

Cuyahoga County, Ohio

Single Audit Report
For the Year Ended December 31, 2009



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2009 through December 31, 2009. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 27, 2012

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CUYAHOGA COUNTY, OHIO

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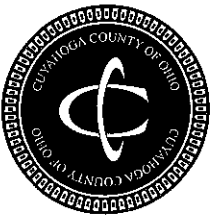
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**CUYAHOGA COUNTY
OFFICE OF THE FISCAL OFFICER**

June 18, 2012

Dear User of the Cuyahoga County, Ohio's Basic Financial Statements:

The accompanying basic financial statements of Cuyahoga County, Ohio (the "County") as of and for the year ended December 31, 2009, 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, results of operations, and the cash flows of the County's proprietary fund types.

Sincerely,

Cheryl A. Arslanian, CPA

Cheryl A. Arslanian, CPA
Acting Financial Services Administrator

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INDEPENDENT AUDITORS' REPORT

County Executive and County Council
Cuyahoga County, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2009, 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 an opinion on the respective financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, The MetroHealth System. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, 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, 2009, and the respective changes in financial position and respective cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Human Services Fund, Health and Human Services Levies Fund, County Board of Developmental Disabilities 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.

As discussed in Note R to the financial statements, governmental activities net assets—beginning of year has been restated to correct a misstatement.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012, 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.

The management's discussion and analysis on pages 5 through 17 is not a required part of the basic financial statements but is supplementary information 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 such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This schedule is the responsibility of management of the County. Such schedule 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.

Deloitte & Touche LLP

June 18, 2012

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, 2009.

Financial Highlights

- The assets of Cuyahoga County exceeded its liabilities at the close of the most recent fiscal year by \$814.9 million (*net assets*).
- The County's total net assets decreased by \$12.9 million.
- As of the close of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$546.7 million, an increase of \$136.3 million in comparison with the prior year. Approximately 79% of this total amount, \$431.7 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 \$212 million, or 66.2% of total 2009 general fund expenditures.
- Additions to Cuyahoga County's total debt, including capital leases, bond anticipation notes and installment purchase agreements, were \$179.1 million during the current fiscal year. Reductions in debt during 2009 amounted to \$98 million for a net increase of \$81.1 million.

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.

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, parking facilities 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 19—21 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 developmental disabilities, health and community services and capital projects funds, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation.

Cuyahoga County adopts an annual appropriated budget for its general fund and the other major annually budgeted funds as well as the motor vehicle gas tax and debt service funds. A budgetary comparison statement has been provided for these budgeted major funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 22—31 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 facilities 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, postage and self-funded insurance functions. 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.

The basic proprietary fund financial statements can be found on pages 32—34 of this report.

Fiduciary funds. 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 35 of this report.

Budgetary 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 36--74 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 \$814.9 million at the close of the most recent fiscal year as illustrated below.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008⁽¹⁾</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008⁽¹⁾</u>
Current and other assets.....	\$ 1,161,594	\$1,133,757	\$ 34,404	\$ 26,568	\$1,195,998	\$1,160,325
Capital assets.....	<u>632,454</u>	<u>581,443</u>	<u>48,145</u>	<u>49,155</u>	<u>680,599</u>	<u>630,598</u>
Total assets.....	1,794,048	1,715,200	82,549	75,723	1,876,597	1,790,923
Long-term liabilities outstanding....	538,121	418,534	15,597	14,615	553,718	433,149
Other liabilities.....	<u>505,803</u>	<u>528,230</u>	<u>2,137</u>	<u>1,686</u>	<u>507,940</u>	<u>529,916</u>
Total liabilities.....	1,043,924	946,764	17,734	16,301	1,061,658	963,065
Net assets:						
Invested in capital assets, net of related debt.....	290,217	311,332	33,555	35,210	323,772	346,542
Restricted.....	65,621	64,160			65,621	64,160
Unrestricted.....	<u>394,286</u>	<u>392,944</u>	<u>31,260</u>	<u>24,212</u>	<u>425,546</u>	<u>417,156</u>
Total net assets.....	\$ <u>750,124</u>	\$ <u>768,436</u>	\$ <u>64,815</u>	\$ <u>59,422</u>	\$ <u>814,939</u>	\$ <u>827,858</u>

⁽¹⁾ 2008 amounts have been restated to include the impact of de-recognizing certain bridges for the County's infrastructure capital assets in accordance with Ohio Revised Code section 5501.49. See Note R to the financial statements.

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.

The largest portion of Cuyahoga County's net assets (52.2%) reflects *unrestricted net assets*, which may be used to meet the government's ongoing obligations to citizens and creditors. The next largest portion of Cuyahoga County's net assets (39.7%) 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 settle these liabilities.

An additional portion of Cuyahoga County's net assets, restricted net assets (8.1%), represents resources that are subject to external restrictions on how they may be used.

Current and other assets increased by \$35.7 million. Taxes receivable decreased \$14.6 million as a result of a reduction in assessed value of 7%. A decrease of \$17.1 million in current assets for Human Services is a result of reduced funding amounting to 24% from the state. The County recorded a further

impairment of its capital asset held for sale amounting to \$14.5 million due to the economic climate in real estate. These decreases are offset by increases in assets including America Recovery and Reinvestment Act (ARRA) dollars amounting to \$8.5 million and Day Habilitation Services (also known as Day Array Services) for \$6.1 million due to a new reimbursement system implemented in January 2008 that caused a delay in reimbursements to 2009 for some 2008 expenditures. A .25% increase in sales tax earmarked for the convention center/Medical Mart resulted in an additional \$38.5 million. The tax was imposed in 2007 but construction had not yet begun. The remaining increase of \$25 million is the result of issuance of debt that funded capital projects by whose expenses had previously been incurred and \$3.9 million attributed to tap in charges for a new sewer district.

Capital assets increased by \$50 million as a result primarily of continued construction on the new Youth Intervention Center amounting to \$56.1 million.

Long-term liabilities increased by \$120.6 million due to a net increase of \$103.8 million of debt issuance and net costs associated with the early retirement incentive program (ERIP) amounting to \$36.1 million less pay down of debt.

Other governmental activities liabilities decreased by \$22.4 million as a result of reduced accounts payable and unearned revenues. The decrease in spending was caused by budgetary restraints.

Invested in capital assets, net of related debt decreased \$22.8 million due primarily to additional general obligation debt issued in 2009.

The increase in unrestricted net assets of \$8.4 million was due to an increase of \$7 million in the Sanitary Engineer office primarily the result of new tap in fees.

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008 ⁽¹⁾	2009	2008	2009	2008 ⁽¹⁾
Revenues:						
Program revenues:						
Charges for services	\$ 89,235	\$ 103,715	\$ 26,371	\$ 22,144	\$ 115,606	\$ 125,859
Operating grants and contributions	602,090	613,967			602,090	613,967
Capital grants, contributions and interest	25,574	31,810	189	109	25,763	31,919
General revenues:						
Property taxes	358,218	344,518			358,218	344,518
Sales and other taxes	227,077	237,952			227,077	237,952
Grants and contributions not restricted to specific programs	79,220	69,499			79,220	69,499
Other	46,777	90,029	143	152	46,920	90,181
Total revenues	<u>1,428,191</u>	<u>1,491,490</u>	<u>26,703</u>	<u>22,405</u>	<u>1,454,894</u>	<u>1,513,895</u>
Expenses:						
General government	91,649	97,316			91,649	97,316
Judicial	351,593	351,738			351,593	351,738
Development	51,011	39,974			51,011	39,974
Social services	664,149	662,870			664,149	662,870
Health and safety	223,498	220,733			223,498	220,733
Public works	46,541	153,319			46,541	153,319
Interest	16,724	15,589			16,724	15,589
Sanitary Engineer			14,637	12,776	14,637	12,776
Airport			2,126	2,004	2,126	2,004
County Parking			3,557	5,203	3,557	5,203
Cuyahoga County Information System			2,328	2,319	2,328	2,319
Total expenses	<u>1,445,165</u>	<u>1,541,539</u>	<u>22,648</u>	<u>22,302</u>	<u>1,467,813</u>	<u>1,563,841</u>
Increase (decrease) in net assets before transfers	(16,974)	(50,049)	4,055	103	(12,919)	(49,946)
Transfers	<u>(1,338)</u>	<u>(235)</u>	<u>1,338</u>	<u>235</u>		
Change in net assets	<u>(18,312)</u>	<u>(50,284)</u>	<u>5,393</u>	<u>338</u>	<u>(12,919)</u>	<u>(49,946)</u>
Net assets – Beginning of year	<u>768,436</u>	<u>818,720</u>	<u>59,422</u>	<u>59,084</u>	<u>827,858</u>	<u>877,804</u>
Net assets – End of year	<u>\$ 750,124</u>	<u>\$ 768,436</u>	<u>\$ 64,815</u>	<u>\$ 59,422</u>	<u>\$ 814,939</u>	<u>\$ 827,858</u>

⁽¹⁾ 2008 amounts have been restated to include the impact of de-recognizing certain bridges for the County's infrastructure capital assets in accordance with Ohio Revised Code section 5501.49. See Note R to the financial statements.

In 2009, the County's revenues decreased by \$59 million, expenses dropped by \$96 million and the County's net assets decreased by \$12.9 million.

The decrease in revenues of \$59 million was due to a decrease of \$63.3 million in governmental activities and \$4.3 million increase in business type activities.

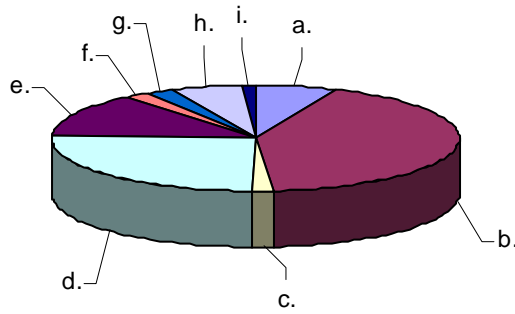
- In the governmental activities, there was a decrease of \$14.5 million in charges for services comprised primarily of a \$3.2 million reduction in conveyance fees collected attributed to the slumping housing market as well as a drop in sales prices of homes and commercial real estate and additional reductions of \$5.2 million in Board of Elections expenses due to the additional costs incurred for the presidential election in 2008. There was also a drop of \$2 million in revenue for work performed for Children and Family Services by the Prosecutor's office.
- An \$11.9 million decrease in operating grants and contributions is due primarily to a 24% decrease in funding for social service programs in 2009 coupled with an increase in Department of Health and Human Services stimulus money, day habilitation services and Commercial Activities Tax reimbursement to the County Board of Developmental Disabilities for a net decrease of \$23.4 million. In addition there was an increase of \$4.2 million for the growth in Medicaid and non Medicaid clients and new ARRA enhanced Federal Medical Assistance Percentage (FMAP) payments in 2009 for the ADAMSHS Board. There was a \$1.6 million increase in public defender reimbursements as a result of increased budget from the state for the public defender and assigned counsel reimbursements and \$2.4 million increase in reimbursements for child support enforcement as a result of an increase in federal financial participation from the state.
- Capital grants and contributions decreased by \$6.2 million due to a one-time state grant of \$5.5 million which was received in 2008 for the Juvenile Justice Center.
- General Revenues increased by \$2.8 million due to an increase of \$13.7 in property taxes as a result of the passage of the new Health and Human Services Levy and an increase in the effective millage rate resulting in more taxes being collected. The offset of \$10.9 million decrease in Sales and Use Tax can be explained by the downturn in the economy and reduced retail sales.
- Other revenues decreased by \$43.3 million due to the recorded impairment amounting to \$14.5 million of the capital asset held for sale due to the economic climate in real estate and low short-term interest rates and a declining cash balance available for investments in the portfolio resulting in lower investment earnings of \$29 million.
- An increase of \$9.7 million in Grants and contributions not restricted to specific programs is the result of an increase of commercial activities taxes in the final year of the phase-in and an increase in the homestead exemption reimbursement for those 65 and older due to increased participation.

The increase of revenues in the business type activities of \$4.3 was attributed to \$3.9 million for tap in charges for a new sewer district.

The County's decrease in expenses of \$96 million can be explained by the following:

- The decrease in public works expenses of \$106.8 million is the result of a change in Ohio law whereby responsibility for construction and major maintenance of bridges on the state highway system shifted from the County to the State of Ohio amounting to \$98.9 million of infrastructure dispositions in 2008.
- The increase of \$11 million in the development function is the result of Rock and Roll bonds issued for \$10 million to benefit the development of the new archives at Tri-C.
- The general government expenses decreased by \$5.7 million due primarily to a mandate from the Ohio Attorney General's Office to the County Board of Elections for new equipment and additional personnel expenses related to the presidential election 2008, and greater liability for claims and judgments against the County amounting to \$1.3 million.

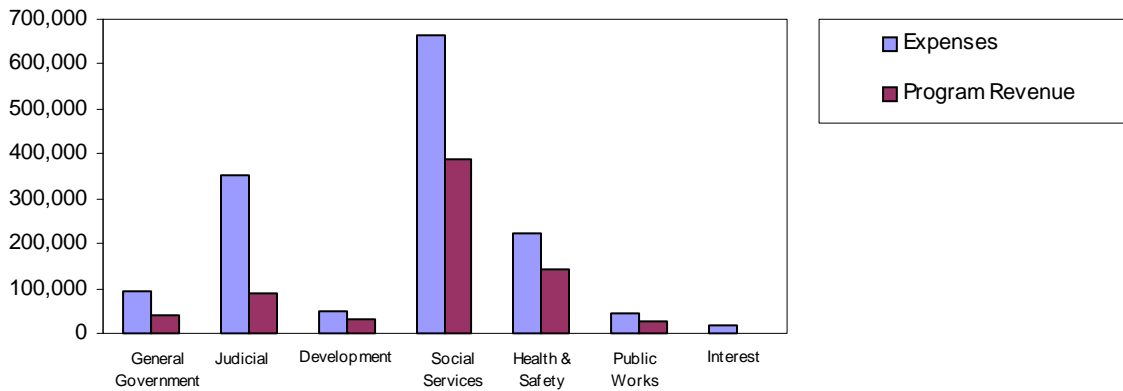
Revenues by Source – Governmental Activities



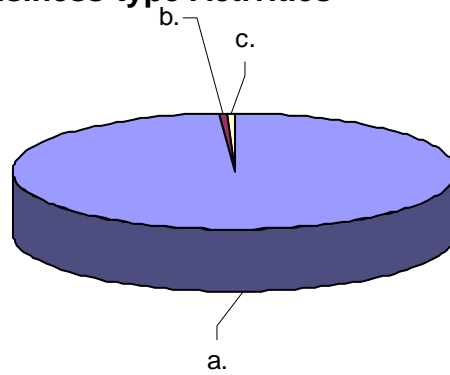
	(Amounts in 000's)	%
a. Charges for Services.....	\$ 89,235	6.2
b. Operating Grants and Contributions.....	602,090	41.8
c. Capital Grants, Contributions and Interest.....	25,574	1.8
d. Property Tax.....	358,218	24.8
e. Sales Tax.....	193,692	13.4
f. Other Tax.....	33,385	2.3
g. State Local Government.....	32,039	2.2
h. Grants and Contributions not restricted to specific programs.....	79,220	5.5
i. Other.....	14,738	2.0

Expenses and Program Revenues – Governmental Activities

(Amounts in 000's)



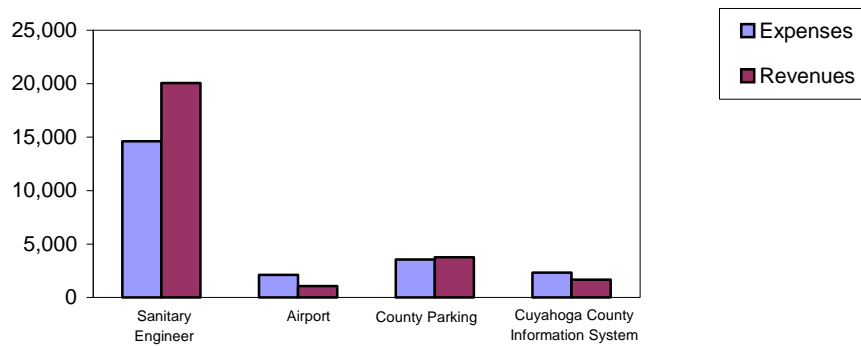
Revenues by Source – Business-type Activities



	(Amounts in 000's)	%
a. Charges for Services	\$ 26,371	98.8
b. Capital Grants, Contributions and Interest ...	189	.7
c. Other	143	.5

Expenses and Program Revenues – Business-type Activities

(Amounts in 000's)



Governmental activities. Governmental activities decreased Cuyahoga County's net assets by \$18.3 million. Key elements of this decrease are as follows:

- Additional revenue due to a .25% sales tax increase resulting in an additional \$38.5 million, which is earmarked for the convention center/medical mart.
- Draw down of self-insurance to minimize a one-time impact of self-insurance costs amounting to \$16.9 million.
- Reduction in investment earnings due to lower yields amounting to \$29 million.
- Impairment recorded on capital asset held for sale amounting to \$14.5 million.

Business-type activities. Business-type activities increased Cuyahoga County's net assets by \$5.4 million attributed to \$3.9 million increase in tap in charges for a new sewer.

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 \$546.7 million, an increase of \$136.3 million in comparison with the prior year. Approximately \$431.7 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 (\$30.8 million), (2) for loans (\$48 million) or (3) to pay debt service (\$36.1 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 \$212 million, while total fund balance reached \$256.1 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 66.2% of total general fund expenditures, while total fund balance represents 80% of that same amount.

The fund balance of the Cuyahoga County Board of Developmental Disabilities and Capital Projects Funds increased by \$19.5 and \$93.9 respectively.

- The Cuyahoga County Board of Developmental Disabilities increased by \$19.5 million primarily due to stimulus ARRA dollars received in 2009 that were spent in 2008.
- The Capital projects fund balance increase of \$93.9 million was due to the issuance of debt to reimburse the County for projects previously expended.

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

Proprietary net assets increased by \$5.4 million due primarily to the Sanitary Engineer fund. The net increase was attributed to \$3.9 million tap in charges for a new sewer district.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$2.1 million and differences between the final amended budget and the actual expenditures and transfers out were \$22.3 million.

The positive variance of \$22.3 million in the final budget versus actual expenditures was primarily the result of the following:

- Reserve contingencies of \$3.8 million budgeted and not needed for Gateway.
- Miscellaneous variance of \$3.9 million was the result of cost of living and budget incentives that were not spent.
- Juvenile Court Probation variance of \$5.3 million was the result of expenditures being accounted for in Juvenile Court probation in the Health and Community fund and funded by the Health and Human Services Levy fund.
- Development variance of \$2.3 million was due to projects committed but unfunded by the end of the year.
- Veterans Service Commission variance of \$1.4 million was due to lower than anticipated client service assistance below the legal level appropriated based on Ohio Revised Code.

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, 2009, amounts to \$680.6 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 7.9% (an 8.8% increase for governmental activities and a 2.1% 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	
	2009	2008 ⁽¹⁾	2009	2008	2009	2008 ⁽¹⁾
Land	\$ 47,245	\$ 49,014	\$ 6,505	\$ 6,529	\$ 53,750	\$ 55,543
Land improvements.....	8,070	9,957	1,608	1,893	9,678	11,850
Utility plant			27,087	26,046	27,087	26,046
Buildings, structures and improvements.....	266,914	280,392	5,072	5,817	271,986	286,209
Furniture, fixtures and equipment	22,444	25,567	462	501	22,906	26,068
Vehicles	3,070	4,175	1,863	2,315	4,933	6,490
Infrastructure	94,191	61,904			94,191	61,904
Construction in progress	<u>190,520</u>	<u>150,434</u>	<u>5,548</u>	<u>6,054</u>	<u>196,068</u>	<u>156,488</u>
Total	\$ <u>632,454</u>	\$ <u>581,443</u>	\$ <u>48,145</u>	\$ <u>49,155</u>	\$ <u>680,599</u>	\$ <u>630,598</u>

⁽¹⁾ 2008 amounts have been restated to include the impact of de-recognizing certain bridges for the County's infrastructure capital assets in accordance with Ohio Revised Code section 5501.49. See Note R to the financial statements.

The governmental activities increases were the result primarily of the continued construction on the new Youth Intervention Center amounting to \$56.1 million.

The business-type activities decreases in capital assets were due primarily to limited new purchases and construction although \$2.1 million of utility plant construction was capitalized.

Additional information on Cuyahoga County's capital assets can be found in Note E on pages 51—54 of this report.

Long-term debt. At the end of the current fiscal year, Cuyahoga County had total bonded debt outstanding of \$419.5 million. Of this amount, \$321.5 million comprises debt backed by the full faith and credit of the government and \$5 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 bond anticipation notes, 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)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 321,458	\$ 173,500	\$	\$	\$ 321,458	\$ 173,500
Special assessment debt with governmental commitment.....			5,015	5,400	5,015	5,400
Revenue bonds.....	93,025	97,575			93,025	97,575
Bond anticipation notes.....	10,000	70,000			10,000	70,000
Loans	7,805	5,262	9,575	8,545	17,380	13,807
Installment purchase agreements .	189	2,269			189	2,269
Total	\$ <u>432,477</u>	\$ <u>348,606</u>	\$ <u>14,590</u>	\$ <u>13,945</u>	\$ <u>447,067</u>	\$ <u>362,551</u>

Cuyahoga County's total debt increased \$84.5 million (23.3%) during the current fiscal year. The County issued general obligation bonds amounting to \$163.8 million to reimburse the county for various capital projects incurred over the past few years and to retire notes. The County issued a \$10 million bond anticipation note for development at the Rock and Roll of Fame and secured a loan amounting to \$3.6 million for a road extension. The County also received a new loan for the Sanitary Engineer for sewer improvements amounting to \$1.6 million.

Cuyahoga County received an "AA+" rating from Standard & Poor's, an "AA+" rating from Fitch Ratings and an "Aa1" rating from Moody's Investors Service for its general obligation (LTGO) debt. Moody's and Standard & Poor's have rated the revenue bonds "Aa2 and "AA", respectively. Fitch Ratings, Moody's and Standard & Poor's completed a review of the County's bond ratings in 2011 (Fitch) and 2012 (Moody's and Standards & Poor's) and the ratings were affirmed with a stable outlook.

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 \$455.4 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 54—63 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Cuyahoga County was 9% at year-end 2009, compared to 7.1% at year-end 2008.
- Retail vacancies in the County climbed to 13.2% at year-end 2009 from 10.8% at year-end 2008.
- The County Land Bank and Fannie May forged an agreement which allows the Land Bank to acquire foreclosed property from Fannie May for \$1. Fannie May will contribute \$3,500 toward demolition for any home not salvageable. This test agreement will keep a large inventory of distressed homes off the market and not adding to the surplus.

Each of these factors, in addition to others, was considered in preparing Cuyahoga County's budget for the 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$16.9 million. Various factors including the County raising the sales tax .25% in October 2007 amounting to \$38.5 million for the purpose of constructing a new convention center/medical mart contributed to this increase. The County has a development agreement with a private company for the construction of the convention center and a related medical mart. As a result, the County is depositing the tax in the General fund until required for construction and payment of future debt.

The County passed a replacement Health and Human Services levy in 2008 which began collection in 2009. The new levy resulted in an increase to taxes collected of \$12 million and comes during a time when demand for services is increasing and other revenues are falling.

The County continued some major capital projects including construction of the new juvenile justice campus (which includes the Youth Intervention Center and a Juvenile Court). The County issued debt of \$163.8 million related to the new juvenile justice center and a \$10 million note for development at the Rock and Roll Hall of Fame.

The County Commissioners asked many general fund agencies to reduce their budgets by 8% due to falling revenues and instituted furlough days for employees.

Federal Investigation

On July 28, 2008, agents of the Federal Bureau of Investigation and the Internal Revenue Service executed search warrants at certain County government offices, the homes of certain County officials, and the business offices of certain private contractors in connection with what has been characterized as a "government corruption investigation" (the "Investigation"). Additional search warrants were executed on September 23, 2008 at the offices of two County Judges. In addition, pursuant to the investigation, several Federal Grand Jury subpoenas for the production of documents were issued to the government offices of a County Commissioner, the County Auditor, the County Engineer and the County Information Services Office. The County has complied with the search warrants and continues to cooperate with the Investigation. Since the initial searches, multiple criminal charges have been filed in the United States District Court for the Northern District of Ohio charging former county employees, public officials and other individuals with soliciting and receiving bribes. Several former county employees and public officials including the former County Auditor have pleaded guilty to such charges and have been sentenced or are awaiting sentencing on such charges. A former County Commissioner and two former judges were convicted and have been or are awaiting sentencing. Additional criminal cases are pending.

In response to the Investigation, the County retained the services of a law firm to assist the County in its internal investigation of County contracting procedures and awards and other matters related to the Investigation. On October 28, 2009, the law firm issued a report regarding the internal review and investigation. The Board of County Commissioners accepted the report on October 29, 2009, and its conclusions were endorsed and adopted by the Board. The report was updated by means of

supplemental reports submitted in December 2009 and October 2011, which took into account subsequent public corruption charges filed against other individuals.

The report concluded that in spite of the conduct of the individuals named in charges resulting from the Investigation, it is highly unlikely that the criminal conduct, which formed the basis of the criminal indictments, will materially affect the fair presentation of the County's basic financial statements. In addition, the report concluded that given the amount of funds involved, the possibility that the County's overall financial position or operations would be materially impacted by any of the activities uncovered in the federal public corruption investigation is remote.

The federal public corruption investigation is still ongoing, however, based upon the County's own internal investigation, the County believes the likelihood of the Investigation resulting in any material potential loss or liability, including the possibility of significant disallowance findings related to Federal and State assisted grant programs, is remote; and that any adverse outcome from these charges would pertain to the County officials and former employees subject to the investigation rather than the County itself.

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 the Office of the Fiscal Officer, Cuyahoga County, 1219 Ontario Street, Room 121, Cleveland, Ohio 44113.

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COUNTY OF CUYAHOGA, OHIO STATEMENT OF NET ASSETS

DECEMBER 31, 2009
(Amounts in 000's)

	Primary Government			Component Unit MetroHealth System
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Equity in pooled cash and investments.....	\$ 534,647	\$ 19,828	\$ 554,475	\$ 2,842
Cash and investments-segregated accounts.....				263,548
Receivables:				
Taxes (net of allowance for uncollectibles).....	402,162		402,162	
Accounts (net of allowance for uncollectibles).....	468	202	670	68,353
Special assessments (net of allowance for uncollectibles).....		1,236	1,236	
Accrued interest	3,750		3,750	
Loans (net of allowance for uncollectibles).....	48,024		48,024	
Net receivables.....	454,404	1,438	455,842	68,353
Internal balances.....	(653)	653		
Due from other governments.....	122,096	1,481	123,577	
Inventory of supplies.....	49	11	60	6,197
Prepaid expenses and other receivables.....				23,020
Other assets.....	3,147	13	3,160	2,772
Restricted assets:				
Cash and investments.....	38,349		38,349	43,655
Capital assets held for sale.....	9,555	10,980	20,535	
Capital assets (net of accumulated depreciation):				
Land.....	47,245	6,505	53,750	9,314
Land improvements.....	8,070	1,608	9,678	5,073
Utility plant.....		27,087	27,087	
Buildings, structures and improvements.....	266,914	5,072	271,986	202,517
Furniture, fixtures and equipment.....	22,444	462	22,906	48,298
Vehicles.....	3,070	1,863	4,933	9,684
Infrastructure.....	94,191		94,191	
Construction in progress.....	190,520	5,548	196,068	9,539
Net capital assets.....	632,454	48,145	680,599	284,425
TOTAL ASSETS	1,794,048	82,549	1,876,597	694,812
LIABILITIES				
Accounts payable.....	87,396	1,804	89,200	31,326
Unearned revenue.....	366,187		366,187	
Due to other governments.....	24,372		24,372	
Accrued wages and benefits.....	17,255	333	17,588	33,797
Matured bonds payable.....	14		14	
Other liabilities.....	8,336		8,336	10,816
Accrued interest payable.....	2,243		2,243	2,105
Noncurrent liabilities:				
Due within one year.....	56,544	1,236	57,780	32,313
Due in more than one year.....	481,577	14,361	495,938	260,130
TOTAL LIABILITIES	1,043,924	17,734	1,061,658	370,487
NET ASSETS				
Invested in capital assets, net of related debt.....	290,217	33,555	323,772	88,827
Restricted for:				
Restricted assets-expendable.....	29,488		29,488	37,015
Restricted assets-nonexpendable.....				8,255
Debt service.....	36,133		36,133	
Unrestricted.....	394,286	31,260	425,546	190,228
TOTAL NET ASSETS	\$ 750,124	\$ 64,815	\$ 814,939	\$ 324,325

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, 2009
(Amounts in 000's)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Primary Government:		
Governmental activities:		
General government.....	\$ 91,649	\$ 43,465
Judicial.....	351,593	34,719
Development.....	51,011	133
Social services.....	664,149	6,820
Health and safety.....	223,498	1,786
Public works.....	46,541	2,312
Interest on long-term debt.....	16,724	
Total governmental activities.....	<u>1,445,165</u>	<u>89,235</u>
Business-type activities:		
Sanitary Engineer.....	14,637	20,069
Airport.....	2,126	876
County Parking.....	3,557	3,763
Cuyahoga County Information System.....	2,328	1,663
Total business-type activities.....	<u>22,648</u>	<u>26,371</u>
Total primary government.....	<u>\$ 1,467,813</u>	<u>\$ 115,606</u>
Component unit:		
MetroHealth System.....	<u>\$ 690,715</u>	<u>\$ 645,037</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			
Operating Grants and Contributions	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Totals	Component Unit MetroHealth System
\$ 315	\$	\$ (47,869)	\$	\$ (47,869)	\$
53,045	585	(263,244)		(263,244)	
29,805	1,064	(20,009)		(20,009)	
378,911		(278,418)		(278,418)	
139,632		(82,080)		(82,080)	
382	23,925	(19,922)		(19,922)	
		(16,724)		(16,724)	
<u>602,090</u>	<u>25,574</u>	<u>(728,266)</u>		<u>(728,266)</u>	
			5,432	5,432	
	189		(1,061)	(1,061)	
			206	206	
			(665)	(665)	
	<u>189</u>		<u>3,912</u>	<u>3,912</u>	
<u>\$ 602,090</u>	<u>\$ 25,763</u>	<u>(728,266)</u>	<u>3,912</u>	<u>(724,354)</u>	
<u>\$ 49,458</u>	<u>\$ 1,048</u>				<u>4,828</u>
General Revenues:					
Taxes:					
Property.....		358,218		358,218	
Sales and use.....		193,692		193,692	
Other.....		33,385		33,385	
Unrestricted state local government fund.....		32,039		32,039	
Unrestricted investment earnings.....		12,198	1	12,199	25,337
Grants and contributions					
not restricted to specific programs.....		79,220		79,220	
Miscellaneous.....		17,005	142	17,147	31,764
Impairment of capital assets held for sale.....		(14,465)		(14,465)	
Transfers.....		(1,338)	1,338		
Total general revenues, impairment and transfers.....		<u>709,954</u>	<u>1,481</u>	<u>711,435</u>	<u>57,101</u>
Change in net assets.....		(18,312)	5,393	(12,919)	61,929
Net assets-beginning of year, as restated (see Note R).....		768,436	59,422	827,858	262,396
Net assets-end of year.....		<u>\$ 750,124</u>	<u>\$ 64,815</u>	<u>\$ 814,939</u>	<u>\$ 324,325</u>

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

**DECEMBER 31, 2009
(Amounts in 000's)**

	General Fund	Human Services	Health and Human Services Levies	County Board of Developmental Disabilities
ASSETS				
Equity in pooled cash and investments.....	\$ 163,442	\$ 12,531	\$ 33,036	\$ 110,130
Receivables:				
Taxes (net of allowance for uncollectibles).....	77,029		192,420	95,862
Accounts (net of allowance for uncollectibles)	123			
Accrued interest	3,750			
Loans (net of allowance for uncollectibles).....	3,243			
Net receivables.....	84,145		192,420	95,862
Due from other funds.....	34,234		36,552	
Due from other governments.....	22,768	34,565	14,767	14,473
Restricted assets -				
Cash and investments.....	38,349			
TOTAL ASSETS.....	\$ 342,938	\$ 47,096	\$ 276,775	\$ 220,465
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 6,785	\$ 18,475	\$	\$ 3,668
Deferred revenue.....	57,006		205,579	102,427
Due to other funds.....	1,526	24,593		508
Due to other governments.....				
Accrued wages and benefits.....	6,434	4,028		2,822
Short-term notes payable.....	10,000			
Matured bonds payable.....				
Other liabilities.....	5,130			
TOTAL LIABILITIES.....	86,881	47,096	205,579	109,425
Fund Balances:				
Reserved for:				
Restricted assets.....	30,830			
Loans receivable.....	3,243			
Debt service.....	10,013			
Unreserved, reported in:				
General Fund:				
Designated for self-insurance.....	964			
Undesignated.....	211,007			
Special Revenue Funds.....			71,196	111,040
Capital Projects Fund.....				
TOTAL FUND BALANCES	256,057		71,196	111,040
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 342,938	\$ 47,096	\$ 276,775	\$ 220,465

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

<u>Health and Community Services</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 71,990	\$	\$ 70,948	\$ 462,077
13,602		20,044	398,957
332			455
			3,750
		44,781	48,024
<u>13,934</u>	<u></u>	<u>64,825</u>	<u>451,186</u>
			70,786
12,401	5,847	16,910	121,731
			38,349
<u>\$ 98,325</u>	<u>\$ 5,847</u>	<u>\$ 152,683</u>	<u>\$ 1,144,129</u>

\$ 30,881	\$ 8,601	\$ 8,371	\$ 76,781
13,488		29,674	408,174
13,399	28,787	5,230	74,043
		7,375	7,375
1,841		798	15,923
			10,000
		14	14
			5,130
<u>59,609</u>	<u>37,388</u>	<u>51,462</u>	<u>597,440</u>

			30,830
		44,781	48,024
		26,120	36,133
			964
			211,007
38,716		30,320	251,272
	(31,541)		(31,541)
<u>38,716</u>	<u>(31,541)</u>	<u>101,221</u>	<u>546,689</u>
<u>\$ 98,325</u>	<u>\$ 5,847</u>	<u>\$ 152,683</u>	<u>\$ 1,144,129</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, 2009
(Amounts in 000's)**

Total fund balances for governmental funds.....	\$	546,689
Capital assets and capital assets held for sale used in governmental activities (excluding internal service assets) are not financial resources and, therefore, are not reported in the funds.....		630,820
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.....		41,987
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....		51,207
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.....	\$	(2,243)
Long-term debt.....		(521,483)
Unamortized bond issuance costs.....		3,147
		(520,579)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$	750,124

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, 2009
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Developmental Disabilities</u>
REVENUES				
Property taxes.....	\$ 18,973	\$	\$ 198,537	\$ 94,931
Sales and use tax.....	194,026			
Other tax.....	4		42	20
State local government fund.....	32,422			
Licenses and permits.....	68			
Charges for services.....	49,030	1,531		4,921
Fines and forfeitures.....	9,768			
Investment earnings.....	10,531			214
Other intergovernmental.....	15,534	268,602	44,950	96,689
Miscellaneous.....	10,460	1,022		7,487
TOTAL REVENUES.....	<u>340,816</u>	<u>271,155</u>	<u>243,529</u>	<u>204,262</u>
EXPENDITURES				
Current:				
General government.....	60,845			
Judicial.....	236,363			
Development.....	15,028			
Social services.....	6,517	367,143	287	184,671
Health and safety.....	364		39,600	
Public works.....				
Capital outlay.....				
Debt service:				
Principal retirement.....	444			
Interest.....	453			
Bond issuance costs.....				
TOTAL EXPENDITURES.....	<u>320,014</u>	<u>367,143</u>	<u>39,887</u>	<u>184,671</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	20,802	(95,988)	203,642	19,591
OTHER FINANCING SOURCES (USES)				
Transfers in.....	1,642	97,988		
Transfers out:				
Debt retirement.....	(4,507)			
Other.....	(9,117)	(2,000)	(212,552)	(100)
Issuance of debt.....				
Bond premium-net.....				
TOTAL OTHER FINANCING SOURCES (USES).....	<u>(11,982)</u>	<u>95,988</u>	<u>(212,552)</u>	<u>(100)</u>
NET CHANGE IN FUND BALANCES.....	8,820		(8,910)	19,491
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....				
	<u>247,237</u>		<u>80,106</u>	<u>91,549</u>
FUND BALANCES (DEFICITS) AT END OF YEAR.....				
	<u>\$ 256,057</u>	<u>\$ 0</u>	<u>\$ 71,196</u>	<u>\$ 111,040</u>

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

<u>Health and Community Services</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 18,898	\$	\$ 26,879	\$ 358,218
			194,026
		33,595	33,661
			32,422
1,776			1,844
19,522		98	75,102
2,347		273	12,388
583	90	870	12,288
192,483	25,286	66,736	710,280
1,811	488	837	22,105
<u>237,420</u>	<u>25,864</u>	<u>129,288</u>	<u>1,452,334</u>
20,317		420	81,582
73,315		12,360	322,038
7,306		28,342	50,676
80,427		3,718	642,763
169,516		13,395	222,875
1,716	25,402	21,140	48,258
	76,145		76,145
	2,080	21,026	23,550
	1,823	13,843	16,119
	1,079		1,079
<u>352,597</u>	<u>106,529</u>	<u>114,244</u>	<u>1,485,085</u>
(115,177)	(80,665)	15,044	(32,751)
117,991	4,891	11,590	234,102
			(4,507)
(2,739)	(599)	(3,690)	(230,797)
	163,813	12	163,825
	6,445		6,445
<u>115,252</u>	<u>174,550</u>	<u>7,912</u>	<u>169,068</u>
75	93,885	22,956	136,317
<u>38,641</u>	<u>(125,426)</u>	<u>78,265</u>	<u>410,372</u>
<u>\$ 38,716</u>	<u>\$ (31,541)</u>	<u>\$ 101,221</u>	<u>\$ 546,689</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, 2009
(Amounts in 000's)**

Net change in fund balances-total governmental funds.....	\$	136,317
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 (\$85,938) exceeded depreciation (\$27,247) in the current period.....		
		58,691
Net effect of sales, impairments and other disposals of capital assets.....		(19,663)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....		(887)
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.....		(29,361)
Interest is reported as an expenditure when due in the governmental funds, but is reported as incurred in the statement of activities.....		(587)
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.		(172,787)
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.....		3,355
Ohio Department of Transportation and Ohio Public Works Commission loans.....		803
Ohio Department of Development loan.....		250
Installment purchase agreement.....		2,080
General obligation and revenue bonds.....		20,417
Certain net expenses of the internal service funds are reported with governmental activities in the statement of activities.....		(16,940)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$	<u>(18,312)</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 ANNUALLY BUDGETED MAJOR GOVERNMENTAL FUNDS
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts in 000's)

	General Fund				Human Services			
	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)
	Original	Final			Original	Final		
REVENUES								
Property taxes	\$ 18,979	\$ 18,758	\$ 18,933	\$ 175	\$	\$	\$	
Sales and use tax.....	210,948	193,094	193,275	181				
Other tax.....	4	6	4	(2)				
State local government fund.....	27,250	33,029	33,029					
Licenses and permits.....	73	64	67	3				
Charges for services.....	53,971	46,926	49,129	2,203	1,607	1,607	1,531	(76)
Fines and forfeitures.....	10,739	9,439	9,985	(454)				
Investment earnings.....	27,150	22,500	21,064	(1,436)				
Other intergovernmental.....	23,031	14,380	15,157	777	286,165	358,612	298,242	(60,370)
Miscellaneous.....	9,774	18,137	14,328	(3,809)	3,848	3,769	1,022	(2,747)
TOTAL REVENUES.....	381,919	356,333	353,971	(2,362)	291,620	363,988	300,795	(63,193)
EXPENDITURES								
Current:								
GENERAL GOVERNMENT								
Personnel.....	26,920	29,030	28,977	53				
Other.....	35,229	35,947	26,913	9,034				
Capital.....	7,675	7,515	7,452	63				
TOTAL GENERAL GOVERNMENT.....	69,824	72,492	63,342	9,150				
JUDICIAL								
Personnel.....	164,554	170,218	167,027	3,191				
Other.....	79,240	72,980	68,756	4,224				
Capital.....	687	208	60	148				
TOTAL JUDICIAL.....	244,481	243,406	235,843	7,563				
DEVELOPMENT								
Personnel.....	895	913	865	48				
Other.....	7,267	5,149	2,878	2,271				
Capital.....	3	3	1	2				
TOTAL DEVELOPMENT.....	8,165	6,065	3,744	2,321				
SOCIAL SERVICES								
Personnel.....	2,292	2,292	2,240	52	141,271	141,453	140,900	553
Other.....	5,584	5,580	4,384	1,196	245,200	248,989	226,088	22,901
Capital.....	330	330	214	116	495	2,483	2,121	362
TOTAL SOCIAL SERVICES.....	8,206	8,202	6,838	1,364	386,966	392,925	369,109	23,816
HEALTH AND SAFETY								
Personnel.....	841	160	149	11				
Other.....	199	207	185	22				
Capital.....	4							
TOTAL HEALTH AND SAFETY.....	1,044	367	334	33				
PUBLIC WORKS								
Personnel.....								
Other.....								
Capital.....								
TOTAL PUBLIC WORKS.....								
TOTAL EXPENDITURES.....	331,720	330,532	310,101	20,431	386,966	392,925	369,109	23,816
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	50,199	25,801	43,870	18,069	(95,346)	(28,937)	(68,314)	(39,377)
OTHER FINANCING SOURCES (USES)								
Transfers in.....			1,642	1,642	81,615	83,247	84,372	1,125
Transfers out:								
Debt retirement.....	(6,305)	(6,305)	(4,507)	1,798				
Other.....	(5,972)	(9,225)	(9,117)	108		(2,000)	(2,000)	
TOTAL OTHER FINANCING SOURCES(USES).....	(12,277)	(15,530)	(11,982)	3,548	81,615	81,247	82,372	1,125
NET CHANGE IN FUND BALANCES.....	37,922	10,271	31,888	21,617	(13,731)	52,310	14,058	(38,252)
FUND BALANCES(DEFICITS) AT BEGINNING OF YEAR.....								
	164,909	164,909	164,909		(47,286)	(47,286)	(47,286)	
FUND BALANCES(DEFICITS) AT END OF YEAR.....								
	\$ 202,831	\$ 175,180	\$ 196,797	\$ 21,617	\$ (61,017)	\$ 5,024	\$ (33,228)	\$ (38,252)

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

Health and Human Services Levies				County Board of Developmental Disabilities				Health and Community Services			
Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)
Original	Final			Original	Final			Original	Final		
\$ 200,981	\$ 196,888	\$ 198,567	\$ 1,679	\$ 105,830	\$ 93,884	\$ 94,907	\$ 1,023	\$ 14,439	\$ 14,439	\$ 18,893	\$ 4,454
40	42	42			20	20					
				4,890	4,764	4,921	157	1,900	1,748	1,776	28
				560	251	214	(37)	22,756	20,527	19,541	(986)
				80,244	87,657	91,027	3,370	2,658	2,893	2,347	(546)
43,862	47,155	44,950	(2,205)	1,633	1,919	7,487	5,568	850	690	633	(57)
244,883	244,085	243,559	(526)	193,157	188,495	198,576	10,081	184,579	192,977	192,651	(326)
								5,201	5,524	1,814	(3,710)
								232,383	238,798	237,655	(1,143)
								12,040	12,808	12,296	512
								8,425	11,982	8,458	3,524
								45	48	34	14
								20,510	24,838	20,788	4,050
								39,960	42,888	42,129	759
								42,394	38,835	33,016	5,819
								330	778	252	526
								82,684	82,501	75,397	7,104
								1,930	1,954	1,772	182
								5,681	6,002	5,689	313
								8	6	5	1
								7,619	7,962	7,466	496
				92,207	92,303	89,706	2,597	95	100	98	2
287	287	287		94,968	92,101	90,067	2,034	91,223	88,816	81,314	7,502
				4,186	6,982	6,118	864				
287	287	287		191,361	191,386	185,891	5,495	91,318	88,916	81,412	7,504
								9,402	10,567	9,868	699
58,024	40,000	39,600	400					161,075	172,118	164,103	8,015
								154	782	169	613
58,024	40,000	39,600	400					170,631	183,467	174,140	9,327
								500	524	529	(5)
								1,913	1,455	1,053	402
								2	2		2
								2,415	1,981	1,582	399
58,311	40,287	39,887	400	191,361	191,386	185,891	5,495	375,177	389,665	360,785	28,880
186,572	203,798	203,672	(126)	1,796	(2,891)	12,685	15,576	(142,794)	(150,867)	(123,130)	27,737
								129,334	132,792	124,966	(7,826)
(186,271)	(219,606)	(205,911)	13,695		(100)	(100)			(3,240)	(2,739)	501
(186,271)	(219,606)	(205,911)	13,695		(100)	(100)		129,334	129,552	122,227	(7,325)
301	(15,808)	(2,239)	13,569	1,796	(2,991)	12,585	15,576	(13,460)	(21,315)	(903)	20,412
35,275	35,275	35,275		86,913	86,913	86,913		43,100	43,100	43,100	
<u>\$ 35,576</u>	<u>\$ 19,467</u>	<u>\$ 33,036</u>	<u>\$ 13,569</u>	<u>\$ 88,709</u>	<u>\$ 83,922</u>	<u>\$ 99,498</u>	<u>\$ 15,576</u>	<u>\$ 29,640</u>	<u>\$ 21,785</u>	<u>\$ 42,197</u>	<u>\$ 20,412</u>

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

**DECEMBER 31, 2009
(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.....	\$ 18,899	\$ 929	\$ 19,828	\$ 72,570
Receivables:				
Accounts (net of allowance for uncollectibles).....		202	202	13
Special assessments (net of allowance for uncollectibles).....	250		250	
Net receivables.....	250	202	452	13
Due from other funds.....		5	5	3,982
Due from other governments.....	1,434	47	1,481	365
Inventory of supplies.....		11	11	49
Capital assets held for sale.....		10,980	10,980	
Total current assets.....	20,583	12,174	32,757	76,979
Noncurrent assets:				
Special assessments receivable (net of allowance for uncollectibles).....	986		986	
Other assets.....	13		13	
Capital assets (net of accumulated depreciation):				
Land.....	448	6,057	6,505	
Land improvements.....	354	1,254	1,608	
Utility plant.....	27,087		27,087	
Buildings, structures and improvements.....	1,477	3,595	5,072	
Furniture, fixtures and equipment.....	282	180	462	10,532
Vehicles.....	1,542	321	1,863	657
Construction in progress.....	5,038	510	5,548	
Net capital assets.....	36,228	11,917	48,145	11,189
Total noncurrent assets.....	37,227	11,917	49,144	11,189
TOTAL ASSETS.....	57,810	24,091	81,901	88,168
LIABILITIES				
Current liabilities:				
Accounts payable.....	1,500	304	1,804	10,615
Due to other funds.....	44	15	59	671
Due to other governments.....				16,997
Accrued wages and benefits.....	857	248	1,105	3,490
Capital lease obligations.....				39
Special termination benefits.....		96	96	1,869
Loans payable.....	657		657	
Bonds payable.....	405		405	
Total current liabilities.....	3,463	663	4,126	33,681
Noncurrent liabilities:				
Capital lease obligations.....				42
Special termination benefits.....		139	139	2,531
Loans payable.....	8,918		8,918	
Bonds payable.....	4,610		4,610	
Total noncurrent liabilities.....	13,528	139	13,667	2,573
TOTAL LIABILITIES.....	16,991	802	17,793	36,254
NET ASSETS				
Invested in capital assets, net of related debt.....	21,638	11,917	33,555	11,108
Unrestricted.....	19,181	11,372	30,553	40,806
TOTAL NET ASSETS.....	\$ 40,819	\$ 23,289		\$ 51,914
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.....			707	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES.....			\$ 64,815	

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, 2009
(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.....	\$ 20,069	\$ 6,302	\$ 26,371	\$ 150,214
Other revenue.....	<u>135</u>	<u>7</u>	<u>142</u>	<u>1,086</u>
TOTAL OPERATING REVENUES.....	20,204	6,309	26,513	151,300
OPERATING EXPENSES				
Personal services.....	8,156	2,612	10,768	40,598
Contractual services and claims.....	1,674	557	2,231	93,693
Commodities.....	781	202	983	15,245
Depreciation.....	1,866	974	2,840	2,812
Other expenses.....	<u>1,551</u>	<u>3,576</u>	<u>5,127</u>	<u>15,993</u>
TOTAL OPERATING EXPENSES.....	14,028	7,921	21,949	168,341
OPERATING INCOME (LOSS).....	<u>6,176</u>	<u>(1,612)</u>	<u>4,564</u>	<u>(17,041)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income.....	1		1	
Interest expense.....	(359)		(359)	(18)
Loss on disposal of capital assets.....	<u>(55)</u>		<u>(55)</u>	<u>(30)</u>
TOTAL NONOPERATING EXPENSES.....	<u>(413)</u>		<u>(413)</u>	<u>(48)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....	5,763	(1,612)	4,151	(17,089)
Transfers in.....		1,575	1,575	
Transfers out:				
Debt retirement.....		(189)	(189)	
Other.....	(10)	(38)	(48)	(136)
Capital contributions.....		<u>189</u>	<u>189</u>	
CHANGE IN NET ASSETS.....	<u>5,753</u>	<u>(75)</u>	<u>5,678</u>	<u>(17,225)</u>
TOTAL NET ASSETS				
BEGINNING OF YEAR.....	<u>35,066</u>	<u>23,364</u>		<u>69,139</u>
TOTAL NET ASSETS				
END OF YEAR.....	<u>\$ 40,819</u>	<u>\$ 23,289</u>		<u>\$ 51,914</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.....			<u>(285)</u>	
CHANGE IN NET ASSETS-BUSINESS-TYPE ACTIVITIES.....			<u>\$ 5,393</u>	

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, 2009
(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.....	\$ 20,150	\$ 6,239	\$ 26,389	\$ 1,086
Other operating cash receipts.....	134	7	141	154,567
Cash payments to suppliers for goods and services.....	(3,376)	(4,389)	(7,765)	(121,778)
Cash payments to employees for services.....	(8,054)	(2,587)	(10,641)	(41,400)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	8,854	(730)	8,124	(7,525)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds.....		1,575	1,575	
Transfer to other funds.....	(10)	(227)	(237)	(136)
Repayment of short-term interfund loan-net.....		(142)	(142)	(2,645)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES.....	(10)	1,206	1,196	(2,781)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from long-term debt.....	2,027		2,027	
Receipts from capital grants.....	265	189	454	
Proceeds from sale of capital assets.....				50
Acquisition and construction of capital assets.....	(1,847)	(39)	(1,886)	(413)
Principal paid on long-term debt.....	(995)		(995)	(109)
Interest paid on long-term debt.....	(379)		(379)	(18)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(929)	150	(779)	(490)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments.....	2		2	
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	2		2	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	7,917	626	8,543	(10,796)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	10,982	303	11,285	83,366
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 18,899	\$ 929	\$ 19,828	\$ 72,570
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 6,176	\$ (1,612)	\$ 4,564	\$ (17,041)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation.....	1,866	974	2,840	2,812
Changes in assets and liabilities:				
Accounts receivable-net.....	81	(58)	23	53
Due from other funds.....		(4)	(4)	4,310
Due from other governments.....		(19)	(19)	(15)
Inventory of supplies.....		(1)	(1)	(7)
Accounts payable.....	643	(266)	377	(839)
Due to other funds.....	(73)	(18)	(91)	(467)
Due to other governments.....				(419)
Accrued wages and benefits.....	161	39	200	(312)
Special termination benefits.....		235	235	4,400
TOTAL ADJUSTMENTS.....	2,678	882	3,560	9,516
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	\$ 8,854	\$ (730)	\$ 8,124	\$ (7,525)

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

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

**DECEMBER 31, 2009
(Amounts in 000's)**

	<u>Agency Funds</u>
ASSETS	
Equity in pooled cash and investments.....	\$ 254,674
Cash and investments-segregated accounts.....	40,709
Taxes receivable.....	1,479,045
TOTAL ASSETS.....	<u><u>\$ 1,774,428</u></u>
LIABILITIES	
Due to other governments.....	\$ 1,707,220
Other liabilities.....	67,208
TOTAL LIABILITIES.....	<u><u>\$ 1,774,428</u></u>

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

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

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 the 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.

On November 3, 2009 the voters of the County-at-large adopted a charter form of government. The new charter replaces the commissioners with an elected county executive and eleven-member council. The elected offices of auditor, treasurer, recorder, clerk of courts, engineer, sheriff and coroner will be replaced by non-elected appointees of the county executive with approval by council. The prosecutor and the county judges will remain elected positions. The charter provides for the separation of administrative and legislative powers. The effective date of the charter is January 1, 2010, but all elected officials will remain in office until their replacements are appointed in 2011. In addition, the new County Executive has created the Office of Inspector General which is responsible for investigation of any allegations of wrongdoing. To read the entire charter, please refer to <http://charter.cuyahogacounty.us/en-US/charter.aspx>.

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, various service fees and investment earnings.

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, federal and state grant programs and various service fees.

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.

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.

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 accompanying financial statements present the government and its component unit, an entity for which Cuyahoga County is considered to be financially accountable. The 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*, as 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 is 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. Furthermore, the MetroHealth Foundation (the Foundation), which is a component unit of the Hospital, is included in the Hospital's financial statements. The Foundation is a not-for-profit organization supporting the Hospital that acts primarily as a fundraising organization to supplement the resources that are available to the Hospital in support of its programs. Although the Hospital does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which they hold and invest, are restricted to support the activities of the Hospital. Complete financial statements for the Hospital can be requested from the Fiscal Officer.

The Hospital is a partner in the joint venture, Concordia Care. The Hospital and another area healthcare provider specializing in senior care, provide services to the elderly. The Hospital does not receive any income or distribution from the joint venture except for receipts from regular patient billings for services rendered. The Hospital has not reflected on its financial statements a value for its equity interest in the net assets of this joint venture because it is immaterial to the overall financial statements.

The Hospital is a partner in the joint venture, CCF/MHS Renal Care Company, LTD. In connection with the preparation of these financial statements the Hospital re-evaluated its on-going financial interest in CCF/MHS Renal Care Company, LTD., a joint venture with the Cleveland Clinic Foundation, which provides renal care (dialysis). The Hospital has determined that it had a 40% equity interest in the joint venture as of December 31, 2009. Accounting principles generally accepted in the United States require that a material equity interests in such a joint venture be reported as an asset in the financial statement of a reporting entity, and that certain other information, including operating activity, be disclosed. Because CCF/MHS Renal Care Company, LTD. does not prepare and has not made complete financial statements available since its inception in 1996, the Hospital is not able to accurately determine its equity interest in CCF/MHS Renal Care Company, LTD. or report its activities. However, the Hospital believes it has obtained sufficient information to conclude that the financial statements of the Hospital are not materially misstated without such information and that it had no material related party transactions with CCF/MHS Renal Care Company, LTD. that warrant disclosure.

Related Organizations: In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Components Units*, the Arts and Culture District and the Cuyahoga County Land Reutilization Corporation (Land Bank) are related organizations in the county.

The Arts and Culture District receives its funding from a voted thirty cent tax upon a pack of cigarettes. The tax was approved in November 2006 and was effective February 2007 for period of ten years. The Arts and Culture District is responsible for granting the tax proceeds to support the operating or capital expenses of arts or cultural organizations. The Arts and Culture District is a legally separate organization that began operating in 2007. The County does appoint the voting majority of the board of the district but is not able to impose its will. The Arts and Culture District provides no financial benefit to or burden on the County. As such, the Arts and Culture District is not included in the County's reporting entity.

The Land Bank receives its funding from interest and penalty on current delinquent property taxes which is used for its operations and to pay for principal and interest on debt issued by the Land Bank. The Land Bank also receives grant monies to operate. The Land Bank was created to demolish condemned structures and maintain the property on abandoned parcels. The land is held until it can be used for productive purposes. The Land Bank is a

legally separate nonprofit corporation that began operating in 2009. While the County can appoint a voting majority of the board, certain members are subject to approval of the majority of the chief executive officers of all municipal corporations. The County is not therefore able to impose its will, and the Land Bank provides no financial benefit to or burden on the County. As such, the Land Bank is not included in the County's reporting entity.

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 financial statements and the fiduciary funds. The County uses only agency funds as fiduciary funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes 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 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 Developmental Disabilities accounts for revenues primarily from the State and the special developmental disability levy and expenditures thereof that are used for the benefit of the mentally retarded and developmentally disabled. Prior to 2009, the fund was titled County Board of Mental Retardation.

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.

Capital Projects accounts for financial resources from debt and grants to be used for the acquisition or construction of all county land and buildings, major improvements and road and bridge improvements other than those financed by proprietary funds.

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 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 sewer 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 Developmental Disabilities and Health and Community Services. The Motor Vehicle Gas Tax fund is a nonmajor special revenue fund which is annually budgeted. 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/unrestricted net assets 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.

During 2009, there was an item of noncompliance with the Ohio Revised Code. Under Ohio law, budgetary appropriations may not exceed estimated resources, with a balanced budget maintained in each fund. At the time of original appropriations, the Human Services funds had appropriations that exceeded the original certificate of estimated resources due to the uncertainty of the State's funding allocation.

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/unrestricted net assets at year-end and are re-encumbered at the beginning of the following year (GAAP).

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 Developmental Disabilities	Health and Community Services
GAAP basis.....	\$ 8,820	\$	\$ (8,910)	\$ 19,491	\$ 75
Increase/decrease:					
Accrued receivables at 12/31/09 not recognized in the 2009 budget.....	(141,147)	(34,565)	(243,739)	(110,335)	(26,335)
Accrued receivables at 12/31/08 recognized in the 2009 budget.....	163,830	64,205	261,013	106,494	26,378
Expenditures accrued as liabilities at 12/31/09 not recognized in the 2009 budget.....	86,881	47,096	205,579	109,425	59,609
Expenditures accrued as liabilities at 12/31/08 recognized in the 2009 budget.....	(74,878)	(64,205)	(216,182)	(109,106)	(56,951)
Encumbrances at 12/31/09 recognized as expenditures in the 2009 budget.....	(15,654)	(45,759)		(6,673)	(29,728)
Encumbrances at 12/31/08 not recognized as expenditures in the 2009 budget.....	17,321	46,698		4,902	25,999
Other GAAP adjustments ⁽¹⁾	<u>(13,285)</u>	<u>588</u>	<u></u>	<u>(1,613)</u>	<u>50</u>
Budget basis	\$ <u>31,888</u>	\$ <u>14,058</u>	\$ <u>(2,239)</u>	\$ <u>12,585</u>	\$ <u>(903)</u>

(1) Change in the amount of short-term interfund loans by the General fund, unrealized gain/loss on investments, net expenses for the Brownfield project, Gateway debt and agency funds reclassified as cash in operating funds 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 GASB Statement No. 9. For purposes of the statement of cash flows, the County considers all highly liquid investments in 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 may consist of Federal Agencies, certificates of deposit, commercial paper, corporate notes, foreign notes, repurchase agreements, municipal obligations and the State 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 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 well as deposits and investments held at certain financial institutions throughout the County that support inner-city financial institutions and 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 Component Unit column are restricted assets, consisting of investments restricted by donors, and assets under the control of the bond trustee that are used for payment of principal and interest on the Hospital's bonds when due. A portion of the Component Unit's restricted net

assets has been designated as nonexpendable due to restrictions set up in the Foundation. All other restricted net assets are deemed expendable.

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 the Component Unit) and an individual cost of more than \$9 thousand. 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 upgrading that materially add to the value or the useful life of an asset and meet the above criteria are capitalized.

The County and the Component Unit depreciate 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 2009, capitalized interest for the County and the Component Unit was not material.

Pollution Remediation: The Hospital is required by federal and state environmental laws to abate asbestos when it becomes friable. The Hospital will be engaged in several remodeling projects on its main campus in 2010 which will require the abatement of asbestos as part of the work. The Hospital has recorded a liability of \$2.4 million at December 31, 2009 for the estimated cost of this work. The estimate is based on the current construction estimates to abate all the areas covered in the project.

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. 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 Activities in

the year of settlement. The Hospital recorded a favorable adjustment of \$11.2 million in 2009 due to retroactive adjustments to amounts previously estimated.

Net revenue from the Medicare and Medicaid programs accounted for approximately 30% and 26%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2009. 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 \$252.8 million, represent 14.2% of gross charges in 2009, 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*. Previously, the County paid a premium to the insurance providers without additional risk to the County for all its medical plans except for two medical plans and the prescription drug plan, which were self-insured. The County was self-insured for three medical plans and the prescription drug plan in 2009. The County maintains an Internal Service fund to account for the self-funded insurance for medical and workers' compensation benefits. 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: In July 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Statement 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets and requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, Statement 51 establishes a specified-conditions approach to recognizing intangible assets that are internally generated. Effectively, outlays associated with the development of such assets should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred. Statement 51 also provides guidance on recognizing internally generated computer software as an intangible asset and establishes guidance specific to intangible assets related to amortization, providing guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. If there are no factors that limit the useful life of an intangible asset, Statement 51 provides that the intangible asset be considered to have an indefinite useful life. Intangible assets with indefinite useful lives should not be amortized unless their useful life is subsequently determined to no longer be indefinite due to a change in circumstances. Statement 51 is effective for the County in 2010. The County has not determined the impact, if any, that this statement will have on its financial statements and disclosures.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. Statement 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist

to invest resources for the purpose of generating income. In order to help users of financial statements better evaluate an endowment's investment decisions and performance, Statement 52 requires government to report the changes in fair value as investment income. It also requires them to disclose the methods and significant assumptions employed to determine fair value, and to provide other information that they currently present for other investments reported at fair value. Statement 52 was adopted by the County in 2009 and the County does not have any real property investments held by an endowment.

In June 2008, the GASB issued Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, which clarifies that state and local governments that use the accrual basis of accounting when preparing their financial statements should measure derivative instruments at fair value. Statement 53 also provides guidance on hedge accounting requirements, including when a derivative instrument results in an effective hedge, when changes in fair value for a hedged item should be reported and how fair value changes should be presented in the financial statements. The Statement also improves derivative instrument disclosures, requiring a summary of the issuer's derivative instrument activity, its objectives for entering into the derivative instruments, and their significant terms and risks. Statement 53 is effective for the County in 2010. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In March 2009, the GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which improves the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Statement 54 is effective for the County in 2011. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In April 2009, the GASB issued Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which moves the portions of the GAAP hierarchy that are relevant to governmental entities from SAS 69 to the GASB's authoritative literature. The objective of Statement 55 is to improve financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. The Statement became effective upon issuance and will not impact the County's financial statements and disclosures.

In March 2009, the GASB issued Statement 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, with the objective of incorporating into the current GASB authoritative literature, certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. Statement 56 addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events. This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB authoritative literature. Statement 56 became effective upon its release and did not impact the County's financial statements and disclosures.

In December 2009, the GASB issued Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement 57 amends provisions in Statements 45 and 43 related to measurement and actuarial valuation of other post employment benefits. In addition, Statement 57 clarifies when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers. The provisions of Statement 57 related to the use and reporting of the alternative measurement method were effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In June 2010, the GASB issued Statement 59, *Financial Instruments Omnibus*. This Statement amends existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*, with the objective of improving financial reporting related to service concession arrangements (SCA), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. Statement 60 is effective for reporting periods

beginning after December 15, 2011. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, with the objective of providing additional clarification around the financial reporting for a governmental financial reporting entity. Statement 61 modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government (i.e. blending). Statement 61 also clarifies the reporting of equity interests in legally separate organizations. Statement 61 is effective for reporting periods beginning after June 15, 2012. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, with the objective of incorporating into the GASB's current authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants pronouncements issued on or before November 30, 1989 which do not conflict with or contradict GASB authoritative guidance. Statement 62 is effective for reporting periods beginning after December 15, 2011. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. While prior to the issuance of Statement 63 it was unclear where these elements should be reported in the statement of financial position, the GASB has now provided a framework that specifies where deferred outflows of resources and deferred inflows of resources—as well as assets and liabilities—should be displayed. The Statement also discusses how net position—no longer net assets—should be displayed. Ultimately, this new framework will serve to standardize the presentation of deferred balances and their effects on a government's net position and address uncertainty related to their display. Statement 63 is effective for reporting periods beginning after December 15, 2011. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Statement 63 is effective for reporting periods beginning after June 15, 2011. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In March 2012, GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for periods beginning after December 15, 2012. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In March 2012, GASB issued GASB Statement No. 66, *Technical Corrections—2012, an amendment of GASB Statements No. 10 and No. 62*. The purpose of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in PreNovember 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for periods beginning after December 15, 2012. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

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, 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.

A summary of the Pooled Cash and Investments account balance by fund type at December 31, 2009, is as follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General	\$	\$ 197,676
Due From:		
Special Revenue	5,071	
Capital Projects	28,787	
Internal Service.....	<u>376</u>	<u>(34,234)</u>
Net General		163,442
Other major governmental		227,687
Other governmental		70,948
Major enterprise		18,899
Other enterprise		929
Internal Service		<u>72,570</u>
Total government-wide		554,475
Agency		<u>254,674</u>
Total Equity in Pooled Cash and Investments		\$ <u>809,149</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 due to other funds by Capital Projects funds will be paid primarily from the issuance of general obligation bonds and the sale of real estate. 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 \$414.4 million and the bank balances were \$404.4 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, 2009 totaled \$404.4 million and were subject to the following categories of custodial risk:

(Amounts in 000's)	
Uncollateralized	\$ 384,714
Collateralized with securities held by the pledging institution's trust department (ORC 135.18) but not in the County's name	<u>12,768</u>
Total amount subject to custodial risk	397,482
Amount insured (FDIC)	<u>6,949</u>
Total bank balances	\$ <u>404,431</u>

Component Unit

Deposits: All monies are deposited with 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.

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, 2009 totaled \$3.9 million and were subject to the following categories of custodial risk:

(Amounts in 000's)			
	<u>Hospital</u>	<u>Foundation</u>	<u>Total</u>
Uncollateralized	\$ 907	\$ 1,178	\$ 2,085
Collateralized with securities held by the pledging institution's trust department (ORC 135.18) but not in the Hospital's name	<u>49</u>	<u>49</u>	<u>49</u>
Total amount subject to custodial risk	956	1,178	2,134
Amount insured (FDIC)	<u>1,542</u>	<u>250</u>	<u>1,792</u>
Total bank balances	\$ <u>2,498</u>	\$ <u>1,428</u>	\$ <u>3,926</u>

At December 31, 2009, the financial statement carrying amount of the Hospital's deposits was \$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, Notes and Strips, 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, corporate notes, certain foreign notes, Delinquent Tax Anticipation Notes, 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 generally not more than 5 years. All foreign notes must be rated at the time of purchase in the three highest categories by two nationally recognized standard rating services. All interest and principal shall be denominated and payable in United States dollars. The notes must be backed by the full faith and credit of the foreign nation and there can be no prior history of default. The maturity of foreign notes cannot exceed five years from purchase and in total, they cannot exceed one percent of the County's total average portfolio.

At December 31, 2009, the fair value of the Primary Government investments were as follows:

Investment Type	(Amounts in 000's)				Total
	Less Than Six Months	Six Months To One Year	One Year to Three Years	Three Years to Five Years	
Federal Farm Credit Bank Agencies	\$ 20,317	\$ 20,698	\$ 51,925	\$	\$ 92,940
Federal Home Loan Bank Agencies	40,281	41,118	93,679		175,078
Federal Home Loan Mortgage Corporation Agencies	10,131	10,196	41,129		61,456
Federal National Mortgage Association Agencies	30,241	31,014	51,839		113,094
Corporate Notes.....	5,001				5,001
Foreign Notes			5,000		5,000
Delinquent Tax Anticipation Notes.....	14,819				14,819
State and Municipal Obligations			<u>2,634</u>	<u>3,750</u>	<u>6,384</u>
Total Primary Government Investments	<u>\$ 120,790</u>	<u>\$ 103,026</u>	<u>\$ 246,206</u>	<u>\$ 3,750</u>	<u>\$ 473,772</u>

The County's 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.

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.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ORC and the County's Statement of Investment Policy govern the minimum investment rating for each type of eligible investment security. At December 31, 2009, County investments had the following ratings by Standard & Poors and the following percentages of composition of the total portfolio:

U.S. Government Agencies	AAA	93.4%
Corporate Notes	AA	1.1%
Foreign Notes	Unrated	1.1%
Delinquent Tax Anticipation Notes	Unrated	3.1%
State and Municipal Obligations	Unrated	<u>1.3%</u>
		100.0%

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, 2009, fair value of the County's Component Unit investments were as follows:

Investment Type	(Amounts in 000's)		
	Fair Value/Carrying Value		
	<u>Hospital</u>	<u>Foundation</u>	<u>Total</u>
Cash and cash equivalents.....	\$ 106,429	\$	\$ 106,429
U.S. Government Agencies	144,740		144,740
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (Federal Pools).....	148		148
Collateralized Mortgage Obligations	157		157
Corporate Bonds.....	32,445		32,445
Mutual Funds		19,860	19,860
Common Stock		112	112
Limited Partnership Interest.....		1,285	1,285
Premier Purchasing Partners, L.P.		892	892
Total Investments	\$ <u>283,919</u>	\$ <u>22,149</u>	\$ <u>306,068</u>

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, 2009 have effective maturity dates of less than five years.

Credit Risk. With the exception of the Foundation's investments, all investments are rated "AAA" by Standard & 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 and "AAA" rated corporate bonds. 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.

NOTE D - Interfund Receivables and Payables

Individual interfund receivable and payable balances as of December 31, 2009 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund.....	\$ 34,234	\$ 1,526
Human Services		24,593
Health and Human Services Levies.....	36,552	
County Board of Developmental Disabilities.....		508
Health and Community Services		13,399
Capital Projects		28,787
Other governmental funds		<u>5,230</u>
Total Governmental Funds.....	<u>70,786</u>	<u>74,043</u>
Proprietary Funds:		
Enterprise Funds:		
Sanitary Engineer		44
Other enterprise funds	<u>5</u>	<u>15</u>
Total Enterprise Funds	<u>5</u>	<u>59</u>
Internal Service Funds:	<u>3,982</u>	<u>671</u>
Totals	\$ <u>74,773</u>	\$ <u>74,773</u>

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

Fund Types	(Amounts in 000's)	
	Receivables	Payables
Major Governmental Funds:		
Capital Projects	\$ <u>28,787</u>	\$
Total Major Governmental Funds	<u>28,787</u>	
Nonmajor Governmental Funds:		
Other.....	<u>5,071</u>	
Total Nonmajor Governmental Funds	<u>5,071</u>	
Nonmajor Enterprise Funds:		
Cuyahoga County Information System		<u>5</u>
Total Nonmajor Enterprise Funds		<u>5</u>
Internal Service Funds:		
Maintenance Garage		54
Data Processing Center.....	376	54
Printing, Reproduction and Supplies		71
Postage		48
Self-Funded Insurance		<u>1,294</u>
Total Internal Service Funds	<u>376</u>	<u>1,521</u>
Totals	\$ <u>34,234</u>	\$ <u>1,526</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, 2009.

NOTE E - Capital Assets

A summary of changes in capital assets follows:

Governmental Activities:	(Amounts in 000's)			Balance December 31, 2009
	Balance ⁽¹⁾ January 1, 2009	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 49,014	\$ 74	\$ 1,843	\$ 47,245
Construction in progress.....	150,434	83,444	43,358	190,520
Total capital assets, not being depreciated.....	199,448	83,518	45,201	237,765
Capital assets, being depreciated:				
Land improvements.....	14,432		2,681	11,751
Buildings, structures and improvements.....	590,571	7,992	7,846	590,717
Furniture, fixtures and equipment.....	64,414	2,450	10,792	56,072
Vehicles.....	16,789	113	5,348	11,554
Infrastructure.....	137,532	35,635		173,167
Total capital assets, being depreciated.....	823,738	46,190	26,667	843,261
Less accumulated depreciation for:				
Land improvements.....	4,475	691	1,485	3,681
Buildings, structures and improvements.....	310,179	19,409	5,785	323,803
Furniture, fixtures and equipment.....	38,847	5,462	10,681	33,628
Vehicles.....	12,614	1,149	5,279	8,484
Infrastructure.....	75,628	3,348		78,976
Total accumulated depreciation.....	441,743	30,059	23,230	448,572
Total capital assets, being depreciated, net.....	381,995	16,131	3,437	394,689
Governmental activities capital assets, net.....	\$ 581,443	\$ 99,649	\$ 48,638	\$ 632,454

⁽¹⁾ As restated, see Note R.

Business-type Activities:	(Amounts in 000's)			Balance December 31, 2009
	Balance January 1, 2009	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 6,529	\$	\$ 24	\$ 6,505
Construction in progress.....	6,054	1,598	2,104	5,548
Total capital assets, not being depreciated.....	12,583	1,598	2,128	12,053
Capital assets, being depreciated:				
Land improvements.....	11,078			11,078
Utility plant.....	57,062	2,105	241	58,926
Buildings, structures and improvements.....	16,692	29		16,721
Furniture, fixtures and equipment.....	2,331	54	302	2,083
Vehicles.....	6,553	203	123	6,633
Total capital assets, being depreciated.....	93,716	2,391	666	95,441
Less accumulated depreciation for:				
Land improvements.....	9,185	285		9,470
Utility plant.....	31,016	1,040	217	31,839
Buildings, structures and improvements.....	10,875	774		11,649
Furniture, fixtures and equipment.....	1,830	86	295	1,621
Vehicles.....	4,238	655	123	4,770
Total accumulated depreciation.....	57,144	2,840	635	59,349
Total capital assets, being depreciated, net.....	36,572	(449)	31	36,092
Business-type activities capital assets, net.....	\$ 49,155	\$ 1,149	\$ 2,159	\$ 48,145

Capital assets held for sale: In 2005, the County purchased a building and garage for \$24.4 million for the purpose of constructing a new county administration building. In 2007, the County purchased garages near the original building for \$5.1 million and incurred additional costs of \$10.1 million preparing the building for future use including the removal of asbestos. In February 2008, the County accepted a bid amounting to \$35 million for the properties from a private developer and agreed to complete the removal of the asbestos. The County recorded an impairment of the properties of \$8.3 million in 2007 in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, and have reclassified the assets as capital assets held for sale. In, 2009, the County recorded an additional adjustment to the fair value of the building amounting to \$14.5 million due to the overall economic climate and its impact on commercial real estate in Cleveland. The County will continue to assess the fair value of these assets as long as they hold them, and further writedowns may be necessary.

Component Unit:	(Amounts in 000's)			Balance December 31, 2009
	Balance January 1, 2009	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 9,314	\$	\$	\$ 9,314
Construction in progress.....	17,077	22,818	30,356	9,539
Total capital assets, not being depreciated.....	<u>26,391</u>	<u>22,818</u>	<u>30,356</u>	<u>18,853</u>
Capital assets, being depreciated:				
Land improvements.....	11,279	292		11,571
Buildings, structures and improvements.....	511,069	19,607	1,296	529,380
Furniture, fixtures and equipment.....	242,279	16,446	767	257,958
Vehicles.....	10,154	6,958	26	17,086
Total capital assets, being depreciated.....	<u>774,781</u>	<u>43,303</u>	<u>2,089</u>	<u>815,995</u>
Less accumulated depreciation for:				
Land improvements.....	5,931	567		6,498
Buildings, structures and improvements.....	308,704	19,261	1,102	326,863
Furniture, fixtures and equipment.....	196,420	14,000	760	209,660
Vehicles.....	6,790	637	25	7,402
Total accumulated depreciation.....	<u>517,845</u>	<u>34,465</u>	<u>1,887</u>	<u>550,423</u>
Total capital assets, being depreciated, net.....	<u>256,936</u>	<u>8,838</u>	<u>202</u>	<u>265,572</u>
Component unit capital assets, net.....	<u>\$ 283,327</u>	<u>\$ 31,656</u>	<u>\$ 30,558</u>	<u>\$ 284,425</u>

Depreciation expense was charged to functions of the government in 2009 as follows:

Governmental Activities:	(Amounts in 000's)
General government.....	\$ 3,278
Judicial.....	12,462
Development.....	1
Social services.....	6,203
Health and safety.....	344
Public works.....	4,959
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.....	2,812
Total depreciation expenses charged to governmental activities.....	<u>\$ 30,059</u>
 Business-type Activities:	
Sanitary Engineer.....	\$ 1,866
County Airport.....	468
County Parking.....	475
Cuyahoga County Information System.....	31
Total depreciation expenses charged to business-type activities.....	<u>\$ 2,840</u>

A summary of construction commitments for governmental activities at December 31, 2009 follows:

Function	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2009	Future Commitments
General government.....	\$ 35,145	\$ 13,996	\$ 21,149
Judicial.....	231,620	142,443	89,177
Social services.....	1,039	710	329
Public works.....	48,587	33,371	15,216
Totals.....	<u>\$ 316,391</u>	<u>\$ 190,520</u>	<u>\$ 125,871</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, 2009 follows:

Business-type Activity	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2009	Future Commitments
Sanitary Engineer.....	\$ 7,341	\$ 5,038	\$ 2,303
Airport.....	816	510	306
Totals.....	<u>\$ 8,157</u>	<u>\$ 5,548</u>	<u>\$ 2,609</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 \$10.9 million. These projects are being funded with operating funds along with the Hospital securing bond financing for the purchase of three helicopters.

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, 2009 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.....		\$ 29,744	\$ 43,866	\$ 46,014	\$ 27,596	\$ 2,760
	2009 Special Termination Benefits-Due thru 2012.....	8%		39,786	8,277	31,509	12,628
	Various Capital Lease Obligations-Due thru 2029.....	1	27,575		3,355	24,220	3,866
	2003 Installment Purchase Agreement-Due in 2010, [\$13,742].....	1 3.72%-3.87%	2,269		2,080	189	189
Loans Payable:							
	1997 Ohio Department of Development Loan						
	- Due thru 2016, [\$5,000].....	0%	2,000		250	1,750	250
	2005 Ohio Department of Transportation Loan-Due thru 2015, [\$3,733].....	1 3%	2,135		741	1,394	215
	2006 Ohio Public Works Commission Loan-Due thru 2027, [\$1,251].....	1 0%	1,127		62	1,065	31
	2009 Ohio Department of Transportation Loan-Due thru 2019, [\$3,596].....	3%		3,596		3,596	
	Total Loans Payable.....		5,262	3,596	1,053	7,805	496
General Obligation Bonds-Unvoted:							
	1993 Various Purpose Refunding Bonds-Due thru 2012, [\$75,395].....	1 2.20%-5.25%	9,580		4,395	5,185	3,805
	1993 Rock and Roll Hall of Fame-Due thru 2018, [\$12,000].....	2.75%-5.65%	6,685		515	6,170	545
	2000 Capital Improvements-Due thru 2020, [\$96,615].....	1 4.30%-5.75%	8,800		4,295	4,505	4,505
	2004 Capital Improvements-Due thru 2024, [\$84,490].....	1 2.50%-5.25%	71,170		3,805	67,365	3,915
	2005 General Obligation (limited tax) Refunding Bonds-due thru 2020, [\$73,970]....	1 3.00%-5.00%	70,155		1,425	68,730	1,500
	2009 Capital Improvement Bonds, Series 2009 -due thru 2034, [\$163,825].....	1 1.62%-6.03%		163,825		163,825	3,990
	Total General Obligation Bonds-Unvoted.....		166,390	163,825	14,435	315,780	18,260
General Obligation Bonds-Voted:							
	1993 Jail Facilities and Various Purpose Refunding Bonds						
	-Due thru 2013, [\$65,254].....	1 2.20%-5.25%	7,110		1,432	5,678	1,416
	Total General Obligation Bonds-Voted.....		7,110		1,432	5,678	1,416
	Total Tax Supported Bonds.....		173,500	163,825	15,867	321,458	19,676
Revenue Bonds:							
	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%	25,820		2,155	23,665	2,315
	2000 Shaker Square Redevelopment-Due thru 2030, [\$2,855].....	6.886%	2,775		20	2,755	25
	2004 Gateway Arena Project Series 2004A Refunding Bonds						
	-Due thru 2011 [\$10,750].....	1.50%-4.25%	4,900		1,570	3,330	1,630
	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%	9,880		805	9,075	835
	Total Revenue Bonds.....		97,575		4,550	93,025	4,805
	Bond premium/discount related to various issues-net.....		9,861	6,445	625	15,681	
	Total Bonds Payable.....		280,936	170,270	21,042	430,164	24,481
Bond Anticipation Notes:							
	2008 Capital Improvement Notes-Due in 2009, [\$70,000].....	1 2.50%	70,000		70,000		
	2009 Limited Tax General Obligation Notes-Due in 2010, [\$10,000].....	1.50%		10,000		10,000	10,000
	Total Bond Anticipation Notes.....		70,000	10,000	70,000	10,000	10,000
Internal Service Funds:							
	Compensated Absences.....		2,558	2,099	2,499	2,158	216
	2009 Special Termination Benefits - Due thru 2012.....	8%		5,719	1,320	4,399	1,869
	Various Capital Lease Obligations-Due thru 2011.....	1	190		109	81	39
	Total Internal Service Funds.....		2,748	7,818	3,928	6,638	2,124
	Total Governmental Activities.....		\$ 418,534	\$ 275,336	\$ 155,749	\$ 538,121	\$ 56,544

1) Included in calculation of Invested in Capital Assets, Net of Related Debt.

(CONTINUED)

(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.....		\$ 670	\$ 1,256	1,154	\$ 772	\$ 77
2009	Special Termination Benefits-Due thru 2012.....	8%		294	59	235	97
	Various Loans Payable-Due thru 2029.....	3.25% - 7.00%	8,545	1,640	610	9,575	657
Self-Supporting Bonds Payable:							
2000	Sewer Improvement-Due thru 2020, [\$1,040].....	4.55%-5.55%	740		45	695	50
2003	Sewer Improvement-Due thru 2012 [\$1,500].....	2.00%-3.55%	710		170	540	175
2005	Sewer Improvement-Due thru 2025 [\$4,445].....	2.00%-3.55%	3,950		170	3,780	180
	Total Self-Supporting Bonds Payable.....		5,400		385	5,015	405
	Total Business-type Activities.....		\$ 14,615	\$ 3,190	\$ 2,208	\$ 15,597	\$ 1,236
Component Unit							
	Compensated absences.....		\$ 34,971	\$ 5,636	\$ 4,230	\$ 36,377	\$ 4,360
	Amounts due third party payors (See Note B).....		27,056	1,613	9,135	19,534	4,273
	Claims payable (See Note J).....		48,341	4,697	14,562	38,476	13,152
	Pollution remediation (See Note B).....		4,387	199	2,203	2,383	2,383
	Swap Agreements.....		17,627		17,622	5	
1997	Capital Lease Obligations-thru 2014.....	3.5%-6.00%	45	38	46	37	8
2004	Cuyahoga County Sanitary Engineer Loan -Due thru 2018.....	0%	52		4	48	4
2003	General and Professional Liability Note -Due in 2009.....	5.20%	2,599		2,599		
	Various Notes Payable-Due in 2010.....	3.96%	137		67	70	70
Bonds:							
1997	Hospital Improvement and Refunding Revenue Bonds-Due Thru 2027, [\$70,000].....	3.90%-5.80%	31,623	41	1,005	30,659	1,060
1997	Hospital Refunding Revenue Bonds -Due thru 2019, [\$77,525].....	4.10%-5.50%	64,785	579	4,895	60,469	5,160
2003	Hospital Improvement Revenue Bonds -Due thru 2033, [\$30,545].....	Variable	27,560		675	26,885	700
2005	Hospital Improvement and Refunding Revenue Bonds -Due thru 2035, [\$74,535].....	Variable	69,159	220	345	69,034	360
2009	Hospital Facilities Revenue Bonds -Due thru 2014 (\$8,466).....	3.9%		8,466		8,466	783
	Total Bonds.....		193,127	9,306	6,920	195,513	8,063
	Total Component Unit (See Note B).....		\$ 328,342	\$ 21,489	\$ 57,388	\$ 292,443	\$ 32,313

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, 2009:

Year	(Amounts in 000's)	
	Governmental Activities	Internal Service funds
2010.....	\$ 6,872	\$ 49
2011.....	6,758	45
2012.....	4,707	
2013.....	4,255	
2014.....	4,081	
2015-2019.....	9,001	
2020-2024.....	74	
2025-2029.....	58	
Total Minimum Lease Payments.....	35,806	94
Amount Representing Interest.....	(11,586)	(13)
Present Value of Net Minimum Lease Payments.....	\$ 24,220	\$ 81

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, 2009:

Year	(Amounts in 000's)	
	Lease and Loan Obligation Component Unit	
2010.....	\$	16
2011.....		17
2012.....		16
2013.....		16
2014.....		9
2015-2018.....		26
Total Minimum Lease Payments.....		<u>100</u>
Amount Representing Interest.....		<u>(15)</u>
Present Value of Net Minimum Lease Payments....	\$	<u><u>85</u></u>

As of December 31, 2009, the net book value of capital leases for land amounted to \$7.6 million, for buildings, structures and improvements amounted to \$41.4 million and for furniture, fixtures and equipment amounted to \$4 million. Component Unit's capital lease net book value which includes furniture, fixtures and equipment and vehicles was \$.8 million and \$2.6 million, respectively.

In February of 2010, the Hospital entered into a capital lease totaling \$1.1 million to upgrade its main frame computer system. The lease has a four-year term.

Future Debt Service Requirements: A summary of the County's future debt service requirements for its outstanding long-term bonds, bond anticipation notes, installment purchase agreement and loans payable at December 31, 2009 are as follows:

Due In	(Amounts in 000's)					
	Governmental Activities				Bond Anticipation Notes	
	General Obligation Bonds		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2010.....	\$ 19,676	\$ 20,610	\$ 4,805	\$ 6,026	\$ 10,000	\$ 150
2011.....	17,168	20,293	5,090	5,744		
2012.....	18,208	19,619	5,040	5,478		
2013.....	17,256	18,895	5,965	5,254		
2014.....	15,585	12,923	6,075	4,844		
2015-2019.....	83,830	53,575	34,185	17,525		
2020-2024.....	64,470	34,150	30,925	4,858		
2025-2029.....	38,900	21,060	800	173		
2030-2034.....	46,365	8,591	140	7		
Totals.....	<u>\$ 321,458</u>	<u>\$ 209,716</u>	<u>\$ 93,025</u>	<u>\$ 49,909</u>	<u>\$ 10,000</u>	<u>\$ 150</u>

Due In	(Amounts in 000's)			
	Installment Purchase Agreement		Loans Payable	
	Principal	Interest	Principal	Interest
2010.....	\$ 189	\$ 5	\$ 496	\$ 40
2011.....			735	89
2012.....			952	129
2013.....			971	109
2014.....			991	89
2015-2019.....			3,191	173
2020-2024.....			313	
2025-2027.....			156	
Totals.....	<u>\$ 189</u>	<u>\$ 5</u>	<u>\$ 7,805</u>	<u>\$ 629</u>

Due In	(Amounts in 000's)	
	Total Governmental Activities	
	Principal	Interest
2010.....	\$ 35,166	\$ 26,831
2011.....	22,993	26,126
2012.....	24,200	25,226
2013.....	24,192	24,258
2014.....	22,651	17,856
2015-2019.....	121,206	71,273
2020-2024.....	95,708	39,008
2025-2029.....	39,856	21,233
2030-2034.....	46,505	8,598
Totals.....	<u>\$ 432,477</u>	<u>\$ 260,409</u>

Due In	(Amounts in 000's)			
	Business-type Activities			
	Various Loans Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2010.....	\$ 657	\$ 315	\$ 405	\$ 203
2011.....	677	295	415	189
2012.....	673	274	430	174
2013.....	669	252	250	158
2014.....	692	229	265	148
2015-2019.....	2,744	821	1,480	559
2020-2024.....	2,023	438	1,460	236
2025-2029.....	1,440	100	310	12
Totals.....	<u>\$ 9,575</u>	<u>\$ 2,724</u>	<u>\$ 5,015</u>	<u>\$ 1,679</u>

Due In	(Amounts in 000's)	
	Total Business-type Activities	
	Principal	Interest
2010.....	\$ 1,062	\$ 518
2011.....	1,092	484
2012.....	1,103	448
2013.....	919	410
2014.....	957	377
2015-2019.....	4,224	1,380
2020-2024.....	3,483	674
2025-2029.....	1,750	112
	<u>\$ 14,590</u>	<u>\$ 4,403</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) of which a total of \$3.7 million was borrowed. In March 2006, the County Commissioners authorized by resolution a second loan in the amount of \$8.25 million from ODOT of which \$3.6 million was borrowed in 2009, and another \$1.6 million was borrowed in 2010. The loans are provided through the State Infrastructure Bank fund, which are federal funds, to be used for road and bridge improvements. Both loans carry a 0% interest rate for the first 12 months and a 3% rate thereafter, for 10 years. In August 2005, the County Commissioners by resolution accepted a grant/loan from the Ohio Public Works Commission (Issue I) in the amount of \$2.5 million split evenly between a grant and a loan. This loan carries a 0% percent interest rate for 20 years. The County pledged its motor vehicle license tax as the source of repayment for all loans. State Issue I and ODOT funds were used first for these projects and when funding was exhausted, the loans were exercised.

During 2005, the Hospital entered into an agreement with a bank for a demand line of credit with a maximum amount available of \$20 million. The Hospital terminated the line of credit during 2009.

At December 31, 2009, the bonded debt service requirements of the Component Unit are as follows:

Due In	(Amounts in 000's) Hospital Revenue Bonds Component Unit	
	Principal	Interest
2010.....	\$ 8,063	\$ 5,799
2011.....	8,464	5,256
2012.....	8,890	4,851
2013.....	9,363	4,433
2014.....	14,051	4,002
2015-2019.....	51,755	12,377
2020-2024.....	39,760	4,600
2025-2029.....	43,605	1,233
2030-2034.....	18,805	162
2035.....	2,815	1
Total.....	205,571	\$ <u>42,714</u>
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....		
	(8,988)	
Unamortized discount.....		
	(1,070)	
Present value of net minimum payments.....		
	\$ <u>195,513</u>	

Due In	(Amounts in 000's) Foundation Notes Payable Component Unit	
	Principal	Interest
2010.....	\$ 70	\$ 2

Component Unit Swap Agreements: The Component Unit entered into various interest rate swap agreements with a total outstanding notional amount of \$100.1 million. The Hospital's objectives of its derivative instruments include managing the risk of increased debt service resulting from rising market interest rates, the risk of decreased surplus returns resulting from falling interest rates and the management of the risk of an increase in the fair value of the outstanding fixed rate obligations resulting from declining market interest rates. The fair value of the swap agreements based on current settlement prices at December 31, 2009 was a liability of \$5,000. The amount is due to the counterparties and is included within other long-term liabilities. In 2009, the fair value increase of \$17.6 million was recorded in net investment earnings. As a result of the agreements, the Hospital incurred an increase of interest expense of \$1.6 million for 2009.

On July 28, 2005, the Hospital entered into a swap agreement with an amortizing notional amount of \$74.5 million. The notional amount is based on the Series 2005 Bond principal repayment schedule that ends in 2035. Per the agreement, the Hospital pays a fixed rate of 3.3% and the counterparty pays 64.2% of the International Swap and Derivatives Association (ISDA) USD five year swap rate. The 2009 ISDA rates ranged between 1.9% and 3.4%. The net amount is exchanged monthly between the two parties. The Hospital has an early termination option.

On March 13, 2003, the Hospital entered into a swap agreement with an amortizing notional amount of \$30.5 million. The amortizing notional amount is based on the Series 2003 Bond principal repayment schedule ending on March 1, 2033. Per the agreement, the Hospital pays a fixed rate of 3.5% and the counterparty pays 68.9% of the ISDA USD five year swap rate. Net settlement amounts are exchanged monthly. The Hospital has an early termination option.

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 \$12.8 million of additional unvoted general obligation debt as of December 31, 2009.

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.

Payments for compensated absences are made from the following major funds: The General fund, Human Services, County Board of Developmental Disabilities, 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 \$29.8 million liability recorded in the statement of net assets (Governmental Activities) at December 31, 2009 was based were as follows:

Governmental Activities	Hours	(Amounts in 000's)
Sick.....	40,359	\$ 898
Vacation.....	1,220,833	27,155
Overtime.....	76,472	1,701
Total.....	<u>1,337,664</u>	<u>\$ 29,754</u>

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$.8 million liability recorded in the statement of net assets (Business-type Activities) at December 31, 2009 was based were as follows:

Business-type Activities	Hours	(Amounts in 000's)
Sick.....	1,008	\$ 25
Vacation.....	29,304	734
Overtime.....	522	13
Total.....	<u>30,834</u>	<u>\$ 772</u>

Special Termination Benefits: In May 2008, both the Alcohol and Drug Addiction Services Board and the Mental Health Board authorized early retirement incentive plans as a prelude to a merger of the two agencies. Both plans began July 1, 2008 and terminated on June 30, 2009. The Alcohol and Drug Addictions Services Board agreed to purchase 20% of retirement eligible employees current years of service up to a maximum of 5 years while the Mental Health Board capped the maximum benefit at an additional 3 years. Payments of purchased service credit to the Ohio Public Employee Retirement Systems (OPERS) are being made in lump sum. There were 9 employees who participated at a cost of \$441,000. In May 2008, the Board of County Commissioners authorized the purchase of additional service credit (equal to 20% of accumulated service time up to a maximum of 3 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 for a period of 1 year commencing January 15, 2009. As of December 31, 2009 there were 760 employees participating at a cost of \$50.4 million including interest paid over a 3 year period at a rate of 8%.

Payments for special termination benefits will be made from the following major funds: The General fund, Human Services and Health and Community Services and the following non-major funds: Motor Vehicle Gas Tax and Other.

Payments are made to OPERS in quarterly installment 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, 2009.

Year	(Amounts in 000's)	
	Governmental Activities	Business-type Activities
2010.....	\$ 16,947	\$ 113
2011.....	16,497	110
2012.....	<u>6,404</u>	<u>38</u>
Total Termination Benefit Payment.....	39,848	261
Amount Representing Interest.....	<u>(3,940)</u>	<u>(26)</u>
Net Amount.....	<u>\$ 35,908</u>	<u>\$ 235</u>

Bond Anticipation Notes: In December 2008, the County issued 1 year limited tax general obligation bond anticipation notes amounting to \$70 million with an interest rate of 2.5%. The notes were issued to reimburse the County for various project expenditures incurred over the past 3 years. The notes were retired in December 2009 with proceeds from the various purpose General Obligation Bonds Series 2009.

In May 2009, the County issued 1 year limited tax general obligation bond anticipation notes amounting to \$10 million with an interest rate of 1.5%. The notes were issued for use by the Rock and Roll Hall of Fame for its Library and Archives project. The notes will be repaid from the existing 1.5% bed tax once the 1993 County Rock and Roll Hall of Fame bonds have been reimbursed from the same tax. In May 2010, the County rolled the existing notes to the Rock and Roll Hall of Fame & Museum Project Notes, Series 2010 amounting to \$10.15 million at an interest rate of 1.5% due to mature in May 2011. In May 2011, the net proceeds from the Rock and Roll Hall of Fame and Museum Project notes, Series 2011 were used to redeem the Series 2010 Notes. The new Notes were issued

amounting to \$10.32 million at an interest rate of \$1.94% with maturity on December 1, 2015. The Notes will be paid semiannually in June and December of each year with the first coupon due December 1, 2011.

Non-Tax Revenue Bonds: In September 2010, the County issued \$73.1 million of primarily taxable debt (\$70 million). This bond issuance is comprised of Brownfield and Commercial Redevelopment loan funds amounting to \$17.1 million and \$11.1 million, respectively, both taxable at the true interest cost of 5.2%. The second issuance was to refund outstanding debt for the Gateway Arena and Shaker Square projects at \$42.1 million taxable and \$2.8 million tax-exempt, at a true interest cost of 4.4% and 3.9%, respectively. The bonds shall bear interest and the debt service is payable on June 1st and December 1st, with the first coupon due on December 1, 2010.

Following is the final maturity and average debt service schedule:

Bond	Final Maturity	Average Annual Debt Service
2010A Brownfield Redevelopment Taxable Bonds	6/1/30	\$1.4M
2010B Commercial Redevelopment Taxable Bonds	6/1/30	\$.9M
2010C Gateway Taxable Refunding Bonds	6/1/30	\$4.4M
2010D Shaker Square Tax-Exempt Refunding Bonds	12/1/30	\$.2M

In December 2010, the County issued Series 2010 (Medical Mart/Convention Center Project) Bonds in three series as follows: \$20 million Recovery Zone Economic Development Revenue Bond Series 2010E (Federally Taxable-Build America bonds - Direct Payment), \$200.2 million Tax-Exempt Recovery Zone Facility Economic Development Revenue Bonds, Series 2010F and \$123.1 million Taxable Economic Development Revenue Bonds, Series 2010G. The bonds shall bear interest and the debt service is payable on December 1st, with the first coupon due on December 1, 2011. The following table displays the Bond, true interest cost, maturity and average annual debt service.

Bond	True Interest Cost	Final Maturity	Average Annual Debt Service
2010E	3.5%	12/1/27	\$2.4M
2010F	4.3%	12/1/27	\$19.5M
2010G	4.3%	12/1/19	\$16.4M

General Obligation Bonds: In December 2009, the County issued \$163.8 million of Various Purpose General Obligation (Limited Tax) Bonds, Series 2009 consisting of \$77.1 million, Series 2009A, Various Purpose General Obligation (Tax-Exempt) and \$86.7 million, Various Purpose General Obligation (Limited Tax) Bonds, Series 2009B (Federally Taxable Build America Bonds-Direct Payment) of which \$42.7 million shall be designated as Recovery Zone Economic Development Bonds. The bonds shall bear interest payable on June 1 and December 1 of each year commencing June 1, 2010 at the true interest cost of 3.52% and average annual debt service of \$12 million. The Series 2009A Bonds and the Series 2009B Bonds will mature on December 1, 2024 and December 1, 2034, respectively. The purpose of the bonds is for telecommunications, equipment, corrections and buildings.

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, 2009 was \$5.5 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 were callable in November 2005 and \$60.1 million of the Series 2000 bonds that are callable in December 2010. 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 reduce its total debt service payments by \$3.3 million and to obtain an economic gain of \$3.1 million. The aggregate amount of defeased General Obligation Bonds outstanding at December 31, 2009 was \$60.1 million.

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; 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 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 (\$4.8 million at December 31, 2009) is reported in the accompanying financial statements as a deduction from long-term debt and is included as additional interest expense through the year 2019 using the straight line 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 were 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. On July 28, 2005, a portion of the proceeds from the 2005 Series Bond issue was placed in escrow to advance refund the outstanding Series 1999 Bonds. The defeased series 1999 bonds were completed in 2009.

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, 2009 was .65%.

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 which would have expired on March 22, 2008, but has been extended to March 22, 2010. 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.

Effective March 1, 2010 the Hospital entered into a Reimbursement Agreement with a bank. The Reimbursement Agreement replaces the agreement expiring on March 22, 2010. Terms and conditions of the new agreement are substantially similar to the old agreement and expires on March 16, 2013.

Effective July 28, 2005, the County issued \$74.5 million of Hospital Improvement and Refunding Variable Rate Demand Revenue Bonds, Series 2005 (The MetroHealth System Project) (Series 2005 Bonds). Proceeds from the 2005 Series Bonds were used to advance refund \$57 million of the outstanding Series 1999 Bonds scheduled to mature on February 15, 2029; to pay costs of constructing, renovating, furnishing, equipping and improving the Old Brooklyn Campus long-term care and skilled nursing facility; and to pay certain costs of issuance of the Series 2005 Bonds. 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 2035. The interest rate at December 31, 2009 was .21%.

In connection with the issuance of the Series 2005 Bonds, the Hospital entered into a Reimbursement Agreement with a bank. Under the terms of the Reimbursement Agreement, the Hospital entered into a Letter of Credit issued by a local bank that expires on July 16, 2010. 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.

Effective April 27, 2010, the Hospital obtained a firm commitment to replace the Letter of Credit agreement expiring on July 16, 2010. The terms and conditions of the new agreement are substantially similar to the old agreement and expires on July 16, 2013.

There are no amounts outstanding on the letters of credit as of December 31, 2009.

The July 28, 2005 bond refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5.2 million. The unamortized difference (\$4.2 million at December 31, 2009), reported in the accompanying financial statements, as a reduction from long-term debt, is included as an increase to interest expense through the year 2029 using the straight line method.

Effective December 1, 2009, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued \$8.5 million of Hospital Facilities Revenue Bonds, Series 2009A. The proceeds of the Series 2009A Bonds were used to purchase the Valentine parking garage on the Hospital's main campus. The Bonds bear an interest rate of 3.9% and mature through 2014 on various dates.

The Series 1997, 1997A, 1999, 2003, 2005 and 2009A Bonds were issued pursuant to a master trust bond indenture agreement between the County, acting by and through the Hospital's Board of Trustees, and the bond trustee. The Series 1997, 1997A, 1999, 2003, 2005 and 2009A Bonds are special obligations of the County payable solely from the revenue derived from the operation of the Hospital and other monies available to the Hospital's Board of Trustees, and are secured by the revenue and real property of the Hospital. Accordingly, the bond proceeds and indebtedness have been recorded as assets and liabilities of the Hospital.

In January of 2010, the Series 2009B bonds were issued for \$75 million. The bonds are taxable and issued under the Build America Bond program where 35% of the interest paid is refunded to the Hospital. The proceeds of the bonds are to be used for the replacement of three Life Flight helicopters (\$21 million) and capital improvements.

Other Financial Obligations

Operating Leases: During the year 2009, the County had approximately 66 operating leases for office space. At December 31, 2009, there were 37 remaining with future obligations. The operating lease agreements range in length from one month to five years. Total rental payments for 2009 amounted to \$4.6 million, of which \$1 million was expended from proprietary funds. Rental obligations for the years 2010 through 2014 are \$9.4 million. Rental payments for the years 2010, 2011, 2012, 2013 and 2014 will be \$3.8 million, \$2.7 million, \$1.4 million \$1 million and \$.5 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. Contract terms range between one and fifteen years and certain leases contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Rent expense totaled \$2.1 million in 2009. Rental payments for the years 2010, 2011, 2012, 2013, 2014, 2015-2019 and 2020 will be \$1.6 million, \$1.3 million, \$1 million, \$1 million, \$.8 million; \$2.9 million and \$.3 million, respectively. The Hospital leased the Valentine parking garage. The lease had an original five year term with five one-year options to renew. The renewal options expired in 2009 and the Hospital purchased the garage on December 1, 2009 for \$8.5 million with proceeds from the Series 2009A bonds.

Gateway Loan Guarantees: The County currently guarantees the repayment of \$14.9 million of bonded debt of Gateway. This amount represents the outstanding par amount of Stadium Revenue Bonds, the original outstanding amount of which was \$31 million. As of December 31, 2009, the outstanding balance on this Gateway bond guarantee, including future interest payments, was \$17.1 million (payable through September 15, 2014). The County has not been required to make any payments on behalf of the Gateway bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds.

Solid Waste District Loan Guarantees: The Cuyahoga County Solid Waste District currently guarantees the repayment of a 20-year 5.6% economic development loan of \$3.4 million from the Ohio Water Development Authority to a third-party payer. As of December 31, 2009, the outstanding principal balance on this economic development loan was \$3 million (payable through January 1, 2026). The Solid Waste District has not had to make any payments on behalf of the third-party payer.

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.

As of December 31, 2009, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were approximately \$231.5 million, \$2 billion and \$208.5 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 Developmental Disabilities, 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 death benefits and post-retirement healthcare benefits including a prescription drug program and Medicare Part B premium reimbursement 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 ORC 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) 222-5601 or (800) 222-7377.

OPERS FUNDING POLICY: The ORC provides statutory authority for employee and employer contributions. Employees are required to contribute 10% of covered payroll, except for law enforcement employees who are required to contribute 10.1%. The employer contribution rate in 2009 was 14% of covered payroll, except for law enforcement which was 17.63%. Law enforcement employer rates will increase through 2011. The law enforcement employer rates will increase in 2010 and 2011 to 17.87% and 18.10%, respectively. The total employer contributions from the County to OPERS (excluding amounts paid in 2009, 2008 and 2007 for ERIP – See Note F) for the years 2009, 2008, and 2007 were \$56.9 million, \$60.7 million and \$58.2 million, respectively, equal to the required contributions for each year.

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 Statements No. 12 and 45. OPERS maintains a cost-sharing, multiple-employer defined benefit OPEB plan.

OPERS postemployment healthcare plan was established under and is administrated in accordance with Internal Revenue Code 401(h). A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The ORC 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 2009 was 7% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009, of covered payroll. In 2008, the rate was 7% of covered payroll. During 2009, 2008 and 2007, \$24.3 million, \$30.2 million and \$23 million, respectively, of the County's total contribution to OPERS was used for postretirement benefits. The OPERS retirement board is authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. At December 31, 2009, 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, 2008 were as follows:

Funding Method: The individual entry age normal actuarially 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.

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 annually, not to exceed a 12% corridor.

Investment Return: The investment return assumption for 2008 was 6.5%.

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 .5% to 3% for the next 6 years. In subsequent years (7 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

At December 31, 2009, there were 357,584 active participants contributing to the Traditional Pension and Combined Plans. (356,388 active participants at the actuarial valuation date of December 31, 2008.) The County's actuarially required OPEB contribution for 2008 equaled the actual amount contributed to OPERS by the County. In addition, at December 31, 2008, the actuarial value of the plan's net assets available for OPEB approximated \$10.7 billion and the actuarial accrued liability and the unfounded actuarial accrued liability, based on the actuarial method used, were \$29.6 billion and \$18.9 billion, respectively.

STRS OHIO PLAN DESCRIPTION: Teachers employed by the County Board of Developmental Disabilities 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 ORC 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 43215-3771, by calling (888) 227-7877 or by visiting the STRS Ohio website at www.strsoh.org.

STRS OHIO FUNDING POLICY: The ORC provides statutory authority for employee and employer contributions. Employees are 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 Developmental Disabilities to STRS Ohio for the years 2009, 2008 and 2007 were \$1.5 million, \$ 1.6 million, and \$1.6 million, respectively, equal to the required contributions for each year.

OPEB: STRS Ohio also provides OPEB to plan members in the Defined Benefit or Combined Plans. The qualifications required to receive benefits replicate OPERS. Coverage under the program includes hospitalization, physicians fees, prescription drugs and reimbursement of monthly Medicare Plan B premiums. 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 2009, 2008 and 2007 were \$.1 million, \$.1 million and \$.1 million, respectively, equal to the required contributions for each year.

The balance in the Health Care Stabilization Fund was \$2.7 billion on June 30, 2009 (latest information available). For the year ended June 30, 2009, the net health care costs paid by STRS Ohio were \$298.1 million and there were 129,659 eligible benefit recipients.

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 2009, 2008 and 2007 were \$48.4 million, \$48 million and \$46 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 2009, 2008 and 2007 was \$20.3 million, \$24 million and \$18.2 million, respectively.

NOTE H - Deficit Balances

At December 31, 2009, the Capital Projects and Central Custodial Services funds had net asset deficits of \$31.5 million and \$.8 million, respectively. The deficit in Capital Projects fund will be eliminated by a future debt issuance and proceeds from the sale of real estate. The Central Custodial Services deficit will be eliminated through adjustment of 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, 2009, the balance in this account was \$30.8 million of which \$29.5 million represents the fund equity related to the certificates of deposit and \$1.3 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, 2009, \$48 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, 2009, \$36.1 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, 2009, \$1 million has been designated for self-insurance.

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 \$1 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. The County is also self-insured with respect to unemployment and workers' compensation benefits. Self-insurance expenditures were immaterial for unemployment compensation in 2009. 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 Insurance 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 Insurance fund during the years ended December 31, 2009 and 2008 were:

(Amounts in 000's)		
Estimated Claims Payable – Workers Compensation	2009	2008
Estimated claims payable beginning of year.....	\$ 17,416	\$ 18,471
Plus: Current year claims and changes in estimates	2,489	2,037
Less: Claim payments	<u>2,908</u>	<u>3,092</u>
Estimated claims payable end of year	\$ <u>16,997</u>	\$ <u>17,416</u>

The County is also self-insured with respect to three of its medical plans and its prescription drug plan. Changes to the estimated claims payable recorded in the Self-Funded Insurance fund during the year ended December 31, 2009 and 2008 were:

(Amounts in 000's)		
Estimated Claims Payable – Health Insurance	2009	2008
Estimated claims payable beginning of year.....	\$ 7,134	\$ 5,230
Plus: Current year claims and changes in estimates	62,887	63,691
Less: Claim payments	<u>64,024</u>	<u>61,787</u>
Estimated claims payable end of year	\$ <u>5,997</u>	\$ <u>7,134</u>

Component Unit

Self-Insurance: The Hospital is self-insured for medical malpractice and workers' compensation benefits. For the professional and patient care liability, professional actuarial 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.

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, 2009 and 2008:

(Amounts in 000's)		
Estimated Claims Payable	2009	2008
Estimated claims payable beginning of year.....	\$ 48,341	\$ 47,357
Plus: Current year claims and changes in estimates	4,697	6,574
Less: Claim payments	<u>14,562</u>	<u>5,590</u>
Estimated claims payable end of year	\$ <u>38,476</u>	\$ <u>48,341</u>
Due within one year	\$ <u>13,152</u>	\$ <u>14,416</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/unrestricted net assets and are re-encumbered at the beginning of the succeeding year.

At December 31, 2009, encumbrances outstanding in Governmental funds and Proprietary funds, which were reappropriated in the 2010 budget, were:

Fund Type	(Amounts in 000's)
General fund	\$ 15,654
Human Services fund	45,759
County Board of Developmental Disabilities fund.....	6,673
Health and Community Services fund	29,728
Capital Projects fund	106,171
Other Governmental funds	51,438
Sanitary Engineer fund	3,179
Other Enterprise funds	252
Internal Service funds.....	<u>35,236</u>
Total	<u>\$ 294,090</u>

On a GAAP basis, a portion of these encumbrances represented liabilities of the County. At December 31, 2009, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)
General fund.....	\$ 5,016
Human Services fund	8,301
County Board of Developmental Disabilities fund.....	2,542
Health and Community Services fund	9,031
Capital Projects fund	7,291
Other Governmental funds	4,343
Sanitary Engineer fund	1,121
Other Enterprise funds	63
Internal Service funds.....	<u>458</u>
Total	<u>\$ 38,166</u>

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 2009 tax collection was based follows:

Property Type	(Amounts in 000's)
Real property	\$ 30,498,390
Personal tangible property.....	766,539
Tangible public utility property	<u>615,401</u>
Total assessed value	<u>\$ 31,880,330</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 .74 mills is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 11.87 voted mills have been levied for debt service, developmental disabilities, 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
Developmental disabilities	3.90	3.52	3.61	Continuing
Health and human services ⁽³⁾	2.90	2.62	2.68	2010
Health and welfare	<u>4.80</u>	<u>4.80</u>	<u>4.80</u>	2012
Total voted millage	\$ <u>11.87</u>	\$ <u>11.21</u>	\$ <u>11.36</u>	

(1) In mills per \$1,000 of assessed valuation.
(2) Ohio law provides for a credit to certain voted levies to offset fluctuation 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 renewal levy was passed May 4, 2010 to begin collection in 2011 and last 4 years.

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 update was completed in 2009. 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 was assessed at 6.25% of true value in 2009. A four year phase out of personal property tax will be complete for collection year 2010. 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 Fiscal Officer 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.

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 2009:

Governmental Funds	(Amounts in 000's)
General	\$ 18,973
Health and Human Services Levies	198,537
County Board of Developmental Disabilities	94,931
Health and Community Services	18,898
Other Governmental	<u>26,879</u>
Total property tax revenues	\$ <u>358,218</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2009 for Cuyahoga County was \$59.3 million.

The delinquent property taxes described above do not include certain receivables that have been transferred to a third party. Since 1998, the County has transferred 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 transferred at a deeper discount. In connection with the transfer 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. Beginning in 2007, the County began accounting for these transfers in accordance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. Since the County retains the right to purchase these assets back from the third-party, they are considered a collateralized borrowing until the third-party collects the receivable. Outstanding collateralized borrowings at December 31, 2009 were not material.

Beginning in 2006, personal property taxes were reduced 25% per year for each of the next four years through 2009 at which point the tax was eliminated. Telephone companies switched from public utility to general business taxpayers in 2007. Beginning in 2007, telephone property began phasing out and will be eliminated from taxation in 2011. The revenue from personal property tax began being reimbursed to the local governments in 2006 from a new Commercial Activity Tax (CAT) on gross revenues of businesses collected by the State of Ohio. The CAT is being phased in over five years and local governments will be held harmless by the State of Ohio through distribution of the tax for the first five years back to collections in the base year. Therefore, the County should suffer no significant impact during this period.

NOTE M – Other Intergovernmental Revenue

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2009 follows:

Fund Type	(Amounts in 000's)
General fund:	
State Public Defender reimbursement	\$ 7,120
State tax reimbursement.....	4,161
Other.....	<u>4,253</u>
Total General fund.....	<u>15,534</u>
Special Revenue funds:	
U.S. Department of Housing and Urban Development	18,970
U.S. Department of Justice	3,361
U.S. Department of Labor	512
U.S. Department of Education	680
U.S. Department of Homeland Security.....	4,906
U.S. Department of Health and Human Services.....	15,905
U.S. Department of Energy.....	1,838
Federal and State Mental Health and Retardation.....	207,472
Ohio Department of Alcohol and Drug Addiction Services	14,255
Ohio Department of Job and Family Services.....	329,028
Ohio Department of Rehabilitation and Corrections.....	5,701
Ohio Department of Youth Services	2,767
Ohio Department of Development	1,158
State tax reimbursement.....	44,950
Other.....	<u>12,632</u>
Total Special Revenue funds.....	<u>664,135</u>
Debt Service fund:	
State tax reimbursement.....	<u>5,325</u>
Capital Projects fund:	
U.S. Department of Transportation.....	23,240
Ohio Department of Public Works	2,016
Other	<u>30</u>
Total Capital Projects fund	<u>25,286</u>
Total Other Intergovernmental.....	\$ <u>710,280</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.

A summary of interfund transfers by fund type follows for the year ended December 31, 2009:

Fund Type	Transfer To						Total
	General	Human Services	Health and Community Services	Capital Projects	Other Governmental	Other Enterprise	
(Amounts in 000's)							
Transfer From							
Transfers:							
Major Governmental Funds:							
General	\$	\$	\$ 3,134	\$ 1,333	\$ 7,582	\$1,575	\$ 13,624
Human Services					2,000		2,000
Health and Human Services Levies		97,842	114,710				212,552
County Board of Developmental Disabilities.....					100		100
Health and Community Services	932	146			1,661		2,739
Capital Projects	564				35		599
Other Governmental Funds			147	3,520	23		3,690
Sanitary Engineer Fund	10						10
Other Enterprise Funds				38	189		227
Internal Services Funds	<u>136</u>						<u>136</u>
Total Transfers	\$ <u>1,642</u>	\$ <u>97,988</u>	\$ <u>117,991</u>	\$ <u>4,891</u>	\$ <u>11,590</u>	\$ <u>1,575</u>	\$ <u>235,677</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, 2009, the County has \$81.2 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. 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 \$201.3 million at December 31, 2009, including unpaid accrued interest. During 2009, Gateway repaid the County over \$3.4 million and the remaining amount is fully reserved due to the uncertainty of the repayment from Gateway.

The County, Gateway and Positively Cleveland (formerly the Convention and Visitors Bureau of Greater Cleveland) 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 Positively Cleveland 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 Positively Cleveland for the years 1994 through 1998. The County received \$1 million from this agreement during the year ended December 31, 1999. The County received \$.2 million during each subsequent year, until 2008 when it increased to \$1.4 million, subject to certain adjustments. The County did not receive the \$1.4 million until February 2009 and the amount was applied to the debt payment due in January 2010.

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 in annual expenses will be divided by the teams. Gateway agreed to give up 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.

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 operational cash needs and the extent (if any) of the County's funding of such needs.

NOTE P – Loans

Loans receivable represent property rehabilitation loans outstanding under the Federal Community Development Block Grant (CDBG), economic development loans, product innovation loans and various other grant and development programs. The rehabilitation and economic development loans are either non-interest bearing or have below market interest rates. The rehabilitation loans are made to qualifying citizens and businesses for rehabilitation of real property within the County. Borrower's execute such agreements, mortgages, security agreements, pledges, assignments, instruments, certificates, affidavits and other documents and take such actions as are reasonably required by the County or its legal counsel, and all actions, proceedings, instruments and documents required or requested shall be satisfactory to and approved by the County and its legal counsel.

Borrower's also furnish to the County such additional documents, certificates, property appraisals, equipment valuations as are reasonably required by the County or its legal counsel to establish the existence, validity, and/or legality of any matter relevant to the loan including, but not limited to, proof that the borrower has obtained all local, state, and federal permits and has complied with all local, state and federal laws necessary to operate the project. These loans generally have various repayment terms that may extend over several years. The economic development loans help qualified businesses expand and create jobs within the County. The product innovation loans carry a 0% interest rate for 3 years and 3.5% thereafter for a total of 10 years. The loans are made to qualified entrepreneurs and companies with revenues under \$50 million. Recipients of the loans must commit to manufacture any product developed through the program in Cuyahoga County for a period of at least 7 years.

The Neighborhood Stabilization Program (NSP) Acquisition, Rehab and Resale Loan Program are developer loans for \$100,000 each and are repaid and/or forgiven upon the completion of the renovation and the sale of the home to an eligible homebuyer. At the time of sale, the homebuyer receives a "soft second" loan in the amount of up to 20% of the purchase price of the home. All loans have a 0% interest rate with no payments due, unless there is an event of default.

NOTE Q – Federal Investigation

On July 28, 2008, agents of the Federal Bureau of Investigation and the Internal Revenue Service executed search warrants at certain County government offices, the homes of certain County officials, and the business offices of certain private contractors in connection with what has been characterized as a "government corruption investigation" (the "Investigation"). Additional search warrants were executed on September 23, 2008 at the offices of two County Judges. In addition, pursuant to the investigation, several Federal Grand Jury subpoenas for the production of documents were issued to the government offices of a County Commissioner, the County Auditor, the County Engineer and the County Information Services Office. The County has complied with the search warrants and continues to cooperate with the Investigation. Since the initial searches, multiple criminal charges have been filed in the United States District Court for the Northern District of Ohio charging former county employees, public officials and other individuals with soliciting and receiving bribes. Several former county employees and public officials including the former County Auditor have pleaded guilty to such charges and have been sentenced or are awaiting sentencing on such charges. A former County Commissioner and two former judges were convicted and have been or are awaiting sentencing. Additional criminal cases are pending.

In response to the Investigation, the County retained the services of a law firm to assist the County in its internal investigation of County contracting procedures and awards and other matters related to the Investigation. On October 28, 2009, the law firm issued a report regarding the internal review and investigation. The Board of County Commissioners accepted the report on October 29, 2009, and its conclusions were endorsed and adopted by the Board. The report was updated by means of supplemental reports submitted in December 2009 and October 2011, which took into account subsequent public corruption charges filed against other individuals.

The report concluded that in spite of the conduct of the individuals named in charges resulting from the Investigation, it is highly unlikely that the criminal conduct, which formed the basis of the criminal indictments, will materially affect the fair presentation of the County's basic financial statements. In addition, the report concluded that given the amount of funds involved, the possibility that the County's overall financial position or operations would be materially impacted by any of the activities uncovered in the federal public corruption investigation is remote.

The federal public corruption investigation is still ongoing, however, based upon the County's own internal investigation, the County believes the likelihood of the Investigation resulting in any material potential loss or liability, including the possibility of significant disallowance findings related to Federal and State assisted grant programs, is remote; and that any adverse outcome from these charges would pertain to the County officials and former employees subject to the investigation rather than the County itself.

NOTE R – Restatement of Infrastructure Assets

Subsequent to the issuance of the County's 2008 basic financial statements, management determined that a recent statutory change in Ohio shifted the responsibility for the construction and major maintenance for all bridges on the State Highway System within a municipal corporation to the State of Ohio. Previously, this responsibility resided with the County, and upon initial adoption of GASB 34 in 2002, bridges meeting this criteria were capitalized as infrastructure capital assets. As a result of the statutory change, the State of Ohio began reporting these bridges as part of the State's infrastructure beginning in its 2008 annual report. Local governments in Ohio should have eliminated these bridges from their 2008 annual reports. Therefore, certain beginning balance amounts in the 2009 government wide financial statements and notes to the financial statements have been restated from amounts previously reported in 2008. The table below summarizes the effects of the restatement on the government wide statement of net assets:

	Primary Government (Amounts in 000's)					
	<u>Governmental Activities</u>			<u>Government Total</u>		
	As Previously Reported	Adjusted	As Restated	As Previously Reported	Adjusted	As Restated
Statement of Net Assets at December 31, 2008						
Capital assets infrastructure	\$ 452,309	\$ (314,777)	\$ 137,532	\$ 452,309	\$ (314,777)	\$ 137,532
Capital assets infrastructure- accumulated depreciation.....	<u>(291,544)</u>	<u>215,916</u>	<u>(75,628)</u>	<u>(291,544)</u>	<u>215,916</u>	<u>(75,628)</u>
Capital assets (net of accumulated depreciation) infrastructure.....	160,765	(98,861)	61,904	160,765	(98,861)	61,904
Net capital assets.....	680,304	(98,861)	581,443	729,459	(98,861)	630,598
Total Assets.....	1,814,061	(98,861)	1,715,200	1,889,784	(98,861)	1,790,923
Net assets - Invested in capital assets, net of related debt.....	410,193	(98,861)	311,332	445,403	(98,861)	346,542
Total net assets.....	867,297	(98,861)	768,436	926,719	(98,861)	827,858

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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 Donation	10.550	N/A	\$ 4,306
Total			4,306
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Supplemental Nutrition Assistance Program (SNAP)	10.551	JFSFFS08	175,063
State Administrative Matching Grants for SNAP	10.561	JSFFF109	235,534
State Administrative Matching Grants for SNAP	10.561	JSFFFB09	13,238,159
State Administrative Matching Grants for SNAP	10.561	JSFFFB10	3,928,037
State Administrative Matching Grants for SNAP	10.561	JSFFFB09S	757,959
Total SNAP Cluster			18,334,752
National School Lunch Program	10.555	IRN 66563	43,446
National School Lunch Program	10.555	IRN 66597	757,359
Total Child Nutrition Cluster			800,805
Total U.S. Department of Agriculture			19,139,863
U.S. DEPARTMENT OF EDUCATION			
OFFICE OF EDUCATION, RESEARCH AND IMPROVEMENT:			
<i>Direct Program:</i>			
2008/2009 Improvement of Education Program	84.215	U215K080335	328,825
Total			328,825
<i>Passed Through the Ohio Department of Education:</i>			
CCBMR FY2009 TITLE VI-B School Age Grant	84.027	066563-6BSF-09	244,953
Total Special Education Cluster (IDEA)			244,953
CCBMR Title V Innovative Education	84.298	066563-C2-S1-2009	173
Total			173
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES:			
<i>Passed Through the Ohio Department of Rehabilitation Services</i>			
Pathways II Cooperative Project	84.126	NA	1,301,599
Total Vocational Rehabilitation Cluster			1,301,599
<i>Passed Through the Ohio Department of Health:</i>			
Help Me Grow	84.181	NA	1,049,922
Total Early Intervention Services (IDEA) Cluster			1,049,922
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	N/A	297,500
Total			297,500
Total U.S. Department of Education			3,222,972

(Continued)

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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 2006	81.042	H-05-109	575
Home Weatherization Assistance Program 2008	81.042	H-05-109	216,016
Home Weatherization Assistance Program 2009	81.042	H-09-109	11,782
HWAP ARRA 2009-2010	81.042	ARRA-10-109	<u>716,603</u>
Total U.S. Department of Energy			<u>944,976</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct Programs:</i>			
CPC Brownfield Fund	66.818	BP-985744-01-0	34,932
Brownfield RFL Co-Op Agreement	66.818	623945391	205
2008 EPA	66.818	00E63701-0	131,049
US EPA 2008 Brownfield RLF	66.818	BF-00E64101-01-0	<u>303</u>
Total U.S. Environmental Protection Agency			<u>166,489</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Programs:</i>			
Healthy Marriage Demonstration	93.086	90FE00520-01	<u>507,471</u>
Total			507,471
Project Tapestry	93.104	5U79SM056055-05	<u>1,526,410</u>
Total			1,526,410
Dually Diagnosed Homeless Women	93.243	1 H79 TI16543-01	394,170
Fed Family Drug Court — SAMHSA	93.243	TI 17560-01	247,203
System of Care for Older Adults	93.243	1H-79-SM-5784-01	<u>195,445</u>
Total			836,818
College Enforcement Training Council	93.601	90FI009301	<u>40,364</u>
Total			40,364
HIV Emergency Relief P.C. Support 07/08	93.914	2H89HA00045-12	98,374
HIV Emergency Relief P.C. Support 08/09	93.914	2H89HA00045-13	903,687
HIV Emergency Relief P.C. Support 09/10	93.914	6H89HA00045-14-01	2,186,394
Minority Aids Initiative Program	93.914	1H3MHA08469-01-00	<u>582,774</u>
Total			3,771,229
Public Defender SCY Grant	93.230	6-U79-TI-13322-02	(27,695)
Public Defender SCY Grant	93.230	6-U79-TI-13322-02	<u>75,000</u>
Total			47,305
Adoption Opportunities Grant	93.652	90CO103401	<u>172,212</u>
Total			172,212
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Promoting Safe and Stable Families	93.556	JFSFMC09	27,733
Promoting Safe and Stable Families	93.556	JFSFMC10	83,200
Promoting Safe and Stable Families	93.556	JFSFN112	83,816
Promoting Safe and Stable Families	93.556	JFSFPF09	696,705
Promoting Safe and Stable Families	93.556	JFSFPF10	<u>301,764</u>
Total			1,193,218
Temporary Assistance for Needy Families (TANF) State Programs	93.558	JFSFTF08	8,766,747
Temporary Assistance for Needy Families (TANF) State Programs	93.558	JFSFTF09	14,261,132
Temporary Assistance for Needy Families (TANF) State Programs	93.558	JFSFTF10	14,174,810
Temporary Assistance for Needy Families (TANF) State Programs	93.558	JFSFTX08	<u>(1,215,319)</u>
Total			35,987,370
Child Support Enforcement (Title IV-D)	93.563	JFSFCS08	(1,256,969)
Child Support Enforcement (Title IV-D)	93.563	JFSFCS09	13,595,635
Child Support Enforcement (Title IV-D)	93.563	JFSFCS10	5,353,986
ARRA - Child Support Enforcement (Title IV-D)	93.563	JFSFCS09S	<u>3,010,616</u>
Total			20,703,268

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Refugee and Entrant Assistance - State Administered Programs	93.566	JFSFRS08	64,324
Refugee and Entrant Assistance - State Administered Programs	93.566	JFSFRS09	<u>10,893</u>
Total			75,217
Child Care Development Block Grant	93.575	JFSFCD09	16,890,942
Child Care Development Block Grant	93.575	JFSFCD10	<u>211,118</u>
Total			17,102,060
Child Care Mandatory and Matching Funds of the Child Care and Dev. Fund	93.596	JFSFCM08	(10,275)
Child Care Mandatory and Matching Funds of the Child Care and Dev. Fund	93.596	JFSFCM09	2,040,912
Child Care Mandatory and Matching Funds of the Child Care and Dev. Fund	93.596	JFSFCM10	30,070,622
Child Care Mandatory and Matching Funds of the Child Care and Dev. Fund	93.596	JFSFCD09	<u>673,997</u>
Total			32,775,256
IV-B Admin	93.645	JFSFCW09	318,599
IV-B Admin	93.645	JFSFCW10	<u>551,388</u>
Total			869,987
Foster Care (Title IV-E) Foster Care Maintenance (FCM) and Purchased Admin.	93.658	JFSFFC09	909,164
Foster Care (Title IV-E) Foster Care Maintenance (FCM) and Purchased Admin.	93.658	JFSFFC10	<u>299,342</u>
Total			1,208,506
Non-Recurring Adoption	93.659	JFSFAA09	954,566
Non-Recurring Adoption	93.659	JFSFAA10	<u>309,370</u>
Total			1,263,936
Social Services Block Grant (Title XX)	93.667	JFSFM340	1,600
Social Services Block Grant (Title XX)	93.667	JFSFSS09	12,828,028
Social Services Block Grant (Title XX)	93.667	JFSFSS10	4,801,473
Social Services Block Grant (Title XX)	93.667	JFSFTX09	11,480,420
Social Services Block Grant (Title XX)	93.667	JFSFTX10	<u>3,200,058</u>
Total			32,311,579
Child Abuse and Neglect State Grants	93.669	JFSFSTFO	<u>2,000</u>
Total			2,000
Chafee Foster Care Independence Program	93.674	JFSFIL09	452,845
Chafee Foster Care Independence Program	93.674	JFSFIL10	<u>103,541</u>
Total			556,386
ARRA – Child Care and Development Block Grant	93.713	JFSFCD09S	<u>13,136,052</u>
Total			13,136,052

(Continued)

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Medical Assistance Program - Medicaid	93.778	JFSFMT08	(1,342,626)
Medical Assistance Program - Medicaid	93.778	JFSFMT09	8,397,460
Medical Assistance Program - Medicaid	93.778	JFSFMT10	3,137,149
Medical Assistance Program - Medicaid	93.778	JFSFMP09	390,615
Total			10,582,598
<i>Passed through Ohio Department of Health:</i>			
HIV Planning and Evaluation	93.917	18-1-002-1-PE-0208	14,192
HIV Planning and Evaluation	93.917	18-1-002-1-PE-0309	5,535
Total			19,727
<i>Passed Through Ohio Department of Mental Health Services:</i>			
Title XX	93.667	MH12	956,118
Total			956,118
Medicaid Assistance Program — Title XIX	93.778		52,165,158
Medicaid Assistance Program ARRA— Title XIX	93.778		8,088,063
Total			60,253,221
Health Block Grant	93.958	MH12	708,287
Total			708,287
FAST 05	93.556		76,716
Total			76,716
<i>Passed Through the Temporary Assistance for Needy Families:</i>			
Home Energy Assistance Program	93.568	H-01-109	(13)
HWAP — HHS Administration 2008	93.568	H-05-109	566,182
HWAP — HHS Administration 2009	93.568	H-09-109	334,138
Total			900,307

(Continued)

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Title IV-E Administration Juvenile Court	93.658	75-5-1545	808,585
Total			808,585
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Medicaid Assistance Program — Title XIX — CAFS	93.778	N/A	237,088
Medicaid Assistance Program — Title XIX — ICF/MR	93.778	N/A	3,592,836
Medicaid Assistance Program — Title XIX — TCM	93.778	N/A	3,756,925
ARRA/Medicaid Assistance Program — Title XIX — TCM	93.778	N/A	106,588
Medicaid Assistance Program — Day Rehabilitation	93.778	N/A	18,856,721
Medicaid Assistance Program — Waiver Administration	93.778	N/A	494,526
ARRA/Medicaid Assistance Program — Day Rehabilitation	93.778	N/A	3,533,441
Total			30,578,125
Social Service Block Grant — Title XX	93.667	MR-18-01	1,028,587
Total			1,028,587
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
STAR-SI TC Expansion	93.243	N/A	39,333
Total			39,333
Access To Recovery	93.275	99-E66F-ATR-T-09-0836	10,000
Total			10,000
Health Block Grant (Per Capita)	93.959	N/A	5,986,152
UMADOP	93.959	N/A	427,443
Women's 15%	93.959	N/A	1,419,206
Yment	93.959	N/A	141,618
TASC	93.959	N/A	70,300
Community Prevention	93.959	N/A	123,013
Project Safe (new HIV)/OUTREACH	93.959	N/A	104,112
Drug Free Community Coalition	93.959	N/A	75,848
Youth Services DYS Aftercare	93.959	N/A	104,125
Youth-Led Prevention	93.959	N/A	11,286
TASC FY O5	93.959	18-02962-TASC-T-05-9196	(6,482)
TASC FY O6	93.959	18-02962-TASC-T-06-9196	(1,097)
TASC FY O7	93.959	18-02962-TASC-T-07-9196	(256)
TASC FY O8	93.959	18-10342-TASC-T-08-9196	(50,147)
TASC FY O9	93.959	18-10342-TASC-T-09-9196	422,820
TASC FY 10	93.959	18-10342-TASC-T-10-9196	201,864
Total			9,029,805
Medicaid Assistance Program — Title XIX	93.778	N/A	6,530,528
Medicaid Assistance Program ARRA — Title XIX	93.778	N/A	998,188
Total			7,528,716
Total U.S. Department of Health and Human Services			286,606,769

(Continued)

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
SOCIAL SECURITY ADMINISTRATION			
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Social Security-Disability Insurance - Total Disability Insurance/SSI Cluster	96.001		334,144
Social Security-Retirement Insurance	96.002		342,865
Total Social Security Administration			677,009
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Direct Programs:</i>			
Port Security Grant Program FY 08/09	97.056	2008-GB-T8-K107	2,512
Total			2,512
<i>Passed Through the Ohio Department of Public Safety:</i>			
Emergency Management	97.042	34-6000.817	233,663
Emergency Supplemental Grant	97.042	2007-EM-E7-0085	47,052
Total Emergency Food and Shelter Program Cluster			280,715
<i>Passed Through the Ohio Department of Emergency Management Assistance:</i>			
FY08 Interoperable Emergency Communication	97.001	2008-IO-T8-0044	837
Total			837
Urban Area Security Initiative (URSI)	97.008	2005-GE-T5-001	1,626,178
Urban Area Security Initiative (URSI)	97.008	2006-TU-T6-0051	2,034,574
Total			3,660,752
Citizens Corps Council Grant Prog	97.053	2007-GE-T7-0030	6,447
Total			6,447
Urban Area Security Initiative (URSI)	97.067	2007-GE-T7-0030	578,091
Urban Area Security Initiative (URSI)	97.067	2008-GE-T8-0030	27,161
Community Emergency Response Team Grant	97.067	2007-GE-T7-0030	144,904
Community Emergency Response Team Grant	97.067	2008-GE-T8-0025	60
Law Enforce Terrorism Prevention Program	97.067	2007-GE-T7-0030	217,897
Total Homeland Security Cluster			968,113
Community Emergency Response Team Grant	97.073	2005-GE-T5-0001	8,702
Community Emergency Response Team Grant	97.073	2006-GE-T6-0051	489,986
State Homeland Security Regional	97.073	2006-GE-T6-0051	201
Total			498,889
Law Enforce Terrorism Prevention Program	97.074	2006-GL-T6-0051	1,772
Total			1,772
Total U.S. Department of Homeland Security			5,420,037

(Continued)

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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 YR 31 2005	14.218	B-05-UC-39-0001	2,844
CDBG Rehab Operations FY06	14.218	B-06-UC-39-0001	155,795
CDBG Rehab Operations FY07	14.218	B-07-UC-39-0001	467,113
CDBG Rehab Operations FY08	14.218	B-08-UC-39-0001	1,038,771
2008 NEIGHBORHOOD STABILIZATION PROGRAM	14.218	B-08-UC-39-0002	857,914
CDBG YR 35 2009	14.218	B-09-UC-39-0001	<u>1,668,311</u>
Total CDBG Entitlement Grants Cluster			4,190,748
2009 STATE NSP PROJECT PLAN	14.228	B-Z-08-246-1	<u>257,392</u>
Total State-Administered Small Cities Program Cluster			257,392
Emergency Shelter Grant 2006	14.231	S-06-UC-39-0001	448
Emergency Shelter Grant 2007	14.231	S-07-UC-39-0001	11,139
Emergency Shelter Grant 2008	14.231	S-08-UC-39-0001	<u>151,637</u>
Total			163,224
Supporting Housing Program 2006 — HEP	14.235	OH16B60-2004	119,382
SHP '07 SA Zelma George	14.235	OH16B670-2011	38,290
SHP-'07- DOMESTIC VIOLENCE CENTER	14.235	OH16B70-2030	87,518
SHP '07 - SA PASS SUPPORTIVE	14.235	OH16870-2015	265,549
SHP '07 - SA PASS TRANSITIONAL	14.235	OH16B70-2019	527,499
SHP '08 -SA ZELMA GEORGE	14.235	OH0073B5E020801	141,180
Supporting Housing Program 2008— HEP	14.235	OH0070B5E020801	<u>127,402</u>
Total			1,306,820
Shelter Plus Care 2003 — SRA	14.238	OH16C30-2004	102,437
Shelter Plus Care 2004 — SRA	14.238	OH16C40-2001	483,567
Shelter Plus Care 2005 — SRA	14.238	OH16C50-2001	445,554
Shelter Plus Care 2005 — TRA	14.238	OH16C50-2003	86,931
Shelter Plus Care 2006 SRA	14.238	OH16C60-2001	353,205
Shelter Plus Care 2007 Renewal — TRA	14.238	OH16C70-2037	2,256,806
Shelter Plus Care 2007 Renewal — SRA	14.238	OH16C70-2035	129,360
Shelter Plus Care 2008 Renewal - TRA	14.238	OH0060C5E020801	7,204,391
SHELTER+ CARE '08 RENEWAL -SRA	14.238	OH0058C5E020801	60,930
SHELTER+ CARE '07 SRA	14.238	OH16C70-2001	<u>231,969</u>
Total			11,355,150

(Continued)

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
CDBG-HOME FY94	14.239	M-94-DC-39-0216	2,944
CDBG-HOME FY95	14.239	M-95-DC-39-0216	42
Home 1996	14.239	M-96-DC-39-0216	12,979
Home 1997	14.239	M-97-DC-39-0216	21
Home 1998	14.239	M-98-DC-39-0216	15,783
Home 1999	14.239	M-99-DC-39-0216	3,540
Home 2002	14.239	M-02-DC-39-0216	73,253
Home 2003	14.239	M-03-DC-39-0216	168,212
Home Admin Operations 2004	14.239	M-02-DC-39-0216	337,634
American Dream 2003	14.239	M-02-DC-39-0217	(10,000)
American Dream 2004	14.239	M-02-DC-39-0218	13,031
Home 2005	14.239	M-05-DC-39-0216	276,182
Home ADM Operations 2006	14.239	M-03-DC-39-0216	205,942
Home 2007	14.239	M-07-DC-39-0216	561,216
Home 2008	14.239	M-08-DC-39-0216	1,057,140
Home 2009	14.239	M-09-DC-39-0216	469,716
Total			3,187,635
HUD Section 108	14.246	B-94-UC-39-0001	562,213
Brownfield Economic Development Initiative Grant	14.246	B-04-BD-39-0020	175,449
Total			737,662
ARRA HUD HPRP	14.257	S-09-UY-39-0001	13,985
Total			13,985
2007 Lead Hazard Reduction	14.900	623945391	684,765
2007 Lead Hazard Control	14.900	623945391	659,934
Total			1,344,699
2007 Healthy Homes Initiative	14.901	N/A	38,748
Total			38,748
<i>Passed Through the City of Cleveland:</i>			
ARRA HUD HPRP - CLEVELAND	14.257	N/A	280,898
<i>Passed Through the City of Cleveland Heights:</i>			
ARRA HUD HPRP - CLEVELAND HEIGHTS	14.257	N/A	25,779
Total ARRA HUD			306,677
Total U.S. Department of Housing and Urban Development			22,902,740
U.S. DEPARTMENT OF JUSTICE:			
<i>Direct Programs:</i>			
Bulletproof Vest Partnership	16.607	NA	41,024
Total			41,024
<i>Passed Through Ohio Office of Justice Assistance:</i>			
Voca Children Who Witness Violence 2009	16.575	2009-VADSCE471	59,875
Total			59,875

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Department of Public Safety:</i>			
Apprenticeship Grant 09/10	16.803	2009-RA-CO1-2147	1,147
Total			1,147
OFFICE OF JUSTICE PROGRAMS — VIOLENCE AGAINST WOMEN			
<i>Direct Programs:</i>			
Safe Havens: SVSE 2007	16.527	2006-CW-AX-0001	128,496
Total			128,496
OFFICE OF JUSTICE PROGRAMS NATIONAL INSTITUTE OF JUSTICE			
<i>Direct Programs:</i>			
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2008-PC-NFS-7807	46,405
Streamlining In-house Access to Coroner	16.742	2007-CD-BX-0013	31,404
Total			77,809
DNA Backlog Reduction Program	16.743	2007-DN-BX-K127	35,246
DNA Backlog Reduction Program	16.743	2008-DN-BX-K090	66,303
Total			101,549
Operation Night Light	16.744	2006-PS-CAG-382	8,997
Total			8,997
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION			
Internet Crimes Against Children FY09	16.543	2009-MC-CX-K032	13,516
Total			13,516
<i>Passed Through the Office of Criminal Justice Services:</i>			
CUY Pilot Res Treatment for Girls	16.523	2005-JB-011-B526	8,549
Total			8,549
JJDP Block Grant FY2008	16.540	2007-JJ-RPU-0795	82,375
JJDP Block Grant FY2009	16.540	2008-JJ-RPU-0795	165,066
2008 Cuyahoga JJ Administration	16.540	2007-JJ-ADM-0320	7,427
2009 Cuyahoga JJ Administration	16.540	2008-JJ-ADM-0320	16,738
CUY Pilot Program Evaluation	16.540	2005-JJ-GS1-0526	7,617
Total			279,223
Internet Crimes	16.542	2005-MCCX-K033	48,072
Total			48,072
VIOLENCE AGAINST WOMEN			
<i>Passed Through the Office of Criminal Justice Services:</i>			
FY2008 VAWA Block Grant	16.588	2007-WF-RPU-0768	135,391
FY2009 VAWA Block Grant	16.588	2008-WF-RPU-0768	268,892
FY2007 VAWA Administration	16.588	2007-WF-ADM-8668	1,170
FY2008 VAWA Administration	16.588	2008-WF-ADM-8668	12,181
FY09 ARRA Recovery Act Stop VAWA /ADMIN	16.588	ARRA-2009-AR-ADM-8668	409
Total			418,043

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Department of Youth Services:</i>			
ODYS Step Down	16.523	2007-JB-01-B068	18,838
2008 JAIBG Block Grant	16.523	2007-JB-RPU-0700	59,960
2009 JAIBG Block Grant	16.523	2008-JB-RPU-0700	48,334
Total			127,132
BUREAU OF JUSTICE ASSISTANCE:			
<i>Direct Programs:</i>			
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	78,971
Total			78,971
JAG Asst Justice 05	16.738	2005-DJ-BX-1550	52,213
JAG Asst Justice 06	16.738	2006-DJ-BX-1036	9,775
JAG Asst Justice 07	16.738	2007-DJ-BX-1355	306,083
JAG Asst Justice 08	16.738	2008-DJ-BX-0287	171,690
Total			539,761
Capital Case Litigation Initiative	16.746	2007-CP-BX-0004	6,922
Total			6,922
<i>Passed Through the Ohio Department of Public Safety:</i>			
Comprehensive Anti-gang Initiative	16.609	2006-PS-CAG-388	29,288
Total			29,288
Cuyahoga Regional TEW	16.738	2006-JG-E01-6562	344
Legal Advocacy for Victim of DV	16.738	2007-JG-D01-6474	1,321
Crime And Terrorism Awareness Prevention Program	16.738	2007-JG-B01-6602	3,812
Total			5,477
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>			
Cuyahoga County Adult Reentry Court	16.738	2007-JG-CO1-6575	7,838
Cuyahoga County Adult Reentry Court	16.738	2008-JG-COV-6575	55,068
Making a Change Group	16.738	2007-DJ-BX-1036	48,303
Total			111,209
Sex Offender Management Initiative	16.203	2008-WP-BX-0007	81,883
Total			81,883
Total U.S. Department of Justice			2,166,943
U.S. DEPARTMENT OF LABOR:			
<i>Direct Programs:</i>			
Employment For Youth 05	17.261	YF-14834-05-60	99,136
Total			99,136
DOL Manufac Access to Growth and Innovation	17.269	CB-15937-07-60-A39	411,632
Total			411,632

(Continued)

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Workforce Investment Act ("WIA") of 1998 Passed Through the Ohio Department of Job and Family Services:</i>			
WIA Administration	17.258	N/A	136,137
WIA Adult	17.258	N/A	2,908,116
Youth Employment Program	17.258	N/A	146,570
ODOD Incumbent Worker Training	17.258	N/A	148,825
WIA Special Project	17.258	N/A	401,262
WIA Ex-Offender	17.258	N/A	4,516
ARRA Adult	17.258	N/A	2,031,890
ARRA Ohio Learning Account	17.258	N/A	4,161
Total			5,781,477
WIA Administration	17.259	N/A	132,306
WIA Youth	17.259	N/A	2,832,191
Youth Employment Program	17.259	N/A	146,570
Veterans E & T	17.259	N/A	2,471
ODOD Incumbent Worker Training	17.259	N/A	148,825
WIA Special Project	17.259	N/A	250,000
WIA Ex-Offender	17.259	N/A	4,516
ARRA Youth	17.259	N/A	5,985,963
ARRA Ohio Learning Account	17.259	N/A	4,161
Total			9,507,003
Wia Administration	17.260	N/A	269,439
Wia Dislocated Worker	17.260	N/A	5,236,298
Veterans Rapid Response	17.260	N/A	12,422
Rapid Response	17.260	N/A	1,028
Veterans E & T	17.260	N/A	2,471
Career Advancement Accounts	17.260	N/A	5,097
Youth Employment Program	17.260	N/A	146,570
ODOD Incumbent Worker Training	17.260	N/A	148,825
WIA Special Project	17.260	N/A	250,000
WIA Ex-Offender	17.260	N/A	4,516
ARRA Dislocated Worker	17.260	N/A	2,769,740
ARRA Rapid Response	17.260	N/A	47,444
ARRA Ohio Learning Account	17.260	N/A	4,161
Total			8,898,011
Total WIA Cluster (17.258, 17.259, 17.260)			24,186,491
Disability Program Navigator	17.266	N/A	75,296
Total			75,296
Total U.S. Department of Labor			24,772,555
U.S. DEPARTMENT OF INTERIOR			
<i>Passed Through the Ohio and Erie Canal Association:</i>			
Towpath Trail Survey - OECA	15.AAA	N/A	9,513
Total U.S. Department of Interior			9,513

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF TRANSPORTATION:			
<i>Direct Programs:</i>			
County Airport — Airport Master Plan - Phase III	20.106	N/A	9,172
Total			9,172
<i>Passed Through the Ohio Department of Transportation:</i>			
Scenic Byway Management Plan	20.205	SB-2004-OH-51417	25,000
ODOT — LPA/Bennett Road Bridge # 50	20.205	E050 (175)	725,890
ODOT — LPA/Bainbridge Right of Way	20.205	E080 (298)	276,056
ODOT — LPA/Cuyahoga Community College Eastern Campus Rd. Improvement	20.205	E060 (396-397)	356,815
ODOT — LPA/Cannon Road Bridge No. 140	20.205	E050 (176)	307,315
ODOT — LPA/Cook -Stearns Road Project	20.205	E041 (202)	2,122,163
ODOT — LPA/Eastland Rd and East Land Bridge No. 27	20.205	FAN-E050493	5,965,944
ODOT — LPA/Harvard Road Bridge No. 82	20.205	E060(869)	315,814
ODOT — LPA/Scenic Byway Signage Project	20.205	E80 (026)	232,075
ODOT — LPA/Pleasant Valley Road & Bridge No. 58	20.205	G000 (382)	1,611
ODOT — LPA/ Ridgebury Road	20.205	E060(266)	1,709,370
ODOT — LPA/ Rockside Road Bridge # 218	20.205	E050(174)	1,302,117
ODOT — LPA/St. Clair Ave- East 72 st to East 140 st	20.205	E80 (724)	1,607,582
ODOT — LPA/St. Clair Ave Phase II Road	20.205	E036 (064)	1,916,442
ODOT — LPA/Stearns Road Project	20.205	E036 (675)	278,118
ODOT — LPA/Snow Road	20.205	E060 (265)	1,413,537
ODOT — LPA/Towpath Trail Project	20.205	E060(392)	24,479
ODOT — LPA/Warrensville Center Road	20.205	E070(397)	131
ODOT — LPA/ West 130 th St. Bridge No. 64	20.205	E035(328)	912,659
Total Highway Planning and Construction Cluster			19,493,118
Airport - FAA Rehabilitation Taxeway A, A1, A2	20.106	NA	226,690
Airport - 2009 Rehabilitation Taxiway C	20.106	NA	421,160
Total			647,850
Hazardous Materials Emergency Preparation Training	20.703	HMEOH8016060	12,488
Total			12,488
Total U.S. Department of Transportation			20,162,628
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
<i>Direct Programs:</i>			
Americorps PRJ JUV Just Work 07	94.006	JJWC-003-06	1,286
Total			1,286
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Training and Technical Assistance	94.009		51,860
Total			51,860
Total Corporation for National and Community Service			53,146
FEDERAL DEPARTMENT OF ARMY U.S. ARMY CORPS OF ENGINEERS			
<i>Direct Programs:</i>			
Cuyahoga River Environment Restoration	NA	NA	28,294
Total Federal Department of Army U.S. Army Corps of Engineers			28,294

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
FEDERAL DEPARTMENT OF COMMERCE			
<i>Passed Through the Ohio Department of Emergency Management Assistance:</i> Public Safety Interoperable Communication	11.555	2007-GS-H7-0053	10,345
Total Federal Department of Commerce			10,345
FEDERAL DEPARTMENT OF INTERNATIONAL DEVELOPMENT			
<i>Direct Programs:</i> Development of DNA Database for Convicted Offenders in Pakistan	98.001	PGA-P280515	3,100
Total Federal Department of International Development			3,100
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 386,287,379

(Concluded)

CUYAHOGA COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2009

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, 2009. 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 nonfederal 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 \$7,940,714 in federal awards during the year ended December 31, 2009. These expenditures are not included in the accompanying Schedule for the year ended December 31, 2009, because MetroHealth System had a separate audit performed by other auditors 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, 2009, under the Community Development Block Grant (CDBG) Entitlement and Home Investment Partnership programs. All of the loans outstanding at December 31, 2009, 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, 2009, under federal grant programs were as follows:

Program Title	Federal CFDA No.	Loan Amounts Outstanding at December 31, 2009
CDBG — Entitlement and (HUD-Administered) Small Cities Cluster	14.218	\$ 13,261,284
CDBG Home Investment Partnership program	14.239	<u>11,759,751</u>
		<u>\$ 25,021,035</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.

4. MEDICAID ASSISTANCE CLUSTER — TITLE XIX

The total amount expended by the County during 2009, under the Title XIX Medicaid Assistance Cluster (CFDA Nos. 93.775; 93.776; 93.777; and 93.778) is summarized as follows:

Passed Through From	Amount Expended
Ohio Department of Job and Family Services (93.778)	\$ 10,582,598
Ohio Department of Alcohol and Drug Addiction Services (93.778)	7,528,716
Ohio Department of Mental Health Services (93.778)	60,253,221
Ohio Department of Mental Retardation and Developmental Disabilities (93.778)	<u>30,578,125</u>
Total	<u>\$ 108,942,660</u>

5. CHILD CARE AND DEVELOPMENT (CCDF) CLUSTER

The total amount expended by the County during 2009, under the Child Care and Development Cluster (CFDA Nos. 93.575; 93.596; and 93.713) is summarized as follows:

Passed Through From	Amount Expended
Ohio Department of Job and Family Services (93.575)	\$ 17,102,060
Ohio Department of Job and Family Services (93.596)	32,775,256
Ohio Department of Job and Family Services (93.713)	<u>13,136,052</u>
Total	<u>\$ 63,013,368</u>

6. TITLE XX SOCIAL SERVICES BLOCK GRANT

The total amount expended by the County during 2009, under the Title XX Social Services Block Grant (CFDA No. 93.667) is summarized as follows:

Passed Through From	Amount Expended
Ohio Department of Job and Family Services	\$ 32,311,579
Ohio Department of Mental Health Services	956,118
Ohio Department of Mental Retardation and Developmental Disabilities	<u>1,028,587</u>
Total	<u>\$ 34,296,284</u>

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

County Executive and County Council
Cuyahoga County, OH

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cuyahoga County, Ohio (the "County") as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 18, 2012, which was modified due to restatement to correct a misstatement and to include a reference to the report of other auditors. 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. Other auditors audited the financial statements of the MetroHealth System, as described in our report on the County's financial statements. This report also does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness, and a certain deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness [2009-1].

A *significant deficiency* is a deficiency, or combination of deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency [2007-1].

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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated June 18, 2012.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Executive, County Council, County 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 18, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

County Executive and County Council
Cuyahoga County, OH

Compliance

We have audited the compliance of Cuyahoga County, Ohio (the "County") with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2009. 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 The MetroHealth System, a discretely presented component unit, which expended \$7,940,714 in federal awards during the year ended December 31, 2009, which is not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2009. Our audit, described below, did not include the operations of The MetroHealth System because the discretely presented component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

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 to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the County Executive, County Council, County 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 18, 2012

CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2009

SUMMARY OF AUDITORS' RESULTS

- Type of Report Issued on the Financial Statements as of and for the Year Ended December 31, 2009 — Unqualified.
- Internal Control Over Financial Reporting:
 - Material weaknesses identified? — Finding 2009-1 (see below)
 - Significant Deficiencies identified that are not considered to be material weaknesses? — Finding 2007-1 (see below)
- Noncompliance noted that is Material to the Financial Statements — N/A (none reported).
- Internal control over major programs:
 - Material weaknesses identified? — No
 - Significant Deficiencies identified that are not considered to be material weaknesses? — N/A (none reported).
- Type of Report Issued on Compliance with Requirements Applicable to Major Federal Award Programs — Unqualified.
- The audit did not disclose any findings required to be reported under Section.510(a) of OMB Circular A-133.
- Major Federal Award Programs Identified for the Year Ended December 31, 2009:
 - CFDA #10.551, 10.561 SNAP Cluster
 - CFDA #14.239 HOME Investment Partnership Program
 - CFDA #81.042 Home Weatherization Assistance
 - CFDA #93.558 Temporary Assistance to Needy Families
 - CFDA #93.575, 93.596, 93.713 CCDF Cluster
 - CFDA #93.563 Child Support Enforcement
 - CFDA #93.658 Foster Care—Title IV-E
 - CFDA #93.667 Social Services Block Grant
 - CFDA #93.778 Medicaid Assistance Cluster
 - CFDA #93.959 Block Grants for Prevention and Treatment of Substance Abuse
- Dollar Threshold Used to Distinguish Between Type A and Type B Programs — \$3 million.
- 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*:

**FINDING 2009-1 — RESTATEMENT OF GOVERNMENTAL ACTIVITIES NET ASSETS—
BEGINNING OF YEAR**

Financial Statement Preparation

Criteria — Controls over financial statement preparation should include consideration of statutory amendments that could result in changes in the determination of financial statement amounts and disclosures.

Observation — Subsequent to the issuance of the County's 2008 basic financial statements, management determined that a recent statutory change in Ohio shifted the responsibility for the construction and major maintenance for all bridges on the State Highway System within a municipal corporation to the State of Ohio. Previously, this responsibility resided with the County, and upon initial adoption of GASB 34 in 2002, bridges meeting this criteria were capitalized as infrastructure capital assets. As a result of the statutory change, the State of Ohio began reporting these bridges as part of the State's infrastructure beginning in its 2008 annual report. Local governments in Ohio should have eliminated these bridges from their 2008 annual reports. Therefore, certain beginning balance amounts in the 2009 government wide financial statements and notes to the financial statements have been restated from amounts previously reported in 2008. The table in Note R to the basic financial statements summarizes the effects of the restatement on the government wide statement of net assets.

Effect — Lack of formalized procedures over financial statement preparation that should have included consideration of statutory amendments resulted in changes in the determination of infrastructure assets and disclosures not being reflected in the financial statements on a timely basis. This resulted in certain beginning balance amounts in the 2009 government wide financial statements and notes to the financial statements to be restated from amounts previously reported in 2008.

Questioned Costs — None.

Recommendation — We recommend management establish formal financial statement preparation procedures to monitor for statutory amendments that could result in changes in the determination of financial statement amounts and disclosures.

Views of Responsible Officials — The issue of ownership of the bridges in question was a matter of dispute between the Ohio Department of Transportation and the County Engineer. The issue was not formally resolved until prior to completion of the 2009 financial statements. Currently, there is a more direct line of communication between the former Engineers Office, now part of the Public Works department, and the Accounting Department that is now a part of the new Fiscal Office. Both offices now fall under the control of the County Executive. All infrastructure assets are now reviewed with the public works office prior to completion of the capital assets schedules.

FINDING 2007-1 — CUYAHOGA COUNTY INFORMATION SERVICES CENTER

Information Security

Criteria — Controls over information security should include application owners' authorizing the nature and extent of user access privileges, and that such privileges are periodically reviewed by application owners to verify access privileges remain appropriate.

Observation — Formalized procedures for the administration of user access removal and notification of employee terminations do not exist. Additionally, a periodic review of user access appropriateness to Cuyahoga County application systems is not regularly performed. As a result, detailed testing procedures revealed that terminated and transferred employees retained access to various financial application systems. This finding was also identified during the 2007 single audit.

Effect — Lack of formalized procedures for the administration of user access removal and notification of employee terminations presents the risk that active accounts for individuals who have separated from the organization or transferred job positions could provide other employees' unauthorized access to financial systems.

Questioned Costs — None.

Recommendation — We recommend management conduct a review of each computer platform (Novell, mainframe, Unix & Oracle) and application (FAMIS, Payroll, FAACS, MVP, PPT & Sigma) on at least an annual basis to ensure access is commensurate with employee job responsibilities. Additionally, management should continue to work with Human Resource personnel to periodically provide the Information Systems department a listing of employees who have left the Information Services Center or Cuyahoga County agencies, in order for Systems Administrators to ensure that the employee's access has been revoked.

Views of Responsible Officials — In 2009 an Early Retirement Incentive Program (ERIP) was offered to County employees. With people retiring throughout the year, we began reviewing these terminations every month. Accounts were disabled for network access, email, and any access to specific platforms. In March 2009, we updated our policy, arranged for HR to forward us all terminations, and began addressing all terminations. The policy approved stated we would perform quarterly reviews, however due to the ERIP we continued monthly reviews throughout 2009.

Application access is managed by the individual agencies, so the ISC did not address those related accounts. The access to the applications identified (FAMIS, Payroll, FAACS, MVP, PPT, & Sigma) would have been handled by the Auditor's or Treasurer's Offices.

CUYAHOGA COUNTY, OHIO

STATUS OF PRIOR-YEAR FINDINGS AND OTHER MATTERS

Prior-Year Findings — See finding 2007-1 above.

Current-Year Status — See finding 2007-1 above.

Other Matters — On July 28, 2008, agents of the Federal Bureau of Investigation and the Internal Revenue Service executed search warrants at certain County government offices, the homes of certain County officials, and the business offices of certain private contractors in connection with what has been characterized as a “government corruption investigation” (the “Investigation”). Additional search warrants were executed on September 23, 2008 at the offices of two County Judges. In addition, pursuant to the investigation, several Federal Grand Jury subpoenas for the production of documents were issued to the government offices of a County Commissioner, the County Auditor, the County Engineer and the County Information Services Office. The County has complied with the search warrants and continues to cooperate with the Investigation. Since the initial searches, multiple criminal charges have been filed in the United States District Court for the Northern District of Ohio charging former county employees, public officials and other individuals with soliciting and receiving bribes. Several former county employees and public officials including the former County Auditor have pleaded guilty to such charges and have been sentenced or are awaiting sentencing on such charges. A former County Commissioner and two former judges were convicted and have been or are awaiting sentencing. Additional criminal cases are pending.

In response to the Investigation, the County retained the services of a law firm to assist the County in its internal investigation of County contracting procedures and awards and other matters related to the Investigation. On October 28, 2009, the law firm issued a report regarding the internal review and investigation. The Board of County Commissioners accepted the report on October 29, 2009, and its conclusions were endorsed and adopted by the Board. The report was updated by means of supplemental reports submitted in December 2009 and October 2011, which took into account subsequent public corruption charges filed against other individuals.

The report concluded that in spite of the conduct of the individuals named in charges resulting from the Investigation, it is highly unlikely that the criminal conduct, which formed the basis of the criminal indictments, will materially affect the fair presentation of the County's basic financial statements. In addition, the report concluded that given the amount of funds involved, the possibility that the County's overall financial position or operations would be materially impacted by any of the activities uncovered in the federal public corruption investigation is remote.

The federal public corruption investigation is still ongoing, however, based upon the County's own internal investigation, the County believes the likelihood of the Investigation resulting in any material potential loss or liability, including the possibility of significant disallowance findings related to Federal and State assisted grant programs, is remote; and that any adverse outcome from these charges would pertain to the County officials and former employees subject to the investigation rather than the County itself.



Dave Yost • Auditor of State

CUYAHOGA COUNTY 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
JULY 10, 2012