development.....	4,060	3,862	3,800
NOACA			
Other.....	157	157	157
Total NOACA.....	157	157	157
Soil Conservation			
Other.....	81	81	81
Total Soil Conservation.....	81	81	81
Convention Facilities Authority			
Other.....	50	116	116
Total Convention Facilities Authority.....	50	116	116
TOTAL DEVELOPMENT.....	4,467	4,216	4,154

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
SOCIAL SERVICES			
Cooperative Extension			
Other.....	328	328	328
Total Cooperative Extension.....	328	328	328
Graves for Indigents			
Other.....	12	12	2
Total Graves for Indigents.....	12	12	2
Children Who Witness Violence			
Personnel.....	105	105	104
Other.....	331	304	303
Total Children Who Witness Violence.....	436	409	407
Ombudsman Program			
Other.....	214	214	214
Total Ombudsman Program.....	214	214	214
Veterans Service Commission			
Personnel.....	1,598	1,671	1,603
Other.....	5,530	5,365	3,206
Capital.....	6	69	48
Total Veterans Service Commission.....	7,134	7,105	4,857
TOTAL SOCIAL SERVICES.....	8,124	8,068	5,808
HEALTH AND SAFETY			
Agriculture and Apiary Inspection			
Other.....	1	1	
Total Agriculture and Apiary Inspection.....	1	1	
Treatment Service Division			
Personnel.....	200	117	119
Other.....	189	163	153
Capital.....	1	1	
Total Treatment Service Division.....	390	281	272
CECOMS Center			
Personnel.....	667	667	665
Other.....	306	303	279
Capital.....	3	6	4
Total CECOMS Center.....	976	976	948
TOTAL HEALTH AND SAFETY.....	1,367	1,258	1,220
TOTAL EXPENDITURES.....	305,303	312,765	295,059

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
EXCESS OF REVENUES OVER EXPENDITURES.....	5,244	9,924	39,491
OTHER FINANCING SOURCES (USES)			
Transfers in.....			607
Transfers out:			
Debt retirement.....	(7,262)	(7,422)	(7,221)
Other.....	(19,179)	(34,299)	(32,718)
TOTAL OTHER FINANCING USES.....	(26,441)	(41,721)	(39,332)
NET CHANGE IN FUND BALANCES.....	(21,197)	(31,797)	159
FUND BALANCES AT BEGINNING OF YEAR.....	106,894	106,894	106,894
FUND BALANCES AT END OF YEAR.....	\$ <u>85,697</u>	\$ <u>75,097</u>	\$ <u>107,053</u>

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
MOTOR VEHICLE GAS TAX FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	Motor Vehicle Gas Tax Fund	
	Final Budget	Actual
REVENUES		
Other tax.....	\$ 29,654	\$ 28,984
Fines and forfeitures.....	357	255
Investment earnings.....	882	859
Other intergovernmental.....	3,902	4,386
Miscellaneous.....	265	115
TOTAL REVENUES.....	35,060	34,599
EXPENDITURES		
Current:		
PUBLIC WORKS		
Personnel.....	15,988	15,206
Other.....	2,823	1,359
Capital.....	26,755	24,087
TOTAL PUBLIC WORKS.....	45,566	40,652
TOTAL EXPENDITURES.....	45,566	40,652
DEFICIENCY OF REVENUES OVER EXPENDITURES.....	(10,506)	(6,053)
OTHER FINANCING SOURCES (USES)		
Transfers in.....	641	679
Transfers out:		
Other.....	(5,228)	(5,228)
TOTAL OTHER FINANCING USES.....	(4,587)	(4,549)
NET CHANGE IN FUND BALANCES.....	(15,093)	(10,602)
FUND BALANCES AT BEGINNING OF YEAR.....	22,246	22,246
FUND BALANCES AT END OF YEAR.....	\$ 7,153	\$ 11,644

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
DEBT SERVICE FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	Debt Service Fund	
	Final Budget	Actual
REVENUES		
Property taxes.....	\$ 23,972	\$ 23,801
Other tax.....		11
Other intergovernmental.....	5,961	3,654
Miscellaneous.....		12
TOTAL REVENUES.....	29,933	27,478
 EXPENDITURES		
DEBT SERVICE:		
Principal retirement.....	23,039	21,410
Interest.....	15,646	14,540
TOTAL EXPENDITURES.....	38,685	35,950
 DEFICIENCY OF REVENUES OVER EXPENDITURES.....	 (8,752)	 (8,472)
 OTHER FINANCING SOURCES (USES)		
Transfers in.....	7,323	7,324
Issuance of debt.....	2,440	1,711
Bond premium.....	5,486	5,584
TOTAL OTHER FINANCING SOURCES.....	15,249	14,619
 NET CHANGE IN FUND BALANCES.....	 6,497	 6,147
 FUND BALANCES AT BEGINNING OF YEAR.....	 748	 748
 FUND BALANCES AT END OF YEAR.....	 \$ 7,245	 \$ 6,895

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**COUNTY OF CUYAHOGA, OHIO
NON-MAJOR PROPRIETARY FUNDS**

ENTERPRISE FUNDS ARE ESTABLISHED TO ACCOUNT FOR OPERATIONS THAT ARE FINANCED AND OPERATED IN A MANNER SIMILAR TO BUSINESS IN THE PRIVATE SECTOR. THE EXPENSES (INCLUDING DEPRECIATION) OF PROVIDING GOODS AND SERVICES PRIMARILY OR SOLELY TO THE GENERAL PUBLIC ARE FINANCED OR RECOVERED PRIMARILY THROUGH USER CHARGES.

County Airport	The airport provides landing and storage facilities for commercial flights, private business aircraft and recreational aircraft for the general public.
Huntington Park Garage	The garage provides parking facilities to nearby County Administration, Courthouse and Justice Center buildings for the general public.
Cuyahoga County Information System	The system provides computerized information on criminal records and court cases to communities within the county.

INTERNAL SERVICE FUNDS ARE ESTABLISHED TO ACCOUNT FOR THE FINANCING OF GOODS OR SERVICES PROVIDED BY ONE DEPARTMENT OF THE COUNTY TO OTHER DEPARTMENTS OF THE COUNTY ON A COST-REIMBURSEMENT BASIS.

Central Custodial Services	The Central Custodial Services division is responsible for all maintenance, cleaning and upkeep of county buildings and offices. It also bills all rents to county offices and agencies.
Maintenance Garage	The Maintenance Garage is responsible for the upkeep of all county owned vehicles and equipment.
Data Processing Center	The Data Processing Center provides centralized data processing for the entire county.
Printing, Reproduction and Supplies	The Printing, Reproduction and Supplies division provides the county with all printing and reproduction services and central purchasing of supplies.
Communications	The Communications division provides all telephone service in addition to mail and delivery services for the county.
Self-Funded Workers' Compensation	The Self-Funded Workers' Compensation fund provides self-insurance to the county through a retrospective rating plan with the State of Ohio for workers' compensation.

**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	<u>County Airport</u>	<u>Huntington Park Garage</u>	<u>Cuyahoga County Information System</u>	<u>Totals</u>
ASSETS				
Current assets:				
Equity in pooled cash and investments.....	\$	\$ 1,689	\$ 1,063	\$ 2,752
Accounts receivable (net of allowance for uncollectibles).....	237		19	256
Due from other funds.....			46	46
Due from other governments.....			264	264
Inventory of supplies.....	10			10
Total current assets.....	<u>247</u>	<u>1,689</u>	<u>1,392</u>	<u>3,328</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Land.....	5,280			5,280
Land improvements.....	2,155			2,155
Buildings, structures and improvements.....	292	3,747		4,039
Furniture, fixtures and equipment.....	34	3	1	38
Vehicles.....	98	6		104
Construction in progress.....	302			302
Net capital assets.....	<u>8,161</u>	<u>3,756</u>	<u>1</u>	<u>11,918</u>
Total noncurrent assets.....	<u>8,161</u>	<u>3,756</u>	<u>1</u>	<u>11,918</u>
TOTAL ASSETS.....	<u>8,408</u>	<u>5,445</u>	<u>1,393</u>	<u>15,246</u>
LIABILITIES				
Current liabilities:				
Accounts payable.....	190	94	247	531
Due to other funds.....	20	16	1	37
Accrued wages and benefits.....	46	52	16	114
Special termination benefits.....	36			36
Total current liabilities.....	<u>292</u>	<u>162</u>	<u>264</u>	<u>718</u>
Noncurrent liabilities:				
Special termination benefits.....	49			49
Total noncurrent liabilities.....	<u>49</u>			<u>49</u>
TOTAL LIABILITIES.....	<u>341</u>	<u>162</u>	<u>264</u>	<u>767</u>
NET ASSETS				
Invested in capital assets, net of related debt.....	8,161	3,756	1	11,918
Unrestricted.....	(94)	1,527	1,128	2,561
TOTAL NET ASSETS.....	<u>\$ 8,067</u>	<u>\$ 5,283</u>	<u>\$ 1,129</u>	<u>\$ 14,479</u>

COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)

	<u>County Airport</u>	<u>Huntington Park Garage</u>	<u>Cuyahoga County Information System</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services.....	\$ 663	\$ 2,266	\$ 1,437	\$ 4,366
Other revenue.....	14			14
TOTAL OPERATING REVENUES.....	677	2,266	1,437	4,380
OPERATING EXPENSES				
Personal services.....	505	626	275	1,406
Contractual services.....	42	126	1,176	1,344
Commodities.....	138	57	5	200
Depreciation.....	414	386		800
Other expenses.....	248	1,293	1,423	2,964
TOTAL OPERATING EXPENSES.....	1,347	2,488	2,879	6,714
OPERATING LOSS.....	(670)	(222)	(1,442)	(2,334)
NONOPERATING REVENUES (EXPENSES)				
Grants.....	123			123
Gain on disposal of capital assets.....	1			1
TOTAL NONOPERATING REVENUES.....	124			124
LOSS BEFORE TRANSFERS AND CONTRIBUTIONS.....				
	(546)	(222)	(1,442)	(2,210)
Transfers in.....	340		1,861	2,201
Transfers out:				
Debt retirement.....		(103)		(103)
Other.....		(286)		(286)
CHANGE IN NET ASSETS.....	(206)	(611)	419	(398)
TOTAL NET ASSETS				
BEGINNING OF YEAR.....	8,273	5,894	710	14,877
TOTAL NET ASSETS END OF YEAR.....	\$ 8,067	\$ 5,283	\$ 1,129	\$ 14,479

**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	<u>County Airport</u>	<u>Huntington Park Garage</u>	<u>Cuyahoga County Information System</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers.....	\$ 878	\$ 2,265	\$ 1,210	\$ 4,353
Other operating cash receipts.....	15			15
Cash payments to suppliers for goods and services.....	(813)	(1,458)	(2,312)	(4,583)
Cash payments to employees for services.....	(506)	(632)	(275)	(1,413)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	<u>(426)</u>	<u>175</u>	<u>(1,377)</u>	<u>(1,628)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds.....	340		1,861	2,201
Transfer to other funds.....		(389)		(389)
Proceeds from short-term interfund loan.....	15			15
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES.....	<u>355</u>	<u>(389)</u>	<u>1,861</u>	<u>1,827</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Receipts from capital grants.....	123			123
Acquisition and construction of capital assets.....	(300)	(9)		(309)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(177)</u>	<u>(9)</u>	<u></u>	<u>(186)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	<u>(248)</u>	<u>(223)</u>	<u>484</u>	<u>13</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>248</u>	<u>1,912</u>	<u>579</u>	<u>2,739</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 0</u>	<u>\$ 1,689</u>	<u>\$ 1,063</u>	<u>\$ 2,752</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating loss.....	\$ (670)	\$ (222)	\$ (1,442)	\$ (2,334)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation.....	414	386		800
Changes in assets and liabilities:				
Accounts receivable-net.....	(161)		27	(134)
Due from other funds.....			(15)	(15)
Due from other governments.....			(69)	(69)
Inventory of supplies.....	(1)			(1)
Accounts payable.....	26	18	130	174
Due to other funds.....	4	8	(1)	11
Accrued wages and benefits.....	(5)	(15)		(20)
Special termination benefits.....	(33)		(7)	(40)
TOTAL ADJUSTMENTS.....	<u>244</u>	<u>397</u>	<u>65</u>	<u>706</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	<u>\$ (426)</u>	<u>\$ 175</u>	<u>\$ (1,377)</u>	<u>\$ (1,628)</u>

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**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

**DECEMBER 31, 2004
(Amounts in 000's)**

	<u>Central Custodial Services</u>	<u>Maintenance Garage</u>	<u>Data Processing Center</u>
ASSETS			
Current assets:			
Equity in pooled cash and investments.....	\$ 89	\$	\$
Accounts receivable (net of allowance for uncollectibles).....			12
Due from other funds.....		69	1
Due from other governments.....	3,000		
Inventory of supplies.....		35	
Total current assets.....	<u>3,089</u>	<u>104</u>	<u>13</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Furniture, fixtures and equipment.....	121	2	7,309
Vehicles.....	20	779	
Net capital assets.....	<u>141</u>	<u>781</u>	<u>7,309</u>
Total noncurrent assets.....	<u>141</u>	<u>781</u>	<u>7,309</u>
TOTAL ASSETS.....	<u>3,230</u>	<u>885</u>	<u>7,322</u>
LIABILITIES			
Current liabilities:			
Accounts payable.....	1,066	54	588
Due to other funds.....	734	904	1,154
Due to other governments.....			
Accrued wages and benefits.....	1,669	22	805
Capital lease obligations.....			
Special termination benefits.....	1,852		691
Total current liabilities.....	<u>5,321</u>	<u>980</u>	<u>3,238</u>
Noncurrent liabilities:			
Capital lease obligations.....			
Special termination benefits.....	1,786		580
Total noncurrent liabilities.....	<u>1,786</u>		<u>580</u>
TOTAL LIABILITIES.....	<u>7,107</u>	<u>980</u>	<u>3,818</u>
NET ASSETS			
Invested in capital assets, net of related debt.....	141	781	7,309
Unrestricted.....	(4,018)	(876)	(3,805)
TOTAL NET ASSETS.....	<u>\$ (3,877)</u>	<u>\$ (95)</u>	<u>\$ 3,504</u>

<u>Printing Reproduction and Supplies</u>	<u>Communications</u>	<u>Self-Funded Workers Compensation</u>	<u>Totals</u>
\$ 333	\$ 62	\$ 53,608	\$ 54,092
215	95	6,487	12
3		64	6,867
<u>551</u>	<u>157</u>	<u>60,159</u>	<u>38</u>
			<u>64,073</u>
524	93		8,049
<u>524</u>	<u>93</u>		<u>799</u>
<u>524</u>	<u>93</u>		<u>8,848</u>
<u>1,075</u>	<u>250</u>	<u>60,159</u>	<u>8,848</u>
			<u>72,921</u>
312	36	8	2,064
11	24		2,827
26	73	17,263	17,263
87	24	13	2,608
55	200		111
<u>491</u>	<u>357</u>	<u>17,284</u>	<u>2,798</u>
			<u>27,671</u>
352			352
<u>35</u>	<u>197</u>		<u>2,598</u>
<u>387</u>	<u>197</u>		<u>2,950</u>
<u>878</u>	<u>554</u>	<u>17,284</u>	<u>30,621</u>
85	69		8,385
112	(373)	42,875	33,915
<u>\$ 197</u>	<u>\$ (304)</u>	<u>\$ 42,875</u>	<u>\$ 42,300</u>

COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)

	Central Custodial Services	Maintenance Garage	Data Processing Center	Printing Reproduction and Supplies
OPERATING REVENUES				
Charges for services.....	\$ 46,512	\$ 894	\$ 14,305	\$ 2,900
Other revenue.....	<u>62</u>	<u>15</u>	<u>9</u>	<u>12</u>
TOTAL OPERATING REVENUES.....	46,574	909	14,314	2,912
OPERATING EXPENSES				
Personal services.....	27,620	273	6,321	468
Contractual services and claims	1,315		2,917	883
Commodities.....	7,715	292	262	1,396
Depreciation.....	33	299	1,374	17
Other expenses.....	<u>5,654</u>	<u>354</u>	<u>4,388</u>	<u>256</u>
TOTAL OPERATING EXPENSES.....	42,337	1,218	15,262	3,020
OPERATING INCOME (LOSS).....	4,237	(309)	(948)	(108)
NONOPERATING EXPENSES				
Interest expense.....				(8)
Gain (Loss) on disposal of capital assets.....		54	(142)	(2)
TOTAL NONOPERATING EXPENSES.....		54	(142)	(10)
INCOME (LOSS) BEFORE TRANSFERS.....	4,237	(255)	(1,090)	(118)
Transfers in.....	457		7	55
Transfers out:				
Other.....	(2,039)			
Capital contributions.....			2,386	
CHANGE IN NET ASSETS.....	2,655	(255)	1,303	(63)
TOTAL NET ASSETS				
BEGINNING OF YEAR.....	<u>(6,532)</u>	<u>160</u>	<u>2,201</u>	<u>260</u>
TOTAL NET ASSETS				
END OF YEAR.....	<u><u>\$ (3,877)</u></u>	<u><u>\$ (95)</u></u>	<u><u>\$ 3,504</u></u>	<u><u>\$ 197</u></u>

	Self-Funded Workers	
<u>Communications</u>	<u>Compensation</u>	<u>Totals</u>
\$ 3,909	\$ 8,966	\$ 77,486
4	66	168
<u>3,913</u>	<u>9,032</u>	<u>77,654</u>
999	114	35,795
15	3,619	8,749
2		9,667
20		1,743
<u>2,690</u>	<u>16</u>	<u>13,358</u>
<u>3,726</u>	<u>3,749</u>	<u>69,312</u>
<u>187</u>	<u>5,283</u>	<u>8,342</u>
(3)		(11)
		(90)
<u>(3)</u>		<u>(101)</u>
184	5,283	8,241
		519
		(2,039)
		2,386
<u>184</u>	<u>5,283</u>	<u>9,107</u>
<u>(488)</u>	<u>37,592</u>	<u>33,193</u>
\$ <u>(304)</u>	\$ <u>42,875</u>	\$ <u>42,300</u>

**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in 000's)

	<u>Central Custodial Services</u>	<u>Maintenance Garage</u>	<u>Data Processing Center</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers.....	\$ 62	\$ 15	\$ 9
Other operating cash receipts.....	43,726	889	14,295
Cash payments to suppliers for goods and services.....	(16,330)	(613)	(8,443)
Cash payments to employees for services.....	(27,922)	(273)	(6,377)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	<u>(464)</u>	<u>18</u>	<u>(516)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from other funds.....	457		7
Transfer to other funds.....	(2,039)		
Proceeds from short-term interfund loan-net.....		674	1,142
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES.....	<u>(1,582)</u>	<u>674</u>	<u>1,149</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets.....		62	
Acquisition and construction of capital assets.....	(9)	(754)	(1,328)
Principal paid on long-term debt.....			
Interest paid on long-term debt.....			
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(9)</u>	<u>(692)</u>	<u>(1,328)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	<u>(2,055)</u>		<u>(695)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>2,144</u>		<u>695</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 89</u>	<u>\$ 0</u>	<u>\$ 0</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 4,237	\$ (309)	\$ (948)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Depreciation.....	33	299	1,374
Changes in assets and liabilities:			
Accounts receivable-net.....			(11)
Due from other funds.....		(4)	1
Due from other governments.....	(2,786)		
Inventory of supplies.....		(13)	
Accounts payable.....	173	45	(197)
Due to other funds.....	285	3	(10)
Due to other governments.....			
Accrued wages and benefits.....	(591)	(3)	(53)
Special termination benefits.....	(1,815)		(672)
TOTAL ADJUSTMENTS.....	<u>(4,701)</u>	<u>327</u>	<u>432</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	<u>\$ (464)</u>	<u>\$ 18</u>	<u>\$ (516)</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital assets acquired through capital lease.....	\$ _____	\$ _____	\$ _____

<u>Printing, Reproduction and Supplies</u>	<u>Communications</u>	<u>Self-Funded Workers Compensation</u>	<u>Totals</u>
\$ 12	\$ 4	\$ 66	\$ 168
2,798	4,075	6,551	72,334
(2,558)	(3,017)	(5,131)	(36,092)
(473)	(1,007)	(115)	(36,167)
<u>(221)</u>	<u>55</u>	<u>1,371</u>	<u>243</u>
55			519
			(2,039)
			<u>1,816</u>
<u>55</u>			<u>296</u>
			62
(29)			(2,120)
(21)	(30)		(51)
<u>(8)</u>	<u>(3)</u>		<u>(11)</u>
<u>(58)</u>	<u>(33)</u>		<u>(2,120)</u>
(224)	22	1,371	(1,581)
557	40	52,237	55,673
<u>\$ 333</u>	<u>\$ 62</u>	<u>\$ 53,608</u>	<u>\$ 54,092</u>

\$ (108)	\$ 187	\$ 5,283	\$ 8,342
17	20		1,743
			(11)
(102)	166	(2,395)	(2,334)
		(19)	(2,805)
4			(9)
24	(116)	8	(63)
5	6	(1)	288
		(1,503)	(1,503)
(10)	(17)	(2)	(676)
<u>(51)</u>	<u>(191)</u>		<u>(2,729)</u>
<u>(113)</u>	<u>(132)</u>	<u>(3,912)</u>	<u>(8,099)</u>
<u>\$ (221)</u>	<u>\$ 55</u>	<u>\$ 1,371</u>	<u>\$ 243</u>

\$ 376 \$ \$ \$ 376

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**COUNTY OF CUYAHOGA, OHIO
AGENCY FUNDS**

**AGENCY FUNDS ARE ESTABLISHED TO ACCOUNT
FOR ASSETS RECEIVED AND HELD BY THE
COUNTY ACTING IN THE CAPACITY OF AN AGENT
OR CUSTODIAN.**

Payroll Agency Fund

To account for payroll taxes and other related payroll deductions collected for other governmental units or funds.

Undivided Tax Agency Fund

To account for all undivided taxes collected by the county and their distribution to the proper beneficiaries.

Other Agency Fund

To account for all other monies held by the county as custodian.

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**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
ALL AGENCY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

	<u>Payroll</u>	<u>Undivided Tax</u>	<u>Other</u>	<u>Total Agency Funds</u>
ASSETS				
Equity in pooled cash and investments.....	\$ 17,337	\$ 180,421	\$ 15,308	\$ 213,066
Cash and investments-segregated accounts.....			36,071	36,071
Taxes receivable.....		1,301,608		1,301,608
TOTAL ASSETS.....	<u>\$ 17,337</u>	<u>\$ 1,482,029</u>	<u>\$ 51,379</u>	<u>\$ 1,550,745</u>
LIABILITIES				
Due to other governments.....	\$ 17,217	\$ 1,481,423	\$ 7,055	\$ 1,505,695
Other liabilities.....	120	606	44,324	45,050
TOTAL LIABILITIES.....	<u>\$ 17,337</u>	<u>\$ 1,482,029</u>	<u>\$ 51,379</u>	<u>\$ 1,550,745</u>

**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

PAYROLL

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
ASSETS				
Equity in pooled cash and investments.....	\$ 16,488	\$ 571,631	\$ 570,782	\$ 17,337
TOTAL ASSETS.....	<u>\$ 16,488</u>	<u>\$ 571,631</u>	<u>\$ 570,782</u>	<u>\$ 17,337</u>
LIABILITIES				
Due to other governments.....	\$ 16,442	\$ 118,056	\$ 117,281	\$ 17,217
Other liabilities.....	46	453,575	453,501	120
TOTAL LIABILITIES.....	<u>\$ 16,488</u>	<u>\$ 571,631</u>	<u>\$ 570,782</u>	<u>\$ 17,337</u>

UNDIVIDED TAX

ASSETS				
Equity in pooled cash and investments.....	\$ 177,538	\$ 2,345,982	\$ 2,343,099	\$ 180,421
Taxes receivable.....	1,185,290	1,301,608	1,185,290	1,301,608
TOTAL ASSETS.....	<u>\$ 1,362,828</u>	<u>\$ 3,647,590</u>	<u>\$ 3,528,389</u>	<u>\$ 1,482,029</u>
LIABILITIES				
Due to other governments.....	\$ 1,359,757	\$ 3,631,706	\$ 3,510,040	\$ 1,481,423
Other liabilities.....	3,071	15,884	18,349	606
TOTAL LIABILITIES.....	<u>\$ 1,362,828</u>	<u>\$ 3,647,590</u>	<u>\$ 3,528,389</u>	<u>\$ 1,482,029</u>

OTHER

ASSETS				
Equity in pooled cash and investments.....	\$ 12,718	\$ 65,051	\$ 62,461	\$ 15,308
Cash and investments-segregated accounts.....	41,645	638,790	644,364	36,071
TOTAL ASSETS.....	<u>\$ 54,363</u>	<u>\$ 703,841</u>	<u>\$ 706,825</u>	<u>\$ 51,379</u>
LIABILITIES				
Due to other governments.....	\$ 6,272	\$ 245,446	\$ 244,663	\$ 7,055
Other liabilities.....	48,091	458,395	462,162	44,324
TOTAL LIABILITIES.....	<u>\$ 54,363</u>	<u>\$ 703,841</u>	<u>\$ 706,825</u>	<u>\$ 51,379</u>

**COUNTY OF CUYAHOGA, OHIO
 COMBINING STATEMENT OF CHANGES
 IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004
 (Amounts in 000's)**

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
ASSETS				
Equity in pooled cash and investments.....	\$ 206,744	\$ 2,982,664	\$ 2,976,342	\$ 213,066
Cash and investments-segregated accounts.....	41,645	638,790	644,364	36,071
Taxes receivable.....	1,185,290	1,301,608	1,185,290	1,301,608
TOTAL ASSETS.....	<u>\$ 1,433,679</u>	<u>\$ 4,923,062</u>	<u>\$ 4,805,996</u>	<u>\$ 1,550,745</u>
LIABILITIES				
Due to other governments.....	\$ 1,382,471	\$ 3,995,208	\$ 3,871,984	\$ 1,505,695
Other liabilities.....	51,208	927,854	934,012	45,050
TOTAL LIABILITIES.....	<u>\$ 1,433,679</u>	<u>\$ 4,923,062</u>	<u>\$ 4,805,996</u>	<u>\$ 1,550,745</u>

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**COUNTY OF CUYAHOGA, OHIO
CAPITAL ASSETS USED IN THE
OPERATIONS OF GOVERNMENTAL FUNDS**

**COUNTY OF CUYAHOGA, OHIO
CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE ⁽¹⁾**

**DECEMBER 31, 2004
(Amounts in 000's)**

GOVERNMENTAL FUNDS CAPITAL ASSETS:	<u>2004</u>	<u>2003</u>
Land.....	\$ 44,535	\$ 38,034
Land improvements.....	12,323	3,500
Buildings, structures and improvements.....	540,912	480,068
Furniture, fixtures and equipment.....	21,321	20,381
Vehicles.....	11,286	10,871
Infrastructure.....	440,205	432,191
Construction in progress.....	41,480	90,822
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....	<u>\$ 1,112,062</u>	<u>\$ 1,075,867</u>
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
General fund revenues.....	\$ 110,171	\$ 108,817
Special revenue fund revenues.....	528,890	523,160
Capital projects:		
General obligation bonds.....	395,875	374,440
Federal, state and local grants.....	77,111	69,435
Donations.....	15	15
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....	<u>\$ 1,112,062</u>	<u>\$ 1,075,867</u>

(1) This schedule presents only the capital asset balances related to governmental funds, excluding accumulated depreciation. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**COUNTY OF CUYAHOGA, OHIO
CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY ⁽¹⁾**

**DECEMBER 31, 2004
(Amounts in 000's)**

Function and Activity	Land	Land Improvements	Buildings, Structures and Improvements	Furniture, Fixtures and Equipment	Vehicles	Infrastructure	Totals
GENERAL GOVERNMENT:							
Administration.....	\$ 13,617	\$ 523	\$ 90,939	\$ 144	\$ 20	\$	\$ 105,243
Fiscal management.....			2,242	1,474			3,716
Records and elections.....	450	481	5,789	3,048			9,768
Supportive services.....	424	137	3,614	70			4,245
TOTAL GENERAL GOVERNMENT	14,491	1,141	102,584	4,736	20		122,972
JUDICIAL:							
Adjudication.....	10,688	304	140,182	1,662			152,836
Legal services.....		389	19,195	2,431			22,015
Adult offender management.....	1,333		92,323	2,363	59		96,078
Juvenile offender management.....	4,277	9,882	22,423	508	19		37,109
Support enforcement.....			436	148			584
TOTAL JUDICIAL.....	16,298	10,575	274,559	7,112	78		308,622
DEVELOPMENT:							
Economic.....			30	6			36
Community.....				26			26
TOTAL DEVELOPMENT.....			30	32			62
SOCIAL SERVICES:							
Financial assistance.....	1,521	9	43,604	1,306	17		46,457
Protective services.....	106	39	3,596	1,036			4,777
Support services.....	9,730	549	83,587	3,199	6,749		103,814
Employment and training.....	337		26,601	226	54		27,218
TOTAL SOCIAL SERVICES.....	11,694	597	157,388	5,767	6,820		182,266
HEALTH AND SAFETY:							
Mental health.....	94		379	541			1,014
Emergency assistance.....				1,220	223		1,443
Alcohol and drug abuse.....				8			8
Animal control.....	1,659		5,213	6	146		7,024
TOTAL HEALTH AND SAFETY.....	1,753		5,592	1,775	369		9,489
PUBLIC WORKS:							
Public works.....	299	10	759	1,899	3,999	440,205	447,171
TOTAL PUBLIC WORKS.....	299	10	759	1,899	3,999	440,205	447,171
CONSTRUCTION IN PROGRESS.....			41,480				41,480
TOTAL GOVERNMENTAL FUNDS							
CAPITAL ASSETS.....	\$ 44,535	\$ 12,323	\$ 582,392	\$ 21,321	\$ 11,286	\$ 440,205	\$ 1,112,062

(1) This schedule presents only the capital asset balances related to governmental funds, excluding accumulated depreciation. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**COUNTY OF CUYAHOGA, OHIO
CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY⁽¹⁾**

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Amounts in 000's)**

Function and Activity	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
GENERAL GOVERNMENT:				
Administration.....	\$ 92,988	\$ 12,255	\$	\$ 105,243
Fiscal management.....	3,004	712		3,716
Records and elections.....	8,616	1,152		9,768
Supportive services.....	4,183	62		4,245
TOTAL GENERAL GOVERNMENT	108,791	14,181		122,972
JUDICIAL:				
Adjudication.....	121,213	31,623		152,836
Legal services.....	20,613	1,402		22,015
Adult offender management.....	89,294	6,784		96,078
Juvenile offender management.....	23,174	15,208	1,273	37,109
Support enforcement.....	570	14		584
TOTAL JUDICIAL.....	254,864	55,031	1,273	308,622
DEVELOPMENT:				
Economic.....	36			36
Community.....	12	14		26
TOTAL DEVELOPMENT.....	48	14		62
SOCIAL SERVICES:				
Financial assistance.....	45,626	831		46,457
Protective services.....	4,657	120		4,777
Support services.....	102,034	3,356	1,576	103,814
Employment and training.....	27,218			27,218
TOTAL SOCIAL SERVICES.....	179,535	4,307	1,576	182,266
HEALTH AND SAFETY:				
Mental health.....	1,014			1,014
Emergency assistance.....	1,443			1,443
Alcohol and drug abuse.....	51		43	8
Animal control.....	508	6,516		7,024
TOTAL HEALTH AND SAFETY.....	3,016	6,516	43	9,489
PUBLIC WORKS:				
Public works.....	438,791	8,439	59	447,171
TOTAL PUBLIC WORKS.....	438,791	8,439	59	447,171
CONSTRUCTION IN PROGRESS.....	90,822	24,915	74,257	41,480
TOTAL GOVERNMENTAL FUNDS				
CAPITAL ASSETS.....	\$ 1,075,867	\$ 113,403	\$ 77,208	\$ 1,112,062

(1) This schedule presents only the capital asset balances related to governmental funds, excluding accumulated depreciation. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Statistical Section

The information presented in the schedules and tables in this section is provided to reflect social and economic data, financial trends and the general fiscal capacity of the County.



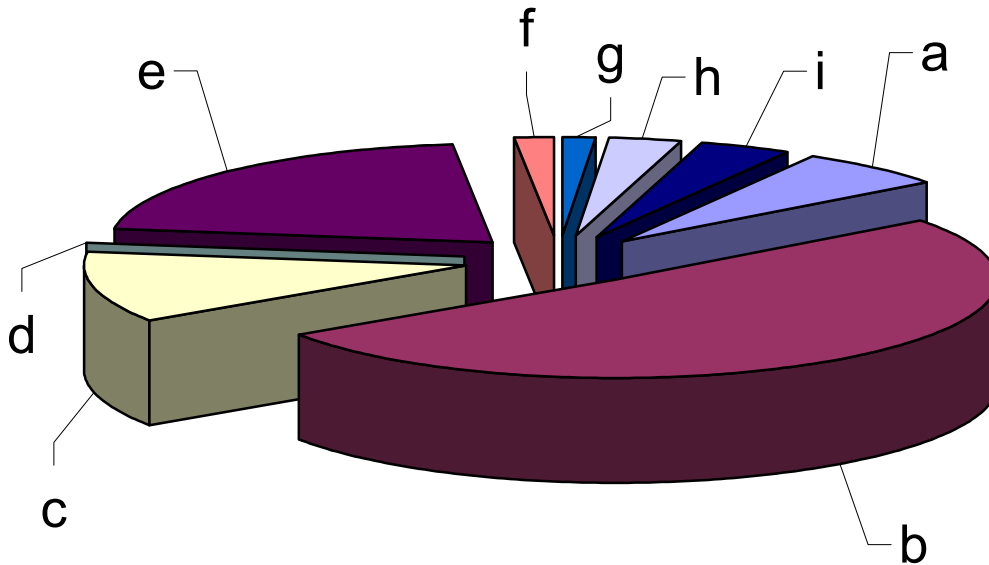
**COUNTY OF CUYAHOGA, OHIO
STATISTICAL SECTION
STATISTICAL DATA TABLES**

THE STATISTICAL SECTION PROVIDES SELECTED
FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION
WHICH MAY BE USED TO INDICATE TRENDS
FOR COMPARATIVE FISCAL PERIODS.
THE STATISTICAL TABLES INCLUDE INFORMATION
ON GENERAL FUND RATIOS AND TRENDS,
ASSESSMENTS AND TAXES, LONG-TERM DEBT
AND MISCELLANEOUS DATA.

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF STATISTICS-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

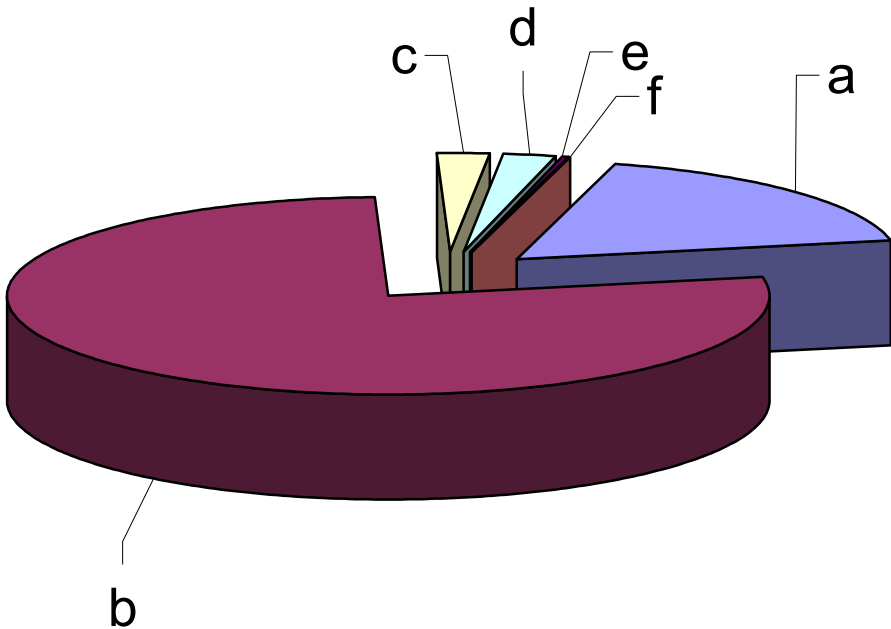
**OPERATING RATIOS-GENERAL FUND-GAAP BASIS
FOR 2004**

REVENUE DOLLAR BY SOURCE



Where the money came from:		%
a.	Property taxes.....	6.4
b.	Sales, use and other tax	50.8
c.	State local government fund	11.6
d.	Licenses and permits1
e.	Charges for services	21.2
f.	Fines and forfeitures	1.7
g.	Investment earnings	1.3
h.	Other intergovernmental	3.1
i.	Miscellaneous	3.8
	Total	<u>100.0</u>

EXPENDITURE DOLLAR BY FUNCTION



Where the money was spent:		%
a.	General government.....	17.7
b.	Judicial	77.6
c.	Development	2.3
d.	Social services	2.0
e.	Health and safety3
f.	Debt.....	.1
	Total.....	<u>100.0</u>

**COUNTY OF CUYAHOGA, OHIO
GENERAL FUND CASH RECEIPTS BY SOURCE AND
CASH DISBURSEMENTS BY FUNCTION**

**LAST TEN YEARS
(Amounts in 000's)**

RECEIPTS:	<u>1995</u>	<u>1996</u>	<u>1997</u>
Property taxes	\$ 19,065	\$ 16,952	\$ 16,531
Sales and use tax	126,790	130,830	137,113
Other tax	14	15	13
State local government fund	31,794	33,432	35,559
Licenses and permits	146	130	129
Charges for services	36,075	42,529	44,684
Fines and forfeitures	5,166	4,731	5,840
Investment earnings	39,584	22,682	23,106
Other intergovernmental	7,370	7,073	7,531
Miscellaneous	1,333	6,864	13,179
Proceeds from loan		5,000	
Transfers in	2,707	20	195
Residual equity transfers in			
TOTAL RECEIPTS	\$ <u>270,044</u>	\$ <u>270,258</u>	\$ <u>283,880</u>
DISBURSEMENTS:			
General government	\$ 38,604	\$ 34,224	\$ 40,621
Judicial	133,474	140,267	159,080
Development	1,038	941	1,019
Social services	3,793	4,325	3,990
Health and safety	827	945	880
Miscellaneous ⁽¹⁾	2,922	23,180	5,874
Transfers out	56,615	25,449	34,405
Residual equity transfers out			298
TOTAL DISBURSEMENTS	\$ <u>237,273</u>	\$ <u>229,331</u>	\$ <u>246,167</u>

⁽¹⁾ Miscellaneous disbursements since 2002 have been reclassified and are included in the General government function.

⁽²⁾ Disbursements have been adjusted for current and prior year encumbrances.

	1998	1999	2000	2001	2002 ⁽²⁾	2003 ⁽²⁾	2004 ⁽²⁾
\$	24,094	\$ 22,064	\$ 19,328	\$ 22,571	\$ 21,021	\$ 19,611	\$ 21,186
	144,339	151,168	160,664	158,018	158,432	157,125	165,408
	16	12	10	13	7	9	126
	37,530	39,800	40,922	41,048	39,000	38,248	38,526
	130	128	124	104	101	126	89
	46,919	47,564	55,070	61,163	60,371	64,713	70,155
	5,896	6,075	5,458	6,013	6,216	5,817	5,998
	28,157	26,549	26,325	28,750	22,002	16,895	11,769
	9,421	8,010	10,257	10,343	11,737	10,971	8,892
	2,357	1,890	3,783	5,286	3,332	9,321	12,401
	579	10,894	938	6,680	2,297	3,842	607
	7			68			
\$	<u>299,445</u>	<u>\$ 314,154</u>	<u>\$ 322,879</u>	<u>\$ 340,057</u>	<u>\$ 324,516</u>	<u>\$ 326,678</u>	<u>\$ 335,157</u>
\$	40,732	\$ 43,118	\$ 49,100	\$ 50,689	\$ 47,481	\$ 45,853	\$ 52,194
	177,836	190,004	199,371	212,289	209,872	213,468	230,894
	4,245	1,659	2,169	2,328	2,387	1,861	4,154
	4,080	5,836	9,473	11,167	7,770	5,339	5,808
	1,033	796	1,376	1,368	9,501	9,601	1,220
	2,656	1,289	978	1,438			
	78,678	42,162	55,210	54,668	89,228	43,562	40,728
			245				
\$	<u>309,260</u>	<u>\$ 284,864</u>	<u>\$ 317,922</u>	<u>\$ 333,947</u>	<u>\$ 366,239</u>	<u>\$ 319,684</u>	<u>\$ 334,998</u>

**COUNTY OF CUYAHOGA, OHIO
GENERAL GOVERNMENTAL REVENUES BY
SOURCE AND EXPENDITURES BY FUNCTION**

**LAST TEN YEARS
(Amounts in 000's)**

	1995	1996	1997
REVENUES			
Property taxes	\$ 190,172	\$ 199,469	\$ 201,941
Sales and use tax	127,585	131,551	138,519
Other tax	26,562	26,950	27,452
State local government fund	31,804	33,723	35,791
Licenses and permits	1,454	1,352	1,318
Charges for services	48,861	55,595	59,056
Fines and forfeitures	5,606	5,224	6,416
Investment earnings	26,783	24,771	26,647
Other intergovernmental	318,497	338,396	356,972
Miscellaneous	5,869	13,517	17,069
TOTAL REVENUES	\$ <u>783,193</u>	\$ <u>830,548</u>	\$ <u>871,181</u>
EXPENDITURES			
General government	\$ 49,704	\$ 41,936	\$ 50,363
Judicial	168,323	179,380	205,085
Development	11,815	11,801	15,099
Social services	335,864	351,515	380,983
Health and safety	83,779	87,282	96,225
Public works	28,256	35,625	35,533
Miscellaneous ⁽¹⁾	3,130	24,093	5,864
Capital outlay	10,065	11,327	15,339
Debt service:			
Principal retirement	11,450	13,320	13,468
Interest	14,818	16,870	14,696
Bond issuance costs			
TOTAL EXPENDITURES	\$ <u>717,204</u>	\$ <u>773,149</u>	\$ <u>832,655</u>

Note: Includes all governmental fund types from the fund financial statements on a GAAP basis.

⁽¹⁾ Miscellaneous expenditures since 2002 have been reclassified and are included in the General government function.

	1998	1999	2000	2001	2002	2003	2004
\$	206,595	\$ 231,433	\$ 232,684	\$ 259,610	\$ 259,892	\$ 257,640	\$ 315,172
	146,123	151,304	161,910	157,747	156,713	158,634	167,871
	28,346	29,334	29,130	28,920	28,610	29,000	29,888
	37,607	39,841	40,967	41,050	38,988	38,257	38,518
	1,297	1,199	1,581	1,089	1,258	1,357	1,668
	62,241	62,272	72,366	76,238	76,868	82,903	90,399
	6,330	6,535	6,311	6,120	7,464	6,590	6,286
	34,219	20,583	41,567	37,772	25,689	10,771	6,015
	392,280	495,421	626,857	611,693	605,909	614,789	645,748
	6,070	8,351	14,014	11,993	16,979	12,370	21,111
\$	<u>921,108</u>	<u>1,046,273</u>	<u>1,227,387</u>	<u>1,232,232</u>	<u>1,218,370</u>	<u>1,212,311</u>	<u>1,322,676</u>
\$	53,826	\$ 58,923	\$ 65,886	\$ 68,563	\$ 63,613	\$ 59,843	\$ 67,576
	226,932	245,738	263,619	278,414	276,089	273,222	290,960
	37,321	23,155	29,910	23,278	24,493	26,011	33,208
	422,274	467,961	587,963	678,881	630,304	579,203	580,338
	100,445	102,427	121,977	131,028	156,515	152,903	178,263
	35,100	36,800	46,023	58,565	62,181	56,540	57,910
	2,522	1,550	1,235	1,493			
	39,624	38,589	34,032	34,392	28,656	39,317	30,207
	14,885	16,251	17,909	19,232	21,481	36,199	62,255
	13,693	13,937	12,528	18,539	16,874	13,371	17,067
							942
\$	<u>946,622</u>	<u>1,005,331</u>	<u>1,181,082</u>	<u>1,312,385</u>	<u>1,280,206</u>	<u>1,236,609</u>	<u>1,318,726</u>

**COUNTY OF CUYAHOGA, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
REAL, UTILITY AND TANGIBLE TAXES**

LAST TEN YEARS

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection
1994/1995	\$ 274,774,712	\$ 25,601,379	\$ 300,376,091	\$ 264,518,998
1995/1996	297,638,447	25,611,370	323,249,817	287,496,258
1996/1997	301,687,315	31,450,099	333,137,414	289,324,803
1997/1998	313,161,002	30,893,055	344,054,057	299,707,825
1998/1999	342,827,633	30,486,779	373,314,412	328,339,476
1999/2000	346,727,681	30,840,744	377,568,425	330,024,233
2000/2001	380,845,885	36,977,909	417,823,794	356,858,712
2001/2002	378,302,265	47,209,848	425,512,113	352,660,711
2002/2003	367,873,223	47,729,802	415,603,025	345,834,193
2003/2004	359,442,683	53,612,925	413,055,608	338,719,002

Source: Cuyahoga County Auditor's Office, Budget Commission. Includes all direct and overlapping governments.

Current Levy Collected	Delinquent Collection	Total Collections	Total Collections As A Percent Of Current Levy	Cumulative Delinquency
96.3%	\$ 7,242,257	\$ 271,761,255	98.9%	\$ 23,173,179
96.6%	7,571,570	295,067,828	99.1%	25,477,278
95.9%	8,003,728	297,328,531	98.6%	28,804,510
95.7%	9,084,528	308,792,353	98.6%	30,524,427
95.8%	12,015,150	340,354,626	99.3%	28,126,723
95.2%	12,083,354	342,107,587	98.7%	35,029,786
93.7%	13,366,910	370,225,622	97.2%	43,663,793
93.2%	18,825,104	371,485,815	98.2%	47,009,696
94.0%	14,728,424	360,562,617	98.0%	53,359,415
94.2%	17,310,100	356,029,102	99.1%	53,455,862

**COUNTY OF CUYAHOGA, OHIO
 ASSESSED AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY**

**LAST TEN YEARS
 (Amounts in 000's)**

Tax Year/ Collection Year	REAL PROPERTY		PERSONAL PROPERTY	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995/1996	\$ 18,983,267	\$ 54,237,906	\$ 2,603,148	\$ 10,412,592
1996/1997	19,291,442	55,118,406	2,728,871	10,915,484
1997/1998	20,838,304	59,538,011	2,791,334	11,165,336
1998/1999	21,173,385	60,495,385	2,855,467	11,421,868
1999/2000	21,493,369	61,409,625	2,916,480	11,665,920
2000/2001	24,341,838	69,548,110	3,011,512	12,046,046
2001/2002	24,689,595	70,541,702	3,032,064	12,128,255
2002/2003	24,799,145	70,854,700	2,802,833	11,211,332
2003/2004	26,839,357	76,683,878	2,508,313	10,905,708
2004/2005	27,318,158	78,051,880	2,384,697	10,368,247

Source: Cuyahoga County Auditor's Office, Budget Commission.

(1) Percentages for valuing the estimated actual value of Public Utility properties vary by class, type and age.

PUBLIC UTILITY		TOTAL		Ratio of Assessed To Estimated Actual Value
Assessed Value	Estimated Actual Value⁽¹⁾	Assessed Value	Estimated Actual Value	
\$ 1,355,615	\$ 2,711,230	\$ 22,942,030	\$ 67,361,728	34.1%
1,337,936	2,675,872	23,358,249	68,709,762	34.0%
1,323,512	2,647,024	24,953,150	73,350,371	34.0%
1,326,935	2,653,870	25,355,787	74,571,123	34.0%
1,223,332	2,446,664	25,633,181	75,522,209	33.9%
1,218,900	2,437,800	28,572,250	84,031,956	34.0%
977,713	1,955,426	28,699,372	84,625,383	33.9%
943,736	1,887,472	28,545,714	83,953,504	34.0%
957,362	1,914,724	30,305,032	89,504,310	33.9%
944,717	1,889,434	30,647,572	90,309,561	33.9%

**COUNTY OF CUYAHOGA, OHIO
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS**

**LAST TEN YEARS
(Per \$1,000 of Assessed Valuation)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
CUYAHOGA COUNTY:										
General operating	0.85	0.82	1.12	1.00	0.87	0.93	0.86	0.81	0.81	0.84
Debt (bond retirement).....	0.87	0.90	0.60	0.72	0.85	0.79	0.86	0.91	0.91	0.88
Mental retardation	3.00	3.00	3.00	3.00	3.00	3.90	3.90	3.90	3.90	3.90
Health and human services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Health and welfare	4.40	4.40	4.40	3.10	3.10	3.10	3.10	3.10	4.90	4.90
SUB-TOTAL	12.12	12.12	12.12	10.82	10.82	11.72	11.72	11.72	13.52	13.52
METROPARKS	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.85
CUYAHOGA COMMUNITY COLLEGE	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
PORT AUTHORITY	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
TOTAL	16.60	16.60	16.60	15.30	15.30	16.20	16.20	16.20	18.00	18.30

Source: Cuyahoga County Auditor's Office, Budget Commission-tax year data.

**COUNTY OF CUYAHOGA, OHIO
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND
NET BONDED DEBT PER CAPITA**

LAST TEN YEARS

Tax Year	Population⁽¹⁾	Assessed Value⁽²⁾ (Amounts in 000's)	Gross General Bonded Debt⁽³⁾ (Amounts in 000's)	Less:Balance Debt Service Fund⁽⁴⁾ (Amounts in 000's)	Net General Bonded Debt (Amounts in 000's)	Ratio of Net Bonded Debt To Assessed Value	Net Debt Per Capita
1995	1,396,169	\$ 22,942,030	\$ 186,800	\$ 1,070	\$ 185,730	0.81%	133.03
1996	1,401,552	23,358,249	174,640	660	173,980	0.74%	124.13
1997	1,386,803	24,953,150	162,385	5,502	156,883	0.63%	113.13
1998	1,380,696	25,355,787	150,325	1,659	148,666	0.59%	107.67
1999	1,371,717	25,633,181	137,775	968	136,807	0.53%	99.73
2000	1,393,978	28,572,250	220,640	4,010	216,630	0.76%	155.40
2001	1,380,421	28,699,372	205,365	661	204,704	0.71%	148.29
2002	1,379,049	28,545,714	189,145	875	188,270	0.66%	136.52
2003	1,363,888	30,305,032	172,250	994	171,256	0.57%	125.56
2004	1,351,009	30,647,572	241,445	9,534	231,911	0.76%	171.66

(1) Estimates - Various sources. 2000 population figure based on actual United States Department of Commerce, Bureau of Census.

(2) Cuyahoga County Auditor's Office, Budget Commission-tax year data.

(3) Tax supported debt outstanding December 31.

(4) Balance outstanding December 31, Financial Reporting Section.

**COUNTY OF CUYAHOGA, OHIO
COMPUTATION OF
LEGAL DEBT MARGIN**

**DECEMBER 31, 2004
(Amounts in 000's)**

Total of all County Debt Outstanding	\$	355,180
Debt Exempt from Computation:		
Rock and Roll Hall of Fame Bonds	\$	8,495
County Jail Facilities General Obligation Bonds		23,735
Gateway Economic Development Bonds		98,030
Brownfield Economic Redevelopment Bonds		12,880
Shaker Square Redevelopment Bonds		<u>2,825</u>
Total Exempt Debt		<u>145,965</u>
Net Indebtedness(Voted and Unvoted)		209,215
Less: Available funds in Debt Service fund as of December 31, 2004 ⁽¹⁾		<u>9,534</u>
Total Net Indebtedness Subject to Direct Debt Limitation	\$	<u>199,681</u>
Assessed Valuation of County(2004 tax year)	\$	30,647,572
Direct Debt Limitation-ORC 133.02 and ORC 133.05 (3% of first \$100,000,000 assessed valuation; 1 1/2% amount in excess of \$100,000,000 not in excess of \$300,000,000; 2 1/2% of amount in excess of \$300,000,000)	\$	764,689
Total Net Indebtedness(Voted and Unvoted)		<u>199,681</u>
DIRECT DEBT MARGIN	\$	<u>565,008</u>
Unvoted Debt Limitation(1% of County Assessed Valuation)	\$	306,476
Total Unvoted Net Indebtedness Subject to 1% Debt Limitation		<u>218,340</u>
UNVOTED DEBT MARGIN	\$	<u>88,136</u>

(1) GAAP basis.

**COUNTY OF CUYAHOGA, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

**DECEMBER 31, 2004
(Amounts in 000's)**

	Gross Debt	Debt Service Fund	Net Debt	Percent Applicable	County Share ⁽³⁾
County of Cuyahoga ⁽¹⁾	\$ 249,645	\$ 9,349	\$ 240,296	100%	\$ <u>240,296</u>
Total Net Direct Debt					240,296
Cuyahoga County Cities, Villages, Townships ⁽¹⁾	1,053,904	121,833	932,071	100%	932,071
Cuyahoga County School Districts ⁽²⁾	764,411	91,900	<u>672,511</u>	100%	<u>672,511</u>
Total Net Overlapping Debt					1,604,582
Total Net Direct and Overlapping Debt			\$ <u>1,844,878</u>		\$ <u>1,844,878</u>

(1) 2004 Tax Budgets filed in July, 2004 and certified unencumbered 2004 balances filed in January, 2005 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ending June 30, 2004. Budgetary basis.

(3) Percent applicable to the County of Cuyahoga calculated using assessed valuation of County divided by assessed valuation of taxing district. Assessed valuation of taxing districts furnished by Cuyahoga County Budget Commission.

**COUNTY OF CUYAHOGA, OHIO
RATIO OF ANNUAL DEBT SERVICE
FOR GENERAL BONDED DEBT TO TOTAL
GENERAL EXPENDITURES**

**LAST TEN YEARS
(Amounts in 000's)**

Year	Debt Service on General Tax Supported Debt	Debt Service on Self-Supporting Debt	General Expenditures ⁽¹⁾	Ratio of Tax Supported Debt Service to General Expenditures	Ratio of Self-Supported Debt Service To General Expenditures
1995	\$ 18,522	\$ 7,747	\$ 717,204	2.58%	1.08%
1996	21,647	8,544	773,149	2.80%	1.11%
1997	20,912	7,252	832,655	2.51%	0.87%
1998	20,132	8,445	946,622	2.13%	0.89%
1999	21,503	8,685	1,005,331	2.14%	0.86%
2000	22,083	8,354	1,181,082	1.87%	0.71%
2001	27,094	10,677	1,312,385	2.06%	0.81%
2002	26,592	11,763	1,280,206	2.08%	0.92%
2003	26,420	23,150	1,236,609	2.14%	1.87%
2004	32,715	46,607	1,318,726	2.48%	3.53%

(1) GAAP basis. Includes all governmental fund types.

Source: Cuyahoga County Auditor's Office, Financial Reporting Section.

**COUNTY OF CUYAHOGA, OHIO
REVENUE BOND COVERAGE – HOSPITAL BONDS**

**LAST TEN YEARS
(Amounts in 000's)**

Year	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal ⁽³⁾	Interest	Total	
1995	\$ 320,124	\$ 302,279	\$ 17,845	\$ 1,870	\$ 6,863	\$ 8,733	2.04
1996	327,711	308,873	18,838	1,990	6,737	8,727	2.16
1997	367,125	334,816	32,309	2,120	8,805	10,925	2.96
1998	387,220	360,642	26,578	4,982	6,863	11,845	2.24
1999	423,981	407,070	16,911	1,955	8,702	10,657	1.59
2000	448,458	434,191	14,267	3,850	10,861	14,711	0.97
2001	476,331	449,970	26,361	4,035	10,664	14,699	1.79
2002	508,954	476,321	32,633	4,240	10,469	14,709	2.22
2003	514,107	491,167	22,940	4,435	10,514	14,949	1.53
2004	548,173	521,106	27,067	5,190	10,414	15,604	1.73

(1) Gross revenue is total operating revenue plus interest income and contributions.

(2) Operating expenses is exclusive of depreciation and bond interest expense.

(3) 1997 principal payment exclusive of refunded bonds.

Source: MetroHealth System. GAAP basis.

**COUNTY OF CUYAHOGA, OHIO
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS**

LAST TEN YEARS

Year	Assessed Value⁽¹⁾ (Amounts in 000's)	Bank Deposits At December 31⁽²⁾ (Amounts in 000's)	Building Permits Issued⁽³⁾
1995	\$ 22,942,030	\$ 22,458,573	23,585
1996	23,358,249	27,068,211	21,700
1997	24,953,150	53,941,971	20,612
1998	25,355,787	58,904,596	24,244
1999	25,633,181	57,816,942	23,428
2000	28,572,250	61,942,764	24,272
2001	28,699,372	63,893,769	22,827
2002	28,545,714	95,760,917	18,680
2003	30,305,032	97,238,973	16,887
2004	30,647,572	101,837,959	20,485

- Sources: (1) Cuyahoga County Auditor's Office, Budget Commission-tax year data for real, personal and public utility property.
 (2) Banks deposits at year-end for banks headquartered in City of Cleveland-Federal Reserve Bank of Cleveland (Total demand, time and savings deposits). Federal Reserve Bank of Cleveland.
 (3) Cuyahoga County Auditor's Office, Real Estate Assessment Division.

COUNTY OF CUYAHOGA, OHIO DEMOGRAPHIC STATISTICS

POPULATION ⁽¹⁾	County	MSA
1940	1,217,250	1,319,734
1950	1,389,532	1,532,574
1960	1,647,895	1,909,483
1970	1,721,300	2,063,729
1980	1,498,400	1,898,825
1990	1,412,140	1,831,122
2000	1,393,978	1,863,479
2004	1,351,009	1,842,749

AGE DISTRIBUTION ⁽²⁾	2000	
	Number	Percentage
Under 5 yrs	90,996	6.5
5 - 9 yrs	101,372	7.3
10 - 14 yrs	99,235	7.1
15 - 19 yrs	89,960	6.5
20 - 24 yrs	77,515	5.6
25 - 34 yrs	188,873	13.5
35 - 44 yrs	219,449	15.7
45 - 54 yrs	187,601	13.5
55 - 59 yrs	65,599	4.7
60 - 64 yrs	56,217	4.0
65 - 74 yrs	107,327	7.7
75 - 84 yrs	82,469	5.9
85 yrs and over	<u>27,365</u>	<u>2.0</u>
TOTAL	1,393,978	100.00
Median age	37.3	
Males	658,481	
Females	735,497	

DISTRIBUTION OF FAMILIES BY INCOME BRACKET ⁽³⁾	2000	
	(Average 3.06 persons)	
	Number	Percentage
\$0 - 10,000	25,261	7.1
\$10,000 - 14,999	15,018	4.2
\$15,000 - 24,999	38,075	10.7
\$25,000 - 34,999	41,222	11.5
\$35,000 - 49,999	60,077	16.9
\$50,000 - 74,999	78,607	22.1
\$75,000 - 99,999	45,341	12.7
\$100,000 - 149,999	32,877	9.2
\$150,000 - 199,000	8,824	2.5
Over \$200,000	<u>10,919</u>	<u>3.1</u>
TOTAL	356,221	100.00
Median Family Income	\$ 49,559	
Per Capita Income	\$ 22,272	

Source: (1) Ohio Department of Development-The Metropolitan Statistical Area (MSA), as defined by the Department of Development, includes Cuyahoga, Geauga, Lake and Medina Counties. Population totals for 2004 are estimates provided by the U.S. Census Bureau.

(2) U.S. Census Bureau, Census 2000.

(3) U.S. Census Bureau, Census 2000

**COUNTY OF CUYAHOGA, OHIO
DEMOGRAPHIC STATISTICS**

LAST TEN YEARS

Employment - Annual Average⁽¹⁾	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Total Civilian Labor Force	676,600	678,800	676,800	699,200
Total Employed*	644,200	643,800	637,400	668,500
Total Unemployed	32,400	35,000	39,400	30,700
Unemployment Rate	4.8%	5.2%	5.8%	4.4%

**Employment By Sector⁽¹⁾
(Amounts in 000's)**

	Manufacturing		Wholesale Retail Trade		Professional and Related Services		Federal, State and Local Government	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
1995	140.0	18.3	187.7	24.5	236.3	30.8	80.1	10.5
1996	137.1	17.8	188.8	24.5	236.8	30.7	81.1	10.5
1997	136.3	17.3	192.9	24.5	242.8	30.9	84.1	10.7
1998	136.5	17.0	195.1	24.4	252.9	31.6	84.8	10.6
1999	133.3	16.5	195.5	24.2	259.6	32.2	83.3	10.3
2000	128.8	16.0	189.3	23.6	264.4	32.9	83.9	10.4
2001	121.4	15.3	182.4	23.0	262.3	33.0	88.4	11.1
2002	96.5	12.4	118.5	15.3	320.5	41.2	102.7	13.2
2003	90.8	11.9	117.4	15.3	319.0	41.6	100.6	13.1
2004	89.2	11.7	113.4	14.9	320.7	42.2	99.3	13.1

Source: (1) Ohio Bureau of Employment Services. (3rd Quarter)
* Difference due to non-county residents employed in county.

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
681,200	691,000	692,600	669,700	675,400	664,600
649,900	659,900	661,700	624,900	629,600	623,700
31,300	31,100	30,900	44,800	45,800	40,900
4.6%	4.5%	4.5%	6.7%	6.8%	6.2%

Finance, Insurance, Real Estate		Transportation and Public Utilities		Other		TOTAL*	
<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
57.6	7.5	33.2	4.3	31.2	4.1	766.1	100.0
59.8	7.8	33.8	4.4	32.8	4.3	770.2	100.0
62.2	7.9	34.4	4.4	33.4	4.3	786.1	100.0
63.7	7.9	34.9	4.4	32.9	4.1	800.8	100.0
67.9	8.4	34.7	4.3	33.1	4.1	807.4	100.0
68.4	8.5	34.8	4.3	34.7	4.3	804.3	100.0
70.3	8.9	35.8	4.5	33.1	4.2	793.7	100.0
68.3	8.8	23.4	3.0	47.6	6.1	777.5	100.0
69.4	9.1	23.6	3.1	45.3	5.9	766.1	100.0
69.4	9.1	23.7	3.1	45.0	5.9	760.7	100.0

COUNTY OF CUYAHOGA, OHIO SCHEDULE OF INSURANCE COVERAGE

DECEMBER 31, 2004

Type of Coverage	Name of Carrier/ Number	Policy Period	Policy Premium	Annual Details of Coverage	Liability Limit
Clarendon American Insurance Company (CIG) Auto Liability	XSR00310767	08/01/04 - 08/01/05	\$384,950	Motor vehicle liability insurance covering licensed and unlicensed county vehicles.	\$900,000 Ultimate net loss in excess of \$100,000 retention/occurrence: Bodily injury and property damage.
FM Global Insurance Company Property	NB910	07/01/04 - 07/01/05	\$853,993	All risk coverage on county owned properties, boilers and machinery and data processing equipment.	\$1,638,735,348 Blanket replacement. Cost limit \$500,000 deductible. (Plus \$20,233 for Critical Care Unit MHHS)
Terrorism Insurance	NB910	07/01/04-07/01/05	\$121,217	All county owned buildings.	\$5,000,000 lower limit/\$500,000,000 on certified acts.
			\$57,044	All county owned buildings	\$1,000,000/\$5,000,000 sublimit/\$250,000,000 on non-certified acts.
Chubb Excess	35817441	09/30/04 - 09/30/05	\$85,000	\$200,000,000 Excess of \$500,000,000 Catastrophe limit.	MetroHealth properties \$2,000,000 aggregate. Personal and advertising injury and medical expenses. \$0 deductible.
USF Insurance Voting Booth	GBGL19423	02/06/05 - 02/06/06	\$7,085	Liability insurance for private voting places for the Board of Elections. Limited to voting area of each location	\$1,000,000 per occurrence. \$2,000,000 aggregate. Personal and advertising injury and medical expenses \$0 deductible.
GAB Robins (Third Party Administrator)		08/01/04 - 08/01/06	\$13,000	Complex claims management.	N/A.
Travelers Casualty and Surety Company of America Crime Bond	104349122	07/01/04 - 07/01/05	\$10,329	Blanket Bond – Form P including faithful performance. Covers all employees except public officials who require individual bonds treasurers and tax collectors by whatever title known . Blanket Bond – Form O Form O covers Treasurer's Department and Human Services.	\$5,000 Deductible: \$100,000 faithful performance limit. \$200,000 forgery and alteration; computer fraud; \$400,000 money and securities. \$100,000 per loss \$1,000,000 limit for Treasurer.
Ohio Casualty Group Insurance	3508782	01/01/05-12/31/05	\$500	Medical Bond SAS	\$50,000 Continuous.
Ohio Casualty Group Insurance	3508783	01/01/05-12/31/05	\$500	Medical Bond SAS	\$50,000 Continuous.

Source: Department of Central Services, Risk and Property Management.

**COUNTY OF CUYAHOGA, OHIO
PRINCIPAL TAXPAYERS**

DECEMBER 31, 2004

Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Assessed Valuation
Cleveland Electric Illuminating Company	Electric Utility	\$ 412,273,270	1.34%
Ohio Bell Telephone Company	Telephone Utility	264,468,600	0.86%
City of Cleveland	Enterprise Activities	149,184,760	0.48%
Ford Motor Company	Automotive Manufacturing	124,099,610	0.40%
Duke Realty	Real Estate	76,116,540	0.25%
American Transmission System	Telephone Utility	72,348,750	0.24%
Beachwood Place LTD	Shopping Mall and Offices	53,775,690	0.18%
Cleveland Clinic Foundation	Hospital	50,992,960	0.17%
East Ohio Gas	Gas Utility	50,965,990	0.17%
General Motors	Automotive Manufacturing	<u>47,753,990</u>	<u>0.16%</u>
		\$ <u>1,301,980,160</u>	<u>4.25%</u>

These taxpayers were selected based solely upon a review of the 200 taxable parcels of real, personal and public utility property with the highest assessed valuation. A taxpayer owning many smaller parcels would not be included in this list even if the aggregate assessed valuation of such parcels exceeded that of one or more taxpayers on the list.

Source: Cuyahoga County Auditor's Office, IST Division-tax year data.

COUNTY OF CUYAHOGA, OHIO MISCELLANEOUS STATISTICS

DECEMBER 31, 2004

Date of Incorporation.....	1810
Twenty-seventh most populous County in the United States ⁽¹⁾	
Form of Government: Three member elected Board of County Commissioners with legislative and executive powers. Eight other elected officials with administrative powers.	
Area-Square Miles	459
Number of Political Subdivisions Located in the County	
Municipalities	57
Townships	2
School Districts.....	33
Special Districts	13
Total Number of County Employees	9,714
Voter Statistics, Election of November, 2004 ⁽²⁾	
Number of Registered Voters	1,011,089
Number of Voters-Last General Election	687,260
Percentage of Registered Voters Voting	68%
MetroHealth System	
Total Patient Days-2004	282,137
Total Number of Beds-2004.....	1,172
Average Percent Occupancy-2004.....	66%
Sanitary Engineer	
Miles of Sewer Line Operated	733
Wastewater Treatment Plants Operated	5
Pump Stations Operated	42
Airport	
Hangars	16
Aircraft	192
Traffic(Takeoffs and Landings).....	70,061
Office Buildings.....	8
Other	
Number of Colleges and Universities in County	8

Source: (1) U.S. Department of Commerce, Bureau of Census, 2004 estimate.
(2) Cuyahoga County Board of Elections.

**COUNTY OF CUYAHOGA, OHIO
ACKNOWLEDGEMENTS**

This report was prepared by the following members of the County Auditor's Office, General Accounting Division:

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FINANCIAL CONDITION

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 30, 2005**