

**CITY OF CLEVELAND
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF CLEVELAND
CUYAHOGA COUNTY

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CITY OF CLEVELAND

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

For The Year Ended December 31, 2000

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Agriculture			
Direct Programs:			
Summer Lunch Program 1998	10.559	-	\$ 203
Summer Lunch Program 1999	10.559	-	18,199
Summer Lunch Program 2000	10.559	-	182,155
Total Department of Agriculture			<u>\$ 200,557</u>
Department of Commerce			
Direct Programs:			
Minority Business Development Center 1997	11.800	-	(2,022)
Total Department of Commerce			<u>\$ (2,022)</u>
Department of Energy			
Pass Through Programs:			
Ohio Department of Development:			
Weatherization Assistance 1997	81.042	D-97-111	\$ (17)
Weatherization Assistance 1998	81.042	D-98-111	(110)
Weatherization Assistance 1999	81.042	D-99-111	101,596
Weatherization Assistance 2000	81.042	D-00-111	116,415
Subtotal			<u>217,884</u>
State Weatherization 1997	81.000	S-97-111	(247)
State Weatherization 1998	81.000	S-98-111	(11)
State Weatherization 1999	81.000	S-99-111	244,190
State Weatherization 2000			418,040
Subtotal			<u>661,972</u>
Total Department of Energy			<u>\$ 879,856</u>
Department of Health and Human Services			
Direct Programs:			
Healthy Family/Healthy Start VI	93.926	-	\$ 63
Healthy Family/Healthy Start IV	93.926	-	(5,065)
Healthy Family/Healthy Start I	93.926	-	(22,397)
Healthy Family/Healthy Start Yr2	93.926	-	177,105
Healthy Family/Healthy Start Phll/Yrlll	93.926	-	1,825,607
Healthy Family/Healthy Start Phll/Yr4	93.926	-	643,348
Subtotal			<u>2,618,661</u>
Temporary Assistance for Needy Families	93.558	-	58,477
Subtotal			<u>58,477</u>
Pass Through Programs:			
Federation for Community Planning:			
Immunization Action Plan 1998	93.268	-	(1,297)
Immunization Action Plan 1999	93.268	-	28,849
Immunization Action Plan 2000	93.268	-	103,994
Subtotal			<u>131,546</u>
Ohio Department of Health:			
Aids community Based Care	93.917	139-B	23,400
Aids community Based Care 1998	93.917	18-2-01-F-CE-GRF	(3,325)
Aids community Based Care 1999	93.917	18-2-01-F-CE-GRF	(25)
Ryan White Plan & Eval Project	93.917	18-2-01-F-BV-392	2,765
Ryan White Plan & Eval Project	93.917	18-2-01-F-BV-392	16,650
Subtotal			<u>39,465</u>

The accompanying notes are an integral part of this schedule

CITY OF CLEVELAND

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

For The Year Ended December 31, 2000

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Health and Human Services--Continued			
Pass Through Programs--Continued:			
Ohio Department of Aging:			
Geriatric Outreach Workers 1998	93.044	-	90
Geriatric Outreach Workers 1999	93.044	-	8,334
Geriatric Outreach Workers 2000	93.044	-	125,847
		Subtotal	<u>134,271</u>
Cuyahoga County Board of Health:			
Health Promotion Block Grant 1998	93.991	139-N-98	(596)
Health Promotion Block Grant 1999	93.991	139-N-99	10,198
Health Promotion Block Grant 2000	93.991	139-N-00	54,832
		Subtotal	<u>64,434</u>
Ohio Department of Health:			
Childhood Lead Poisoning 1996	93.197	139-U-96	(8,983)
Childhood Lead Poisoning 1997	93.197	139-U-97	2,732
Childhood Lead Poisoning 1998-1999	93.197	139-U-98	594
Childhood Lead Poisoning 1999-2000	93.197	18-2-01-F-BD	195,755
Childhood Lead Poisoning 2000-2001	93.197	18-2-01-F-BD	206,162
		Subtotal	<u>396,260</u>
Health Services for Residents of CMHA 98	93.927	CSH-000145-07	228
		Subtotal	<u>228</u>
Ohio Department of Health:			
Sexually Transmitted Diseases Program 1998	93.997	139-H-95-98	(3,014)
Sexually Transmitted Diseases Program 1999	93.997	18-2-01-P-BX-392	5,989
Sexually Transmitted Diseases Program 2000	93.997	18-2-01-P-BX-392	79,475
		Subtotal	<u>82,450</u>
Ohio Department of Alcohol and Drug Addiction Services:			
Centerpoint/Reward 1998	93.992	-	(19)
Centerpoint/Reward 1998-1999	93.992	-	(16,371)
Centerpoint/Reward 2000	93.992	-	163,684
Centerpoint/Reward 2001	93.992	-	169,817
Drug Management 2000	93.992	-	(2,610)
Drug Management 2000	93.992	-	29,234
Drug Management 2001	93.992	-	35,631
Focus Continuation 1998	93.992	-	(488)
Focus Continuation 1998-1999	93.992	-	2,684
Student Assistance 98-99	93.992	-	1,287
Student Assistance 2000	93.992	-	30,896
Student Assistance 2001	93.992	-	22,508
		Subtotal	<u>436,253</u>
Infant Mortality Reduction Initiative Yr2	93.994	18-2-001-1-DM-01	106,101
Infant Mortality Reduction Initiative Grant 2001	93.994	18-2-001-1-DM-01	23,151
State Child Lead Poisoning 1999	93.994	-	(44)
State Child Lead Poisoning 2000	93.994	-	26,863
State Child Lead Poisoning 2001	93.994	-	15,417
		Subtotal	<u>171,488</u>

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CITY OF CLEVELAND

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

For The Year Ended December 31, 2000

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Health and Human Services--Continued			
Pass Through Programs--Continued:			
Ohio Department of Development:			
Federal Aids Prevention 1997	93.940	139-Z	5,274
Federal Aids Prevention 1998	93.940	18-2-01-P-AS-392	8,205
Federal Aids Prevention 1999	93.940	18-2-01-P-AS-392	722,162
		Subtotal	<u>735,641</u>
Ohio Department of Development:			
Low Income Home Energy Assistance 1997	93.568	H-97-111	(493)
Low Income Home Energy Assistance 1998	93.568	H-98-111	(27)
Low Income Home Energy Assistance 1999	93.568	H-99-111	205,502
Low Income Home Energy Assistance 2000	93.568	H-00-111	583,876
		Subtotal	<u>788,858</u>
Ohio Department of Health:			
Supplemental Empowerment Zone - Title XX	93.585	G-98-01-244	92,264
		Subtotal	<u>92,264</u>
Total Department of Health and Human Services			<u><u>\$ 5,750,296</u></u>
Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grants:			
CDBG XXI	14.218	-	\$ 213,893
CDBG XXII	14.218	-	588,010
CDBG XXIII	14.218	-	1,311,485
CDBG XXIV	14.218	-	5,458,953
CDBG XXV	14.218	-	16,859,958
CDBG XXVI	14.218	-	6,244,710
Special Purpose 1994	14.218	-	28,315
CDBG Float Loan	14.218	-	3,948,215
Supplemental Empowerment Zone	14.218	-	5,860,513
		Subtotal	<u>40,514,052</u>
Federal Home Program 1992	14.239	-	1,065,617
Federal Home Program 1996	14.239	-	3,890
Federal Home Program 1997	14.239	-	928,317
Federal Home Program 1998	14.239	-	654,096
Federal Home Program 1999	14.239	-	1,130,328
Federal Home Program 2000	14.239	-	650,918
Perry - Payne Repayments	14.239	-	77,541
		Subtotal	<u>4,510,707</u>
Emergency Shelter 1997	14.231	-	15,391
Emergency Shelter 1998	14.231	-	214,934
Emergency Shelter 1999	14.231	-	974,518
		Subtotal	<u>1,204,843</u>
Housing Opportunities for People with Aids 1996	14.241	-	210,969
Housing Opportunities for People with Aids 1997	14.241	-	592,000
Housing Opportunities for People with Aids 1998	14.241	-	481,500
Housing Opportunities for People with Aids 1999	14.241	-	338,878
		Subtotal	<u>1,623,347</u>

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CITY OF CLEVELAND

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

For The Year Ended December 31, 2000

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Housing and Urban Development--Continued			
Direct Programs--Continued:			
Community Development Block Grants:			
Lead Based Paint Abatement 111	14.900	-	600,998
Toxic Substance Control	14.900	-	16,193
		Subtotal	<u>617,191</u>
Empowerment Zones Program	14.244	-	4,736,026
		Subtotal	<u>4,736,026</u>
Total Department of Housing and Urban Development			<u><u>\$ 53,206,166</u></u>
Department of Justice			
Direct Programs:			
COPS Universal	16.710	-	\$ 86,991
Problem Solving Partnership Program	16.710	-	10,253
Distressed Neighborhood Grant	16.710	-	3,434,215
		Subtotal	<u>3,531,459</u>
Local Law Enforcement Block Grant 98	16.592	-	2,000,000
Local Law Enforcement Block Grant 99	16.592	-	1,022,773
		Subtotal	<u>3,022,773</u>
Pass Through Programs:			
Office of Criminal Justice Services:			
Byrne Grant(Caribbean Gang Task Force 1999	16.579	99-DG-A01-7424	33,358
Byrne Grant(Caribbean Gang Task Force 2000	16.579	00-DG-A01-7424	32,867
		Subtotal	<u>66,225</u>
Violence Against Women	16.588	99-WF-VA2-8670	43,618
		Subtotal	<u>43,618</u>
Juvenile Accountability Incentive Block Grant	16.523	98-JB-013-A006	305,646
		Subtotal	<u>305,646</u>
Total Department of Justice			<u><u>\$ 6,969,721</u></u>
Department of Treasury			
Direct Programs:			
G.R.E.A.T. 1999	21.053	99429046	283,594
G.R.E.A.T. 2000	21.053	ATC000066	126,625
		Subtotal	<u>410,219</u>
Total Department of Treasury			<u><u>\$ 410,219</u></u>

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CITY OF CLEVELAND

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

For The Year Ended December 31, 2000

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Labor			
Pass Through Programs:			
Ohio Bureau Of Employment Services:			
JTPA- Administrative Cost Pool	17.250	-	\$ 806
JTPA- Administrative Cost Pool	17.250	-	25,290
JTPA- Syetp	17.250	-	743
JTPA- Title II-A 77% PY '97	17.250	0-97-20-00-01	234,311
JTPA- Assistance For Dislocated Worker	17.250	A-97-20-00-01	1,598
JTPA- Title II-C 82% PY '97	17.250	Y-97-20-00-01	42,660
JTPA- State Educ Co-Ordination	17.250	-	623
JTPA- High Unemployment Program	17.250	-	101
JTPA- Jobs for Clevelanders	17.250	-	3,237
JTPA- Administrative Cost Pool	17.250	-	22,709
JTPA- PY '98 Training IIA-77%	17.250	0-98-20-00-00	422,747
JTPA- PY '98 Syetp IIB	17.250	5-98-20-00-00	(84,861)
JTPA- PY '98 Youth Training Program IIC-82%	17.250	Y-98-20-00-00	235,479
JTPA- 98 State Education Cord IIC-8%	17.250	4-98-20-00-00	94,879
JTPA- PY '98 Jobs For Clevelanders	17.250	-	76,918
JTPA- '98 Administrative Cost Pool	17.250	-	(28,534)
JTPA- PY '99 Training IIA-77%	17.250	0-99-20-00-01	1,229,102
JTPA- Title III EDWAA	17.250	A-99-20-00-01	493,889
JTPA- PY '99 Syetp IIB	17.250	5-99-20-00-01	332,509
JTPA- Title II-C 82% PY '99	17.250	Y-99-20-00-01	113,345
JTPA- TITLE II A - 5% 1999	17.250	-	53,432
JTPA- TITLE II A - 8% 1999	17.250	4-99-20-00-00	146,297
JTPA- Jobs for Clevelanders	17.250	-	307,642
JTPA- Title IV Quantum Opportunities	17.250	F5485-5-00-80-60	343,302
JTPA- '99 Administrative Cost Pool	17.250	-	1,180,736
JTPA- PY 97 Title III Governor's Reserve	17.250	B-97-20-00-01	26,185
Services for Older Individuals 1999-2000	17.250	-	98,482
Services for Older Individuals	17.250	-	681
Services for Older Individuals	17.250	-	1,386
		Subtotal	<u>5,375,694</u>
WIA 2000	17.255	-	3,072,991
WIA Aging 2000-2001	17.255	-	38,536
		Subtotal	<u>3,111,527</u>
		Total Department of Labor	<u>\$ 8,487,221</u>
Department of Transportation			
Direct Programs:			
Federal Aviation Administration:			
Airport Improvement Program 47	20.106	-	\$ 223,118
Airport Improvement Program 49	20.106	-	752,235
Airport Improvement Program 50	20.106	-	1,146,638
Airport Improvement Program 51 & 52	20.106	-	4,183,937
		Subtotal	<u>6,305,928</u>
Ohio Department of Development:			
Highway Planning and Construction	20.205	-	804,381
		Subtotal	<u>804,381</u>
		Total Department of Transportation	<u>\$ 7,110,309</u>

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CITY OF CLEVELAND

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

For The Year Ended December 31, 2000

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Environmental Protection Agency			
Direct Programs:			
Air Pollution Control 1994	66.001	-	\$ 839
Air Pollution Control 1998	66.001	-	(1,222)
Air Pollution Control 1999	66.001	-	4,525
Air Program FY 2000	66.001	-	845,097
Air Program PM2.5 Monitor FY 1999	66.001	-	(8)
Air Program PM2.5 Monitor FY 2000	66.001	-	102,581
Air Program Carryover 1998	66.001	-	25,956
Air Program 2001	66.001	-	766,657
Air Program PM2.5 FY2001	66.001	-	48,383
		Subtotal	<u>1,792,808</u>
Pass Through Programs:			
Ohio Environmental Protection Agency:			
Air Pollution Control 1997	66.001	-	32
Air Pollution Control 1998	66.001	-	(33,538)
Air Pollution Control 1999	66.001	-	11,704
		Subtotal	<u>(21,802)</u>
	Total Environmental Protection Agency		<u>\$ 1,771,006</u>
		Grand Total	<u>\$ 84,783,329</u>

The accompanying notes are an integral part of this schedule

City of Cleveland
Notes to Schedule of Federal Awards Expenditures
For The Year Ended December 31, 2000

Basis of Presentation:

The accompanying Schedule of Federal Awards Expenditures includes the federal grant activity of the City of Cleveland (the "City") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Contingencies:

The City's Job Training Partnership Act ("JTPA") program and the Empowerment Zone's One-Stop Career Center program administered by JTPA are currently under special audit by the Auditor of the State of Ohio as a result of certain allegations of misappropriated funds. The results of this audit were not available at the date of the release of this report.

In July 2000, the Auditor of State of Ohio began a special audit of the City's Air Pollution Control program. The results of this audit were not available at the date of the release of this report.

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City of Cleveland (SDA 20)
Cleveland, Ohio
Supplemental Schedule - Job Training Partnership Act
For the Period Ending December 31, 2000

Federal Grantor/Pass Through Grantor Program Titles	Grant Period	CFDA Number	Allocation	Transfers	Revenue	Expenditures	Unexpended Allocation
<u>United States Department of Labor</u>							
<u>Ohio Bureau of Employment Services</u>							
JTPA Title II							
0-97-20-00-00	07/01/96-12/31/99	17.250	866,866	-	866,866	866,866	0
0-98-20-00-00	07/01/97-12/31/99	17.250	1,764,856	-	1,764,856	1,764,856	0
0-99-20-00-00	07/01/99-12/31/99	17.250	3,993,484	-	645,339	645,339	3,348,145
1-99-20-00-00	07/01/99-12/31/99	17.250	261,149	-	33,407	33,407	227,742
Y-99-20-00-00	07/01/99-12/31/99	17.250	529,998	812,088	487,809	487,809	854,277
5-99-20-00-00	07/01/99-12/31/99	17.250	4,373,908	(812,088)	3,497,794	3,497,794	64,026
JTPA Title III							
A-98-20-00-00	07/01/98-12/31/99	17.250	183,780	-	183,780	183,780	-
A-99-20-00-00	07/01/99-12/31/99	17.250	1,270,218	-	891,761	891,761	\$378,457
B-99-20-00-00	07/01/99-12/31/99	17.250	58,492	-	-	-	58,492
Total CFDA #17.250			\$13,302,751	\$0	\$8,371,612	\$8,371,612	\$4,931,139
WIA TRANSITION FUND							
T-99-20-03-00	03/24/00-9/30/00	17.255	400,000	-	27,204	27,204	\$372,796
Total CFDA #17.255			\$400,000	\$0	\$27,204	\$27,204	\$372,796
Total Pass Through Ohio Bureau of Employment Services			\$13,702,751	\$0	\$8,398,816	\$8,398,816	\$5,303,935
<u>Ohio Department of Education</u>							
JTPA Title IIA 8%							
4-97-20-00-00	07/01/97-12/31/99	17.250	199,727	-	199,727	199,727	-
4-98-20-00-00	07/01/98-12/31/99	17.250	344,931	-	223,135	218,054	126,877
4-99-20-00-00	07/01/99-12/31/99	17.250	379,901	-	-	-	379,901
Total CFDA #17.250			\$924,559	\$0	\$422,862	\$417,781	\$506,778
Total Pass Through Ohio Department of Education			\$924,559	\$0	\$422,862	\$417,781	\$506,778
Total Expenditure of Federal Award			\$14,627,310	\$0	\$8,821,678	\$8,816,597	\$5,810,713

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City of Cleveland (SDA 20)
Cleveland, Ohio
Analysis of Cost Limitations and Budget to Actual Title IIA 77%
For the Period Ending December 31, 2000

0-97-20-00-00	Totals	Administration	Program
Allocation			
Allocation Amount	3,047,677	609,535	2,438,142
Transfer From IIC	-	-	-
Total Allocation	3,047,677	609,535	2,438,142
Expenditures			
Expenditures 07/01/97-12/31/97	579,707	101,135	478,572
Expenditures 01/01/98-12/31/98	583,765	4,837	578,928
FIFO & Cost Pool Adjustment as of 12/31/98	690,878	445,633	245,245
Expenditures 01/01/99-12/31/99	248,220	8,728	239,492
1999 FIFO & Cost Pool Adjustment	78,241	(2,483)	80,724
Expenditures 01/01/00-09/30/00	236,361	10,151	226,211
2000 FIFO & Cost Pool Adjustment	630,504	41,534	588,970
Total Expenditure	3,047,677	609,535	2,438,142
Unexpended Funds	0	0	0
Percentage of Allocation	100.00%	20.00%	80.00%
Budget			
2000 Budget	866,866	51,685	815,181
Percentage Achieved	100.00%	100.00%	100.00%

0-98-20-00-00	Totals	Administration	Program
Allocation			
Allocation Amount	3,839,827	767,965	3,071,862
Transfer From IIC	-	-	-
Total Allocation	3,839,827	767,965	3,071,862
Expenditures			
Expenditures 07/01/98-12/31/98	466,839	46,323	420,516
FIFO & Cost Pool Adjustment as of 12/31/98	79,446	54,396	25,050
Expenditures 01/01/99-12/31/99	864,229	103,527	760,702
1999 FIFO & Cost Pool Adjustment	664,457	412,528	251,929
Expenditures 01/01/00-09/30/00	358,718	71,743	286,974
2000 FIFO & Cost Pool Adjustment	1,406,139	79,448	1,326,691
Total Expenditure	3,839,827	767,966	3,071,862
Unexpended Funds	0	0	0
Percentage of Allocation	100.00%	20.00%	80.00%
Budget			
2000 Budget	1,764,856	151,191	1,613,665
Percentage Achieved	100.00%	8.57%	91.43%

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City of Cleveland (SDA 20)
Cleveland, Ohio
Analysis of Cost Limitations and Budget to Actual Title IIA 77%
For the Period Ending December 31, 2000

0-99-20-00-00	Totals	Administration	Program
Allocation			
Allocation Amount	3,993,484	798,697	3,194,787
Transfer From IIC	0	0	0
Total Allocation	3,993,484	798,697	3,194,787
Expenditures			
FIFO & Cost Pool Adjustment as of 12/31/99	-	-	0
Expenditures 01/01/99-12/31/99	0	-	0
1999 FIFO & Cost Pool Adjustment	-	-	0
Expenditures 01/01/00-09/30/00	1,588,654	123,806	1,464,848
2000 FIFO & Cost Pool Adjustment	(943,315)	(188,663)	(754,652)
Total Expenditure	645,339	-64,857	710,196
Unexpended Funds	3,348,145	863,554	2,484,592
Percentage of Allocation	16.16%	-1.62%	8.00%
2000 Budget			
2000 Budget	3,993,484	798,697	3,194,787
Percentage Achieved	16.16%	-1.62%	17.78%
85% Analysis			
Expenditures	645,339		
Obligations	-		
Total	645,339		
Percentage Achieved	16.16%		

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City of Cleveland (SDA 20)
Cleveland, Ohio
Analysis of Cost Limitations and Budget to Actual Title IIA 5%
For the Period Ending December 31, 2000

1-99-20-00-00	Totals	Administration	Program
Allocation			
Allocation Amount	265,647	53,129	212,518
Transfer From	-	-	-
Total Allocation	265,647	53,129	212,518
Expenditures			
Expenditures 07/01/99-12/31/99	-	-	-
1999 FIFO & Cost Pool Adjustment	4,498	2,204	2,294
Expenditures 01/01/00-09/30/00	53,432	-	53,432
Stand In Cost	(24,532)	-	(24,532)
2000 FIFO & Cost Pool Adjustment	4,507	4,507	-
Total Expenditure	37,905	6,711	31,194
Unexpended Funds	227,742	46,418	181,324
Percentage of Allocation	14.27%	2.53%	11.74%
Budget			
2000 Budget	261,149	50,925	210,224
Percentage Achieved	22.19%	1.73%	20.46%
85% Analysis			
Expenditures	37,905		
Obligations	-		
Total	37,905		
Percentage Achieved	14.51%		

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City of Cleveland (SDA 20)
Cleveland, Ohio
Analysis of Cost Limitations and Budget to Actual Title IIA 8%
For the Period Ending December 31, 2000

4-97-20-00-00	Totals	Administration	Program
Allocation			
Allocation Amount	288,894	57,779	231,115
Transfer From IIC	-	-	-
Total Allocation	288,894	57,779	231,115
Expenditures			
Expenditures 07/01/97-12/31/98	196,865	21,312	175,553
FIFO & Cost Pool Adjustment as of 12/31/98	(86,034)	51,356	(137,390)
Expenditures 01/01/99-12/31/99	-	-	-
1999 FIFO & Cost Pool Adjustment	(21,664)	(17,951)	(3,713)
Expenditures 01/01/00-09/30/00	624	-	624
2000 FIFO & Cost Pool Adjustment	199,104	39,821	159,283
Total Expenditure	288,894	94,537	194,357
Unexpended Funds	(0)	(36,759)	36,758
Percentage of Allocation	100.00%	32.72%	67.28%
Budget			
2000 Budget	199,727	3,062	196,665
Percentage Achieved	99.69%	19.94%	79.75%
4-98-20-00-00			
Allocation			
Allocation Amount	366,663	73,333	293,330
Transfer From IIC	-	-	-
Total Allocation	366,663	73,333	293,330
Expenditures			
Expenditures 07/01/98-12/31/98	14,400	1,732	12,668
FIFO & Cost Pool Adjustment as of 12/31/98	2,451	1,678	773
Expenditures 01/01/99-12/31/99	-	-	-
1999 FIFO & Cost Pool Adjustment	4,881	3,029	1,852
Expenditures 01/01/00-09/30/00	94,879	18,976	75,903
2000 FIFO & Cost Pool Adjustment	123,175	24,635	98,540
Total Expenditure	239,786	50,050	189,736
Unexpended Funds	126,877	23,283	103,595
Percentage of Allocation	65.40%	13.65%	51.75%
Budget			
2000 Budget	344,931	66,894	278,038
Percentage Achieved	63.22%	12.64%	50.57%

The accompanying notes are an integral part of this schedule

City of Cleveland (SDA 20)
Cleveland, Ohio
Analysis of Cost Limitations and Budget to Actual Title IIA 8%
For the Period Ending December 31, 2000

4-99-20-00-00	Totals	Administration	Program
Allocation			
Allocation Amount	379,901	75,980	303,921
Transfer From IIC	-	-	-
Total Allocation	379,901	75,980	303,921
Expenditures			
FIFO & Cost Pool Adjustment as of 12/31/99	-	-	-
Expenditures 01/01/99-12/31/99	-	-	-
1999 FIFO & Cost Pool Adjustment	-	-	-
Expenditures 01/01/00-09/30/00	-	-	-
2000 FIFO & Cost Pool Adjustment	(145,441)	(29,088)	(116,353)
Total Expenditure	(145,441)	(29,088)	(116,353)
Unexpended Funds	234,460	46,892	187,568
Percentage of Allocation	-38.28%	-38.28%	-38.28%
Budget			
2000 Budget	379,901	75,980	303,921
Percentage Achieved	-38.28%	-38.28%	-38.28%
85% Analysis			
Expenditures			
Obligations			
Total	-		
Percentage Achieved	0.00%		

The accompanying notes are an integral part of this schedule

City of Cleveland (SDA 20)
Cleveland, Ohio
Analysis of Cost Limitations and Budget to Actual Title III
For the Period Ending December 31, 2000

5-99-20-00-00

Allocation

Allocation Amount	4,604,921	920,984	3,683,937
Transfer From 5-99-20-00-00	<u>(812,088)</u>	<u>(162,418)</u>	<u>(649,670)</u>
Total Allocation	<u>3,792,833</u>	<u>758,566</u>	<u>3,034,267</u>

Expenditures

Expenditures 07/01/99-12/31/99	137,979	726	137,254
FIFO & Cost Pool Adjustment as of 12/31/99	93,034	47,066	45,968
Expenditures 01/01/00-09/30/00	2,142,907	219,798	1,923,109
2000 FIFO & Cost Pool Adjustment	<u>1,354,887</u>	<u>1,056,142</u>	<u>298,745</u>
Total Expenditure	<u>3,728,807</u>	<u>1,323,732</u>	<u>2,405,076</u>
Unexpended Funds	<u>64,026</u>	<u>(565,165)</u>	<u>629,191</u>
Percentage of Allocation	<u>98.31%</u>	<u>34.90%</u>	<u>63.41%</u>

Budget

2000 Budget	4,373,908	873,193	3,500,715
Percentag	79.97%	29.17%	50.80%

85% Analysis

Expenditures	3,728,807
Obligations	<u>3,728,807</u>
Total	<u>3,728,807</u>
Percentage Achieved	<u>85.25%</u>

The accompanying notes are an integral part of this schedule

City of Cleveland (SDA 20)
Cleveland, Ohio
Analysis of Cost Limitations and Budget to Actual Title IIC
For the Period Ending December 31, 2000

Y-99-20-00-00

Allocation

Allocation Amount	584,338	116,868	467,470
Transfer From 5-99-20-00-00	812,088	162,417	649,670
Total Allocation	1,396,426	279,285	1,117,140

Expenditures

Expenditures 07/01/99-12/31/99	80,000	-	80,000
1999 FIFO & Cost Pool Adjustment	(25,660)	-	(25,660)
Expenditures 01/01/00-09/30/00	119,911	12,175	107,737
*2000 FIFO & Cost Pool Adjustment	381,029	76,206	304,823
Total Expenditure	555,280	88,381	466,899
Unexpended Funds	841,146	220,721	633,554
Percentage of Allocation	39.76%	0	34.63%

Budget

2000 Budget	529,998	116,868	387,470
Percentage Achieved	109.62%	16.68%	77.84%

85% Analysis

Expenditures	555,280
Obligations	-
Total	555,280
Percentage Achieved	104.77%

*Adjustment made in 2000 for 1999 FIFO.

The accompanying notes are an integral part of this schedule

City of Cleveland (SDA 20)
Cleveland, Ohio
Analysis of Cost Limitations and Budget to Actual Title III
For the Period Ending December 31, 2000

A-98-20-00-00	Totals	Administration	Program
Allocation			
Allocation Amount	1,291,597	258,319	1,033,278
Transfer From IIA	296,984	59,397	237,587
Total Allocation	1,588,581	317,716	1,270,865
Expenditures			
Expenditures 07/01/98-12/31/98	535,708	35,453	500,255
FIFO & Cost Pool Adjustment as of 12/31/98	(6,056)	(11,112)	5,056
Expenditures 01/01/99-12/31/99	427,822	(10,535)	438,357
1999 FIFO & Cost Pool Adjustment	447,327	274,713	172,615
Expenditures 01/01/00-09/30/00	0	-	-
*2000 FIFO & Cost Pool Adjustment	183,779	(50,432)	234,211
Total Expenditure	1,588,581	238,087	1,350,494
Unexpended Funds	0	79,629	(79,629)
Percentage of Allocation	100.00%	14.99%	85.01%
Budget			
2000 Budget	183,780	29,198	154,582
Percentage Achieved	100.00%	100.00%	100.00%

A-99-20-00-00			
Allocation			
Allocation Amount	1,270,218	254,044	1,016,174
Transfer From IIA	-	-	-
Total Allocation	1,270,218	254,044	1,016,174
Expenditures			
Expenditures 07/01/99-12/31/99	-	-	-
FIFO & Cost Pool Adjustment as of 12/31/99	-	-	-
1999 FIFO & Cost Pool Adjustment	-	-	-
Expenditures 01/01/00-09/30/00	971,251	96,050	875,201
*2000 FIFO & Cost Pool Adjustment	(209,134)	(36,038)	(173,096)
Total Expenditure	762,117	60,012	702,105
Unexpended Funds	508,101	194,032	314,069
Percentage of Allocation	60.00%	4.72%	55.27%
Budget			
2000 Budget	1,270,218	254,044	1,016,174
Percentage Achieved	60.00%	4.72%	55.27%

85% Analysis			
Expenditures	762,117		
Obligations	-		
Total	762,117		
Percentage Achieved	60.00%		

*Adjustment made in 2000 for 1999 Expenditure.

The accompanying notes are an integral part of this schedule

City of Cleveland (SDA 20)
Cleveland, Ohio
Analysis of Cost Limitations and Budget to Actual Title III
For the Period Ending December 31, 2000

B-99-20-00-00	Totals	Administration	Program
Allocation			
Allocation Amount	58,492	11,698	46,794
Transfer From IIA	-	-	-
Total Allocation	58,492	11,698	46,794
Expenditures			
Expenditures 07/01/98-12/31/98	-	-	-
FIFO & Cost Pool Adjustment as of 12/31/98	-	-	-
Expenditures 01/01/99-12/31/99	-	-	-
1999 FIFO & Cost Pool Adjustment	-	-	-
Expenditures 01/01/00-09/30/00	-	-	-
2000 FIFO & Cost Pool Adjustment	-	-	-
Total Expenditure	0	0	0
Unexpended Funds	58,492	11,698	46,794
Percentage of Allocation	0.00%	0.00%	0.00%
Budget			
2000 Budget	58,492	11,698	46,794
Percentage Achieved	0.00%	0.00%	0.00%

The accompanying notes are an integral part of this schedule

City of Cleveland (SDA 20)
Cleveland, Ohio
WIA TRANSITION FUND
For the Period Ending December 31, 2000

T-99-20-03-00	Totals	Administration	Program
Allocation			
Allocation Amount	400,000	400,000	-
Transfer From IIA	-	-	-
Total Allocation	400,000	400,000	0
Expenditures			
Expenditures 01/01/00-09/30/00	27,204	27,204	-
2000 FIFO & Cost Pool Adjustment	-	-	-
Total Expenditure	27,204	27,204	0
Unexpended Funds	372,796	372,796	0
Percentage of Allocation	6.80%	6.80%	0.00%
Budget			
2000 Budget	400,000	400,000	0
Percentage Achieved	6.80%	6.80%	0.00%

The accompanying notes are an integral part of this schedule

City of Cleveland (SDA 20)
Cleveland, Ohio
Schedule of Stand-in-Costs
For the Period Ending December 31, 2000

<u>Title II</u>	<u>Administration</u>	<u>Program</u>	<u>Total</u>
0-97-20-00-00	\$0	\$0	\$0
0-98-20-00-00	-	-	-
0-99-20-00-00	-	-	-
1-99-20-00-00	24,532	-	24,532
Y-99-20-00-00	-	-	-
4-97-20-00-00	-	-	-
4-98-20-00-00	-	-	-
4-99-20-00-00	-	-	-
5-99-20-00-00	-	-	-
Total CFDA #17.250	<u>\$24,532</u>	<u>\$0</u>	<u>\$24,532</u>
Title III			
A-98-20-00-00	-	-	-
A-99-20-00-00	-	-	-
B-99-20-00-00	-	-	-
Total CFDA #17.246	<u>\$24,532</u>	<u>\$0</u>	<u>\$24,532</u>
Transition			
T-99-20-03-00	27,204	-	\$27,204
Total CFDA #17.255	<u>\$51,736</u>	<u>\$0</u>	<u>\$51,736</u>

The accompanying notes are an integral part of this schedule

City of Cleveland (SDA 20)
Cleveland, Ohio

Schedule of Variances

For the Period Ending December 31, 2000

	POWER*Ohio	Audit Report	Variance	GAAP Conversion Adjustment	FIFO and Cost Pool Adjustment	Error in Reporting	Rounding Variance	Total Explained Variance	Unexplained Variance
0-97-20-00-00	866,866	234,312	632,554	-	630,504	2,050	-	632,554	-
0-98-20-00-00	1,764,857	333,222	1,431,635	25,496	1,406,139	-	-	1,431,635	-
0-99-20-00-00	645,339	1,229,103	(583,764)	359,551	(943,315)	-	-	(583,764)	-
1-99-20-00-00	33,407	53,432	(20,025)	-	4,495	(24,535)	15	(20,025)	-
Y-97-20-00-00		42,661	(42,661)		(42,661)			(42,661)	-
Y-98-20-00-00		235,479	(235,479)		(235,479)			(235,479)	-
Y-99-20-00-00	487,509	113,346	374,463	(6,565)	381,029			374,464	-
4-97-20-00-00	199,727	624	199,103	-	199,103			199,103	-
4-98-20-00-00	218,054	94,879	123,175	-	123,175			123,175	-
4-99-20-00-00	-	146,297	(146,297)	(856)	(145,441)			(146,297)	-
5-97-20-00-00		744	(744)		(744)			(744)	-
5-98-20-00-00		(84,861)	84,861		84,861			84,861	-
5-99-20-00-00	3,497,794	332,509	3,165,285	1,810,398	1,354,887			3,165,285	-
A-97-20-00-00		1,598	(1,598)		(1,598)			(1,598)	-
A-98-20-00-00	183,780		183,780	-	183,780			183,780	-
A-99-20-00-00	891,761	493,889	397,872	286,569	(209,134)	320,437		397,872	-
B-98-20-00-00	-	26,186	(26,186)		(26,186)			(26,186)	-
T-99-20-03-00	27,204	26,230	974	-	-	974		974	-
Admin Cost Pool PY95	-	806	(806)		(806)			(806)	-
Admin Cost Pool PY96	-	25,291	(25,291)	1,152	(26,443)			(25,291)	-
Job For Clevelanders (TCP) PY5	-	-	0		0			0	-
Admin Cost Pool PY97	-	22,709	(22,709)		(22,709)			(22,709)	-
Job For Clevelanders (TCP) PY6	-	3,237	(3,237)		(3,237)			(3,237)	-
Admin Cost Pool PY98	-	(28,535)	28,535	241,563	(213,028)			28,535	-
Job For Clevelanders (TCP) PY7	-	76,918	(76,918)	14,728	(91,647)			(76,918)	-
Admin Cost Pool PY99	-	1,180,737	(1,180,737)	4,203	(1,184,940)			(1,180,737)	-
Job For Clevelanders (TCP) PY8	-	307,642	(307,642)	2,454	(310,096)			(307,642)	-
	8,816,598	4,868,454							

The accompanying notes are an integral part of this schedule

City of Cleveland
Notes to the Supplemental Schedules - Job Training Partnership Act
For the Year Ended December 31, 2000

Basis of Presentation:

The accompanying supplemental schedules summarize the activity of the City of Cleveland Job Training Partnership Act programs. The schedules have been prepared on the cash basis of accounting.



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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Cleveland
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Michael R. White, Mayor,
Members of Council, and the Audit Committee:

We have audited the financial statements of City of Cleveland, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2000, and have issued our report thereon dated June 29, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-20818-001 and 2000-20818-002. We also noted an immaterial instances of noncompliance, which we have reported to management of the City in a separate letter dated June 29, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-20818-003 through 2000-20818-013.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2000-20818-003 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 29, 2001.

This report is intended for the information of the audit committee, management, City Council, federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 29, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

City of Cleveland
Cuyahoga County
601 Lakeside Ave.
Cleveland, Ohio 44114

To the Honorable Michael R. White, Mayor,
Members of Council and the Audit Committee:

Compliance

We have audited the compliance of City of Cleveland, Cuyahoga County, Ohio, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of law, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB 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 City'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 legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings as items as 2000-20818-003, 2000-20818-005 and 2000-20818-007.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2000-20818-003 to be a material weakness. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 29, 2001.

Schedule of Federal Awards Expenditures

We have audited the general-purpose financial statements of the City as of and for the year ended December 31, 2000, and have issued our report thereon dated June 29, 2001. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. The supplemental data on pages 9 through 22, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information of the audit committee, management, City Council, federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 29, 2001

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 DECEMBER 31, 2000

SCHEDULE OF FINDINGS

1. SUMMARY OF AUDITOR'S RESULTS
--

A-133 §.505

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iii)	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	Yes
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Sec. .510?</i>	No
(d)(1)(vii)	<i>Major Programs (list)</i>	CDBG 14.218 Federal Home 14.239 Empowerment Zone 14.244 Airport Improvement 20.106 JTPA 17.250 Healthy Family Healthy Start 93.926 COPS 16.710 Local Law Enforcement Block Grant 16.592 WIA 17.255
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$2,543,500 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

The comments appearing with an asterisk (*) denotes a comment that was previously brought to management's attention for which corrective action has not been taken. The subject of the comments marked "IA" denotes a subject for which the City's internal audit department issued a report.

MATERIAL CITATIONS

Finding Number	2000-20818-001
----------------	----------------

Budgetary Compliance - ORC 5705.41 (D)- IA

Ohio Rev. Code Section 5705.41 (D), provides that no subdivision or taxing authority shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

We compared order/invoice date to the date of the purchase order. There were 34 instances out of 94 tested in which the purchase order was dated after the order/invoice date. Thus the certificate of the fiscal officer was prepared after the order/invoice date. Furthermore, a "then and now" certificate was not issued.

This weakness allowed goods and services to be ordered and received without proper approval. Further, the City may allow goods or services to be ordered and received without having adequate monies and/or appropriations available to pay for the obligation.

We recommend the City prepare purchase orders certifying the availability of funds and encumbering the expenditure account prior to ordering of any goods and/or services.

Finding Number	2000-20818-002
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Budgetary Compliance - ORC 5705.39

Ohio Revised Code Section 5705.39, states that no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

MATERIAL CITATIONS (Continued)

Finding Number	2000-20818-002
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Budgetary Compliance - ORC 5705.39 (Continued)

The City failed to submit its temporary appropriation ordinance to the County for the 2000 calendar year and submitted the temporary appropriation ordinance for the 2001 calendar year on March 16, 2001. In addition a supplemental appropriation ordinance was passed in December 2000 which was not submitted to the County. Consequently, the City permitted appropriation measures for the 2000 and 2001 calendar years to become effective without having the required County Auditor's Certificate. From January 1, 2000 until March 31, 2000 the City expended \$122,852,556 against an appropriation measure that was not certified by the County.

We recommend the City submit their appropriation measures to the County Auditor in a timely manner and obtain the required certificate before expending funds.

MATERIAL WEAKNESS

Finding Number	2000-20818-003
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Cash and Investment Accounts *

A necessary step in the internal control over financial reporting is to determine the accuracy of both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance appearing on the bank statements and the balance of cash according to the City's records. Reconciliations should be prepared and reviewed on a timely basis. Without accurate bank reconciliations the City has no assurance that the cash balances recorded in the City's records are correct. Consequently, the City may be spending money that it does not have available.

Cash and investment accounts were not reconciled on a timely basis during 2000. At year end, cash and investments totaled approximately \$1.2 billion. The year end reconciliation for the City's main account was not completed until May of 2001. The reconciliations of the cash and investment accounts provided no evidence that they were reviewed by a supervisor.

Demand checks were not being properly recorded in the accounting system, creating reconciling items for two accounts (111 and 116). Reconciling items on some of the account reconciliations were not cleared for several months. Miscellaneous bank charges were not being recorded as expenditures, but as reductions of revenue, in the accounting system. Furthermore, checks outstanding for over one year were still maintained on the current outstanding checks list.

Failure to perform monthly bank reconciliations in a timely manner can make it more difficult to identify reconciling items and compromises the controls designed to aid in the detection of errors and/or irregularities which could lead to a loss/theft of City assets. Recording various bank fees as reductions of revenues and not as expenditures understates expenditures and revenues. Maintaining checks over one year old (stale dated checks) on the outstanding check list impedes the City's reconciliation process. In addition, the management of the City is not provided with timely fiscal information that is vital to the continued operations of the City, which could also have a negative material effect or impact on the City's financial statements.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

MATERIAL WEAKNESS (Continued)

Finding Number	2000-20818-003
----------------	----------------

Cash and Investment Accounts (Continued)

We recommend that timely reconciliations be prepared and reviewed for all accounts and that adequate documentation be retained to support reconciling items. All reconciling items should be resolved on a timely basis. Bank fees should be recorded as expenditures and not as a reduction of revenues. The City should remove stale dated checks from the outstanding check list and place these funds in an Agency Fund for unclaimed funds. Any amount that is not claimed within five years of the issuance of the check should revert to the fund of origin.

REPORTABLE CONDITIONS

Finding Number	2000-20818-004
----------------	----------------

Wire Transfers -IA

Over the past several years, the City has encountered significant control failures with wire transfer activity. These failures have resulted in duplicate payments, erroneous payments and \$131 million in transfers of funds to improper bank accounts. During our audit we noted the following:

1. Vendor Wires

The processing of wire transfer payments requires specific information be provided regarding the transaction including proper authorization. Payment vouchers are to be complete and provide the required information regarding goods or services received. The Division of Accounts submits a "Detail Wire Register" to the Treasurer's office for the authorization of wire payments made to the vendor.

The 60 items selected for testing totaled \$13,428,774. The required signatures were not present on 8 of the 60 items tested for a 13 percent failure rate. The errors totaled \$1,034,343. The box that is to be checked indicating that payment was a wire transfer and the bank to which the funds were to be wired was not listed on 7 of the 60 items tested for a 12 percent failure rate. The errors totaled \$542,866. The "Detailed Wire Register Report" and the form authorizing the wire transfer from the Commissioner of the Division of Accounts were not found for 20 of the 60 items tested for a 33 percent failure rate. The errors totaled \$698,496.

Incorrect and/or unauthorized wire transfer payments have resulted in duplicate payments and erroneous payments. Failure to detect these errors or the inability to recover these payments from vendors could result in a loss of City funds.

We recommend payment vouchers be completed, listing the drawee bank, properly authorized by the appropriate official, and that the form authorizing payment be received by the Treasurer's office prior to wiring funds.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

REPORTABLE CONDITIONS (Continued)

Finding Number	2000-20818-004
----------------	----------------

Wire Transfers (Continued)

2. Investment Wires

The Treasury Division records wire transfers for investments on an Investment Journal Entry Form. Then, it is forwarded to Financial Reporting and Control (FRC) to post the entries to the PeopleSoft system. During our testing of these investment wire transfers, it was noted that investment wire transfers were not posted within 3 days. In a test of 60, 81% of these wire transfers were not posted into the system timely. Investment wire transfers should be posted within 3 business days from the day the bank transfer is made. It was discovered that an error was found in 6% of the transactions tested. Those errors include incorrectly entered amounts and account fields. In addition, some transactions that should have been recorded as debits were recorded as credits and some transactions that should have been recorded as credits were recorded as debits in the accounting records, resulting in inaccurate records.

In a test of 170 investment wire transfers, 3 were initially transferred to the incorrect bank account and the original source of a fourth wire transfer could not be determined. Within 18 days of the error, the Treasurer's office corrected the three wire transfers that were initially transferred to the wrong bank account. The source of the fourth transfer remained undetermined.

Proper and timely posting provides a system of control and accountability that serves to prevent and/or detect irregularities. When the entries are not made properly or timely, the risk of error or loss going undetected increases.

We recommend the Investment Journal Entry Forms be completed and sent to FRC on a daily basis, entered into the system in a timely manner, and reviewed by the Cash Manager for accuracy before it is entered into the PeopleSoft system. We also recommend the appropriate Treasury personnel review bank to bank investment transfers to help ensure they are being credited to the correct bank account.

Finding Number	2000-20818-005
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PeopleSoft - Security Administration of the NT Server

The PeopleSoft system operates on a Windows NT platform. Responsibility for the administration of the Windows NT platform, including the administration of access security, has been informally divided between the Division of Information Systems Services (ISS) and the Division of Financial Reporting and Control (FRC). ISS is responsible for hardware and operating system maintenance, and FRC is responsible for the creation of user accounts associated with the use of the PeopleSoft system. Staff have not received sufficient training to properly set up security on the system. Several significant security weaknesses were noted.

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

REPORTABLE CONDITIONS (Continued)

Finding Number	2000-20818-005
----------------	----------------

PeopleSoft - Security Administration of the NT Server (Continued)

1. Twenty-one accounts used by FRC, ISS and consultant staff have system administration privileges. Accountability for system maintenance and security administration is lost when an excessive number of users have administrator privileges. Because these privileges provide the user with the ability to control the system and modify security parameters, they should be restricted to only a minimum number of users who require access. All others, including consultants, should only be provided the rights necessary to perform their job duties. If administrator access is required, it should be provided on an as needed basis and closely monitored.
2. Unauthorized users could gain access by repeatedly guessing passwords without detection. Passwords only have to be a minimum of three characters and are not changed. User accounts are not locked out of the system after a minimal number of unsuccessful password attempts. The auditing functions are only enabled for logon failures and not successful logon attempts and the audit log is not reviewed on a daily basis.

The responsibility for administering the NT server security should be clearly defined and the assigned staff should receive training in NT security and administration. In addition the City should enhance their NT security by enacting the following:

- ▶ Administrator privileges should be restricted to a few users.
- ▶ Passwords should be at least 6 characters.
- ▶ Unsuccessful logon attempts should be restricted to 3. Upon the third unsuccessful attempt the user account should be deactivated and require the user to request reactivation from the NT security administrator.
- ▶ Rules for auditing security events and the audit parameters should be enabled and procedures for review of security events should be also be implemented.

In addition, the internal audit staff should perform periodic reviews of NT security controls to ensure that they are in place and operational.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

REPORTABLE CONDITIONS (Continued)

Finding Number	2000-20818-006
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Access to the Customer Information System

To ensure a proper segregation of duties, access to functions within a software application should be restricted to only those individuals who have need of such access to perform their job functions.

Cleveland Public Power (CPP) recently implemented a new, vendor supplied, customer information system. Users have not been restricted to specific functions within the application. CPP intends to segregate users within the application once they become acquainted with the software package. However, approximately 140 users with access to the system have the ability to perform all functions. The lack of access segregation increases the risk that users will intentionally or accidentally create transactions for which they have not been provided authorization.

Cleveland Public Power should review the access currently provided to the users of the customer information system, determine the minimum level of access needed for each employee to effectively perform their job duties, and alter the application security parameters accordingly.

Finding Number	2000-20818-007
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Budget Control Cycle

The City is required to prepare reports on financial activity on a monthly basis, including one that reflects budgeted to actual revenues and one that reflects budgeted to actual expenditures. In addition, the reports on financial activity should be distributed to the appropriate City officials on a timely basis. The City has an annual budget of approximately \$1.4 billion.

From January 1, 2000 through September 30, 2000, the City was unable to prepare and distribute monthly reports on financial activity, including one that reflected budgeted to actual revenues and one that reflected budgeted to actual expenditures. In addition, when the City did prepare monthly reports, they were not always distributed to all appropriate department(s), divisions and/or were not distributed within 30 days of month end.

These weaknesses reduce the City officials' ability to monitor the financial activity and could allow actual expenditures plus encumbrances to exceed budgeted expenditures and/or available resources.

Computer system problems or constraints prevented the City from performing this key procedure throughout most of calendar year 2000. However, reports for January 2000 through November 2000 were distributed prior to year end. The December 2000 report was distributed in January 2001.

We recommend the City continue to prepare reports on financial activity, including one that reflects budgeted to actual revenues and one that reflects budgeted to actual expenditures, on a monthly basis. In addition, the City should review and evaluate their report distribution process to ensure that all appropriate City officials are receiving timely financial reports.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

REPORTABLE CONDITIONS (Continued)

Finding Number	2000-20818-008
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Accrued Benefits - Pension Payments

During 2000, our office received correspondence indicating the City's reporting of employee service credit to the Police and Fire Disability & Pension Fund (PFDPF) and employee pension contributions to the Public Employees Retirement System (PERS) for 1998 and 1999 were inaccurate. As a result of this correspondence and a review of the documents provided, our office has been monitoring the City's reconciliation of employee retirement contributions and service credit reported to the retirement systems.

During 2000, the City's reconciliation process resulted in the identification of \$145,355 for 1998 and \$72,939 for 1999 of employee contributions which the City failed to remit to PERS when due. These amounts were remitted in July 2000 and in October 2000, respectively. At the end of 2000, the City was still in the process of reconciling payroll and service credit information. Additionally, the City did not provide information required to finalize members' pensions.

These situations forced the pension funds to estimate the pension benefits that it pays to some members that retired during this period, resulting in inaccurate payments. Correcting these payments is a protracted and complicated process. Members are entitled to receive a pension based on accurate service credit and contribution information.

The City has a fiduciary responsibility to its employees to accurately report service credit and to make the correct contribution payments in a timely manner. Therefore we recommend that the City perform a reconciliation for the payroll system earnings, pension withholdings and service credit information with the corresponding information and payments submitted to the pension funds.

Finding Number	2000-20818-009
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Charges for Services Revenue Control Cycle (Gateway Parking)

1. The City was not actively monitoring daily parking revenue procedures performed by the outside management company.

This increases the risk that errors and/or discrepancies could occur in the monthly net revenue distributions made to the City which may not be detected on a timely basis.

The City should periodically monitor the daily parking revenue procedures performed by the outside management company. The monitoring should include a review of the tickets issued, rate(s) utilized, monies collected, shortages documented, register tapes prepared and other supporting documentation. In addition, the daily supporting documentation and/or reports should be reconciled to monthly reports to ensure that the payment to the City is correct. Further, reduction expenditures, management fees and incentive fees should be reviewed for accuracy and completeness. All monitoring review(s) should be formally documented, performed at regular intervals throughout the calendar year, and be evidenced by the initials and date of the reviewers.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

REPORTABLE CONDITIONS (Continued)

Finding Number	2000-20818-009
----------------	----------------

Charges for Services Revenue Control Cycle (Gateway Parking) (Continued)

2. Neither the City nor the outside management company could provide supporting documentation, related to daily collections for six selected days during the 2000 calendar year. Missing records for two out of sixty days selected relating to the North Garage and four out of the sixty days selected relating to the East Garage. In addition, they could not provide supporting documentation for six out of the thirty expenditures tested, which were reported as reductions of gross revenues on the monthly financial reports provided to the City by the management company. The missing records include:
- 1) Daily Register Tapes,
 - 2) Daily Shift Reports - Transient Parking & Special Events,
 - 3) Data Entry Forms,
 - 4) Deposit Slips,
 - 5) Time Cards and/or Time Sheets.

This weakness increases the risk that errors and/or discrepancies could occur in the amount of monthly net revenue distributions made to the City by the management company and potentially in a loss of parking revenue for the City.

The City should obtain and maintain all documentation supporting daily parking collections prepared by the outside management company. In addition, the City should obtain and maintain all documentation supporting reduction(s) in gross revenues related to management fees, incentive fees and expenditures. Documentation maintained should include daily and special event parking tickets, register tapes, shift reports, data entry forms, deposit slips, invoices, check copies, time cards/time sheets and any other relevant support.

Finding Number	2000-20818-010
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Implementation of GASB 33 & 34 *

In December 1998, the Governmental Accounting Standards Board (GASB) issued Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". This Statement establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources, for example, most taxes, grants and private donations.

In June 1999, GASB issued Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". This Statement establishes financial reporting standards, requiring that the City's basic financial statements and required supplementary information (RSI) consist of the following:

- Management's Discussion and Analysis - Providing management's analytical overview of the City's financial activities.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

REPORTABLE CONDITIONS (Continued)

Finding Number	2000-20818-010
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Implementation of GASB 33 & 34 *(Continued)

- Basic Financial Statements - The basic financial statements will consist of Government-wide financial statements, which will include a statement of net assets and a statement of activities, prepared on the economic resources measurement focus and the accrual basis of accounting. These statements will report all assets including significant infrastructure assets, liabilities, revenues, expenses, and gains and losses of the City. The basic financial statements also will consist of the more familiar fund financial statements, but they will focus on the City’s “Major” funds as defined in the Statement.
- In addition, for the first the City will have to determine the cost of its infrastructure (roads, bridges, sidewalks, etc.). The identification and recording of these assets will require substantial planning and an extended period of time to implement.
- Required Supplementary Information - Budgetary comparison schedules and certain “modified approach” infrastructure information.

These accounting standards are effective for the City for the year ended December 31, 2002 financial statements. Inability to follow the required standards issued by GASB may result in a qualified or adverse opinion being issued on the financial statements and restricting the City from obtaining a “Certificate of Achievement for Excellence in Financial Reporting” as presented by the Government Finance Officers Association and have negative impact on the City’s bond rating resulting in higher borrowing costs.

Although the City created a GASB 34 Task Force which met in December 2000, it is lagging behind in the process of developing a comprehensive GASB 33 and 34 implementation plan. The City needs to be in the position to have GASB 34 beginning fund balances on January 1, 2002. We recommend that the City begin to review the new standards and develop a written implementation plan as soon as possible. The new standards will materially affect the preparation and presentation of the financial statements of the City and require a restatement to its beginning fund balances as of January 1, 2002.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

REPORTABLE CONDITIONS (Continued)

Finding Number	2000-20818-011
----------------	----------------

Fixed Assets

In order to report the value of the City's fixed assets, the City must have a complete and up-to-date fixed asset listing.

During testing of the General Fixed Asset Account Group (GFAAG), the following conditions were noted:

- The detailed list of fixed assets purchased by capital leasing totaled \$1,052,000 less than what is reported on the City's financial statements.
- The City has not recorded transfers of assets between the general fixed assets account group and the enterprise funds since 1996.
- The City's fixed asset listing contains 393 items valued at \$486,986 that are under the capitalization threshold contained in the City's fixed asset policy.
- The City did not include 2 helicopters that were purchased in 2000 on the fixed asset list. The helicopters were purchased for \$1,095,206 each or \$2,190,412 in total.
- The City does not require the departments to fill out a fixed asset retirement form when an item is no longer needed and scheduled for disposal. The City places GFAAG fixed assets on the deletion list after the item has been in use for 15 years. The City does not check to determine whether the fixed asset is still in existence.

During testing of the Internal Service - Motor Vehicle Maintenance Fixed Assets, we noted that 24 out of 50 assets tested on the fixed asset listing were no longer in existence. Most of these assets were fully depreciated. An inaccurate listing of fixed assets results in inaccurate financial information and impedes the timely detection of potential theft or misuse of City assets.

To enhance the accuracy and accountability of the City's detailed fixed asset listing, we recommend the following:

- The City should take steps to identify and develop a complete listing of furniture, fixtures, and equipment. It should also develop a more comprehensive fixed asset policy including mechanisms to better account for additions, deletions and transfers between divisions.
- The City should take steps to identify assets that have been transferred to the enterprise funds since 1996 and properly account for these transfers.
- The City should remove all assets from the general fixed assets account group that do not meet the current threshold for capitalization and restate the beginning balance of the account group to reflect the amount of assets that were removed.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

REPORTABLE CONDITIONS (Continued)

Finding Number	2000-20818-011
----------------	----------------

Fixed Assets (Continued)

- The City should take steps to identify assets that are no longer in existence. For future disposals of fixed assets, the City should develop procedures to ensure that all fixed assets no longer in existence are removed from the fixed asset list and ensure that fixed assets still in existence are included on the fixed asset list regardless of the age of the asset.
- The City should perform a physical inventory of fixed assets annually, reconcile the physical count with the fixed asset listing, and investigate any discrepancies.

Finding Number	2000-20818-012
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Airport Vendor Revenue

The Department of Port Control (the Department) should monitor revenues due from airport vendors. The vendors submit a monthly financial statement and calculation of the rent due, based on the statement. During fiscal year 2000, the Department did not conduct testing of data submitted by the vendors. Subsequent to 2000, the Department did issue a request for proposal to conduct a review of 8 of the 78 vendors at the airport. Not verifying the financial data submitted could effect the amount collected by the Department.

We recommend the Department test that vendor payments are in compliance with the contract on a regular basis.

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000

SCHEDULE OF FINDINGS
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

REPORTABLE CONDITIONS (Continued)

Finding Number	2000-20818-013
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Airport Detention Basin- IA

The Department of Port Control constructed a consolidated car rental facility for the airport, which included a detention basin. The City paid approximately \$1,000,000 to the construction manager and \$1,600,000 to the designer for this project. In addition, the City paid approximately \$7,600,000 for the construction of the facility including the detention basin. The contracting documents did not provide a breakdown of the costs associated with the detention basin. Our office received information that the size of the detention basin was designed and constructed to be large enough to accommodate both the airport car rental facility and an adjacent private industrial park.

Airport funds are to be used strictly for airport operations and improvements. In this case Airport funds were used to benefit a private industrial park.

The City has prepared a draft settlement agreement dated June 2001 to recover \$219,120 from the private developer. The draft agreement has been submitted to the Federal Aviation Administration for approval.

We recommend the City of Cleveland finalize and execute the agreement as soon as possible. The money received from the developer should be paid to the Department of Port Control and its use should be restricted to airport purposes.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None specific to federal programs.

**CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2000**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
99-1	Cash Reconciliation	No	Comment reissued in 2000. See finding number 2000-20818-003.
99-2	CDBG - Inaccurate financial reporting	Yes	
99-3	JTPA - Questioned Cost	No	No questioned cost for 2000, however, management letter comment in regard to internal control documentation issued.
99-4	JTPA - Equipment and Real Property Management	Yes	
99-5	Local Law Enforcement Block Grant - Late Financial Reporting	No	Filing delay was determined to be less significant. Management letter comment issued for 2000.

CITY OF CLEVELAND



Comprehensive Annual Financial Report For the year ended December 31, 2000

Issued by the
Department of Finance

Kelly E. Clark
Director

Nancee Murphy, CPA
City Controller

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City of Cleveland, Ohio

Comprehensive Annual Financial Report

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CITY OF CLEVELAND

Michael R. White, Mayor

Department of Finance

Kelly E. Clark

Finance Director

Nancee Murphy

City Controller

601 Lakeside Avenue
Room 18 City Hall
Cleveland, Ohio 44114
(216) 664-3881

June 29, 2001

Honorable Mayor Michael R. White
City Council
The Audit Committee and
Citizens of the City of Cleveland, Ohio

We are pleased to submit the Comprehensive Annual Financial Report of the City of Cleveland (the "City") for the year ended December 31, 2000. This report, prepared by the Department of Finance, includes general purpose financial statements that summarize the various operations and cash flows related to the City's 2000 activities. Our intention is to provide a clear, comprehensive, and materially accurate overview of the City's financial position at the close of last year. The enclosed documentation has been designed to allow the reader to gain an understanding of the City's finances, including financial trends, financial instruments, and fund performances. The City of Cleveland has complete responsibility for all information contained herein.

To maximize clarity and readability, the Comprehensive Annual Financial Report is organized in three sections: the introductory section contains the table of contents, this transmittal letter, a listing of City officials, a listing of City Council, the Government Finance Officers Association Certificate of Achievement for the 1999 Comprehensive Annual Financial Report, the City's organizational structure, and Financial Highlights; the Financial Section contains the Report of Independent Accountants, general purpose financial statements, notes to the financial statements and fund and account group statements and schedules; and lastly the statistical section highlighting comparative fiscal trends for selected years.

The City of Cleveland has applied guidelines established in the Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*." Provisions outlined in this statement define the operational, functional and organizational units for which the City (acting as Primary Government) assumes full reporting accountability. Full financial accountability requires the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Under these provisions, the City's financial reporting entity acts as a single rather than multi-component unit. The provisions permit the entity to include all funds, account groups, agencies, and boards and commissions that by definition comprise components within the primary government itself. For the City of Cleveland, these components include police and fire protection services, waste collection, parks and recreation, health, select social services, and general administrative services. Primary enterprise activities owned and operated by the City include a water system, sewer system, an electric distribution system, two airports, several parking lots, and a convention center.

The laws of the State of Ohio as well as the Charter of the City of Cleveland govern the various functions and operations constituting the City of Cleveland. The Charter was adopted by the electorate in 1913 and includes local ordinances, rules, and regulations. As required by the Charter, Cleveland operates under a mayor-council form of government. The City's Chief Executive and Administrative Officer is the Mayor, who is elected to a four-year term. The Mayor oversees the daily operations of the City's departments and their hiring practices. The Mayor also submits a detailed annual budget appropriation called "The Mayor's Estimate." The current term of the Office of Mayor expires on December 31, 2001.

Legislative authority is vested in a 21-member council. All members are elected from individual wards to serve in a full-time capacity for a four-year term. Cleveland City Council oversees public policy formulation by introducing, reviewing, and enacting proposed ordinances and resolutions that typically address a variety of municipal interests and purposes, including city services, tax levies, appropriations and borrowings, licensing and regulating of businesses and trades. The Council also sets compensation of City officials and maintains final authority over decisions impacting the City's annual budget. The Mayor has the power to veto any legislation passed by City Council. The present term of all City Council members expires on December 31, 2001.

ECONOMIC CONDITION AND OUTLOOK

The City of Cleveland, located on the southern shores of Lake Erie, is the core city within the largest metropolitan area in the State of Ohio, and is home to 478,403 residents.

Summary of Local Economy: Perhaps the single most impressive indicator of Cleveland's re-emergence as a comeback City is the increasing value of its housing stock. Previously hampered by out-migration and stagnant values for several decades, the City of Cleveland experienced a dramatic reversal. In 2000, Cleveland's appraised housing values increased by over 19.7% from the previous year. This figure has Cleveland outpacing many area suburbs, whose average housing values increased by 12.2%. This data justified other information showing that housing starts in 2000 also put Cleveland impressively out in front of most other area municipalities. Taken together, the data strongly indicates new demand for area housing not seen since the early 1950s.

Significantly, this data serves to reinforce, at the neighborhood level, the impressive growth and expansion of the local economy that began in the mid-to-late 1980's and has continued until the recent market corrections which are reflective of the nation's economy as a whole. It is a local economy marked by both growth and change. Founded in 1796, Cleveland quickly established economic strengths in heavy industry, including iron and steel, and combined with its favorable location on major shipping channels soon emerged as the dominant manufacturing and business center of Northeast Ohio. Though manufacturing continues to play a key role in Cleveland's local economy, the emergence of newer non-smokestack related industries, mainly in services and trade, are likely to gain in prominence over the next several decades.

As evidence of this trend, in 2000 several greater Cleveland technology firms received nearly \$125 million in venture capital funds to initiate start up and expansion activities. Types of businesses include Internet communications, software development, gene-based therapies, and information technology consulting.

Cleveland's economic condition also draws strength and stability from its evolving role as the focal point of a growing and substantial regional economy. The re-emergence of downtown Cleveland as a vibrant center for national and regional entertainment and major cultural activities signals a turning point in the City's overall fortunes and are paving the way for further economic expansion that will be significantly more entrepreneurial in scope. The statistics cited above generated 8.1 million tourists into the City in 2000.

The overall unemployment rate within the Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (PMSA) has held steady at approximately 4.4% for the past three years. Total employment growth from 1999 to 2000 was 0.6%. Income tax collections, the largest source of City revenues, increased by 1.9% overall in 2000. Inflation in 2000 rose by 3.4%.

Another key indicator of the City's continued economic recovery is construction activity, as indicated by the value of building permits issued. The construction value of building permits issued over the past five years is exhibited below.

<u>Year</u>	<u>Value</u>
1996	\$ 403,166,832
1997	523,655,516
1998	768,911,015
1999	502,186,592
2000	483,444,810

It should be noted that a portion of the 1998 value is attributed to the construction of the new Cleveland Browns stadium, accounting for the one year surge.

Major Industries Affecting The Cleveland Economy: Resulting from the City’s aggressive business development and expansion policies, the greater Cleveland area continues to provide an attractive and competitive location for business and industry. Seven Fortune 500 industrial and service companies are now located within the City of Cleveland, while another four are located within the PMSA, making the total Fortune 500 industrial and service companies within the greater Cleveland area equal to eleven. Aggressive outreach and financial assistance by the City to small and minority-owned businesses continues to elevate their stature in the local economy. Wages earned from these smaller enterprises are likely to replace those from manufacturing-related jobs as the latter assume less prominence.

Cleveland’s major employers, representing some of the largest “players” in the local economy, include internationally recognized health care institutions, municipal and federal government agencies, and banking and insurance firms. Therefore, the City’s economic health is no longer based solely upon the success or failure of its large manufacturing firms.

The following list of the top 10 Cleveland employers in 2000 illustrates the City’s diverse service, trade and manufacturing employment:

EMPLOYER	NATURE OF BUSINESS	NUMBER OF EMPLOYEES ⁽¹⁾
Cleveland Clinic Health System	Health Care	20,891
University Hospitals Health System	Health Care	15,312
Cuyahoga County	Government	9,987
United States of America	Government	9,962
Cleveland Municipal School District	Education	9,773
City of Cleveland	Government	8,653
KeyCorp	Commercial Banking	7,700
U.S. Postal Service	Government	6,065
National City Corp	Commercial Banking	5,513
LTV Corp	Manufacturing	5,370

⁽¹⁾ Data collected from *Crains Cleveland Business*, March 12, 2001. Includes employees in Cuyahoga County.

Future Economic Outlook: Since 1990, aggressive business expansion, retention, and recruitment efforts undertaken by the City of Cleveland have been key to the economic growth and stability not only of its Central Business District, but its neighborhoods as well. In 2000, for example, aggressive outreach policies including financial and technical assistance was provided to 1500 local companies. Outreach has served as a critical component of a traditionally strong public-private partnership, and will continue to shape Cleveland’s long-term economic performance.

High profile successes contributing to Cleveland’s overall economic fortunes are spreading to its neighborhoods. The resurgence of Cleveland’s neighborhoods can perhaps best be measured by demand for housing. A dramatic increase in demand throughout the late 1990s was documented in data showing increases in appraised residential property values surpassing 19%. Though inflationary trends seem uncertain for the immediate future, and unemployment remains flat, increased demand in housing indicates strong synergy between business expansion and development, and quality of life choices made by employers and employees who decide to reside in the City. This synergy, if continued, will gain further momentum with the continued completion of retail, industrial, and housing projects that have shaped Cleveland’s local economy for the past decade. Examples of initiatives and projects underway or forthcoming in 2001 are cited below.

- Over \$60 million in loans and grants were made, stimulating nearly \$300 million in private investment, resulting in the retention of 2,384 jobs and the creation of 2,083 jobs.
- Ten new office buildings or factories were developed or started in 2000 at sites in the City’s eight industrial parks.
- Construction of a new 9,000 foot runway began at Cleveland Hopkins International Airport.
- Assisted Predevelopment funding and land assembly activities for five huge neighborhood housing developments began construction in 2000.

- Working with four neighborhood-based partners, over \$12 million in loans were approved or closed by the Empowerment Zone, stimulating at least \$54 million in investments, including significant developments undertaken by minority owned businesses.
- Bradley Construction Company, a prominent minority-owned firm, secured financing to build it's \$1.3 million World Headquarters on St. Clair Avenue in Glenville.
- Critical parcels of land were acquired to support a major technology park in a central City neighborhood business district known as MidTown Cleveland and are estimated to create over \$25 million in investments.

2000 was the most productive year ever for neighborhood retail development and investment.

- Glenville Town Center, an \$8.5 million shopping center surrounding the East Side Market, was completed.
- Lee-Harvard Plaza, the City's largest neighborhood shopping center underwent a \$26.3 million overhaul.
- Puritas Plaza, began a \$6.5 million restoration.
- Expertise and financing was given to reinvigorate the West Side Market and Shaker Square.
- The Arcade, a historical downtown arcade received a \$52 million restoration.

The City's Neighborhood Reinvestment Program is a joint effort by the City's Department of Community Development and several area banks to offer creative home financing, consumer credit, small business loans, and various financing options for low to moderate income residents. The following amounts, including more recent renewals, were committed from 1991 through 2000:

National City Bank	\$ 665 million
Key Bank	990 million
Firststar Bank	528 million
Bank One	366 million
FirstMerit Bank	271 million
Fifth Third Bank	268 million
Huntington National Bank	248 million
Charter One	<u>69 million</u>
Total	\$3.405 billion

Additionally, the Federal National Mortgage Association (Fannie Mae), a secondary market lender, has committed a total of \$700 million since 1993. This brings the total commitments for all lending institutions to over \$4.1 billion since 1991.

We have consistently adhered to prudent fiscal policies during a long period of economic expansion and have been fortunate to reap the benefits. As the long economic expansion shows signs of weakening, municipal governments across the county, including Cleveland, will have to adjust accordingly.

MAJOR INITIATIVES

Current Year Projects: The 2000 budget focused on continuing the City's commitment to improving the quality of life by strengthening our neighborhoods, continuing to foster a favorable business climate, and providing superior services, while simultaneously committing significant resources to computer remediation and upgrade needs. All goals were accomplished within a balanced budget largely due to increased revenues from nearly all revenue sources.

Continued prudent fiscal planning in 2000 enabled the City to achieve the following programmatic goals without an income tax increase:

- Initiated 233 housing starts.
- Over 1,000 new jobs were created through economic development assistance programs.
- Immunized over 5,700 of our most vulnerable citizens against the flu virus in the midst of a serious epidemic.
- Recruited new companies to Cleveland.
- Continued assistance with the development of the City's 7th new hotel in 10 years which will surpass the 4,500 hotel room mark for the first time.

Furthermore, the City graduated 59 additional uniformed Police cadets. Training agreements between Police, Memphis Diversity Institute, and the Greater Cleveland Roundtable continue to address community multi-cultural concerns. Aggressive anti-crime enforcement practices in 2000 by Police continue to result in decreased violent crime rates from the previous year. The new millennium brought about an increase in arrests and convictions by our Fire Investigation Unit. There was also a corresponding decrease in the number of arson fires for the year. Statistically, there was a 39 percent decrease from 1990 and a 10 percent drop from the previous year. The Fire Prevention Bureau exceeded their projected goal of inspections by 18 percent. There was also a Senior Citizen Initiative and Battalion School Inspection Program begun in the year 2000.

The staffing of Cleveland EMS units at 21 ambulances for 24 hours each day was maintained, which decreased the average response time to all types of calls to below 7 minutes in the year 2000. A program was initiated to train city personnel, outside of EMS, in the use of automatic external defibrillators for early treatment of critical heart attack patients. An aggressive program of blood pressure evaluations in City Hall and throughout the community was commenced. The continuation of cardiopulmonary resuscitation (CPR) training, combined with the new initiatives in public access to early heart attack treatment and blood pressure monitoring demonstrates the City's concern for the health and welfare of all the residents and visitors.

Future Projects: Leading economic indicators reveal an uncertain outlook for the national economy. Undercurrents of inflationary pressures caused by rising fuel prices and accompanied by increases in prime lending rates, may usher in a "soft" economic landing, or alternatively strain the ability of municipalities to see increases in revenues. If trends remain favorable, however, we project 2001 income tax collections and local government fund revenues to remain constant. The third largest source of revenues, property taxes, will likely see a slight increase of less than 1% in 2001.

Given the City's continued prudent fiscal policy, additional resources can be directed to efficient programs that improve the quality of life. Action will be taken to improve housing, expand recreational activities, improve on the quality of life for senior citizens, and continue to improve upon the level of safety within the City. Key programs contained in the 2001 budget are noted below:

- An additional 20 housing inspectors, and support personnel, for the Division of Building and Housing.
- Expansion of the summer pool and playground season from 10 to 12 weeks.
- Free pneumonia vaccines for seniors, the chronically ill and an expanded list of flu shot sites.
- One new police class totaling 80 new cadets.
- Fire safety programs will be conducted for 37,000 school children.
- An additional \$1,500,000 deposit into our Rainy Day Reserve Fund.
- Approximately, \$3 million in new concrete sidewalks, aprons, and curbs will be completed on City streets.
- 600 Empowerment Zone residents will be placed in jobs through Labor Force Development Centers.
- Continuation of the City's popular vacant lot servicing program.

In 2001, the City began construction of a new 9,000-foot runway at Cleveland Hopkins International Airport. The runway is expected to increase airfield capacity by nearly 50% and significantly reduce aircraft delays. Other planned expansion projects at Hopkins include construction of a Consolidated Maintenance Facility, reconstruction of an auxiliary road, upgrading FAA facilities, rehabilitation of the ramp at Concourse C, and a structural rebuild of the Long Term Parking Garage.

2000 Service Level Achievements: Since 1995, all Departments at City Hall have been subjected to rigorous annual performance targets that hold personnel accountable for both efficiency and effectiveness. Based on departmental performance targets, the Department of Health was named "Department of the Year" for its far ranging accomplishments. In addition to those noted previously, notable achievements by the Department of Health in 2000 include the following:

- Immunized more than 7,500 children.
- More than 2,450 people were immunized since a new free pneumonia immunization campaign targeting seniors and adults with chronic illnesses began in May 2000.
- 5,701 senior citizens received the flu vaccine despite a vaccine shortage.
- Over \$2.5 million was distributed to 26 agencies for HIV/AIDS prevention and services.
- The Health Advisory Committee which began in July 2000 has led to increased and new collaboration among member organizations and the creation of a new health promotion initiative.

Financial Information

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse. Internal control structures in place ensure that accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit: As a recipient of federal financial assistance, the City is responsible for maintaining a rigorous internal control structure that ensures full compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management, external auditors, and the internal audit staff of the City.

The City is required to undergo an annual audit in conformity with the provisions of the Single Audit Act Amendment of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. As a part of our Single Audit, the City has taken the initiative to centralize its grants administration under one manager within the Division of Internal Audit. The information related to the Single Audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control and compliance with applicable laws and regulations will be included in a separate report.

Budgetary System: Detailed provisions regulating the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The Mayor is required to submit his appropriation budget, called "The Mayor's Estimate," to City Council by February 1 of each year. The Council may adopt a temporary appropriation measure for the first three months of the year, but must adopt a permanent appropriation measure for the fiscal year by April 1. The Cuyahoga County Auditor must certify that the City's appropriation measure does not exceed the amounts set forth in the County Budget Commission's Certificate of Estimated Resources.

The City maintains budgetary control on a non-GAAP basis at the character level (personnel and related expenditures, other expenditures, debt service and capital outlay) within each division. Lower levels within each character are accounted for and reported internally. Lower levels are referred to as the program level. Estimated expenditure amounts must be encumbered prior to release of purchase orders to vendors or finalization of other contracts. Encumbrances that would exceed their available character level appropriation are not approved or recorded until the City Council authorizes additional appropriations or transfers. Unencumbered appropriations lapse at the end of each calendar year.

In addition to the budgetary controls mentioned above, the City's Office of Budget and Management prepares a detailed monthly operating plan that is used to monitor revenues and expenditures. City management reviews this plan monthly. As an additional control over expenditures, the City Charter requires that all contracts in excess of \$10,000 shall first be authorized and directed by ordinance of City Council.

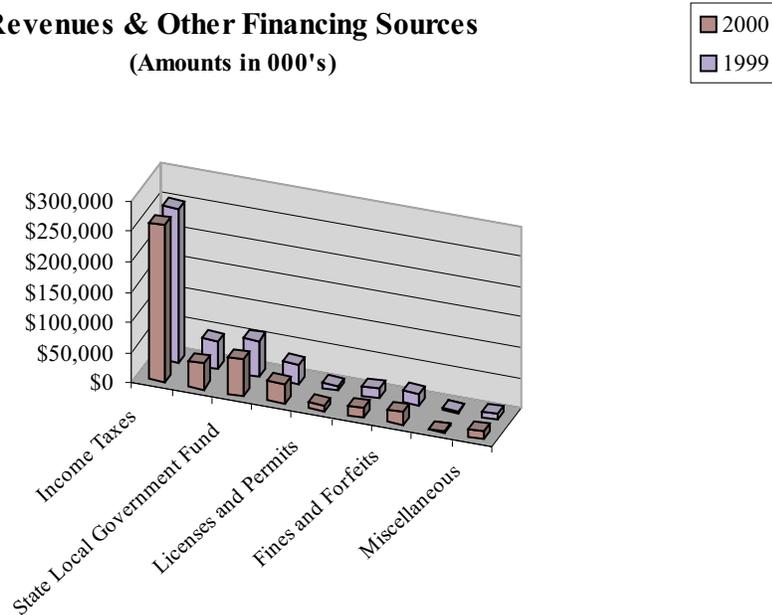
The Accounting System: The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds to be used are determined by Generally Accepted Accounting Principles (GAAP) and the number of individual funds established is determined by sound financial administration.

The City's records are maintained on a modified accrual basis for all governmental and fiduciary fund types. Accordingly, revenues are recognized when susceptible to accrual (i.e., both measurable and available). Expenditures, other than interest on long-term debt, are recorded as fund liabilities when incurred. The accrual basis of accounting is utilized by all proprietary funds. A more detailed explanation of the basis of accounting for the various funds is included in the *Notes To Financial Statements* located in the Financial Section of this report.

General Fund

Revenues: General Fund revenues and other financing sources totaled \$454,786,000 in 2000, an increase of 1.7% from 1999. The amount of revenues and other financing sources on a GAAP basis, including the increases (decreases) over the prior year are shown in the following graph and tabulation:

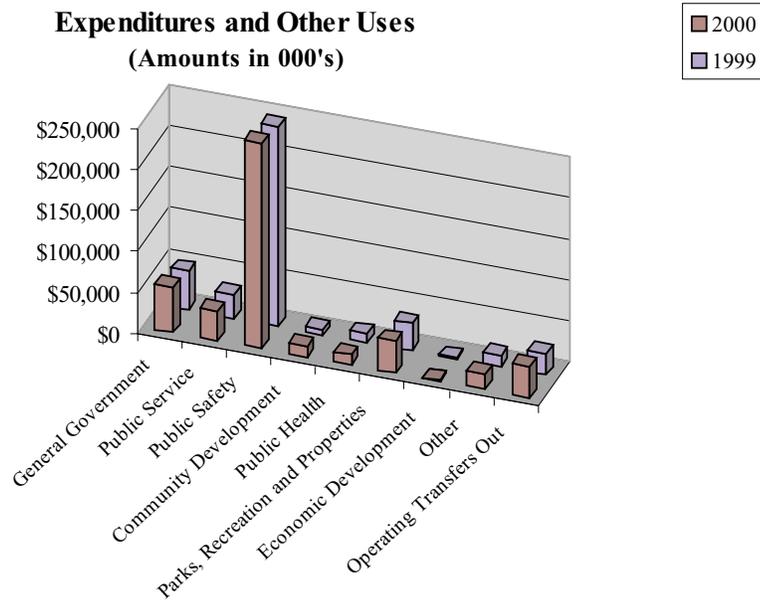
Revenues & Other Financing Sources
(Amounts in 000's)



	2000 Actual	% of Total	1999 Actual	% of Total	Increase (Decrease) Over 1999	% Change
(Amounts in 000's)						
REVENUES AND OTHER FINANCING SOURCES						
Income Taxes	\$258,255	56.78%	\$ 253,403	56.64%	\$4,852	1.9%
Property Taxes	41,806	9.19%	46,195	10.32%	(4,389)	-9.5%
State Local Government Fund	60,015	13.20%	59,413	13.27%	602	1.0%
Other Shared Revenues	32,252	7.09%	31,722	7.09%	530	1.7%
Licenses and Permits	9,155	2.01%	8,984	2.01%	171	1.9%
Charges for Services	16,685	3.67%	15,599	3.49%	1,086	7.0%
Fines and Forfeits	20,990	4.62%	19,070	4.26%	1,920	10.1%
Investment Earnings	1,938	0.43%	2,980	0.67%	(1,042)	-35.0%
Miscellaneous	13,690	3.01%	10,055	2.25%	3,635	36.2%
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$454,786	100.00%	\$447,421	100.00%	\$7,365	1.7%

During 2000, income tax receipts, the largest General Fund revenue source, increased by 1.9% from 1999.

Expenditures: General Fund expenditures and other uses totaled \$487,651,000 in 2000, an increase of 18.4% from 1999. The amount of expenditures and other uses by function on a GAAP basis, including the increases (decreases) over the prior year are shown in the following graph and tabulation:



	2000	% of	1999	% of	Increase	%
	Actual	Total	Actual	Total	(Decrease)	Change
(Amounts in 000's)						
EXPENDITURES AND OTHER USES						
Current:						
General Government	\$55,559	11.39%	\$47,543	11.54%	\$8,016	16.9%
Public Service	35,804	7.34%	29,345	7.12%	6,459	22.0%
Public Safety	274,864	56.37%	242,977	58.98%	31,887	13.1%
Community Development	13,654	2.80%	6,059	1.47%	7,595	125.4%
Public Health	12,507	2.57%	10,728	2.61%	1,779	16.6%
Parks, Recreation and Properties	38,624	7.92%	33,502	8.14%	5,122	15.3%
Economic Development	1,068	0.22%	1,079	0.26%	(11)	-1.0%
Other	18,306	3.75%	14,458	3.51%	3,848	26.6%
Operating Transfers Out	37,265	7.64%	26,249	6.37%	11,016	42.0%
TOTAL EXPENDITURES						
AND OTHER USES	\$487,651	100.00%	\$411,940	100.00%	\$75,711	18.4%

Overall, expenditures in part rose in 2000 as a result of a 3.5% pay increase granted to City employees in April 2000, pursuant to the current three year agreement with various bargaining units. While there was also some increase in salary related fringe benefits, hospitalization and dental care costs were held down by the continued shift to managed health care plans. Employees also continued to make a modest contribution towards their health insurance premiums through payroll deductions.

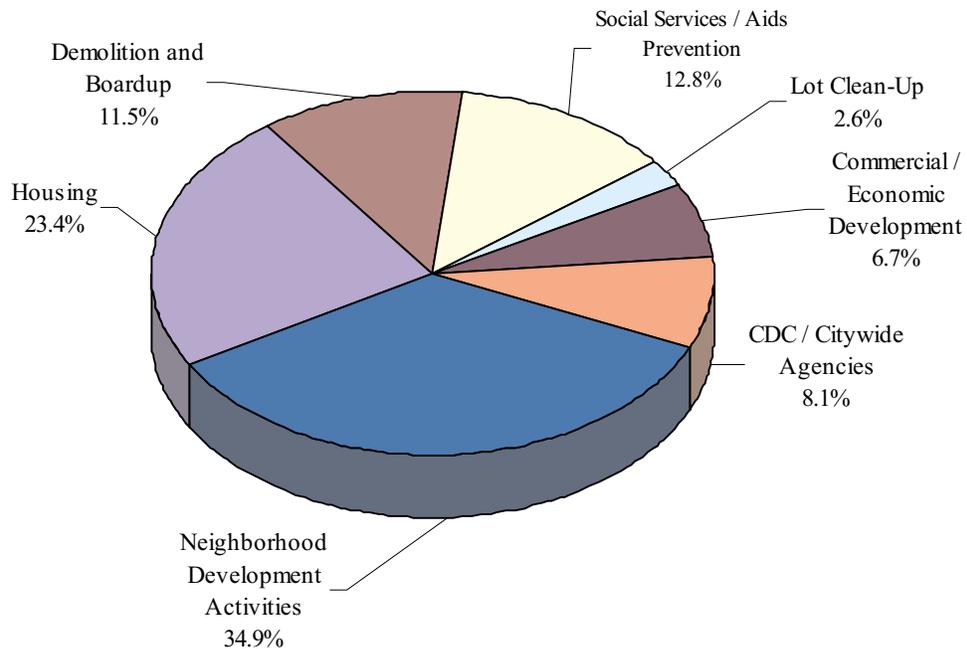
Fund Balance: The 2000 General Fund operating results reflect the increase in expenditures for Public Safety improvements to continually improve the quality of neighborhood-based City services.

Special Revenue Funds

The Special Revenue Funds are used for certain revenue sources, primarily grant, which are restricted by law or other formal action to expend for specific purposes. Certain Special Revenue Funds are subject to an annual budget, while others are not. Special Revenue Funds not subject to an annual budget consist primarily of state and federal grants, including the Community Development Block Grant (CDBG), the Federal HOME Program, Emergency Shelter Program, Housing Opportunities for Persons with Aids (HOPWA) Program, State of Ohio-Home Weatherization Assistance Program (HWAP), Urban Development Action Grant (UDAG), the WorkForce Investment Act (WIA) and the Empowerment Zone.

Community Development Block Grant: The Community Development Block Grant, which the City of Cleveland receives on an annual basis under Title I from the U.S. Department of Housing and Urban Development, is administered by the Department of Community Development. The annual entitlement for the program year 2000, CDBG Year XXVI, was \$30,065,000. The primary objective of the CDBG program is the development of a viable urban community including decent housing, a suitable living environment, and expanded economic opportunities principally for low and moderate income individuals.

The 2000 CDBG allocation breakdown is illustrated below:



Additional details for the CDBG program is included in the City’s Grant application called “Consolidated Plan”.

Federal HOME Program: The HOME Program authorized by the HOME Investment Partnership Act was enacted under Title II of the National Affordable Housing Act. Purposes of the HOME Program include expanding the supply of decent, affordable housing for low-income families with emphasis on rental housing, to assisting state and local governments in carrying out affordable housing programs, and providing coordinated assistance to participants in the development of affordable low-income housing.

The City’s Federal HOME Program allocation for 2000 was \$8,033,000:

<u>Activity</u>	<u>Allocation</u>	<u>% of Budget</u>
Rehabilitation loans to homeowners	\$5,012,000	62.4 %
Rehabilitation of rental housing by community based organizations	\$2,000,000	24.9 %
Development of rental housing trust funds	\$1,021,000	12.7 %

State of Ohio-Home Weatherization Assistance Program (HWAP): During 2000, the City of Cleveland was awarded \$2,538,339 for HWAP by the State of Ohio enabling about 892 low-income households to be weatherized free of charge. This represents the nineteenth year of funding for this program.

Neighborhood Development Investment Fund (NDIF): Since 1995, the City of Cleveland has dedicated in excess of \$49.3 million generated from Cleveland Public Power cash and bond proceeds, accompanying interest earnings, and NDIF loan repayments, to industrial, commercial and residential economic development throughout the City of Cleveland. The NDIF Advisory Committee and Cleveland Citywide Development Corporation recommended, and the City’s Department of Economic Development funded, economic development projects totaling in excess of \$7.2 million and residential projects totaling in excess of \$2.6 million during 2000.

Funded NDIF projects in 2000 include the Lee Harvard Shopping Center, Puritas Plaza, Shaker Square Retail Center, the Eliza Jennings Group, and the Tower Press housing project.

Those Special Revenue Funds subject to an annual budget are the Division of Streets Fund, Restricted Income Tax Fund, Reserve Fund, Rainy Day Reserve Fund, and the Schools Recreational and Cultural Activities Fund. The Division of Streets Fund maintains and improves the City’s streets. This fund’s primary revenue sources are the City’s share of the state collected license plate fees and gasoline taxes, as well as a subsidy from the General Fund. The Restricted Income Tax Fund, representing one-ninth of the total income tax collected, was utilized entirely for capital improvements and debt service. The Rainy Day Reserve Fund consists of deposits set aside for economic downturns, while the Schools Recreational and Cultural Activities Fund is devoted to the activities of Cleveland school children.

Debt Administration

General obligation bonds are recorded in the General Long-Term Obligations Account Group. Revenue bonds and mortgage revenue bonds are recorded in the applicable Enterprise Fund. The principal amounts outstanding at December 31, 2000 are as follows:

	Balance	Debt	Debt	Debt	Balance
	January 1, 2000	Issued	Refunded	Retired	December 31, 2000
	(Amount in 000's)				
General Long-Term Obligations:					
General Obligation Bonds	\$312,225	\$26,795		(\$22,070)	\$316,950
Urban Renewal Bonds	9,430			(270)	9,160
Subordinated Income Tax Bonds	70,700			(1,200)	69,500
Non-tax Revenue Bond					
Anticipation Notes	10,000				10,000
Certificates of Participation	174,485			(7,106)	167,379
Enterprise Fund Debt:					
Revenue Bonds and Notes	1,521,601			(38,625)	1,482,976
Ohio Water Development Loans	8,175			(763)	7,412
Total	<u>\$2,106,616</u>	<u>\$26,795</u>	<u>\$0</u>	<u>(\$70,034)</u>	<u>\$2,063,377</u>

Funds used to meet the debt service requirement on the City’s general obligation bonds are from certain ad valorem taxes, restricted income taxes, interest earnings, and enterprise reimbursements from the Convention Center. Ad valorem taxes, the primary source of funds, amounted to \$22,907,000 in 2000 which represents 59% of the debt service requirement on the general obligation bonds recorded in the General Long-Term Obligations Account Group. These taxes were derived from a levy of \$4.35 per \$1,000 of assessed property. The City issues its general obligation bonds within the context of its Capital Improvement Program. Programs which have benefitted due to the issuance of general obligation debt include, but are not limited to, public service improvements, bridge and roadway improvements, recreational facilities, cemeteries, and urban redevelopment. The City’s Enterprise Funds implement their own individual capital improvement programs and issue revenue debt necessary to fund their programs.

Effective September 15, 2000 the City issued \$26,795,000 Various Purpose General Obligation Bonds, Series 2000. The proceeds are being used to finance various capital improvements to certain of the City’s properties and assets, including parks and recreation facilities and bridges and roadways, and to pay costs of issuance.

The City's 2000 Bond Ratings for general obligation and revenue bonds are as follows:

	Moody's Investors Service	Standard & Poor's	Fitch Investors Service
General Obligation Bonds	A1	A+	A
Waterworks Mortgage: Revenue Bonds	Aa3	AA-	
Cleveland Public Power: Revenue Bonds	A2	A-	
Airport System: Revenue Bonds	A3	A	
Municipal Parking Lots: Revenue Bonds (Insured ratings)	Aaa	AAA	AAA

In August of 1999, Standard and Poor's Rating Service upgraded the City's General Obligation Bond rating from A to A+. This was followed by an upgrade of the City's G.O. Bond rating from Moody's Investor Service in October 1999 from A2 to A1.

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens and investors. Net general bonded debt is total general bonded debt supported by taxes less amounts available in the Debt Service Fund. This data at December 31, 2000 was:

Net General Bonded Debt \$310,370,000

Ratio of Net General Bonded Debt to Assessed Valuation 5.65 %

Net General Bonded Debt Per Capita \$648.76

Capital Projects Fund

The Capital Projects Fund includes all major capital improvement projects of the City other than those accounted for in the Proprietary and Special Revenue Fund Types. The primary sources for financing the City's Capital Improvement Program (CIP) are General Obligation Bond proceeds, Certificates of Participation proceeds, Urban Renewal Bond proceeds, interest earned on funds prior to and during the construction period, restricted income taxes, and funds from the State Issue 2 and Local Transportation Improvement Programs. Capital Projects capital outlays for the year amounted to over \$60 million. The City's CIP has three primary goals: 1) Preservation and revitalization of Cleveland's neighborhoods; 2) Economic development and job creation, and; 3) Provision of cost-effective, basic City services to Cleveland residents and the business community.

The City-wide five-year capital improvement program is annually revised through a centralized planning process. Funding is anticipated from a variety of local, state and federal sources. Capital projects fall into three major groups and are classified under the following ten functional areas:

Major Groups	Functional Areas
Basic Services	- Transportation (roads and bridges) - Public buildings and facilities - Vehicles and major equipment - Parks and recreation
Development	- Economic - Community
Major Enterprise Services	- Airports - Water system - Electric utility - Collector sewer system

Enterprise Funds

Cleveland operates four major Enterprise Funds encompassing two airports, a water system, an electrical distribution system, and a local sewer system. The City also operates other minor Enterprise Funds consisting of cemeteries, a convention center, golf courses, municipal parking lots, and public market facilities.

Department of Port Control: The Airports' operating revenue in 2000 amounted to \$86.7 million. From 1999 to 2000, operating revenues increased by 12.9%. For the period 1995 through 2000, operating revenues increased 82.8%, from \$47.4 million to \$86.7 million. Cleveland Hopkins International Airport served 13.3 million passengers in 2000, a record high. This reflects a 2.1% increase from 1999 passengers served. Over the past 5 years, the net increase in passengers has been 17.6%, increasing from a level of 11.3 million passengers in 1995. This increase is attributable to a long economic recovery, greater numbers of passengers, and additional flights by Continental and Southwest Airlines.

The City's Department of Port Control, consists of the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport, which employ approximately 400 individuals in administration, airfield and building maintenance, vehicle maintenance, and aircraft rescue and fire fighting. Currently, 26 passenger airlines provide scheduled airline service at Cleveland Hopkins International Airport. Burke Lakefront Airport, a federally certified commercial and general aviation reliever airport, provides the majority of its services to air taxi operators serving the City's downtown business activities.

Division of Water: The Division of Water was created in 1853 and charged with the responsibility of collecting, treating, pumping and distributing potable water and providing related water service to customers within its service areas. The Division operates a major public water supply system, the 10th largest in the United States, that serves not only the City of Cleveland, but also 73 suburban municipalities in Cuyahoga, Medina, Summit and Geauga counties. The Division is an emergency standby provider for systems in 4 other counties. The present service area covers over 640 square miles and serves over 1.5 million people. In 2000, the aggregate metered consumption of water in the City of Cleveland constituted 37% of the total metered consumption in the service area, while consumption in the direct service communities and master meter communities constituted 53% and 10%, respectively.

Operating revenue in 2000 decreased 0.6% to \$203.5 million from \$204.8 million in 1999. Metered sales revenue were down 1.3% in 2000 mainly due to a 6.6% decrease in consumption and a rate increase. Operating expenses, exclusive of depreciation, increased 9.5% to \$109.1 million compared to \$99.7 million in 1999.

Division of Cleveland Public Power: The Division of Cleveland Public Power supplies electrical service to over 78,600 accounts in the City of Cleveland. The Division is responsible for supplying, transmitting and distributing electricity and providing related electrical services to customers within its service area.

Cleveland Public Power's 2000 operating revenue increased 2.7% to \$134.2 million from \$130.6 million in 1999. The number of customers decreased 2.9% while kilowatt hour (kwh) sales rose 0.6% to 1,579 million kwh. Purchased power expense decreased 2.9% to \$68.6 million in 2000 from \$70.6 million in 1999, primarily because of the absence of the extraordinary demand of June and July of 1999. Operating expenses, exclusive of depreciation and purchased power, increased 25.9% to \$36.3 million compared to \$28.8 million a year ago.

Division of Water Pollution Control: The Division of Water Pollution Control is responsible for the network of sewers conveying sanitary sewage and industrial waste in the City from their point of origin to the treatment facilities for treatment and disposal. The Division also maintains, cleans, repairs and improves sewers and their appurtenances, including catch basins and relaying of sewer connections.

The Division reported a 3% decrease in 2000 operating revenue to \$18.2 million compared to \$18.8 million in 1999 primarily due to a 6.8% decrease in consumption and a rate increase. Operating expenses, exclusive of depreciation, rose 4.6% to \$13.5 million from \$12.9 million a year ago.

General Fixed Assets

The general fixed assets of the City as of December 31, 2000 total \$719,552,000 and include all fixed assets of the City except those recorded in the Proprietary Fund Types and infrastructure assets such as streets and bridges. Infrastructure assets are not recorded because they are immovable and of use only to the City. Fixed asset additions and deductions for fiscal year 2000 amounted to \$26,911,000 and \$3,694,000 respectively. The additions were funded primarily from the Certificates of Participation, General Fund, General Obligation Bonds proceeds and Other Revenues.

Cash Management

Currently, the City's policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, \$31,390,000 of bank deposits are either insured by federal depository insurance or collateralized with the collateral being held by the City or by its agent in the City's name, and \$114,675,000 are uninsured and uncollateralized. Of the \$585,242,000 of classified investments, \$402,745,000 are classified in the category of lowest credit risk established by the Governmental Accounting Standards Board and \$141,780,000 represents investments held in the City's name by the counter party's trust department. The remaining \$40,717,000 represents repurchase agreements held by a counter party or its trust department but not in the City's name.

The City's investment policies ensure the most efficient and profitable use of the City's cash resources and reduce the credit and market risks associated with the deposit and investment of City funds. Significant elements of the City's current cash management program include the following objectives:

- A more streamlined bank account structure.
- On-line connection to concentration banks that advise the City of funds available each day for disbursement and investment
- Improved control over the timing of disbursements.
- More sophisticated management of the City's investment portfolio.
- Reconciliation of investments to the market value of the collateral pledged.
- Investments transacted on a delivery versus payment basis.

Risk Management

The City has developed a risk management program involving law, finance and personnel to further promote its fundamental responsibility and financial capability to provide basic services to the citizens of Cleveland. The risk management program serves to implement qualitative controls, programs and safeguards in the delivery of basic City services for the protection of both the public and City employees. In addition, the program identifies and controls exposures the City may have to financial loss. Periodic review of the City's funding arrangements with respect to general liability and employee benefits maintains the City's assumption of risk at a reasonable and affordable level.

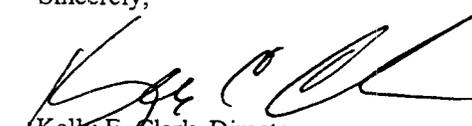
OTHER INFORMATION

The Independent Audit: The City Charter requires an annual audit of the financial statements of all accounts of the City by an independent certified public accountant. Accordingly, this year's audit was completed by the Auditor of State. The fiscal year ended December 31, 2000, represents the twentieth consecutive year the City has prepared a Comprehensive Annual Financial Report (CAFR). In addition to the independent auditors, the City maintains its own Internal Audit division. Along with its duty of assisting the independent auditors, the Internal Audit division is responsible for strengthening and reviewing the City's internal controls. Internal Audit performs its own independent operational and financial audits of the City's many funds, departments and divisions. We believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of all financial transactions.

GFOA Certificate of Achievement Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Cleveland has received a Certificate of Achievement for the last 16 consecutive years (fiscal years ended 1984-1999). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments: The preparation of this report could not have been accomplished without the efficient and dedicated service of the Finance Department, particularly the Financial Reporting and Control division and the Internal Audit division. We would also like to thank the Mayor, his cabinet and members of City Council. Without their continued support the Department of Finance could not have maintained the financial management practices required to ensure the financial integrity of the City. In addition, we would like to thank the Auditor of State for their efforts and professional conduct throughout the audit engagement.

Sincerely,



Kelly E. Clark, Director
Department of Finance



Nancee Murphy, CPA
City Controller

CITY OF CLEVELAND, OHIO

City Officials

Michael R. White, Mayor

EXECUTIVE STAFF

Judith Zimomra Chief of Staff / Executive Assistant for Policy
Susan E. Axelrod Executive Assistant for Health & Human Services
Nicholas P. Jackson Executive Assistant for Services
Kenneth Silliman Executive Assistant for Development
Nina Turner Executive Assistant for Legislative Affairs
Barry Withers Executive Assistant for Administration

ADMINISTRATION

Dolores Alexander Director, Department of Aging
Lucille Ambroz Director, Office of Equal Opportunity
Kelly E. Clark Director, Department of Finance
Cornell P. Carter Director, Department of Law
Dennis D. Dove Director, Community Relations Board
Martin L. Flask Police Chief
Kevin G. Gerrity Fire Chief
Henry Guzman Director, Department of Public Safety
Linda M. Hudecek Director, Department of Community Development
Alfred T. Miller, Jr. Director, Department of Parks, Recreation & Properties
Michael Konicek Director, Department of Public Utilities
Valarie J. McCall Director, Empowerment Zone
Hunter Morrison Director, City Planning Commission
Jeffery K. Patterson Director, Personnel & Human Resources
Mark Ricchiuto Director, Department of Public Service
Reuben Shepard Director, Department of Port Control
Christopher P. Warren Director, Economic Development
Gregory J. Wilson Secretary, Civil Service Commission
Michele C. Whitlow Director, Department of Public Health

CITY OF CLEVELAND, OHIO

City Council

Michael D. Polensek	President of Council / Ward 11
Ruby F. Moss	Clerk of Council
Joseph T. Jones	Ward 1
Robert J. White	Ward 2
Zachary Reed	Ward 3
Kenneth L. Johnson	Ward 4
Frank G. Jackson	Ward 5
Patricia J. Britt	Ward 6
Fannie M. Lewis	Ward 7
William W. Patmon	Ward 8
Craig E. Willis	Ward 9
Roosevelt Coats	Ward 10
Edward W. Rybka	Ward 12
Joe Cimperman	Ward 13
Nelson Cintron, Jr.	Ward 14
Merle R. Gordon	Ward 15
Michael C. O'Malley	Ward 16
Timothy J. Melena	Ward 17
Jay Westbrook	Ward 18
Dona Brady	Ward 19
Martin J. Sweeney	Ward 20
Michael A. Dolan	Ward 21

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cleveland,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1999

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

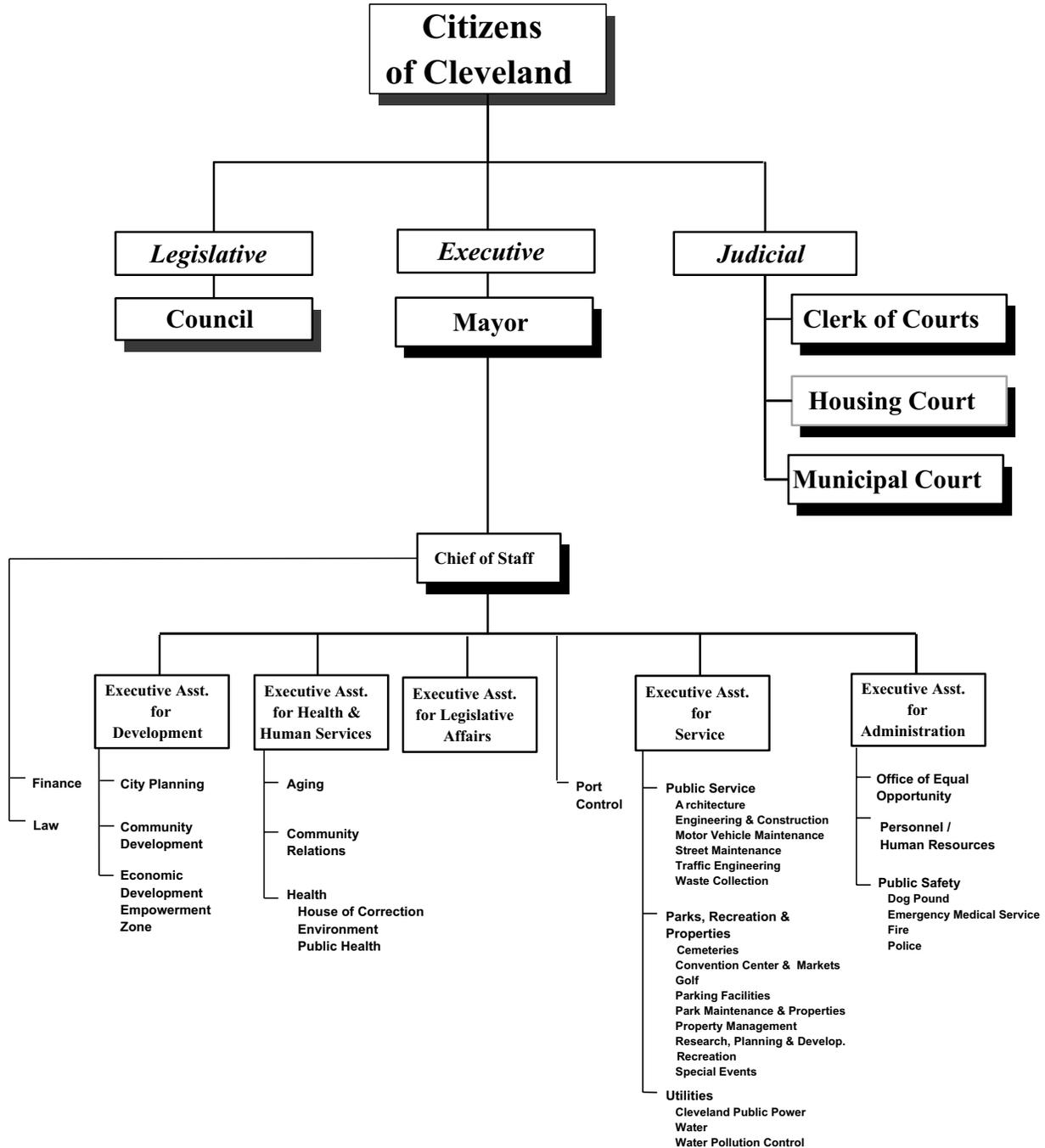


Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

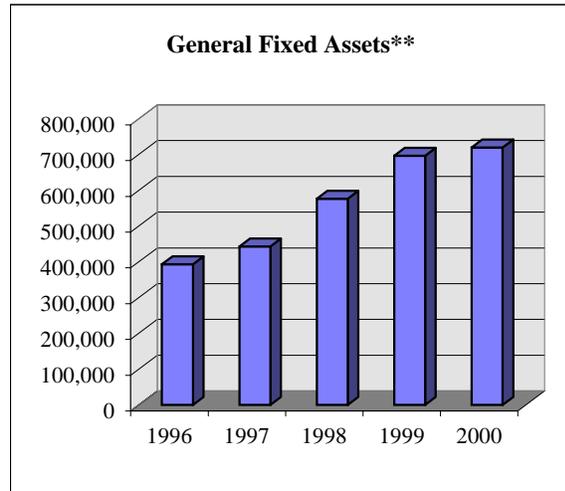
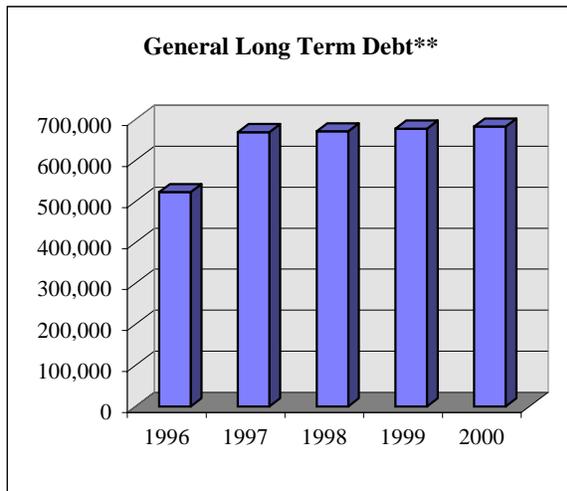
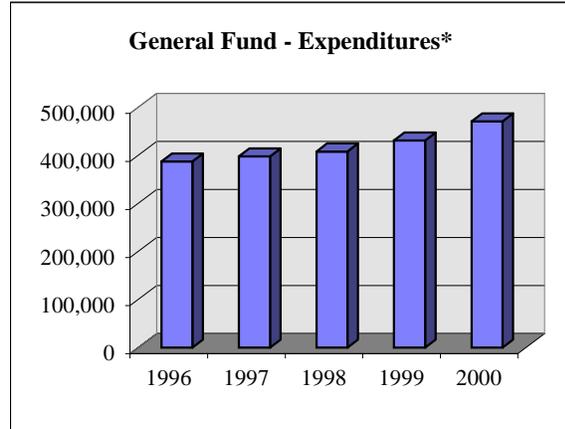
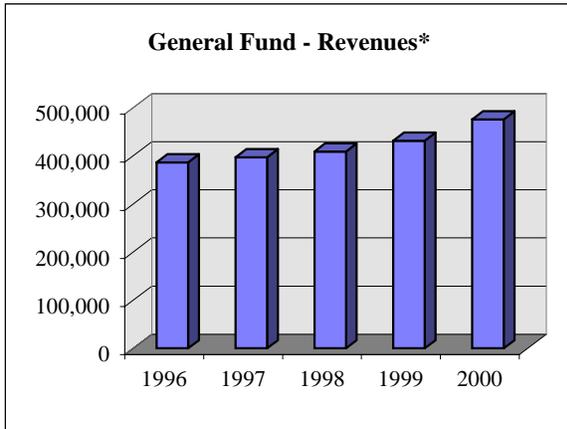
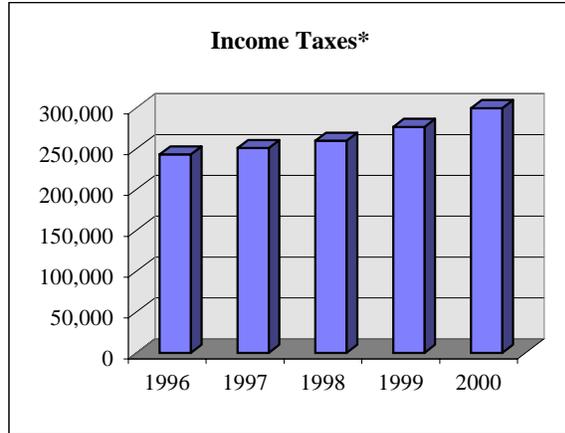
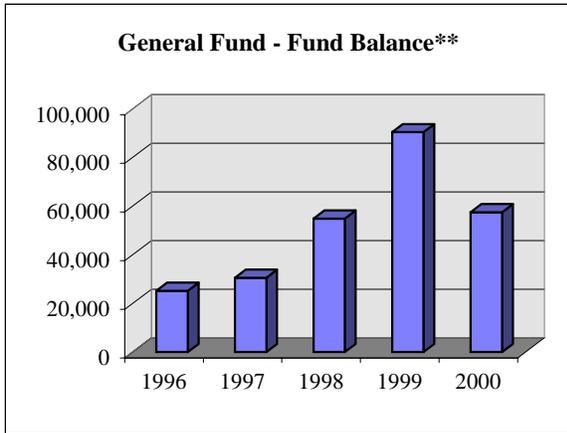
CITYOF CLEVELAND, OHIO

ADMINISTRATIVE ORGANIZATION CHART



FINANCIAL HIGHLIGHTS

(in thousands of dollars)



For Year Ended	General Fund Balance**	General Fund Revenues*	General Long Term Debt**	Income Taxes*	General Fund Expenditures*	General Fixed Assets**
1996	25,174	387,104	522,536	242,860	387,431	393,492
1997	30,507	397,778	668,874	250,590	398,183	443,283
1998	54,843	409,666	670,753	259,721	408,232	576,865
1999	90,324	432,125	677,052	276,627	430,956	696,335
2000	57,459	476,608	682,482	299,592	470,825	719,552

* Budget Basis

** GAAP Basis

FINANCIAL SECTION



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

City of Cleveland
Honorable Mayor Michael R. White
City Council, and
Audit Committee
601 Lakeside Avenue
Cleveland, Ohio 44114

We have audited the accompanying general-purpose financial statements of the City of Cleveland, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Cleveland, Cuyahoga County, Ohio, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note T to the general purpose financial statements, the City changed its method of accounting for loan activity requiring a restatement to beginning fund balance.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such fiscal year 2000 information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 29, 2001

CITY OF CLEVELAND, OHIO
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2000

(Amounts in 000's)

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash and cash equivalents	\$ 12,925	\$ 126,638	\$ 2,356	\$ 75,491
Investments at fair value			7,628	47,790
Receivables:				
Taxes	85,829	5,054	31,986	
Accounts	10,859	4,591		
Loans		177,007		
Unbilled revenue				
Accrued interest	647	891	59	1,101
Assessments				13
Less: Allowance for doubtful accounts	(2,000)			
Receivables, net	95,335	187,543	32,045	1,114
Due from other funds	44,038	26,279	4,392	4,171
Due from other governments	14,012	37,490		6,842
Inventory of supplies		469		
Prepaid expenses and other assets				
Restricted assets:				
Cash and cash equivalents				15,393
Investments at fair value				
Accrued interest receivables				
Bond retirement reserve				
Accrued passenger facility charge				
				15,393
Fixed assets in service:				
Land				
Land improvements				
Utility plant in service				
Buildings, structure and improvements				
Furniture, fixtures and equipment				
Less: Accumulated depreciation				
Construction in progress				
Amount available in Debt Service Funds				
Amount to be provided for retirement of general long-term obligations:				
Debt				
Other Obligations				
TOTAL ASSETS	\$ 166,310	\$ 378,419	\$ 46,421	\$ 150,801

See notes to financial statements.

Proprietary Fund Types		Fiduciary Fund Type		Account Groups		Totals (Memorandum Only)	
Enterprise Fund	Internal Service	Agency Fund	General Fixed Assets	General Long-Term Obligations	2000	1999	
\$ 75,734	\$ 8,268	\$ 47,067	\$ -	\$ -	\$ 348,479	\$ 280,860	
222,549					277,967	264,200	
		17,502			140,371	60,179	
85,359	22				100,831	99,934	
					177,007	169,657	
32,451					32,451	34,698	
4,249	46	24			7,017	5,383	
					13	124	
(3,029)					(5,029)	(18,688)	
119,030	68	17,526			452,661	351,287	
9,937	4,732				93,549	98,990	
343		284			58,971	120,921	
8,495	2,487				11,451	12,177	
14,652					14,652	15,789	
399,039					414,432	448,035	
157,868					157,868	164,249	
3,050					3,050	3,047	
53					53	53	
2,224					2,224	2,213	
562,234					577,627	617,597	
162,641	663		37,240		200,544	199,186	
206,489	3		54,205		260,697	249,673	
1,219,690					1,219,690	1,213,704	
721,312	1,605		503,756		1,226,673	1,199,963	
138,621	9,368		87,442		235,431	203,193	
(734,334)	(10,725)				(745,059)	(682,485)	
1,714,419	914		682,643		2,397,976	2,383,234	
120,813			36,909		157,722	102,591	
				15,091	15,091	15,846	
				316,950	316,950	312,225	
				350,441	350,441	348,981	
\$ 2,848,206	\$ 16,469	\$ 64,877	\$ 719,552	\$ 682,482	\$ 5,073,537	\$ 4,924,698	

Continued

CITY OF CLEVELAND, OHIO
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS-Continued

December 31, 2000

(Amounts in 000's)

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
LIABILITIES				
Accounts payable	\$ 5,204	\$ 7,784	\$ -	\$ 11,193
Estimated claims payable	781			
Deferred revenue	52,077	19,769	31,330	13
Due to other funds	8,699	45,384		8,108
Due to other governments	221	4,398		
Accrued wages and benefits	41,869	3,120		
Police and fire overtime				
Police and fire deferred vacation				
Sundry liabilities				
Accrued interest				
Accounts payable from restricted assets				
Capital lease obligations				
Certificates of participation				
Urban renewal increment bonds				
Subordinated income tax refunding bond				
Non-tax revenue bonds				
Notes payable				
General obligation bonds payable				
Construction loans				
Deferred payment obligation				
Revenue bonds payable				
TOTAL LIABILITIES	108,851	80,455	31,330	19,314
FUND EQUITY AND OTHER CREDITS				
Investment in general fixed assets				
Contributed capital - City of Cleveland and others				
Retained earnings:				
Reserve for debt retirement				
Unreserved				
TOTAL RETAINED EARNINGS				
Fund balances:				
Reserve for loans		172,609		
Reserve for inventory		469		
Reserve for debt service			15,091	
Reserve for encumbrances	9,144	8,125		23,144
Reserve for rainy day reserve fund	8,792			
Reserve for reserve fund		5,000		
Unreserved:				
Designated for future capital improvements		24,226		80,708
Undesignated	39,523	87,535		27,635
TOTAL FUND BALANCES	57,459	297,964	15,091	131,487
TOTAL FUND EQUITY AND OTHER CREDITS	57,459	297,964	15,091	131,487
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 166,310	\$ 378,419	\$ 46,421	\$ 150,801

See notes to financial statements.

Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)	
Enterprise Fund	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	2000	1999	
\$ 27,196	\$ 2,993	\$ -	\$ -	\$ -	\$ 54,370	\$ 57,865	
				2,394	3,175	4,000	
					103,189	240,979	
13,039	2,384	15,935			93,549	98,990	
40,820		37,152			82,591	78,197	
23,428	2,623			35,753	106,793	73,426	
				64,803	64,803	54,155	
				1,193	1,193	927	
		11,790			11,790	9,809	
47,607					47,607	46,312	
11,543					11,543	18,626	
				1,350	1,350	1,859	
				167,379	167,379	174,485	
				9,160	9,160	9,430	
				69,500	69,500	70,700	
				10,000	10,000	10,000	
40,000				4,000	44,000	44,250	
				316,950	316,950	312,225	
7,412					7,412	8,175	
27,810					27,810	28,993	
1,347,521					1,347,521	1,379,659	
1,586,376	8,000	64,877		682,482	2,581,685	2,723,062	
				719,552	719,552	696,335	
343,722	2,965				346,687	335,692	
44,196					44,196	39,388	
873,912	5,504				879,416	798,858	
918,108	5,504				923,612	838,246	
					172,609		
					469	649	
					15,091	15,846	
					40,413	35,432	
					8,792	7,531	
					5,000		
					104,934	114,275	
					154,693	157,630	
					502,001	331,363	
1,261,830	8,469		719,552		2,491,852	2,201,636	
\$ 2,848,206	\$ 16,469	\$ 64,877	\$ 719,552	\$ 682,482	\$ 5,073,537	\$ 4,924,698	

CITY OF CLEVELAND, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 2000

(Amounts in 000's)

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
REVENUES				
Income taxes	\$ 258,255	\$ 33,259	\$ -	\$ -
Property taxes	41,806		24,836	
State local government fund	60,015			
Other shared revenues	32,252	11,374		
Licenses and permits	9,155	100		
Charges for services	16,685	1,685		
Fines and forfeits	20,990			
Investment earnings	1,938	4,288	773	7,328
Grants		66,846	364	16,124
Contributions				84
Miscellaneous	13,690	34,429	98	6,278
TOTAL REVENUES	454,786	151,981	26,071	29,814
EXPENDITURES				
Current:				
General government	55,559	13,838		
Public service	35,804	27,894		
Public safety	274,864	4,676		
Human resources		8,471		
Community development	13,654	39,471		
Public health	12,507	9,345		
Parks, recreation and properties	38,624	1,317		
Economic development	1,068	15,003		
Other	18,306		1,119	
Capital outlay		8,071		43,515
Debt service:				
Principal retirement			23,540	7,106
Interest			20,639	8,186
TOTAL EXPENDITURES	450,386	128,086	45,298	58,807
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,400	23,895	(19,227)	(28,993)
OTHER FINANCING SOURCES (USES)				
Operating transfers in		24,536	18,501	14,012
Operating transfers out	(37,265)	(18,529)	(29)	(2,000)
Proceeds from sale of non-tax revenue bonds				
Proceeds from sale of general obligation bonds, net				26,335
Proceeds from sale of certificates of participation, net				
TOTAL OTHER FINANCING SOURCES (USES)	(37,265)	6,007	18,472	38,347
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(32,865)	29,902	(755)	9,354
Fund balances at beginning of year (restated see Note T)	90,324	268,062	15,846	122,133
Fund balances at end of year	\$ 57,459	\$ 297,964	\$ 15,091	\$ 131,487

See notes to financial statements.

Totals	
(Memorandum Only)	
2000	1999
\$ 291,514	\$ 285,947
66,642	70,937
60,015	59,413
43,626	43,121
9,255	9,099
18,370	17,850
20,990	19,070
14,327	14,621
83,334	107,455
84	62,394
54,495	47,171
<u>662,652</u>	<u>737,078</u>
69,397	63,476
63,698	52,792
279,540	249,160
8,471	7,520
53,125	50,750
21,852	21,071
39,941	41,738
16,071	18,754
19,425	15,031
51,586	133,490
30,646	48,442
28,825	29,304
<u>682,577</u>	<u>731,528</u>
(19,925)	5,550
57,049	66,270
(57,823)	(67,679)
	10,000
26,335	25,778
	20,000
<u>25,561</u>	<u>54,369</u>
5,636	59,919
496,365	271,444
<u>\$ 502,001</u>	<u>\$ 331,363</u>

CITY OF CLEVELAND, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-GENERAL, BUDGETED SPECIAL REVENUE AND BUDGETED DEBT SERVICE FUND TYPES

For the Year Ended December 31, 2000

(Amounts in 000's)

	General Fund				Budgeted Special Revenue Funds			
	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavor- able)	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavor- able)
REVENUES								
Income taxes	\$ 251,993	\$ 269,901	\$ 268,786	\$ (1,115)	\$ 32,000	\$ 32,734	\$ 30,806	\$ (1,928)
Property taxes	43,998	43,997	45,131	1,134				
State local government fund	57,815	57,815	59,488	1,673				
Other shared revenues	30,177	30,177	32,871	2,694	11,300	11,300	11,011	(289)
Licenses and permits	8,647	8,647	9,339	692	400	400		(400)
Charges for services	14,527	14,527	16,177	1,650	2,000	2,000	1,784	(216)
Fines and forfeits	16,145	16,145	17,843	1,698				
Investment earnings		3,283	2,526	(757)				
Grants								
Miscellaneous	26,289	26,739	24,447	(2,292)	5,104	5,104	6,050	946
TOTAL REVENUES	449,591	471,231	476,608	5,377	50,804	51,538	49,651	(1,887)
EXPENDITURES								
Current:								
General government	53,839	58,417	55,922	2,495				
Public service	33,450	34,250	33,580	670	24,724	25,324	24,944	380
Public safety	260,577	263,695	261,480	2,215				
Community development	16,184	16,184	12,583	3,601				
Public health	12,925	12,920	12,465	455				
Parks, recreation and properties	38,877	38,877	37,574	1,303	2,000	4,000	4,000	
Economic development	1,230	1,080	1,014	66				
Other	17,265	17,265	16,742	523				
Capital outlay					20,834	25,619	25,610	9
Debt service:								
Principal retirement								
Interest								
TOTAL EXPENDITURES	434,347	442,688	431,360	11,328	47,558	54,943	54,554	389
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,244	28,543	45,248	16,705	3,246	(3,405)	(4,903)	(1,498)
OTHER FINANCING SOURCES (USES)								
Operating transfers in					8,736	8,736	14,591	5,855
Operating transfers out	(39,165)	(39,465)	(39,465)		(17,150)	(12,650)	(12,650)	
TOTAL OTHER SOURCES (USES)	(39,165)	(39,465)	(39,465)		(8,414)	(3,914)	1,941	5,855
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(23,921)	(10,922)	5,783	16,705	(5,168)	(7,319)	(2,962)	4,357
Decertification of prior year encumbrances		13,100	13,100			98	98	
Fund balances at beginning of year	3,660	3,660	3,660		14,826	14,826	14,826	
Fund balances at end of year	\$ (20,261)	\$ 5,838	\$ 22,543	\$ 16,705	\$ 9,658	\$ 7,605	\$ 11,962	\$ 4,357

See notes to financial statements.

Budgeted Debt Service Funds				Totals (Memorandum Only)			
Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavor- able)	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavor- able)
				\$ 283,993	\$ 302,635	\$ 299,592	\$ (3,043)
\$ 22,921	\$ 22,921	\$ 22,907	\$ (14)	66,919	66,918	68,038	1,120
				57,815	57,815	59,488	1,673
				41,477	41,477	43,882	2,405
				9,047	9,047	9,339	292
				16,527	16,527	17,961	1,434
				16,145	16,145	17,843	1,698
275	275	651	376	275	3,558	3,177	(381)
729	729	364	(365)	729	729	364	(365)
		98	98	31,393	31,843	30,595	(1,248)
23,925	23,925	24,020	95	524,320	546,694	550,279	3,585
				53,839	58,417	55,922	2,495
				58,174	59,574	58,524	1,050
				260,577	263,695	261,480	2,215
				16,184	16,184	12,583	3,601
				12,925	12,920	12,465	455
				40,877	42,877	41,574	1,303
				1,230	1,080	1,014	66
				17,265	17,265	16,742	523
				20,834	25,619	25,610	9
23,270	23,270	23,270		23,270	23,270	23,270	
20,179	20,479	20,473	6	20,179	20,479	20,473	6
43,449	43,749	43,743	6	525,354	541,380	529,657	11,723
(19,524)	(19,824)	(19,723)	101	(1,034)	5,314	20,622	15,308
41,262	41,262	17,320	(23,942)	49,998	49,998	31,911	(18,087)
				(56,315)	(52,115)	(52,115)	
41,262	41,262	17,320	(23,942)	(6,317)	(2,117)	(20,204)	(18,087)
21,738	21,438	(2,403)	(23,841)	(7,351)	3,197	418	(2,779)
	445	445			13,643	13,643	
9,585	9,585	9,585		28,071	28,071	28,071	
\$ 31,323	\$ 31,468	\$ 7,627	\$ (23,841)	\$ 20,720	\$ 44,911	\$ 42,132	\$ (2,779)

CITY OF CLEVELAND, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS-ALL PROPRIETARY FUND TYPES

For the Year Ended December 31, 2000

(Amounts in 000's)

	Proprietary Fund Types		Totals	
	Enterprise Fund	Internal Service	(Memorandum Only)	
			2000	1999
OPERATING REVENUES				
Charges for services	\$ 458,014	\$ 32,073	\$ 490,087	\$ 477,588
TOTAL OPERATING REVENUES	458,014	32,073	490,087	477,588
OPERATING EXPENSES				
Operations	164,905	31,058	195,963	182,268
Maintenance	51,773	3,972	55,745	45,299
Purchased power	68,597		68,597	70,619
Depreciation	72,962	70	73,032	65,605
TOTAL OPERATING EXPENSES	358,237	35,100	393,337	363,791
OPERATING INCOME (LOSS)	99,777	(3,027)	96,750	113,797
NON-OPERATING REVENUES (EXPENSES)				
Interest income	46,454	1,331	47,785	29,659
Interest expense	(73,595)		(73,595)	(64,316)
Litigation settlement				6,500
AEP Refund per FERC ruling	2,864		2,864	
Passenger facility charge revenue	16,642		16,642	16,753
Loss on disposal of property and equipment	(731)		(731)	(11,039)
Other revenues (expenses), net	(5,123)		(5,123)	(16,384)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(13,489)	1,331	(12,158)	(38,827)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	86,288	(1,696)	84,592	74,970
Operating transfers in		1,926	1,926	2,249
Operating transfers out	(1,152)		(1,152)	(840)
NET INCOME	85,136	230	85,366	76,379
Retained earnings at beginning of year	832,972	5,274	838,246	761,867
Retained earnings at end of year	\$ 918,108	\$ 5,504	\$ 923,612	\$ 838,246

See notes to financial statements.

CITY OF CLEVELAND, OHIO
COMBINED STATEMENT OF CASH FLOWS-ALL PROPRIETARY FUND TYPES
For the Year Ended December 31, 2000
(Amounts in 000's)

	Proprietary Fund Types		Totals	
	Enterprise Fund	Internal Service	(Memorandum Only)	
			2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 452,681	\$ 32,830	\$ 485,511	\$ 470,735
Cash payments to suppliers for goods or services	(113,109)	(22,144)	(135,253)	(104,976)
Cash payments to employees for services	(108,601)	(12,267)	(120,868)	(117,410)
Cash payments for purchased power	(67,701)		(67,701)	(69,874)
Cash receipts of customer deposits	219		219	682
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	163,489	(1,581)	161,908	179,157
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Advance from General Fund		1,005	1,005	
Cash received through operating transfers from other funds		434	434	2,249
Cash receipts for passenger facility charges	16,630		16,630	16,768
Cash received from litigation settlement				6,500
AEP refund per FERC ruling	2,864		2,864	
Cash payments for sound insulation of homes and other	(12,283)		(12,283)	(22,442)
Cash transfer to debt service	(327)		(327)	
Cash receipts from hotel tax				3,609
Other	6,192		6,192	2,380
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	13,076	1,439	14,515	9,064
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of revenue bonds and notes				84,583
Acquisition and construction of capital assets	(121,354)		(121,354)	(180,503)
Principal paid on long-term debt	(39,388)		(39,388)	(34,316)
Interest paid on long-term debt	(76,952)		(76,952)	(78,473)
Cash paid to escrow agent for refunding				(45,793)
Capital grant proceeds	9,437		9,437	13,888
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(228,257)		(228,257)	(240,614)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(302,230)		(302,230)	(418,167)
Proceeds from sale and maturity of investment securities	286,772		286,772	347,303
Interest received on investments	50,478	1,300	51,778	41,219
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	35,020	1,300	36,320	(29,645)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,672)	1,158	(15,514)	(82,038)
Cash and cash equivalents at beginning of year	491,445	7,110	498,555	580,593
Cash and cash equivalents at end of year	<u>\$ 474,773</u>	<u>\$ 8,268</u>	<u>\$ 483,041</u>	<u>\$ 498,555</u>

Continued

CITY OF CLEVELAND, OHIO
COMBINED STATEMENT OF CASH FLOWS-ALL PROPRIETARY FUND TYPES-Continued
For the Year Ended December 31, 2000
(Amounts in 000's)

	Proprietary Fund Types		Totals	
	Enterprise Fund	Internal Service	(Memorandum Only)	
			2000	1999
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 99,777	\$ (3,027)	\$ 96,750	\$ 113,797
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	72,962	70	73,032	65,605
Non-cash rental income	(3,389)		(3,389)	(3,106)
Loss on disposal of equipment	1,070		1,070	
Change in assets and liabilities:				
Accounts receivable, net	(13,226)	525	(12,701)	380
Unbilled revenue	2,240		2,240	(5,457)
Due from other funds	(3,339)	218	(3,121)	(2,169)
Inventory of supplies	1,847	(1,307)	540	3,549
Prepaid expenses	(105)		(105)	313
Landing fee adjustment	2,174		2,174	4,446
Accounts payable	2,268	1,179	3,447	2,696
Due to other funds	(5,824)	(85)	(5,909)	3,528
Due to other governments	(1,413)		(1,413)	2,826
Accrued wages and benefits	8,447	846	9,293	(7,251)
TOTAL ADJUSTMENTS	63,712	1,446	65,158	65,360
NET CASH PROVIDED (USED FOR) BY OPERATING ACTIVITIES	\$ 163,489	\$ (1,581)	\$ 161,908	\$ 179,157

See notes to financial statements.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

NOTE A - DESCRIPTION OF CITY OPERATIONS AND BASIS OF PRESENTATION

The City: The City of Cleveland, Ohio (the “City”) operates under an elected Mayor/Council (21 members) administrative/legislative form of government.

Reporting Entity: The accompanying financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2000, and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB’s Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

In evaluating how to define the governmental reporting entity, the City adopted the provisions of GASB Statement No. 14, “*The Financial Reporting Entity*”, under which the financial statements include all the organizations, activities, functions, and component units for which the City (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and either (1) the City’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

On this basis, the City’s financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, including police and fire protection, waste collection, parks and recreation, health, certain social services and general administrative services. In addition, the City owns and operates ten enterprise activities, the major ones consisting of a water system, a sewer system, an electric distribution system, two airports, municipal parking lots.

The following entities are related organizations to the City of Cleveland but the City’s accountability does not extend beyond appointing authority:

Cuyahoga Metropolitan Housing Authority - Created under the Ohio Revised Code, the Cuyahoga Metropolitan Housing Authority provides public housing services. The five member board consists of two appointed by the Mayor of the City, two appointed by City Council and one appointed by the City Manager of the City of Cleveland Heights with approval from its City Council.

Cleveland-Cuyahoga County Port Authority - Created under the Ohio Revised Code, the Cleveland-Cuyahoga County Port Authority conducts port development and operations. The nine member Board of Directors consists of three appointed by the County Commissioners and six appointed by the City of Cleveland.

Cleveland Public Schools - In November 1998 the Mayor of the City of Cleveland was given appointing authority for the Cleveland Public Schools. As approved by the State legislature, the Ohio Revised Code provided for the Mayor to appoint a Chief Executive Officer who was to be approved by the Board of Education. The Board of Education is comprised of nine members. The members of the Board are appointed by the Mayor from a pool of 18 candidates presented to the Mayor by an independent nominating panel.

The following entity is a jointly governed organization to the City of Cleveland but the City has no ongoing financial interest or responsibility:

Gateway Economic Development Corporation of Greater Cleveland (Gateway) - Gateway is responsible for the operating of a sports complex and related economic development. The five member board consists of two members appointed by the City, two members appointed by the Board of County Commissioners and one by the President of the Board of County Commissioners with concurrence of the Mayor of the City of Cleveland.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

Basis of Presentation: The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements.

Amounts in the “totals-memorandum only” columns represent a summation of the general purpose financial statement line items of the fund types and account groups and are presented only for analytical purposes. The summation includes fund types and account groups that use different bases of accounting, both restricted and unrestricted amounts, interfund transactions that have not been eliminated, and the caption “amount to be provided,” which is not an asset in the usual sense. Consequently, amounts shown in the “totals-memorandum only” columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures (expenses) of the City.

The following fund types and account groups are used by the City:

Governmental Funds

General Fund: This fund, which is the major operating fund of the City, accounts for the general operating revenues and expenditures of the City not recorded elsewhere. Revenues are derived primarily from property taxes, income taxes and the state local government fund.

Special Revenue Funds: These funds are used to account for specific governmental revenues (other than revenues for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. These funds include most major federal and state grants.

Debt Service Funds: These funds are used to account for the resources received and used to pay principal and interest on debt reported in the General Long-Term Obligations Account Group and certain enterprise funds. Revenues and financing resources are derived primarily from property taxes, reimbursements from enterprise funds and operating transfers by enterprise funds.

Capital Projects Funds: These funds are used to account for the acquisition or construction of capital assets other than those financed by special revenue, enterprise and internal service fund operations. Revenues and financing resources are derived primarily from the issuance of bonds, certificates of participation and the receipt of grants.

Proprietary Funds

Enterprise Funds: These funds are used to account for operations that provide services which 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 to certain City departments and funds or to other governments on a cost reimbursement basis.

Fiduciary Funds

Agency Funds: These funds are used to account for assets held by the City as an agent for others and include the Central Collection Agency, the Cleveland Municipal Court and payroll deductions withheld and awaiting payment.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

Account Groups

General Fixed Assets Account Group: This account group is used to present the general fixed assets of the City utilized in its general operations, exclusive of those used in enterprise and internal service funds. General fixed assets include land, buildings, improvements and equipment owned by the City, and the City's share of the Justice Center Building.

General Long-Term Obligations Account Group: This account group is used to account for all long-term obligations of the City except those accounted for in the enterprise funds.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the more significant accounting policies for the City is described below:

Basis of Accounting: All financial transactions for Governmental and Fiduciary Funds are recorded on the modified accrual basis of accounting. Under this accounting method, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues accrued at the end of the year primarily consist of reimbursements from other governments for grant expenditures, revenues from other governmental entities for services rendered, state local government fund revenues, other shared revenues, delinquent property taxes, and income taxes receivable arising from payroll tax withholdings for individuals in December and quarterly and annual payments of income taxes pertaining to net profits, self-employment and residents received within 60 days after year end. Governmental and fiduciary fund expenditures are accrued when the fund liability is incurred except for interest on long-term debt, which is recorded when due. Financial transactions for proprietary funds are recorded on the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized as incurred. Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Activities", all Proprietary Funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, Proprietary Funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB pronouncements). The City has chosen not to apply future FASB standards.

Measurement Focus: All Governmental Funds are accounted for on a spending or current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Resources not available to finance expenditures or commitments of the current period are recognized as deferred revenue. Liabilities for claims, judgments, compensated absences, police and fire overtime and police and fire deferred vacation which will not be currently liquidated using expendable financial resources are shown in the General Long-Term Obligations Account Group.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus.

Budgetary Accounting and Control: The City is required by state law to adopt annual budgets for the General Fund, certain Special Revenue Funds including the Division of Streets, Restricted Income Tax, Rainy Day Reserve Fund, Reserve Fund, Schools Recreation and Cultural Activities Fund, and Debt Service Funds (except for Urban Renewal and Urban Renewal Reserve Funds). Modifications to the original budget are approved by City Council throughout the year. The City maintains budgetary control by not permitting expenditures to exceed appropriations for personnel costs (including benefits), other costs, debt service and capital outlay within a division of the City without the approval of City Council. Adjustments to the budget can only be made within a division and then within each category. Further legislation is needed in order to move budget authority from "personnel" to "other" or vice versa, or between divisions. City Council adopted an additional supplemental appropriation for 2000.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - *Continued*

Unencumbered appropriations for annually budgeted funds lapse at year end. Budgetary data are not presented for the Proprietary Funds due to the nature of the funds. There is no GASB requirement to report on such budgets.

The actual results of operations as compared to the amended appropriations passed by Council are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Budgetary Basis)-General, Budgeted Special Revenue and Budgeted Debt Service Fund Types, in accordance with the City's budgetary process (budget basis) to provide a meaningful comparison of actual results with the budget for those governmental funds for which annual budgets are prepared.

The City's budgetary process does not include annual budgeting for grant funds and capital project funds. Appropriations in these funds remain open and carry over to succeeding years (i.e., multi-year) until the related expenditures are made or until they are modified or canceled. Appropriations for these funds are controlled on a project basis and; therefore, budgetary comparison statements on an annual basis do not provide meaningful information and, accordingly, are not presented.

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP) basis.

The major differences between the budget basis and the GAAP basis are that:

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when goods or services are received (GAAP). Encumbrances are recorded as expenditures (budget) as opposed to reservation of fund balance (GAAP).

Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses

	General Fund	Special Revenues	Debt Service
GAAP Basis	\$ (32,865)	\$ 29,902	\$ (755)
Less: funds not budgeted on an annual basis		\$ 11,981	\$ 376
GAAP basis for budgeted funds	\$ (32,865)	\$ 17,921	\$ (1,131)
Increase (Decrease):			
Accrued Receivables at December 31, 2000, not recognized in the 2000 budget	\$ (145,806)	\$ (30,417)	\$ (32,653)
Accrued Receivables at December 31, 1999, recognized in the 2000 budget	\$ 156,989	\$ 19,544	\$ 25,615
Net impact of encumbrances on budget basis expenditures and other adjustments	\$ 180	\$ (6,993)	\$ (98)
Accrued Liabilities at December 31, 2000, not recognized in the 2000 budget	\$ 101,272	\$ 5,846	\$ 27,579
Accrued Liabilities at December 31, 1999, recognized in the 2000 budget	\$ (73,987)	\$ (8,863)	\$ (21,715)
Budget basis for budgeted funds	\$ 5,783	\$ (2,962)	\$ (2,403)

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

Pooled Cash and Investments: Cash resources of certain individual funds are combined to form a pool of cash and investments which is managed by the City Treasurer. Investments in the Pooled Cash Account, consisting of certificates of deposit, repurchase agreements, U.S. government securities, Star Ohio and time deposits, are carried at fair value (see Note C). Interest earned on pooled cash and investments is distributed to the appropriate funds utilizing a formula based on the average weekly balance of cash and investments of each fund.

Cash and Cash Equivalents: Cash and cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Investments: The City follows the provisions of GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and External Investment Pools,” which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2000.

Unbilled Revenue: Unbilled revenues are estimates for services rendered but not billed to customers at year end.

Inventory of Supplies: Inventory is valued at average cost except Special Revenue Funds and Airport Enterprise Fund inventory which is valued at cost. Inventory generally consists of construction and utility plant supplies not yet placed into service. Inventory costs are charged to operations when consumed.

Restricted Assets: Proceeds from debt and amounts set aside for payment of enterprise fund general obligation debt and revenue bonds are classified as restricted assets since their use is limited by applicable bond indentures.

Fixed Assets and Depreciation: Property, plant and equipment is stated on the basis of historical cost, or if contributed, at fair value at the date received. Infrastructure, pertaining to Governmental Fund Type activities, including streets, bridges and sidewalks, is not capitalized by the City. Depreciation is not provided in the General Fixed Assets Account Group. Depreciation for the Proprietary Fund Types is determined by allocating the cost of fixed assets over the estimated useful lives of the assets using the straight-line method. When property is disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility plant in service	6 to 100 years
Buildings, structures and improvements	10 to 65 years
Furniture, fixtures and equipment	5 to 33 years

Capital Outlay: The City reports capital outlays in the fund which provides the resources.

Idle Facilities: In April 1977, the Division of Cleveland Public Power closed its generation plant and since that time the Division’s revenues have been derived primarily from the distribution of purchased power. Management has several options available for rehabilitating the plant and returning it to operation. With the present availability of competitively priced purchased power, the plant will remain idle until such time as returning it to operation is economically desirable.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

Capitalization of Interest: The City's policy is to capitalize interest on Proprietary Fund Type construction projects until substantial completion of the project. Capitalized interest is amortized on the straight-line basis over the estimated useful lives of such assets. The City applies Statement of Financial Accounting Standards No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, for its Waterworks Improvement First Mortgage Revenue Bonds, its Public Power Improvement First Mortgage Revenue Bonds and its Parking Facilities Refunding Revenue Bonds. This Statement requires capitalization of interest cost of the borrowings less interest earned on investment of the bond proceeds from the date of the borrowing until the assets constructed from the bond proceeds are ready for their intended use.

For 2000, interest expense incurred for the Proprietary Funds was \$92,757,000 which was reduced by \$19,162,000 of interest expense capitalized. For 2000, total interest income earned by the Proprietary Funds was \$57,736,000 which was reduced by \$9,951,000 of interest income capitalized.

Swap Agreements: The City may enter into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expense resulting from these agreements, no amounts are recorded in the financial statements. As further described in Note D, the City has one swap agreement outstanding at December 31, 2000 for its Subordinated Income Tax Refunding Bonds.

Contributed Capital: Contributed capital represents federal and state grants and other financial resources supplied to the City's Proprietary Funds which are not subject to mandatory repayment.

Grants and Other Intergovernmental Revenues: Federal grants and assistance awards made on the basis of entitlement programs are recorded as intergovernmental receivables and revenues when entitlement occurs, if available. Federal reimbursement-type grants for the acquisition of fixed assets of Proprietary Fund Types are recorded as intergovernmental receivables and contributed capital when the related expenses occur. Other federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures (expenses) are incurred. The City accounts for loans receivable related to the Economic Development Funds, Urban Development Action Funds, Community Development Block Grants and Supplemental Empowerment Zone as a reservation of fund balance to the extent that these loans do not have to be repaid to the Federal Government. Loans Receivable is presented net of allowance for doubtful accounts on the balance sheet. The loan proceeds are earmarked for future reprogramming under federal guidelines and are not available to fund current operating expenditures of the City.

The City participates in the State Issue 2 program and the Local Transportation Improvement Program. Through these programs, the State of Ohio (State) provides financial assistance to the City for its various road and bridge improvements and storm water detention facilities. The Ohio Public Works Commission (OPWC) is the State agency which oversees the allocation of State bond proceeds and tax revenue to selected projects which have met funding requirements. Upon approval of the OPWC, the City and the State create project agreements establishing each entity's financial contribution toward each project. Through December 31, 2000, the State funded \$66,327,568 of road and bridge improvement projects. Also funded was \$4,575,000 for storm water detention facilities recorded in the Enterprise Fund's Division of Water Pollution Control.

Encumbrances: Encumbrance accounting is employed in the General, certain Special Revenue, and Capital Projects Funds. Purchase orders and requisitions, contracts, and other commitments for expenditures are recorded as encumbrances to reserve the applicable portion of the appropriation. Encumbrances outstanding at year end are reported as a reservation of fund balances since they do not constitute expenditures or liabilities and are carried forward to the next fiscal year.

Interfund Transactions: During the course of normal operations, the City has numerous transactions between funds, including transfers of resources to provide services, construct assets and service debt. Such transactions are generally reflected as operating transfers or reimbursements in the accompanying financial statements.

Statement of Cash Flows: The City utilizes the direct method of reporting cash flows from operating activities in the Statement of Cash Flows as defined by the Governmental Accounting Standards Board Statement No. 9. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing, and investing activities.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

Compensated Absences: In conformity with the Governmental Accounting Standards Board Statement No. 16, “Accounting for Compensated Absences”, the City accrues vacation including the related fringe benefits as earned by its employees. The sick leave benefits are accrued as a liability using the termination method. For Governmental Fund Types, the liability not currently due and payable at year end is recorded in the General Long-Term Obligations Account Group.

Normally, all vacation time is to be taken in the year available unless written approval for carryover of vacation time is obtained. Sick days not taken may be accumulated until retirement. An employee is paid one-third of accumulated sick leave, calculated at current wage rates, upon retirement or death with the balance being forfeited.

Police and Fire Deferred Vacation: Uniformed police and fire employees are eligible to defer earned vacation time, with the appropriate approvals, until retirement. Once deferred, the employee cannot use deferred time as vacation. Deferred vacation is paid to the employee upon retirement, calculated using the hourly rate and their related fringe benefits at the date of retirement.

Future Capital Improvements: Certain resources have been designated by City management to fund future capital improvements. These resources are classified as “Designated for future capital improvements” in the fund balance of the Governmental Fund Types.

Rainy Day Reserve Fund: The Rainy Day Reserve Fund was established to account for assets that are only eligible to be used during significant periods of economic downturn or to fund unanticipated one-time General Fund obligations.

Reserved Fund Balance: Fund balances are reserved to indicate that they do not constitute available financial resources and have been specifically reserved by City ordinance or other requirements.

NOTE C - POOLED AND SEGREGATED CASH AND INVESTMENTS

Monies for the Debt Service Funds, certain Capital Projects Funds, Central Collection Agency, Municipal Courts, Department of Port Control, Division of Water, Division of Water Pollution Control, Division of Cleveland Public Power, Division of Municipal Parking Lots and certain Special Revenue Funds are deposited or invested in individual segregated bank accounts. Monies for the Job Training Partnership Act (JTPA) Grants, Neighborhood Development Investment Funds, Economic Development Funds, Supplemental Empowerment Zone and other Special Revenue Funds are also deposited in segregated bank accounts.

Monies of all other funds of the City, including the accounts of the General Fund, other Special Revenue Funds, other Capital Projects Funds, other Enterprise Funds, Internal Service Funds and other Agency Funds, are maintained or invested in a common group of bank accounts. Collectively these common bank accounts and investments represent the Pooled Cash Account (PCA). Each fund whose monies are included in the PCA has equity therein.

Certain funds have made disbursements from the PCA in excess of their individual equities in the PCA. Such amounts have been classified as interfund receivables and payables between the Restricted Income Tax Fund and the respective funds that have made disbursements in excess of their individual equities in the PCA.

The City has a restrictive arrangement for certain segregated monies held in escrow at the banks’ trust departments in which the City must act in conjunction with a trust officer in order to make investments. The City’s role is that of investment manager and the trust officer’s role is that of purchasing agent. For other segregated monies, the City acts alone in placing investments with the banks. Amounts held in escrow are designated for a special purpose and are entrusted to a third party to fulfill certain legal provisions.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

Deposits: Ohio law requires that deposits be placed in eligible banks or building and loan associations located in Ohio. The City's policy is to place deposits only with major commercial banks having offices within the City of Cleveland. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation. Further, City ordinance requires such collateral amounts to exceed deposits by ten percent. Collateral that may be pledged is limited to obligations of the following entities: the United States and its agencies, the State of Ohio, and any legally constituted taxing subdivision within the State of Ohio. The City also requires that non-pooled securities pledged be held by either the Federal Reserve Bank or other trust institution, as designated by the City, as trustee. This collateral is held in joint custody with the financial institution pledging the collateral, and cannot be sold or released without written consent from the City.

GASB statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements", requires the City to categorize its deposits into one of three categories:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2: Collateralized with securities held by the pledging financial institutions's trust department or agent in the entity's name.

Category 3: Uncollateralized (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name).

Monthly, the City determines that the collateral has a market value adequate to cover the deposits and that it has been segregated either physically or in book entry form. At year end, the carrying amount of the City's deposits including certificates of deposit was \$82,043,000 and the actual bank balance totaled \$146,065,000. The difference represents outstanding warrants payable and normal reconciling items. Based on the criteria described in GASB Statement No. 3, \$31,390,000 of the bank balance was insured or collateralized with securities held by the City or by its agent in the City's name.

The remaining balance of \$114,675,000 was uninsured and uncollateralized (which includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department but not in the City's name). Of this amount, \$61,970,000 was invested in two bank investment contracts (BIC). The first BIC, with a cost of \$55,790,000, is secured by repurchase agreements of government securities held as collateral by the City's trustee in the name of the trustee. The second BIC of \$6,180,000 is secured by securities held by the pledging financial institution's trust department but not in the City's name. The remaining amount, \$52,705,000 was secured by a collateral pool held at the Federal Reserve Bank in the name of the respective depository bank which pledges a pool of collateral against all public deposits it holds.

Investments: The City's investment policies are governed by state statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; U.S. Government Money Market Mutual Funds; State Treasury Asset Reserve Fund (Star Ohio), guaranteed investment contracts and repurchase transactions. Such repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained. Under City policy, investments are limited to repurchase agreements, U.S. government securities, certificates of deposit, investments in certain money market mutual funds and State Treasury Asset Reserve Fund (Star Ohio). Generally, investments are recorded in segregated accounts by way of book entry through the bank's commercial or trust department and are kept at the Federal Reserve Bank in the depository institution's separate custodial account for the City, apart from the assets of the depository institution. Ohio statute prohibits the use of Reverse Repurchase Agreements.

Investment securities are exposed to various risks such as interest rate, market and credit. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect portfolio value.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

GASB Statement No. 3, “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,” requires the City to categorize its investments into one of three categories:

Category 1: includes insured or registered, or securities held by the City or its agent in the City’s name;

Category 2: includes uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the City’s name;

Category 3: includes uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the City’s name.

The categorized investments shown in the following table include those which are classified as cash and cash equivalents in the balance sheet in accordance with the provisions of GASB Statement No. 9:

Type of Investment	Category	Fair Value	Cost
(Amounts in 000's)			
U.S. Agency Obligations	1	\$ 402,745	\$ 401,716
U.S. Treasury Bonds	2	13,179	12,899
U.S. Treasury Bills	2	80,385	79,815
U.S. Treasury Notes	2	34,043	33,840
Certificates of Participation	2	14,173	14,342
Repurchase Agreements	3	40,717	40,717
Reserve Fund (Star Ohio)	n/a	154,281	154,281
Investments in Mutual Funds	n/a	83,731	83,731
Guaranteed Investment Contracts	n/a	293,449	293,449
Total Investments		1,116,703	1,114,790
Total Deposits		82,043	82,043
Total Deposits and Investments		\$ 1,198,746	\$ 1,196,833

Star Ohio is an investment pool created pursuant to Ohio Statutes and managed by the Treasurer of the State of Ohio. Amounts invested with Star Ohio, mutual funds and guaranteed investment contracts are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE D - BONDS, DEBT AND OTHER OBLIGATIONS

A summary of all outstanding debt and other obligations of the City as of December 31, 2000 is as follows:

	Balance January 1, 2000	Additions	(Reductions)	Balance December 31, 2000
(Amounts in 000's)				
General Long-Term Obligations and Notes				
General Obligation Bonds due through 2020, 3.5% to 9.875%	\$312,225	\$26,795	(\$22,070)	\$316,950
<i>Other Obligations:</i>				
Urban Renewal Bonds due through 2018, 3.60% to 6.75%	9,430		(270)	9,160
Subordinated Income Tax Refunding Bonds due through 2024, 4.88%	70,700		(1,200)	69,500
Non-tax Revenue Bonds, 5.75% - Stadium	10,000			10,000
Certificates of Participation - 1992 and 1995	17,370		(5,611)	11,759
Certificates of Participation - Stadium	157,115		(1,495)	155,620
Capital lease obligations	1,859		(509)	1,350
Gateway Note Payable	4,250		(250)	4,000
Accrued wages and benefits	35,021	732		35,753
Police and fire overtime	54,155	10,648		64,803
Police and fire deferred vacation	927	266		1,193
Estimated claims payable (Note G)	4,000		(1,606)	2,394
Total General Long-Term Obligations and Notes	\$677,052	\$38,441	(\$33,011)	\$682,482
Enterprise Funds				
Airport System Revenue Bonds:				
Series 1990 due through 2006, 6.50% to 7.30%	\$31,251		(\$7,305)	\$23,946
Series 1994 due through 2024, 4.80% to 7.95%	80,770		(1,540)	79,230
Series 1997 due through 2027, 4.25% to 7.00%	272,055		(3,255)	268,800
Airport Surplus Revenue Notes:				
Series 1999 due in 2001, 6.375%	40,000			40,000
Public Power System Revenue Bonds:				
Series 1991 due through 2017, 5.85% to 7.00%	44,885		(1,740)	43,145
Series 1994 due through 2013, 6.30% to 7.00%	74,910		(4,725)	70,185
Series 1996 due through 2024, 5.00% to 6.00%	122,380			122,380
Series 1998 due through 2017, 4.00% to 5.25%	44,760			44,760
Waterworks Improvement Revenue Bonds:				
Series 1977 due in 2008, 6.13%	12,905			12,905
Series 1986 due through 2015, 5.00% to 7.00%	15,350			15,350
Series 1992 due through 2016, 5.50% to 6.25%	88,480		(1,165)	87,315
Series 1993 due through 2021, 4.60% to 5.50%	212,475		(11,230)	201,245
Series 1996 due through 2026, 4.25% to 5.75%	96,540		(5,645)	90,895
Series 1998 due through 2028, 4.00% to 5.25%	305,650		(225)	305,425
Ohio Water Development Authority Loans				
due through 2003, 4.18% to 6.25%	8,175		(763)	7,412
Parking Facilities Revenue Bonds				
due through 2022, 4.45% to 6.00%	79,190		(1,795)	77,395
Total Enterprise Debt	1,529,776	0	(39,388)	1,490,388
Less: Unamortized (discount) premium-net	(44,345)		2,966	(41,379)
Unamortized loss on debt refunding	(57,597)		3,521	(54,076)
Total Enterprise Debt, net	\$1,427,834	\$0	(\$32,901)	\$1,394,933
Total Debt	\$2,104,886	\$38,441	(\$65,912)	\$2,077,415

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

A summary of the City's future debt service requirements for tax supported general obligations, enterprise fund self-supporting obligations, urban renewal obligations and subordinated income tax refunding bonds as of December 31, 2000 follows:

Due In	General Long Term Obligations Bonds Payable		Enterprise Obligations		Urban Renewal Obligations		Subordinated Income Tax Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
(Amounts in 000's)								
2001	\$23,570	\$16,388	\$84,200	\$75,432	\$285	\$595	\$1,300	\$3,564
2002	24,270	15,209	42,491	76,269	300	578	1,300	3,496
2003	24,410	13,984	45,158	74,291	320	559	1,400	3,426
2004	23,155	12,774	47,126	72,086	340	539	1,500	3,351
2005	24,005	11,602	49,270	69,722	360	518	1,600	3,270
2006-2010	114,650	39,805	297,950	285,014	2,190	2,188	9,800	14,937
2011-2015	61,230	14,147	327,583	201,182	3,020	1,327	13,600	11,924
2016-2020	21,660	2,544	303,865	115,870	2,345	244	18,800	7,753
2021-2025			234,870	42,937			20,200	2,124
2026-2030			57,875	3,126				
Total	\$316,950	\$126,453	\$1,490,388	\$1,015,929	\$9,160	\$6,548	\$69,500	\$53,845

A detailed summary of general obligation bonds and enterprise debt by purpose as of December 31, 2000 is as follows:

	Original Issue Amount	Balance January 1, 2000	Issued 2000	Refunded/ Retired 2000	Balance December 31, 2000
(Amounts in 000's)					
General Obligation Bonds					
Public Facilities	\$100,950	\$36,895	\$9,260	\$2,920	\$43,235
Public Service	8,145	995		215	780
Convention Center	27,090	6,105		1,335	4,770
Residential Redevelopment	13,595	7,235	2,145	370	9,010
Bridges & Roadways	147,450	70,055	10,200	5,390	74,865
Public Safety	27,545	1,790		370	1,420
Parks & Recreation	64,355	23,385	5,190	1,850	26,725
Waterways	2,740	545		155	390
Parking	10,000	1,245		415	830
Refunding Bonds	229,925	162,255		8,515	153,740
Judgement/Settlement	14,500	1,720		535	1,185
Total General Obligation Bonds	<u>\$646,295</u>	<u>\$312,225</u>	<u>\$26,795</u>	<u>\$22,070</u>	<u>\$316,950</u>
Revenue Bonds					
Airport	\$477,666	\$424,076		\$12,100	\$411,976
Public Power	454,595	286,935		6,465	280,470
Waterworks	1,381,735	731,400		18,265	713,135
Parking Facilities	81,105	79,190		1,795	77,395
Loans and Other					
Waterworks	3,134	302		302	
Water Pollution Control	8,596	7,873		461	7,412
Total Enterprise Debt	<u>\$2,406,831</u>	<u>\$1,529,776</u>	<u>\$0</u>	<u>\$39,388</u>	<u>\$1,490,388</u>

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

General Obligations Bonds and Notes

General Obligations Bonds: General obligation bonds of the City are bonds not authorized by a vote of the electors, and notes issued in anticipation of such bonds, payable from ad valorem property taxes levied within the limitations provided by law, irrespective of whether such bonds or notes are secured by other receipts of the City in addition to such ad valorem property taxes.

In 2000, the City issued \$26,795,000 of Various Purpose General Obligation Bonds, Series 2000. The proceeds are being used to finance various capital improvements to certain of the City's properties and to pay costs of issuance.

Under the Uniform Bond Act of the Ohio Revised Code, the City at December 31, 2000 had the capacity to issue \$302,383,472 of additional debt under the direct debt limit. However, significantly less could be issued under the indirect debt limit.

Other Obligations

Urban Renewal Bonds: In 1993, the City issued \$10,800,000 of Urban Renewal Increment Bonds (Rock and Roll Hall of Fame and Museum Project) for the purpose of paying a portion of the costs of the acquisition and construction of a "port authority educational and cultural facility" to conduct programs of an educational and instructional nature relating to the field of contemporary music, including rock and roll music, which constituted the Rock and Roll Hall of Fame and Museum ("the Facility"). The net proceeds were contributed to the Cleveland-Cuyahoga County Port Authority which owns and leases the facility to Rock and Roll Hall of Fame and Museum, Inc., an Ohio non-profit corporation. The Rock and Roll Hall of Fame and Museum opened in September 1995. The Urban Renewal Increment Bonds are not general obligations of the City and are not secured by the full faith and credit of the City nor are they payable from the general revenues or assets of the City. Urban Renewal Bonds are secured solely by pledged receipts, consisting of payments to be made in lieu of real property taxes pursuant to Development Agreements between the City and certain property owners and interest income on those payments.

Subordinated Income Tax Refunding Bonds: Effective June 1, 1994, the City issued \$74,700,000 of Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994 (the "Bonds"). The proceeds were used to fund the City's obligation for the employer's accrued liability to the Police and Firemen's Disability and Pension Fund of the State of Ohio ("the Fund"). The principal use of the proceeds was for the current refunding of the City's obligation to the Fund for the employer's accrued liability in the amount of \$104,686,400, which was payable in semi-annual installments of \$2,696,243 through May 15, 2035. Pursuant to Section 742.30 (C) of the Ohio Revised Code, the City and the Fund entered into an agreement that permitted the City to make a one time payment to the Fund to extinguish the City's obligation. The payment amount of \$70,493,204 was calculated by applying a 35% discount factor to the \$104,686,400 accrued liability plus adding accrued interest of \$2,447,044. The Bonds are not general obligations of the City and are not secured by its full faith and credit. The Bonds are unvoted special obligations secured by a pledge of and a lien on the unrestricted municipal income taxes of the City, to the extent that such income taxes are not needed to pay debt service on the City's currently outstanding unvoted general obligation bonds or unvoted general obligation bonds issued in the future. The Bonds bear interest at a variable rate, determined from time to time by the remarketing agent in accordance with the indenture. As a result of a Tax Court ruling on similar bonds issued by the City of Columbus, Ohio, the City's Special Tax Counsel, Squire, Sanders & Dempsey L.L.P., issued an opinion on August 7, 1998, that the Subordinated Income Tax Refunding Bonds are tax exempt. As of that date, the bonds were remarketed as variable rate tax-exempt bonds.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

In 1999, the City entered into an interest rate swap transaction for the purpose of hedging the exposure of the City against interest rate fluctuations arising from the variable rates borne by these bonds. Under the swap agreement the City will be the fixed rate payor, paying the fixed rate of 4.88% and the counter party will be the floating rate payor, paying the actual variable rate borne by the Series 1994 Bonds. The stated termination date under the swap agreement is May 15, 2024, the maturity date of the Series 1994 Bonds. The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the City to the counter party, or by the counter party to the City, depending upon the prevailing economic circumstances at the time of the termination. The obligation of the City under the swap agreement to make the periodic fixed rate payments (but not the termination payment) is secured by a subordinate pledge of the income tax receipts, subordinate to the pledge of the income tax receipts made under the General Bond Ordinance securing the bonds. The debt service requirements to maturity for these bonds presented on the schedule on page 47 are based on the fixed rate of 5.18%, which includes remarketing and credit facility fees.

Non-tax Revenue Bonds: In 1999, the City issued non-tax revenue bonds totaling approximately \$10,000,000 to assist in the construction of the new football stadium. These bonds bear interest at 5.75% until maturity. Principal on these bonds is due each December 1 beginning December 1, 2007 through December 1, 2020. These bonds do not represent a general obligation debt or pledge of the faith, credit or taxing power of the City, and are payable solely from non-tax revenues of the City.

Certificates of Participation-1992 and 1995: Certificates of Participation were issued to fund the acquisition of certain motor vehicles and communication equipment for lease to the City. The City will make basic lease payments during successive renewal periods of one year or less through July 1, 2003, if the City Council appropriates funds each year for that purpose. The Certificates do not constitute a debt or a pledge of the faith and credit of the City, and the City is not a party to the Certificates. If the Lease is renewed through July 1, 2003, and the City makes a purchase payment and complies with certain other conditions, the City will acquire title to the property. The following is a schedule of the future lease payments for these Certificates of Participation at December 31, 2000:

	<u>Principal</u>	<u>Interest</u>
	<u>(Amounts in 000's)</u>	
2001	\$ 4,788	\$ 614
2002	3,887	345
2003	3,084	126
Total	<u>\$ 11,759</u>	<u>\$ 1,085</u>

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

Certificates of Participation-Stadium: In June 1997, Certificates of Participation in the amount of \$139,345,000 were issued to assist in the construction of an open-air stadium for the play of professional football and other events. In October 1999, Certificates of Participation in the amount of \$20,545,000 were issued to retire the Non-tax Revenue Bond Anticipation Notes. The City will make lease payments subject to annual appropriation by City Council and certification by the Director of Finance as to the availability of funds from those appropriations. These obligations do not constitute a debt or pledge of the full faith and credit of the City. The following is a schedule of the future payments for the Series 1997 and 1999 Certificates of Participation outstanding as of December 31, 2000:

	Principal	Interest
	(Amounts in 000's)	
2001	\$1,520	\$7,164
2002	1,690	7,094
2003	1,860	7,015
2004	2,065	6,925
2005	2,260	6,824
2006-2010	40,933	39,675
2011-2015	42,172	29,533
2016-2020	21,685	14,443
2021-2025	28,045	8,082
2026-2030	13,390	1,063
Total	\$155,620	\$127,818

Capital Lease Obligations: The City has entered into agreements to lease equipment. Such agreements are treated as lease purchases (capital leases) and are classified as long-term lease obligations in the financial statements. The lease contracts contain annual one-year renewal options that can be exercised by the City if sufficient funds are appropriated by City Council. Upon the exercise of each annual one-year renewal option and satisfaction of the lease obligations related thereto, title to the equipment will pass to the City. Future minimum lease payments under capital leases at December 31, 2000, are \$597,000 per year through year 2002 and \$248,000 in 2003. Of these amounts, \$92,000 represents interest resulting in a capital lease obligation outstanding of \$1,350,000 at December 31, 2000. During 2000, operating lease payments for the City were immaterial.

Gateway Note Payable: In October 1996, the City and Cuyahoga County each agreed to pay \$5,000,000 for additional costs associated with the Gateway Sports Complex. The amounts are to be repaid in annual installments of \$250,000 for 20 years. The monies will be deducted from the monthly distribution of the State local government fund. The first deduction was made in March 1997. This liability is reported in the general long-term debt account group.

Accrued Wages and Benefits: Accrued wages and benefits included in the general long-term debt account group consist of the non-current portion of vacation and sick pay benefits earned by employees of the City. The City accrues vacation benefits when earned and accrues sick pay benefits using the termination method.

Police and Fire Overtime and Deferred Vacation Pay: Uniformed employees of the Police and Fire Divisions accumulate overtime compensation in accordance with the union contracts and the requirements of the Fair Labor Standards Act. In addition, uniformed employees may defer earned vacation time, with the appropriate approvals, until retirement. The liabilities for overtime and deferred vacation time, at current pay rates including their related fringe benefits and converted to straight time hours, at December 31, 2000, follow:

Division	Overtime		Deferred Vacation	
	Hours	Dollars	Hours	Dollars
	(Amounts in 000's)			
Police	2,449	\$ 60,327	-	\$ -
Fire	190	4,476	50	1,193
Total	2,639	\$ 64,803	50	\$1,193

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

Such employees are entitled to receive cash payments for their accumulated hours upon retirement or other termination from the City's payroll. For employees not terminating, accumulated overtime is paid once a year up to the budgeted amount for such purpose. Accumulated overtime is paid in June upon receiving requests in the first quarter. If requests exceed the budgeted amount, the requests are to be paid on a pro-rata basis. No accumulated overtime was paid subsequent to year end during the available and measurable period, therefore, the full amount is included in the general long-term debt account group. Deferred vacation is available to the employee only as a cash payment upon retirement or other termination from the City's payroll. The accumulated hours are paid at the employee's hourly rate at the date of retirement, other termination or at the date of the payment pursuant to a request, which may differ from the rate used to determine the liability above.

Enterprise Fund Obligations

Airport System Revenue Bonds: These bonds are secured by the pledge of all airport revenues, as defined in the revenue bond indenture. Further, the City has assigned to the trustee all its interests in and rights to the airline use agreements under the revenue bond indenture.

Of the Airport System Revenue Bonds issued in 1990, \$15,276,000 were issued in the form of Capital Appreciation Bonds. Interest on the Capital Appreciation Bonds is payable only as a component of their appreciated principal amount at maturity or redemption. Interest on the Capital Appreciation Bonds is compounded semiannually on each interest payment date beginning July 1990. As of December 31, 2000, the Department of Port Control has recorded a liability in the amount of \$17,058,000 for compounded interest payable on the Capital Appreciation Bonds.

Airport Surplus Revenue Notes: In June 1999, the Department of Port Control issued \$40,000,000 of Airport Surplus Revenue Notes, Series 1999. These are two year notes which will mature in June 2001. The proceeds of the Notes were used to pay a portion of the cost of acquiring real property for future airport expansion, to pay all of the interest on the Series 1999 Notes, to reimburse the Surplus Fund of the Airport for a portion of the payment made to acquire real property and to pay the costs of issuance. The Series 1999 Notes are special obligations of the City and do not constitute general obligations or a pledge of the faith, credit or taxing power of the City.

Public Power System Revenue Bonds: These bonds are payable from the net revenues derived from the public power system, and are secured by a pledge of and lien on such net revenues plus a first mortgage lien upon all property of the public power system, including any improvements, additions, replacements and extensions thereto.

Waterworks Improvement Revenue Bonds: These bonds are payable from the revenues derived from operations of the waterworks system after the payment of all operating and maintenance expenses (net revenue) and are secured by a pledge of and lien on such net revenues plus a first mortgage lien upon all property of the waterworks system, including any improvements, additions, replacements and extensions thereto.

Ohio Water Development Authority Loans: These loans are payable from net revenues derived from the waterworks and water pollution control systems. These obligations do not have a lien on revenues of the Water or Water Pollution Control Divisions.

Parking Facilities Revenue Bonds: These bonds are payable from net revenues generated from certain parking facilities and other operating revenues of the Division of Municipal Parking Lots, including parking meter revenue. In addition, the City has pledged other non-tax revenue to meet debt service requirements. The City has pledged and assigned to the Trustee a first lien on pledged revenues consisting of fines and penalties collected as a result of the violation of municipal parking ordinances and fines, waivers and costs relating to citations for misdemeanor offenses and the special funds as defined within the bond indenture (see Note P).

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

Debt Covenants: The Enterprise Funds' related indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and changes for fees to customers be in sufficient amounts, as defined to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal and maintenance of properties in good condition.

During 1999, contrary to the above covenants, funds from the Division of Water, "Water Improvement Fund", the Department of Port Control's airport funds, and Cleveland Public Power funds were transferred into the General Fund. During 2000, the City repaid the Water Improvement Fund, the Department of Port Control's airport funds, and the Cleveland Public Power funds the amounts that were transferred plus interest from the General Fund.

Defeasance of Debt

The City has defeased certain debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

The aggregate amount of defeased debt outstanding at December 31, 2000 is as follows:

<u>Bond Issue</u>	<u>Amount</u> (Amounts in 000's)
Voted Tax Supported General Obligations:	
1977	\$80
Unvoted Tax Supported General Obligations:	
1988	\$9,130
1990	17,195
1991	32,135
1992	16,320
1994	25,465
Waterworks Improvement Bonds:	
Series F, 1992	\$180,120
Series H, 1996	102,340
Public Power System Bonds:	
Series 1991	\$12,170
Series 1994	131,440
Parking Facilities Bonds:	
Series 1992	\$65,270
Airport System Revenue Bonds:	
Series 1994B	\$7,950

Airport Special Facilities Revenue Bonds

Airport Special Revenue Bonds, Series 1990, totaling \$76,320,000 were issued to finance the acquisition and construction of terminal, hanger and other support facilities leased to Continental Airlines at Cleveland Hopkins International Airport. These bonds were refunded in 1999 by the issuance of Airport Special Revenue Refunding Bonds, Series 1999, totaling \$71,440,000. Airport Special Revenue Bonds, Series 1998, totaling \$75,120,000 were issued in 1998 to finance the design and construction of certain airport facilities leased to Continental Airlines, including a new regional jet concourse. Because principal and interest on these bonds is unconditionally guaranteed by Continental Airlines and paid directly by Continental Airlines, these bonds do not constitute a debt, liability or general obligation of the City or a pledge of the City's revenues. As such, no liabilities relating to these bonds are included in the accompanying financial statements.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

NOTE E - DEFERRED PAYMENT OBLIGATION / I-X CENTER

In January 1999, the City purchased the International Exposition (“I-X”) Center and the land on and around it for \$66.5 million as part of its master plan to expand Cleveland Hopkins International Airport. As part of the purchase agreement, the City leased the building back to the former owner for 15 years, after which the City plans on tearing the building down to make way for a new runway. Of the \$66.5 million purchase price, \$36.5 million was paid in cash in 1999. The remaining \$30.0 million, including interest at 7.75%, is being deferred by the seller and will be offset by future lease payments owed to the City over the 15 year lease period. The future lease payments are equal to the remaining purchase price plus interest at 7.75%, and as such, no cash will be exchanged between the City and the lessee over the term of the lease. The deferred payment is reported as “Deferred Payment Obligation” in the accompanying balance sheet.

In the event that either a similar facility is developed that exceeds a specified size, or there is an expansion of an existing facility that exceeds a specified size within the municipal boundary of the City of Cleveland, the lessee has the right to terminate the lease. Such termination would require the City to pay the lessee the remaining portion of the deferred purchase price. Subsequent to the agreement, the City of Brook Park (the city in which the I-X Center is located) officially announced its intention to acquire the I-X Center through an eminent domain court case. In connection with the proceedings, the City and other defendants filed various counterclaims against Brook Park, of which all counterclaims have been dismissed by the Probate Court. The Probate Court found that Brook Park’s alleged public purpose of economic development and of establishing a municipally owned convention center and exhibition hall are valid and proper public purposes. A preliminary hearing on the Petition for Appropriation began on September 11, 2000, and testimony was concluded on October 2, 2000. The parties submitted proposed Findings of Fact and Conclusions of Law and closing arguments were presented on November 9, 2000.

On November 28, 2000, the Probate Court issued its decision dismissing Brook Park’s Petition for Appropriation and finding in part that Brook Park did not have the authority to take the I-X Property by eminent domain. The Probate Court’s decision recognizes that the City had a prior public use of the I-X Property for both current airport uses and for future airport uses, which were reasonably likely to occur. Brook Park appealed the Probate Court’s ruling.

On February 6, 2001, the Mayors of the City of Cleveland and the City of Brook Park announced a preliminary agreement (the “I-X Property Agreement”) designed to end the appeal by Brook Park of the Probate Court’s decision. The I-X Property Agreement, which allocates various tax revenues and other monetary compensation to Brook Park, shifts the geographical borders of (i) the City of Cleveland to include the I-X Property and 90 acres of land south of the I-X Property, and (ii) the City of Brook Park to include the NASA Glenn / Research Center and 45 acres of land near the Airport. The I-X Property Agreement must be approved by the City Councils of Cleveland and Brook Park. *The City gives no assurance regarding whether the I-X Property Agreement as announced will be approved by the City Councils of Cleveland and Brook Park and consummated by their respective cities.*

Minimum principal and interest payments due by the City on the deferred payment obligation and future minimum lease rentals due to the City under this lease for the next five years and thereafter are as follows:

	Deferred Payment Obligation			Future Minimum Rentals
	Principal	Interest	Total	
	(Amounts in 000's)			
2001	\$1,278	\$2,111	\$3,389	\$3,389
2002	1,381	2,008	3,389	3,389
2003	1,492	1,897	3,389	3,389
2004	1,612	1,777	3,389	3,389
2005	1,741	1,648	3,389	3,389
Thereafter	20,306	7,083	27,389	27,389
	\$27,810	\$16,524	\$44,334	\$44,334

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE E - DEFERRED PAYMENT OBLIGATION / I-X CENTER- Continued

Rental income recognized by the City under this agreement totaled \$3,388,000 in 2000, of which \$2,205,515 was offset against interest expenses and \$1,183,078 was offset against the principal balance of the deferred payment obligation.

NOTE F -ACCUMULATED DEFICITS, SUBSIDIES AND LEGAL COMPLIANCE

At December 31, 2000, the following enterprise funds had accumulated deficits:

Fund Name	Accumulated Deficit	Contributed Capital	Total Fund Equity
(Amounts in 000's)			
Convention Center	(\$49,808)	\$65,443	\$15,635
West Side Market	(1,144)	6,597	5,453
Municipal Parking Lots	(2,436)	21,079	18,643
East Side Market	(324)	2,943	2,619

The above deficits arise principally from the depreciation of fixed assets funded by grants recorded as contributed capital.

As of December 31, 2000, the following internal service funds have accumulated deficits which are subsidized by the general fund:

Fund Name	Total Subsidies
(Amount in 000's)	
Information System Services	\$ 1,478
Telephone Exchange	\$ 69
City Storeroom and Warehouse	\$ 13
Sinking Fund	\$ 366
	\$ 1,926

The General Fund is required to subsidize an Internal Service Fund that shows a loss in any fiscal year.

The City did not obtain prior certification for all commitments as required by Ohio Revised Code. The City did not file their approved appropriation measure with the County Budget Commission by the date required by Ohio Revised Code.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

NOTE G - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City does not carry commercial insurance for such risks, except for certain proprietary funds and the new football stadium (see Note H). In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Governmental fund type liabilities are recorded in the general fund if amounts are payable with available expendable financial resources. Amounts not currently payable are reported in the general long-term debt account group. As of December 31, 2000, the total of such liabilities for governmental fund types was approximately \$2,394,000, all of which was recorded in the general long-term debt account group. Proprietary fund type liabilities are recorded in their respective fund. As of December 31, 2000, the total amount of proprietary fund type liabilities was approximately \$1,026,000 and is included within accounts payable.

Changes in the estimated claims payable for all funds during the years ended December 31 were as follows:

	2000	1999
Estimated Claims payable, January 1	\$4,304,000	\$3,855,000
Current year claims and changes in estimates	5,715,550	2,946,000
Claim payments	<u>(6,599,550)</u>	<u>(2,497,000)</u>
Estimated Claims payable, December 31	<u>\$3,420,000</u>	<u>\$4,304,000</u>

In addition to the above stated claims payable, the City paid \$781,000 of claims during the available period.

The estimated claims liability was based on the estimated cost of settling claims (including incremental claim adjustment expenses) through a case-by-case review of all outstanding claims and by using historical experience. The estimates do not include other allocated or unallocated claim adjustment expenses.

Insurance: Certain proprietary funds carry insurance to cover certain liability risks and property protection. Otherwise, the City is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2000. The City reported no significant decrease in any insurance coverages in 2000. In addition, the City reported no amounts of insurance settlements in excess of insurance coverage during the past three fiscal years.

The City provides the choice of six separate health insurance plans for its employees. These plans are provided by four different insurers through commercial insurance. Operating funds are charged a monthly rate per employee, by type of coverage. The City participates in the State of Ohio Workers' Compensation program.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE H - COMMITMENTS & CONTINGENCIES

Various claims and lawsuits are pending against the City. In accordance with GASB Statement No. 10, those claims which are considered "probable" are accrued, while those claims which are considered "reasonably possible" are disclosed but not accrued. The potential losses resulting from all claims which are reasonably possible, excluding condemnation proceedings, is approximately \$15,890,000 as of December 31, 2000. In addition, probable claims totaling approximately \$3,420,000 have been accrued for. These estimates were based on a case-by-case review of outstanding claims by the City's in-house legal department.

Cleveland Browns Stadium: In March 1996, the City of Cleveland and the National Football League (NFL) reached a settlement in litigation relating to the relocation of the Cleveland Browns football team. The settlement obligated the NFL to provide an NFL franchise to play in Cleveland for the 1999 NFL season. In return, the City pledged to build a new stadium in downtown Cleveland for the play of professional football.

The City financed construction of the new stadium primarily through borrowings, contributions from the new owner of the Cleveland Browns, and grants from the State of Ohio. As of December 31, 2000, outstanding debt borrowed by the City to construct the new stadium totaled approximately \$166 million. Such debt is being funded by the following revenue sources: an 8% off-street parking tax; an increase in admissions tax from 6% to 8%; and, an increase in the motor vehicle leasing transaction tax from \$4 to \$6 per transaction. In addition, voters of Cuyahoga County approved an extension of the existing County-wide tax on alcohol and cigarettes from August 1, 2005 through July 31, 2015. In 1998, the Cleveland Browns further agreed to pay 50% of any additional costs to build the new stadium in excess of \$283 million, up to \$5 million.

In August 1999, construction of the Stadium was completed. Total costs paid or accrued by the City as of December 31, 2000 for construction of the new stadium under all approved contracts amounted to approximately \$283.5 million. Outstanding change orders submitted by stadium contractors through June 2000 would bring the total to approximately \$308.5 million. Of the over runs, \$2 million has been accrued for and the other \$26.8 million has not been accrued for in these financial statements. This is due to the fact that the City is in the process of negotiating these over-runs with the contractors and the amount is subject to change. Additionally, as discussed above, part of the over-runs will be funded by the Cleveland Browns.

The asset related to the Stadium is recorded in the General Fixed Asset Account Group and the related debt is recorded in the General Long-Term Debt Account Group. The activity related to the construction of the new stadium is reflected within the Cleveland Stadium Construction subfund of the Capital Projects fund.

Stadium Team Lease: The City and the Cleveland Browns have entered into a 30-year lease agreement for the new stadium beginning in 1999. Under the terms of the lease, the Cleveland Browns are required to pay the City an annual rent of \$250,000. In return, the Cleveland Browns receive all revenues from the operation of the stadium and pay all expenses, except for real property taxes and insurance, which are the responsibilities of the City of Cleveland. The City is in the process of requesting a property tax abatement for the new stadium. Additionally, the City is required to fund certain capital repairs as described in the lease agreement.

Contingencies Under Grant Programs: The City participates in a number of federally assisted grant programs, principal of which are Community Development Block Grant, Job Training Partnership Act Grant, the Urban Development Action Grants, the Healthy Start Initiative, Federal HOME Program and FAA Airport Improvement Grant Programs. These programs are subject to financial and compliance audits by the grantors or their representatives. As of December 31, 2000, the audits of certain programs have not been completed. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The City believes that disallowed costs, if any, would not be material.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

NOTE I - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains enterprise funds which provide water, sewer (Water Pollution Control), light and power service (Cleveland Public Power), airport (Port Control), cemetery, convention center, golf courses, municipal parking and public market facilities. Segment information for the year ended December 31, 2000 for the enterprise funds is summarized as follows:

	Water	Water Pollution Control	Cleveland Public Power	Port Control	Convention Center	West Side Market
(Amounts in 000's)						
Total operating revenue	\$199,223	\$18,021	\$108,127	\$86,653	\$2,720	\$953
Operating revenue from other city divisions	4,312	214	26,025	40		
Depreciation and amortization expense	26,515	3,905	14,885	23,103	2,303	174
Operating income (loss)	67,861	801	14,378	16,210	(2,721)	(218)
Operating transfers (out) in, net					(1,152)	
Net income (loss)	66,307	2,730	6,416	9,093	1,107	(202)
Current capital and grant contributions		270		8,425		2,243
Restricted assets	281,268		22,339	236,499		
Fixed assets additions	31,578	2,293	11,593	46,170	2,292	
Fixed assets disposals	5,594	714	1,583	6,059		
Net working capital	178,959	26,104	45,948	9,439	1,851	571
Total assets	1,376,425	132,539	392,691	811,964	21,462	5,672
Revenue bonds, notes, and loans payable	679,863		233,954	404,413		
Payables from restricted assets	3,603	324	560	7,036	3	
Other long-term liabilities				27,810		
Total fund equity	653,747	80,603	140,177	330,382	15,635	5,453

	East Side Market	Municipal Parking Lots	Cemeteries	Golf Courses	Total
(Amounts in 000's)					
Total operating revenue	\$57	\$7,713	\$1,452	\$1,967	\$426,886
Operating revenue from other city divisions		537			31,128
Depreciation and amortization expense	122	1,696	124	135	72,962
Operating income (loss)	(117)	4,467	(924)	40	99,777
Operating transfers (out) in, net					(1,152)
Net income (loss)	(112)	368	(669)	98	85,136
Current capital and grant contributions			16		10,954
Restricted assets		16,492	5,636		562,234
Fixed assets additions			15	324	94,265
Fixed assets disposals					13,950
Net working capital	287	(649)	97	1,952	264,559
Total assets	2,623	89,789	10,243	4,798	2,848,206
Revenue bonds, notes, and loans payable		69,291			1,387,521
Payables from restricted assets		17			11,543
Other long-term liabilities					27,810
Total fund equity	2,619	18,643	9,922	4,649	1,261,830

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE J - DUE TO AND DUE FROM OTHER FUNDS

Due to and Due from other funds as of December 31, 2000 are as follows:

	Due From	Due To
	(Amount in 000's)	
GENERAL FUND	\$44,038	\$8,699
SPECIAL REVENUE FUNDS:		
Division of Streets	0	244
Restricted Income Tax	23,223	373
Rainy Day Reserve Fund	0	8,792
Community Development Block Grants	875	6,112
Community Development Funds	0	4,477
Economic Development Funds	0	50
Home Weatherization Grants	0	2,125
Air Pollution Control Grants	7	356
Jobs Training Partnership Act Grants	19	0
W.I.A.	315	2,149
Rental Car Transportation Fees	91	0
General Government Funds	1,639	2,372
Public Safety Funds	4	1,673
Public Health Funds	9	1,969
Public Service Grants	61	166
Parks, Recreation and Properties Grants	36	1,078
Neighborhood Development	0	457
Supplemental Empowerment Zone	0	12,991
	26,279	45,384
DEBT SERVICE FUNDS:		
Unvoted Tax Supported Obligations Fund	4,392	0
CAPITAL PROJECTS FUNDS:		
Capital/Urban Renewal Bond Construction	111	1,191
Grant Improvement	0	6,842
Capital Improvement	2,060	0
Cleveland Stadium Construction	2,000	75
	4,171	8,108
ENTERPRISE FUNDS:		
Division of Water	5,675	1,060
Division of Water Pollution Control	957	4,177
Division of Cleveland Public Power	1,486	656
Department of Port Control	1,313	2,361
Convention Center	119	4,695
West Side Market	0	15
Municipal Parking Lots	387	12
Cemeteries	0	12
Golf Courses	0	51
	9,937	13,039
INTERNAL SERVICE FUNDS:		
Information Systems Services	1,590	1,005
Motor Vehicle Maintenance	1,200	67
Printing and Reproduction	65	1
City Storeroom and Warehouse	13	0
Utilities Administration	0	2
Office of Radio Communications	131	111
Municipal Income Tax Administration	204	741
Telephone Exchange	1,529	457
	4,732	2,384
AGENCY FUNDS:		
Municipal Courts	0	4,248
Central Collection Agency	0	11,687
	0	15,935
	\$93,549	\$93,549

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - *Continued*

NOTE K - INCOME TAXES

During 2000, the City income tax rate remained at 2% and the credit provided to City residents for income taxes paid to other municipalities remained at 50%. A portion of the City income tax is restricted in its use to capital expenditures and debt service and is included in the Special Revenue Funds. All other income tax proceeds are included in the General Fund.

Employers within the City are required to withhold income taxes on employee compensation and remit withholdings to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE L - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. The 2000 levy was based upon an assessed valuation of approximately \$6.065 billion. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Under current procedures, the City's share is 4.4 mills, of which 4.35 mills is dedicated to debt service and .05 mills is dedicated to the payment of police and fire pension obligations. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. Assessed values are established by the Cuyahoga County (County) Auditor. The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City.

Real property taxes, excluding public utility property, are all assessed at 35% of appraised market value. Pertinent real property tax dates are:

- Collection Dates January 20 and June 20 of the current year
- Lien Date January 1 of the year preceding the collection year
- Levy Date October 1 of the year preceding the collection year

Tangible personal property taxes are based on 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. For the collection year 2000, the percentage used to determine taxable value of personal property and inventory was 25%. Pertinent tangible personal property tax dates are:

- Collection Dates April 30 and September 30 of the current year
- Listing Date January 1 of the current year
- Levy Date October 1 of the year preceding the collection year

Public utility tangible personal property currently is assessed at 100% of its true value except for rural electric companies (50%) and railroads (25%). Pertinent public utility tangible personal property tax dates are:

- Collection Dates January 20 and June 20 of the current year
- Lien Date December 31 of the second year preceding the collection year
- Levy Date October 1 of the year preceding the collection year

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - *Continued*

NOTE M - DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund-pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$25,503,358, \$29,609,000, and \$28,600,000, respectively. The full amount has been contributed for 2000, 1999, and 1998.

B. OHIO POLICE AND FIRE PENSION FUND

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.25 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$18,333,527 and \$11,943,540 for the year ended December 31, 2000, \$19,101,885 and \$12,153,795 for the year ended December 31, 1999, \$14,944,227 and \$9,656,773 for the year ended December 31, 1998. The full amount has been contributed for 2000, 1999, and 1998.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE N - OTHER POST EMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$9,881,374. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999 (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

B. OHIO POLICE AND FIRE PENSION FUND

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999 the percent used to fund healthcare was 7 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2000 that were used to fund postemployment benefits were \$6,816,311 for police and \$3,483,532 for fire. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE O - GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 2000	Additions	(Deductions)	Transfers	Balance December 31, 2000
	(Amount in 000's)				
Land	\$37,070			\$170	\$37,240
Land Improvements	54,006			199	54,205
Buildings, structures and improvements	489,325			14,431	503,756
Furniture, fixtures and equipment	83,734	\$7,402	(\$3,694)		87,442
Construction in progress	32,200	19,509		(14,800)	36,909
Total	\$696,335	\$26,911	(\$3,694)	\$0	\$719,552

At December 31, 2000, general fixed assets include \$4,943,000 of equipment under capitalized leases and \$26,625,000 of equipment acquired through certificates of participation financing.

Construction in progress is composed of the following at December 31, 2000:

	Project Authorization	Expended to December 31, 2000	Committed
	(Amounts in 000's)		
General Government	\$10,193	\$2,223	\$7,970
Dog Pound	54	41	13
Health	423	249	174
Police	16,195	15,702	493
Fire	2,323	1,488	835
Park Maintenance and Properties	21,469	15,473	5,996
Recreation	2,056	1,733	323
Total	\$52,713	\$36,909	\$15,804

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE P - GATEWAY ECONOMIC DEVELOPMENT CORPORATION

The City of Cleveland, Cuyahoga County and Gateway Economic Development Corporation of Greater Cleveland (Gateway) entered into a three party agreement whereby Gateway was authorized to construct, own and provide for the operation of a professional sports facility, which includes a baseball stadium, an arena, and a joint development site. Gateway was incorporated on May 31, 1990 and is a governmental not-for-profit corporation legally separate from any other entity. In 1990, voters in Cuyahoga County agreed to levy an excise tax for the purpose of constructing such professional sports facility. The sports facility for the Cleveland Indians (Jacobs Field) opened in April 1994. The multi-functional arena (Gund Arena) opened in October 1994.

The bonds that were issued to construct the sports facilities described above are not a debt or liability of the City of Cleveland. To enhance the security of the bonds, the City has agreed to pledge annually 50% of admissions taxes on Cleveland Cavaliers games held at the arena to pay debt service if other revenue sources are not sufficient. Any exempted admissions tax not required for debt service will be reimbursed to the City. The City's current admissions tax rate is 8%. For the year ended December 31, 2000, the City pledged \$1,851,486.

In 1992, the Division of Municipal Parking Lots (Division) issued \$71,000,000 of Parking Facilities Improvement Revenue Bonds to finance the construction of three parking facilities including two which will directly service the sports facilities. In 1996, the Division issued \$81,105,000 of Parking Facilities Refunding Revenue Bonds, Series 1996 to advance refund these bonds. Debt service is covered by net revenues from the new parking facilities and other operating revenues of the Division, including all parking meter revenue. In addition, the City has pledged all amounts received by the General Fund for parking violations, waivers and criminal fines to the extent needed for the payment of debt service on the bonds. The first garage on the Gateway site was completed in January 1994. The second garage was completed in August 1994. The third parking facility, Willard Park Garage, was completed in April 1996.

In accordance with an agreement with Gateway, Gateway is required to reimburse the City for the excess of the debt service requirements of the Parking Facility Improvement Revenue Bonds attributed to the two Gateway garages over the net revenues generated by the two Gateway garages. In 2000, net revenues generated by the two Gateway garages were less than the debt service payments attributed to those garages by \$2,189,000. Cumulative debt service payments funded by the City that are due from Gateway total \$16,868,000 at December 31, 2000. Due to the uncertainty of collecting such amounts, an allowance has been recorded to offset the amounts in full.

NOTE Q - CHANGES IN CONTRIBUTED CAPITAL

During the year ended December 31, 2000, the following Proprietary funds had changes in contributed capital:

	Water Pollution Control	Port Control	Cemeteries	West Side Market	Motor Vehicle Maintenance
Contributed capital, January 1	\$43,329	\$170,738	\$5,694	\$4,354	\$2,364
Additions	270	8,425	16	2,243	42
Contributed capital, December 31	\$43,599	\$179,163	\$5,710	\$6,597	\$2,406

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS - *Continued*

NOTE R - AEP REFUND PER FERC RULING

On January 12, 2000, the Federal Energy Regulatory Commission (FERC) granted American Electric Power Services (AEP) permission to issue an interim refund for amounts collected in excess of a load ratio share of annual revenue requirements. This resulted in a refund to Cleveland Public Power in the amount of \$2,864,000 which included interest of \$779,000.

NOTE S - SUBSEQUENT EVENTS

Effective February 2001, the Department of Port Control issued \$573,190,000 of Airport System Revenue Bonds, Series 2000A-C. The proceeds will be used to pay a portion of the costs of improvements to the Airport System, including the construction of a new runway; to fund capitalized interest on the Series 2000 Bonds, to make the required deposits to the bond service reserve fund, to the Renewal and Replacement fund, and to pay the costs of issuance of the Series 2000 bonds. The Series C bonds in the total amount of \$149,000,000 were issued as variable rate bonds.

On June 15, 2001, the City of Cleveland issued the Series 2001 Taxable Airport Surplus Revenue Notes for \$44,950,000. These notes were issued to pay off the Series 1999 Taxable Airport Surplus Revenue Notes, which matured on June 15, 2001. The Series 2001 Taxable Airport Surplus Revenue Notes are due June 1, 2003.

NOTE T - RESTATED FUND BALANCE

Special Revenue fund balances at December 31, 1999 were restated by \$165,002,000 from \$103,060,000 to \$268,062,000 due to an overstatement of deferred revenue for loans receivable. The restatement increases the excess of revenues and other financing sources over expenditures and other uses from \$6,908,000 to \$13,763,000.

CITY OF CLEVELAND, OHIO
GENERAL FUND

COMPARATIVE FINANCIAL STATEMENTS

**THE GENERAL FUND IS ESTABLISHED TO
ACCOUNT FOR ALL FINANCIAL RESOURCES
EXCEPT FOR THOSE REQUIRED TO BE
ACCOUNTED FOR IN ANOTHER FUND**

CITY OF CLEVELAND, OHIO

BALANCE SHEET-GENERAL FUND

(Amounts in 000's)

	December 31,	
	2000	1999
ASSETS		
Cash and cash equivalents	\$ 12,925	\$ 7,322
Receivables:		
Taxes	85,829	38,832
Accounts	10,859	11,828
Accrued interest	647	1,005
Less: Allowance for doubtful accounts	(2,000)	(2,000)
	95,335	49,665
Due from other funds	44,038	52,997
Due from other governments	14,012	54,327
TOTAL ASSETS	\$ 166,310	\$ 164,311
LIABILITIES		
Accounts payable	\$ 5,204	\$ 4,499
Estimated claims payable	781	
Deferred revenue	52,077	39,374
Due to other funds	8,699	9,617
Due to other governments	221	225
Accrued wages and benefits	41,869	20,272
TOTAL LIABILITIES	108,851	73,987
FUND BALANCE		
Reserve for encumbrances	9,144	8,302
Reserve for rainy day reserve fund	8,792	6,031
Unreserved:		
Undesignated	39,523	75,991
TOTAL FUND BALANCE	57,459	90,324
TOTAL LIABILITIES AND FUND BALANCE	\$ 166,310	\$ 164,311

CITY OF CLEVELAND, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-GENERAL FUND

(Amounts in 000's)

	Years Ended December 31,	
	2000	1999
REVENUES		
Income taxes	\$ 258,255	\$ 253,403
Property taxes	41,806	46,195
State local government fund	60,015	59,413
Other shared revenues	32,252	31,722
Licenses and permits	9,155	8,984
Charges for services	16,685	15,599
Fines and forfeits	20,990	19,070
Investment earnings	1,938	2,980
Miscellaneous	13,690	10,055
TOTAL REVENUES	454,786	447,421
EXPENDITURES		
Current:		
General government	55,559	47,543
Public service	35,804	29,345
Public safety	274,864	242,977
Community development	13,654	6,059
Public health	12,507	10,728
Parks, recreation and properties	38,624	33,502
Economic development	1,068	1,079
Other	18,306	14,458
TOTAL EXPENDITURES	450,386	385,691
EXCESS OF REVENUES OVER EXPENDITURES	4,400	61,730
OTHER FINANCING USES		
Operating transfers out	(37,265)	(26,249)
TOTAL OTHER FINANCING USES	(37,265)	(26,249)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(32,865)	35,481
Fund balance at beginning of year	90,324	54,843
Fund balance at end of year	\$ 57,459	\$ 90,324

CITY OF CLEVELAND, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL

For the Year Ended December 31, 2000

(Amounts in 000's)

	General Fund			
	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES				
Income taxes	\$ 251,993	\$ 269,901	\$ 268,786	\$ (1,115)
Property taxes	43,998	43,997	45,131	1,134
State local government fund	57,815	57,815	59,488	1,673
Other shared revenues	30,177	30,177	32,871	2,694
Licenses and permits	8,647	8,647	9,339	692
Charges for services	14,527	14,527	16,177	1,650
Fines and forfeits	16,145	16,145	17,843	1,698
Investment earnings		3,283	2,526	(757)
Miscellaneous	26,289	26,739	24,447	(2,292)
TOTAL REVENUES	449,591	471,231	476,608	5,377
EXPENDITURES				
Current:				
General government				
Council and clerk of council				
Personnel	3,000	3,000	2,733	267
Other	2,111	2,111	1,967	144
Total council and clerk of council	5,111	5,111	4,700	411
Office of the Mayor				
Personnel	1,369	1,369	1,363	6
Other	249	249	248	1
Total office of the Mayor	1,618	1,618	1,611	7
Office of personnel				
Personnel	1,177	1,177	1,123	54
Other	493	612	515	97
Total office of personnel	1,670	1,789	1,638	151
Landmarks commission				
Personnel	97	97	95	2
Other	7	7	6	1
Total landmarks commission	104	104	101	3
Board of building standards and appeals				
Personnel	82	82	72	10
Other	7	19	17	2
Total board of building standards and appeals	89	101	89	12
Fair campaign finance commission				
Other	10	10		10
Total fair campaign finance commission	10	10		10

CITY OF CLEVELAND, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL-Continued

For the Year Ended December 31, 2000

(Amounts in 000's)

	General Fund			Variance- Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
Board of zoning appeals				
Personnel	\$ 238	\$ 238	\$ 232	\$ 6
Other	13	29	19	10
Total board of zoning appeals	251	267	251	16
Civil service commission				
Personnel	647	647	621	26
Other	579	579	369	210
Total civil service commission	1,226	1,226	990	236
Community relations board				
Personnel	900	858	768	90
Other	46	88	80	8
Total community relations board	946	946	848	98
City planning commission				
Personnel	1,254	1,264	1,264	
Other	51	86	64	22
Total city planning commission	1,305	1,350	1,328	22
Boxing and wrestling commission				
Personnel	9	9	1	8
Total boxing and wrestling commission	9	9	1	8
Office of equal opportunity				
Personnel	559	509	465	44
Other	45	48	44	4
Total office of equal opportunity	604	557	509	48
Board of examiners of plumbers and electricians				
Personnel	96	96	75	21
Other	3	3	3	
Total board of examiners of plumbers and electricians	99	99	78	21
Municipal court-judicial division				
Personnel	12,968	12,958	12,825	133
Other	1,771	1,781	1,728	53
Total municipal court-judicial division	14,739	14,739	14,553	186
Municipal court-housing division				
Personnel	2,051	2,016	1,843	173
Other	94	129	94	35
Total municipal court-housing division	2,145	2,145	1,937	208

CITY OF CLEVELAND, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL-Continued

For the Year Ended December 31, 2000

(Amounts in 000's)

	General Fund			Variance- Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
Municipal court-clerks division				
Personnel	\$ 6,284	\$ 6,034	\$ 5,749	\$ 285
Other	1,901	2,151	2,110	41
Total municipal court-clerks division	8,185	8,185	7,859	326
Office of budget and management				
Personnel	627	627	621	6
Other	41	41	40	1
Total office of budget and management	668	668	661	7
Department of aging				
Personnel	230	230	206	24
Other	64	64	63	1
Total department of aging	294	294	269	25
Department of law				
Personnel	6,295	4,795	4,795	
Other	2,413	8,013	7,952	61
Total department of law	8,708	12,808	12,747	61
Division of harbors				
Personnel	55	55		55
Total division of harbors	55	55		55
Finance administration				
Personnel	352	352	345	7
Other	33	33	33	
Total finance administration	385	385	378	7
Division of accounts				
Personnel	821	881	877	4
Other	403	608	511	97
Total division of accounts	1,224	1,489	1,388	101
Division of assessments and licenses				
Personnel	964	964	891	73
Other	188	188	183	5
Total division of assessments and licenses	1,152	1,152	1,074	78
Division of treasury				
Personnel	432	432	402	30
Other	72	72	68	4
Total division of treasury	504	504	470	34

CITY OF CLEVELAND, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL-Continued

For the Year Ended December 31, 2000

(Amounts in 000's)

	General Fund			Variance- Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
Division of purchases and supplies				
Personnel	\$ 639	\$ 639	\$ 466	\$ 173
Other	93	93	90	3
Total division of purchases and supplies	732	732	556	176
Bureau of internal audit				
Personnel	368	498	441	57
Other	230	168	165	3
Total bureau of internal audit	598	666	606	60
Division of financial reporting and control				
Personnel	975	975	854	121
Other	433	433	426	7
Total division of financial reporting and control	1,408	1,408	1,280	128
TOTAL GENERAL GOVERNMENT	53,839	58,417	55,922	2,495
Public Service				
Public service administration				
Personnel	418	418	410	8
Other	19	19	19	
Total public service administration	437	437	429	8
Division of architecture				
Personnel	573	573	538	35
Other	33	33	33	
Total division of architecture	606	606	571	35
Division of waste collection and disposal				
Personnel	14,828	14,578	14,438	140
Other	11,973	13,223	13,160	63
Total division of waste collection and disposal	26,801	27,801	27,598	203
Division of engineering and construction				
Personnel	5,076	4,876	4,633	243
Other	530	530	349	181
Total division of engineering and construction	5,606	5,406	4,982	424
TOTAL PUBLIC SERVICE	33,450	34,250	33,580	670

CITY OF CLEVELAND, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL-Continued

For the Year Ended December 31, 2000

(Amounts in 000's)

	General Fund			Variance- Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
Public Safety				
Public safety administration				
Personnel	\$ 3,742	\$ 3,397	\$ 3,230	\$ 167
Other	608	680	576	104
Total public safety administration	4,350	4,077	3,806	271
Division of police				
Personnel	152,607	153,338	152,335	1,003
Other	10,217	10,757	10,662	95
Total division of police	162,824	164,095	162,997	1,098
Division of fire				
Personnel	69,349	70,924	70,454	470
Other	2,964	3,309	3,289	20
Total division of fire	72,313	74,233	73,743	490
Division of emergency medical services				
Personnel	15,511	15,511	15,403	108
Other	1,089	1,289	1,289	
Total division of emergency medical services	16,600	16,800	16,692	108
Division of traffic engineering				
Personnel	2,938	2,788	2,740	48
Other	769	919	837	82
Total division of traffic engineering	3,707	3,707	3,577	130
Division of dog pound				
Personnel	685	685	570	115
Other	98	98	95	3
Total division of dog pound	783	783	665	118
TOTAL PUBLIC SAFETY	260,577	263,695	261,480	2,215
Community Development				
Division of administration services				
Personnel	1,889	1,889	1,017	872
Other	424	424	351	73
Total division of administration services	2,313	2,313	1,368	945
Division of neighborhood services				
Personnel	1,150	1,150	957	193
Total division of neighborhood services	1,150	1,150	957	193

CITY OF CLEVELAND, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL-Continued

For the Year Ended December 31, 2000

(Amounts in 000's)

	General Fund			
	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavorable)
Division of neighborhood development				
Personnel	\$ 1,668	\$ 1,668	\$ 824	\$ 844
Other	200	200	199	1
Total division of neighborhood development	1,868	1,868	1,023	845
Division of building and housing				
Personnel	9,952	8,360	6,935	1,425
Other	457	2,049	2,036	13
Total division of building and housing	10,409	10,409	8,971	1,438
Director's office				
Personnel	444	444	264	180
Total director's office	444	444	264	180
TOTAL COMMUNITY DEVELOPMENT	16,184	16,184	12,583	3,601
Public Health				
Public health administration				
Personnel	832	832	741	91
Other	93	143	137	6
Total public health administration	925	975	878	97
Division of correction				
Personnel	4,591	4,466	4,400	66
Other	1,143	1,493	1,462	31
Total division of correction	5,734	5,959	5,862	97
Division of health				
Personnel	2,485	2,205	2,204	1
Other	1,268	1,268	1,244	24
Total division of health	3,753	3,473	3,448	25
Division of environment				
Personnel	2,215	2,100	1,924	176
Other	298	413	353	60
Total division of environment	2,513	2,513	2,277	236
TOTAL PUBLIC HEALTH	12,925	12,920	12,465	455

CITY OF CLEVELAND, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL-Continued

For the Year Ended December 31, 2000

(Amounts in 000's)

	General Fund			Variance- Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
Parks, Recreation and Properties				
Parks, recreation and properties administration				
Personnel	\$ 588	\$ 588	\$ 572	\$ 16
Other	172	172	172	
Total parks, recreation and properties administration	760	760	744	16
Division of research, planning and development				
Personnel	641	641	624	17
Other	78	78	68	10
Total division of research, planning and development	719	719	692	27
Division of recreation				
Personnel	9,676	9,676	8,773	903
Other	3,015	3,015	3,000	15
Total division of recreation	12,691	12,691	11,773	918
Division of parking				
Personnel	751	751	650	101
Other	36	36	34	2
Total division of parking	787	787	684	103
Division of park maintenance and properties				
Personnel	9,501	9,001	8,830	171
Other	3,422	3,922	3,922	
Total division of park maintenance and properties	12,923	12,923	12,752	171
Division of property management				
Personnel	8,740	8,440	8,386	54
Other	2,257	2,557	2,543	14
Total division of property management	10,997	10,997	10,929	68
TOTAL PARKS, RECREATION AND PROPERTIES	38,877	38,877	37,574	1,303

CITY OF CLEVELAND, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL-Continued

For the Year Ended December 31, 2000

(Amounts in 000's)

	General Fund			Variance- Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
Economic Development				
Economic development administration				
Personnel	\$ 1,143	\$ 993	\$ 968	\$ 25
Other	87	87	46	41
Total economic development administration	<u>1,230</u>	<u>1,080</u>	<u>1,014</u>	<u>66</u>
TOTAL ECONOMIC DEVELOPMENT	1,230	1,080	1,014	66
Non-departmental expenditures				
Other	17,265	17,265	16,742	523
TOTAL NON-DEPARTMENTAL EXPENDITURES	<u>17,265</u>	<u>17,265</u>	<u>16,742</u>	<u>523</u>
TOTAL EXPENDITURES	<u>434,347</u>	<u>442,688</u>	<u>431,360</u>	<u>11,328</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,244	28,543	45,248	16,705
OTHER FINANCING SOURCES (USES):				
Operating transfers out	(39,165)	(39,465)	(39,465)	
	<u>(39,165)</u>	<u>(39,465)</u>	<u>(39,465)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(23,921)	(10,922)	5,783	16,705
Decertification of prior year encumbrances		13,100	13,100	
Fund balance at beginning of year	3,660	3,660	3,660	
Fund balance at end of year	<u>\$ (20,261)</u>	<u>\$ 5,838</u>	<u>\$ 22,543</u>	<u>\$ 16,705</u>

CITY OF CLEVELAND, OHIO

SPECIAL REVENUE FUNDS

COMBINING FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS ARE ESTABLISHED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES (OTHER THAN MAJOR CAPITAL PROJECTS) THAT ARE RESTRICTED BY LAW AND ADMINISTRATIVE ACTION TO EXPENDITURES FOR SPECIFIED PURPOSES

Division of Streets	To account for Motor Vehicle License Tax and Gasoline Excise Tax used for the repair and building of streets.
Restricted Income Tax	To account for one-ninth of the City's income tax collections. Monies are to be used for capital improvement purposes and repayment of debt.
Reserve Fund	To account for revenue which is to be used during Significant periods of economic downturn, as mandated By the State of Ohio.
Rainy Day Reserve Fund	To account for revenue which is eligible to be used during significant periods of economic downturn.
Schools Recreation and Cultural Activities Fund	To account for revenue from special taxes earmarked for Cleveland Public Schools for recreation and cultural activities.
Community Development Block Grants	To account for revenue from the federal government and expenditures as prescribed under the Community Development Block Grant Program.
Community Development Funds	To account for revenue earmarked for City-wide development.
Urban Development Action Funds	To account for revenue from the federal government under the Urban Development Action Grant Program.
Economic Development Funds	To account for revenue earmarked to revitalize distressed cities by stimulating economic development.
Home Weatherization Grants	To account for revenue from the State of Ohio and expenditures as prescribed under the Home Weatherization Assistance Program.

Job Training Partnership Act (JTPA) Grants	To account for revenue from the State of Ohio and expenditures under the Job Training Partnership Act Program.
Air Pollution Control Grants	To account for revenue primarily used to reduce levels of air pollution and continue progress towards meeting the federal clean air standards.
Workforce Investment Act (WIA)s	To account for revenue and expenditures from the State of Ohio under the Work Force Investment Act.
General Government Funds	To account for special revenue earmarked for general government activities.
Public Service Funds	To account for revenue earmarked for the Litter Control and Recycling Program.
Public Safety Funds	To account for revenue earmarked for public safety activities.
Public Health Funds	To account for revenue earmarked for the improvement of public health.
Parks, Recreation, and Properties Funds	To account for revenue earmarked for maintenance, parks and recreation activities.
Judgment/Settlement Funds	To account for revenue earmarked for the payment of certain judgments.
Gateway Shared Income Tax Funds	To account for municipal income tax revenue derived from persons employed at the Gund Arena and Jacobs Field with 50% of the revenues shared with the other taxing districts in the City.
Neighborhood Development Investment Fund	To account for revenue earmarked for the Neighborhood Development Investment Fund.
Supplemental Empowerment Zone	To account for revenue from the U.S. Department of Housing and Urban Development Program designed to help rebuild specific urban communities.
Rental Car Transportation Fees	To account for revenues from vehicle rentals at Cleveland Hopkins International Airport earmarked for providing airport shuttle services

CITY OF CLEVELAND, OHIO
COMBINING BALANCE SHEET-ALL SPECIAL REVENUE FUNDS

December 31, 2000

(Amounts in 000's)

	Budgeted					
	Division of Streets	Restricted Income Tax	Reserve Fund	Rainy Day Reserve Fund	Schools Recreation and Cultural Activities Fund	Total Budgeted Funds
ASSETS						
Cash and cash equivalents	\$ 3,700	\$ -	\$ 5,000	\$ 8,729	\$ 2,037	\$ 19,466
Receivables:						
Taxes		5,054				5,054
Accounts	1,075					1,075
Loans						
Accrued interest		173		63	16	252
	1,075	5,227		63	16	6,381
Due from other funds		23,223				23,223
Due from other governments	813					813
Inventory of supplies	469					469
TOTAL ASSETS	\$ 6,057	\$ 28,450	\$ 5,000	\$ 8,792	\$ 2,053	\$ 50,352
LIABILITIES						
Accounts payable	\$ 1,469	\$ -				\$ 1,469
Deferred revenue						
Due to other funds	244	373		8,792		9,409
Due to other governments						
Accrued wages and benefits	2,575					2,575
TOTAL LIABILITIES	4,288	373		8,792		13,453
FUND BALANCE						
Reserve for loans						
Reserve for inventory	469					469
Reserve for encumbrances	2,376	5,749				8,125
Reserve for rainy day reserve fund						
Reserve for reserve fund			5,000			5,000
Unreserved:						
Designated for future capital improvements	1,161	22,328				23,489
Undesignated	(2,237)				2,053	(184)
TOTAL FUND BALANCE	1,769	28,077	5,000		2,053	36,899
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,057	\$ 28,450	\$ 5,000	\$ 8,792	\$ 2,053	\$ 50,352

Non-Budgeted

Community Development Block Grants	Community Development Funds	Urban Development Action Funds	Economic Development Funds	Home Weatherization Grants	Job Training Partnership Act (JTPA) Grants	Air Pollution Control Grants	WIA Grants
\$ -	\$ 3,696	\$ 11,171	\$ 15,770	\$ 1,813	\$ 3,312	\$ 328	\$ -
1,713	6	63	159	263			
17,695		112,189	5,751				
			163				
19,408	6	112,252	6,073	263			
875					19	7	315
6,224	3,562			1,355	-	\$ 355	2,649
\$ 26,507	\$ 7,264	\$ 123,423	\$ 21,843	\$ 3,431	\$ 3,331	\$ 690	\$ 2,964
\$ 2,700	\$ 677	\$ -	\$ -	\$ 92	\$ 41	\$ -	\$ 630
	696		260	1,214	3,282	334	
6,112	4,477		50	2,125		356	2,149
			2,708				
			9		8		185
8,812	5,850		3,027	3,431	3,331	690	2,964
17,695		112,189	3,043				
			737				
	1,414	11,234	15,036				
17,695	1,414	123,423	18,816				
\$ 26,507	\$ 7,264	\$ 123,423	\$ 21,843	\$ 3,431	\$ 3,331	\$ 690	\$ 2,964

Continued

CITY OF CLEVELAND, OHIO
COMBINING BALANCE SHEET-ALL SPECIAL REVENUE FUNDS-Continued

December 31, 2000

(Amounts in 000's)

	Non-Budgeted				
	General Government Funds	Public Service Funds	Public Safety Funds	Public Health Funds	Parks, Recreation, and Properties Funds
ASSETS					
Cash and cash equivalents	\$ 29,664	\$ 293	\$ 7,111	\$ 3,309	\$ 4,503
Receivables:					
Taxes					
Accounts	146		1	24	12
Loans					
Accrued interest	158		16		
	304		17	24	12
Due from other funds	1,639	61	4	9	36
Due from other governments	688		1,010	1,191	553
Inventory of supplies					
TOTAL ASSETS	\$ 32,295	\$ 354	\$ 8,142	\$ 4,533	\$ 5,104
LIABILITIES					
Accounts payable	\$ 888		\$ 121	\$ 415	\$ 139
Deferred revenue	785	\$ 33	4,252	1,629	1,767
Due to other funds	2,372	166	1,673	1,969	1,078
Due to other governments					
Accrued wages and benefits	38		26	235	
TOTAL LIABILITIES	4,083	199	6,072	4,248	2,984
FUND BALANCE					
Reserve for loans					
Reserve for inventory					
Reserve for encumbrances					
Reserve for rainy day reserve fund					
Reserve for reserve fund					
Unreserved:					
Designated for future capital improvements					
Undesignated	28,212	155	2,070	285	2,120
TOTAL FUND BALANCE	28,212	155	2,070	285	2,120
TOTAL LIABILITIES AND FUND BALANCE	\$ 32,295	\$ 354	\$ 8,142	\$ 4,533	\$ 5,104

Non-Budgeted

Judgment/ Settlement Funds	Gateway Shared Income Tax Funds	Neighborhood Development Investment Fund	Supplemental Empowerment Zone	Rental Car Transportation Fee	Total Non- Budgeted Funds	Totals	
						2000	1999
						\$ 13	\$ 2,533
		812		317	-	5,054	4,854
		21,874	19,498		3,516	4,591	1,663
		302			177,007	177,007	169,657
		22,988	19,498	317	639	891	306
					181,162	187,543	176,480
				91	3,056	26,279	23,662
			19,090		36,677	37,490	30,149
						469	649
\$ 13	\$ 2,533	\$ 44,744	\$ 38,588	\$ 2,308	\$ 328,067	\$ 378,419	\$ 336,647
\$ -	\$ -	\$ -	\$ -	\$ 612	\$ 6,315	\$ 7,784	\$ 10,818
				5,517	19,769	19,769	179,766
		457	12,991		35,975	45,384	36,971
			1,690		4,398	4,398	4,655
			44		545	3,120	1,377
		457	20,242	612	67,002	80,455	233,587
		21,874	17,808		172,609	172,609	
						469	649
						8,125	4,333
							1,500
						5,000	
					737	24,226	15,225
13	2,533	22,413	538	1,696	87,719	87,535	81,353
13	2,533	44,287	18,346	1,696	261,065	297,964	103,060
\$ 13	\$ 2,533	\$ 44,744	\$ 38,588	\$ 2,308	\$ 328,067	\$ 378,419	\$ 336,647

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-ALL SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2000
(Amounts in 000's)

	Budgeted					Total Budgeted Funds
	Division of Streets	Restricted Income Tax	Reserve Fund	Rainy Day Reserve Fund	Schools Recreation and Cultural Activities Fund	
REVENUES						
Income taxes	\$ -	\$ 33,259	\$ -	\$ -	\$ -	\$ 33,259
Other shared revenues	11,374					11,374
Licenses and permits	100					100
Charges for services	1,685					1,685
Investment earnings	18	583			53	654
Grants						
Miscellaneous	5,432					5,432
TOTAL REVENUES	18,609	33,842			53	52,504
EXPENDITURES						
Current:						
General government					2,000	2,000
Public service	27,126					27,126
Public safety						
Human resources						
Community development						
Public health						
Parks, Recreation and Properties						
Economic development						
Capital outlay		8,071				8,071
TOTAL EXPENDITURES	27,126	8,071			2,000	37,197
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,517)	25,771			(1,947)	15,307
OTHER FINANCING SOURCES (USES)						
Operating transfers in	6,536		5,000		2,000	13,536
Operating transfers out		(18,529)				(18,529)
TOTAL OTHER FINANCING SOURCES (USES)	6,536	(18,529)	5,000		2,000	(4,993)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,981)	7,242	5,000		53	10,314
Fund balances at beginning of year (restated)	3,750	20,835			2,000	26,585
Fund balances at end of year	\$ 1,769	\$ 28,077	\$ 5,000	\$ -	\$ 2,053	\$ 36,899

Non-Budgeted

Community Development Block Grants	Community Development Funds	Urban Development Action Funds	Economic Development Funds	Home Weatherization Grants	Job Training Partnership Act (JTPA) Grants	Air Pollution Control Grants	WIA Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34,531	8 3,014	- 692	821 2,064	2 1,610	5,301	18	3,170
34,531	1,925 4,947	1,768 2,460	4,509 7,394	1,612	5,301	18	3,170
33,304	4,139	2,992	4,367	2,028	5,301	18	3,170
33,304	4,139	2,992	4,367	2,028	5,301	18	3,170
1,227	808	(532)	3,027	(416)			
	500						
	500						
1,227	1,308	(532)	3,027	(416)			
16,468	106	123,955	15,789	416			
\$ 17,695	\$ 1,414	\$ 123,423	\$ 18,816	\$ -	\$ -	\$ -	\$ -

Continued

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-ALL SPECIAL REVENUE FUNDS-Continued
For the Year Ended December 31, 2000
(Amounts in 000's)

	Non-Budgeted				
	General Government Funds	Public Service Funds	Public Safety Funds	Public Health Funds	Parks, Recreation, and Properties Funds
REVENUES					
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other shared revenues					
Licenses and permits					
Charges for services					
Investment earnings	603	13	132	2	153
Grants	699	155	3,929	9,326	817
Miscellaneous	4,176	83	705	18	1,266
TOTAL REVENUES	5,478	251	4,766	9,346	2,236
EXPENDITURES					
Current:					
General government	9,970				
Public service		768			
Public safety			4,676		
Human resources					
Community development					
Public health				9,327	
Parks, Recreation and Properties					1,317
Economic development					
Capital outlay					
TOTAL EXPENDITURES	9,970	768	4,676	9,327	1,317
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,492)	(517)	90	19	919
OTHER FINANCING SOURCES (USES)					
Operating transfers in	10,500				
Operating transfers out					
TOTAL OTHER FINANCING SOURCES (USES)	10,500				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	6,008	(517)	90	19	919
Fund balances at beginning of year (restated)	22,204	672	1,980	266	1,201
Fund balances at end of year	\$ 28,212	\$ 155	\$ 2,070	\$ 285	\$ 2,120

CITY OF CLEVELAND, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL

For the Year Ended December 31, 2000

(Amounts in 000's)

	Division of Streets				Restricted Income Tax			
	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavorable)	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES								
Income taxes					\$ 32,000	\$ 32,734	\$ 30,806	\$ (1,928)
Other shared revenues	\$ 11,300	\$ 11,300	\$ 11,011	\$ (289)				
Licenses and permits	400	400		(400)				
Charges for services	2,000	2,000	1,784	(216)				
Miscellaneous	5,104	5,104	5,473	369			401	401
TOTAL REVENUES	18,804	18,804	18,268	(536)	32,000	32,734	31,207	(1,527)
EXPENDITURES								
Public Service								
Salaries & Benefits	14,201	13,401	13,366	35				
Other	10,523	11,923	11,578	345				
Parks, Recreation and Properties								
Capital outlay					20,834	25,619	25,610	9
TOTAL EXPENDITURES	24,724	25,324	24,944	380	20,834	25,619	25,610	9
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,920)	(6,520)	(6,676)	(156)	11,166	7,115	5,597	(1,518)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	6,236	6,236	6,536	300				
Operating transfers out					(17,150)	(12,650)	(12,650)	
TOTAL OTHER FINANCING SOURCES (USES)	6,236	6,236	6,536	300	(17,150)	(12,650)	(12,650)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	316	(284)	(140)	144	(5,984)	(5,535)	(7,053)	(1,518)
Decertification of prior year encumbrances		98	98					
Fund balances at beginning of year	(239)	(239)	(239)		5,534	5,534	5,534	
Fund balances at end of year	\$ 77	\$ (425)	\$ (281)	\$ 144	\$ (450)	\$ (1)	\$ (1,519)	\$ (1,518)

Reserve Fund				Rainy Day Reserve Fund				Schools Recreation and Cultural Activities			
Original Budget	Revised Budget	Actual	Variance-Favorable (Unfavorable)	Original Budget	Revised Budget	Actual	Variance-Favorable (Unfavorable)	Original Budget	Revised Budget	Actual	Variance-Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -								
						139	139			37	37
						139	139			37	37
								\$ 2,000	\$ 4,000	\$ 4,000	\$ -
								2,000	4,000	4,000	
						139	139	(2,000)	(4,000)	(3,963)	37
		5,000	5,000	\$ 500	\$ 500	\$ 1,055	\$ 555	2,000	2,000	2,000	
		5,000	5,000	500	500	1,055	555	2,000	2,000	2,000	
		5,000	5,000	500	500	1,194	694		(2,000)	(1,963)	37
				7,531	7,531	7,531		2,000	2,000	2,000	
\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 8,031	\$ 8,031	\$ 8,725	\$ 694	\$ 2,000	\$ -	\$ 37	\$ 37

Continued

CITY OF CLEVELAND, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL-Continued

For the Year Ended December 31, 2000

(Amounts in 000's)

	Totals			
	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES				
Income taxes	\$ 32,000	\$ 32,734	\$ 30,806	\$ (1,928)
Other shared revenues	\$ 11,300	\$ 11,300	\$ 11,011	(289)
Licenses and permits	\$ 400	\$ 400	-	(400)
Charges for services	\$ 2,000	\$ 2,000	\$ 1,784	(216)
Miscellaneous	\$ 5,104	\$ 5,104	\$ 6,050	946
TOTAL REVENUES	50,804	51,538	49,651	(1,887)
EXPENDITURES				
Public Service				
Salaries & Benefits	\$ 14,201	\$ 13,401	\$ 13,366	35
Other	\$ 10,523	\$ 11,923	\$ 11,578	345
Parks, Recreation and Properties	\$ 2,000	\$ 4,000	\$ 4,000	
Capital outlay	\$ 20,834	\$ 25,619	\$ 25,610	9
TOTAL EXPENDITURES	47,558	54,943	54,554	389
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,246	(3,405)	(4,903)	(1,498)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 8,736	\$ 8,736	\$ 14,591	5,855
Operating transfers out	\$ (17,150)	\$ (12,650)	\$ (12,650)	
TOTAL OTHER FINANCING SOURCES (USES)	(8,414)	(3,914)	1,941	5,855
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(5,168)	(7,319)	(2,962)	4,357
Decertification of prior year encumbrances		\$ 98	\$ 98	
Fund balances at beginning of year	14,826	14,826	\$ 14,826	
Fund balances at end of year	\$ 9,658	\$ 7,605	\$ 11,962	\$ 4,357

CITY OF CLEVELAND, OHIO

DEBT SERVICE FUNDS

COMBINING FINANCIAL STATEMENTS

DEBT SERVICE FUNDS ARE ESTABLISHED TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES FOR THE PAYMENT OF DEBT REPORTED IN THE GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP AND PRINCIPAL AND INTEREST OF CERTAIN PROPRIETARY FUNDS' GENERAL OBLIGATIONS

Unvoted Tax Supported
Obligations Fund

To account for the accumulation of resources for the payment of general obligation bonds of the City not requiring a vote of the electors, other than self-supporting obligations, payable from ad valorem property taxes levied within the limitations provided by law.

Stadium Bond Fund

The account for the accumulation of resources for the payment of the stadium certificates of participation from pledged city taxes.

Subordinated Income
Tax Fund

To account for the accumulation of resources for the payment of subordinated income tax variable rate refunding bonds payable from pledged income taxes.

Subordinated Income Tax
Reserve Fund

The account is to be maintained at an amount equal to the maximum bond service charges required to be paid in any of the subsequent six month period.

Urban Renewal Fund

To account for the accumulation of resources for the payment of tax increment urban renewal bonds payable from deposits made in lieu of taxes.

Urban Renewal Reserve Fund

The account is to be maintained at an amount equal to one year's maximum annual debt service on certain Urban Renewal Bonds and can be used to cover any debt insufficiency payable from certain urban renewal bonds.

CITY OF CLEVELAND, OHIO
COMBINING BALANCE SHEET-ALL DEBT SERVICE FUNDS

December 31, 2000

(Amounts in 000's)

	Budgeted			
	Unvoted Tax Supported Obligations Fund	Stadium Bond Fund	Subordinated Income Tax Fund	Subordinated Income Tax Reserve Fund
ASSETS				
Cash and cash equivalents	\$ 1,509	\$ -	\$ -	\$ -
Investments at market	17	2	958	4,776
Taxes Receivable	31,986			
Accrued interest	6			20
Due from other funds	4,392			
Due from other governments				
TOTAL ASSETS	\$ 37,910	\$ 2	\$ 958	\$ 4,796
LIABILITIES				
Deferred revenue	\$ 31,330			
TOTAL LIABILITIES	31,330			
FUND BALANCE				
Reserve for debt service	6,580	2	958	4,796
TOTAL LIABILITIES AND FUND BALANCE	\$ 37,910	\$ 2	\$ 958	\$ 4,796

Non-Budgeted

Urban Renewal Fund	Urban Renewal Reserve Fund	Totals	
		2000	1999
\$ 847	\$ -	\$ 2,356	\$ 1,387
285	1,590	7,628	10,523
		31,986	
15	18	59	85
		4,392	3,240
			22,326
<u>\$ 1,147</u>	<u>\$ 1,608</u>	<u>\$ 46,421</u>	<u>\$ 37,561</u>
		\$ 31,330	\$ 21,715
		31,330	21,715
<u>1,147</u>	<u>1,608</u>	<u>15,091</u>	<u>15,846</u>
<u>\$ 1,147</u>	<u>\$ 1,608</u>	<u>\$ 46,421</u>	<u>\$ 37,561</u>

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-ALL DEBT SERVICE FUNDS

For the Year Ended December 31, 2000

(Amounts in 000's)

	Budgeted			
	Unvoted Tax Supported Obligations Fund	Stadium Bond Fund	Subordinated Income Tax Fund	Subordinated Income Tax Reserve Fund
REVENUES				
Property taxes	\$ 22,952	\$ -	\$ -	\$ -
Investment earnings	374	-	39	230
Grants	364			
Miscellaneous	98			
TOTAL REVENUES	23,788		39	230
EXPENDITURES				
Principal retirement	22,070		1,200	
Interest	16,515		3,513	
Other			362	
TOTAL EXPENDITURES	38,585		5,075	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,797)		(5,036)	230
OTHER FINANCING SOURCES (USES)				
Operating transfers in	13,802		4,670	
Operating transfers out				
TOTAL OTHER FINANCING SOURCES (USES)	13,802		4,670	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(995)		(366)	230
Fund balances at beginning of year	7,575	2	1,324	4,566
Fund balances at end of year	\$ 6,580	\$ 2	\$ 958	\$ 4,796

Non-Budgeted

Urban Renewal Fund	Urban Renewal Reserve Fund	Totals	
		2000	1999
\$ 1,884	\$ -	\$ 24,836	\$ 24,742
42	88	773	491
		364	1,520
		98	8
1,926	88	26,071	26,761
270		23,540	41,625
611		20,639	20,711
757		1,119	573
1,638		45,298	62,909
288	88	(19,227)	(36,148)
(29)	29	18,501	38,030
(29)		(29)	(33)
(29)	29	18,472	37,997
259	117	(755)	1,849
888	1,491	15,846	13,997
\$ 1,147	\$ 1,608	\$ 15,091	\$ 15,846

CITY OF CLEVELAND, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
BUDGETED DEBT SERVICE FUNDS-LEGAL APPROPRIATION LEVEL

For the Year Ended December 31, 2000

(Amounts in 000's)

	Unvoted Tax Supported Obligations Fund				Stadium Bond Fund			
	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavor- able)	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavor- able)
REVENUES								
Property taxes	\$22,921	\$22,921	\$22,907	\$ (14)	\$ -	\$ -	\$ -	\$ -
Investment earnings	275	275	384	109				
Grants	729	729	364	(365)				
Miscellaneous			98	98				
TOTAL REVENUES	23,925	23,925	23,753	(172)				
EXPENDITURES								
Principal retirement	22,070	22,070	22,070					
Interest	16,729	16,516	16,515	1		445	445	
TOTAL EXPENDITURES	38,799	38,586	38,585	1		445	445	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,874)	(14,661)	(14,832)	(171)		(445)	(445)	
OTHER FINANCING SOURCES (USES)								
Operating transfers in - Convention Ctr	2,800	2,800		(2,800)				
Operating transfers in - Cleve Stadium					21,312	21,312		(21,312)
Operating transfers in - Restricted Inc Tax	12,500	12,500	12,650	150				
TOTAL OTHER FINANCING SOURCES	15,300	15,300	12,650	(2,650)	21,312	21,312		(21,312)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	426	639	(2,182)	(2,821)	21,312	20,867	(445)	(21,312)
Decertification of prior year encumbrances						445	445	
Fund balances at beginning of year	3,708	3,708	3,708		3	3	3	
Fund balances at end of year	\$ 4,134	\$ 4,347	\$ 1,526	\$(2,821)	\$21,315	\$21,315	\$ 3	\$(21,312)

Subordinated Income Tax Fund				Subordinated Income Tax Reserve Fund				Totals			
Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavor- able)	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavor- able)	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavor- able)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,921	\$ 22,921	\$ 22,907	\$ (14)
		40	40			227	227	275	275	651	376
								729	729	364	(365)
										98	98
		40	40			227	227	23,925	23,925	24,020	95
1,200	1,200	1,200						23,270	23,270	23,270	
3,450	3,518	3,513	5					20,179	20,479	20,473	6
4,650	4,718	4,713	5					43,449	43,749	43,743	6
(4,650)	(4,718)	(4,673)	45			227	227	(19,524)	(19,824)	(19,723)	101
								2,800	2,800		(2,800)
								21,312	21,312		(21,312)
4,650	4,650	4,670	20					17,150	17,150	17,320	170
4,650	4,650	4,670	20					41,262	41,262	17,320	(23,942)
	(68)	(3)	65			227	227	21,738	21,438	(2,403)	(23,841)
1,325	1,325	1,325		4,549	4,549	4,549		9,585	9,585	9,585	
\$ 1,325	\$ 1,257	\$ 1,322	\$ 65	\$ 4,549	\$ 4,549	\$ 4,776	\$ 227	\$ 31,323	\$ 31,468	\$ 7,627	\$ (23,841)

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CITY OF CLEVELAND, OHIO

CAPITAL PROJECTS FUNDS

COMBINING FINANCIAL STATEMENTS

CAPITAL PROJECTS FUNDS ARE ESTABLISHED TO ACCOUNT FOR FINANCIAL RESOURCES TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF MAJOR CAPITAL FACILITIES OTHER THAN THOSE FINANCED BY SPECIAL REVENUE FUNDS AND PROPRIETARY FUNDS

Capital / Urban Renewal Bond Construction	To account for all bond proceeds and capital projects costs of bond-funded capital acquisitions, tax increment urban renewal bond issues and construction within the City.
Grant Improvement	To account for capital grant revenues which fund capital improvement projects within the City.
Capital Improvement	To account for miscellaneous revenues which fund capital projects.
Certificates of Participation	To account for certificates of participation proceeds which fund certain capital acquisitions.
Cleveland Stadium Construction	To account for bond proceeds and capital projects costs of the Stadium construction.

CITY OF CLEVELAND, OHIO
COMBINING BALANCE SHEET-ALL CAPITAL PROJECTS FUNDS

December 31, 2000

(Amounts in 000's)

	Capital/ Urban Renewal	Grant Improvement	Capital Improvement	Certificates of Participation	Cleveland Stadium Construction	Totals		
	Bond Construction					2000	1999	
ASSETS								
Cash and cash equivalents	\$ 54,514	\$ -	\$ 7,311	\$ -	\$ 13,666	\$ 75,491	\$ 58,193	
Investments at market	47,790					47,790	57,517	
Receivables:								
Accrued interest	962			-	139	1,101	1,048	
Assessments	13					13	124	
	975				139	1,114	1,172	
Due from other funds	111		2,060		2,000	4,171	9,022	
Due from other governments		6,842				6,842	12,892	
Restricted cash and cash equivalents				5,183	10,210	15,393	15,161	
TOTAL ASSETS	\$ 103,390	\$ 6,842	\$ 9,371	\$ 5,183	\$ 26,015	\$ 150,801	\$ 153,957	
LIABILITIES								
Accounts payable			\$ 9,193		\$ 2,000	\$ 11,193	\$ 18,085	
Deferred revenue	\$ 13					13	124	
Due to other funds	1,191	\$ 6,842			75	8,108	13,615	
TOTAL LIABILITIES	1,204	6,842	9,193		2,075	19,314	31,824	
FUND BALANCE								
Reserve for encumbrances	19,786				3,358	23,144	22,797	
Unreserved:								
Designated for future capital improvements	54,943			\$ 5,183	20,582	80,708	99,050	
Undesignated	27,457		178			27,635	286	
TOTAL FUND BALANCE	102,186		178	5,183	23,940	131,487	122,133	
TOTAL LIABILITIES AND FUND BALANCE	\$ 103,390	\$ 6,842	\$ 9,371	\$ 5,183	\$ 26,015	\$ 150,801	\$ 153,957	

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-ALL CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2000
(Amounts in 000's)

	Capital/ Urban Renewal	Grant	Capital	Certificates of	Cleveland	Totals	
	Bond				Stadium	2000	1999
	Construction	Improvement	Improvement	Participation	Construction		
REVENUES							
Investment earnings	\$ 5,528	\$ -	\$ 3	\$ 114	\$ 1,683	\$ 7,328	\$ 7,218
Grants		11,901			4,223	16,124	30,049
Contributions					84	84	62,394
Miscellaneous	6,278					6,278	1,248
TOTAL REVENUES	11,806	11,901	3	114	5,990	29,814	100,909
EXPENDITURES							
Capital outlay	17,256	11,901	13		14,345	43,515	121,958
Principal retirement				5,611	1,495	7,106	6,817
Interest				955	7,231	8,186	8,593
TOTAL EXPENDITURES	17,256	11,901	13	6,566	23,071	58,807	137,368
EXCESS OF EXPENDITURES OVER REVENUES	(5,450)		(10)	(6,452)	(17,081)	(28,993)	(36,459)
OTHER FINANCING SOURCES (USES)							
Operating transfers in				5,879	8,133	14,012	19,257
Operating transfers out					(2,000)	(2,000)	(22,895)
Proceeds from sale of non-tax revenue bonds							10,000
Proceeds from sale of general obligation bonds, net	26,335					26,335	25,778
Proceeds from sale of certificates of participation, net							20,000
Payments to refund bonds							
TOTAL OTHER FINANCING SOURCES	26,335			5,879	6,133	38,347	52,140
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	20,885		(10)	(573)	(10,948)	9,354	15,681
Fund balances at beginning of year	81,301		188	5,756	34,888	122,133	106,452
Fund balances at end of year	\$ 102,186	\$ -	\$ 178	\$ 5,183	\$ 23,940	\$ 131,487	\$ 122,133

CITY OF CLEVELAND, OHIO

ENTERPRISE FUNDS

COMBINING FINANCIAL STATEMENTS

ENTERPRISE FUNDS ARE ESTABLISHED TO ACCOUNT FOR OPERATIONS THAT ARE FINANCED AND OPERATED IN A MANNER SIMILAR TO PRIVATE SECTOR BUSINESSES WHERE THE INTENT IS THAT THE EXPENSE (INCLUDING DEPRECIATION) OF PROVIDING GOODS OR SERVICES PRIMARILY OR SOLELY TO THE GENERAL PUBLIC BE FINANCED OR RECOVERED PRIMARILY THROUGH USER CHARGES

Division of Water

The Division of Water is a segment of the Department of Public Utilities of the City. The Division of Water was created for the purpose of supplying water services to customers within the Cleveland metropolitan area.

Division of Water Pollution Control

The Division of Water Pollution Control is a segment of the Department of Public Utilities of the City. The Division of Water Pollution Control was created for the purpose of providing sewage services to customers and to maintain the local sewer system of the City.

Division of Cleveland Public Power

The Division of Cleveland Public Power is a segment of the Department of Public Utilities of the City. The Division of Cleveland Public Power was established by the City to provide electrical services to customers within the City.

Department of Port Control

The Department of Port Control was established to provide airport facilities for the City and its neighboring communities.

Convention Center

The Convention Center Division was established to provide facilities for conventions, trade shows, sporting events and fine arts programs.

West Side Market	The West Side Market provides a public market where Cleveland area residents can purchase a variety of quality foods in a centralized location.
East Side Market	The East Side Market provides a public market where Cleveland area residents can purchase a variety of quality foods in a centralized location.
Municipal Parking Lots	The Division of Parking was established to provide municipal parking within the City's limits.
Cemeteries	The Division of Cemeteries was established to provide interment and cremation services for the City and its neighboring communities.
Golf Courses	The Golf Course Division was established to provide the City and its neighboring communities with recreational facilities for golfing and cross country skiing.

CITY OF CLEVELAND, OHIO
COMBINING BALANCE SHEET-ALL ENTERPRISE FUNDS

December 31, 2000

(Amounts in 000's)

	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control
ASSETS				
Cash and cash equivalents	\$ 23,751	\$ 14,048	\$ 24,128	\$ 5,181
Investments at fair value	162,983	20,239	17,529	21,798
Receivables:				
Accounts	17,224	33,512	22,634	7,046
Unbilled revenue	22,599	2,161	2,179	5,512
Accrued interest receivable	3,065	274	264	593
Less: Allowance for doubtful accounts	(1,448)	(574)	(536)	(428)
Receivables, net	41,440	35,373	24,541	12,723
Due from other funds	5,675	957	1,486	1,313
Due from other governments				343
Inventory of supplies	4,703	233	3,065	240
Prepaid expenses and other assets	5,962		2,802	4,672
Restricted assets:				
Cash and cash equivalents	216,086		14,134	160,401
Investments at fair value	63,870		8,102	72,488
Accrued interest receivable	1,312		103	1,333
Bond retirement reserve				53
Accrued passenger facility charge				2,224
	281,268		22,339	236,499
Fixed assets in service:				
Land	5,271	297	4,863	133,949
Land improvements	12,125		2,134	187,652
Utility plant in service	783,539	106,323	329,828	
Buildings, structure and improvements	172,988		42,453	364,691
Furniture, fixtures and equipment	89,786	107	25,127	19,963
Less: Accumulated depreciation	(283,851)	(45,522)	(120,540)	(211,152)
	779,858	61,205	283,865	495,103
Construction in progress	70,785	484	12,936	34,092
TOTAL ASSETS	\$ 1,376,425	\$ 132,539	\$ 392,691	\$ 811,964

Convention Center	West Side Market	East Side Market	Municipal Parking Lots	Cemeteries	Golf Courses	Totals	
						2000	1999
\$ 2,798	\$ 745	\$ 279	\$ 2,568	\$ 175	\$ 2,061	\$ 75,734	\$ 58,571
						222,549	196,160
4,768	45	2	109	19		85,359	85,916
16				21	16	32,451	34,698
(26)			(17)			4,249	2,862
4,758	45	2	92	40	16	(3,029)	(16,688)
119			387			119,030	106,788
						9,937	6,596
						343	1,012
		10	17	203	24	8,495	10,344
			1,216			14,652	15,789
			6,502	1,916		399,039	432,874
			9,688	3,720		157,868	164,249
			302			3,050	3,047
						53	53
						2,224	2,213
			16,492	5,636		562,234	602,436
4,261	198	413	12,929	252	208	162,641	161,453
		484	1,264	7	2,823	206,489	195,664
						1,219,690	1,213,704
61,625	5,639	2,400	65,200	4,655	1,661	721,312	709,033
1,410	37	450	694	485	562	138,621	110,143
(53,509)	(3,118)	(1,415)	(11,070)	(1,266)	(2,891)	(734,334)	(671,839)
13,787	2,756	2,332	69,017	4,133	2,363	1,714,419	1,718,158
	2,126			56	334	120,813	70,391
\$ 21,462	\$ 5,672	\$ 2,623	\$ 89,789	\$ 10,243	\$ 4,798	\$ 2,848,206	\$ 2,786,245

Continued

CITY OF CLEVELAND, OHIO
COMBINING BALANCE SHEET-ALL ENTERPRISE FUNDS-Continued

December 31, 2000

(Amounts in 000's)

	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control
LIABILITIES				
Accounts payable	\$ 5,823	\$ 65	\$ 11,120	\$ 9,220
Due to other funds	1,060	4,177	656	2,361
Due to other governments		38,432		2,113
Accrued wages and benefits	13,066	1,526	4,649	3,112
Accrued interest	19,263		1,575	25,517
Accounts payable from restricted assets	3,603	324	560	7,036
Notes Payable				40,000
Construction loans		7,412		
Deferred payment obligation				27,810
Revenue bonds payable	679,863		233,954	364,413
TOTAL LIABILITIES	<u>722,678</u>	<u>51,936</u>	<u>252,514</u>	<u>481,582</u>
CONTRIBUTED CAPITAL AND RETAINED EARNINGS (DEFICIT)				
Contributed capital - City of Cleveland and others	2,407	43,599	12,183	179,163
Retained earnings (deficit):				
Reserve for debt retirement	20,605	546	6,855	14,315
Unreserved (deficit)	630,735	36,458	121,139	136,904
TOTAL RETAINED EARNINGS (DEFICIT)	<u>651,340</u>	<u>37,004</u>	<u>127,994</u>	<u>151,219</u>
TOTAL FUND EQUITY	<u>653,747</u>	<u>80,603</u>	<u>140,177</u>	<u>330,382</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,376,425</u>	<u>\$ 132,539</u>	<u>\$ 392,691</u>	<u>\$ 811,964</u>

Convention Center	West Side Market	East Side Market	Municipal Parking Lots	Cemeteries	Golf Courses	Totals	
						2000	1999
\$ 466	\$ 123	\$ 1	\$ 318	\$ 14	\$ 46	\$ 27,196	\$ 22,662
4,695	15		12	12	51	13,039	18,863
203			72			40,820	42,232
460	81	\$ 3	184	295	52	23,428	14,982
			1,252			47,607	46,312
3			17			11,543	18,626
						40,000	40,000
						7,412	8,175
						27,810	28,993
			69,291			1,347,521	1,379,659
5,827	219	4	71,146	321	149	1,586,376	1,620,504
65,443	6,597	2,943	21,079	5,710	4,598	343,722	332,769
			1,875			44,196	39,388
(49,808)	(1,144)	(324)	(4,311)	4,212	51	873,912	793,584
(49,808)	(1,144)	(324)	(2,436)	4,212	51	918,108	832,972
15,635	5,453	2,619	18,643	9,922	4,649	1,261,830	1,165,741
\$ 21,462	\$ 5,672	\$ 2,623	\$ 89,789	\$ 10,243	\$ 4,798	\$ 2,848,206	\$ 2,786,245

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS (DEFICIT)-ALL ENTERPRISE FUNDS
For the Year Ended December 31, 2000
(Amounts in 000's)

	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control
OPERATING REVENUES				
Charges for services	\$ 203,535	\$ 18,235	\$ 134,152	\$ 86,693
TOTAL OPERATING REVENUE	203,535	18,235	134,152	86,693
OPERATING EXPENSES				
Operations	88,067	6,486	13,403	47,380
Maintenance	21,092	7,043	22,889	
Purchased power			68,597	
Depreciation	26,515	3,905	14,885	23,103
TOTAL OPERATING EXPENSES	135,674	17,434	119,774	70,483
OPERATING INCOME (LOSS)	67,861	801	14,378	16,210
NON-OPERATING REVENUE (EXPENSES)				
Interest income	21,525	2,217	3,255	17,859
Interest expense	(22,348)	(288)	(16,317)	(29,354)
Litigation settlement				
AEP Refund per FERC ruling			2,864	
Passenger facility charge revenue				16,642
Loss on disposal of property and equipment	(731)			
Other revenues (expenses)			2,236	(12,264)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,554)	1,929	(7,962)	(7,117)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	66,307	2,730	6,416	9,093
Operating transfers in				
Operating transfers out				
NET INCOME (LOSS)	66,307	2,730	6,416	9,093
Retained earnings (deficit) at beginning of year	585,033	34,274	121,578	142,126
Retained earnings (deficit) at end of year	\$ 651,340	\$ 37,004	\$ 127,994	\$ 151,219

Convention Center	West Side Market	East Side Market	Municipal Parking Lots	Cemeteries	Golf Courses	Totals	
						2000	1999
\$ 2,720	\$ 953	\$ 57	\$ 8,250	\$ 1,452	\$ 1,967	\$ 458,014	\$ 446,429
2,720	953	57	8,250	1,452	1,967	458,014	446,429
2,631	908	36	2,053	2,244	1,697	164,905	154,522
507	89	16	34	8	95	51,773	41,828
						68,597	70,619
2,303	174	122	1,696	124	135	72,962	65,527
5,441	1,171	174	3,783	2,376	1,927	358,237	332,496
(2,721)	(218)	(117)	4,467	(924)	40	99,777	113,933
75	16	5	1,189	255	58	46,454	28,690
			(5,288)			(73,595)	(64,316)
							6,500
						2,864	
						16,642	16,753
						(731)	(11,039)
4,905						(5,123)	(16,384)
4,980	16	5	(4,099)	255	58	(13,489)	(39,796)
2,259	(202)	(112)	368	(669)	98	86,288	74,137
(1,152)							328
						(1,152)	(840)
1,107	(202)	(112)	368	(669)	98	85,136	73,625
(50,915)	(942)	(212)	(2,804)	4,881	(47)	832,972	759,347
\$ (49,808)	\$ (1,144)	\$ (324)	\$ (2,436)	\$ 4,212	\$ 51	\$ 918,108	\$ 832,972

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF CASH FLOWS-ALL ENTERPRISE FUNDS

For the Year Ended December 31, 2000

(Amounts in 000's)

	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 201,419	\$ 18,091	\$ 134,426	\$ 82,961
Cash payments to suppliers for goods or services	(53,280)	(6,168)	(16,049)	(30,161)
Cash payments to employees for services	(56,699)	(6,652)	(21,708)	(17,985)
Cash payments for purchased power			(67,701)	
Cash receipts of customer deposits	80		139	
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
	91,520	5,271	29,107	34,815
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Cash received through operating transfers from other funds				
Cash receipts for passenger facility charges				16,630
Cash received from litigation settlement				
AEP Refund per FERC ruling			2,864	
Cash payments for sound insulation of homes and other				(12,283)
Cash transfer to debt service				
Cash receipts from hotel tax				
Other			2,235	19
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES				
			5,099	4,366
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of revenue bonds, loans and notes				
Acquisition and construction of capital assets	(51,779)	(1,487)	(13,804)	(54,235)
Principal paid on long-term debt	(18,567)	(461)	(6,465)	(12,100)
Interest paid on long-term debt	(38,993)	(288)	(11,669)	(21,310)
Cash paid to escrow agent for refunding				
Capital grant proceeds				9,437
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES				
	(109,339)	(2,236)	(31,938)	(78,208)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(162,254)	(4,498)	(14,576)	(89,963)
Proceeds from sale and maturity of investment securities	133,734	6,249	17,782	94,061
Interest received on investments	26,163	1,501	3,375	17,992
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES				
	(2,357)	3,252	6,581	22,090
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(20,176)	6,287	8,849	(16,937)
Cash and cash equivalents at beginning of year	260,013	7,761	29,413	182,519
Cash and cash equivalents at end of year	<u>\$ 239,837</u>	<u>\$ 14,048</u>	<u>\$ 38,262</u>	<u>\$ 165,582</u>

Convention Center	West Side Market	East Side Market	Municipal Parking Lots	Cemeteries	Golf Courses	Totals	
						2000	1999
\$ 2,819	\$ 911	\$ 55	\$ 8,517	\$ 1,464	\$ 2,018	\$ 452,681	\$ 442,116
(4,118)	(681)	(23)	(1,110)	(563)	(956)	(113,109)	(84,607)
(2,063)	(297)	(27)	(734)	(1,598)	(838)	(108,601)	(106,555)
						(67,701)	(69,874)
						219	682
(3,362)	(67)	5	6,673	(697)	224	163,489	181,762
							328
						16,630	16,768
							6,500
						2,864	
						(12,283)	(22,442)
					(327)	(327)	
							3,609
3,938						6,192	2,380
3,938					(327)	13,076	7,143
							84,583
	(49)					(121,354)	(180,503)
			(1,795)			(39,388)	(34,316)
			(4,692)			(76,952)	(78,473)
							(45,793)
						9,437	13,888
	(49)		(6,487)			(228,257)	(240,614)
			(23,504)	(7,435)		(302,230)	(418,167)
	16		26,015	8,915		286,772	347,303
59		5	1,074	268	41	50,478	40,225
59	16	5	3,585	1,748	41	35,020	(30,639)
635	(100)	10	3,771	1,051	(62)	(16,672)	(82,348)
2,162	845	269	5,299	1,040	2,124	491,445	573,793
\$ 2,797	\$ 745	\$ 279	\$ 9,070	\$ 2,091	\$ 2,062	\$ 474,773	\$ 491,445

Continued

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF CASH FLOWS-ALL ENTERPRISE FUNDS-Continued
For the Year Ended December 31, 2000
(Amounts in 000's)

	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 67,861	\$ 801	\$ 14,378	\$ 16,210
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	26,515	3,905	14,885	23,103
Non-cash rental income				(3,389)
Loss on disposal of equipment				1,070
Change in assets and liabilities:				
Accounts receivable, net	(1,882)	(3,314)	(3,070)	(4,059)
Unbilled revenue	(1,348)	231	(358)	3,715
Due from other funds	(1,953)	129	(702)	(846)
Inventory of supplies	(683)	68	2,402	35
Prepaid expenses	(28)			(77)
Landing fee adjustment				2,174
Accounts payable	1,231	(140)	2,411	(1,605)
Due to other funds	(3,041)	622	(2,459)	(1,813)
Due to other governments		2,290		(629)
Accrued wages and benefits	4,848	679	1,620	926
TOTAL ADJUSTMENTS	23,659	4,470	14,729	18,605
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 91,520	\$ 5,271	\$ 29,107	\$ 34,815

Convention Center	West Side Market	East Side Market	Municipal Parking Lots	Cemeteries	Golf Courses	Totals	
						2000	1999
\$ (2,721)	\$ (218)	\$ (117)	\$ 4,467	\$ (924)	\$ 40	\$ 99,777	\$ 113,933
2,303	174	122	1,696	124	135	\$ 72,962	65,527
						\$ (3,389)	(3,106)
						\$ 1,070	
(1,026)	(45)	(2)	160	12		(13,226)	380
						2,240	(5,457)
(77)	3		107			(3,339)	664
			28	1	(4)	1,847	3,940
						(105)	313
						2,174	4,446
149	(29)	1	285	(31)	(4)	2,268	2,162
792	15		10	7	43	(5,824)	2,893
(2,957)			(117)			(1,413)	2,826
175	33	1	37	114	14	8,447	(6,759)
(641)	151	122	2,206	227	184	63,712	67,829
\$ (3,362)	\$ (67)	\$ 5	\$ 6,673	\$ (697)	\$ 224	\$ 163,489	\$ 181,762

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CITY OF CLEVELAND, OHIO

INTERNAL SERVICE FUNDS

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS ARE ESTABLISHED TO ACCOUNT FOR THE FINANCING OF GOODS OR SERVICES PROVIDED BY ONE DEPARTMENT OF THE CITY TO OTHER DEPARTMENTS OF THE CITY ON A COST-REIMBURSEMENT BASIS

Information Systems Services	The Information Systems Services Division was established to provide centralized data processing services for certain City divisions.
Motor Vehicle Maintenance	The Division of Motor Vehicle Maintenance was established to provide centralized maintenance, repairs and fueling of certain City vehicles.
Printing and Reproduction	The Division of Printing and Reproduction was established to provide printing and reproduction services for all City divisions.
City Storeroom and Warehouse	The City's Storeroom and Warehouse Division was established to provide centralized storeroom services.
Utilities Administration	The Division of Utilities Administration was established to provide administrative assistance to the Department of Public Utilities.
Sinking Fund Administration	The Sinking Fund Administration Fund was established to account for the personnel and other operating expenditures related to the administration of the Debt Service fund.
Municipal Income Tax Administration	The Municipal Income Tax Administration Fund was established to account for operating expenditures related to the collection of Municipal Income Tax for Cleveland and other municipalities.
Telephone Exchange	The Division of Telephone Exchange was established to operate the communications system for the City at minimal cost.
Radio Communications	The Office of Radio Communications was established to operate the 800MHZ radio communication system.

CITY OF CLEVELAND, OHIO
COMBINING BALANCE SHEET-ALL INTERNAL SERVICE FUNDS

December 31, 2000

(Amounts in 000's)

	Information Systems Services	Motor Vehicle Maintenance	Printing and Repro- duction	City Storeroom and Warehouse
ASSETS				
Cash and cash equivalents	\$ -	\$ 4,521	\$ 698	\$ 1
Accounts receivable, net			2	
Accrued interest receivable		30		
Due from other funds	1,590	1,200	65	13
Inventory of supplies		2,442	45	
Fixed assets in service:				
Land		663		
Land improvements		3		
Buildings, structures and improvements		1,605		
Furniture, fixtures and equipment	7,209	1,680	464	6
Less: Accumulated depreciation	(7,208)	(3,039)	(464)	(6)
	1	912		
TOTAL ASSETS	\$ 1,591	\$ 9,105	\$ 810	\$ 14
LIABILITIES				
Accounts payable	\$ 14	\$ 1,204	\$ 81	\$ 8
Due to other funds	1,005	67	1	
Accrued wages and benefits	314	1,064	84	\$ 6
TOTAL LIABILITIES	1,333	2,335	166	14
CONTRIBUTED CAPITAL AND RETAINED EARNINGS				
Contributed capital-City of Cleveland and others	258	2,406	301	
Retained earnings-unreserved		4,364	343	
TOTAL FUND EQUITY	258	6,770	644	
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,591	\$ 9,105	\$ 810	\$ 14

Utilities Adminis- tration	Sinking Fund Adminis- tration	Municipal Income Tax Adminis- tration	Telephone Exchange	Radio Commun- ications	Totals	
					2000	1999
\$ 875	\$ 107	\$ 1,220	\$ 312	\$ 534	\$ 8,268	\$ 7,110
			20		22	527
		204	1,529	16	46	
				131	4,732	3,473
					2,487	1,184
					663	663
					3	3
					1,605	1,605
			9		9,368	9,316
			(8)		(10,725)	(10,646)
			1		914	941
<u>\$ 875</u>	<u>\$ 107</u>	<u>\$ 1,424</u>	<u>\$ 1,862</u>	<u>\$ 681</u>	<u>\$ 16,469</u>	<u>\$ 13,235</u>
\$ 25	\$ 9	\$ 87	\$ 1,354	\$ 211	\$ 2,993	\$ 1,801
2		741	457	111	2,384	1,463
469	35	596	51	4	2,623	1,774
496	44	1,424	1,862	326	8,000	5,038
					2,965	2,923
379	63			355	5,504	5,274
379	63			355	8,469	8,197
<u>\$ 875</u>	<u>\$ 107</u>	<u>\$ 1,424</u>	<u>\$ 1,862</u>	<u>\$ 681</u>	<u>\$ 16,469</u>	<u>\$ 13,235</u>

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS-ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2000
(Amounts in 000's)

	Information Systems Services	Motor Vehicle Maintenance	Printing and Repro- duction	City Storeroom and Warehouse
OPERATING REVENUES				
Charges for services	\$ 106	\$ 17,328	\$ 1,158	\$ 655
TOTAL OPERATING REVENUE	106	17,328	1,158	655
OPERATING EXPENSES				
Operations	1,917	13,240	1,069	729
Maintenance	1	2,638	48	
Depreciation	2	65		
TOTAL OPERATING EXPENSES	1,920	15,943	1,117	729
OPERATING INCOME (LOSS)	(1,814)	1,385	41	(74)
NON-OPERATING REVENUES				
Interest income	6	67	11	
TOTAL NON-OPERATING REVENUES	6	67	11	
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ (1,808)	\$ 1,452	\$ 52	\$ (74)
Operating transfers out				
Operating transfers in	1,478			13
NET INCOME (LOSS)	(330)	1,452	52	(61)
Retained earnings at beginning of year	330	2,912	291	61
Retained earnings at end of year	\$ -	\$ 4,364	\$ 343	\$ -

Utilities Adminis- tration	Sinking Fund Adminis- tration	Municipal Income Tax Adminis- tration	Telephone Exchange	Radio Commun- ications	Totals	
					2000	1999
\$ 2,517	\$ -	\$ 4,371	\$ 4,829	\$ 1,109	\$ 32,073	\$ 31,159
2,517		4,371	4,829	1,109	32,073	31,159
2,625	379	5,570	4,652	877	31,058	27,746
124			243	918	3,972	3,471
			3		70	78
2,749	379	5,570	4,898	1,795	35,100	31,295
(232)	(379)	(1,199)	(69)	(686)	(3,027)	(136)
12		1,199		36	1,331	969
12		1,199		36	1,331	969
\$ (220)	\$ (379)	\$ -	\$ (69)	\$ (650)	\$ (1,696)	\$ 833
	366		69		1,926	1,921
(220)	(13)			(650)	230	2,754
599	76			1,005	5,274	2,520
\$ 379	\$ 63	\$ -	\$ -	\$ 355	\$ 5,504	\$ 5,274

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2000
(Amounts in 000's)

	Information Systems Services	Motor Vehicle Maintenance	Printing and Repro- duction	City Storeroom and Warehouse
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 106	\$ 17,348	\$ 1,307	\$ 655
Cash payments to suppliers for goods or services	(1,300)	(10,624)	(553)	(672)
Cash payments to employees for services	(467)	(5,073)	(501)	(48)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(1,661)	1,651	253	(65)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Advance from General Fund	1,005			
Cash transfer to debt service fund				
Cash received through operating transfers from other funds				
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	1,005			
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	6	51	11	
NET CASH PROVIDED BY INVESTING ACTIVITIES	6	51	11	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(650)	1,702	264	(65)
Cash and cash equivalents at beginning of year	650	2,819	434	66
Cash and cash equivalents at end of year	\$ -	\$ 4,521	\$ 698	\$ 1
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ (1,814)	\$ 1,385	\$ 41	\$ (74)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2	65		
Change in assets and liabilities:				
Accounts receivable	20		(2)	
Due from other funds		(31)	151	
Inventory of supplies		(1,299)	(8)	
Accounts payable	7	1,069	81	8
Due to other funds		62	1	
Due to other governments				
Accrued wages and benefits	124	400	(11)	1
TOTAL ADJUSTMENTS	153	266	212	9
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (1,661)	\$ 1,651	\$ 253	\$ (65)

Utilities Adminis- tration	Sinking Fund Adminis- tration	Municipal Income Tax Adminis- tration	Telephone Exchange	Radio Communi- cations	Totals	
					2000	1999
\$ 3,044	\$ -	\$ 4,550	\$ 4,843	\$ 977	\$ 32,830	\$ 28,619
(377)	(298)	(2,225)	(4,577)	(1,518)	(22,144)	(20,369)
(2,266)	(69)	(3,520)	(287)	(36)	(12,267)	(10,855)
401	(367)	(1,195)	(21)	(577)	(1,581)	(2,605)
					1,005	
	366		68		434	1,921
	366		68		1,439	1,921
12		1,199		21	1,300	994
12		1,199		21	1,300	994
413	(1)	4	47	(556)	1,158	310
462	108	1,216	265	1,090	7,110	6,800
\$ 875	\$ 107	\$ 1,220	\$ 312	\$ 534	\$ 8,268	\$ 7,110
\$ (232)	\$ (379)	\$ (1,199)	\$ (69)	\$ (686)	\$ (3,027)	\$ (136)
			3		70	78
527			(20)		525	
	5	189	35	(131)	218	(2,833)
					(1,307)	(391)
8	3	(207)	3	207	1,179	534
(2)		(179)		33	(85)	635
100	4	201	27		846	(492)
633	12	4	48	109	1,446	(2,469)
\$ 401	\$ (367)	\$ (1,195)	\$ (21)	\$ (577)	\$ (1,581)	\$ (2,605)

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CITY OF CLEVELAND, OHIO

AGENCY FUNDS

COMBINING FINANCIAL STATEMENTS

AGENCY FUNDS ARE ESTABLISHED TO ACCOUNT FOR ASSETS RECEIVED AND HELD BY THE CITY ACTING IN THE CAPACITY OF AN AGENT OR CUSTODIAN

Payroll Agency	To account for payroll taxes and other related payroll deductions collected for other governmental units or funds.
Municipal Courts	To account for assets received and disbursed by the Municipal Courts as agent or custodian related to Civil and Criminal Court matters.
Central Collection Agency	To account for the collection of the Municipal Income Tax for the City of Cleveland and any other municipalities that employ the Central Collection Agency as their agency.
Other Agencies	To account for miscellaneous assets held by the City for other funds, governmental units or individuals.

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-
ALL AGENCY FUNDS

For the Year Ended December 31, 2000

(Amounts in 000's)

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
PAYROLL AGENCY				
ASSETS				
Cash and cash equivalents	\$ 2,950	\$ 269,267	\$ 265,207	\$ 7,010
TOTAL ASSETS	\$ 2,950	\$ 269,267	\$ 265,207	\$ 7,010
LIABILITIES				
Due to other governments	\$ 2,402	\$ 6,539	\$ 2,365	\$ 6,576
Sundry liabilities	548	262,728	262,842	434
TOTAL LIABILITIES	\$ 2,950	\$ 269,267	\$ 265,207	\$ 7,010
MUNICIPAL COURTS				
ASSETS				
Cash and cash equivalents	\$ 7,349	\$ 61,971	\$ 60,991	\$ 8,329
Accrued interest	77	24	77	24
TOTAL ASSETS	\$ 7,426	\$ 61,995	\$ 61,068	\$ 8,353
LIABILITIES				
Due to other funds	\$ 1,742	\$ 23,641	\$ 21,135	\$ 4,248
Sundry liabilities	5,684	38,354	39,933	4,105
TOTAL LIABILITIES	\$ 7,426	\$ 61,995	\$ 61,068	\$ 8,353
CENTRAL COLLECTION AGENCY				
ASSETS				
Cash and cash equivalents	\$ 25,811	\$ 436,038	\$ 442,434	\$ 19,415
Taxes receivable	16,493	17,502	16,493	17,502
Due from other governments	215	284	215	284
TOTAL ASSETS	\$ 42,519	\$ 453,824	\$ 459,142	\$ 37,201
LIABILITIES				
Due to other funds	\$ 16,719	\$ 310,265	\$ 315,297	\$ 11,687
Due to other governments	25,800	143,559	143,845	25,514
TOTAL LIABILITIES	\$ 42,519	\$ 453,824	\$ 459,142	\$ 37,201

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-
ALL AGENCY FUNDS-Continued
For the Year Ended December 31, 2000
(Amounts in 000's)

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
OTHER AGENCIES				
ASSETS				
Cash and cash equivalents	\$ 6,460	\$ 9,132	\$ 3,279	\$ 12,313
TOTAL ASSETS	\$ 6,460	\$ 9,132	\$ 3,279	\$ 12,313
LIABILITIES				
Due to other governments	\$ 2,883	\$ 5,370	\$ 3,191	\$ 5,062
Sundry liabilities	3,577	3,762	88	7,251
TOTAL LIABILITIES	\$ 6,460	\$ 9,132	\$ 3,279	\$ 12,313
TOTALS-ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 42,570	\$ 776,408	\$ 771,911	\$ 47,067
Taxes receivable	16,493	17,502	16,493	17,502
Accrued interest	77	24	77	24
Due from other governments	215	284	215	284
TOTAL ASSETS	\$ 59,355	\$ 794,218	\$ 788,696	\$ 64,877
LIABILITIES				
Due to other funds	\$ 18,461	\$ 333,906	\$ 336,432	\$ 15,935
Due to other governments	31,085	155,468	149,401	37,152
Sundry liabilities	9,809	304,844	302,863	11,790
TOTAL LIABILITIES	\$ 59,355	\$ 794,218	\$ 788,696	\$ 64,877

CITY OF CLEVELAND, OHIO
GENERAL FIXED ASSETS
ACCOUNT GROUP

**THIS ACCOUNT GROUP IS USED TO PRESENT THE
GENERAL FIXED ASSETS OF THE CITY UTILIZED IN ITS
GENERAL OPERATIONS, EXCLUSIVE OF THOSE USED IN
ENTERPRISE AND INTERNAL SERVICE FUNDS**

**GENERAL FIXED ASSETS INCLUDE LAND, BUILDINGS,
BETTERMENTS AND EQUIPMENT OWNED BY
THE CITY AND THE CITY'S INVESTMENT
IN THE JUSTICE CENTER BUILDING**

CITY OF CLEVELAND, OHIO
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCES

December 31, 2000

(Amounts in 000's)

General Fixed Assets:

Land	\$ 37,240
Land improvements	54,205
Buildings, structures and improvements	503,756
Furniture, fixtures and equipment	87,442
Construction in progress	36,909
TOTAL GENERAL FIXED ASSETS	<u><u>\$ 719,552</u></u>

Investment in General Fixed Assets:

General obligation bonds	\$ 251,401
General Fund and other revenues	319,116
Special Revenue Fund revenues:	
Restricted income taxes	68,532
Federal grants	43,623
Certificates of participation	26,625
Gifts	10,255
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u><u>\$ 719,552</u></u>

CITY OF CLEVELAND, OHIO
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

December 31, 2000

(Amounts in 000's)

	Total	Land	Land Improvements	Buildings, Structures and Improvements	Capitalized Leased Equipment	Furniture, Fixtures and Equipment
General Government:						
General government	\$ 298,588	\$ 208	\$ -	\$ 286,243	\$ 8	\$ 12,129
City Hall	20,476			20,476		
Justice Center	29,725			29,306	150	269
Charles V. Carr Municipal Center	22,102	2,540		19,562		
TOTAL GENERAL GOVERNMENT	370,891	2,748	-	355,587	158	12,398
Public Service:						
Waste collection	21,936	1,057		8,138	7,332	5,409
Engineering and construction	2,934				60	2,874
Streets	19,774	258	20	12,922	2,854	3,720
Other	3,663			1,317		2,346
TOTAL PUBLIC SERVICE	48,307	1,315	20	22,377	10,246	14,349
Public Health:						
Correction	7,190	135		6,638	78	339
Health and environment	10,671	1,116	56	8,868	53	578
TOTAL PUBLIC HEALTH	17,861	1,251	56	15,506	131	917
Public Safety:						
Police	58,188	4,560	316	33,529	5,548	14,235
Fire	41,948	1,619		22,036	13,650	4,643
Emergency medical service	4,107			125	669	3,313
Traffic engineering	2,238			155	363	1,720
Dog pound	717			630	31	56
TOTAL PUBLIC SAFETY	107,198	6,179	316	56,475	20,261	23,967
Parks, Recreation and Properties						
Park maintenance and properties	58,046	23,170	24,829	8,083	674	1,290
Research, planning and development	3,897		3,383	164		350
Recreation	71,334	920	24,140	44,980	27	1,267
TOTAL PARKS, RECREATION AND PROPERTIES	133,277	24,090	52,352	53,227	701	2,907
Community Development:						
Community development	4,929	1,657	1,331	584	71	1,286
TOTAL COMMUNITY DEVELOPMENT	4,929	1,657	1,331	584	71	1,286
Economic Development:						
Economic development	180		130			50
TOTAL ECONOMIC DEVELOPMENT	180	-	130	-	-	50
TOTAL BY FUNCTION	682,643	37,240	54,205	503,756	31,568	55,874
Construction in progress	36,909		9,855	27,054		
TOTAL GENERAL FIXED ASSETS	\$ 719,552	\$ 37,240	\$ 64,060	\$ 530,810	\$ 31,568	\$ 55,874

CITY OF CLEVELAND, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

For the Year Ended December 31, 2000

(Amounts in 000's)

	Balance January 1, 2000	Additions	Deductions	Transfers	Balance December 31, 2000
General Government:					
General government	\$ 284,385	\$ 404	\$ (141)	\$ 13,940	\$ 298,588
City Hall	20,476				20,476
Justice Center	29,725				29,725
Charles V. Carr Municipal Center	22,102				22,102
TOTAL GENERAL GOVERNMENT	\$ 356,688	\$ 404	\$ (141)	\$ 13,940	\$ 370,891
Public Service:					
Waste collection	21,026	1,877	(682)	(285)	21,936
Engineering and construction	2,852	214	(24)	(108)	2,934
Streets	18,527	1,119	(148)	276	19,774
Other	2,701	1,061	(17)	(82)	3,663
TOTAL PUBLIC SERVICE	45,106	4,271	(871)	(199)	48,307
Public Health:					
Correction	7,166	24			7,190
Health and environment	10,733	7	(69)		10,671
TOTAL PUBLIC HEALTH	17,899	31	(69)	-	17,861
Public Safety:					
Police	58,106	135	(559)	506	58,188
Fire	41,321	1,443	(895)	79	41,948
Emergency medical service	4,879	160	(932)		4,107
Traffic engineering	1,655	511	(10)	82	2,238
Dog pound	739		(22)		717
TOTAL PUBLIC SAFETY	106,700	2,249	(2,418)	667	107,198
Maintenance, Parks and Recreation					
Park maintenance and properties	57,806	240	(170)	170	58,046
Research, planning and development	3,858	30		9	3,897
Recreation	71,007	128		199	71,334
TOTAL MAINTENANCE, PARKS AND RECREATION	132,671	398	(170)	378	133,277
Community Development:					
Community development	4,890	49	(24)	14	4,929
TOTAL COMMUNITY DEVELOPMENT	4,890	49	(24)	14	4,929
Economic Development:					
Economic development	181		(1)		180
TOTAL ECONOMIC DEVELOPMENT	181	-	(1)	-	180
Construction in progress	32,200	19,509		(14,800)	36,909
TOTAL GENERAL FIXED ASSETS	\$ 696,335	\$ 26,911	\$ (3,694)	\$ -	\$ 719,552

STATISTICAL SECTION

CITY OF CLEVELAND, OHIO
GENERAL FUND REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION-(BUDGET BASIS)
LAST TEN FISCAL YEARS
(Amounts in 000's)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
REVENUES										
Income taxes	\$183,139	\$184,805	\$191,005	\$196,309	\$209,154	\$215,876	\$222,745	\$230,863	\$245,844	\$268,786
Property taxes	37,320	40,423	39,309	38,722	40,145	40,844	40,844	43,026	45,964	45,131
State local government fund	39,379	37,570	40,107	43,431	46,407	48,689	50,762	54,255	56,923	59,488
Other shared revenues	6,250	8,454	9,862	10,147	17,879	24,820	26,122	26,581	31,187	32,871
Licenses and permits	5,450	5,981	5,733	6,488	6,964	8,403	8,886	10,303	8,731	9,339
Charges for services	9,796	11,440	14,394	15,038	12,160	13,191	13,570	14,975	13,671	16,177
Fines and forfeits	11,627	13,745	13,947	13,890	13,360	14,422	15,375	15,914	16,611	17,843
Investment earnings	1,944	1,121	1,006	1,106	2,060	1,384	2,159	4,241	4,435	2,526
Sale of city assets	0	0	0	0	0	0	0	0	0	0
Cleveland Public Power repayment	3,965	0	0	0	0	0	0	0	0	0
Workers compensation settlement	462	199	17	419	534	2,177	417	0	0	0
and refunds										
Miscellaneous	21,846	19,181	21,522	20,234	16,367	17,298	16,898	9,508	8,759	24,447
	\$321,178	\$322,919	\$336,902	\$345,784	\$365,030	\$387,104	\$397,778	\$409,666	\$432,125	\$476,608

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
EXPENDITURES AND OTHER USES										
General Government	\$35,290	\$35,856	\$36,643	\$37,445	\$39,189	\$41,623	\$42,352	\$45,902	\$49,837	\$55,922
Public Service	31,320	31,362	30,798	29,435	30,357	29,537	30,208	30,669	31,222	33,580
Public Safety	192,352	194,675	200,874	207,541	217,825	225,669	234,064	240,717	252,723	261,480
Community Development	7,158	7,164	6,366	6,040	6,461	5,920	5,943	6,461	6,581	12,583
Public Health	10,381	10,604	10,421	10,545	10,261	10,037	10,274	10,418	11,984	12,465
Parks, Recreation and Properties	27,613	28,098	29,310	30,126	31,121	33,263	34,952	34,385	36,150	37,574
Economic Development	469	443	932	1,026	1,017	1,103	1,039	1,067	1,128	1,014
Other	9,203	9,784	12,580	11,876	12,843	14,071	14,575	14,963	16,553	16,742
Operating Transfers Out	7,928	5,282	9,253	12,125	16,392	26,208	24,776	23,650	24,778	39,465
	\$321,714	\$323,268	\$337,177	\$346,159	\$365,466	\$387,431	\$398,183	\$408,232	\$430,956	\$470,825

CITY OF CLEVELAND, OHIO
GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES
AND EXPENDITURES BY FUNCTION AND OTHER USES
LAST TEN FISCAL YEARS
(Amounts in 000's)

	1991	1992	1993	1994
REVENUES AND OTHER FINANCING SOURCES				
Income taxes	\$205,957	\$211,417	\$217,082	\$222,651
Property taxes	55,850	61,367	58,994	60,949
State local government fund	39,289	37,569	40,515	43,634
Other shared revenues	16,958	19,392	20,644	22,339
Licenses and permits	5,837	6,519	6,096	6,924
Charges for services	11,672	14,492	14,832	15,682
Fines and forfeits	11,950	13,839	13,856	13,726
Investment earnings	8,355	6,276	5,898	6,731
Grants	65,502	67,612	76,864	81,507
Contributions	98	116	122	0
Sale of City assets	0	0	0	0
Cleveland Public Power repayment	3,965	0	4,370	35,609
Workers compensation settlement and refunds	436	0	249	303
Enterprise reimbursements	7,319	6,157	6,038	4,161
Miscellaneous	26,598	25,610	30,442	25,723
Operating transfers in	16,124	21,001	20,553	53,613
Resources from capitalized leases	2,191	2,363	0	0
Proceeds from sale of bonds-net	63,129	35,380	136,456	139,708
Proceeds from sale of certificates of participation	0	17,125	0	19,790
	<u>\$541,230</u>	<u>\$546,235</u>	<u>\$653,011</u>	<u>\$753,050</u>
EXPENDITURES AND OTHER USES				
Current:				
General government	\$38,060	\$39,047	\$36,291	\$38,061
Public service	51,867	50,610	54,357	49,959
Public safety	202,545	199,584	205,801	210,118
Human resources	8,865	10,380	7,726	6,724
Community development	36,166	39,768	45,511	50,065
Public health	13,231	15,901	17,516	20,201
Maintenance, parks and recreation	28,494	28,515	29,931	31,409
Economic development	12,547	8,206	4,944	7,668
Other	6,227	9,107	12,164	10,227
Rebatable arbitrage	807	0	(131)	0
Capital outlay	45,135	49,273	88,960	81,622
Debt service:				
Principal retirement	16,150	15,810	16,972	112,119
Interest	14,822	17,694	16,820	22,616
Enterprise debt service	6,470	6,178	5,199	4,577
Operating transfers out	18,157	20,560	20,723	53,226
Payments to refund notes, bonds and certificates of participation	26,913	10,156	99,858	0
	<u>\$526,456</u>	<u>\$520,789</u>	<u>\$662,642</u>	<u>\$698,592</u>

Note: Includes all Governmental Fund Types

1995	1996	1997	1998	1999	2000
\$237,081	\$243,213	\$255,925	\$272,309	\$285,947	\$291,514
62,630	63,968	64,354	66,662	70,937	66,642
52,625	50,865	50,217	53,998	59,413	60,015
29,098	34,590	37,561	37,393	43,121	43,626
7,466	8,714	9,252	10,574	9,099	9,255
13,056	13,744	16,326	16,648	17,850	18,370
13,402	14,771	15,572	14,766	19,070	20,990
10,276	9,963	10,492	23,890	14,621	14,327
97,841	90,412	92,276	100,255	107,455	83,750
0	0	0	0	62,394	84
0	0	0	0	0	0
0	0	0	0	0	0
916	2,095	0	0	0	0
2,878	1,342	116	0	0	0
25,704	38,494	36,232	67,005	47,171	57,366
28,769	47,568	41,580	42,673	66,270	57,049
3,891	0	0	0	0	0
0	58,491	214,166	48,736	35,778	26,335
19,171	0	0	0	20,000	0
\$604,804	\$678,230	\$844,069	\$754,909	\$859,126	\$749,323

\$39,901	\$44,268	\$44,568	\$54,789	\$63,476	\$69,397
50,619	50,246	47,975	53,898	52,792	63,698
223,488	227,572	236,426	241,632	249,160	279,540
8,919	9,494	9,549	9,920	7,520	8,471
58,502	57,509	56,754	52,178	50,750	54,352
20,981	22,560	22,343	19,814	21,071	21,852
32,889	34,528	36,858	42,645	41,738	39,941
13,242	22,285	18,439	13,368	18,754	25,738
14,523	12,980	19,546	14,876	15,031	19,425
0	0	0	0	0	0
63,457	42,314	81,222	184,528	133,490	49,586
18,824	21,935	25,003	26,511	48,442	30,646
26,439	23,444	26,488	30,293	29,304	28,825
2,810	2,602	352	0	0	0
30,455	48,497	40,981	42,074	67,679	57,823
19,171	16,644	47,665	24,823	0	0
\$624,220	\$636,878	\$714,169	\$811,349	\$799,207	\$749,294

CITY OF CLEVELAND, OHIO
AD VALOREM
PROPERTY TAX LEVIES AND COLLECTIONS-
REAL, UTILITY AND TANGIBLE TAXES
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Current Levy	Delinquent Levy (1)	Total Levy	Current Collection	Current Levy Collected	Delinquent Collection	Total Collections	Total Collections	
								As Percent of Current Levy	Cumulative Delinquencies
1990/1991	55,216,283	11,565,961	66,782,244	52,854,525	95.7%	2,547,649	55,402,174	100.3%	9,883,006
1991/1992	61,331,722	10,980,125	72,311,847	56,886,685	92.8%	2,632,169	59,518,854	97.0%	10,200,350
1992/1993	60,086,819	11,399,652	71,486,471	55,724,076	92.7%	2,164,940	57,889,016	96.3%	12,217,231
1993/1994	61,438,787	12,569,653	74,008,440	56,476,156	91.9%	2,421,817	58,897,973	95.9%	10,772,864
1994/1995	63,537,979	11,399,864	74,937,843	58,758,206	92.5%	2,403,005	61,161,211	96.3%	10,975,479
1995/1996	64,041,017	12,339,642	76,380,659	59,133,403	92.3%	2,850,250	61,983,653	96.8%	12,752,255
1996/1997	65,060,514	14,986,362	80,046,876	59,733,751	91.8%	3,023,595	62,757,346	96.5%	14,222,919
1997/1998	68,518,965	13,796,053	82,315,018	62,883,792	91.8%	2,785,155	65,668,947	95.8%	14,128,110
1998/1999	69,516,994	14,138,999	83,655,993	63,427,067	91.2%	4,219,704	67,646,771	97.3%	13,869,371
1999/2000	69,830,697	14,601,538	84,432,235	62,471,564	89.5%	4,214,775	66,686,339	95.5%	16,484,006

Source: Cuyahoga County Auditor's Office

(1) Levy includes adjustments, abatements, additions and penalties against current delinquent levy.

CITY OF CLEVELAND, OHIO
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Amounts in 000's)

Tax Year/ Collection Year	Real Property (1)		Personal Property (2)		Public Utilities (3)		Total		Ratio of Total Assessed Value To Total Estimated Actual Value	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Estimated Actual Value	Estimated Actual Value
1990/1991	3,014,356	8,612,446	958,519	3,550,070	499,998	999,996	4,472,873	13,162,512	13,162,512	34.0%
1991/1992	3,580,628	10,230,366	905,638	3,483,223	518,619	1,037,238	5,004,885	14,750,827	14,750,827	33.9%
1992/1993	3,510,905	10,031,157	868,719	3,474,876	519,073	1,038,146	4,898,697	14,544,179	14,544,179	33.7%
1993/1994	3,526,652	10,076,150	862,181	3,448,724	503,658	572,338	4,892,491	14,097,212	14,097,212	34.7%
1994/1995	3,666,719	10,476,340	816,921	3,267,684	517,663	588,253	5,001,303	14,332,277	14,332,277	34.9%
1995/1996	3,700,852	10,573,863	820,959	3,283,836	484,244	550,277	5,006,055	14,407,976	14,407,976	34.7%
1996/1997	3,767,013	10,762,894	856,832	3,427,327	476,677	541,678	5,100,522	14,731,899	14,731,899	34.6%
1997/1998	4,015,815	11,473,757	885,245	3,540,980	474,182	538,843	5,375,242	15,553,580	15,553,580	34.6%
1998/1999	4,085,338	11,672,394	913,154	3,652,616	478,752	544,036	5,477,244	15,869,046	15,869,046	34.5%
1999/2000	4,100,737	11,716,391	952,829	3,811,316	444,315	504,903	5,497,881	16,032,610	16,032,610	34.3%

Source: Cuyahoga County Auditor's Office

(1) The assessed valuation level for real property in Cuyahoga County is 35% of market value, except for certain agricultural land.

(2) For the collection year 1998, the percentage used to determine taxable value of personal property and inventory was 25%.

(3) In the case of public utilities, real property is assessed at 35% of true (market) value and personal property is assessed at 88% of true value except personal property of railroads which is assessed at 25% of true value in 1998.

CITY OF CLEVELAND, OHIO
AD VALOREM PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER \$1,000 OF ASSESSED VALUATION)

Tax Year/ Collection Year	City of Cleveland					Total City Rate	County	Library & School	Total
	General Fund	Bond Retirement	Police Pension	Fire Pension					
1990/1991	7.75	4.05	0.30	0.30	12.40	16.80	51.00	80.20	
1991/1992	7.75	3.95	0.30	0.30	12.30	16.80	51.90	81.00	
1992/1993	7.75	3.95	0.30	0.30	12.30	16.80	52.70	81.80	
1993/1994	7.75	4.35	0.30	0.30	12.70	16.80	51.40	80.90	
1994/1995	7.75	4.35	0.30	0.30	12.70	16.80	51.10	80.60	
1995/1996	7.75	4.35	0.30	0.30	12.70	16.60	51.10	80.40	
1996/1997	7.75	4.35	0.30	0.30	12.70	16.60	64.00	93.30	
1997/1998	7.75	4.35	0.30	0.30	12.70	16.60	64.00	93.30	
1998/1999	7.75	4.35	0.30	0.30	12.70	15.30	65.00	93.00	
1999/2000	7.75	4.35	0.30	0.30	12.70	15.30	64.80	92.80	

Source: Cuyahoga County Auditor's Office

CITY OF CLEVELAND, OHIO
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Year	Population(1)	Assessed Value (2) (Amounts in 000's)	Gross General Bonded Debt (3)	Less Balance in Debt Service Fund (4)	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1991	505,616	4,472,873	240,870,000	12,943,932	227,926,068	5.10%	450.79
1992	505,616	5,004,885	251,060,000	9,447,394	241,612,606	4.83%	477.86
1993	505,616	4,898,697	272,380,000	9,397,000	262,983,000	5.37%	520.12
1994	505,616	4,892,491	296,800,000	9,157,000	287,643,000	5.88%	568.90
1995	505,616	5,001,303	280,650,000	9,729,000	270,921,000	5.42%	535.82
1996	505,616	5,006,055	291,665,000	8,460,000	283,205,000	5.66%	560.12
1997	505,616	5,100,522	299,100,000	5,408,000	293,692,000	5.76%	580.86
1998	505,616	5,375,242	306,165,000	6,083,000	300,082,000	5.58%	593.50
1999	505,616	5,477,243	312,225,000	7,575,000	304,650,000	5.56%	602.53
2000	478,403	5,497,881	316,950,000	6,580,000	310,370,000	5.65%	648.76

(1) Bureau of Census.

(2) Cuyahoga County Auditor's Office. Values listed for year of collection.

(3) General Obligation Debt Outstanding December 31.

(4) Balance in Debt Service Fund excludes the balance in the Stadium Fund, Urban Renewal Fund, Urban Renewal Reserve Fund, Subordinated Income Tax Fund and Subordinated Income Tax Reserve Fund.

CITY OF CLEVELAND, OHIO

COMPUTATION OF LEGAL DEBT MARGIN (1)

December 31, 2000

Total of all City Debt Outstanding	\$ 1,895,998,000
Debt Exempt From Direct Debt Limitation:	
Tax Supporting:	
Tax Supporting Issues after 1980	\$ 313,355,000
Self-Supporting:	
Revenue Bonds and Notes	1,482,976,000
Ohio Water Development Authority Loans	7,412,000
Urban Renewal Bonds	9,160,000
Subordinated Income Tax Refunding Bonds	69,500,000
Non-tax Revenue Bonds	10,000,000
Total Exempt Debt	<u>1,892,403,000</u>
Net Indebtedness (Voted and Unvoted) Subject to 10.50% Debt Limitation	3,595,000
Less: Applicable Debt Service Fund	<u>6,580,000</u>
Net Indebtedness Subject to 10.50% Limitation	<u>\$ -</u>
Net Indebtedness (Unvoted) Subject to 5.50% Legal Debt Limitation	\$ 3,595,000
Less: Applicable Debt Service Fund	<u>6,580,000</u>
Net Indebtedness Subject to 5.50% Limitation	<u>\$0</u>
Assessed Valuation of City (1998 for 1999 Collection)	<u>\$ 5,497,881,312</u>
10.50% of Valuation (Maximum Voted and Unvoted General Obligation Debt Allowed)	\$ 577,277,538
Net Indebtedness Subject to 10.50% Debt Limitation	<u>-</u>
Legal 10.50% Margin	<u>\$ 577,277,538</u>
5.50% of Valuation (Maximum Unvoted Non-exempt General Obligation Debt Allowed)	\$ 302,383,472
Net Indebtedness Subject to 5.50% Debt Limitation	<u>-</u>
Legal 5.50% Margin	<u>\$ 302,383,472</u>

(1) Computation of Legal Debt Margin based on Section 133, the Uniform Bond Act of the Ohio Revised Code.

CITY OF CLEVELAND, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2000

	Gross Debt (1)	Debt Service Fund (2)	Net Debt	Percent Applicable (1)	City's Share
City of Cleveland	\$ 316,950,000	\$ 6,580,000 (5)	\$ 310,370,000	100.00%	\$ 310,370,000
Cleveland School District (3)	85,460,000	29,939,000 (3)	55,521,000	98.48%	54,677,081
Shaker Heights School District (3)	18,854,223	1,004,769 (3)	17,849,454	0.87%	155,290
Berea School District (3)	12,265,000	634,476 (3)	11,630,524	0.65%	75,598
Polaris St. Vocational School District (3)	0	1,376 (3)	(1,376)	0.00%	0
Cuyahoga County (3)	231,044,636	2,100,017 (2)	228,944,619	21.20%	<u>48,536,259</u>
TOTAL NET DIRECT AND OVERLAPPING DEBT					<u><u>\$ 413,814,228</u></u>

(1) Percent applicable column is calculated using current assessed valuation of the City area overlapping the applicable taxing district divided by total current assessed valuation of that taxing district.

(2) Balance in Debt Service Fund excludes the balance in the Stadium Fund, Urban Renewal Fund, Urban Renewal Reserve Fund, Subordinated Income Tax Fund and Subordinated Income Tax Reserve Fund.

(3) Cuyahoga County Budget Commission

CITY OF CLEVELAND, OHIO

STATEMENT OF DIRECT DEBT (1)

December 31, 2000

DIRECT DEBT

Long-Term Debt:

General Obligation Bonds and Notes:		
Various Purpose	\$ 316,950,000	
Revenue Bonds:		
Airport	371,976,000	
Waterworks	713,135,000	
Public Power System Improvement	280,470,000	
Parking Facilities	77,395,000	
Urban Renewal Bonds	9,160,000	
Subordinated Income Tax Refunding Bonds	69,500,000	
Non-tax Revenue Bonds	10,000,000	
Ohio Water Development Authority Loans	7,412,000	
Total Long-Term Debt	\$ 1,855,998,000	

Short Term Debt - Airport Surplus Revenue Notes	40,000,000
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Gross Direct Debt	1,895,998,000
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Deduct:

General Obligation Debt Service Fund	6,580,000 (2)	
Exempt Tax-Supporting General Obligations:		
General Obligation Bonds Issued after 1980	313,355,000	
Revenue Bonds:		
Airport	371,976,000	
Waterworks Improvement	713,135,000	
Public Power System Improvement	280,470,000	
Parking Facilities	77,395,000	
Total Revenue Bonds	1,442,976,000	
Urban Renewal Bonds	9,160,000	
Subordinated Income Tax Refunding Bonds	69,500,000	
Non-tax Revenue Bond Anticipation Notes	10,000,000	
Short Term Debt - Airport Surplus Revenue Notes	40,000,000	
Total Deductions	1,891,571,000	
Net Direct Debt	\$ 4,427,000	

- (1) Statement of Direct Debt is based on Section 133 of the Uniform Bond Act of the Ohio Revised Code.
- (2) Balance in Debt Service Fund excludes the balance in the Stadium Fund, Urban Renewal Fund, Urban Renewal Reserve Fund, Subordinated Income Tax Fund and Subordinated Income Tax Reserve Fund.

CITY OF CLEVELAND, OHIO

RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES-(BUDGET BASIS) LAST TEN FISCAL YEARS

Year	Debt Service on General Tax Supported Debt	Debt Service on Self-Supporting Debt	General Fund Expenditures (1)	Ratio of Tax Supported Debt Service to General Fund Expenditures	Ratio of Self-Supporting Debt Service to General Fund Expenditures
1991	30,972,700	6,469,481	321,714,000	9.63%	2.01%
1992	33,504,835	6,177,438	323,268,000	10.36%	1.91%
1993	32,204,093	5,198,337	337,177,000	9.55%	1.54%
1994	33,182,285	4,576,925	346,159,000	9.59%	1.32%
1995	33,960,155	2,810,246	366,659,000	9.26%	0.77%
1996	34,890,298	2,601,657	387,431,000	9.01%	0.67%
1997	35,157,587	352,168	398,183,000	8.83%	0.09%
1998	35,603,010	0	408,232,000	8.72%	0.00%
1999	36,590,983	0	430,956,000	8.49%	0.00%
2000	38,584,776	0	470,825,000	8.20%	0.00%

(1) Expenditures and other financing uses based on budget basis accounting.

CITY OF CLEVELAND, OHIO
REVENUE BOND COVERAGE-AIRPORT BONDS

LAST TEN FISCAL YEARS

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Annual Debt Service Requirement (3)	Coverage
1991	39,965,000	26,203,000	13,762,000	10,547,056	1.30
1992	43,872,000	27,236,000	16,636,000	10,168,562	1.64
1993	44,398,000	28,098,000	16,300,000	10,057,216	1.62
1994	54,875,000	28,610,000	26,265,000	10,028,565	2.62
1995	56,876,000	29,992,000	26,884,000	15,626,785	1.72
1996	61,778,000	34,050,000	27,728,000	16,771,815	1.65
1997	56,335,000	31,864,000	24,471,000	16,411,660	1.49
1998	68,259,000	34,263,000	33,996,000	19,133,000	1.78
1999	77,943,000	40,252,000	37,691,000	27,127,792	1.39
2000	90,205,000	47,381,000	42,824,000	32,431,700	1.32

- (1) Gross revenues include operating revenues plus interest income.
- (2) Direct operating expenses are calculated in accordance with bond indenture.
- (3) Annual debt service requirements include principal and interest of both self-supported revenue and self-supported general obligation bonds.

CITY OF CLEVELAND, OHIO
REVENUE BOND COVERAGE-WATER BONDS
LAST TEN FISCAL YEARS

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Annual Debt Service Requirement (3)	Coverage
1991	135,068,000	85,815,000	49,253,000	30,129,809	1.63
1992	133,180,000	89,673,000	43,507,000	25,932,187	1.68
1993	146,739,000	88,562,000	58,177,000	41,492,806	1.40
1994	158,282,000	93,326,000	64,956,000	38,917,184	1.67
1995	165,654,000	96,719,000	68,935,000	42,606,553	1.62
1996	176,968,000	100,882,000	76,086,000	43,107,346	1.77
1997	187,151,000	100,286,000	86,865,000	50,927,000	1.71
1998	204,021,000	102,462,000	101,559,000	49,796,000	2.04
1999	213,777,000	99,700,000	114,077,000	57,666,000	1.98
2000	225,060,000	109,159,000	115,901,000	59,131,675	1.96

- (1) Gross revenues include operating revenues plus interest income.
- (2) Direct operating expenses include operating expenses less depreciation.
- (3) Annual debt service requirements include principal and interest of both self-supported revenue and self-supported general obligation bonds.

CITY OF CLEVELAND, OHIO

REVENUE BOND COVERAGE-PUBLIC POWER SYSTEM BONDS

LAST TEN FISCAL YEARS

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Annual Debt Service Requirement (3)	Coverage
1991	55,470,000	42,007,000	13,463,000	4,823,566	2.79
1992	60,426,000	48,294,000	12,132,000	5,632,570	2.15
1993	67,788,000	54,128,000	13,660,000	5,912,677	2.31
1994	79,696,000	62,330,000	17,366,000	5,901,327	2.94
1995	92,073,000	71,315,000	20,758,000	17,471,701	1.19
1996	99,881,000	68,566,000	31,315,000	17,033,000	1.84
1997	111,663,000	77,015,000	34,648,000	20,561,000	1.69
1998	121,896,000	87,658,000	34,238,000	20,797,000	1.65
1999	132,651,000	99,436,000	33,215,000	19,240,000	1.73
2000	137,407,000	104,889,000	32,518,000	19,445,000	1.67

(1) Gross revenues include operating revenues plus interest income.

(2) Direct operating expenses include operating expenses less depreciation.

(3) Annual debt service requirements include principal and interest of both self-supported revenue and self-supported general obligation bonds.

CITY OF CLEVELAND, OHIO

REVENUE BOND COVERAGE-SEWER AND SEWAGE DISPOSAL BONDS

LAST TEN FISCAL YEARS

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Annual Debt Service Requirement	Coverage
1991	15,015,000	9,987,000	5,028,000	4,247,886	1.18
1992	15,487,000	9,883,000	5,604,000	4,044,932	1.39
1993	16,120,000	10,672,000	5,448,000	3,634,158	1.50
1994	17,112,000	11,282,000	5,830,000	3,068,983	1.90
1995	16,844,000	11,071,000	5,773,000	2,251,648	2.56
1996	17,556,000	11,998,000	5,558,000	2,087,048	2.66
1997	18,423,000	13,303,000	5,120,000	906,000	5.65
1998	19,835,000	12,735,000	7,100,000	1,109,000	6.40
1999	20,087,000	12,931,000	7,156,000	850,000	8.42
2000	20,452,000	13,529,000	6,923,000	749,000	9.24

(1) Gross revenues include operating revenues plus interest income.

(2) Direct operating expenses include operating expenses less depreciation.

CITY OF CLEVELAND, OHIO

REVENUE BOND COVERAGE-SEWER AND SEWAGE DISPOSAL BONDS

LAST TEN FISCAL YEARS

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Annual Debt Service Requirement	Coverage
1991	15,015,000	9,987,000	5,028,000	4,247,886	1.18
1992	15,487,000	9,883,000	5,604,000	4,044,932	1.39
1993	16,120,000	10,672,000	5,448,000	3,634,158	1.50
1994	17,112,000	11,282,000	5,830,000	3,068,983	1.90
1995	16,844,000	11,071,000	5,773,000	2,251,648	2.56
1996	17,556,000	11,998,000	5,558,000	2,087,048	2.66
1997	18,423,000	13,303,000	5,120,000	906,000	5.65
1998	19,835,000	12,735,000	7,100,000	1,109,000	6.40
1999	20,087,000	12,931,000	7,156,000	850,000	8.42
2000	20,452,000	13,529,000	6,923,000	749,000	9.24

(1) Gross revenues include operating revenues plus interest income.

(2) Direct operating expenses include operating expenses less depreciation.

CITY OF CLEVELAND, OHIO

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Year	Total Estimated Actual Value (1) (Amounts in 000's)	Bank Deposits at December 31 (2) (Amounts in 000's)	Building Permits Issued (3)
1991	13,162,512	18,392,243	5,376
1992	14,750,827	19,379,280	5,355
1993	14,544,179	21,009,421	5,957
1994	14,097,212	20,885,453	6,666
1995	14,332,277	22,458,573	6,850
1996	14,407,976	27,068,211	8,077
1997	14,731,899	53,941,971	9,728
1998	15,553,580	58,904,596	9,216
1999	15,869,046	57,816,942	8,882
2000	16,032,610	61,943,764	9,194

- (1) Estimated actual value for real, personal and public utilities-Cuyahoga County Auditor's Office. Value listed for year of collection.
- (2) Bank deposits at year-end for banks headquartered in the City of Cleveland-Federal Reserve Bank of Cleveland (total demand, time and saving deposits).
- (3) Building permits issued-Division of Building and Housing, City of Cleveland.

CITY OF CLEVELAND, OHIO

PRINCIPAL PROPERTY TAXPAYERS

December 31, 2000

The largest property taxpayers with respect to property located in the City, based on assessed valuation of property for the 1999 tax collection year, are as follows:

Name of Taxpayer	Nature of Business	Assessed Valuation	Percentage of Assessed Valuation by Category
Real Property (1)			
City of Cleveland, Ohio	Government	\$ 80,962,360	2.10%
ZML - Cleveland Public Square LLC	Commercial Real Estate Holdings	56,306,250	1.46%
Lakeside Associates	Commercial Real Estate Holdings	35,350,000	0.92%
The LTV Corporation	Steel Manufacturing and Processing	32,400,450	0.84%
BRE/City Center LLC	Commercial Real Estate Holdings	31,819,000	0.83%
600 Superior Place Partnership	Commercial Real Estate Holdings	24,850,000	0.65%
Federal Reserve Bank of Cleveland	Government	23,721,670	0.62%
Erievue Joint Venture	Commercial Real Estate Holdings	22,925,000	0.60%
PHS Mt. Sinai, Incorporated	Hospital System	21,294,000	0.55%
Tower City	Commercial Real Estate Holdings	17,406,860	0.45%
TOTAL		\$ 347,035,590	9.02%
Total Assessed Valuation-Real		\$ 3,847,401,220	74.29%
Tangible Personal Property (other than Public Utilities)			
The LTV Corporation	Steel Manufacturing and Processing	\$ 70,548,610	7.97%
B.F. Goodrich Company	Automotive Products	14,468,070	1.64%
PPG Industries, Incorporated	Automotive Finishes, Coatings & Resins	10,759,120	1.22%
IBM Credit Corporation	Real Estate Agents and Managers	10,424,420	1.18%
ICG Equipment, Incorporated	Telephone Components	9,470,540	1.07%
TRW, Incorporated	Motor Vehicle Parts and Accessories	8,249,630	0.93%
Midland Steel	Steel Manufacturing and Processing	8,001,730	0.90%
General Electric Company	Electric Components	7,767,820	0.88%
Cargill, Incorporated	Salt Mining	7,372,770	0.83%
Ferry Cap & Set Screw Company	Fastener Manufacturing	7,265,210	0.82%
TOTAL		\$ 154,327,920	17.44%
Total Assessed Valuation-Tangible Personal		\$ 884,704,635	17.09%
Public Utilities (Real and Tangible Personal Property)			
Cleveland Electric Illuminating Co.	Electric	\$ 268,621,200	60.16%
Ameritech	Telephone	130,471,670	29.22%
East Ohio Gas Company	Natural Gas	47,392,150	10.62%
TOTAL		\$ 446,485,020	100.00%
Total Assessed Valuation-Public Utilities		\$ 446,485,020	8.62%
Total Assessed Valuation-All Categories		\$ 5,178,590,875	100.01%

Source: Cuyahoga County Auditor's Office.

(1) Includes Public Utilities Real Property.

CITY OF CLEVELAND, OHIO

SCHEDULE OF INSURANCE COVERAGE

December 31, 2000

Type of Coverage / Name of Carrier	Policy Number	Policy Period	Annual Premium
AIRPORTS:			
1) COMPREHENSIVE GENERAL LIABILITY INSURANCE -			
A) Great American Insurance Co. Primary Airport General Liability Insurance	PR174701	10/10/00-10/10/01	\$103,000
B) Underwriters at Lloyd's of London Excess Airport Liability Insurance	JDDNX09803501	10/10/00-10/10/01	\$ 60,000
2) PROPERTY DAMAGE AND EARNINGS INSURANCE -			
A) Arkwright Mutual Insurance Co.	NB348	02/06/98-02/06/03	\$118,284
3) VEHICLE LIABILITY INSURANCE:			
A) St. Paul Mercury Insurance Co.	GP09302278	07/03/00-07/03/01	\$ 47,740
CLEVELAND PUBLIC POWER:			
1) PROPERTY COVERAGE:			
A) Lloyd's of London Property Insurance Coverage	PL023800	08/29/00-08/29/01	\$ 117,188
B) Lloyd's of London Boiler and Machinery Coverage	PL023800	08/29/00-08/28/01	(included above)

Details of Coverage	Liability Limit
Bodily injury and property damage including airport operations hazard, products-completed operations hazard, contractual hazard, non-owned aircraft hazard, liquor liability hazard and hangarkeepers liability.	\$20 million annual aggregate. Self-insured retention of \$100,000.
Excess liability coverage	\$180 million annual aggregate, excess to \$50 million primary coverage.
Property damage, gross earnings, demolition, and increased cost of construction	\$391,084,000.
Earthquake and flood	\$100 million annual aggregate.
Debris removal (greater of)	25% of value or \$5 million.
Extra expense, service interruption bodily injury, EDP-media, property damage/bodily injury (automatic coverage or errors and omissions), transit and expediting expense	\$1 million with deductibles of \$100,000 per occurrence and \$500,000 annual aggregate.
Bodily injury or property damage arising out of the ownership, maintenance, operation and use of all owned, non-owned, leased and/or hired vehicles	\$1 million per occurrence; \$1,000 deductible per accident with annual aggregate deductible of \$10,000. Uninsured Motorist \$50,000 per vehicle
Blanket real and personal property special form coverage for insured perils; newly acquired location; fire brigade charges and extinguishing services	\$82,093,565 per occurrence; \$250,000 deductible for turbines, \$100,000 deductible for one location; \$5,000 deductible for three locations.
Pollutant removal	\$50,000 per occurrence.
Comprehensive coverage including production machinery (including breakdown)	\$20,000,000 per accident; \$250,000 deductible for turbines/generators. \$25,000 per occurrence. 20,000 KVA or larger, \$10,000 per occurrence for transformer under 20,000KVA.
Water damage	\$100,000 per accident
Expediting expenses	\$100,000 per accident
Hazardous substance	\$100,000 per accident
Ammonia contamination	\$100,000 per accident

CITY OF CLEVELAND, OHIO

SCHEDULE OF INSURANCE COVERAGE

December 31, 2000

Type of Coverage/ Name of Carrier	Policy Number	Policy Period	Annual Premium
NEW CLEVELAND BROWNS' STADIUM CONSTRUCTION:			
American Guarantee and Liability Company General liability coverage	ERP3589292	04/23/00-04/23/01	\$75,600

Details of Coverage	Liability Limit
Commercial General Liability Coverage, wrap program; products/completed operations coverage; personal & advertising injury coverage	\$30,000,000 per occurrence. \$30,000,000 aggregate. \$10,000 deductible per occurrence. \$100,000 aggregate deductible.
Fire damage	\$50,000 any one fire
Medical expense	\$5,000 any one person.
Builders' risk property coverage	\$210,000,000 limit
Earthquake coverage, Flood coverage	\$25,000 deductible \$5,000,000 limit \$100,000 deductible

CITY OF CLEVELAND, OHIO

DEMOGRAPHIC STATISTICS

December 31, 2000

The population of the City, the County, the PMSA and the State for each decade from 1950 to 1990 (U.S. Bureau of the Census) is as follows:

Year	Population			
	City	County	PMSA	State
1950	914,808	1,389,532	1,532,574	7,946,627
1960	876,050	1,647,895	1,909,483	9,706,397
1970	750,903	1,721,300	2,063,729	10,652,017
1980	573,822	1,498,400	1,898,825	10,797,630
1990	505,616	1,412,140	1,831,122	10,847,115
2000	478,403	1,393,978	2,250,871	11,353,140

AGE DISTRIBUTION (1), (2) (3)

Age	1990			
	Males		Females	
	Number	Percentage	Number	Percentage
Under 5 Years.....	22,579	9.5%	21,577	8.0%
5-9 yrs	19,524	8.2%	19,069	7.1%
10-14 yrs	17,439	7.4%	16,848	6.3%
15-19 yrs	17,080	7.2%	16,937	6.3%
20-24 yrs	18,289	7.7%	20,205	7.6%
25-34 yrs	43,747	18.4%	47,501	17.7%
35-44 yrs	30,917	13.0%	33,503	12.5%
45-54 yrs	20,002	8.4%	23,968	8.9%
55-64 yrs	20,558	8.7%	25,120	9.4%
65-74 yrs	17,310	7.3%	24,006	8.9%
75 and over	9,766	4.2%	19,671	7.3%
Total	237,211	100.0%	268,405	100.0%
Median age	29.9		32.5	

DISTRIBUTION OF FAMILIES BY INCOME BRACKET (average 2.2 persons) (1), (2), (3)

Income	1990		1980	
	Number	Percentage	Number	Percentage
\$0-4,999.....	33,323	16.7%	52,258	23.9%
\$5,000- 9,999	31,029	15.5%	40,191	18.4%
\$10,000- 14,999	22,925	11.5%	33,290	15.3%
\$15,000- 19,999	21,224	10.6%	29,231	13.4%
\$20,000- 24,999	17,680	8.9%	23,682	10.8%
\$25,000- 34,999	29,632	14.8%	25,639	11.7%
\$35,000- 49,999	25,866	13.0%	10,967	5.0%
\$50,000- 74,999	14,060	7.0%	2,961	1.3%
\$75,000- 99,999	2,568	1.3%	224	.1%
Over \$100,000	1,310	.7%	56	.1%
Total	199,617	100.0%	218,499	100.0%
Median Family Income (1).....	\$ 22,448		\$ 15,991	
Per Capita Income (1).....	\$ 9,258		\$ 5,770	

Source: (1) U.S. Census of Population 1980, 1990, 2000
 (2) Northern Ohio Data & Information Service, College of Urban Affairs, Cleveland State University
 (3) U.S. Census of Population in these areas not available at time of printing.

CITY OF CLEVELAND, OHIO

DEMOGRAPHIC STATISTICS

December 31, 2000

Employment

The following table indicates the distribution of employees among major industrial classifications in the Cleveland - Lorain - Elyria PMSA for the years 1996 through 2000:

Distribution of Employees by Sector (Amounts in 000's)

	2000 ⁽¹⁾	1999 ⁽³⁾	1998 ⁽²⁾	1997 ⁽²⁾	1996 ⁽²⁾
Good Producing Industries:					
Construction	44.9	45.4	46.6	44.2	41.9
Primary Metal	18.9	20.5	21.4	21.6	21.7
Fabricated Metal	38.6	38.6	38.6	38.4	37.7
Industrial Machinery	34.9	35.5	37.5	36.3	36.9
Electrical Equipment	15.1	15.4	15.4	16.0	16.5
Transportation Equipment	21.5	21.3	21.4	22.2	22.7
Printing & Publishing	17.0	17.2	16.8	17.0	17.8
Chemical Products	17.8	17.8	17.5	17.4	17.7
Rubber & Plastic Products	14.4	15.0	14.5	14.6	14.4
Other	41.1	42.0	40.3	39.7	40.1
Total Goods Producing Industries	264.2	268.7	270.0	267.4	267.4
Service Producing Industries:					
Transportation & Public Utilities	47.6	47.4	45.8	45.4	45.1
Wholesale Trade	76.0	75.3	73.9	72.7	71.1
Retail Trade	209.1	209.8	202.6	198.3	195.5
Finance, Insurance, & Real Estate	80.5	80.0	75.5	74.1	71.9
Health Services	113.4	112.3	109.0	106.2	104.3
Other Services	245.4	243.6	239.4	228.9	221.8
Federal Government	20.5	20.9	21.2	21.5	22.3
State Government	9.2	9.2	9.1	9.0	9.1
Local Government	120.3	119.0	115.9	114.0	111.3
Total Service Producing Industries	922.0	917.5	892.4	870.1	852.4
Grand Total	1,186.2	1,186.2	1,162.4	1,137.5	1,119.8
Goods Producing Percentage	22.3%	22.7%	23.2%	23.5%	23.9%
Service Producing Percentage	77.7%	77.3%	76.8%	76.5%	76.1%

Source: Ohio Bureau of Employment Services, Labor Market Information Division

(1) Office of Research, Assessment, & Accountability, Bureau of Labor Market Information, Labor Market Review, December 2000

(2) Effective January 1, 1994 the Cleveland PMSA was modified to include Lorain and Ashtabula counties.

(3) Revised

CITY OF CLEVELAND, OHIO

DEMOGRAPHIC STATISTICS

December 31, 2000

Employment

The following table compares estimated employment statistics for Cuyahoga County and the Cleveland - Lorain - Elyria PMSA including comparisons with unemployment rates for the State of Ohio and the United States:

Years ⁽¹⁾	Employed		Unemployed		Unemployment Rate			
	County	PMSA	County	PMSA	County	PMSA	Ohio	U.S.
1991	635,700	1,019,400	39,400	68,600	5.8%	6.3%	6.4%	6.8%
1992	629,200	1,011,100	48,800	82,900	7.2%	7.6%	7.3%	7.5%
1993	627,900	1,008,500	46,000	75,100	6.8%	6.9%	6.5%	6.9%
1994	636,300	1,023,900	39,400	64,200	5.8%	5.9%	5.5%	6.1%
1995	644,100	1,037,000	31,800	55,400	4.7%	5.1%	4.8%	5.6%
1996	655,700	1,046,100	34,300	57,100	5.0%	5.2%	4.9%	5.4%
1997	651,900	1,061,600	33,000	53,500	4.8%	4.8%	4.6%	4.9%
1998	644,400	1,088,700	30,000	49,400	4.4%	4.3%	4.3%	4.5%
1999 ⁽³⁾	649,900	1,093,400	31,300	49,100	4.6%	4.3%	4.3%	4.2%
2000 ^{(2)*}	657,200	1,081,900	27,400	46,600	4.0%	4.1%	4.3%	4.2%

Source: Ohio Bureau of Employment Services - U.S. Department of Labor, Bureau of Labor Statistics

(1) Effective January 1, 1994 the Cleveland PMSA was modified to include Lorain and Ashtabula C

(2) Office of Research Assessments & Accountability, Bureau of Labor Market Information, Labor Market Review, December 2000.

(3) Revised

CITY OF CLEVELAND, OHIO

DEMOGRAPHIC STATISTICS

December 31, 2000

Corporate Headquarters

The following table shows the corporations among Fortune magazine's listing of the five hundred largest U.S. corporations in the United States which are located in the Cleveland - Lorain - Elyria PMSA:

The 500 Largest Industrial and Service Corporations Ranked by Revenues⁽¹⁾

Rank	Company	Worldwide Revenues (\$ millions)(A)	Worldwide Assets (\$ millions)(B)	Major Product or Services
114	TRW. Incorporated	\$ 17,231.1	\$ 16,467.0	Automotive and Electronics
213	Eaton Corporation	8,988.0	8,180.0	Automotive and Electronics
210	National City Corporation	9,050.8	88,534.6	Commercial Banking
226	KeyCorp	8,471.0	87,270.0	Commercial Banking
277	Progressive	6,771.0	10,051.6	Insurance
337	Sherwin Williams	5,211.6	3,750.7	Paints
330	Parker Hannifin Corporation	5,355.3	4,646.3	Hydraulic Components
339	OfficeMax	5,156.4	2,293.3	Retail Office Supplies
352	LTV	4,934.0	5,358.0	Steel Manufacturing

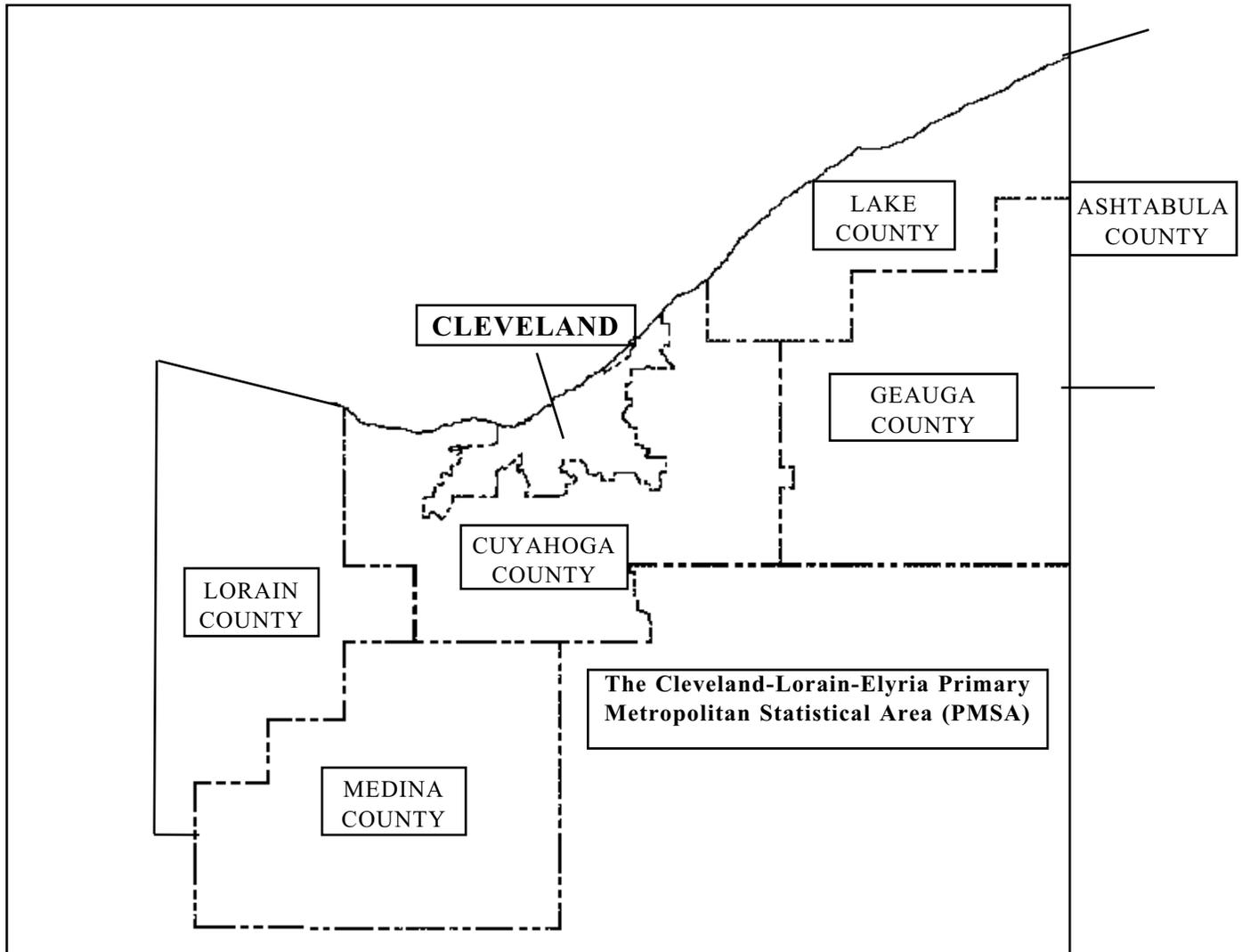
Source: (A) The Fortune 500, Vol. 143, No. 8, April 16, 2001

CITY OF CLEVELAND, OHIO

DEMOGRAPHIC STATISTICS - Continued

December 31,2000

METROPOLITAN CLEVELAND



2,223,300 million people

6 counties

Largest metropolitan area in Ohio

1,176,000 employed labor force

- (1) Effective January 1, 1994, Ashtabula and Lorain counties were added to the Cleveland PMSA.
- (2) Office of Research Assessment & Accountability, Bureau of Labor Market Information, Labor Market Review, December 2000.

CITY OF CLEVELAND, OHIO

MISCELLANEOUS DEMOGRAPHIC STATISTICS

December 31, 2000

DATE OF INCORPORATION.....	MARCH 5, 1836
DATE OF ADOPTION OF ORIGINAL CITY CHARTER.....	JULY 1, 1913
FORM OF GOVERNMENT.....	MAYOR AND TWENTY-ONE COUNCILMEN
AREA-SQUARE MILES.....	76
MILES OF SHORELINE ON CUYAHOGA RIVER.....	17
MILES OF SHORELINE ON LAKE ERIE.....	14
ELECTION OF NOVEMBER, 1998 (Gubernatorial)	
Number of Registered Voters-Last General Election.....	247,100
Number of Ballots Cast-Last General Election.....	46,063
Percentage of Registered Votes Cast.....	19
AIRPORTS	
Cleveland Hopkins International Airport	
Enplaned Passengers.....	6,622,947
Total Airport Landing Weight (1,000 lbs).....	10,173,201
Number of Scheduled Aircraft Departures per day (Average at Hopkins).....	.404
Miles from City Hall to Cleveland Hopkins International Airport.....	13
Miles from City Hall to Burke Lakefront Airport.....	1/4
WATER SYSTEM	
Number of Customer Billings.....	1,626,333
Daily Average Pumpage-Gallons.....	256,300,000
Greatest Pumpage for a Single Day (August 30, 2000).....	312,900,000
Maximum-Filtration Plant Capacity per day-gallons.....	529,000,000
Maximum-Intake Capacity per day-gallons.....	740,000,000
Number of Miles of Watermains Owned by City.....	1,600
Number of Miles of Watermains Owned by Suburbs.....	3,500
Population Served.....	1,500,000
FIRE DEPARTMENT	
Number of Stations.....	26
Number of Employees (Uniform).....	988
POLICE DEPARTMENT	
Number of Districts.....	6
Number of Employees (Uniform).....	1,792
BUILDINGS	
Permits Issued.....	9,194
Estimated Cost of Construction.....	\$483,444,810
Inspections under Ohio Basic Building Code.....	42,120
PARKS AND RECREATION	
Number of Parks (District, Community, Neighborhood and Urban).....	145
Number of Ball Diamonds (at 74 sites).....	143
Total Playgrounds.....	113
Recreation Centers.....	18
Pools:	
Indoor.....	17
Outdoor.....	24
Golf Courses (2-18 hole courses at each).....	2
Ice Rink.....	1
Roller Rink (indoor).....	1
Tennis Courts (at 32 sites).....	136
Soccer Fields.....	8
Cudell Fine Arts Center.....	1
Rockefeller Park Public Greenhouse.....	1
Camp George L. Forbes.....	1
Total Park Acreage (not including golf courses).....	1,427

CITY OF CLEVELAND, OHIO

SCHEDULE OF STATISTICS-GENERAL FUND

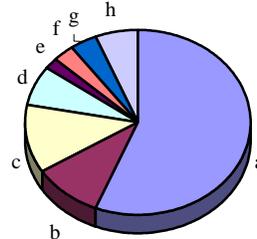
For The Year Ended December 31, 2000

OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

REVENUE DOLLAR BY SOURCE

Where the money came from

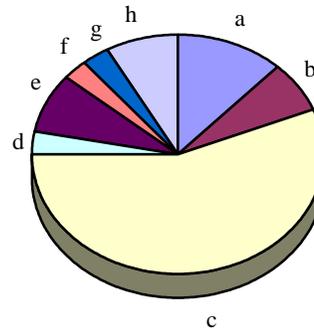
a. Income taxes	\$ 0.56
b. Property taxes	0.10
c. State local government fund	0.12
d. Other shared revenues	0.07
e. Licenses and permits	0.02
f. Charges for services	0.03
g. Fines and forfeits	0.04
h. Miscellaneous	0.06
	\$ 1.00



EXPENDITURE DOLLAR BY FUNCTION

Where the money was spent

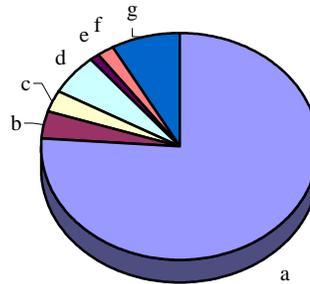
a. General government	\$ 0.12
b. Public service	0.07
c. Public safety	0.56
d. Public health	0.03
e. Maintenance, parks and recreation	0.08
f. Community development	0.03
g. Other	0.03
h. Operating transfers out	0.08
	\$ 1.00



EXPENDITURE DOLLAR BY OBJECT

What the money was spent on

a. Salaries, wages, and related benefits	\$ 0.76
b. Interdepartmental charges	0.04
c. Utilities	0.03
d. Contractual services	0.06
e. Materials and supplies	0.01
f. Miscellaneous	0.02
g. Operating transfers out	0.08
	\$ 1.00



SPECIAL THANKS TO:

The Financial Reporting & Control Staff

Faranak Arab, Assistant City Controller
Michael Chambers, Assistant City Controller
Celina Chaves
Vincent Conte
Angela Holmes
Michael Klein, Supervisor
Yanping Liu
Antoine Pink
Ray Pring, Supervisor
Va'Kedia Stiggers
Sharon Teter
Gary Walker

Information Technologies Staff

Robert Dolan, Project Coordinator

Internal Audit Staff

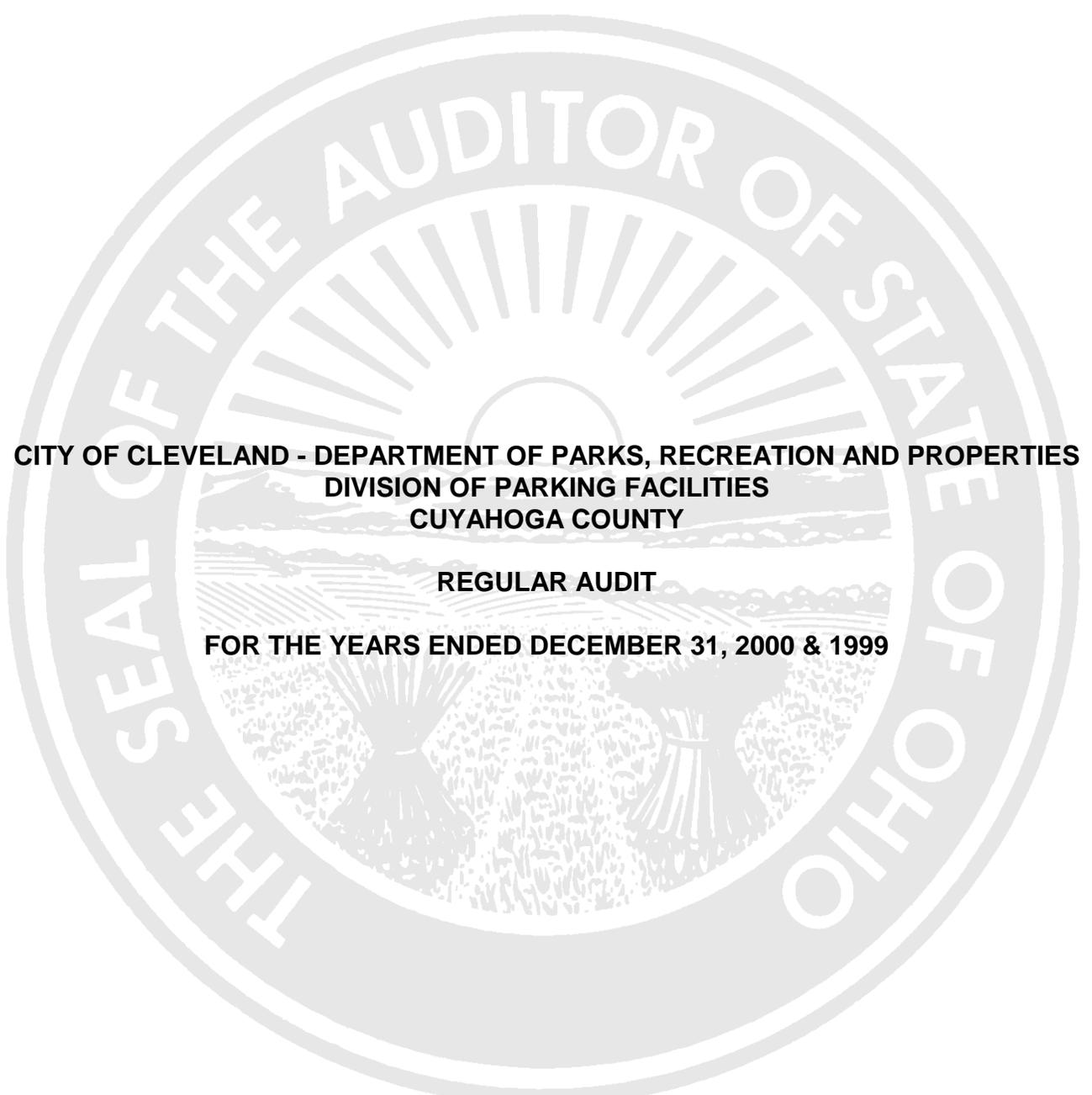
Sinking Fund Staff

Elizabeth C. Hruby, Assistant Secretary

Photography

Donn Nottage

Nancee Murphy, City Controller
Department of Finance
Room 18 – City Hall
Cleveland, OH 44114
(216) 664-3881

The background features a large, light gray watermark of the Seal of the Auditor of State of Ohio. The seal is circular and contains a sun with rays rising over a landscape with fields and two sheaves of wheat. The text "THE SEAL OF THE AUDITOR OF STATE OF OHIO" is written around the perimeter of the seal.

**CITY OF CLEVELAND - DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
CUYAHOGA COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF CLEVELAND - DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
CUYAHOGA COUNTY**

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Statements of Operations	6
Statements of Changes in Equity	7
Statements of Cash Flows	8
Notes to Financial Statements	11

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

Division of Parking Facilities
Department of Parks, Recreation and Properties
City of Cleveland
Cuyahoga County
601 Lakeside Ave.
Cleveland, Ohio 44114

To the Honorable Michael R. White, Mayor,
Members of Council and the Audit Committee:

We have audited the accompanying financial statements of the Division of Parking Facilities, Department of Parks, Recreation and Properties, City of Cleveland, Ohio as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Division of Parking Facilities' management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Division of Parking Facilities, Department of Parks, Recreation and Properties, City of Cleveland, Ohio as of and for the year ended December 31, 1999 were audited by other auditors whose report dated July 27, 2000, expressed an unqualified opinion on those statements.

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

As discussed in Note A, the financial statements present only the Division of Parking Facilities and are not intended to present fairly the financial position of the City of Cleveland and the results of the City of Cleveland's operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2000 financial statements referred to above present fairly, in all material respects, the financial position of the Division of Parking Facilities, as of December 31, 2000, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Jim Petro
Auditor of State

June 29, 2001

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CITY OF CLEVELAND
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
BALANCE SHEETS
December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	December 31,	
	2000	1999
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,568	\$ 2,030
Accounts receivable-net of allowance for doubtful accounts of \$17 in 2000 and \$15 in 1999	92	252
Due from other City of Cleveland departments, divisions or funds	387	494
Inventory of supplies, at cost	17	45
TOTAL CURRENT ASSETS	3,064	2,821
UNAMORTIZED BOND ISSUANCE EXPENSE	1,216	1,307
RESTRICTED ASSETS		
Cash and cash equivalents	6,502	3,269
Investments at fair value	9,688	12,130
Accrued interest receivable	302	248
TOTAL RESTRICTED ASSETS	16,492	15,647
PROPERTY, PLANT AND EQUIPMENT		
Land	12,929	12,929
Land Improvements	1,264	1,264
Buildings, structures and improvements	65,200	65,200
Furniture, fixtures and equipment	694	694
TOTAL PROPERTY, PLANT AND EQUIPMENT	80,087	80,087
Less: accumulated depreciation	11,070	9,375
	69,017	70,712
TOTAL ASSETS	\$ 89,789	\$ 90,487

	<i>(in thousands of dollars)</i>	
	December 31,	
	2000	1999
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 1,875	\$ 1,795
Accounts payable	318	34
Due to other governments	72	189
Due to other City of Cleveland departments, divisions or funds	12	2
Accrued interest payable	1,252	1,276
Accrued wages and benefits	184	147
TOTAL CURRENT LIABILITIES	<u>3,713</u>	<u>3,443</u>
PAYABLE FROM RESTRICTED ASSETS	17	16
LONG TERM DEBT		
Revenue bonds	<u>67,416</u>	<u>68,753</u>
TOTAL LIABILITIES	71,146	72,212
EQUITY		
Contributed capital	21,079	21,079
Accumulated deficit	<u>(2,436)</u>	<u>(2,804)</u>
TOTAL EQUITY	<u>18,643</u>	<u>18,275</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 89,789</u>	<u>\$ 90,487</u>

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
OPERATING REVENUES	\$ 8,250	\$ 7,529
OPERATING EXPENSES		
Operations	2,053	1,677
Maintenance	34	45
Depreciation	1,696	1,700
TOTAL OPERATING EXPENSES	<u>3,783</u>	<u>3,422</u>
OPERATING INCOME	4,467	4,107
NON-OPERATING INCOME (EXPENSES)		
Interest income	1,189	1,089
Interest expense	(5,197)	(4,972)
Amortization of bond issuance costs	(91)	(93)
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(4,099)</u>	<u>(3,976)</u>
NET INCOME	<u>\$ 368</u>	<u>\$ 131</u>

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2000 and 1999

(in thousands of dollars)

	Contributed Capital	Accumulated Deficit	Total
BALANCE AT DECEMBER 31, 1998	\$ 21,079	\$ (2,935)	\$ 18,144
Net income		131	131
BALANCE AT DECEMBER 31, 1999	21,079	(2,804)	18,275
Net income		368	368
BALANCE AT DECEMBER 31, 2000	\$ 21,079	\$ (2,436)	\$ 18,643

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 8,517	\$ 7,040
Cash payments to suppliers for goods or services	(1,110)	(1,096)
Cash payments to employees for services	(734)	(592)
NET CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES	6,673	5,352
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets		(238)
Principal paid on long-term debt	(1,795)	(1,715)
Interest paid on long-term debt	(4,692)	(4,451)
NET CASH PROVIDED BY (USED FOR) CAPITAL		
AND RELATED FINANCING ACTIVITIES	(6,487)	(6,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(23,504)	(15,436)
Proceeds from sale and maturity of investment securities	26,015	8,665
Interest received on investments	1,074	1,037
NET CASH PROVIDED BY (USED FOR)		
INVESTING ACTIVITIES	3,585	(5,734)
NET INCREASE (DECREASE) IN CASH		
AND CASH EQUIVALENTS	3,771	(6,786)
Cash and cash equivalents, beginning of year	5,299	12,085
Cash and cash equivalents, end of year	<u>\$ 9,070</u>	<u>\$ 5,299</u>

(in thousands of dollars)
For the
Years Ended December 31,
2000 1999

**RECONCILIATION OF OPERATING PROFIT TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

	2000	1999
OPERATING PROFIT	\$ 4,467	\$ 4,107
Adjustments to reconcile operating profit to net cash provided by operating activities:		
Depreciation	1,696	1,700
Change in assets and liabilities:		
Accounts receivable, net	160	(83)
Due from other City of Cleveland departments, divisions or funds	107	(406)
Inventory of supplies	28	
Accounts payable	285	34
Accrued property taxes	(117)	(1)
Due to other City of Cleveland departments, divisions or funds	10	(15)
Accrued wages and benefits	37	16
TOTAL ADJUSTMENTS	2,206	1,245
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 6,673	\$ 5,352

See notes to financial statements.

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2000 and 1999

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Parking Facilities (“Division”) is reported as an enterprise fund of the City of Cleveland’s Department of Parks, Recreation and Properties and is a part of the City of Cleveland’s primary government. The Division was created for the purpose of providing moderately priced off-street parking facilities to citizens within the City of Cleveland (the “City”). The following is a summary of the more significant accounting policies.

Basis of Accounting: The Division’s financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized as incurred.

Revenues: Revenues are derived primarily from fees charged to users of City-owned parking garages and facilities operated by the Division including the net income from the Gateway garages and on-street parking meter revenue. Parking rates are authorized by City Council. Parking fees are collected on a daily basis or monthly basis at certain locations.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the Governmental Accounting Standards Board (“GASB”) Statement No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting”. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing, and investing activities.

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand and cash deposits maintained by the City Treasurer on behalf of the Division. Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Investments: The Division follows the provisions of GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and External Investment Pool,” which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding changes in the fair value of investments in the year in which the change occurred. Investment fair values at year-end are based on market quotes, where available.

The City has invested funds in the Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000 and 1999. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment Company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2000 and 1999.

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of debt are classified as restricted assets since their use is limited by the underlying loan agreement.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF FINANCE
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Year Ended December 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

Fixed Assets and Depreciation: Property, plant and equipment is stated on the basis of historical cost, or if contributed, at fair market value at the date received. Depreciation for the Proprietary Fund types is determined by allocating the cost of fixed assets over the estimated useful lives of the assets using the straight-line method. A fixed asset is defined as a tangible item with a useful life of five years or more and a value equal to or greater than \$5,000, with the exception of computer equipment and software which have a value equal to or greater than \$1,500. When property is disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Buildings, structures and improvements.	10 to 65 years
Furniture, fixtures and equipment.5 to 33 years

Bond Issuance Expenses and Discount and Unamortized Loss on Debt Refunding: Bond issuance expenses are carried on the Division’s books as an asset and unamortized bond discounts are netted against long-term debt. Both are amortized over the lives of the applicable bonds. Unamortized loss on debt refunding is netted against long-term debt and is amortized over the shorter of the life of the old bond or the new bond.

Contributed Capital: Contributed capital represents contributions of land, buildings and equipment from the City of Cleveland which are not subject to mandatory repayment. All contributions received are credited directly to contributed capital.

Under GASB Statement No. 20, “Accounting and Financial Reporting for Proprietary Activities”, all Proprietary Funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, Proprietary Funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB pronouncements). The City has chosen not to apply future FASB standards.

NOTE B - LONG-TERM DEBT

Long-term debt outstanding at December 31 is as follows:

	<u>Interest Rate</u>	<u>Outstanding Principal Amount</u>	
		<u>2000</u>	<u>1999</u>
		<i>(in thousands of dollars)</i>	
Parking Facility Improvement Revenue Bonds due through 2022	4.45%-6.00%	\$ 77,395	\$ 79,190
Less:			
Unamortized advance debt refunding		(7,068)	(7,597)
Unamortized discount		(1,036)	(1,045)
Current portion		(1,875)	(1,795)
Total Long-Term Debt		<u>\$ 67,416</u>	<u>\$ 68,753</u>

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE B-LONG-TERM DEBT- Continued

Minimum principal and interest payments on long-term debt for the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<i>(in thousands of dollars)</i>		
2001	\$ 1,875	\$ 4,294	\$ 6,169
2002	1,965	4,207	\$ 6,172
2003	2,075	4,104	\$ 6,179
2004	2,175	3,995	\$ 6,170
2005	2,305	3,864	\$ 6,169
Thereafter	<u>67,000</u>	<u>37,937</u>	<u>\$ 104,937</u>
	<u>\$ 77,395</u>	<u>\$ 58,401</u>	<u>\$ 135,796</u>

The proceeds from the Parking Facility Improvement Revenue Bonds Series 1992 were used to construct two new parking garages around the Gateway site and a new Willard Park Garage behind City Hall. The City's first garage on the Gateway site was completed in January 1994. The second garage was completed in August 1994. The Willard Park Garage construction was completed in April 1996.

The City has pledged the net revenues of the parking facilities, as defined in the trust indenture, as well as the additional pledged revenues which consist of General Fund parking meter and other non-tax revenues, to meet debt service requirements, if necessary. In 2000 and 1999, no additional pledged revenue was required to meet the debt service on the parking bonds. The trust indenture requires, among other things, that the Division will fix parking rates and will charge and collect fees for the use of the Parking Facilities, and will restrict Operating Expenses. As of December 31, 2000 and December 31, 1999, the Division was in compliance with the terms and requirements of the trust indenture.

Defeasance of Parking Facility Improvement Revenue Bonds: In 1996 the Division defeased 1992 Parking Facility Revenue Bonds by placing the proceeds of 1996 Parking Facility Revenue Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements. The aggregate amount of this defeased debt at December 31, 2000 and December 31, 1999 are \$65,270,000 and \$66,380,000.

NOTE C-RECEIVABLE FROM GATEWAY ECONOMIC DEVELOPMENT CORPORATION

In accordance with an agreement with Gateway Economic Development Corporation ("Gateway"), Gateway is required to reimburse the City for the excess of the debt service requirements of the Parking Facility Improvement Revenue Bonds attributed to the two Gateway garages over the net revenues generated by the two Gateway garages.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE C - RECEIVABLE FROM GATEWAY ECONOMIC DEVELOPMENT CORPORATION
- Continued

In 2000 and 1999, net revenues generated by the two Gateway garages were less than the debt service payments attributed to those garages by \$2,189,000 and \$2,543,000, respectively. Cumulative debt service payments funded by the City that are due from the Gateway totaled \$16,868,000 and \$14,679,000 at December 31, 2000 and 1999, respectively. Due to the uncertainty of collecting such amounts, an allowance has been recorded to offset the amounts in full.

Note D - Deposits and Investments

Deposits: The Division's carrying amount of deposits for years ended December 31, 2000 and 1999 totaled \$5,760,000 and \$6,077,000, respectively. The Division's bank balances for 2000 and 1999 were \$6,230,000 and \$6,206,000. Based on the criteria described in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," for years ended 2000 and 1999, \$49,000 and \$25,000 of the bank balances were insured or collateralized with securities held by the City or by its agent in the City's name. The remaining balance of \$6,181,000 for each year was uninsured and uncollateralized and was invested in a bank investment contract (BIC). This BIC is secured by securities held by the pledging financial institution's trust department but not in the City's name.

Investments: The City's investment policies are governed by state statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State obligations; certificates of deposit; U.S. Government Money Market Mutual Funds; State Treasury Asset Reserve Fund (Star Ohio), guaranteed investment contracts and repurchase transactions. Such repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained. Under City policy, investments are limited to repurchase agreements, U.S. Government securities, certificates of deposit, investments in certain money market mutual funds, and State Treasury Asset Reserve Fund (Star Ohio). Generally, investments are recorded in segregated accounts by way of book entry through the bank's commercial or trust department and are kept at the Federal Reserve Bank in the depository institution's separate custodial account for the City, apart from the assets of the depository institution. Ohio statute prohibits the use of Reverse Repurchase Agreements.

Investment securities are exposed to various risks such as interest rate, market and credit. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect portfolio value.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE D - DEPOSITS AND INVESTMENTS - Continued

GASB statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements", requires the City to categorize its investments into one of three categories:

Category 1: includes insured or registered, or securities held by the City or its agent in the City's name.

Category 2: includes uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3: includes uninsured and unregistered, with securities held by the counter party, or its trust department or agent but not in the City's name.

The categorized investments shown in the following table include those which are classified as cash and cash equivalents in the balance sheet in accordance with the provisions of GASB Statement No. 9:

Type of Investment	Category	2000		1999	
		Fair Value	Cost	Fair Value	Cost
<i>(in thousand of dollars)</i>					
U.S. Treasury Bills	2	\$ 9,688	\$ 9,527	\$ 9,161	\$ 9,063
State Treasury Asset					
Reserve Fund (Star Ohio)	n/a	3,025	3,025	2,154	2,154
Mutual Funds	n/a	285	285	37	37
Total Investments		12,998	12,837	11,352	11,254
Total Deposits		5,760	5,760	6,077	6,077
Total Deposits and Investments		<u>\$ 18,758</u>	<u>\$ 18,597</u>	<u>\$ 17,429</u>	<u>\$ 17,331</u>

Certain investments included above are classified as cash and cash equivalents in the accompanying balance sheets since they have a maturity of three months or less.

Star Ohio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. Star Ohio investments and investments in mutual funds are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE E - EMPLOYEE'S RETIREMENT PLAN

All full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642.

Plan members are required to contribute 8.5 percent of their annual salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Division's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$81,000, \$70,000, and \$70,000, respectively. The full amount has been contributed for 2000, 1999, and 1998.

NOTE F-OTHER POST EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employee) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The number of active contributing participants was 401,339. The Division's actual contributions for 2000 and 1999 which were used to fund postemployment benefits were \$25,700 and \$22,000. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE F - OTHER POST EMPLOYMENT BENEFITS - Continued

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

NOTE G - RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides parking facilities at usual and customary rates to various departments and divisions of the City of Cleveland.

The Division operates certain garages and parking lots on behalf of other City divisions. The professional management fees recorded by the Division to operate the garages and parking lots are as follows:

	2000	1999
	<i>(in thousands of dollars)</i>	
Division of Convention Center	\$ 223	\$ 298
Department of Community Development	333	325
Municipal Court	0	20

Operating Expenses: The Division is provided various services by other City divisions. Charges are based on actual usage or on a reasonable pro rata basis. The more significant expenses included in the statements of operations for the years ended December 31, 2000 and 1999 are as follows:

	2000	1999
	<i>(in thousands of dollars)</i>	
Parks maintenance	\$ 91	\$ 113
Motor vehicle maintenance	19	12

The following entity is a jointly governed organization to the City of Cleveland but the City has no ongoing financial interest or responsibility:

Gateway Economic Development Corporation of Greater Cleveland (Gateway) - Gateway is responsible for the operating of a sports complex and related economic development. The five member board consists of two members appointed by the City, two members appointed by the Board of County Commissioners, and one by the President of the Board of County Commissioners with concurrence of the Mayor of the City of Cleveland.

NOTE H-COMMITMENTS AND CONTINGENT LIABILITIES

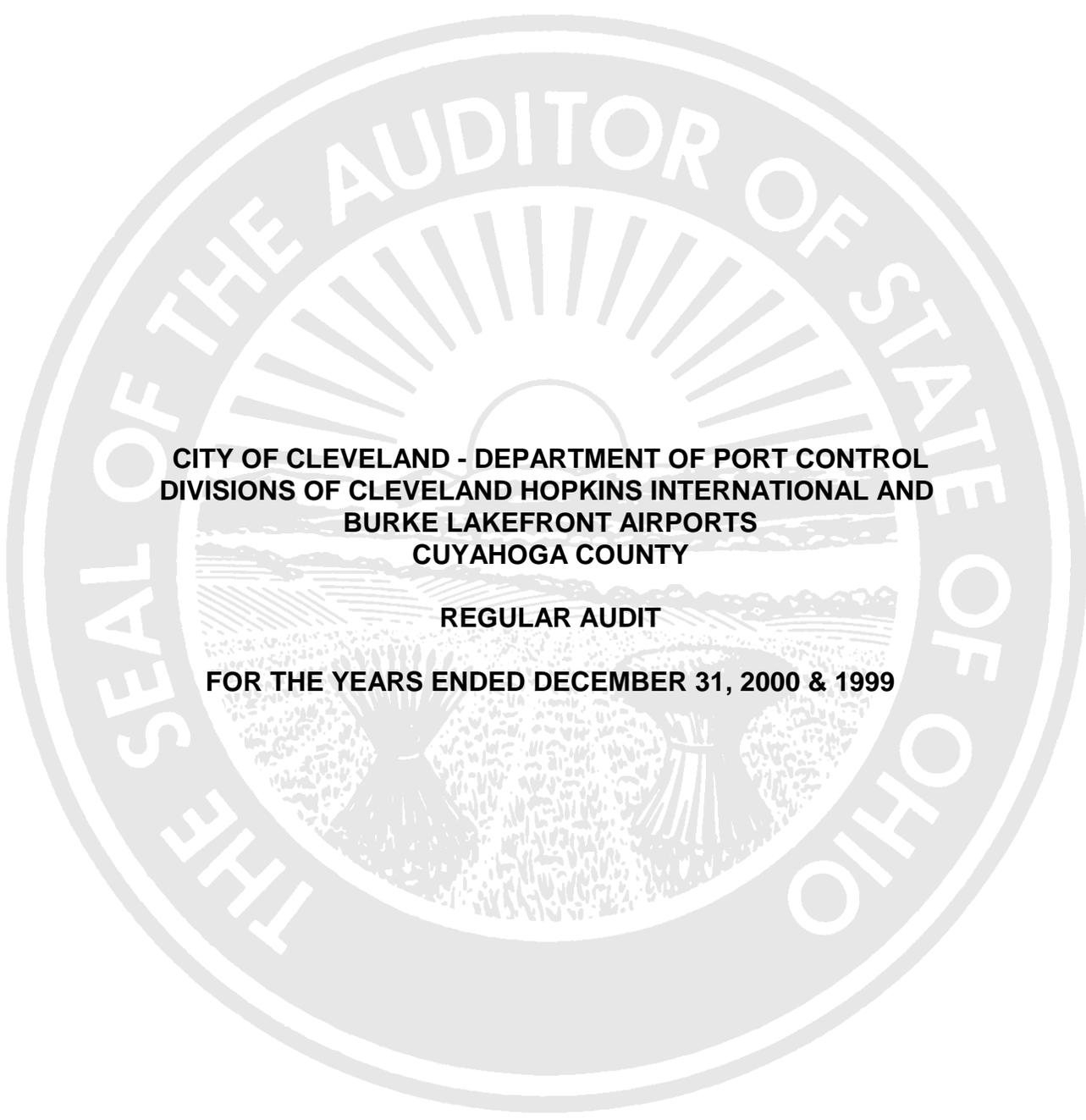
Various claims are pending against the City involving the Division for personal injuries, property damage and other matters. The City is responsible for the suits. In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE I-LEASES

The Division leases the land for various parking facilities to managing companies under non-cancelable lease agreements, which expire at various times through the year 2056. Revenues generated from such leases totaled \$180,000 in 2000 and 1999. Future minimum rentals on non-cancelable leases are as follows:

2001	\$ 180,000
2002	180,000
2003	180,000
2004	180,000
2005	180,000
Thereafter	<u>6,900,000</u>
	<u>\$ 7,800,000</u>



**CITY OF CLEVELAND - DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND
BURKE LAKEFRONT AIRPORTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF CLEVELAND - DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND
BURKE LAKEFRONT AIRPORTS
CUYAHOGA COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

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REPORT OF INDEPENDENT ACCOUNTANTS

Divisions of Cleveland Hopkins International and
Burke Lakefront Airports
Department of Port Control
City of Cleveland
Cuyahoga County
601 Lakeside Ave.
Cleveland, Ohio 44114

To the Honorable Michael R. White, Mayor,
Members of Council and the Audit Committee:

We have audited the accompanying financial statements of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports, Department of Port Control, City of Cleveland, Ohio as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports' management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports, Department of Port Control, City of Cleveland, Ohio as of and for the year ended December 31, 1999 were audited by other auditors whose report dated July 27, 2000, expressed an unqualified opinion on those statements.

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

As discussed in Note A, the financial statements present only the Divisions of Cleveland Hopkins International and Burke Lakefront Airports and are not intended to present fairly the financial position of the City of Cleveland and the results of the City of Cleveland's operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2000 financial statements referred to above present fairly, in all material respects, the financial position of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports, as of December 31, 2000, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Divisions of Cleveland Hopkins International
and Burke Lakefront Airports
Department of Port Control
City of Cleveland
Cuyahoga County
Report of Independent Accountants
Page 2

Our audit was made for the purpose of forming an opinion on the 2000 financial statements of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports taken as a whole. The Schedule of Airport Revenue and Operating Expenses as Defined in the Airline Use Agreement is presented for purposes of additional analysis and is not a required part of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the Divisions of Cleveland Hopkins International and Burke Lakefront Airports financial statements taken as a whole.

Jim Petro
Auditor of State

June 29, 2001

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CITY OF CLEVELAND
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
BALANCE SHEETS
December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	December 31,	
	2000	1999
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,181	\$ 9,783
Investments	21,798	26,913
Receivables:		
Accounts receivable-net of allowance for doubtful accounts of \$428 in 2000 and \$428 in 1999	6,618	2,559
Unbilled revenue	5,512	9,227
Accrued interest receivable	593	536
Total Receivables	12,723	12,322
Prepaid expenses	240	163
Due from other City of Cleveland departments, divisions or funds	1,313	467
Due from Federal government	343	1,012
Materials and supplies, at cost	240	275
TOTAL CURRENT ASSETS	41,838	50,935
DEFERRED BOND ISSUANCE EXPENSE	4,432	4,742
RESTRICTED ASSETS		
Cash and cash equivalents	160,401	172,736
Investments	72,488	69,395
Accrued interest receivable	1,333	1,256
Bond retirement reserve	53	53
Passenger facility charges receivable	2,224	2,213
TOTAL RESTRICTED ASSETS	236,499	245,653
PROPERTY, PLANT AND EQUIPMENT		
Land	133,949	132,753
Land Improvements	187,652	177,035
Buildings, structures and improvements	364,691	353,931
Furniture, fixtures and equipment	19,963	21,252
	706,255	684,971
Less: accumulated depreciation	211,152	193,038
	495,103	491,933
Construction in progress	34,092	15,265
PROPERTY, PLANT AND EQUIPMENT, NET	529,195	507,198
TOTAL ASSETS	\$ 811,964	\$ 808,528

(in thousands of dollars)

December 31,

2000

1999

LIABILITIES AND EQUITY

LIABILITIES

CURRENT LIABILITIES

Current portion of long-term debt	\$ 14,315	\$ 12,100
Current portion of deferred payment obligations	1,278	1,183
Accounts payable	3,081	4,866
Due to other City of Cleveland departments, divisions or funds	2,361	4,174
Accrued wages and benefits	3,112	2,186
Due to other governments	2,113	2,742
Landing fee adjustment-payable to Airlines	6,139	3,965
TOTAL CURRENT LIABILITIES	32,399	31,216

PAYABLE FROM RESTRICTED ASSETS

Bond service fund-accrued interest	25,517	23,713
Construction fund	7,036	9,000
TOTAL PAYABLE FROM RESTRICTED ASSETS	32,553	32,713

LONG TERM DEBT-excluding amounts due within one year:

Deferred Payment Obligation	26,532	27,810
Revenue bonds	350,098	363,925
Notes Payable (see note B)	40,000	40,000
TOTAL LONG-TERM DEBT	416,630	431,735

TOTAL LIABILITIES

481,582 495,664

EQUITY

Contributions in aid of construction:		
Federal and State	175,591	167,166
Municipal	3,572	3,572
Total contributions in aid of construction	179,163	170,738
Retained earnings	151,219	142,126
TOTAL EQUITY	330,382	312,864

TOTAL LIABILITIES AND EQUITY

\$ 811,964 \$ 808,528

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
STATEMENTS OF INCOME
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
OPERATING REVENUES		
Landing fees:		
Scheduled airlines	\$ 31,020	\$ 27,280
Adjustments of landing fees as provided in airline use agreements	(6,139)	(3,965)
Other	2,834	2,714
	27,715	26,029
Terminal and concourse rentals:		
Scheduled airlines	15,847	12,229
Other	15,957	13,909
	31,804	26,138
Concessions	20,427	17,756
Utility sales and other	6,747	6,850
TOTAL OPERATING REVENUES	86,693	76,773
OPERATING EXPENSES		
Operations, maintenance and administrative	47,380	40,252
Depreciation and amortization	23,103	19,089
TOTAL OPERATING EXPENSES	70,483	59,341
OPERATING (LOSS) INCOME	16,210	17,432
NON-OPERATING REVENUES (EXPENSES)		
Passenger facility charges revenue	16,642	16,753
Interest income	17,859	14,923
Non-operating expenses	(12,264)	(22,442)
Interest expense	(28,561)	(25,144)
Amortization of bond issuance expense	(793)	(885)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(7,117)	(16,795)
NET INCOME	\$ 9,093	\$ 637

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2000 and 1999

(in thousands of dollars)

	Contributions In Aid of Construction		Retained Earnings	Total
	Federal and State	Municipal		
BALANCE AT DECEMBER 31, 1998	\$ 156,470	\$ 3,572	\$ 141,489	\$ 301,531
Grants	10,696			10,696
Net income			637	637
BALANCE AT DECEMBER 31, 1999	167,166	3,572	142,126	312,864
Grants	8,425			8,425
Net income			9,093	9,093
BALANCE AT DECEMBER 31, 2000	<u>\$ 175,591</u>	<u>\$ 3,572</u>	<u>\$ 151,219</u>	<u>\$ 330,382</u>

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 82,961	\$ 78,626
Cash payments to suppliers for goods or services	(30,161)	(20,370)
Cash payments to employees for services	(17,985)	(16,345)
NET CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES	34,815	41,911
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash payments for sound insulation of homes	(12,283)	(15,697)
Cash receipts (payments) for other non-operating costs	19	(6,745)
Cash receipts for passenger facility charges	16,630	16,768
NET CASH PROVIDED BY (USED FOR)		
NON-CAPITAL FINANCING ACTIVITIES	4,366	(5,674)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(54,235)	(100,106)
Proceeds from revenue notes, net of costs and discounts		39,791
Principal paid on long-term debt	(12,100)	(8,450)
Interest paid on long-term debt	(21,310)	(21,549)
Capital grant proceeds	9,437	13,308
NET CASH PROVIDED BY (USED FOR)		
CAPITAL AND RELATED FINANCING ACTIVITIES	(78,208)	(77,006)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(89,963)	(131,050)
Proceeds from sale and maturity of investment securities	94,061	139,382
Interest received on investments	17,992	15,354
NET CASH PROVIDED BY (USED FOR)		
INVESTING ACTIVITIES	22,090	23,686
NET INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	(16,937)	(17,083)
Cash and cash equivalents, beginning of year	182,519	199,602
Cash and cash equivalents, end of year	\$ 165,582	\$ 182,519

(in thousands of dollars)
For the
Years Ended December 31,
2000 1999

**RECONCILIATION OF OPERATING (LOSS) INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

OPERATING (LOSS) INCOME	\$	16,210	\$	17,432
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:				
Depreciation and amortization		23,103		19,089
Non-cash rental income		(3,389)		(3,106)
Loss on disposal of equipment		1,070		
Change in assets and liabilities:				
Accounts receivable, net		(4,059)		3,423
Unbilled revenue		3,715		(3,036)
Prepaid expenses		(77)		96
Due from other City of Cleveland departments, divisions or funds		(846)		1,449
Materials and supplies, at cost		35		(4)
Accounts payable		(1,605)		2,600
Due to other City of Cleveland departments, divisions or funds		(1,813)		(814)
Accrued wages and benefits		926		(459)
Due to Other Governments		(629)		795
Landing fee adjustment-payable to airlines		2,174		4,446
TOTAL ADJUSTMENTS		<u>18,605</u>		<u>24,479</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	34,815	\$	41,911

See notes to financial statements.

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS
For the years December 31, 2000 and 1999

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Divisions of Cleveland Hopkins International and Burke Lakefront Airports (the “Divisions”) are reported as an enterprise fund of the City of Cleveland’s Department of Port Control and are part of the City of Cleveland’s (the “City”) primary government. The Divisions were created for the purpose of operating the airports within the Cleveland metropolitan area. The following is a summary of the more significant accounting policies.

Basis of Accounting: The Divisions’ financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized as incurred. Under GASB Statement No. 20, “Accounting and Financial Reporting for Proprietary Activities”, all Proprietary Funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, Proprietary Funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB pronouncements). The City has chosen not to apply future FASB standards.

Statement of Cash Flows: The Divisions utilize the direct method of reporting for the statement of cash flows as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting”. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing, and investing activities.

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand and cash deposits maintained by the City Treasurer on behalf of the Divisions. Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Investments: The Divisions follow the provisions of GASB Statement No.31, “Accounting and Financial Reporting for Certain Investments and External Investment Pools,” which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000 and 1999. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2000 and 1999.

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of revenue bonds are classified as restricted assets since their use is limited by the bond indentures.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fixed Assets and Depreciation: Property, plant and equipment is stated on the basis of historical cost, or if contributed, at fair market value at the date received. Depreciation for the Proprietary Fund Types is determined by allocating the cost of fixed assets over the estimated useful life of the assets using the straight-line method. A fixed asset is defined as a tangible item with a useful life of five years or more and a value equal to or greater than \$5,000, with the exception of computer equipment and software which have a value equal to or greater than \$1,500. When property is disposed of, the cost and related accumulated depreciation are removed from the accounts, with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Buildings, structures and improvements.10 to 65 years
Furniture, fixtures and equipment.5 to 33 years

The Divisions' policy is to capitalize interest on construction projects up to the point in time that the project is substantially completed. Capitalized interest is included in the cost of the assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. The Divisions apply Statement of Financial Accounting Standards No. 62, "Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants," for its Airport System Revenue Bonds. This statement requires capitalization of interest cost of the eligible borrowings less interest earned on investment of the related bond proceeds from the date of borrowing until the assets constructed from the bond proceeds are ready for their intended use. During 2000 and 1999, the interest to be capitalized was immaterial.

Bond Issuance Expense and Discount and Unamortized Loss on Debt Refunding: Bond issuance expense is carried on the Divisions' book as an asset and deferred bond discounts are netted against long-term debt. Both are amortized over the lives of the applicable bonds. Unamortized loss on debt refunding is netted against long-term debt and is amortized over the shorter life of the new debt or old debt.

Contributions in Aid of Construction: Contributions in aid of construction represent federal, state and municipal capital grants not subject to mandatory repayment.

Environmental Expenditures: Environmental expenditures consist of costs incurred for remediation efforts to Airport property. Environmental expenditures that relate to current operations are expensed or capitalized, as appropriate. Environmental expenditures that relate to an existing condition caused by past operations and which do not contribute to future revenues are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated.

Non-operating Expenses: Non-operating expenses relate to expenses of the Divisions incurred for purposes other than the operations of the Airport and consist primarily of costs incurred for noise abatement for residents of communities surrounding Cleveland Hopkins Airport. The funding for non-operating costs are from non-operating revenues (passenger facility charges and interest income).

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Transactions: During the course of normal operations, the Divisions have numerous transactions between other City divisions and departments. Such transactions are generally reflected as due to or due from in the accompanying financial statements.

Due to and Due from other funds at December 31, 2000 and 1999 are as follows:

	2000	2000	1999	1999
	Due From	Due To	Due From	Due To
	<i>(in thousands of dollars)</i>			
City of Cleveland General Fund	\$	\$ 1,183	\$	\$ 4,150
Division of Water		110		1
Division of Water of Water Pollution Control		138		17
Division of Cleveland Public Power		13		6
Division of Research Planning & Development	30			
Special Revenues - Trans Fee	(91)			
PFC Revenue Transfer from Oper & Maint	917	917		
Division of Telephone Exchange	457		467	
	<u>\$ 1,313</u>	<u>\$ 2,361</u>	<u>\$ 467</u>	<u>\$ 4,174</u>

NOTE B - LONG-TERM DEBT

Long-term debt outstanding at December 31 is as follows:

	Interest Rate	Outstanding	
		Principal Amount	
		2000	1999
		<i>(in thousands of dollars)</i>	
Airport System Revenue Bonds:			
Series 1990, due through 2006	6.50%-7.30%	\$ 23,946	\$ 31,251
Series 1994, due through 2024	4.80%-7.95%	79,230	80,770
Series 1997, due through 2027	4.25%-7.00%	268,800	272,055
Airport Surplus Revenue Notes:			
Series 1999, due in 2001	6.375%	40,000	40,000
		<u>\$ 411,976</u>	<u>\$ 424,076</u>
Less:			
Unamortized discount		(5,140)	(5,457)
Unamortized loss on debt refunding		(2,423)	(2,594)
Current portion		(14,315)	(12,100)
Total Long-Term Debt		<u>\$ 390,098</u>	<u>\$ 403,925</u>

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE B - LONG-TERM DEBT - Continued

Principal and interest payments on long-term debt for the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<i>(in thousands of dollars)</i>		
2001	\$ 54,315	\$ 20,235	\$ 74,550
2002	10,783	22,740	\$ 33,523
2003	10,916	22,584	\$ 33,500
2004	11,104	22,351	\$ 33,455
2005	11,348	22,103	\$ 33,451
Thereafter	<u>313,510</u>	<u>203,073</u>	<u>\$ 516,583</u>
	<u>\$ 411,976</u>	<u>\$ 313,086</u>	<u>\$ 725,062</u>

In June 1999, the Department of Port Control issued \$40,000,000 of Taxable Airport Surplus Revenue Notes, Series 1999. These are two-year notes which will mature in June 2001. The proceeds of the Notes were used to pay a portion of the cost of acquiring real property for future airport expansion (See Note M), to pay all of the interest on the Series 1999 Notes, to reimburse the Surplus Fund of the Airport for a portion of the payment made to acquire real property and to pay the costs of issuance. The Series 1999 Notes are special obligations of the City and do not constitute general obligations or a pledge of the faith, credit or taxing power of the City.

Of the Airport System Revenue Bonds issued in 1990, \$15,276,000 were issued in the form of Capital Appreciation Bonds. Interest on the Capital Appreciation Bonds is payable only as a component of their appreciated principal amount at maturity or redemption. Interest on the Capital Appreciation Bonds is compounded semiannually on each interest payment date beginning July 1990. As of December 31, 2000 and December 31, 1999, the Department of Port Control has recorded a liability in the amount of \$17,058,000 and \$14,862,000 for compounded interest payable on the Capital Appreciation Bonds.

The Airport System Revenue Bonds are secured by the pledge of all airport revenues, as is defined in the revenue bond indenture. Further, the City has assigned all its rights and interest in and to the airline use agreements to the trustee under the revenue bond indenture. Amounts held in trust may be invested by the City Treasurer or the Trustee in permitted investments. However, the use of funds is limited by the bond indenture and such funds are classified as restricted assets in these financial statements.

The indenture as amended requires, among other things, that the Divisions: (1) make equal monthly deposits to a Bond Service Fund to have sufficient assets available to meet debt service requirements on the next payment date; (2) maintain the Bond Service Reserve Fund equal in amount to the maximum annual debt service to be paid in any year; (3) as long as any revenue bonds are outstanding, charge such rates, fees and charges for use of the airport system to produce in each year, together with other available funds, net revenues (as defined) at least equal to the greater of (a) 116% of the annual debt service due in such year on all outstanding revenue bonds and general obligation debt or (b) 125% of the annual debt service due in

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE B - LONG-TERM DEBT - Continued

such year on all outstanding revenue bonds.

During 1999, contrary to the above covenants, funds from the Department of Port Control's airport funds were placed into the General Fund. During 2000, the City repaid the airport funds the amount placed in the General Fund and the interest that would have been earned in the airport funds.

Defeasance of Airport System Revenue Bonds: In prior years, the City defeased certain Airport System Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The aggregate amount of defeased debt outstanding at December 31, 2000 and 1999 is as follows:

<u>Bond Issue</u>	<u>2000</u>	<u>1999</u>
	<i>(In thousands of dollars)</i>	
Series 1994	\$ 7,950	\$ 7,950
Series 1990		\$ 18,520

NOTE C - DEPOSITS AND INVESTMENTS

Deposits: The Divisions' carrying amount of deposits at years-ended December 31, 2000 and December 31, 1999 totaled approximately \$3,303,000 and \$7,898,000 and the Divisions' bank balances were approximately \$11,161,000 and \$16,936,000. Based on the criteria described in the GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements," all of the bank balance was insured or collateralized with securities held by the City or by its agent in the City's name.

Investments: The City's investment policies are governed by state statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bonds and other State of Ohio obligations; certificates of deposit, U.S. Government Money Market Mutual Funds; State Treasury Asset Reserve Fund (STAROhio), guaranteed investment contracts and repurchase transactions. Such repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained. Under City policy, investments are limited to repurchase agreements, U.S. Government securities, certificates of deposits, investments in certain money market mutual funds and State Treasury Asset Reserve Fund (STAROhio). Generally, investments are recorded in segregated accounts by way of book entry through the bank's commercial or trust department and are kept at the Federal Reserve Bank in the depository institution's separate custodial account for the City, apart from the assets of the depository institution. Ohio statutes prohibit the use of Reverse Repurchase Agreements.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE C - DEPOSITS AND INVESTMENTS - Continued

GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements", requires the City to categorize its investments into one of three categories:

Category 1: includes insured or registered, or securities held by the City or its agent in the City's name;

Category 2: includes uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name;

Category 3: includes uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the City's name.

The categorized investments shown in the following table include those which are classified as cash and cash equivalents in the balance sheet in accordance with provisions of GASB Statement No. 9:

<u>Type of Investment</u>	<u>Category</u>	<u>2000 Fair Value</u>	<u>2000 Cost</u>	<u>1999 Fair Value</u>	<u>1999 Cost</u>
<i>(in thousand of dollars)</i>					
U.S. Agency Obligations	1	\$ 89,606	\$ 89,408	\$ 96,411	\$ 97,102
U.S. Treasury Bills	2	4,538	4,533	3,671	3,668
U.S. Treasury Notes	2	1,274	1,268	3,835	3,813
State Treasury Asset					
Reserve Fund (Star Ohio)	n/a	31,728	31,728	9,940	9,940
Guaranteed Investment Contract	n/a	129,419	129,419	157,072	157,072
		<u>256,565</u>	<u>256,356</u>	<u>270,929</u>	<u>271,595</u>
		<u>3,303</u>	<u>3,303</u>	<u>7,898</u>	<u>7,898</u>
		<u>\$259,868</u>	<u>\$259,659</u>	<u>\$278,827</u>	<u>\$279,493</u>

Certain investments included above are classified as cash and cash equivalents in the accompanying balance sheets since they have a maturity of three months or less.

Star Ohio is an investment pool created pursuant to Ohio Statutes and managed by the Treasurer of the State of Ohio. Star Ohio investments and guaranteed investment contracts are not classified by risk category because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE D-SPECIAL FACILITY REVENUE BONDS

Airport Special Revenue Bonds, Series 1990, totaling \$76,320,000 were issued to finance the acquisition and construction of a terminal, hangar and other support facilities of Continental Airlines at Cleveland Hopkins International Airport. These bonds were refunded in 1999 by the issuance of Airport Special Revenue Refunding Bonds, Series 1999, totaling \$71,440,000. Airport Special Revenue Bonds, Series 1998, totaling \$75,120,000 were issued in 1998 to finance the design and construction of certain airport facilities leased to Continental Airlines, including a new regional jet concourse.

Because all principal and interest on these bonds is unconditionally guaranteed by Continental Airlines and paid directly by Continental Airlines, these bonds do not constitute a debt, liability or general obligation of the City or a pledge of the Divisions' revenues. As such, no liabilities relating to these bonds are included in the accompanying financial statements.

NOTE E-LEASES AND CONCESSIONS

The Divisions' lease specifies terminal and concourse areas to the various airlines under terms and conditions of the airline use agreements. These agreements will remain in effect until December 31, 2005 and, under the terms of the agreements, rental payments and landing fees paid by the airlines are adjusted annually to provide airport revenues sufficient to meet the financial requirements of the airport system. Other areas are leased to various occupants under separate agreements.

The Divisions have various concession agreements that permit the concessionaires and certain others to operate on airport property. These agreements usually provide for payments based on a percentage of the revenues, with an annual minimum payment guarantee and in certain circumstances for the offset of percentage rents to the extent of certain improvements made to the leased property.

NOTE F-CONTINGENT LIABILITIES

Various claims are pending against the City involving the Divisions for personal injuries, property damage and other matters as well as various environmental remediation projects in its ordinary course of business. The City is responsible for the suits and environmental remediation actions. In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City's management is of the opinion that the ultimate settlement of such claims and remediation actions will not result in a material adverse effect on the Divisions' financial position or results of operations.

The Divisions received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Divisions. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Divisions at December 31, 2000 and 1999.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE F - CONTINGENT LIABILITIES - Continued

As of December 31, 2000 and December 31, 1999, the Divisions had capital expenditure purchase commitments outstanding of approximately \$31 million and \$71 million.

NOTE G-EMPLOYEE'S RETIREMENT PLAN

All full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by the State statute. The contribution rates are determined actuarially. The Division's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$1,902,000, \$1,611,000, and \$1,568,000, respectively. The full amount has been contributed for 2000, 1999, and 1998.

NOTE H-OTHER POST EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no changes in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investments assets. The number of active contributing participants was 401,339. The Divisions' actual contributions for 2000 and 1999 which were used to fund postemployment benefits were \$604,000 and \$499,000. The actual contribution and the actuarially required contribution amounts are the same. PERS's

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE H -OTHER POST EMPLOYMENT BENEFITS (Continued)

net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

NOTE I-RELATED PARTY TRANSACTIONS

The Divisions are provided various services by other City divisions. Charges are based on actual usage or a reasonable pro rata basis. The more significant expenses included in the statements of income, for the years ended December 31, 2000 and 1999, were as follows:

	<u>2000</u>	<u>1999</u>
City central services including police	\$ 4,290	\$ 3,598
Electricity purchased	220	175
Motor vehicle maintenance	330	251

NOTE J-LANDING FEE ADJUSTMENT AND INCENTIVE COMPENSATION

Under the terms of the airline use agreements, if the annual statement for the preceding term demonstrates that airport revenues over expenses (both as defined) is greater or less than that used in calculating the landing fee for the then current term, such difference shall be charged or credited to the airlines over the remaining billing periods in the current term. The landing fee adjustment for 2000 was a payable to the airlines in the amount of \$6,139,455 and in 1999 a payable to the airlines of \$3,965,000.

The airline use agreements also provide an incentive for the City of Cleveland to provide the highest quality management for the airport system. There was no incentive compensation expense in 2000 and 1999.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE K-PASSENGER FACILITY CHARGES

Cleveland Hopkins International Airport collects passenger facility charges (PFC's) subject to Title 14, Code of Federal Regulations, Part 158. PFC's are fees imposed on enplaned passengers by public agencies controlling commercial service airports for the strict purpose of supporting airport planning and development projects. The charge is collected by the airlines and remitted to the airport operator net of an administrative fee to be retained by the airline and refunds to passengers. Under its federally approved program, the airport expects to collect approximately \$287 million of which an estimated 32% will be spent on noise abatement for the residents of communities surrounding the airport, 41% on the runway expansion, and 27% on airport development. PFC revenues and related interest earnings are recorded as non-operating revenues, and non-capitalized expenses funded by PFC revenues are recorded as non-operating expenses.

NOTE L-MAJOR CUSTOMER

In 2000 and 1999, operating revenues from one airline group for landing fees, rental and other charges amounted to approximately 31% and 27%, respectively, of total operating revenue.

NOTE M-ACQUISITION OF INTERNATIONAL EXPOSITION CENTER

In January 1999, the City purchased the International Exposition ("I-X") Center and the land on and around it for \$66.5 million as part of its master plan to expand Cleveland Hopkins International Airport. As part of the purchase agreement, the City leased the building back to the former owner for 15 years, after which the City plans on tearing the building down to make way for a new runway. Of the \$66.5 million purchase price, \$36.5 million was paid in cash in 1999. The remaining \$30.0 million, including interest at 7.75%, is being deferred by the seller and will be offset by future lease payments owed to the City over the 15 year lease period. The future lease payments are equal to the remaining purchase price plus interest at 7.75%, and as such, no cash will be exchanged between the City and the lessee over the term of the lease. The deferred payment is reported as "Deferred Payment Obligation" in the accompanying balance sheet.

In the event that either a similar facility is developed that exceeds a specified size, or there is an expansion of an existing facility that exceeds a specified size within the municipal boundary of the City of Cleveland, the lessee has the right to terminate the lease. Such termination would require the City to pay the lessee the remaining portion of the deferred purchase price. Subsequent to the agreement, the City of Brook Park (the city in which the I-X Center is located) officially announced its intention to acquire the I-X Center through an eminent domain court case. In connection with the proceedings, the City and other defendants filed various counterclaims against Brook Park, of which all counterclaims have been dismissed by the Probate Court. The Probate Court found that Brook Park's alleged public purpose of economic development and of establishing a municipally owned convention center and exhibition hall are valid and proper public purposes. A preliminary hearing on the Petition for Appropriation began on September 11, 2000, and testimony was concluded on October 2, 2000. The parties submitted proposed Findings of Fact and Conclusions of Law and closing arguments were presented on November 9, 2000.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE M-ACQUISITION OF INTERNATIONAL EXPOSITION CENTER-Continued

On November 28, 2000, the Probate Court issued its decision dismissing Brook Park's Petition for Appropriation and finding in part that Brook Park did not have the authority to take the I-X Property by eminent domain. The Probate Court's decision recognizes that the City had a prior public use of the I-X Property for both current airport uses and for future airport uses, which were reasonably likely to occur. Brook Park appealed the Probate Court's ruling.

On February 6, 2001, the Mayors of the City of Cleveland and the City of Brook Park announced a preliminary agreement (the "I-X Property Agreement") designed to end the appeal by Brook Park of the Probate Court's decision. The I-X Property Agreement, which allocates various tax revenues and other monetary compensation to Brook Park, shifts the geographical borders of (i) the City of Cleveland to include the I-X Property and 90 acres of land south of the I-X Property, and (ii) the City of Brook Park to include the NASA Glenn / Research Center and 45 acres of land near the Airport. The I-X Property Agreement must be approved by the City Councils of Cleveland and Brook Park. *The City gives no assurance regarding whether the I-X Property Agreement as announced will be approved by the City Councils of Cleveland and Brook Park and consummated by their respective cities.*

Minimum principal and interest payments due by the City on the deferred payment obligation and future minimum lease rentals due to the City under this lease for the next five years and thereafter are as follows:

	Deferred Payment Obligation			Future Minimum Rentals
	Principal	Interest	Total	
	<i>(in thousands of dollars)</i>			
2001	\$ 1,278	\$ 2,111	\$ 3,389	\$ 3,389
2002	1,381	2,008	3,389	3,389
2003	1,492	1,897	3,389	3,389
2004	1,612	1,777	3,389	3,389
2005	1,741	1,648	3,389	3,389
Thereafter	20,306	7,083	27,389	27,389
	\$ 27,810	\$ 16,524	\$ 44,334	\$ 44,334

Rental income recognized by the City under this agreement totaled \$3,388,000 in 2000, of which \$2,205,515 was offset against interest expenses and \$1,183,078 was offset against the principal balance of the deferred payment obligation.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
NOTES TO FINANCIAL STATEMENTS - Continued
For the years ended December 31, 2000 and 1999

NOTE N - SUBSEQUENT EVENTS

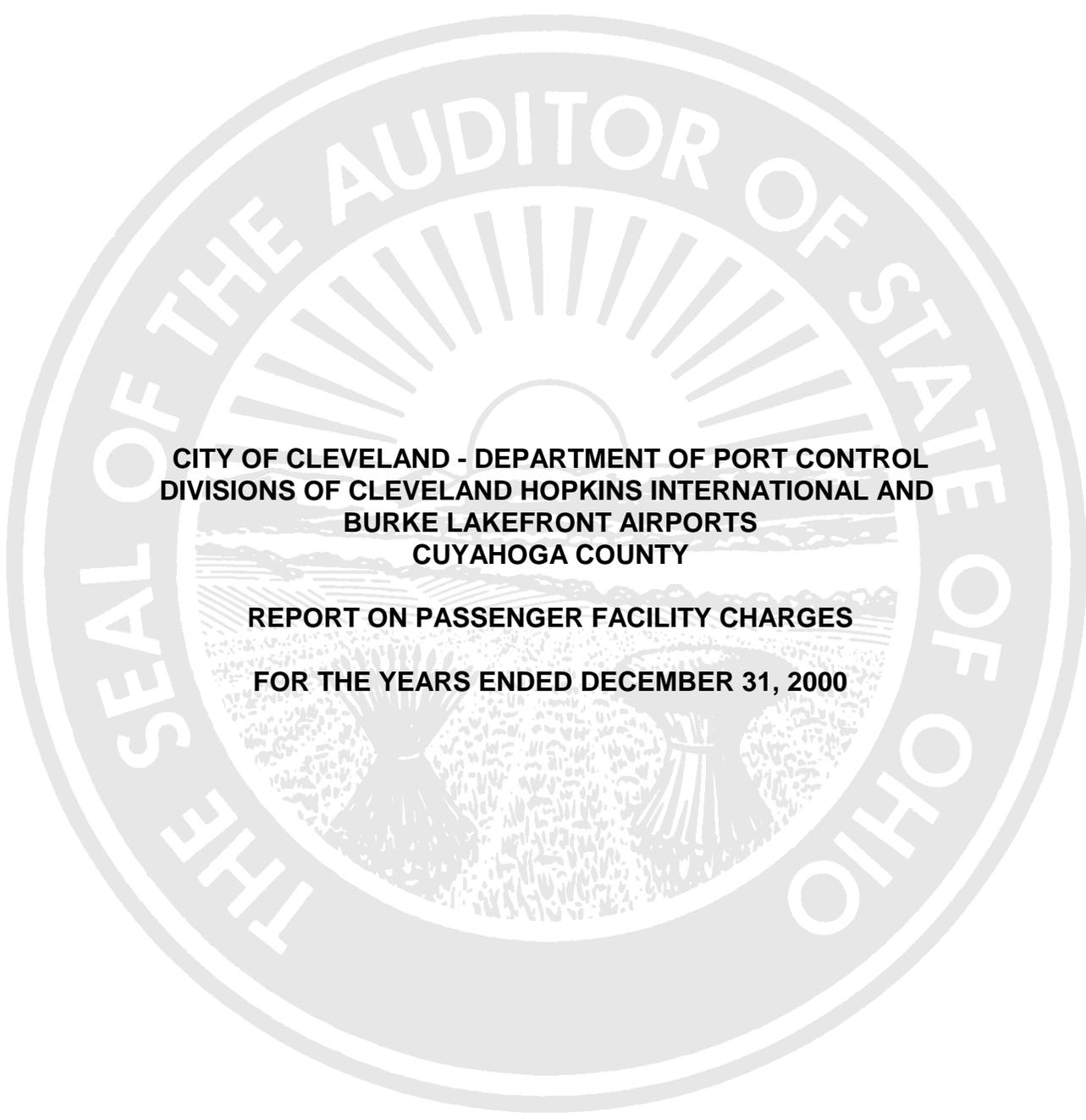
Effective February 2001, the Department of Port Control issued \$573,190,000 of Airport System Revenue Bonds, Series 2000A-C. The proceeds will be used to pay a portion of the costs of improvements to the Airport System, including the construction of a new runway; to fund capitalized interest on the Series 2000 Bonds, to make the required deposits to the bond service reserve fund, to the Renewal and Replacement fund, and to pay the costs of issuance of the Series 2000 bonds. The Series C bonds in the total amount of \$149,000,000 were issued as variable rate bonds.

On June 15, 2001, the City of Cleveland issued the Series 2001 Taxable Airport Surplus Revenue Notes for \$44,950,000. These notes were issued to pay off the Series 1999 Taxable Airport Surplus Revenue Notes, which matured on June 15, 2001. The Series 2001 Taxable Airport Surplus Revenue Notes are due June 1, 2003.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS
SCHEDULE OF AIRPORT REVENUES AND OPERATING EXPENSES
AS DEFINED IN THE AIRLINE USE AGREEMENTS
For the Year ended December 31, 2000

(in thousands of dollars)

	Cleveland Hopkins International	Burke Lakefront	<u>Total</u>
REVENUE			
Airline revenue:			
Landing fees, as adjusted per airline use agreements	\$ 24,880	\$	\$ 24,880
Terminal rental	15,847		15,847
Other	3,460		3,460
	44,187		44,187
Operating revenues from other sources:			
Concessions	20,127	273	20,400
Rentals	14,580	138	14,718
Landing fees	2,691	143	2,834
Other	4,324	230	4,554
	41,722	784	42,506
Non-operating revenue:			
Interest income	3,512		3,512
TOTAL REVENUE	\$ 89,421	\$ 784	\$ 90,205
OPERATING EXPENSES			
Salaries and wages	\$14,351	\$684	\$15,035
Employee benefits	3,762	225	\$3,987
City Central Services, including police	4,455	190	\$4,645
Materials and supplies	6,524	208	\$6,732
Contractual services	16,640	341	\$16,981
TOTAL OPERATING EXPENSES	\$ 45,732	\$ 1,648	\$ 47,380



**CITY OF CLEVELAND - DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND
BURKE LAKEFRONT AIRPORTS
CUYAHOGA COUNTY**

**REPORT ON PASSENGER FACILITY CHARGES
FOR THE YEARS ENDED DECEMBER 31, 2000**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS
DEPARTMENT OF PORT CONTROL
REPORT ON PASSENGER FACILITY CHARGES
CITY OF CLEVELAND
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH PFC PART 158**

Divisions of Cleveland Hopkins International and
Burke Lakefront Airports
Department of Port Control
City of Cleveland
Cuyahoga County
5300 Riverside Drive
Cleveland, Ohio 44135-3193

To the Honorable Michael R. White, Mayor,
Members of Council and the Audit Committee:

Compliance

We have audited the compliance of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports, Department of Port Control, City of Cleveland, Ohio, (the Airports) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2000. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Airport's management. Our responsibility is to express an opinion on the Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with accounting principles 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 the Guide. Those standards and the Guide 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 occurred on the passenger facility charge program. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Airport's compliance with those requirements.

In our opinion, the Airports complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the Airports is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over passenger facility charge program compliance that do not require inclusion in this report, that we have reported to management of the Airports in a separate letter dated June 29, 2001.

Schedule of Expenditures of Passenger Facility Charges

We have audited the general-purpose financial statements of the City of Cleveland as of and for the year ended December 31, 2000, and have issued our report thereon dated June 29, 2001. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Passenger Facility Charges is presented for the purposes of additional analysis as specified by the Guide and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information of the audit committee, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 29, 2001

**Schedule of Expenditures of Passenger Facility Charges
 December 31, 2000**

	Approved Project Budget	Cummulative Expenditures at 12/31/99	1st Quarter 2000 Expenditures	2nd Quarter 2000 Expenditures	3rd Quarter 2000 Expenditures	4th Quarter 2000 Expenditures	Total 2000 Expenditures	Cummulative Expenditures at 12/31/00
Insulate Residences - full program phase I	16,960,400	14,641,965			2,289,558	(54,449)	2,235,109	16,877,074
Extension of Taxiway "Q"	2,500,000	2,155,743						2,155,743
Land Acquisition - Resident Relocation	16,883,240	12,623,503	8,250	165		1,584,831	1,593,246	14,216,749
Sewer Construction	5,500,000	5,500,000						5,500,000
Asbestos Removal in Terminal CHIA	1,000,000	725,083		4,759			4,759	729,842
Acquisition of Analax Office Building and Vacant Land	13,025,000	13,025,000						13,025,000
Waste Water-Glycol Collection System Construction	6,320,642					74,294	74,294	74,294
NASA Feasibility and Pre-engineering Study	355,000					355,000	355,000	355,000
Land Acquisition	30,360,000	23,410,491	890		1,013,665	(910,424)	104,131	23,514,622
Sound Insulation	8,675,000	6,954,453		824,804	1,692,460	(1,817,839)	699,426	7,653,879
Environmental Assessment/Impact Studies	2,309,570	1,806,447		100,583	402,540		503,123	2,309,570
Terminal Passenger Flow and Security Study	300,000							
Railway System/Vehicular Ingress-Egress Study	200,000							
Runway 5R Extension Engineering	140,000							
Runway 5R Extension Design	3,118,000							
Runway 5R Construction	38,175,000							
FIS Facility Construction	37,017,000							
FIS Facility Design	3,656,000							
Brook Park Land Transfer	8,750,000							
Analax Demolition	1,229,000							
Sound Insulation	20,000,000					2,557,705	2,557,705	2,557,705
Baggae Claim/Expansion	9,526,087		40,212	88,245	19,026		147,483	147,483
Tug Road Replacement	1,019,000							
Interim Commuter Ramp	5,560,338							
Concourse D Ramp/Site Utilities	51,305,804							
Burke Runway Overlay 6L/24R	530,286							
Install Instrument Landing System-Burke	2,181,400							
	286,596,767	80,842,685	49,352	1,018,566	5,417,249	1,789,118	8,274,275	89,116,960

**Divisions of Cleveland Hopkins Airport and Burke Lakefront Airport
Department of Port Control
City of Cleveland**

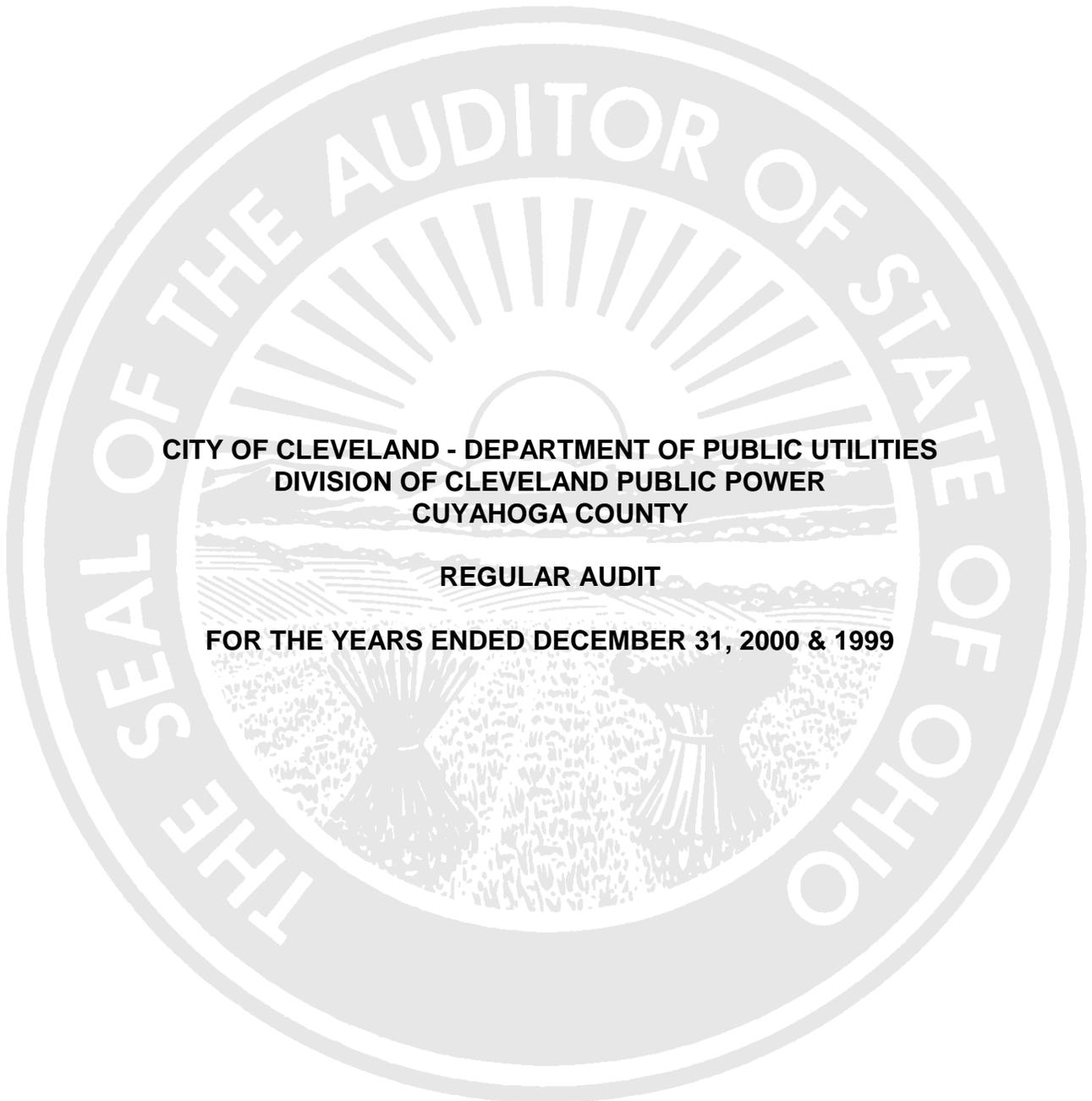
**Notes to the Schedule of Expenditures of Passenger Facility Charges
For the Year Ended December 31, 2000**

General

The accompanying schedule presents all activity of the Airport's Passenger Facility Charge (PFC) program. The Airport's reporting entity is defined in Note A to the Airport's financial statement.

Basis of Presentation

The accompanying schedule is presented on the cash basis of accounting.



**CITY OF CLEVELAND - DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF CLEVELAND - DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
CUYAHOGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Division of Cleveland Public Power
Department of Public Utilities
City of Cleveland
Cuyahoga County
601 Lakeside Ave.
Cleveland, Ohio 44114

To the Honorable Michael R. White, Mayor,
Members of Council and the Audit Committee:

We have audited the accompanying financial statements of the Division of Cleveland Public Power, Department of Public Utilities, City of Cleveland, Ohio as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Division of Cleveland Public Power's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Division of Cleveland Public Power, Department of Public Utilities, City of Cleveland, Ohio as of and for the year ended December 31, 1999 were audited by other auditors whose report dated July 27, 2000, expressed an unqualified opinion on those statements.

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

As discussed in Note A, the financial statements present only the Division of Cleveland Public Power and are not intended to present fairly the financial position of the City of Cleveland and the results of the City of Cleveland's operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2000 financial statements referred to above present fairly, in all material respects, the financial position of the Division of Cleveland Public Power, as of December 31, 2000, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Jim Petro
Auditor of State

June 29, 2001

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CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
BALANCE SHEETS
December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	December 31,	
	2000	1999
ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Land	\$ 4,863	\$ 4,863
Land Improvements	2,134	1,919
Utility plant in service	329,828	323,269
Buildings, structures and improvements	42,453	41,167
Furniture, fixtures and equipment	25,127	23,177
	404,405	394,395
Less: accumulated depreciation	120,540	105,774
	283,865	288,621
Construction in progress	12,936	11,078
PROPERTY, PLANT AND EQUIPMENT, NET	296,801	299,699
RESTRICTED ASSETS		
Cash and cash equivalents	14,134	19,834
Investments at fair value	8,102	3,238
Accrued interest receivable	103	104
TOTAL RESTRICTED ASSETS	22,339	23,176
UNAMORTIZED BOND ISSUANCE EXPENSE	2,748	3,107
CURRENT ASSETS		
Cash and cash equivalents	24,128	9,579
Investments at fair value	17,529	25,242
Accounts receivable-net of allowance for doubtful accounts of \$536 in 2000 and \$536 in 1999	22,098	19,021
Unbilled revenue	2,179	1,828
Due from other City of Cleveland departments, divisions or funds	1,486	783
Materials and supplies-at average cost, net of allowance for obsolescence of \$1,099 in 2000 and \$685 in 1999	3,065	5,468
Prepaid expenses	54	54
Accrued interest receivable	264	286
TOTAL CURRENT ASSETS	70,803	62,261
TOTAL ASSETS	\$ 392,691	\$ 388,243

	<i>(in thousands of dollars)</i>	
	December 31,	
	2000	1999
EQUITY AND LIABILITIES		
EQUITY		
Contributed capital	\$ 12,183	\$ 12,183
Retained earnings	127,994	121,578
TOTAL EQUITY	<u>140,177</u>	<u>133,761</u>
LIABILITIES		
LONG TERM DEBT-excluding amounts due within one year:		
Mortgage revenue bonds	227,099	230,956
PAYABLE FROM RESTRICTED ASSETS	560	725
CURRENT LIABILITIES		
Current portion of long-term debt	6,855	6,465
Accounts payable	9,770	7,700
Due to other City of Cleveland departments, divisions or funds	656	3,114
Accrued interest payable	1,575	1,623
Accrued wages and benefits	4,649	3,029
Accrued expenses and other liabilities	1,350	870
TOTAL CURRENT LIABILITIES	<u>24,855</u>	<u>22,801</u>
TOTAL LIABILITIES	<u>252,514</u>	<u>254,482</u>
TOTAL EQUITY AND LIABILITIES	<u>\$ 392,691</u>	<u>\$ 388,243</u>

See notes to financial statements.

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CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
OPERATING REVENUES	\$ 134,152	\$ 130,601
OPERATING EXPENSES		
Purchased power	68,597	70,619
Operations	13,403	13,705
Maintenance	22,889	15,112
Depreciation	14,885	13,646
TOTAL OPERATING EXPENSES	<u>119,774</u>	<u>113,082</u>
OPERATING INCOME	14,378	17,519
OTHER INCOME (EXPENSES)		
Interest income	3,255	2,050
Interest expense	(13,809)	(12,211)
AEP Refund per FERC ruling (Note J)	2,864	
Amortization of bond issuance expense	(2,508)	(2,597)
Litigation settlement (Note G)		6,500
Other	2,236	1,609
TOTAL OTHER INCOME (EXPENSES), NET	<u>(7,962)</u>	<u>(4,649)</u>
NET INCOME	6,416	12,870
RETAINED EARNINGS, beginning of year	121,578	108,708
RETAINED EARNINGS, end of year	<u>\$ 127,994</u>	<u>\$ 121,578</u>

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 134,426	\$ 125,235
Cash payments to suppliers for goods or services	(16,049)	(4,587)
Cash payments to employees for services	(21,708)	(20,660)
Cash payments for purchased power	(67,701)	(69,874)
Cash receipts of customer deposits, net	139	59
NET CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES	29,107	30,173
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash received from litigation settlement		6,500
AEP Refund per FERC-ruling	2,864	
Other	2,235	1,609
NET CASH PROVIDED BY (USED FOR)		
NON-CAPITAL FINANCING ACTIVITIES	5,099	8,109
CASH FLOWS PROVIDED BY (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(13,804)	(21,895)
Proceeds from bond issue, net of issue cost		44,778
Principal paid on long-term debt	(6,465)	(6,210)
Cash paid to escrow agent for refunding		(45,793)
Interest paid on long-term debt	(11,669)	(13,486)
NET CASH PROVIDED BY (USED FOR) CAPITAL		
AND RELATED FINANCING ACTIVITIES	(31,938)	(42,606)
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of investment securities	(14,576)	(41,400)
Proceeds from sale and maturity of investment securities	17,782	49,162
Interest received on investments	3,375	3,190
NET CASH PROVIDED BY (USED FOR)		
INVESTING ACTIVITIES	6,581	10,952
NET INCREASE		
IN CASH AND CASH EQUIVALENTS	8,849	6,628
Cash and cash equivalents, beginning of year	29,413	22,785
Cash and cash equivalents, end of year	<u>\$ 38,262</u>	<u>\$ 29,413</u>

(in thousands of dollars)
For the
Years Ended December 31,
2000 1999

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

OPERATING INCOME	\$	14,378	\$	17,519
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		14,885		13,646
Change in assets and liabilities:				
Accounts receivable, net		(3,070)		(5,157)
Unbilled revenue		(358)		(209)
Due from other City of Cleveland departments, divisions or funds		(702)		509
Materials and supplies, net		2,402		3,954
Prepaid expenses				(12)
Accounts payable		2,072		299
Due to other City of Cleveland departments, divisions or funds		(2,459)		885
Accrued wages and benefits		1,620		(1,320)
Accrued expenses and other liabilities		339		59
TOTAL ADJUSTMENTS		<u>14,729</u>		<u>12,654</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	29,107	\$	30,173

See notes to financial statements.

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CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2000 and 1999

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Cleveland Public Power (“Division”) is reported as an enterprise fund of the City of Cleveland’s Department of Public Utilities and is a part of the City of Cleveland’s (“City”) primary government. The Division was created for the purpose of supplying electrical services to customers within the City of Cleveland. To provide electrical services to its customers, the Division purchases electrical power under the terms of various short-term, limited-term and long-term contracts. The following is a summary of the more significant accounting policies.

Basis of Accounting: The Division’s financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized as incurred. Under GASB Statement No. 20, “Accounting and Financial Reporting for Proprietary Activities”, all Proprietary Funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, Proprietary Funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB pronouncements). The City has chosen not to apply future FASB standards.

Revenues: Revenues are derived primarily from sales of electricity to residential and commercial customers based upon actual consumption. Electricity rates are authorized by City Council and billings are made on a cycle basis. Estimates for services between the ends of the various cycles and the end of the year are recorded as unbilled revenue.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the Governmental Accounting Standards Board (“GASB”) Statement No. 9, “Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing, and investing activities.

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand and cash deposits maintained by the City Treasurer on behalf of the Division. Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased and include certificates of deposit, U.S. Treasury bills, Star Ohio (See Note I) and repurchase agreements. The City’s policy is to enter into repurchase agreements with local commercial banks and to obtain confirmation of securities pledged.

Investments: The Division follows the provisions of GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and External Investment Pools,” which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. Investments fair values at year-end are based on market quotes, where available.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000 and 1999. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2000 and 1999.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF CLEVELAND PUBLIC POWER

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of revenue bonds are classified as restricted assets since their use is limited by the bond indentures.

Fixed Assets and Depreciation: Property, plant and equipment is stated on the basis of historical cost, or if contributed, at fair market value at the date received. Depreciation is determined by allocating the cost of fixed assets over the estimated useful lives of the assets using the straight-line method. A fixed asset is defined as a tangible item with a useful life of five years or more and a value equal to or greater than \$5,000, with the exception of computer equipment and software which have a value equal to or greater than \$1,500. When property is disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility plant in service.	6 to 100 years
Buildings, structures and improvements.	10 to 65 years
Furniture, fixtures and equipment.5 to 33 years

The Division’s policy is to capitalize interest on construction projects up to the point in time that the project is substantially completed. Capitalized interest is included in the cost of the assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. The Division applies Statement of Financial Accounting Standards No. 62, “Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants,” for its Mortgage Revenue Bonds. This statement requires capitalization of interest cost of the eligible borrowings less interest earned on investment of the related bond proceeds from the date of borrowing until the assets constructed from the bond proceeds are ready for their intended use.

For 2000 and 1999 total interest expense incurred amounted to \$13,819,000 and \$14,211,000 respectively, which was reduced by \$10,000 and \$2,000,000, respectively, of interest expense capitalized. Total interest income earned amounted to \$3,476,000 and \$3,094,000, respectively, which was reduced by \$221,000 and \$1,044,000, respectively, of interest income capitalized.

Bond Issuance Expense and Discount and Unamortized Loss on Debt Refunding: Bond issuance expense is carried on the Division’s books as an asset and unamortized bond discounts are netted against long-term debt. Both are amortized over the lives of the applicable bonds. Unamortized loss on debt refunding is netted against long-term debt and is amortized over the lives of the refunded bonds, with such amortization included within interest expense over the shorter life of the old bond or the new bond.

Contributed Capital: Contributed capital represents federal grants and contributions from the City of Cleveland which are not subject to mandatory repayment.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
 DIVISION OF CLEVELAND PUBLIC POWER
 NOTES TO FINANCIAL STATEMENTS-Continued
 For the Years Ended December 31, 2000 and 1999

NOTE B-LONG-TERM DEBT

Long-term debt outstanding at December 31 is as follows:

	Interest Rate	Outstanding Principal Amount	
		2000	1999
		<i>(in thousands of dollars)</i>	
Power Mortgage Revenue Bonds			
Series 1991, due through 2017	5.85%-7.00%	\$ 43,145	\$ 44,885
Series 1994, due through 2013	7.00%	21,850	26,575
Series 1994, Zero Coupon bonds due through 2015	-	48,335	48,335
Series 1996, due through 2024	5.00%-6.00%	122,380	122,380
Series 1998, due through 2017	4.00%-5.25%	44,760	44,760
		\$ 280,470	\$ 286,935
Less:			
Unamortized loss on debt refunding		(16,081)	(16,930)
Unamortized discount - zero coupon bonds		(22,391)	(24,005)
Unamortized discount - current interest bonds		(8,044)	(8,579)
Current portion		(6,855)	(6,465)
Total Long-Term Debt		\$ 227,099	\$ 230,956

Minimum principal and interest payments on mortgage revenue bonds for the next five years and thereafter are as follows:

	Principal	Interest	Total
	<i>(in thousands of dollars)</i>		
2001	\$ 6,855	\$ 12,604	\$ 19,459
2002	7,255	12,195	19,450
2003	8,390	11,755	20,145
2004	8,900	11,247	20,147
2005	9,230	10,699	19,929
Thereafter	239,840	115,656	355,496
	\$ 280,470	\$ 174,156	\$ 454,626

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE B-LONG-TERM DEBT-Continued

In January 1999, Cleveland Public Power issued \$44,840,000 of Power Mortgage Revenue Bonds, Series 1998. The proceeds were used to advance refund certain outstanding Series 1991 and Series 1994 Mortgage Revenue Bonds and to pay costs of issuance. Net proceeds of \$45,793,000 were placed in an irrevocable escrow account which including interest earned, will be used to pay the principal, interest and redemption premium on the refunded bonds. The proceeds are invested in non-callable United States Treasury Obligations. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the long term debt. The total aggregate principal amount of bonds refunded by the Series 1998 Bonds was \$40,900,00.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the debt of \$5,847,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to interest expense through the year 2025 using a method of amortization which approximates the effective interest method. The City completed the advance refunding and cash defeasance to reduce its total debt service payments over the next 28 years by \$4,985,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,224,000.

Defeasance of Power Mortgage Revenue Bonds: In addition to the defeased debt described above, in prior years, the City defeased certain Power Mortgage Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old funds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The aggregate amount of defeased debt outstanding at December 31, 2000 and December 31, 1999 is as follows:

<u>Bond Issue</u>	<u>Amount</u>
(In thousands of dollars)	
Series 1991	\$ 12,170
Series 1994	131,440

Power Mortgage Revenue Bonds are payable from the revenues derived from operations of the public power system, after the payment of all operating and maintenance expenses (net revenues). The bonds are collateralized by a pledge of and lien on such net revenues plus a first mortgage lien upon all property of the public power system, including any improvements, additions, replacements, and extension thereto.

The indenture requires that at all times the Division will charge rates and fees for the products and services of the public power system. Revenues will be at least sufficient to provide funds for the payment in each year of the necessary operating and maintenance expenses of the power system and an amount equal to 1.25 times the payments of principal and interest on the revenue bonds then outstanding due in that year.

During 1999, contrary to the above covenants, funds from the Division of Cleveland Public Power were placed into the General Fund. During 2000, the city repaid the Division the amount placed in the General Fund and the interest that would have been earned by the Division.

The indenture establishes the following fund accounts for the application of revenues:

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE B - LONG-TERM DEBT - Continued

Revenue Fund: All revenues will be deposited into this fund and will be used for payment of current operating expenses and deposits into other funds.

Debt Service Fund: Monthly deposits will be made from the revenue fund to cover succeeding principal and interest payments as they become due on the Mortgage Revenue Bonds.

Debt Service Reserve Fund: Deposits will be made to this fund if the amount in the debt service fund at any time is less than the debt service reserve requirement. However, the City has elected, pursuant to provisions of the indenture governing the Divisions' bonds, to satisfy the bond reserve requirement with a surety bond in an aggregate amount at least equal to the bond reserve requirement.

Renewal and Replacement Fund: The balance in this fund is maintained at \$1,000,000 to be applied against the cost of repair or replacement of capital assets in order to maintain the system.

Construction Fund: The proceeds from Series 1994 and Series 1991 bonds of \$79,386,000 and \$12,050,000, respectively, were deposited into this fund to be used, along with earnings from investments of amounts held therein, for the payment of capital costs. As of December 31, 2000 and 1999, the Division had \$18,750,000 and \$14,057,000, respectively, of outstanding commitments for future construction costs which will be funded by available bond proceeds and operating revenue. Capital costs include all costs of additions, extensions, renewals, replacements, alterations, betterments and any other capital improvements to the system. Amounts held in this fund are subject to a lien in favor of bondholders and may be used to pay principal of outstanding bonds to the extent that amounts in all other funds are insufficient. No payment needs to be made into a fund if the amounts in such fund are equal to the required fund balance, if any.

Amounts held in trust may be invested by the City Treasurer or the Trustee in permitted investments, however, the use of funds is limited by the bond indenture and, accordingly, the amounts are classified as restricted assets in the financial statements.

NOTE C-EMPLOYEES' RETIREMENT PLAN

All full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund-pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Division's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$2,417,000, \$2,068,000, and \$2,219,000, respectively. The full amount has been contributed for 2000, 1999, and 1998.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE D-OTHER POST EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The number of active contributing participants was 401,339. The Division's actual contributions for 2000 and 1999 which were used to fund postemployment benefits were \$767,000 and \$641,000. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999 (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE E - IDLE GENERATION FACILITIES

In April 1977, the Division closed its generation plant and since that time the Division's revenues have been derived primarily from the distribution of purchased power. With the present availability of competitively priced purchased power, the plant will remain idle. The Division continued its past practice of depreciating the plant at rates which completed the amortization of the plant in 1999.

NOTE F - RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides electricity to the City of Cleveland, including its various departments and divisions. The usual and customary rates are charged.

Operating Expenses: The Division is provided various intra-city services. Charges are based on actual usage or on a reasonable pro rata basis. The more significant of these costs, included in the statements of income, for the years ended December 31 were as follows:

	2000	1999
	<i>(in thousands of dollars)</i>	
City Administration	\$ 950	\$ 2,031
Motor Vehicle Maintenance	423	342
Employee and other Services provided by the Division of Water	325	386
Utilities Administration and Fiscal Control	443	443
Telephone Exchange	293	233

NOTE G -CONTINGENCIES

Various claims are pending against the City involving the Division for personal injuries, property damage and other matters. The City is responsible for the suits. In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

In 1999, the Division settled litigation against a contractor related to a construction contract from the mid 1990's resulting in the Division receiving cash payments from the contractor of \$6,500,000 in 1999 in full settlement of litigation.

NOTE H -CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. For the years ended December 31, 2000 and 1999 the estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately \$1,352,000 and \$929,000, respectively.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE I - DEPOSITS AND INVESTMENTS

Deposits: The Division's carrying amount of deposits at years ended December 31, 2000 and December 31, 1999 totaled \$368,000 and \$1,360,000 and the Division's bank balances were \$333,000 and \$1,201,000 and were insured or collateralized with securities held by the City or by its agent in the City's name.

Investments: The City's investment policies are governed by state statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State obligations; certificates of deposit; U.S. Government Money Market Mutual Funds; State Treasury Asset Reserve Fund (Star Ohio), guaranteed investment contracts and repurchase transactions. Such repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained. Under City policy, investments are limited to repurchase agreements, U.S. Government securities, certificates of deposit, investments in certain money market mutual funds, and State Treasury Asset Reserve Fund (Star Ohio). Generally, investments are recorded in segregated accounts by way of book entry through the bank's commercial or trust department and are kept at the Federal Reserve Bank in the depository institution's separate custodial account for the City, apart from the assets of the depository institution. Ohio statute prohibits the use of Reverse Repurchase Agreements.

Investment securities are exposed to various risks such as interest rate, market and credit. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect portfolio value.

GASB statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements", requires the City to categorize its investments into one of three categories:

Category 1: includes insured or registered, or securities held by the City or its agent in the City's name.

Category 2: includes uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3: includes uninsured and unregistered, with securities held by the counter party, or its trust department or agent but not in the City's name.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE I - DEPOSITS AND INVESTMENTS - Continued

The categorized investments shown in the following table include those which are classified as cash and cash equivalents in the balance sheet in accordance with the provisions of GASB Statement No. 9:

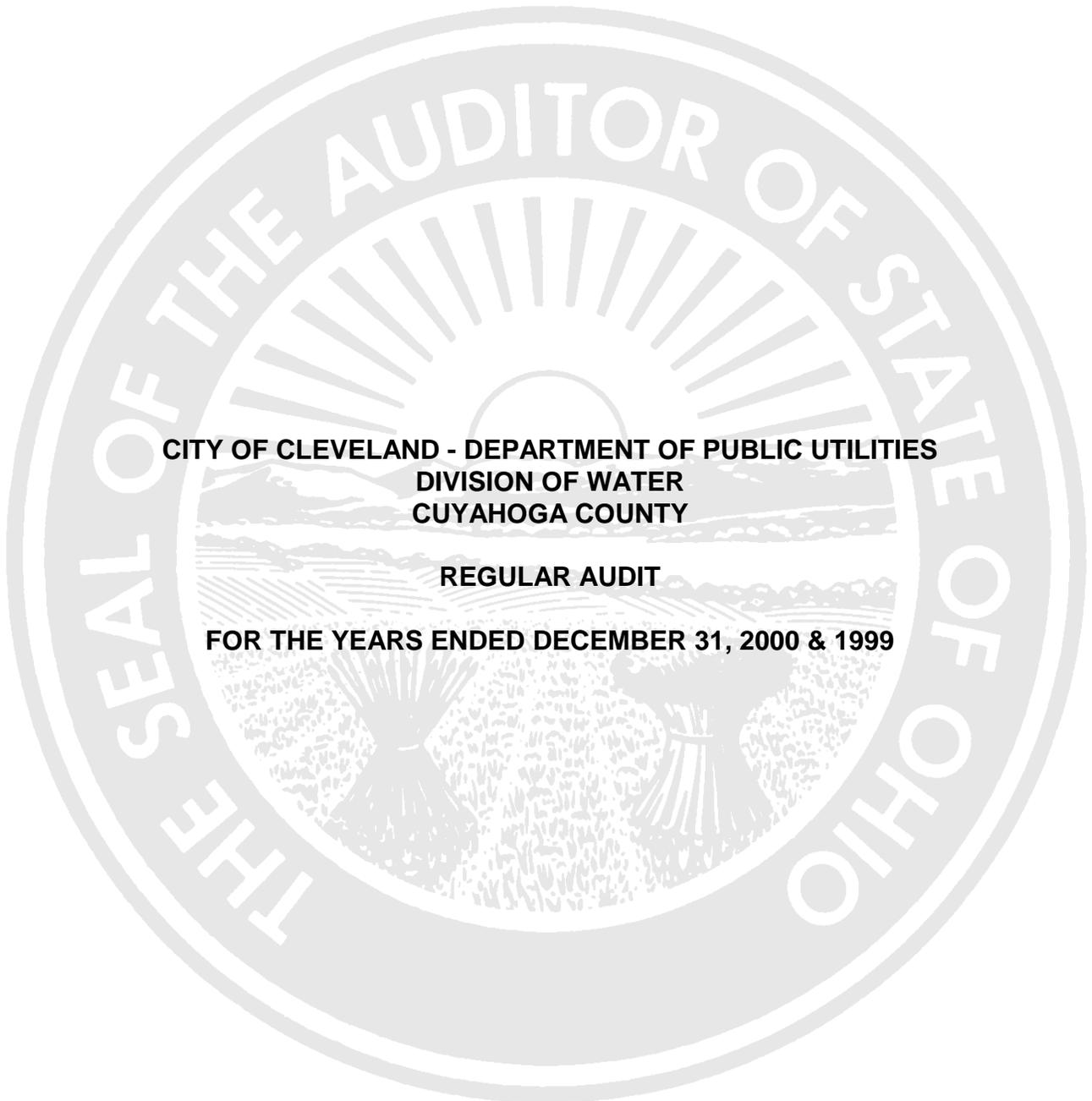
Type of Investment	Category	2000 Fair Value	2000 Cost	1999 Fair Value	1999 Cost
U.S. Agency Obligations	1	\$ 17,438	\$ 17,428	\$ 25,242	\$ 25,499
U.S. Treasury Bills	2	14,803	14,712	3,237	3,237
State Treasury Asset					
Reserve Fund (Star Ohio)	n/a	25,499	25,499	1,968	1,968
Investment in Mutual Funds	n/a	5,785	5,785	26,086	26,086
		<u>63,525</u>	<u>63,424</u>	<u>56,533</u>	<u>56,790</u>
Total Investments		63,525	63,424	56,533	56,790
Total Deposits		368	368	1,360	1,360
Total Deposits and Investments		<u>\$ 63,893</u>	<u>\$ 63,792</u>	<u>\$ 57,893</u>	<u>\$ 58,150</u>

Certain investments included above are classified as cash and cash equivalent in the accompanying balance sheets since they have a maturity of three months or less.

Star Ohio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. Star Ohio investments and investments in mutual funds are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

NOTE J - AEP REFUND PER FERC RULING

On January 12, 2000, the Federal Energy Regulatory Commission (FERC) granted American Electric Power Services (AEP) permission to issue an interim refund for amounts collected in excess of a load ratio share of annual revenue requirements. This resulted in a refund to Cleveland Public Power in the amount of \$2,864,000 which includes interest of \$779,000.



**CITY OF CLEVELAND - DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF CLEVELAND - DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
CUYAHOGA COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

Division of Water
Department of Public Utilities
City of Cleveland
Cuyahoga County
601 Lakeside Ave.
Cleveland, Ohio 44114

To the Honorable Michael R. White, Mayor,
Members of Council and the Audit Committee:

We have audited the accompanying financial statements of the Division of Water, Department of Public Utilities, City of Cleveland, Ohio as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Division of Water's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Division of Water, Department of Public Utilities, City of Cleveland, Ohio as of and for the year ended December 31, 1999 were audited by other auditors whose report dated July 27, 2000, expressed an unqualified opinion on those statements.

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

As discussed in Note A, the financial statements present only the Division of Water and are not intended to present fairly the financial position of the City of Cleveland and the results of the City of Cleveland's operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2000 financial statements referred to above present fairly, in all material respects, the financial position of the Division of Water, as of December 31, 2000, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Jim Petro
Auditor of State

June 29, 2001

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CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
BALANCE SHEETS
December 31, 2000 and 1999

		<i>(in thousands of dollars)</i>	
		December 31,	
		2000	1999
ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Land	\$	5,271	\$ 5,279
Land Improvements		12,125	12,132
Utility plant in service		783,539	785,386
Buildings, structures and improvements		172,988	172,992
Furniture, fixtures and equipment		89,786	61,969
		<u>1,063,709</u>	<u>1,037,758</u>
Less: accumulated depreciation		283,851	262,016
		<u>779,858</u>	<u>775,742</u>
Construction in progress		70,785	43,531
		<u>850,643</u>	<u>819,273</u>
PROPERTY, PLANT AND EQUIPMENT, NET			
RESTRICTED ASSETS			
Cash and cash equivalents		216,086	236,723
Investments at fair value		63,870	74,286
Accrued interest receivable		1,312	1,439
		<u>281,268</u>	<u>312,448</u>
TOTAL RESTRICTED ASSETS			
UNAMORTIZED BOND ISSUANCE EXPENSE		5,738	6,220
CURRENT ASSETS			
Cash and cash equivalents		23,751	23,290
Investments at fair value		162,983	122,339
Accounts receivable-net of allowance for doubtful accounts of \$1,448 in 2000 and \$1,011 in 1999		15,776	13,894
Unbilled revenue		22,599	21,251
Due from other City of Cleveland departments, divisions or funds		5,675	3,722
Accrued interest receivable		3,065	1,679
Materials and supplies-at average cost, net of allowance for obsolescence of \$600 in 2000 and \$606 in 1999		4,703	4,020
Prepaid expenses		224	196
		<u>238,776</u>	<u>190,391</u>
TOTAL CURRENT ASSETS			
TOTAL ASSETS		<u>\$ 1,376,425</u>	<u>\$ 1,328,332</u>

		<i>(in thousands of dollars)</i>	
		December 31,	
		2000	1999
EQUITY AND LIABILITIES			
EQUITY			
Contributions in aid of construction		\$ 2,407	\$ 2,407
Retained earnings		651,340	585,033
	TOTAL EQUITY	<u>653,747</u>	<u>587,440</u>
LIABILITIES			
LONG TERM DEBT-excluding amounts due within one year:			
Mortgage revenue bonds		659,258	677,400
	TOTAL LONG-TERM DEBT	<u>659,258</u>	<u>677,400</u>
	PAYABLE FROM RESTRICTED ASSETS	3,603	8,394
CURRENT LIABILITIES			
Current portion of long-term debt		20,605	18,567
Accounts payable		2,947	1,712
Due to other City of Cleveland departments, divisions or funds		1,060	4,101
Accrued expenses		300	304
Accrued interest payable		19,263	19,700
Accrued wages and benefits		13,066	8,218
Customer deposits and other liabilities		2,576	2,496
	TOTAL CURRENT LIABILITIES	<u>59,817</u>	<u>55,098</u>
	TOTAL LIABILITIES	<u>722,678</u>	<u>740,892</u>
	TOTAL EQUITY AND LIABILITIES	<u>\$ 1,376,425</u>	<u>\$ 1,328,332</u>

See notes to financial statements.

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CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
OPERATING REVENUES	\$ 203,535	\$ 204,839
OPERATING EXPENSES		
Operations	88,067	80,878
Maintenance	21,092	18,822
Depreciation	26,515	24,761
TOTAL OPERATING EXPENSES	135,674	124,461
OPERATING INCOME	67,861	80,378
OTHER INCOME (EXPENSES)		
Interest income	21,525	8,938
Interest expense	(21,374)	(17,035)
Loss on disposal of property and equipment	(731)	(11,039)
Amortization of bond issuance expense	(974)	(1,013)
TOTAL OTHER INCOME (EXPENSES), NET	(1,554)	(20,149)
NET INCOME	66,307	60,229
RETAINED EARNINGS, beginning of year	585,033	524,804
RETAINED EARNINGS, end of year	\$ 651,340	\$ 585,033

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 201,419	\$ 206,271
Cash payments to suppliers for goods or services	(53,280)	(45,656)
Cash payments to employees for services	(56,699)	(58,504)
Cash receipts from customers deposits, net	80	623
NET CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES	91,520	102,734
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(51,779)	(54,839)
Principal paid on long-term debt	(18,567)	(17,457)
Interest paid on long-term debt	(38,993)	(38,621)
NET CASH PROVIDED BY (USED FOR)		
CAPITAL AND RELATED FINANCING ACTIVITIES	(109,339)	(110,917)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(162,254)	(210,311)
Proceeds from sale and maturity of investment securities	133,734	134,533
Interest received on investments	26,163	19,084
NET CASH PROVIDED BY (USED FOR)		
INVESTING ACTIVITIES	(2,357)	(56,694)
NET INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	(20,176)	(64,877)
Cash and cash equivalents, beginning of year	260,013	324,890
Cash and cash equivalents, end of year	<u>\$ 239,837</u>	<u>\$ 260,013</u>

(in thousands of dollars)
For the
Years Ended December 31,
2000 1999

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

OPERATING INCOME	\$	67,861	\$	80,378
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		26,515		24,761
Change in assets and liabilities:				
Accounts receivable, net		(1,882)		3,165
Unbilled revenue		(1,348)		(1,735)
Due from other City of Cleveland departments, divisions or funds		(1,953)		(649)
Materials and supplies, net		(683)		90
Prepaid expenses		(28)		229
Accounts payable		1,235		(540)
Due to other City of Cleveland departments, divisions or funds		(3,041)		699
Accrued expenses		(4)		(321)
Accrued wages and benefits		4,848		(3,966)
Customer deposits and other liabilities				623
TOTAL ADJUSTMENTS		<u>23,659</u>		<u>22,356</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$	91,520	\$	102,734

See notes to financial statements.

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CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2000 and 1999

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The Division of Water (“Division”) is reported as an enterprise fund of the City of Cleveland’s Department of Public Utilities and is a part of the City of Cleveland’s (“City”) primary government. The Division was created for the purpose of supplying water services to customers within the metropolitan area. The following is a summary of the more significant accounting policies.

Revenues: Revenues are derived primarily from sales of water to residential, commercial and industrial customers based upon actual water consumption. Water rates are authorized by City Council and billings are made on a cycle basis. Estimates for services between the ends of the various cycles and the end of the year are recorded as unbilled revenue.

Basis of Accounting: The Division’s financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized as incurred. Under GASB Statement No. 20, “Accounting and Financial Reporting for Proprietary Activities”, all Proprietary Funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, Proprietary Funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB pronouncements). The City has chosen not to apply future FASB standards.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the Governmental Accounting Standards Board (“GASB”) Statement No. 9 “Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing, and investing activities.

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand and cash deposits maintained by the City Treasurer on behalf of the Division. Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased and include certificates of deposit, U.S. Treasury bills, Star Ohio (See Note H) and repurchase agreements. The City’s policy is to enter into repurchase agreements with local commercial banks and to obtain confirmation of securities pledged.

Investments: The Division follows the provisions of GASB Statement No. 31 “Accounting and Financial Reporting for Certain Investments and External Investment Pools,” which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000 and 1999. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2000 and 1999.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICES-Continued

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of revenue bonds are classified as restricted assets since their use is limited by the bond indentures.

Fixed Assets and Depreciation: Property, plant and equipment is stated on the basis of historical cost, or if contributed, at fair market value at the date received. Depreciation for the Proprietary Fund types is determined by allocating the cost of fixed assets over the estimated useful lives of the assets using the straight-line method. A fixed asset is defined as a tangible item with a useful life of five years or more and a value equal to or greater than \$5,000, with the exception of computer equipment and software which have a value equal to or greater than \$1,500. When property is disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility plant in service.	6 to 100 years
Buildings, structures and improvements.	10 to 65 years
Furniture, fixtures and equipment.5 to 33 years

The Division’s policy is to capitalize interest on construction projects up to the point in time that the project is substantially completed. Capitalized interest is included in the cost of the assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. The Division applies Statement of Financial Accounting Standards No. 62, “Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants,” for its Mortgage Revenue Bonds. This statement requires capitalization of interest cost of the eligible borrowings less interest earned on investment of the related bond proceeds from the date of borrowing until the assets constructed from the bond proceeds are ready for their intended use.

For 2000 and 1999, total interest expense incurred amounted to \$40,527,000 and \$41,506,000, respectively, which was reduced by \$19,152,000 and \$24,471,000, respectively, of interest expense capitalized. For 2000 and 1999, total interest income earned amounted to \$30,030,000 and \$19,798,000, respectively, which was reduced by \$9,730,000 and \$10,860,000, respectively, of interest income capitalized.

Bond Issuance Expense and Discount and Unamortized Loss on Debt Refunding Bond: Bond issuance expense is carried on the Division’s books as an asset and unamortized bond discounts are netted against long-term debt. Both are amortized over the lives of the applicable bonds. Unamortized loss on debt refunding is netted against long-term debt and is amortized over the lives of the refunded bonds, with such amortization included within interest expense.

Contributions in Aid of Construction: Contributions in aid of construction represent federal grants which are not subject to repayment.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

NOTE B-LONG- TERM DEBT

Long-term debt outstanding at December 31 is as follows:

	Interest Rate	Outstanding Principal Amount	
		2000	1999
		<i>(in thousands of dollars)</i>	
Water Mortgage Revenue Bonds:			
Series A, 1997, due through 2008	6.13%	\$ 12,905	\$ 12,905
Series D, 1986, due through 2015	5.00%-7.00%	15,350	15,350
Series F, 1992, due through 2016	5.50%-6.25%	87,315	88,480
Series G, 1993, due through 2021	4.60%-5.50%	201,245	212,475
Series H, 1996, due through 2026	4.20%-5.75%	90,895	96,540
Series I, 1998, due through 2028	4.00%-5.25%	305,425	305,650
 Ohio Water Development Authority Loan, payable semi-annually through 2000	 9.47%		 302
		\$ 713,135	\$ 731,702
Less:			
Unamortized loss on debt refunding		(28,504)	(30,475)
Unamortized discount		(4,768)	(5,260)
Current portion		(20,605)	(18,567)
Total Long-Term Debt		\$ 659,258	\$ 677,400

Minimum principal and interest payments on long-term debt for the next five years and thereafter are as follows:

	Principal	Interest	Total
	<i>(in thousands of dollars)</i>		
2001	\$ 20,605	\$ 37,984	\$ 58,589
2002	21,910	36,840	58,750
2003	23,310	35,592	58,902
2004	24,600	34,258	58,858
2005	26,025	32,835	58,860
Thereafter	596,685	290,167	886,852
	\$ 713,135	\$ 467,676	\$ 1,180,811

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

NOTE B-LONG-TERM DEBT-Continued

Defeasance of Mortgage Revenue Bonds: In prior years, the Division defeased certain Mortgage Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Division's financial statements. The aggregate amount of defeased debt outstanding at December 31, 2000 and 1999 is as follows:

<u>Bond Issue</u>	<u>Amount</u> <i>(in thousands of dollars)</i>
Series F, 1992	\$180,120
Series H, 1996	\$102,340

Mortgage revenue bonds are payable from the revenues derived from operations of the waterworks system, after the payment of all operating and maintenance expenses (net revenues). The bonds are collateralized by a pledge of and lien on such net revenues plus a first mortgage lien upon all property of the waterworks system, including any improvements, additions, replacements and extensions thereto.

The Division's indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for fees to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal and maintenance of properties in good condition.

The indenture requires that at all times the Division will charge rates and fees for the products and services of the waterworks system, so that revenues will be at least sufficient to provide funds for the payment in each year of the necessary operating and maintenance expenses of the waterworks system and the greater of (1) an amount equal to 1.25 times the payments of principal, premium, if any, and interest on the revenue bonds then outstanding due in that year or (2) an amount sufficient to maintain the required balances in all funds and accounts created under the mortgage.

During 1999, contrary to the above covenants, funds from the Division of Water "Water Improvement Fund" were placed into the General Fund. During 2000, the City repaid the Water Improvement Fund the amount placed in the General Fund and the interest that would have been earned in the Water Improvement Fund.

The indenture establishes the following fund accounts for the application of revenues:

Revenue Fund: All revenues will be deposited into this fund and will be used for payment of current operating expenses and deposits into other funds. On the 25th day of each month, an amount equal to one-sixth of the operating expenses, before depreciation, for the preceding fiscal year must be maintained in this fund.

Debt Service Fund: Deposits will be made from the revenue fund to cover succeeding principal and interest payments as they become due on the mortgage revenue bonds.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

NOTE B-LONG-TERM DEBT-Continued

Debt Service Reserve Fund: Deposits will be made to this fund if the amount in the debt service fund at any time is less than the debt service reserve requirement. Amounts in the fund were deposited from the proceeds of the mortgage revenue bonds and represent the maximum annual debt service requirement of these bonds.

Contingency Fund: The balance in this fund must be maintained at \$3,500,000.

Construction Fund: Proceeds from the mortgage revenue bonds were deposited into this fund to be used, along with earnings from investments of amounts held therein, for the payment of capital costs. As of December 31, 2000 and 1999, the Division had \$158,138,000 and \$168,729,000 of outstanding commitments for future construction costs which will be funded by available bond proceeds and operating revenues. Capital costs include all costs of additions, extensions, renewals, replacements, alterations, betterments and any other capital improvements to the waterworks system. Amounts held in this fund are subject to a lien in favor of bondholders and may be used to pay principal of outstanding mortgage revenue bonds to the extent that amounts in all other funds are insufficient. No payment need be made into a fund if the amounts in such fund are equal to the required fund balance, if any.

Amounts held in any fund may be invested by the City Treasurer or the Trustee in permitted investments, however, the use of funds is limited by the bond indenture and, accordingly, are classified as restricted assets in the accompanying financial statements.

NOTE C-EMPLOYEES' RETIREMENT PLAN

All full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Division's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$6,104,000, \$5,851,000, and \$6,001,000, respectively. The full amount has been contributed for 2000, 1999, and 1998.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

NOTE D-OTHER POST EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employee) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The number of active contributing participants was 401,339. The Division's actual contributions for 2000 and 1999 which were used to fund postemployment benefits were \$1,937,000 and \$1,814,000. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

NOTE E-CONTINGENT LIABILITIES

Various claims are pending against the City involving the Division for personal injuries, property damage and other matters. The City is responsible for the suits. In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

NOTE F-RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides water services to the City of Cleveland, including its various departments and divisions. Standard consumption rates are charged, except for the Division of Fire, public buildings and certain other facilities owned by the City of Cleveland, which by ordinance are provided free water services.

The Division performs billing and collection services for the Division of Water Pollution Control for a fee. This fee is based on the number of billings made on behalf of that division during the year at the same rates as charged to other users of the billing system. Revenue realized from the Division of Water Pollution Control for such services was approximately \$2,180,000 and \$2,202,000 in 2000 and 1999, respectively. The Division also provides miscellaneous services to other departments and divisions of the City. Revenue realized from such services was approximately \$1,610,000 and \$2,307,000 in 2000 and 1999, respectively.

Operating Expenses: The Division is provided various intra-city services. Charges are based on actual use or on a reasonable pro rata basis. The more significant costs for the years ended December 31 were as follows:

	2000	1999
	<i>(in thousands of dollars)</i>	
Electricity purchases	\$ 11,158	\$ 12,091
Street construction and maintenance	953	818
City administration	1,600	1,544
Motor vehicle maintenance	1,813	1,854
Telephone exchange	393	343
Utilities Administration and Fiscal Control	1,498	1,124

NOTE G-CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately \$3,295,000 and \$3,748,000 for the years ended December 31, 2000 and 1999, respectively.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

NOTE H-DEPOSITS AND INVESTMENTS

Deposits: The Division's carrying amount of deposits at years ended December 31, 2000 and December 31, 1999 totaled \$52,106,000 and \$8,918,000 and the Division's bank balances were \$57,178,000 and \$57,039,000. Based on the criteria described in GASB Statement No.3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," \$115,000 and \$221,000 of these amounts were insured or collateralized with securities held by the City or by its agent in the City's name, and \$55,789,000 (for both 2000 and 1999) was invested in Bank Investment Contracts secured by repurchase agreements of government securities held as collateral by the City's trustee in the name of the trustee. The remaining balances of \$1,274,000 and \$1,029,000 were secured by a collateral pool held at the Federal Reserve Bank in the name of the respective depository bank which pledges a pool of collateral against all public deposits it holds.

Investments: The City's investment policies are governed by state statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State obligations; certificates of deposit; U.S. Government Money Market Mutual Funds; State Treasury Asset Reserve Fund (Star Ohio), guaranteed investment contracts and repurchase transactions. Such repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained. Under City policy, investments are limited to repurchase agreements, U.S. Government securities, certificates of deposit, investments in certain money market mutual funds, and State Treasury Asset Reserve Fund (Star Ohio). Generally, investments are recorded in segregated accounts by way of book entry through the bank's commercial or trust department and are kept at the Federal Reserve Bank in the depository institution's separate custodial account for the City, apart from the assets of the depository institution. Ohio statute prohibits the use of Reverse Repurchase Agreements.

Investment securities are exposed to various risks such as interest rate, market and credit. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect portfolio value.

GASB statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements", requires the City to categorize its investments into one of three categories:

Category 1: includes insured or registered, or securities held by the City or its agent in the City's name.

Category 2: includes uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3: includes uninsured and unregistered, with securities held by the counter party, or its trust department or agent but not in the City's name.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

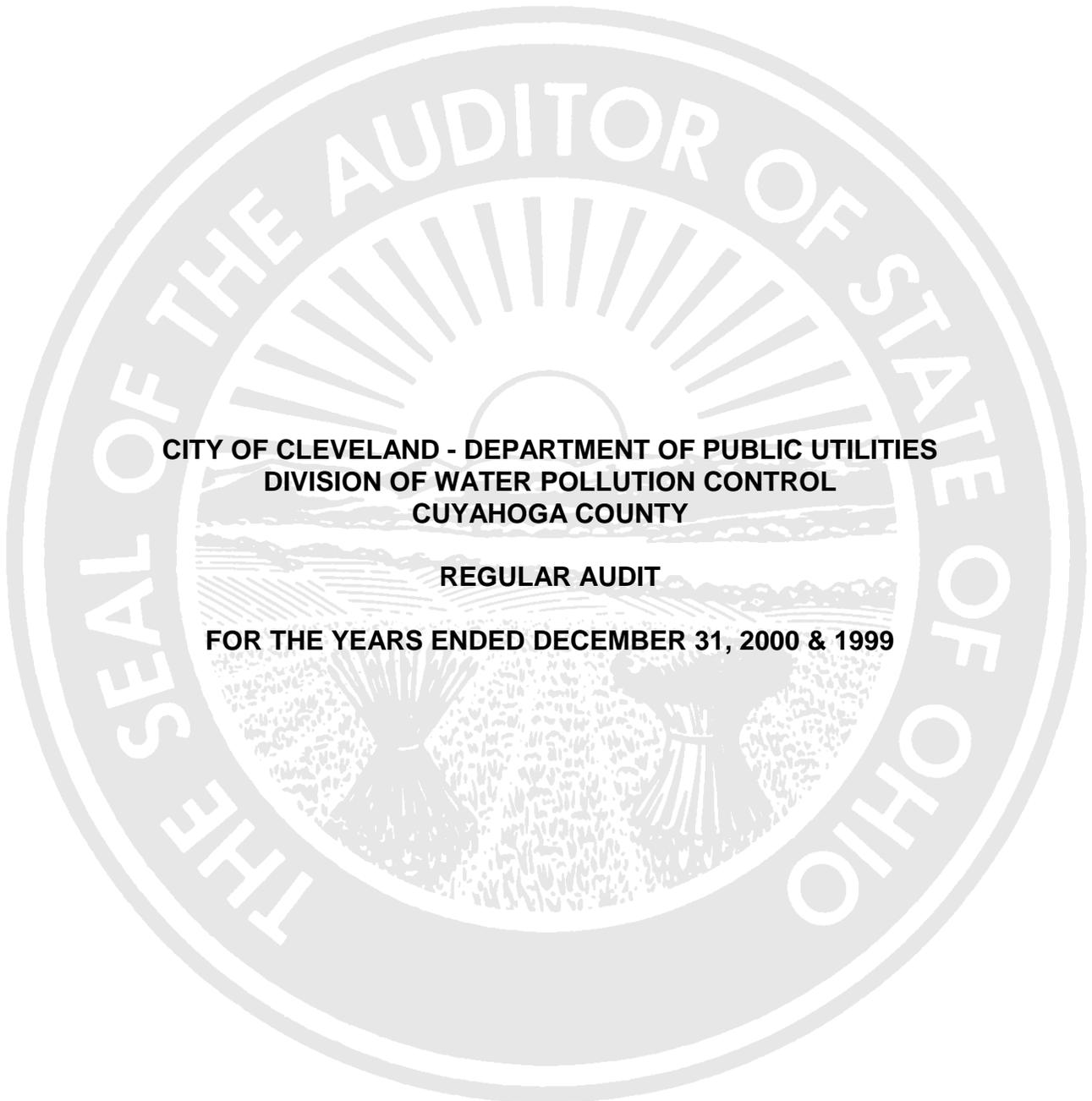
NOTE H - DEPOSITS AND INVESTMENTS - Continued

The categorized investments shown in the following table include those which are classified as cash and cash equivalents in the balance sheet in accordance with the provisions of GASB Statement No. 9:

Type of Investment	Category	2000	2000	1999	1999
		Fair Value	Cost	Fair Value	Cost
<i>(in thousands of dollars)</i>					
U.S. Agency Securities	1	\$ 164,640	\$ 164,118	\$ 139,791	\$ 140,878
U.S. Government Bonds	2	13,179	12,899	13,139	12,899
U.S. Government T-Bills	2	6,754	6,691	6,695	6,691
Repurchase Agreements	3	40,718	40,718	38,586	38,586
State Treasury Asset					
Reserve Fund (Star Ohio)	n/a	3,910	3,910	27,727	27,727
Investment in Mutual Funds	n/a	21,640	21,640	26,242	26,242
Guaranteed Investment Contract	n/a	163,744	163,744	195,540	195,540
Total Investments		414,585	413,720	447,720	448,563
Total Deposits		52,106	52,106	8,918	8,918
Total Deposits and Investments		<u>\$ 466,691</u>	<u>\$ 465,826</u>	<u>\$ 456,638</u>	<u>\$ 457,481</u>

Certain investments included above are classified as cash and cash equivalents in the accompanying balance sheets since they have a maturity of three months or less.

Star Ohio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. Star Ohio investments, guaranteed investment contracts and investments in mutual funds are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No.3.



**CITY OF CLEVELAND - DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF CLEVELAND - DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
CUYAHOGA COUNTY**

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

Division of Water Pollution Control
Department of Public Utilities
City of Cleveland
Cuyahoga County
601 Lakeside Ave.
Cleveland, Ohio 44114

To the Honorable Michael R. White, Mayor,
Members of Council and the Audit Committee:

We have audited the accompanying financial statements of the Division of Water Pollution Control, Department of Public Utilities, City of Cleveland, Ohio as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Division of Water Pollution Control's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Division of Water Pollution Control, Department of Public Utilities, City of Cleveland, Ohio as of and for the year ended December 31, 1999 were audited by other auditors whose report dated July 27, 2000, expressed an unqualified opinion on those statements.

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

As discussed in Note A, the financial statements present only the Division of Water Pollution Control and are not intended to present fairly the financial position of the City of Cleveland and the results of the City of Cleveland's operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2000 financial statements referred to above present fairly, in all material respects, the financial position of the Division of Water Pollution Control, as of December 31, 2000, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Jim Petro
Auditor of State

June 29, 2001

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CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
BALANCE SHEETS
December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	December 31,	
	2000	1999
ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Land	\$ 297	\$ 297
Utility plant in service	106,323	105,049
Furniture, fixtures and equipment	107	107
	106,727	105,453
Less: accumulated depreciation	45,522	42,295
	61,205	63,158
Construction in progress	484	401
PROPERTY, PLANT AND EQUIPMENT, NET	61,689	63,559
RESTRICTED ASSETS		
Cash and cash equivalents		5
TOTAL RESTRICTED ASSETS		5
CURRENT ASSETS		
Cash and cash equivalents	14,048	7,756
Investments at fair value	20,239	21,666
Accounts Receivable- Net of Allowance for Doubtful Accounts of \$574 in 2000 and \$221 in 1999	32,938	29,624
Unbilled revenue	2,161	2,392
Due from other City of Cleveland departments, divisions or funds	957	1,086
Accrued interest receivable	274	327
Materials and supplies-at average cost	233	301
TOTAL CURRENT ASSETS	70,850	63,152
TOTAL ASSETS	\$ 132,539	\$ 126,716

		<i>(in thousands of dollars)</i>	
		December 31,	
		2000	1999
EQUITY AND LIABILITIES			
EQUITY			
Contributions in aid of construction		\$ 40,154	\$ 39,885
Contributed capital		3,445	3,444
Retained earnings		37,004	34,274
	TOTAL EQUITY	<u>80,603</u>	<u>77,603</u>
LIABILITIES			
	LONG TERM DEBT-excluding amounts due within one year	6,866	7,412
	PAYABLE FROM RESTRICTED ASSETS	324	491
CURRENT LIABILITIES			
	Current portion of long-term debt	546	461
	Accounts payable		141
	Amounts due for billings on behalf of others	38,432	36,142
	Due to other City of Cleveland departments, divisions or funds	4,177	3,555
	Accrued expenses	65	64
	Accrued wages and benefits	1,526	847
	TOTAL CURRENT LIABILITIES	<u>44,746</u>	<u>41,210</u>
	TOTAL LIABILITIES	<u>51,936</u>	<u>49,113</u>
	TOTAL EQUITY AND LIABILITIES	<u>\$ 132,539</u>	<u>\$ 126,716</u>

See notes to financial statements.

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CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
OPERATING REVENUES	\$ 18,235	\$ 18,815
OPERATING EXPENSES		
Operations	6,486	6,003
Maintenance	7,043	6,928
Depreciation	3,905	3,387
TOTAL OPERATING EXPENSES	<u>17,434</u>	<u>16,318</u>
OPERATING INCOME	801	2,497
OTHER INCOME (EXPENSES)		
Interest income	2,217	1,272
Interest expense	(288)	(366)
TOTAL OTHER INCOME (EXPENSES), NET	<u>1,929</u>	<u>906</u>
NET INCOME	2,730	3,403
RETAINED EARNINGS, beginning of year	34,274	30,871
RETAINED EARNINGS, end of year	<u>\$ 37,004</u>	<u>\$ 34,274</u>

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2000 and 1999

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 18,091	\$ 18,338
Cash payments to suppliers for goods or services	(6,168)	(7,112)
Cash payments to employees for services	(6,652)	(6,385)
NET CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES	5,271	4,841
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Agency activity on behalf of other sewer authorities, net		771
NET CASH PROVIDED BY (USED FOR)		
NON-CAPITAL FINANCING ACTIVITIES		771
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,487)	(3,419)
Principal paid on long-term debt	(461)	(484)
Proceeds from water pollution control loan		14
Interest paid on long-term debt	(288)	(366)
Capital grant (uses) proceeds		580
NET CASH PROVIDED BY (USED FOR) CAPITAL		
AND RELATED FINANCING ACTIVITIES	(2,236)	(3,675)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(4,498)	(14,770)
Proceeds from sale and maturity of investment securities	6,249	10,486
Interest received on investments	1,501	1,105
NET CASH PROVIDED BY (USED FOR)		
INVESTING ACTIVITIES	3,252	(3,179)
NET INCREASE (DECREASE)		
IN CASH AND CASH EQUIVALENTS		
	6,287	(1,242)
Cash and cash equivalents, beginning of year	7,761	9,003
Cash and cash equivalents, end of year	\$ 14,048	\$ 7,761
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY		
Fixed assets acquired by capital contribution		269

(in thousands of dollars)
For the
Years Ended December 31,
2000 1999

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

OPERATING INCOME	\$	801	\$	2,497
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		3,905		3,387
Change in assets and liabilities:				
Accounts receivable, net		(3,314)		29
Unbilled revenue		231		(477)
Due from other City of Cleveland departments, divisions or funds		129		(249)
Materials and supplies		68		(95)
Accounts payable		(141)		(759)
Amounts due for billings on behalf of others		2,290		
Due to other City of Cleveland departments, divisions or funds		622		1,008
Accrued expenses		1		9
Accrued wages and benefits		679		(509)
TOTAL ADJUSTMENTS		<u>4,470</u>		<u>2,344</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$	5,271	\$	4,841

See notes to financial statements.

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CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2000 and 1999

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Water Pollution Control (“Division”) is reported as an enterprise fund of the City of Cleveland’s Department of Public Utilities and is a part of the City of Cleveland’s (“City”) primary government. The Division was created for the purpose of providing sewage services to customers and to maintain the local sewer system of the City of Cleveland. The following is a summary of the more significant accounting policies.

Revenue: Revenues are derived primarily from sales of sewage services to residential, commercial and industrial customers based upon actual water consumption. Sewage rates are authorized by City Council and billings are made on a cycle basis. Estimates for services between the ends of the various cycles and the end of the year are recorded as unbilled revenue.

The Division of Water provides billing and collection services for sewage fees and assessments charged by the Division of Water Pollution Control and other municipalities. The accounts receivable from users, cash received in payment thereof and the liability for amounts billed on behalf of these systems, but not remitted, are included in the accounts of the Division. Cash and investments collected and due to other municipalities included in the accompanying balance sheets total \$11,814,000 and \$10,117,000 at December 31, 2000 and 1999, respectively.

Basis of Accounting: The Division’s financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized as incurred. Under GASB Statement No. 20, “Accounting and Financial Reporting for Proprietary Activities”, all Proprietary Funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, Proprietary Funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB pronouncements). The City has chosen not to apply future FASB standards.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the Governmental Accounting Standards Board (GASB) Statement No. 9, “Reporting Cash Flows of proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing, and investing activities.

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand and cash deposits maintained by the City Treasurer on behalf of the Division. Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased and include certificates of deposits, U.S. Treasury bills, Star Ohio (See Note H) and repurchase agreements. The City’s policy is to enter into repurchase agreements with local commercial banks and to obtain confirmation of securities pledged.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER POLLUTION CONTROL

NOTES TO FINANCIAL STATEMENTS-Continued

For the Years Ended December 31, 2000 and 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

Investments: The Division follows the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," which requires governmental entities to report certain investments at fair value in the balance sheet and recognized the corresponding change in the fair value of investments in the year in which the change occurred. Investment fair values at year-end are based on market quotes, where available.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000 and 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2000 and 1999.

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of debt are classified as restricted assets since their use is limited by the loan agreements.

Fixed Assets and Depreciation: Property, plant and equipment is stated on the basis of historical cost, or if contributed, at fair market value at the date received. Depreciation for the Proprietary Fund types is determined by allocating the cost of fixed assets over the estimated useful lives of the assets using the straight-line method. A fixed asset is defined as a tangible item with a useful life of five years or more and a value equal to or greater than \$5,000, with the exception of computer equipment and software which have a value equal to or greater than \$1,500. When property is disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

- Utility plant in service. 6 to 100 years
- Buildings, structures and improvements. 10 to 65 years
- Furniture, fixtures and equipment.5 to 33 years

Contributed Capital: Contributed capital represents contributions from the City of Cleveland which are not subject to mandatory repayment.

Contributions in Aid of Construction: Contributions in aid of construction represent federal and other grants which are not subject to repayment. The Division participates in the State Issue 2 program and the Local Transportation Improvement Program. Through these programs, the State of Ohio ("State") provides financial assistance to the Division for its storm water detention facilities. The Ohio Public Works Commission ("OPWC") is the State agency which oversees the allocation of State bond proceeds and tax revenue to selected projects which have met funding requirements. Upon approval by the OPWC, the Division and the State create project agreements establishing each entity's financial contribution toward each project. As of December 31, 2000 and 1999 the State funded \$6,098,000 and \$5,820,000 respectively, for storm water detention facilities.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE B-LONG-TERM DEBT

Long-term debt outstanding at December 31 is as follows:

	<u>Interest Rate</u>	<u>Outstanding Principal Amount</u>	
		<u>2000</u>	<u>1999</u>
<i>(in thousands of dollars)</i>			
Ohio Water Development Authority Construction Loans due in annual installments of \$282,000 including interest, through 2003	5.25%-6.25%	\$ 634	\$ 863
Water Pollution Control loans - due in annual installments of \$295,000 to \$521,000 including interest, through 2017	4.04%-4.18%	6,778	7,010
Less:		7,412	7,873
Current portion		(546)	(461)
Total Long-Term Debt		<u>\$ 6,866</u>	<u>\$ 7,412</u>

Minimum principal and interest payments on long-term debt for the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>(in thousands of dollars)</i>			
2001	\$ 546	\$ 315	\$ 861
2002	578	287	865
2003	467	257	724
2004	347	236	583
2005	362	221	583
Thereafter	5,112	1,297	6,409
	<u>\$ 7,412</u>	<u>\$ 2,613</u>	<u>\$ 10,025</u>

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE B-LONG TERM DEBT-Continued

The Ohio Water Department Authority Construction Loans are payable from the revenues derived from operations of the Water Pollution Control system.

Water Pollution Control Loans: Under Title VI of the Clean Water Act, Congress created the State Revolving Fund (SRF). The SRF program provides federal capitalization grants to states, that along with 20% state matching funds, are used to capitalize state level revolving loan funds. Besides the traditional types of municipal wastewater treatment projects, Congress expanded the potential use of SRF funds to include correction of combined sewer overflows, major sewer rehabilitation and new collector sewers.

In Ohio, this SRF program is known as the Water Pollution Control Loan Fund and is jointly administered by the Ohio EPA and the Ohio Water Development Authority. Principal balances on loans increase as project costs are incurred. Interest accrues on principal amounts outstanding during the construction period and is combined with the principal balance upon completion of the project. The repayment period for each loan commences no later than the 1st January or July following the expected completion date of the project to which it relates utilizing an estimate of total eligible project costs as the preliminary loan amount. Construction loans and design loans are to be repaid in semi-annual payments of principal and interest over a period of twenty years and five years, respectively. The Division had seven SRF loan awards related to projects as of December 31, 2000 and 1999.

NOTE C-EMPLOYEES' RETIREMENT PLAN

All full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Division's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$724,000, \$637,000, and \$657,000, respectively. The full amount has been contributed for 2000, 1999, and 1998.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE D-OTHER POST EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employers's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employee) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The number of active contributing participants was 401,339. The Division's actual contributions for 2000 and 1999 which were used to fund postemployment benefits were \$230,000 and \$190,000. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

NOTE E-CONTINGENT LIABILITIES

Various claims are pending against the City involving the Division for personal injuries, property damage and other matters. The City is responsible for the suits. In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

The Division received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Division. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the Division at December 31, 2000.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE F - RELATED PARTY TRANSACTIONS

The Division provides sewage service to the City of Cleveland, including its various departments and divisions. All non self-support municipal functions of the City are provided free sewage service.

The Division of Water performs billing and collection services for the Division. The fee for these services was based on the number of billings made on behalf of the Division during the year at the same rates as charged to other users of the billing system. In 2000 and 1999, the expense of the billing services was approximately \$2,180,000 and \$2,202,000, respectively.

The Division is provided various other intra-city services. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs, included in the statements of income, for the years ended December 31 were as follows:

	2000	1999
	<i>(in thousands of dollars)</i>	
Employee and other services provided by the Division of Water	\$ 312	\$ 290
City administration	120	371
Motor vehicle maintenance	331	294
Street maintenance	211	384
Electricity	148	141
Utilities Administration and Fiscal Control	174	169

NOTE G-CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. For the year ended December 31, 2000 and 1999, the estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately \$14,200 and \$16,000, respectively.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE H-DEPOSITS AND INVESTMENTS

Deposits: The Division's carrying amount of deposits at years ended December 31, 2000 and December 31, 1999 totaled \$1,186,000 and \$1,502,000 and the Division's bank balances were \$2,700,000 and \$1,368,000. These amounts were insured or collateralized with securities held by the City or by its agent in the City's name.

Investments: The City's investment policies are governed by state statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State obligations; certificates of deposit; U.S. Government Money Market Mutual Funds; State Treasury Asset Reserve Fund (Star Ohio), guaranteed investment contracts and repurchase transactions. Such repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained. Under City policy, investments are limited to repurchase agreements, U.S. Government securities, certificates of deposit, investments in certain money market mutual funds, and State Treasury Asset Reserve Fund (Star Ohio). Generally, investments are recorded in segregated accounts by way of book entry through the bank's commercial or trust department and are kept at the Federal Reserve Bank in the depository institution's separate custodial account for the City, apart from the assets of the depository institution. Ohio statute prohibits the use of Reverse Repurchase Agreements.

Investment securities are exposed to various risks such as interest rate, market and credit. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect portfolio value.

GASB statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements", requires the City to categorize its investments into one of three categories:

Category 1: includes insured or registered, or securities held by the City or its agent in the City's name.

Category 2: includes uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3: includes uninsured and unregistered, with securities held by the counter party, or its trust department or agent but not in the City's name.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2000 and 1999

NOTE H - DEPOSITS AND INVESTMENTS - Continued

The categorized investments shown in the following table include those which are classified as cash and cash equivalents in the balance sheet in accordance with the provisions of GASB Statement No. 9:

Type of Investment	Category	2000 Fair Value	2000 Cost	1999 Fair Value	1999 Cost
U.S. Agency Obligations	1	\$ 20,239	\$ 20,202	\$ 22,452	\$ 22,739
State Treasury Asset Reserve Fund (Star Ohio)	n/a	12,862	12,862	5,473	5,473
Total Investments		33,101	33,064	27,925	28,212
Total Deposits		1,186	1,186	1,502	1,502
Total Deposits and Investments		<u>\$ 34,287</u>	<u>\$ 34,250</u>	<u>\$ 29,427</u>	<u>\$ 29,714</u>

Certain investments included above are classified as cash and cash equivalents in the accompanying balance sheets since they have a maturity of three months or less.

Star Ohio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. Star Ohio investments are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

CITY OF CLEVELAND

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 28, 2001**