

# ***Cuyahoga County, Ohio***

*Single Audit Report  
for the Year Ended December 31, 2005  
(REVISED)*





Mary Taylor, CPA  
Auditor of State

Honorable County Auditor,  
County Treasurer, and the  
Board of Commissioners  
Cuyahoga County  
1219 Ontario Street  
Cleveland, Ohio 44113-1657

We have reviewed the *Independent Auditors' Report* of Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

March 9, 2007

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# CUYAHOGA COUNTY, OHIO

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NOTE: "AS REVISED" indicates the reports and schedules that have been revised to incorporate the effects of comments received from the Auditor of the State of Ohio in their letter dated October 11, 2006.

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

The Schedule of Findings and Questioned Costs previously issued by Cuyahoga County, Ohio (the “County”) for the year ended December 31, 2005, excluded the identification of the Help America Vote grant, CFDA #90.401, as a major federal award program.

Accordingly, the accompanying of Schedule of Findings and Questioned Costs has been restated to include the Help America Vote grant, CFDA #90.401, as a major federal award program during the year ended December 31, 2005.

In addition, certain of our reports have been revised as a result of the exclusion the identification of the Help America Vote grant, CFDA #90.401, as a major federal award program.

A summary of the revisions is as follows:

#### Independent Auditors’ Report

- Dual dated with respect to the Help America Vote grant, CFDA #90.401.

#### Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

- Dual dated with respect to the Help America Vote grant, CFDA #90.401.

#### Independent Auditors’ Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Award Program

- Dual dated with respect to the Help America Vote grant, CFDA #90.401.

In addition, the accompanying Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards has been revised to incorporate the effects of comments received from the Auditor of the State of Ohio in their letter dated October 11, 2006 to Deloitte & Touche LLP. A summary of the revisions is as follows:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

- The first sentence of the report was modified to reflect the opinion units that have been reported on.
- The Compliance and Other Matters section of the report was modified to delete the reference to finding 2005-1 and to state that the results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

*Deloitte & Touche LLP*

February 28, 2007



**FRANK RUSSO**  
CUYAHOGA COUNTY AUDITOR

August 14, 2006

Dear Users of the County's Basic Financial Statements:

The accompanying basic financial statements of the County as of and for the year ended December 31, 2005 include the financial statements and notes required under accounting principles generally accepted in the United States of America that are essential to fair presentation of the County's financial position and results of operations and the cash flows of the County's proprietary fund types. Additional information regarding the County's financial activities for 2005 is available in the County's separately issued Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2005. Copies of the CAFR can be obtained from the Auditor of State website at <http://www.auditor.state.oh.us/AuditSearch/Search.aspx> or by contacting me at:

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

Telephone: (216) 443-7022

Sincerely,

A handwritten signature in blue ink, appearing to read 'S. Letsky', written over a horizontal line.

Steven C. Letsky, CPA  
Director of Accounting

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Cuyahoga, Ohio (the "County") as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on the financial statements based on our audit. We did not audit the financial statements of the MetroHealth Foundation, Inc. (the "Foundation"), which represents 3% of the assets, 8% of the net assets, and 8% of the change in net assets of the discretely presented component unit, The MetroHealth System. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, such financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2005, and the respective changes in financial position and respective cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Human Services Fund, Health and Human Services Levies Fund, County Board of Mental Retardation Fund, and Health and Community Services Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note B to the financial statements, the MetroHealth System changed its method of accounting for conditional asset retirement obligations in 2005.

The management's discussion and analysis on pages 5 through 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the County's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the County's financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This schedule is the responsibility of management of the County. Such schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2006, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Deloitte & Touche LLP*

June 9, 2006

(February 28, 2007 as to the Help America Vote grant, CFDA #90.401)

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## Management's Discussion and Analysis

As management of Cuyahoga County, we offer readers of Cuyahoga County's financial statements this narrative overview and analysis of the financial activities of Cuyahoga County for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letters of transmittal, which can be found on pages iv-xii of this report.

### Financial Highlights

- The assets of Cuyahoga County exceeded its liabilities at the close of the most recent fiscal year by \$739.1 million (*net assets*).
- The government's total net assets increased by \$101.2 million.
- As of the close of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$403.3 million, an increase of \$39.2 million in comparison with the prior year. Approximately 85% of this total amount, \$342.4 million, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$134 million, or 43.1% of total general fund expenditures.
- Additions to Cuyahoga County's total debt were \$81.7 million during the current fiscal year. Reductions in debt during 2005 amounted to \$103 million for a net decrease of \$21.3 million. The County replaced existing debt (bond anticipation note) with new debt (sewer bond) and refinanced (advance refunded) existing debt.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 – 70 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information*. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented in the other supplementary information. Combining and individual fund statements and schedules can be found on pages 72 – 112 of this report.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cuyahoga County, assets exceeded liabilities by \$739.1 million at the close of the most recent fiscal year. This is the fourth year for Cuyahoga County in implementing Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis (MD&A) section.

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets.....	\$ 908,644	\$ 841,777	\$ 11,782	\$ 13,898	\$ 920,426	\$ 855,675
Capital assets.....	<u>634,954</u>	<u>619,334</u>	<u>50,065</u>	<u>44,165</u>	<u>685,019</u>	<u>663,499</u>
Total assets.....	1,543,598	1,461,111	61,847	58,063	1,605,445	1,519,174
Long-term liabilities outstanding....	430,594	464,502	12,199	14,380	442,793	478,882
Other liabilities.....	<u>422,578</u>	<u>400,964</u>	<u>946</u>	<u>1,364</u>	<u>423,524</u>	<u>402,328</u>
Total liabilities.....	853,172	865,466	13,145	15,744	866,317	881,210
Net assets:						
Invested in capital assets, net of related debt .....	386,234	350,959	38,866	31,236	425,100	382,195
Restricted .....	35,678	38,995			35,678	38,995
Unrestricted.....	<u>268,514</u>	<u>205,691</u>	<u>9,836</u>	<u>11,083</u>	<u>278,350</u>	<u>216,774</u>
Total net assets.....	\$ <u>690,426</u>	\$ <u>595,645</u>	\$ <u>48,702</u>	\$ <u>42,319</u>	\$ <u>739,128</u>	\$ <u>637,964</u>

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

By far the largest portion of Cuyahoga County's net assets (57.5%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. Cuyahoga County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Cuyahoga County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Cuyahoga County's net assets, restricted net assets (4.8%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$278.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Current and other assets increased due primarily to the growth in cash balances of the general fund, health and human services levies fund, county board of mental retardation fund and health and community services fund amounting to \$12.9 million, \$23.3 million, \$30.9 million and \$22.1 million, respectively. The general fund increase was due to less money being needed to be transferred for

human services and capital projects subsidies and increased investment earnings. The replacement health and welfare levy passed in 2003 and commenced collection in 2004. This alleviated the general fund's obligation to fund human services. In 2004, the general fund supported various capital projects including the purchase of Whiskey Island for \$4 million which was not needed in 2005. The health and human services levy fund cash balance grew as a result of the State of Ohio changing its allocation method for Temporary Assistance for Needy Families (TANF) which alleviated some of the need in 2005 to subsidize the human services funds. The county board of mental retardation fund cash increase was due to settlement of prior year audits of the Community Alternative Funding System (CAFS) program amounting to \$13.8 million and three new programs including Developmental Disabilities Active Treatment. The health and community services fund cash balance increased due to additional subsidies not yet allocated to programs and decreases in spending for children in foster care placement as more children were adopted. Some of the cash increases were offset by the large draw down of funds in the capital projects funds primarily due to the purchase of the new County Administration building and parking garage amounting to \$24.4 million.

Other liabilities increased due primarily to the higher volume in childcare services, new programs in human services for early start, the Tinker's Creek Project in community development beginning at the end of 2005 and Medicaid increases for the mental health board. The capital assets in the Business-type activities increased due to the purchase of a new county parking garage.

Overall, the net increase in capital assets of the governmental activities (exclusive of internal services funds) grew by \$17.3 million while net long-term debt (exclusive of internal services funds and inclusive of accrued interest payable and unamortized bond issuance costs) were reduced by \$38 million which accounted for a \$55.3 million increase in governmental activities net assets.

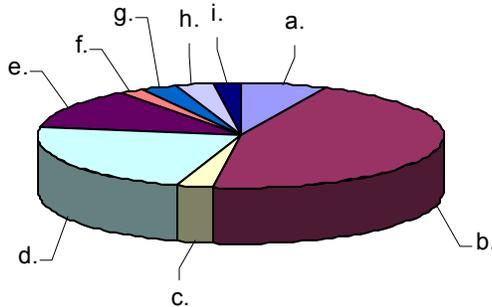
**CUYAHOGA COUNTY'S CHANGES IN NET ASSETS**  
(Year ended December 31; amounts in 000's)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services .....	\$ 96,837	\$ 98,354	\$ 16,977	\$ 15,468	\$ 113,814	\$ 113,822
Operating grants and contributions .....	622,402	578,794	308	145	622,710	578,939
Capital grants, contributions and interest ....	36,289	25,305	6,160		42,449	25,305
General revenues:						
Property taxes .....	313,675	315,172			313,675	315,172
Sales and other taxes .....	194,487	197,562			194,487	197,562
Grants and contributions not restricted to specific programs .....	41,838	41,982			41,838	41,982
Other .....	69,101	64,598	43	102	69,144	64,700
Total revenues .....	<u>1,374,629</u>	<u>1,321,767</u>	<u>23,488</u>	<u>15,715</u>	<u>1,398,117</u>	<u>1,337,482</u>
Expenses:						
General government .....	81,196	69,154			81,196	69,154
Judicial .....	297,292	292,417			297,292	292,417
Development.....	31,653	32,524			31,653	32,524
Social services .....	580,962	570,871			580,962	570,871
Health and safety .....	207,386	178,342			207,386	178,342
Public works .....	64,765	59,421			64,765	59,421
Interest .....	15,932	18,412			15,932	18,412
Sanitary Engineer.....			11,293	9,604	11,293	9,604
Airport .....			1,697	1,302	1,697	1,302
Huntington Park Garage .....			2,299	2,418	2,299	2,418
Cuyahoga County Information System.....			2,478	2,773	2,478	2,773
Total expenses.....	<u>1,279,186</u>	<u>1,221,141</u>	<u>17,767</u>	<u>16,097</u>	<u>1,296,953</u>	<u>1,237,238</u>
Increase (Decrease) in net assets before transfers .....	95,443	100,626	5,721	(382)	101,164	100,244
Transfers .....	(662)	(2,811)	662	2,811		
Change in net assets .....	94,781	97,815	6,383	2,429	101,164	100,244
Net assets – Beginning of year .....	595,645	497,830	42,319	39,890	637,964	537,720
Net assets – End of year.....	<u>\$ 690,426</u>	<u>\$ 595,645</u>	<u>\$ 48,702</u>	<u>\$ 42,319</u>	<u>\$ 739,128</u>	<u>\$ 637,964</u>

The County's revenues and expenses grew proportionately by \$60.6 million and \$59.7 million, respectively. The County's net assets increased by \$101.2 million. The State changed its methodology for computing the allocation of TANF dollars to counties, which resulted in an increase in allocations to the human services fund of approximately \$27 million. This resulted in the health and human services levy fund not needing to allocate a portion of its \$23.3 million balance. The money will be used for subsidies in future years. There was also an increase in the county board of mental retardation balance of \$28.9 million because of new federal programs amounting to \$8.9 million and an audit reconciliation settlement related to the CAFS program amounting to \$13.8 million. There were also new programs related to Early Childhood.

Overall, the purchase and construction of capital assets offset by the reduction of long-term debt accounted for a significant part of the change in net assets.

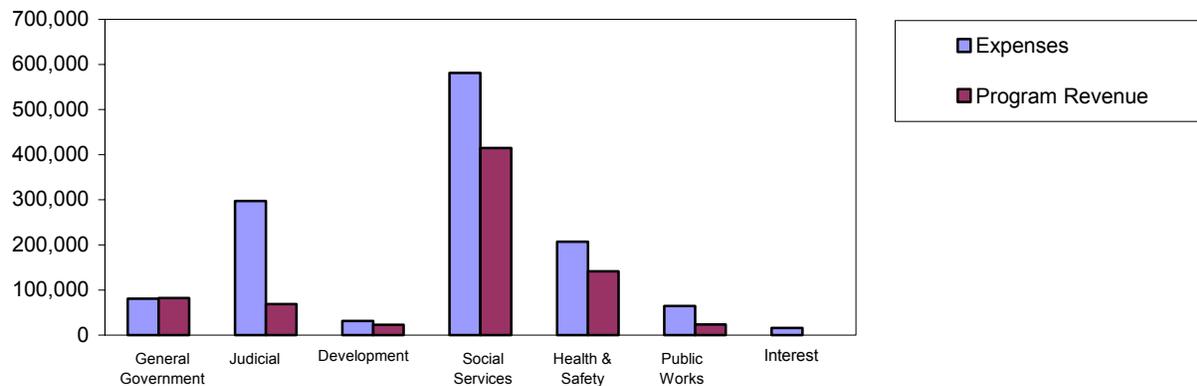
## Revenues by Source – Governmental Activities



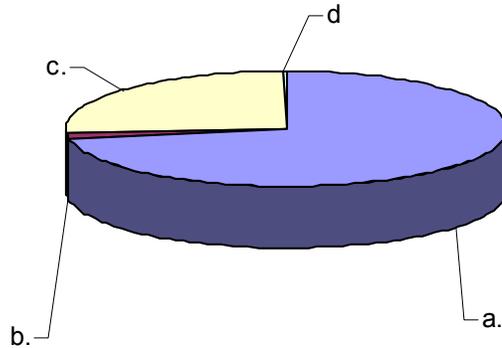
	(Amounts in 000's)	%
a. Charges for Services .....	\$ 96,837	7.0
b. Operating Grants and Contributions .....	622,402	45.3
c. Capital Grants, Contributions and Interest.....	36,289	2.6
d. Property Tax.....	313,675	22.8
e. Sales Tax .....	167,125	12.2
f. Other Tax .....	27,362	2.0
g. State Local Government.....	38,131	2.8
h. Grants and Contributions not restricted to specific programs.....	41,838	3.0
i. Other .....	30,970	2.3

## Expenses and Program Revenues – Governmental Activities

(Amounts in 000's)



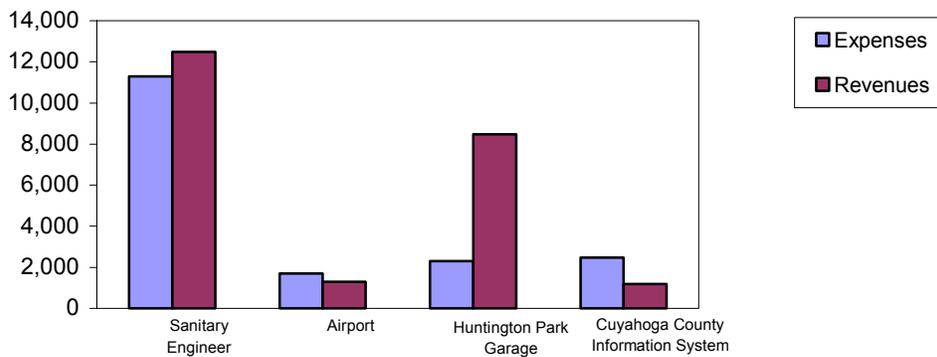
## Revenues by Source – Business-type Activities



	(Amounts in 000's)	%
a. Charges for Services .....	\$16,977	72.3
b. Operating Grants and Contributions .....	308	1.3
c. Capital Grants, Contributions and Interest .....	6,160	26.2
d. Other.....	43	.2

## Expenses and Program Revenues – Business-type Activities

(Amounts in 000's)



**Governmental activities.** Governmental activities increased Cuyahoga County's net assets by \$94.8 million. Key elements of this increase are as follows:

- The increase in the health and human services levy fund resulted from the State allocating additional TANF monies amounting to approximately \$27 million for human services which offset some of the planned subsidy payments. The balance in the health and human services levy fund will be drawn down in future years.
- The increase in the county board of mental retardation fund resulted primarily from new federal grant programs amounting to \$8.9 million and an increase in the CAFS program revenue of \$13.8 million due to an audit reconciliation in 2005 for 2004.
- Reductions of long-term debt of \$38 million while adding additional assets amounting to \$17.3 million grew net assets by \$55.3 million.

**Business-type activities.** Business-type activities increased Cuyahoga County's net assets by \$6.4 million. The key element of this increase is the purchase of a \$6 million Administration building parking garage which was purchased through a capital project fund to be financed by a future bond issue.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$403.3 million, an increase of \$39.2 million in comparison with the prior year. Approximately \$342.4 million constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) for restricted assets (\$25.8 million), (2) for loans (\$19.7 million) or (3) to pay debt service (\$15.4 million).

The general fund is the chief operating fund of Cuyahoga County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$134 million, while fund balance reached \$170.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 43.1% of total general fund expenditures, while total fund balance represents 54.7% of that same amount.

The fund balance of the Cuyahoga County's general fund, health and human services levy fund, county board of mental retardation fund and health and community services fund each increased by \$7.5 million, \$25.9 million, \$28.9 million and \$12.7 million, respectively. The capital projects fund had a decrease in fund balance of \$30.9 million. The key factors in these changes are as follows:

- The general fund increase of \$9 million in investment earnings due to rising interest rates and a higher average daily balance.

- The general fund subsidies decreased by \$37.6 million in 2005 due to increased subsidy to the human services funds from the health and human service levy fund instead of the general fund, a difference of \$22.3 million. There were also less subsidies needed for various capital projects.
- There was a \$7.3 million decrease in revenues for indirect costs due to a smoothing calculation for 2005 and a one time payment in 2004 of \$9.2 million for the settlement of a non-prosecution agreement in the general fund.
- The health and human services levy fund balance increased by \$25.9 million partially due to the increased amount of TANF allocation from the State for the human services fund. The remainder is due to planned future draw downs.
- The increase in the county board of mental retardation fund of \$28.9 million is due to an increase in other intergovernmental revenue for new federal grant programs along with the \$13.8 million audit reconciliation settlement.
- The \$12.7 million increase in health and community services was a result of a \$2.3 million increase to the alcohol and drug board for new programs and a \$7.8 million decrease in expenditures in children's services fund due to fewer children in foster care.
- The decrease of \$30.9 million in fund balance in the capital projects fund resulted from ongoing construction in various projects and the purchase of the new County administration building for \$24.4 million.

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

Unrestricted net assets of the sanitary engineer at the end of the year amounted to \$8.4 million and all others amounted to \$1.2 million. The total increase in net assets for the sanitary engineer was \$1.1 million and all others amounted to \$5.3 million. Other factors concerning the finances of these two funds have already been addressed in the discussion of Cuyahoga County's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were \$15.2 million and differences between the final amended budget and the actual expenditures were \$12.3 million. The variances can be briefly summarized as follows:

- The change in original versus final budget was a result of \$1.4 million increase in Board Care of Prisoners, an increase in Information Services Center charges amounting to \$4 million and additional personnel costs in Juvenile Court-Legal and Sheriff's office amounting to \$5 million.
- The operating transfers increases of \$6.5 million includes increases in subsidy payments for Certificate of Title Administration, County Planning Commission, CRIS and Youth Services and an increase of the subsidy for repayment of the assessment fund for Board of Revision. There was also an increase in the cash match for the Justice Affairs Department and the general fund support of the Geo Information systems.
- The positive variance in final budget versus actual expenditures was a result of not being required to use the amount reserved for the Gateway Bond Guarantee and to lower than anticipated claims for self-insurance, space maintenance charges being less than anticipated and the Veterans Services Commission not making anticipated expenditures.

## Capital Asset and Debt Administration

**Capital assets.** Cuyahoga County's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$685 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, utility plant, buildings structures and improvements, furniture, fixtures and equipment, vehicles, infrastructure and construction in progress. The net increase in Cuyahoga County's investment in capital assets for the current fiscal year was 3.2% (a 2.5% increase for governmental activities and a 13.4% increase for business-type activities).

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land .....	\$ 52,959	\$ 44,535	\$ 7,753	\$ 5,752	\$ 60,712	\$ 50,287
Land improvements.....	10,816	10,485	2,413	2,658	13,229	13,143
Utility plant .....			25,651	26,639	25,651	26,639
Buildings, structures and improvements.....	311,699	305,279	11,004	6,742	322,703	312,021
Furniture, fixtures and equipment .....	12,545	13,919	351	243	12,896	14,162
Vehicles .....	4,343	4,035	953	961	5,296	4,996
Infrastructure.....	191,138	199,601			191,138	199,601
Construction in progress .....	<u>51,454</u>	<u>41,480</u>	<u>1,940</u>	<u>1,170</u>	<u>53,394</u>	<u>42,650</u>
Total .....	\$ <u>634,954</u>	\$ <u>619,334</u>	\$ <u>50,065</u>	\$ <u>44,165</u>	\$ <u>685,019</u>	\$ <u>663,499</u>

The County was involved in a number of construction projects and purchases that resulted in the capitalization of various assets in 2005. Under construction was the Pleasant Valley Road bridge and Wolf Road bridge amounting to \$8.1 million and \$1.8 million respectively. Improvements to safety for the county courthouse amounting to \$1.8 million and the construction of a new youth intervention center amounting to \$2.8 million were some of the other larger projects. The County purchased the marina portion of Whiskey Island for \$2.3 million and a property that will be the future County administration building amounting to \$12.3 million for the building and \$6.1 million for the land.

The Business-type activities increases in capital assets were due primarily to the purchase of a new parking garage associated with the new County administration building and the land under the garage amounting to \$4.8 million and \$1.2 million, respectively. In addition, some land amounting to \$.8 million was purchased for use by the county airport.

Additional information on Cuyahoga County's capital assets can be found in Note E on pages 49 – 51 of this report.

**Long-term debt.** At the end of the current fiscal year, Cuyahoga County had total bonded debt outstanding of \$341.3 million. Of this amount, \$224.9 million comprises debt backed by the full faith and credit of the government and \$6.5 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of Cuyahoga County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and other debt such as loans and an installment purchase agreement financed by non-tax sources.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds .....	\$ 224,861	\$ 241,445	\$	\$	\$ 224,861	\$ 241,445
Special assessment debt with governmental commitment.....			6,505	2,250	6,505	2,250
Revenue bonds .....	109,950	113,735			109,950	113,735
Bond anticipation notes.....				5,950		5,950
Loans .....	5,752	3,054	4,694	4,729	10,446	7,783
Installment purchase agreements .	<u>7,881</u>	<u>9,808</u>			<u>7,881</u>	<u>9,808</u>
Total .....	\$ <u>348,444</u>	\$ <u>368,042</u>	\$ <u>11,199</u>	\$ <u>12,929</u>	\$ <u>359,643</u>	\$ <u>380,971</u>

Cuyahoga County's total debt decreased by \$21.3 million (5.6%) during the current fiscal year. The County refinanced some general obligation bonds and replaced its bond anticipation notes with sewer bonds. The reduction was primarily the result of paying down its debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue up to 1% of its total assessed valuation. The current debt limitation (voted and unvoted) for Cuyahoga County is \$571.8 million which is significantly in excess of Cuyahoga County's outstanding general obligation debt.

Additional information on Cuyahoga County's long-term debt can be found in Note F on pages 52 - 60 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Cuyahoga County is currently 6.1%, compared to 6.2% a year ago.
- The region's commercial real estate sales amounted to \$1.25 billion in 2005 which represented a 73% increase from the \$723 million in 2004. Northeast Ohio climbed to 44<sup>th</sup> position in the nation in dollar volume sales in 2005 up from 51<sup>st</sup> place in 2004.

- The 2001 recession and its aftermath caused Cuyahoga County to lose more jobs than any other county in the state from 2000 to 2005. Cuyahoga County lost almost 76,000 jobs, or approximately 37% of the overall jobs lost in Ohio.

Each of these factors were considered in preparing Cuyahoga County's budget for the 2005 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$9.1 million. Various factors including reduction in subsidies to human services and capital projects and growth in investment earnings contributed to this increase.

The County purchased a new administration building for \$24.4 million including a parking garage for future use after renovation. Various County department will be relocated to the new site. The County will issue debt to cover the purchase and renovation costs.

The County partially refunded some general obligation bonds, replaced its bond anticipation notes with a bond and paid down debt.

### **Request for Information**

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

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

	Primary Government			Component Unit MetroHealth System
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 344,819	\$ 9,534	\$ 354,353	\$ 4,381
Cash and investments-segregated accounts.....				233,196
Receivables:				
Taxes (net of allowance for uncollectibles).....	346,835		346,835	
Accounts (net of allowance for uncollectibles).....	608	282	890	53,331
Special assessments (net of allowance for uncollectibles).....		2,243	2,243	
Accrued interest .....	4,067		4,067	
Loans (net of allowance for uncollectibles).....	19,739		19,739	
Net receivables.....	371,249	2,525	373,774	53,331
Internal balances.....	718	(718)		
Due from other governments.....	155,607	399	156,006	
Inventory of supplies.....	43	16	59	5,891
Prepaid expenses and other receivables.....				21,870
Other assets.....	6,706	26	6,732	5,652
Restricted assets:				
Cash and investments.....	29,502		29,502	58,472
Capital assets (net of accumulated depreciation):				
Land.....	52,959	7,753	60,712	9,377
Land improvements.....	10,816	2,413	13,229	909
Utility plant.....		25,651	25,651	
Buildings, structures and improvements.....	311,699	11,004	322,703	189,922
Furniture, fixtures and equipment.....	12,545	351	12,896	42,910
Vehicles.....	4,343	953	5,296	6,179
Infrastructure.....	191,138		191,138	
Construction in progress.....	51,454	1,940	53,394	13,964
Net capital assets.....	634,954	50,065	685,019	263,261
<b>TOTAL ASSETS</b> .....	<b>1,543,598</b>	<b>61,847</b>	<b>1,605,445</b>	<b>646,054</b>
<b>LIABILITIES</b>				
Accounts payable.....	72,856	778	73,634	24,701
Unearned revenue.....	315,662		315,662	
Due to other governments.....	20,444	8	20,452	
Accrued wages and benefits.....	10,704	136	10,840	28,771
Matured bonds payable.....	14		14	
Other liabilities.....	800	24	824	10,957
Accrued interest payable.....	2,098		2,098	2,656
Noncurrent liabilities:				
Due within one year.....	44,756	1,204	45,960	45,746
Due in more than one year.....	385,838	10,995	396,833	292,843
<b>TOTAL LIABILITIES</b> .....	<b>853,172</b>	<b>13,145</b>	<b>866,317</b>	<b>405,674</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	386,234	38,866	425,100	68,571
Restricted for:				
Restricted assets-expendable.....	20,255		20,255	10,848
Restricted assets-nonexpendable.....				5,864
Debt service.....	15,423		15,423	36,359
Unrestricted.....	268,514	9,836	278,350	118,738
<b>TOTAL NET ASSETS</b> .....	<b>\$ 690,426</b>	<b>\$ 48,702</b>	<b>\$ 739,128</b>	<b>\$ 240,380</b>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>
<b>Primary Government:</b>		
Governmental activities:		
General government.....	\$ 81,196	\$ 67,738
Judicial.....	297,292	20,831
Development.....	31,653	204
Social services.....	580,962	4,160
Health and safety.....	207,386	1,688
Public works.....	64,765	2,216
Interest on long-term debt.....	15,932	
Total governmental activities.....	<u>1,279,186</u>	<u>96,837</u>
Business-type activities:		
Sanitary Engineer.....	11,293	12,480
Airport.....	1,697	945
Huntington Park Garage.....	2,299	2,368
Cuyahoga County Information System.....	2,478	1,184
Total business-type activities.....	<u>17,767</u>	<u>16,977</u>
Total primary government.....	<u>\$ 1,296,953</u>	<u>\$ 113,814</u>
Component unit:		
MetroHealth System.....	<u>\$ 592,080</u>	<u>\$ 523,950</u>

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

Net (Expense) Revenue and Changes in Net Assets					
Program Revenues		Primary Government			
Operating Grants and Contributions	Capital Grants, Contributions and Interest	Governmental Activities	Business- Type Activities	Totals	Component Unit MetroHealth System
\$ 18	\$ 14,598	\$ 1,158	\$	\$ 1,158	\$
48,358		(228,103)		(228,103)	
22,883		(8,566)		(8,566)	
410,817		(165,985)		(165,985)	
140,160		(65,538)		(65,538)	
166	21,691	(40,692)		(40,692)	
		(15,932)		(15,932)	
<u>622,402</u>	<u>36,289</u>	<u>(523,658)</u>		<u>(523,658)</u>	
			1,187	1,187	
308	43		(401)	(401)	
	6,117		6,186	6,186	
			(1,294)	(1,294)	
<u>308</u>	<u>6,160</u>		<u>5,678</u>	<u>5,678</u>	
\$ <u>622,710</u>	\$ <u>42,449</u>	<u>(523,658)</u>	<u>5,678</u>	<u>(517,980)</u>	
\$ <u>43,530</u>	\$ <u>712</u>				<u>(23,888)</u>
General Revenues:					
Taxes:					
Property.....		313,675		313,675	
Sales and use.....		167,125		167,125	
Other.....		27,362		27,362	
Unrestricted state local government fund.....		38,131		38,131	
Unrestricted investment earnings.....		17,147	18	17,165	10,290
Grants and contributions not restricted to specific programs.....		41,838		41,838	
Miscellaneous.....		13,823	25	13,848	26,346
Transfers.....		(662)	662		
Total general revenues, and transfers.....		<u>618,439</u>	<u>705</u>	<u>619,144</u>	<u>36,636</u>
Change in net assets.....		94,781	6,383	101,164	12,748
Net assets-beginning of year (See Note B).....		595,645	42,319	637,964	227,632
<b>Net assets-end of year.....</b>		<b>\$ <u>690,426</u></b>	<b>\$ <u>48,702</u></b>	<b>\$ <u>739,128</u></b>	<b>\$ <u>240,380</u></b>

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 70,437	\$	\$ 39,178	\$ 63,900
Receivables:				
Taxes (net of allowance for uncollectibles).....	60,176		154,334	96,196
Accounts (net of allowance for uncollectibles) .....	251			
Accrued interest .....	4,067			
Loans (net of allowance for uncollectibles).....	1,000			
Net receivables.....	<u>65,494</u>		<u>154,334</u>	<u>96,196</u>
Due from other funds.....	40,981		42,977	
Due from other governments.....	24,837	71,368	7,757	9,440
Restricted assets -				
Cash and investments.....	29,502			
<b>TOTAL ASSETS.....</b>	<b><u>\$ 231,251</u></b>	<b><u>\$ 71,368</u></b>	<b><u>\$ 244,246</u></b>	<b><u>\$ 169,536</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable.....	\$ 4,424	\$ 17,460	\$	\$ 3,750
Deferred revenue.....	47,143		160,850	100,383
Due to other funds.....	3,307	51,879		1,038
Due to other governments.....				
Accrued wages and benefits.....	5,368	2,029		1,476
Matured bonds payable.....				
Other Liabilities.....	800			
<b>TOTAL LIABILITIES.....</b>	<b><u>61,042</u></b>	<b><u>71,368</u></b>	<b><u>160,850</u></b>	<b><u>106,647</u></b>
Fund Balances:				
Reserved for:				
Restricted assets.....	25,756			
Loans receivable.....	1,000			
Debt service.....	9,480			
Unreserved, reported in:				
General Fund:				
Designated for self-insurance.....	1,978			
Designated for proprietary funds.....	1,961			
Undesignated.....	130,034			
Special Revenue Funds.....			83,396	62,889
Capital Projects Fund.....				
<b>TOTAL FUND BALANCES .....</b>	<b><u>170,209</u></b>	<b><u>71,368</u></b>	<b><u>83,396</u></b>	<b><u>62,889</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b><u>\$ 231,251</u></b>	<b><u>\$ 71,368</u></b>	<b><u>\$ 244,246</u></b>	<b><u>\$ 169,536</u></b>

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

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<u>Health and Community Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 79,190	\$ 32,761	\$ 285,466
12,204	23,925	346,835
356		607
		4,067
	18,739	19,739
<u>12,560</u>	<u>42,664</u>	<u>371,248</u>
		83,958
11,715	29,762	154,879
		29,502
<u>\$ 103,465</u>	<u>\$ 105,187</u>	<u>\$ 925,053</u>

\$ 30,561	\$ 14,467	\$ 70,662
12,106	30,827	351,309
18,323	11,627	86,174
	2,728	2,728
824	369	10,066
	14	14
		800
<u>61,814</u>	<u>60,032</u>	<u>521,753</u>
		25,756
	18,739	19,739
	5,943	15,423
		1,978
		1,961
		130,034
41,651	28,715	216,651
	(8,242)	(8,242)
<u>41,651</u>	<u>45,155</u>	<u>403,300</u>
<u>\$ 103,465</u>	<u>\$ 105,187</u>	<u>\$ 925,053</u>

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

Total fund balances for governmental funds.....	\$		403,300
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the funds.....			627,728
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.....			35,647
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....			44,614
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds			
Accrued interest payable.....		(2,098)	
Long-term debt.....		(425,471)	
Unamortized bond issuance costs.....		6,706	(420,863)
<b>TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES.....</b>	<b>\$</b>		<b><u>690,426</u></b>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
<b>REVENUES</b>				
Property taxes.....	\$ 21,793	\$	\$ 169,249	\$ 85,915
Sales and use tax.....	167,156			
Other tax.....	7		59	30
State local government fund.....	38,548			
Licenses and permits.....	86			
Charges for services.....	64,652	1,903		1,967
Fines and forfeitures.....	7,713			
Investment earnings.....	15,510			90
Other intergovernmental.....	24,043	278,428	23,328	110,195
Miscellaneous.....	1,961	458		1,489
<b>TOTAL REVENUES.....</b>	<b>341,469</b>	<b>280,789</b>	<b>192,636</b>	<b>199,686</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government.....	66,433			
Judicial.....	230,914			
Development.....	6,595			
Social services.....	5,836	319,975		170,857
Health and safety.....	1,370		35,000	
Public works.....				
Capital outlay.....				
<b>Debt service:</b>				
Principal retirement.....				
Interest.....	25			
<b>TOTAL EXPENDITURES.....</b>	<b>311,173</b>	<b>319,975</b>	<b>35,000</b>	<b>170,857</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>30,296</b>	<b>(39,186)</b>	<b>157,636</b>	<b>28,829</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	1,144	39,414		41
<b>Transfers out:</b>				
Debt retirement.....	(5,737)			
Other.....	(18,224)	(228)	(131,693)	
Issuance of refunding bonds.....				
Payment to refunded bond escrow agent.....				
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(22,817)</b>	<b>39,186</b>	<b>(131,693)</b>	<b>41</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>7,479</b>		<b>25,943</b>	<b>28,870</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>				
	<b>162,730</b>		<b>57,453</b>	<b>34,019</b>
<b>FUND BALANCES AT END OF YEAR.....</b>				
	<b>\$ 170,209</b>	<b>\$ 0</b>	<b>\$ 83,396</b>	<b>\$ 62,889</b>

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

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<u>Health and Community Services</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 13,839	\$ 22,879	\$ 313,675
		167,156
	28,587	28,683
		38,548
1,729		1,815
18,390		86,912
186	250	8,149
802	1,457	17,859
177,308	89,934	703,236
3,069	6,872	13,849
<u>215,323</u>	<u>149,979</u>	<u>1,379,882</u>
17,604	85	84,122
45,485	17,378	293,777
5,041	20,672	32,308
87,437	3,718	587,823
151,034	19,975	207,379
1,948	56,433	58,381
	38,981	38,981
	22,851	22,851
	16,450	16,475
<u>308,549</u>	<u>196,543</u>	<u>1,342,097</u>
(93,226)	(46,564)	37,785
106,787	20,517	167,903
		(5,737)
(843)	(9,801)	(160,789)
	80,020	80,020
	(80,020)	(80,020)
<u>105,944</u>	<u>10,716</u>	<u>1,377</u>
12,718	(35,848)	39,162
28,933	81,003	364,138
<u>\$ 41,651</u>	<u>\$ 45,155</u>	<u>\$ 403,300</u>

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

Net change in fund balances-total governmental funds.....	\$	39,162
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets that meet capitalization requirements is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$50,917) exceeded depreciation (\$33,651) in the current period.....		
		17,266
Net effect of sales and other disposals of capital assets.....		(23)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....		(2,215)
Expenses reported as compensated absences and special termination benefits in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.....		15,757
Interest is reported as an expenditure when due in the governmental funds, but is reported as incurred in the statement of activities.....		566
The issuance of long-term debt, (notes, bonds, capital leases, etc.) provides current financial resources to governmental funds and is not reported in the statement of activities. ....		(76,389)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities and is not reported in the statement of activities.		
Capital lease obligations.....		1,545
Environmental Protection Agency loan.....		27
Ohio Department of Development loan.....		250
Installment purchase agreement.....		1,927
General obligation and revenue bonds.....		94,339
Certain net expenses of the internal service funds are reported with governmental activities in the statement of activities.....		2,569
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES.....</b>	<b>\$</b>	<b><u>94,781</u></b>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(Amounts in 000's)**

	General Fund				Human Services			
	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)
	Original	Final			Original	Final		
REVENUES								
Property taxes .....	\$ 21,890	\$ 21,844	\$ 21,845	\$ 1	\$	\$	\$	
Sales and use tax.....	167,800	168,990	168,990					
Other tax.....	12	14	7	(7)				
State local government fund.....	38,539	38,539	38,539					
Licenses and permits.....	100	73	86	13				
Charges for services.....	57,358	62,489	65,261	2,772	1,632	1,810	1,903	93
Fines and forfeitures.....	6,250	7,096	7,565	469				
Investment earnings.....	11,500	20,000	16,522	(3,478)				
Other intergovernmental.....	8,141	8,807	9,290	483	256,249	329,928	289,690	(40,238)
Miscellaneous.....	5,254	4,992	1,966	(3,026)	3,823	5,137	458	(4,679)
TOTAL REVENUES.....	<u>316,844</u>	<u>332,844</u>	<u>330,071</u>	<u>(2,773)</u>	<u>261,704</u>	<u>336,875</u>	<u>292,051</u>	<u>(44,824)</u>
EXPENDITURES								
Current:								
GENERAL GOVERNMENT								
Personnel.....	27,723	28,219	27,604	615				
Other.....	27,591	31,808	26,480	5,328				
Capital.....	99	175	156	19				
TOTAL GENERAL GOVERNMENT.....	<u>55,413</u>	<u>60,202</u>	<u>54,240</u>	<u>5,962</u>				
JUDICIAL								
Personnel.....	153,009	159,004	158,264	740				
Other.....	78,000	77,172	74,095	3,077				
Capital.....	476	1,059	977	82				
TOTAL JUDICIAL.....	<u>231,485</u>	<u>237,235</u>	<u>233,336</u>	<u>3,899</u>				
DEVELOPMENT								
Personnel.....	716	776	740	36				
Other.....	6,448	4,502	4,498	4				
Capital.....	2	6	6					
TOTAL DEVELOPMENT.....	<u>7,166</u>	<u>5,284</u>	<u>5,244</u>	<u>40</u>				
SOCIAL SERVICES								
Personnel.....	2,054	2,054	1,753	301	133,323	133,420	130,523	2,897
Other.....	6,330	6,232	4,327	1,905	195,455	207,889	200,435	7,454
Capital.....	123	136	102	34	415	1,704	1,410	294
TOTAL SOCIAL SERVICES.....	<u>8,507</u>	<u>8,422</u>	<u>6,182</u>	<u>2,240</u>	<u>329,193</u>	<u>343,013</u>	<u>332,368</u>	<u>10,645</u>
HEALTH AND SAFETY								
Personnel.....	758	863	862	1				
Other.....	509	524	411	113				
Capital.....	6	6		6				
TOTAL HEALTH AND SAFETY .....	<u>1,273</u>	<u>1,393</u>	<u>1,273</u>	<u>120</u>				
PUBLIC WORKS								
Personnel.....								
Other.....								
Capital.....								
TOTAL PUBLIC WORKS.....								
TOTAL EXPENDITURES .....	<u>303,844</u>	<u>312,536</u>	<u>300,275</u>	<u>12,261</u>	<u>329,193</u>	<u>343,013</u>	<u>332,368</u>	<u>10,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	13,000	20,308	29,796	9,488	(67,489)	(6,138)	(40,317)	(34,179)
OTHER FINANCING SOURCES (USES)								
Transfers in.....			1,144	1,144	67,445	75,591	38,429	(37,162)
Transfers out:								
Debt retirement.....	(7,301)	(7,301)	(5,737)	1,564				
Other.....	(12,531)	(19,019)	(18,224)	795		(350)	(228)	122
TOTAL OTHER FINANCING SOURCES(USES).....	<u>(19,832)</u>	<u>(26,320)</u>	<u>(22,817)</u>	<u>3,503</u>	<u>67,445</u>	<u>75,241</u>	<u>38,201</u>	<u>(37,040)</u>
NET CHANGE IN FUND BALANCES.....	(6,832)	(6,012)	6,979	12,991	(44)	69,103	(2,116)	(71,219)
FUND BALANCES(DEFICITS) AT BEGINNING OF YEAR.....	107,053	107,053	107,053		(59,704)	(59,704)	(59,704)	
FUND BALANCES(DEFICITS) AT END OF YEAR.....	<u>\$ 100,221</u>	<u>\$ 101,041</u>	<u>\$ 114,032</u>	<u>\$ 12,991</u>	<u>\$ (59,748)</u>	<u>\$ 9,399</u>	<u>\$ (61,820)</u>	<u>\$ (71,219)</u>

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

Health and Human Services Levies				County Board of Mental Retardation				Health and Community Services			
Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)
Original	Final			Original	Final			Original	Final		
\$ 167,686	\$ 169,458	\$ 169,460	2	\$ 87,994	\$ 87,308	\$ 85,879	(1,429)	\$ 13,941	\$ 13,941	\$ 13,850	(91)
54	18	59	41		30	30					
					808	1,967	1,159	1,610	1,633	1,729	96
								17,908	17,901	18,335	434
								167	149	186	37
				25	75	90	15	533	675	735	60
22,494	23,614	23,328	(286)	84,505	96,958	97,417	459	171,310	159,723	179,154	19,431
				4,260	4,425	1,750	(2,675)	10,129	11,462	3,275	(8,187)
<u>190,234</u>	<u>193,090</u>	<u>192,847</u>	<u>(243)</u>	<u>176,784</u>	<u>189,604</u>	<u>187,133</u>	<u>(2,471)</u>	<u>215,598</u>	<u>205,484</u>	<u>217,264</u>	<u>11,780</u>
								11,391	11,936	11,774	162
								4,220	7,622	7,492	130
								37	69	54	15
								<u>15,648</u>	<u>19,627</u>	<u>19,320</u>	<u>307</u>
								28,463	29,310	28,692	618
								18,732	19,080	15,672	3,408
								297	779	649	130
								<u>47,492</u>	<u>49,169</u>	<u>45,013</u>	<u>4,156</u>
								1,716	1,746	1,634	112
								3,253	3,754	3,529	225
								5	5	15	(10)
								<u>4,974</u>	<u>5,505</u>	<u>5,178</u>	<u>327</u>
				87,893	87,893	83,826	4,067	1,064	1,064	916	148
				87,665	87,665	83,290	4,375	107,861	98,426	91,577	6,849
				3,630	3,630	3,106	524	62	147	100	47
				<u>179,188</u>	<u>179,188</u>	<u>170,222</u>	<u>8,966</u>	<u>108,987</u>	<u>99,637</u>	<u>92,593</u>	<u>7,044</u>
								6,954	6,942	6,714	228
33,559	35,000	35,000						131,924	143,666	141,375	2,291
								78	77	42	35
<u>33,559</u>	<u>35,000</u>	<u>35,000</u>						<u>138,956</u>	<u>150,685</u>	<u>148,131</u>	<u>2,554</u>
								378	384	383	1
								1,490	1,665	1,618	47
								1	15	6	9
								<u>1,869</u>	<u>2,064</u>	<u>2,007</u>	<u>57</u>
<u>33,559</u>	<u>35,000</u>	<u>35,000</u>		<u>179,188</u>	<u>179,188</u>	<u>170,222</u>	<u>8,966</u>	<u>317,926</u>	<u>326,687</u>	<u>312,242</u>	<u>14,445</u>
156,675	158,090	157,847	(243)	(2,404)	10,416	16,911	6,495	(102,328)	(121,203)	(94,978)	26,225
				41	41	41		104,340	102,472	110,630	8,158
(156,672)	(134,550)	(134,550)							(857)	(843)	14
<u>(156,672)</u>	<u>(134,550)</u>	<u>(134,550)</u>		<u>41</u>	<u>41</u>	<u>41</u>		<u>104,340</u>	<u>101,615</u>	<u>109,787</u>	<u>8,172</u>
3	23,540	23,297	(243)	(2,363)	10,457	16,952	6,495	2,012	(19,588)	14,809	34,397
15,881	15,881	15,881		24,335	24,335	24,335		29,451	29,451	29,451	
<u>\$ 15,884</u>	<u>\$ 39,421</u>	<u>\$ 39,178</u>	<u>\$ (243)</u>	<u>\$ 21,972</u>	<u>\$ 34,792</u>	<u>\$ 41,287</u>	<u>\$ 6,495</u>	<u>\$ 31,463</u>	<u>\$ 9,863</u>	<u>\$ 44,260</u>	<u>\$ 34,397</u>

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES -			
	ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and investments.....	\$ 7,439	\$ 2,095	\$ 9,534	\$ 59,353
Receivables:				
Accounts (net of allowance for uncollectibles).....	3	279	282	1
Special assessments (net of allowance for uncollectibles).....	250		250	
Net receivables.....	253	279	532	1
Due from other funds.....		13	13	8,387
Due from other governments.....	168	231	399	728
Inventory of supplies.....		16	16	43
Total current assets.....	7,860	2,634	10,494	68,512
Noncurrent assets:				
Special assessments receivable (net of allowance for uncollectibles).....	1,993		1,993	
Other assets.....	26		26	
Capital assets (net of accumulated depreciation):				
Land.....	472	7,281	7,753	
Land improvements.....	473	1,940	2,413	
Utility plant.....	25,651		25,651	
Buildings, structures and improvements.....	2,496	8,508	11,004	
Furniture, fixtures and equipment.....	148	203	351	6,661
Vehicles.....	859	94	953	565
Construction in progress.....	1,407	533	1,940	
Net capital assets.....	31,506	18,559	50,065	7,226
Total noncurrent assets.....	33,525	18,559	52,084	7,226
<b>TOTAL ASSETS.....</b>	<b>41,385</b>	<b>21,193</b>	<b>62,578</b>	<b>75,738</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable.....	200	578	778	2,194
Due to other funds.....	263	652	915	5,269
Due to other governments.....	8		8	17,716
Accrued wages and benefits.....	481	129	610	2,688
Other liabilities.....	24		24	
Capital lease obligations.....				134
Special termination benefits.....	401	39	440	2,276
Loans payable.....	357		357	
Bonds payable.....	360		360	
Total current liabilities.....	2,094	1,398	3,492	30,277
Noncurrent liabilities:				
Capital lease obligations.....				341
Special termination benefits.....	76	10	86	322
Loans payable.....	4,337		4,337	
Bonds payable.....	6,145		6,145	
Total noncurrent liabilities.....	10,558	10	10,568	663
<b>TOTAL LIABILITIES.....</b>	<b>12,652</b>	<b>1,408</b>	<b>14,060</b>	<b>30,940</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	20,307	18,559	38,866	6,750
Unrestricted.....	8,426	1,226	9,652	38,048
<b>TOTAL NET ASSETS.....</b>	<b>\$ 28,733</b>	<b>\$ 19,785</b>		<b>\$ 44,798</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.....			184	
<b>NET ASSETS OF BUSINESS-TYPE ACTIVITIES.....</b>			<b>\$ 48,702</b>	

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Sanitary Engineer</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 12,480	\$ 4,497	\$ 16,977	\$ 73,908
Other revenue.....	9	16	25	321
<b>TOTAL OPERATING REVENUES.....</b>	<b>12,489</b>	<b>4,513</b>	<b>17,002</b>	<b>74,229</b>
<b>OPERATING EXPENSES</b>				
Personal services.....	6,540	1,576	8,116	37,335
Contractual services and claims.....	904	1,004	1,908	9,199
Commodities.....	736	183	919	11,764
Depreciation.....	1,640	778	2,418	1,743
Other expenses.....	1,249	2,794	4,043	9,556
<b>TOTAL OPERATING EXPENSES.....</b>	<b>11,069</b>	<b>6,335</b>	<b>17,404</b>	<b>69,597</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,420</b>	<b>(1,822)</b>	<b>(402)</b>	<b>4,632</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income.....	18		18	
Interest expense.....	(281)		(281)	(23)
Grants.....		308	308	
Loss on disposal of capital assets.....	(9)	(2)	(11)	(72)
<b>TOTAL NONOPERATING REVENUES (EXPENSES).....</b>	<b>(272)</b>	<b>306</b>	<b>34</b>	<b>(95)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....</b>	<b>1,148</b>	<b>(1,516)</b>	<b>(368)</b>	<b>4,537</b>
Transfers in.....		1,652	1,652	
Transfers out:				
Debt retirement.....		(95)	(95)	
Other.....		(895)	(895)	(2,039)
Capital contributions.....		6,160	6,160	
<b>CHANGE IN NET ASSETS.....</b>	<b>1,148</b>	<b>5,306</b>	<b>6,454</b>	<b>2,498</b>
<b>TOTAL NET ASSETS</b>				
BEGINNING OF YEAR.....	27,585	14,479		42,300
<b>TOTAL NET ASSETS END OF YEAR.....</b>	<b>\$ 28,733</b>	<b>\$ 19,785</b>		<b>\$ 44,798</b>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.....			(71)	
<b>CHANGE IN NET ASSETS-BUSINESS-TYPE ACTIVITIES.....</b>			<b>\$ 6,383</b>	

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers.....	\$ 13,271	\$ 4,553	\$ 17,824	\$ 321
Other operating cash receipts.....	9	16	25	74,734
Cash payments to suppliers for goods and services.....	(4,567)	(3,989)	(8,556)	(32,735)
Cash payments to employees for services.....	(6,494)	(1,559)	(8,053)	(37,014)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	<u>2,219</u>	<u>(979)</u>	<u>1,240</u>	<u>5,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds.....		1,652	1,652	
Transfer to other funds.....		(990)	(990)	(2,039)
Proceeds from short-term interfund loan-net.....		613	613	2,197
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES.....		<u>1,275</u>	<u>1,275</u>	<u>158</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from long-term debt.....	4,593		4,593	
Receipts from capital grants.....	253	308	561	
Acquisition and construction of capital assets.....	(853)	(1,261)	(2,114)	(58)
Principal paid on long-term debt.....	(6,482)		(6,482)	(122)
Interest paid on long-term debt.....	(412)		(412)	(23)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(2,901)</u>	<u>(953)</u>	<u>(3,854)</u>	<u>(203)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments.....	9		9	
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	<u>9</u>		<u>9</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(673)	(657)	(1,330)	5,261
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	8,112	2,752	10,864	54,092
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 7,439</u>	<u>\$ 2,095</u>	<u>\$ 9,534</u>	<u>\$ 59,353</u>

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 1,420	\$ (1,822)	\$ (402)	\$ 4,632
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation.....	1,640	778	2,418	1,743
Changes in assets and liabilities:				
Accounts receivable-net.....	9	(23)	(14)	11
Due from other funds.....		33	33	(1,520)
Due from other governments.....		33	33	2,336
Inventory of supplies.....		(6)	(6)	(5)
Accounts payable.....	(406)	47	(359)	130
Due to other funds.....	(34)	2	(32)	244
Due to other governments.....	(5)		(5)	453
Accrued wages and benefits.....	83	15	98	80
Special termination benefits.....	(488)	(36)	(524)	(2,798)
TOTAL ADJUSTMENTS.....	<u>799</u>	<u>843</u>	<u>1,642</u>	<u>674</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....</b>	<b>\$ <u>2,219</u></b>	<b>\$ <u>(979)</u></b>	<b>\$ <u>1,240</u></b>	<b>\$ <u>5,306</u></b>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital contributions - capital assets.....	\$	\$ 6,160	\$ 6,160	\$
Capital assets acquired through capital lease.....				135
<b>TOTAL NONCASH TRANSACTIONS.....</b>	<b>\$ <u>0</u></b>	<b>\$ <u>6,160</u></b>	<b>\$ <u>6,160</u></b>	<b>\$ <u>135</u></b>

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

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	<u>Agency Funds</u>
ASSETS	
Equity in pooled cash and investments.....	\$ 215,573
Cash and investments-segregated accounts.....	47,021
Taxes receivable.....	1,378,238
<b>TOTAL ASSETS.....</b>	<b><u>\$ 1,640,832</u></b>
LIABILITIES	
Due to other governments.....	\$ 1,581,212
Other liabilities.....	59,620
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 1,640,832</u></b>

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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### NOTE A - Description of Cuyahoga County and Basis of Presentation

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

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

#### Governmental Funds:

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

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

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

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

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

#### Proprietary Funds:

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

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

#### Fiduciary Funds:

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

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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

*Other Fiduciary Funds:* Other fiduciary funds include pension trust funds and investment trust funds. The County does not utilize any such trust funds.

### NOTE B - Summary of Significant Accounting Policies

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

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

*Discretely Presented Component Unit:* In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the MetroHealth System (the Hospital or Component Unit) is included as a discretely presented Component Unit in the County's basic financial statements. The Hospital provides health care and hospitalization to the general public and care for the County's indigents. The County appoints the majority of the Hospital's Board of Trustees. The Hospital's annual operating budget and investment policy are both approved by the County. The Component Unit is included in the County's reporting entity because of the significance of its operational and financial relationships with the County. The financial information of the Hospital is presented in a separate column to emphasize that it is legally separate from the government. Furthermore, the MetroHealth Foundation (Foundation), which is a component unit of the Hospital, is presented for the first time in 2005 in the Hospital's financial statements, resulting in an increase in beginning net assets of the Component Unit of \$16.5 million. The Foundation is a not-for-profit organization supporting the Hospital. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the Hospital in support of its programs. Although the Hospital does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which they hold and invest, are restricted to support the activities of the Hospital. Complete financial statements for the Hospital can be requested from the County Auditor.

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

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

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation:* The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the fiduciary funds. The County uses only agency funds as fiduciary funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. State and local government fund shared revenues are recognized when the provider government recognizes its liability to the County. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major proprietary fund:

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

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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County has elected not to follow subsequent private-sector guidance. The Hospital has elected to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and of the County's internal service funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap-in fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

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

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

**DECEMBER 31, 2005**

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

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

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

Net Change in Fund Balances (Amounts in 000's)					
	General Fund	Human Services	Health and Human Services Levies	County Board of Mental Retardation	Health and Community Services
GAAP basis.....	\$ 7,479	\$	\$ 25,943	\$ 28,870	\$ 12,718
Increase/decrease:					
Accrued receivables at 12/31/05 not recognized in the 2005 budget.....	(131,312)	(71,368)	(205,068)	(105,636)	(24,275)
Accrued receivables at 12/31/04 recognized in the 2005 budget.....	137,006	82,630	207,359	91,287	25,938
Expenditures accrued as liabilities at 12/31/05 not recognized in the 2005 budget.....	61,042	71,368	160,850	106,647	61,814
Expenditures accrued as liabilities at 12/31/04 recognized in the 2005 budget.....	(63,789)	(82,630)	(165,787)	(90,272)	(54,072)
Encumbrances at 12/31/05 recognized as expenditures in the 2005 budget.....	(22,597)	(36,912)		(7,239)	(34,862)
Encumbrances at 12/31/04 not recognized as expenditures in the 2005 budget.....	14,823	19,823		7,657	27,616
Other GAAP adjustments <sup>(1)</sup> .....	<u>4,327</u>	<u>14,973</u>		<u>(14,362)</u>	<u>(68)</u>
Budget basis .....	\$ <u>6,979</u>	\$ <u>(2,116)</u>	\$ <u>23,297</u>	\$ <u>16,952</u>	\$ <u>14,809</u>
(1) Change in the amount of short-term interfund loans by the General fund, unrealized loss on investments, net expenses for the Brownfield project, Gateway debt and agency funds reclassified as cash for financial reporting purposes.					

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

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

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

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

**DECEMBER 31, 2005**

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Revenue fund or where there are bond proceeds for capital improvements such as the Capital Projects fund. Fair value is determined by quoted market prices.

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

*Restricted Assets:* The primary government's restricted assets are composed of the unspent proceeds of certain borrowings that are restricted for use in specified economic development activities and capital projects, as well as deposits and investments held at certain financial institutions throughout the County to support the County's Housing Enhancement Loan Program (H.E.L.P.), which allows homeowners in County communities to borrow money from participating financial institutions to repair or remodel their homes or rental property at below market interest rates. Included in the Discretely Presented Component Unit column are restricted assets, consisting of investments restricted by donors, and assets under the control of the bond trustee that are used for payment of principal and interest on the Hospital's bonds when due. A portion of the Component Unit's restricted net assets has been designated as nonexpendable due to restrictions set up in the Foundation. All other restricted net assets are deemed expendable.

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

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

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

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

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

*Capitalization of Interest:* The County's policy is to capitalize interest on construction projects in the proprietary funds until substantial completion of the project. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. During 2005, capitalized interest for the County and the Component Unit was not material.

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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

*Net Patient Service Revenue:* Net patient service revenue of the Hospital is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review by a peer review organization. Differences between the estimated amounts accrued at interim and final settlements are reported in the Statement of Activities in the year of settlement. The Hospital recorded a favorable adjustment of \$4.2 million in 2005 due to prior year retroactive adjustments to amounts previously estimated.

Net revenue from the Medicare and Medicaid programs accounted for approximately 25.3% and 32.9%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2005. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. The Hospital believes that an adequate provision has been made in the financial statements for any adjustments that may result from final settlements.

*Charity Care:* Throughout the admission, billing and collection processes, certain patients are identified by the Hospital as qualifying for charity care. The Hospital provides care to these patients without charge or at amounts less than its established rates. The charges foregone for charity care provided by the Hospital, totaling \$160.1 million, represent 12.8% of gross charges in 2005, and are not reported as revenue. The Hospital accepts certain indigent Ohio residents and all residents from the County regardless of their ability to pay.

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

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

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

*Risk Management:* The County has implemented GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Employees' health insurance is provided primarily through a commercial insurance program. The County pays a premium to the insurance providers without additional risk to the County for all its medical plans except for one medical plan and the prescription drug plan, which are self-insured. Beginning in 2006, the County is self-insured for two medical plans and the prescription drug plan. The County maintains an Internal Service fund to account for the self-insurance of workers' compensation benefits through a retrospective rating plan with the State of Ohio. The County recognizes a liability for self-insured claims if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, the County has designated a portion of the fund balance of its General fund, pursuant to Ohio law, to provide for claims and judgements not covered by the various County insurance policies.

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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*Changes in Accounting Principles:* During March 2005, the FASB issued FASB Interpretation No. 47 (FIN 47), *Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143*. FIN 47 clarifies that an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The Hospital adopted the provisions of FIN 47 as of December 31, 2005 for the Hospital obligations related to those portions of the asbestos abatement liability that are considered imminent. At December 31, 2005, the Hospital recorded approximately \$5.4 million as an asbestos abatement liability. The amount of the asset and liability at the date the obligation was incurred in 1973 totaled \$1.4 million. The amount of interest accretion and depreciation expense charged to net assets, as the cumulative changes in accounting principle, for the year 1974 through 2005 totaled \$5.2 million. The cumulative effect of the change in accounting principle was recorded as a \$5.2 million decrease in beginning net assets.

*New Accounting Standards:* During November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. Under provisions of this statement, a capital asset is considered impaired when its service has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this statement are effective for fiscal periods beginning after December 15, 2004. The County and the Component Unit have determined that Statement No. 42 has no impact on its reported financial condition and results of operations.

During August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. Statement No. 45 will not be effective for the County until the year ending December 31, 2007, and as such, the County has not determined the impact that this statement will have on its financial statements.

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

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

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

**DECEMBER 31, 2005**

**NOTE C - Cash and Investments**

**Cash and Investments:**

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

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

A summary of the Pooled Cash and Investments account balance by fund type at December 31, 2005, follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General .....	\$	\$ 111,418
Due From:		
Special Revenue .....	24,909	
Capital Projects .....	11,208	
Enterprise .....	628	
Internal Service.....	<u>4,236</u>	<u>(40,981)</u>
Net General .....		70,437
Other major governmental .....		182,268
Other governmental .....		32,761
Major enterprise .....		7,439
Other enterprise .....		2,095
Internal Service .....		<u>59,353</u>
Total government-wide .....		<u>354,353</u>
Agency.....		<u>215,573</u>
Total Equity in Pooled Cash and Investments .....		\$ <u>569,926</u>

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

**Deposits and Investments:**

**Primary Government**

*Deposits:* At year-end, the carrying amount of the County's deposits, including certificates of deposit, was \$126.4 million and the bank balances were \$106.3 million. Any differences between the account bank balances and investments and the cash and investments recorded in the financial statements are due to normal reconciling items. The pooled securities serve as collateral for all public deposits held by the banks, including the County's deposits. The Ohio Revised Code (ORC) requires that the market value of securities held in the pool be at least equal to 105% of the public deposits held by the banks. Ohio law requires that deposits be placed in eligible banks or savings and

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loan associations located in Ohio. County policy is to utilize federally insured banks and savings institutions located in the County.

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

Custodial risk is the risk that, in the event of bank failure the County's deposits might not be recovered. The County's bank deposits at December 31, 2005 totaled \$106.3 million and were subject to the following categories of custodial risk:

(Amounts in 000's)	
Uncollateralized .....	\$ 98,731
Collateralized with securities held by the pledging institution's trust department (O.R.C. 135.18) but not in the County's name .....	<u>5,011</u>
Total amount subject to custodial risk .....	103,742
Amount insured (FDIC Insurance) .....	<u>2,550</u>
Total bank balances .....	\$ <u>106,292</u>

**Component Unit**

*Deposits:* All monies are deposited to the Hospital's banks or trust companies designated by the Board of Trustees. Funds not needed for immediate expenditure may be deposited in interest bearing or non-interest bearing accounts or U.S. government obligations.

Custodial risk is the risk that, in the event of bank failure, the Hospital's deposits might not be recovered. The Hospital's bank deposits at December 31, 2005 totaled \$4.9 million and were subject to the following categories of custodial risk:

(Amounts in 000's)			
	<u>Hospital</u>	<u>Foundation</u>	<u>Total</u>
Uncollateralized .....	\$ 3,921	\$ 584	\$ 4,505
Collateralized with securities held by the pledging institution's trust department, but not in the Hospital's name .....	<u>77</u>	<u>      </u>	<u>77</u>
Total amount subject to custodial risk .....	3,998	584	4,582
Amount insured .....	<u>200</u>	<u>100</u>	<u>300</u>
Total bank balances .....	\$ <u>4,198</u>	\$ <u>684</u>	\$ <u>4,882</u>

At December 31, 2005, the financial statement carrying amount of the Hospital's deposits was \$5 million. The difference from the reported amount represents outstanding checks payable and normal reconciling items.

**Primary Government**

*Investments:* The County's Statement of Investment Policy, approved by the County's Investment Advisory Committee, authorizes investment by the County in investments permitted under the ORC. Eligible investments include U.S. Treasury Bills, Notes and Strips, backed by the full faith and credit of the U.S. government, obligations of U.S. government agencies, commercial paper, bankers acceptances, obligations of political subdivisions of the State of Ohio, certificates of deposit or savings or deposit accounts in an eligible institution defined in the ORC, State Treasurer's Investment Pool, corporate notes, shares in open-end no-load money market mutual funds registered under the Federal Investment Act of 1940 and repurchase agreements. Ohio statute prohibits the use of reverse repurchase agreements. County investment policy restricts repurchase agreements to durations of 30 days or less

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and all investments to maturities of not more than 5 years. In January 2006, the County's Investment Advisory Committee voted to revise the County's Investment Policy to include foreign notes as an eligible investment. The notes must be rated at the time of purchase in the three highest categories by two nationally recognized standard rating services. All interest and principal shall be denominated and payable in United States funds. The notes must be backed by the full faith and credit of the foreign nation and there can be no prior history of default. The maturity of foreign notes cannot exceed five years from purchase and in total, they cannot exceed one percent of the County's total average portfolio.

At December 31, 2005, the fair value of the Primary Government investments were as follows:

Investment Type	(Amounts in 000's) Fair Value/Carrying Value
Repurchase Agreements .....	\$ 60,200
U. S. Treasuries .....	5,953
U.S. Government Agencies .....	447,681
Corporate Notes.....	5,033
Municipal Obligations.....	<u>1,200</u>
Total Primary Government Investments .....	\$ <u>520,067</u>

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

At December 31, 2005, the County's investments had maturities as follows:

Maturities	Percentage
Less than 1 year .....	48.38%
1 to 5 years .....	51.62%

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

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

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

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NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**Component Unit**

At December 31, 2005, fair value of the County's Component Unit investments were as follows:

Investment Type	(Amounts in 000's)		
	Fair Value/Carrying Value		
	<u>Hospital</u>	<u>Foundation</u>	<u>Total</u>
Cash and investments .....	\$ 85,686	\$	\$ 85,686
U.S. Government Agencies .....	173,580		173,580
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (Federal Pools).....	7,988		7,988
Collateralized Mortgage Obligations .....	1,064		1,064
Corporates .....	4,195		4,195
Mutual Funds .....		5,155	5,155
Common Stock .....		12,667	12,667
Premier Purchasing Partners, L.P. ....		<u>723</u>	<u>723</u>
Total Investments .....	\$ <u>272,513</u>	\$ <u>18,545</u>	\$ <u>291,058</u>

*Interest Rate Risk.* The Hospital's investment policies limit investment portfolio to maturities of five years or less. All of the Hospital's investments at December 31, 2005 have effective maturity dates of less than five years.

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

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Hospital's investments, only the repurchase agreements are exposed to custodial risk. Repurchase agreements (included in the U. S. Government Agencies) at December 31, 2005 totaling \$23.5 million are uninsured, are not registered in the Hospital's name and are held by the financial institution's trust department.

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**NOTE D - Interfund Receivables and Payables**

Individual interfund receivable and payable balances as of December 31, 2005 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund .....	\$ 40,981	\$ 3,307
Human Services .....		51,879
Health and Human Services Levies.....	42,977	
County Board of Mental Retardation .....		1,038
Health and Community Services .....		18,323
Other governmental funds .....		<u>11,627</u>
Total Governmental Funds .....	<u>83,958</u>	<u>86,174</u>
Proprietary Funds:		
Enterprise Funds:		
Sanitary Engineer .....		263
Other enterprise funds.....	<u>13</u>	<u>652</u>
Total Enterprise Funds.....	<u>13</u>	<u>915</u>
Internal Service Funds:.....	<u>8,387</u>	<u>5,269</u>
Totals .....	\$ <u>92,358</u>	\$ <u>92,358</u>

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

Fund Types	(Amounts in 000's)	
	Receivables	Payables
<b>Major Governmental Funds:</b>		
Human Services .....	\$ <u>24,909</u>	\$ —
Total Major Governmental Funds .....	24,909	
<b>Nonmajor Governmental Funds:</b>		
Capital Project .....	<u>11,208</u>	
Total Nonmajor Governmental Funds .....	11,208	
<b>Nonmajor Enterprise Funds:</b>		
County Airport .....	628	
Cuyahoga County Information System .....		<u>10</u>
Total Nonmajor Enterprise Funds .....	<u>628</u>	10
<b>Internal Service Funds:</b>		
Maintenance Garage .....	730	31
Data Processing Center .....	3,062	
Printing, Reproduction and Supplies .....	444	249
Communications .....		137
Self-Funded Workers Compensation .....		<u>2,880</u>
Total Internal Service Funds .....	<u>4,236</u>	<u>3,297</u>
<b>Totals .....</b>	<b>\$ <u>40,981</u></b>	<b>\$ <u>3,307</u></b>

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

The amount payable to the Cuyahoga County Information System is for computer charges from various General fund agencies. The amounts payable to Internal Service funds represent unpaid charges at December 31, 2005.

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**NOTE E - Capital Assets**

A summary of changes in capital assets follows:

Governmental Activities:	(Amounts in 000's)			Balance December 31, 2005
	Balance January 1, 2005	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 44,535	\$ 8,424	\$	\$ 52,959
Construction in progress.....	41,480	25,796	15,822	51,454
Total capital assets, not being depreciated.....	<u>86,015</u>	<u>34,220</u>	<u>15,822</u>	<u>104,413</u>
Capital assets, being depreciated:				
Land improvements.....	12,323	945		13,268
Buildings, structures and improvements.....	540,912	24,470	32	565,350
Furniture, fixtures and equipment.....	50,008	1,608	808	50,808
Vehicles.....	15,472	1,452	585	16,339
Infrastructure.....	440,205	4,235		444,440
Total capital assets, being depreciated.....	<u>1,058,920</u>	<u>32,710</u>	<u>1,425</u>	<u>1,090,205</u>
Less accumulated depreciation for:				
Land improvements.....	1,838	614		2,452
Buildings, structures and improvements.....	235,633	18,050	32	253,651
Furniture, fixtures and equipment.....	36,089	2,888	714	38,263
Vehicles.....	11,437	1,144	585	11,996
Infrastructure.....	240,604	12,698		253,302
Total accumulated depreciation.....	<u>525,601</u>	<u>35,394</u>	<u>1,331</u>	<u>559,664</u>
Total capital assets, being depreciated, net.....	<u>533,319</u>	<u>(2,684)</u>	<u>94</u>	<u>530,541</u>
Governmental activities capital assets, net.....	<u>\$ 619,334</u>	<u>\$ 31,536</u>	<u>\$ 15,916</u>	<u>\$ 634,954</u>

Business-type Activities:	(Amounts in 000's)			Balance December 31, 2005
	Balance January 1, 2005	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 5,752	\$ 2,001	\$	\$ 7,753
Construction in progress.....	1,170	1,591	821	1,940
Total capital assets, not being depreciated.....	<u>6,922</u>	<u>3,592</u>	<u>821</u>	<u>9,693</u>
Capital assets, being depreciated:				
Land improvements.....	10,850	44	182	10,712
Utility plant.....	53,633			53,633
Buildings, structures and improvements.....	14,766	4,983		19,749
Furniture, fixtures and equipment.....	2,503	185	106	2,582
Vehicles.....	3,948	347	77	4,218
Total capital assets, being depreciated.....	<u>85,700</u>	<u>5,559</u>	<u>365</u>	<u>90,894</u>
Less accumulated depreciation for:				
Land improvements.....	8,192	286	179	8,299
Utility plant.....	26,994	988		27,982
Buildings, structures and improvements.....	8,024	721		8,745
Furniture, fixtures and equipment.....	2,260	67	96	2,231
Vehicles.....	2,987	356	78	3,265
Total accumulated depreciation.....	<u>48,457</u>	<u>2,418</u>	<u>353</u>	<u>50,522</u>
Total capital assets, being depreciated, net.....	<u>37,243</u>	<u>3,141</u>	<u>12</u>	<u>40,372</u>
Business-type activities capital assets, net.....	<u>\$ 44,165</u>	<u>\$ 6,733</u>	<u>\$ 833</u>	<u>\$ 50,065</u>

**COUNTY OF CUYAHOGA, OHIO**  
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**DECEMBER 31, 2005**

Component Unit:	(Amounts in 000's)			Balance December 31, 2005
	Balance January 1, 2005	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 9,634	\$	\$ 257	\$ 9,377
Construction in progress.....	11,093	34,615	31,744	13,964
Total capital assets, not being depreciated.....	<u>20,727</u>	<u>34,615</u>	<u>32,001</u>	<u>23,341</u>
Capital assets, being depreciated:				
Land improvements.....	7,829	119	145	7,803
Buildings, structures and improvements.....	445,697	27,315	4,681	468,331
Furniture, fixtures and equipment.....	213,309	12,783	8,440	217,652
Vehicles.....	9,728	508	168	10,068
Total capital assets, being depreciated.....	<u>676,563</u>	<u>40,725</u>	<u>13,434</u>	<u>703,854</u>
Less accumulated depreciation for:				
Land improvements.....	6,860	179	145	6,894
Buildings, structures and improvements.....	265,162	16,758	3,511	278,409
Furniture, fixtures and equipment.....	171,359	11,773	8,390	174,742
Vehicles.....	2,758	1,299	168	3,889
Total accumulated depreciation.....	<u>446,139</u>	<u>30,009</u>	<u>12,214</u>	<u>463,934</u>
Total capital assets, being depreciated, net.....	<u>230,424</u>	<u>10,716</u>	<u>1,220</u>	<u>239,920</u>
Component unit capital assets, net.....	<u>\$ 251,151</u>	<u>\$ 45,331</u>	<u>\$ 33,221</u>	<u>\$ 263,261</u>

Depreciation expense was charged to functions of the government in 2005 as follows:

Governmental Activities:	(Amounts in 000's)
General government.....	\$ 3,213
Judicial.....	11,387
Development.....	4
Social services.....	5,824
Health and safety.....	157
Public works.....	13,066
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.....	1,743
Total depreciation expenses charged to governmental activities.....	<u>\$ 35,394</u>
 Business-type Activities:	
Sanitary Engineer.....	\$ 1,640
County Airport.....	360
Huntington Park Garage.....	412
Cuyahoga County Information System.....	6
Total depreciation expenses charged to business-type activities.....	<u>\$ 2,418</u>

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

**DECEMBER 31, 2005**

A summary of construction commitments for governmental activities at December 31, 2005 follows:

Function	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2005	Future Commitments
General government.....	\$ 14,640	\$ 7,373	\$ 7,267
Judicial.....	42,366	26,635	15,731
Social services.....	1,254	633	621
Public works.....	34,629	16,813	17,816
Totals.....	<u>\$ 92,889</u>	<u>\$ 51,454</u>	<u>\$ 41,435</u>

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

A summary of construction commitment for business-type activities at December 31, 2005 follows:

Business-type Activity	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2005	Future Commitments
Sanitary Engineer.....	\$ 2,955	\$ 1,407	\$ 1,548
Airport.....	877	533	344
Totals.....	<u>\$ 3,832</u>	<u>\$ 1,940</u>	<u>\$ 1,892</u>

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

The Hospital has future contractual commitments for the construction of various projects totaling \$12.7 million. The projects are being funded with operating funds.

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

**DECEMBER 31, 2005**

**NOTE F - Debt and Other Obligations**

**Notes Payable and Long-Term Liabilities:**

A summary of the County's notes payable and long-term liabilities at December 31, 2005 is provided below:

		(Amounts in 000's)					
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
<b>Governmental Activities:</b>							
	Compensated Absences.....		\$ 22,410	\$ 41,333	\$ 39,881	\$ 23,862	\$ 2,386
2001	Special Termination Benefits-Due thru 2007.....	7.75%-8.00%	35,098	1,273	18,482	17,889	15,489
Various	Capital Lease Obligations-Due thru 2029.....		25,100		1,545	23,555	1,694
2003	Installment Purchase Agreement-Due thru 2010, [\$13,742].....	3.72%-3.87%	9,808		1,927	7,881	1,693
<b>Loans Payable:</b>							
1989	Environmental Protection Agency-Due thru 2007, [\$494].....	None	54		27	27	27
1997	Ohio Department of Development Loan - Due thru 2016, [\$5,000].....	None	3,000		250	2,750	250
2005	Ohio Department of Transportation Loan-Due thru 2013, [2,975].....	0%-3%		2,975		2,975	
	Total Loans Payable.....		3,054	2,975	277	5,752	277
<b>General Obligation Bonds-Unvoted:</b>							
1993	Various Purpose Refunding Bonds-Due thru 2012, [\$75,395].....	2.20%-5.25%	25,150		3,610	21,540	3,795
1993	Rock and Roll Hall of Fame-Due thru 2018, [\$12,000].....	2.75%-5.65%	8,495		415	8,080	440
1995	Various Purpose Improvements-Due thru 2015, [\$35,145].....	3.75%-5.50%	15,975		15,975		
2000	Capital Improvements-Due thru 2020, [\$96,615].....	4.30%-5.75%	84,230		63,670	20,560	3,750
2004	Capital Improvements-Due thru 2024, [\$84,490].....	2.50%-5.25%	84,490		2,575	81,915	3,475
2005	General Obligation (limited tax) Refunding Bonds-due thru 2020, [\$73,970].....	3.00%-5.00%		73,970	100	73,870	1,000
	Total General Obligation Bonds-Unvoted.....		218,340	73,970	86,345	205,965	12,460
<b>General Obligation Bonds-Voted:</b>							
1991	Jail II Series - Due thru 2006, [\$5,086].....	6.95%-7.05%	3,516		1,819	1,697	1,697
1993	Jail Facilities and Various Purpose Refunding Bonds -Due thru 2013, [\$65,254].....	2.20%-5.25%	19,589		2,390	17,199	2,510
	Total General Obligation Bonds-Voted.....		23,105		4,209	18,896	4,207
	Total Tax Supported Bonds.....		241,445	73,970	90,554	224,861	16,667
<b>Revenue Bonds:</b>							
1992	Gateway Economic Development-Due thru 2022, [\$35,000].....	8.625%	35,000			35,000	
1994	Gateway Economic Development-Due thru 2023, [\$45,000].....	4.45%-7.60%	33,080		1,635	31,445	1,745
2000	Shaker Square Redevelopment-Due thru 2030, [\$2,855].....	6.886%	2,825		10	2,815	10
2004	Gateway Arena Project Series 2004A Refunding Bonds -Due thru 2011 [\$10,750].....	1.50%-4.25%	10,750		1,415	9,335	1,440
2004	Gateway Arena Project Series 2004B Refunding Bonds -Due thru 2022 [\$19,200].....	Variable	19,200			19,200	
2004	Brownfield Redevelopment Fund Project Refunding Bonds Series 2004C - Due thru 2018 [\$12,880].....	1.50%-5.10%	12,880		725	12,155	740
	Total Revenue Bonds.....		113,735		3,785	109,950	3,935
	Bond premium/discount related to various issues-net.....		5,988	6,317	584	11,721	
	Total Bonds Payable.....		361,168	80,287	94,923	346,532	20,602
<b>Internal Service Funds:</b>							
	Compensated Absences.....		2,005	2,368	2,323	2,050	205
2001	Special Termination Benefits-Due thru 2007.....	7.75%	5,396		2,798	2,598	2,276
Various	Capital Lease Obligations-Due thru 2009.....		463	135	123	475	134
	Total Internal Service Funds.....		7,864	2,503	5,244	5,123	2,615
	Total Governmental Activities.....		\$ 464,502	\$ 128,371	\$ 162,279	\$ 430,594	\$ 44,756

(CONTINUED)

**COUNTY OF CUYAHOGA, OHIO**  
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(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
<b>Business-type Activities:</b>							
	Compensated Absences.....		\$ 401	\$ 588	\$ 515	\$ 474	\$ 47
	2001 Special Termination Benefits-Due thru 2007.....	7.75%	1,050		524	526	440
	Various Loans Payable-Due thru 2025.....	4.04% - 7.00%	4,729	307	342	4,694	357
	Bond Anticipation Notes:						
	2002 Olmsted Township Water and Sewer-Due in 2005 [\$5,950].....	2.50%	5,950		5,950		
	Total Notes Payable.....		5,950		5,950		
	Self-Supporting Bonds Payable:						
	2000 Sewer Improvement-Due thru 2020, [\$1,040].....	4.55%-5.55%	905		40	865	40
	2003 Sewer Improvement-Due thru 2012 [\$1,500].....	2.00%-3.55%	1,345		150	1,195	160
	2005 Sewer Improvement-Due thru 2025 [\$4,445].....	2.00%-3.55%		4,445		4,445	160
	Total Self-Supporting Bonds Payable.....		2,250	4,445	190	6,505	360
	Total Business-type Activities.....		\$ 14,380	\$ 5,340	\$ 7,521	\$ 12,199	\$ 1,204
<b>Component Unit</b>							
	Compensated absences.....		\$ 25,153	\$ 3,857	\$ 2,852	\$ 26,158	\$ 2,938
	Amounts due third party payors (See Note B).....		41,435	5,784	3,343	43,876	8,185
	Claims payable (See Note J).....		45,774	12,593	11,676	46,691	21,989
	Asset Retirement obligations (See Note B).....		5,161	550		5,711	1,434
	Various Capital Lease Obligations-Due thru 2009.....	4.958%-4.96%	2,294	218	859	1,653	763
	2004 Cuyahoga County Sanitary Engineer Loan -Due thru 2018.....	None	91		7	84	6
	2003 General and Professional Liability Note -Due in 2006.....	3.75%	4,576	5,750	5,980	4,346	4,346
	Various Notes Payable-Due thru 2010.....	3.96%	296	204	119	381	80
	Bonds:						
	1997 Hospital Improvement and Refunding Revenue Bonds-Due Thru 2027, [\$70,000].....	3.90%-5.80%	46,634	179	4,615	42,198	4,825
	1997 Hospital Refunding Revenue Bonds -Due thru 2019, [\$77,525].....	4.10%-5.50%	68,572	306	265	68,613	275
	1999 Hospital Improvement Revenue Bonds -Due thru 2029, [\$56,995].....	6.125%-6.15%	56,814		56,814		
	2003 Hospital Improvement Revenue Bonds -Due thru 2033, [\$30,545].....	Variable	30,010		580	29,430	600
	2005 Hospital Improvement and Refunding Revenue Bonds -Due thru 2035, [\$74,535].....	Variable		74,535	5,087	69,448	305
	Total Bonds.....		202,030	75,020	67,361	209,689	6,005
	Total Component Unit (See Note B).....		\$ 326,810	\$ 103,976	\$ 92,197	\$ 338,589	\$ 45,746

*Capital Lease Information:* The following summarizes future minimum lease payments under the capital leases, and the present values of net minimum lease payments for the Primary Government at December 31, 2005:

(Amounts in 000's)		
Year	Governmental Activities	Internal Service funds
2006.....	\$ 3,728	\$ 156
2007.....	3,756	156
2008.....	3,796	130
2009.....	3,824	77
2010.....	3,858	
2011-2015.....	12,330	
2016-2020.....	3,133	
2021-2025.....	68	
2026-2029.....	46	
Total Minimum Lease Payments.....	34,539	519
Amount Representing Interest.....	(10,984)	(44)
Present Value of Net Minimum Lease Payments.....	\$ 23,555	\$ 475

**COUNTY OF CUYAHOGA, OHIO**  
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The following summarizes future minimum payments and the present values of net minimum lease payments for the Component Unit's equipment capital leases and loan obligation at December 31, 2005:

Year	(Amounts in 000's) Lease and Loan Obligation Component Unit	
2006.....	\$	832
2007.....		832
2008.....		53
2009.....		53
2010.....		7
2011-2015.....		33
2016-2018.....		20
Total Minimum Lease Payments.....		<u>1,830</u>
Amount Representing Interest.....		<u>(93)</u>
Present Value of Net Minimum Lease Payments.....	\$	<u><u>1,737</u></u>

As of December 31, 2005, the net book value of capital leases which include land, buildings, structures and improvements and furniture, fixtures and equipment was \$6.1 million, \$39.2 million and \$.5 million respectively. Component Unit's capital lease net book value which includes furniture, fixtures and equipment and vehicles was \$3.3 million and \$4.1 million, respectively.

*Future Debt Service Requirements:* A summary of the County's future debt service requirements for its outstanding long-term bonds, installment purchase agreement and loans payable at December 31, 2005 are as follows:

Due In	(Amounts in 000's) Governmental Activities					
	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest
2006.....	\$ 16,667	\$ 13,940	\$ 3,935	\$ 6,913		
2007.....	19,380	10,115	4,110	6,726		
2008.....	15,314	14,157	4,330	6,516		
2009.....	15,867	13,597	4,550	6,283		
2010.....	15,686	12,968	4,805	6,027		
2011-2015.....	61,952	44,709	28,365	25,746		
2016-2020.....	59,735	14,121	35,355	15,131		
2021-2025.....	20,260	2,357	23,870	2,883		
2026-2030.....			630	122		
Totals.....	\$ <u>224,861</u>	\$ <u>125,964</u>	\$ <u>109,950</u>	\$ <u>76,347</u>		

Due In	(Amounts in 000's)				
	Installment Purchase Agreement			Loans Payable	
	Principal	Interest	Principal	Interest	Interest
2006.....	\$ 1,693	\$ 307	\$ 277		
2007.....	1,920	232	250		
2008.....	1,999	154	584	177	
2009.....	2,080	73	594	76	
2010.....	189	5	605	66	
2011-2015.....			3,192	164	
2016.....			250		
Totals.....	\$ <u>7,881</u>	\$ <u>771</u>	\$ <u>5,752</u>	\$ <u>483</u>	

**COUNTY OF CUYAHOGA, OHIO  
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Due In	(Amounts in 000's) Total Governmental Activities	
	Principal	Interest
2006.....	\$ 22,572	\$ 21,160
2007.....	25,660	17,073
2008.....	22,227	21,004
2009.....	23,091	20,029
2010.....	21,285	19,066
2011-2015.....	93,509	70,619
2016-2020.....	95,340	29,252
2021-2025.....	44,130	5,240
2026-2030.....	630	122
Totals.....	<u>\$ 348,444</u>	<u>\$ 203,565</u>

Due In	(Amounts in 000's) Business-type Activities			
	Various Loans Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2006.....	\$ 357	\$ 144	\$ 360	\$ 250
2007.....	367	134	365	239
2008.....	377	124	380	229
2009.....	388	113	385	216
2010.....	399	102	405	203
2011-2015.....	1,961	329	1,630	806
2016-2020.....	757	60	1,545	495
2021-2025.....	88	8	1,435	177
Totals.....	<u>\$ 4,694</u>	<u>\$ 1,014</u>	<u>\$ 6,505</u>	<u>\$ 2,615</u>

Due In	(Amounts in 000's) Total Business-type Activities	
	Principal	Interest
2006.....	\$ 717	\$ 394
2007.....	732	373
2008.....	757	353
2009.....	773	329
2010.....	804	305
2011-2015.....	3,591	1,135
2016-2020.....	2,302	555
2021-2025.....	1,523	185
Totals.....	<u>\$ 11,199</u>	<u>\$ 3,629</u>

In May 2003, the County Commissioners authorized by resolution a loan in the amount of \$10 million from the Ohio Department of Transportation (ODOT). The money is provided through the state infrastructure bank fund, which are federal funds, to be used to improve a road and reconstruct a bridge. The loan carries a 0% interest rate for the first 12 months and a 3% rate thereafter, for 10 years. The County pledged its motor vehicle license tax as the source of repayment. State Issue II and ODOT monies were used first for this project and when funding was exhausted the loan was exercised for this purpose. During 2005, the County received approximately \$3 million from ODOT and has recorded a liability in the Government-wide statements.

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

**COUNTY OF CUYAHOGA, OHIO**  
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During 2005, the Hospital entered into an agreement with a bank for a demand line of credit with a maximum amount available of \$20 million. The contract interest rate is .90% per annum plus one month London Interbank Offered Rate (LIBOR). For the year ended December 31, 2005, the Hospital did not have an outstanding balance on the line of credit and the Hospital did not access the credit line during the course of the year.

At December 31, 2005, the bonded debt service requirements of the Component Unit are as follows:

Due In	(Amounts in 000's)	
	Hospital Revenue Bonds Component Unit	
	Principal	Interest
2006.....	\$ 6,005	\$ 6,146
2007.....	6,300	5,886
2008.....	6,600	5,618
2009.....	6,920	5,322
2010.....	7,280	4,996
2011-2015.....	42,435	19,463
2016-2020.....	49,680	8,783
2021-2025.....	41,520	2,939
2026-2030.....	38,355	287
2031-2035.....	17,835	
Total.....	<u>222,930</u>	<u>\$ 59,440</u>
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....		
	(11,801)	
Unamortized discount.....		
	(1,440)	
Present value of net minimum payments.....		
	<u>\$ 209,689</u>	

Due In	(Amounts in 000's)	
	Foundation Notes Payable Component Unit	
	Principal	Interest
2006.....	\$ 80	\$ 14
2007.....	80	11
2008.....	80	8
2009.....	80	5
2010.....	61	2
Totals.....	<u>\$ 381</u>	<u>\$ 40</u>

**Component Unit Swap Agreements:** The Component Unit entered into various interest rate swap agreements with a total outstanding notional amount of \$104 million. The Hospital's objectives of its derivative instruments include managing the risk of increased debt service resulting from rising market interest rates, the risk of decreased surplus returns resulting from falling interest rates and the management of the risk of an increase in the fair value of the outstanding fixed rate obligations resulting from declining market interest rates. The fair value of the swap agreements based on current settlement prices at December 31, 2005 was \$2.4 million. Such amounts are due from the counterparties and are included in other assets. In 2005, the fair value increase of \$1 million was recorded as unrealized gains on investment. As a result of the agreements, the Hospital incurred additional interest expense of \$ .1 million for 2005.

On July 28, 2005, the Hospital entered into a swap agreement with an amortizing notional amount of \$74.5 million. The notional amount is based on the Series 2005 Bond principal repayment schedule that ends in 2035. Per the agreement, the Hospital pays a fixed rate of 3.3% and the counterparty pays 70% of the 3 month USD LIBOR. 2005 LIBOR rates ranged between 2.4% and 4.4%. The net amount is exchanged monthly between the two parties. The Hospital has an early termination option.

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On May 14, 2003, the Hospital entered into a twenty-one month swap agreement with a fixed notional amount of \$56 million. The agreement ended on February 15, 2005. The Hospital paid a fixed rate of 1.5% and the counterparty paid a floating rate equal to the Bond Market Association Municipal Index (BMA Swap Index), an index of seven-day high-grade tax-exempt variable rate demand obligations. During the agreement, BMA index rates ranged between .7% and 2%.

On March 13, 2003, the Hospital entered into a swap agreement with an amortizing notional amount of \$30.5 million. The amortizing notional amount is based on the Series 2003 Bond principal repayment schedule ending on March 1, 2033. Per the agreement, the Hospital pays a fixed rate of 3.5% and the counterparty pays 75% of the USD LIBOR rate. Net settlement amounts are exchanged monthly. The Hospital has the option to terminate the agreement prior to the February 2035 expiration date.

On September 1, 1999, the Hospital entered into a swap agreement with a fixed notional amount of \$56 million. On February 15, 2005, the agreement ended when the counterparty exercised its early termination option. The agreement was originally scheduled to terminate on February 15, 2014. Per the agreement, the Hospital paid the BMA Swap Index rate and the counterparty paid a fixed interest rate of 5.4%. During the agreement, the BMA index rates ranged between .7% and 5.8%.

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

Under the Uniform Bond Act of the Ohio Revised Code, the County has the capacity to issue approximately \$108.6 million of additional unvoted general obligation debt.

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

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

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$25.9 million liability recorded in the statement of net assets (Governmental Activities) at December 31, 2005 was based were as follows:

Governmental Activities	Hours	Amount (in 000's)
Sick.....	27,447	\$ 543
Vacation.....	1,181,623	23,395
Overtime.....	99,687	1,974
Total.....	<u>1,308,757</u>	<u>\$ 25,912</u>

**COUNTY OF CUYAHOGA, OHIO**  
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The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$.5 million liability recorded in the statement of net assets (Business-type Activities) at December 31, 2005 was based were as follows:

Business-type Activities	Hours	Amount (in 000's)
Sick.....	543	\$ 12
Vacation.....	20,301	443
Overtime.....	871	19
Total.....	<u>21,715</u>	<u>\$ 474</u>

**Special Termination Benefits:** In May 2001, the Board of County Commissioners authorized the purchase of additional service credit (equal to 20% of accumulated service time up to a maximum of 5 years) under OPERS (see Note G) for certain employees close to retirement as an incentive to retire early. The Early Retirement Incentive Program (ERIP) was approved for participating departments and agencies of the County by agreement with the County Commissioners. Eligible employees had until June 30, 2002 to elect to participate in the program. As of June 30, 2002, 1,127 employees had accepted the program resulting in a total cost of \$101.3 million payable to OPERS. In addition, the County Board of Mental Retardation (CBMR) adopted an ERIP plan in 2005. CBMR will purchase up to 2 years of service credit for eligible employees to be paid over a period of 2 years for employees in both OPERS and STRS Ohio. As of December 31, 2005, 23 employees agreed to participate at a cost of \$1.3 million and an outstanding liability of \$.5 million.

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

Payments are made to OPERS in quarterly installments over the life of the purchased service credit. The following summarizes the future payment requirements to fund the cost of the special termination benefits for the employees who had elected to participate in the plan at December 31, 2005:

Year	(Amounts in 000's)	
	Governmental Activities	Business-type Activities
2006.....	\$ 18,800	\$ 467
2007.....	2,779	88
Total Termination Benefit Payments.....	<u>21,579</u>	<u>555</u>
Amount Representing Interest.....	<u>(1,092)</u>	<u>(29)</u>
Net Amount.....	<u>\$ 20,487</u>	<u>\$ 526</u>

**Advance Refunding of General Obligation Bonds:** On March 19, 1993, the County issued general obligation bonds amounting to \$140.7 million with interest rates ranging from 2.2% to 5.25%. The issues consisted of voted and unvoted refunding debt as well as new voted debt. The unvoted refunding debt amounted to \$75.4 million, the voted refunding debt amounted to \$49.4 million and the additional voted debt amounted to \$15.9 million. The refunding debt proceeds were used to advance refund outstanding debt of \$115.6 million which consisted of \$49.6 million and \$66 million of voted and unvoted debt, respectively. The County advance refunded the bonds to reduce its total debt service payments over the next 20 years by \$1.5 million and \$2.9 million on voted and unvoted debt, respectively, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.2 million and \$2.2 million on voted and unvoted debt, respectively. The aggregate amount of the defeased General Obligation Bonds outstanding at December 31, 2005 was \$21.4 million. The remaining proceeds from the issuance were used to fund various capital projects.

The County issued \$74 million of General Obligation (limited tax) Refunding Bonds dated April 21, 2005 to advance refund a portion of the County's \$35.1 million General Obligation (limited tax) Various Purpose Improvement Bonds, Series 1995, and advance refund a portion of the County's \$96.6 million General Obligation (limited tax) Capital Improvement Bonds, Series 2000. The proceeds of the Series 2005 Refunding Bonds were used to advance refund \$13.3 million of the Series 1995 bonds that are callable in November 2005 and \$60.1 million of the Series

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2005

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2000 bonds that are callable in December 2010. The non-callable portion of the refunded bonds, which total \$26.8 million, remained outstanding at the time the Series 2005 Refunding Bonds were issued. The County advance refunded the bonds to reduce its total debt service payments by \$3.3 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3.1 million. The aggregate amount of deferred General Obligation Bonds outstanding at December 31, 2005 was \$60.1 million.

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

Effective November 1, 1997, the County issued \$77.5 million of Hospital Refunding Revenue Bonds, Series 1997A. The proceeds of the Series 1997A Bonds were used to advance refund \$73.7 million of Series 1989 Bonds scheduled to mature on February 15, 2019. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9.8 million. This unamortized difference (\$6.7 million at December 31, 2005) is reported in the accompanying financial statements as a deduction from long-term debt and is being charged to operations through the year 2019 using the effective interest method.

Effective September 1, 1999, the County issued \$57 million of Hospital Improvement Revenue Bonds, Series 1999 (The MetroHealth System Project) (Series 1999 Bonds). The proceeds of the Series 1999 Bonds are being used to finance the construction of a 150-bed long-term care facility and acquire, construct, renovate, equip and improve operating rooms and other hospital facilities. On July 28, 2005 a portion of the proceeds from the 2005 Series Bond issue was placed in escrow to advance refund the outstanding Series 1999 Bonds.

Effective March 13, 2003, the County issued \$30.5 million of Hospital Improvement Variable Rate Demand Revenue Bonds, Series 2003 (The MetroHealth System Project) (Series 2003 Bonds). The proceeds of the Series 2003 Bonds are being used to pay costs of constructing and equipping an administrative building and the Critical Care Pavilion. The bonds bear interest at a variable rate (not to exceed 10%) determined weekly as established by the Remarketing Agent based on current market values for similar bond offerings and are due at various dates until 2033. The rate at December 31, 2005 was 3.6%.

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

Effective July 28, 2005, the County issued \$74.5 million of Hospital Improvement and Refunding Variable Rate Demand Revenue Bonds, Series 2005 (The MetroHealth System Project) (Series 2005 Bonds). Proceeds from the 2005 Series Bonds were used to advance refund \$57 million of the outstanding Series 1999 Bonds scheduled to mature on February 15, 2029; to pay costs of constructing, renovating, furnishing, equipping and improving the South Campus long-term care and skilled nursing facility; and to pay certain costs of issuance of the Series 2005 Bonds. The bonds bear interest at a variable rate (not to exceed 10%) determined weekly as established by the Remarketing Agent based on current market values for similar bond offerings and are due at various dates until 2035. The interest rate at December 31, 2005 was 3.6%.

In connection with the issuance of the Series 2005 Bonds, the Hospital entered into a Reimbursement Agreement with a bank. Under the terms of the Reimbursement Agreement, the Hospital entered into an Irrevocable Letter of Credit ("Letter of Credit") issued by a local bank that expires on July 16, 2010. Under the terms of the Letter of Credit, the Trustee will be entitled to draw amounts necessary to make principal and interest payments. The Letter of Credit is subject to various financial covenants.

The July 28, 2005 bond refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5.2 million. The unamortized difference (\$5.1 million at December 31, 2005), reported in the accompanying financial statements, as a reduction from long-term debt, is included as an increase to interest expense through the year 2029 using the effective interest method.

# COUNTY OF CUYAHOGA, OHIO

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

### Other Financial Obligations

*Operating Leases:* During the year 2005, the County had approximately 62 operating leases for office space and equipment. At December 31, 2005, there were 41 remaining with future obligations. The operating lease agreements range in length from one month to nine years. Total rental payments for 2005 amounted to \$4.6 million, of which \$.8 million was expended from proprietary funds. Rental obligations for the years 2006 through 2010 are \$12.1 million of which \$2.1 million represents the amount to be paid from proprietary funds. Rental payments for the years 2006, 2007, 2008, 2009 and 2010 will be \$4.5 million, \$3 million, \$2.4 million \$1.5 million, and \$.7 million respectively. Operating lease payments are recorded as an expenditure in the period to which they apply.

The Hospital has entered into operating lease agreements for a parking facility, medical space and office space which expire through 2020. Certain leases contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Rent expense totaled \$2.1 million in 2005. Minimum rental commitments under operating leases extending beyond one year at December 31, 2005 are as follows: 2006 - \$1.4 million; 2007 - \$1.5 million; 2008 - \$1.5 million; 2009 - \$1.4 million; 2010 - \$1.3 million; 2011-2015 - \$3.5 million; 2016-2020 - \$1.7 million.

*Gateway Loan Guarantees:* The County currently guarantees the repayment of \$24.7 million of bonded debt of Gateway. This amount represents the outstanding par amount of Stadium Revenue Bonds, the original outstanding amount of which was \$31 million. As of December 31, 2005, the outstanding balance on this Gateway bond guarantee, including future interest payments, was \$30.6 million (payable through September 15, 2014). The County has not been required to make any payments on behalf of the Gateway bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds. Also, the County originally guaranteed the Subordinate Excise Tax Revenue Bond for Gateway whose par value was \$38.4 million. The final principal and interest payments of \$6.7 million were made in 2005 and the County has no further obligation on that issue.

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

As of December 31, 2005, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were approximately \$270.1 million, \$1.9 billion and \$238.8 million, respectively.

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

#### Primary Government

*OPERS PLAN DESCRIPTION:* All full-time employees of the County, except teachers employed by the County Board of Mental Retardation, participate in the Ohio Public Employees Retirement System (OPERS). Employee retirement benefits are available for substantially all employees under three separate retirement plans administered by the OPERS. The plans are the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution pension plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and post-retirement healthcare benefits, to the Traditional and Combined Plan members however, healthcare benefits are not statutorily guaranteed. Participants in the Member-Directed Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code assigns the

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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authority to establish and amend benefits to the OPERS Board of Trustees. OPERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6701, or (800) 222-7377.

**OPERS FUNDING POLICY:** The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5% of covered payroll, except for law enforcement employees. In January 2001, House Bill 416 divided the OPERS law enforcement program into two separate divisions with separate employee contribution rates and benefits as follows: (1) The law enforcement classification which consists of sheriffs and deputy sheriffs with an employee contribution rate of 10.1% and (2) all other members of the law enforcement program who were placed in a newly named public safety division and are required to contribute 9%. The employer contribution rate is 13.55% of covered payroll, except for law enforcement which is 16.7%. Beginning in January 2006, the employer and employee rates will increase each year through 2008. The employer rate will increase in 2006, 2007 and 2008 to 13.7%, 13.85% and 14% respectively. The employee rate will increase in 2006, 2007 and 2008 to 9%, 9.5% and 10% respectively. The total employer contributions from the County to OPERS (excluding amounts paid in 2005, 2004 and 2003 for ERIP – See Note F) for the years 2005, 2004, and 2003 were \$50.9 million, \$49 million, and \$34.4 million, respectively, equal to the required contributions for each year. In 2003, OPERS offered to change its billing cycle from quarterly to monthly in exchange for a deferral of the second quarter of 2003 employer contributions. The County agreed to participate and deferred paying its April 2003, May 2003 and June 2003 employer charges until December 2004, December 2005 and December 2006, respectively. The deferral amounts to \$3.4 million for April 2003, \$5.2 million for May 2003 and \$3.4 million for June 2003.

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

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The portion of the employer contribution rate used to fund postretirement health care for both 2005 and 2004 was 4% of covered payroll. During 2005 and 2004, \$14.9 million and \$14.4 million, respectively, of the County's total contribution to OPERS was used for postretirement benefits. At December 31, 2005, the County was not responsible for paying premiums, contributions, or claims for OPEB under OPERS for any retirees, terminated employees or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions based on the latest actuarial review performed as of December 31, 2004 were as follows:

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

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

**Investment Return:** The investment return assumption for 2004 was 8%.

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

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

# COUNTY OF CUYAHOGA, OHIO

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The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

At December 31, 2005, there were 376,109 active participants contributing to the Traditional Pension and Combined Plans. The County's actuarially required OPEB contribution for 2004 equaled the actual amount contributed to OPERS by the County. In addition, at December 31, 2004, the actuarial value of the plan's net assets available for OPEB approximated \$10.8 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were \$29.5 billion and \$18.7 billion, respectively.

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

*STRS OHIO FUNDING POLICY:* The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 10% of covered payroll. The employer contribution rate is 14% of annual covered payroll. The employer contributions from the County Board of Mental Retardation to STRS Ohio for the years 2005, 2004 and 2003 were \$ 1.8 million, \$1.8 million, and \$1.9 million respectively, and equal to the required contributions for each year.

*OPEB:* STRS Ohio also provides OPEB to plan members in the Defined Benefit or Combined Plans. The qualifications required to receive benefits replicate OPERS. STRS Ohio has established a Health Care Stabilization Fund to accumulate monies for OPEB. The portion of the employer contribution rate allocated to the Health Care Stabilization Fund was 1% of covered payroll. The County's contributions for OPEB for the years 2005 and 2004 were \$.1 million and \$.1 million, respectively, equal to the required contributions for each year.

The balance in the Health Care Stabilization Fund was \$3.3 billion on June 30, 2005 (latest information available). For the year ended June 30, 2005, the net health care costs paid by STRS Ohio were \$254.8 million and there were 115,395 eligible recipients.

### Component Unit

Retirement and OPEB benefits for Hospital employees are provided through OPERS in the same manner as employees of the County's primary government. The Hospital's total contributions to OPERS for the years 2005, 2004 and 2003 were \$40 million, \$38 million and \$36.4 million, respectively, equal to the required contributions for each year. The portion of the Hospital's total contribution to OPERS which was used to fund OPEB for the years 2005 and 2004 was \$11.8 million and \$11 million, respectively.

### NOTE H - Deficit Balances

At December 31, 2005, the Capital Projects, Central Custodial Services, Maintenance Garage, Printing Reproduction and Supplies and Communications funds had net asset deficits of \$8.2 million, \$1.6 million, \$.1 million, \$.1 million and \$.1 million, respectively. The deficit in Capital Projects fund will be eliminated by a future debt issue. The Central Custodial Services, Maintenance Garage, Printing Reproduction and Supplies and Communications funds are Internal Service funds. The deficits will be eliminated through adjustment of the related fee schedules and subsidies as necessary.

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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### NOTE I - Fund Equity

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

Reserve accounts used by the County include:

*Reserved for Restricted Assets:* This account represents the portion of the General fund's equity that includes certificates of deposit that support the County's Housing Enhancement Loan Program (H.E.L.P.) and the unspent proceeds of the County's Brownfield Economic Redevelopment bonds. At December 31, 2005, the balance in this account was \$25.8 million of which \$20.3 million represents the fund equity related to the certificates of deposit and \$5.5 million represents the fund equity related to the Brownfield Redevelopment bond proceeds.

*Reserved for Loans Receivable:* This account is used to separate the portion of fund equity that pertains to long-term loans receivable and is not available for current expenditure. At December 31, 2005, \$19.7 million has been reserved for loan repayments.

*Reserved for Debt Service:* This account is used to separate the portion of fund equity that must be used to fund principal and interest on Gateway Economic Development Revenue Bonds in the succeeding year as well as the equity balance in the Debt Service fund. At December 31, 2005, \$15.4 million has been reserved for debt service.

Designation accounts used by the County include:

*Designated for Self-Insurance:* This account is used to designate resources which management has earmarked to fund any claims or judgments against the County which are not covered by insurance. At December 31, 2005, \$2 million has been designated for self-insurance.

*Designated for Proprietary Funds:* This account is used to designate resources which management has earmarked to retire outstanding Enterprise and Internal Service funds' deficits. At December 31, 2005, \$2 million has been designated for future Internal Service funds' subsidies.

### NOTE J - Risk Management and Other Contingencies

#### Primary Government

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

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

*Self-Insurance:* The County has designated \$2 million of the fund balance of the General fund, pursuant to Ohio law, to provide monies for claims and judgements not covered by the various County insurance policies. Settled claims from risks covered by the County's insurance policies have not exceeded the insurance coverage for the past three fiscal years. Actual expenditures for claims and judgements against the County in 2005 and estimates for unsettled claims at December 31, 2005, including those incurred but not reported, were immaterial. The County is also self-insured with respect to unemployment and workers' compensation benefits. Self-insurance expenditures were immaterial for unemployment compensation in 2005. Since 1992, the County has maintained an Internal Service fund for its self-insured workers' compensation benefits administered through a retrospective rating plan with the State of Ohio. Prior to 1992, the County was fully insured for workers' compensation benefits. The County uses

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

**DECEMBER 31, 2005**

a payroll-based rate to charge its various funds for workers' compensation benefits. These charges are contributed into the Self-Funded Workers' Compensation fund and are based on estimates needed to pay current claims and establish a reserve for claims incurred but not reported. Changes to the estimated claims payable recorded in the Self-Funded Workers' Compensation fund during the years ended December 31, 2005 and 2004 were:

(Amounts in 000's)		
Estimated Claims Payable – Workers Compensation	2005	2004
Estimated claims payable beginning of year.....	\$ 17,263	\$ 18,766
Plus: Current year claims and changes in estimates .....	2,881	1,292
Less: Claim payments .....	<u>2,428</u>	<u>2,795</u>
Estimated claims payable end of year .....	\$ <u>17,716</u>	\$ <u>17,263</u>

The County is also self-insured with respect to its prescription drug plan and, beginning in 2005, one medical plan. Changes to the estimated claims payable recorded in the General fund during the year ended December 31, 2005 were:

(Amounts in 000's)		
Estimated Claims Payable – Health Insurance	2005	
Estimated claims payable beginning of year.....	\$	
Plus: Current year claims and changes in estimates .....		11,009
Less: Claim payments .....		<u>8,971</u>
Estimated claims payable end of year .....	\$	<u>2,038</u>

**Component Unit**

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

Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The reserve for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The changes in the reserve were as follows during the years ended December 31, 2005 and 2004:

(Amounts in 000's)		
Estimated Claims Payable	2005	2004
Estimated claims payable beginning of year.....	\$ 45,774	\$ 41,735
Plus: Current year claims and changes in estimates .....	12,593	18,059
Less: Claim payments .....	<u>11,676</u>	<u>14,020</u>
Estimated claims payable end of year .....	\$ <u>46,691</u>	\$ <u>45,774</u>
Due within one year .....	\$ <u>21,989</u>	\$ <u>21,925</u>

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

**DECEMBER 31, 2005**

**NOTE K - Encumbrances**

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

At December 31, 2005, encumbrances outstanding in Governmental funds and Proprietary funds which were reappropriated in the 2006 budget were:

Fund Type	(Amounts in 000's)
General fund .....	\$ 27,729
Human Services fund .....	40,176
County Board of Mental Retardation fund .....	9,135
Health and Community Services fund .....	36,223
Other Governmental funds .....	88,148
Sanitary Engineer fund .....	725
Other Enterprise funds .....	866
Internal Service funds .....	<u>7,355</u>
Total .....	<u>\$ 210,357</u>

On a GAAP basis, a portion of these encumbrances represented liabilities of the County. At December 31, 2005, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)
General fund .....	\$ 2,429
Human Services fund .....	4,300
County Board of Mental Retardation fund .....	2,648
Health and Community Services fund .....	8,614
Other Governmental funds .....	9,119
Sanitary Engineer fund .....	85
Other Enterprise funds .....	169
Internal Service funds .....	<u>834</u>
Total .....	<u>\$ 28,198</u>

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

**DECEMBER 31, 2005**

**NOTE L - Property Tax Revenues**

Property taxes include amounts levied against real, tangible (used in business) and public utility property. The assessed value upon which the 2005 tax collection was based follows:

Property Type	(Amounts in 000's)
Real property .....	\$ 27,318,158
Personal tangible property .....	2,384,697
Tangible public utility property .....	<u>944,717</u>
Total assessed value .....	\$ <u>30,647,572</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the County levies 1.45 mills of the first 10 mills of assessed value of which .61 is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 12.07 voted mills have been levied for debt service, mental retardation, health and human services and health and welfare. A summary of voted millage follows:

Purpose	Voter Authorized Rate <sup>(1)</sup>	Rates Levied for Current Year Collection <sup>(2)</sup>		Final Collection Year
		Agricultural/ Residential	Commercial/ Industrial	
Debt service .....	\$ .27	\$ .27	\$ .27	2013
Mental retardation <sup>(3)</sup> .....	3.90	3.90	3.90	Cont.
Health and human services.....	3.00	1.65	2.14	2007
Health and welfare .....	<u>4.90</u>	<u>4.45</u>	<u>4.82</u>	2008
Total voted millage.....	\$ <u>12.07</u>	\$ <u>10.27</u>	\$ <u>11.13</u>	

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

Real property taxes are levied each December on the assessed values as of the preceding January 1st, the lien date. Assessed values are established the preceding year by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in 2003. Public utility property taxes are assessed on tangible personal property, as well as land and land improvements at true value, which is, in general, net book value. Tangible property is assessed at 25% of true value except for inventories which are assessed at 23% of average value. Personal property (other than public utility property) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date. The County Treasurer bills and collects property taxes on behalf of all taxing districts in Cuyahoga County including the County. Taxes are payable semi-annually. The County's practice is to extend the statutory due dates to January and July. Unpaid taxes become delinquent after December 31 of the year they are due. Foreclosure proceedings may be initiated by the County Prosecutor if delinquent taxes are not paid within one year.

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

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

**DECEMBER 31, 2005**

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

Property tax revenues were recorded in the following funds in 2005:

Governmental Funds	(Amounts in 000's)
General.....	\$ 21,793
Health and Human Services Levies.....	169,249
County Board of Mental Retardation .....	85,915
Health and Community Services .....	13,839
Other Governmental .....	<u>22,879</u>
Total property tax revenues.....	\$ <u>313,675</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2005 for Cuyahoga County was \$32.1 million.

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

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

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

**DECEMBER 31, 2005**

**NOTE M – Other Intergovernmental Revenue**

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2005 follows:

Fund Type	(Amounts in 000's)
<b>General fund:</b>	
State Public Defender reimbursement .....	\$ 4,706
State property tax reimbursement.....	3,412
Election Assistance Commission (EAC) .....	14,598
Other.....	<u>1,327</u>
Total General fund.....	<u>24,043</u>
<b>Special Revenue funds:</b>	
U.S. Department of Housing and Urban Development .....	22,215
U.S. Department of Justice .....	6,184
U.S. Department of Labor .....	170
U.S. Department of Education .....	1,523
U.S. Department of Homeland Security.....	14,796
U.S. Department of Health and Human Services.....	10,618
Federal and State Mental Health and Retardation.....	200,396
Ohio Department of Alcohol and Drug Addiction Services .....	28,687
Ohio Department of Job and Family Services.....	334,885
Ohio Department of Rehabilitation and Corrections.....	3,951
Ohio Department of Transportation .....	1,844
Ohio Department of Youth Services .....	1,978
State property tax reimbursement.....	23,328
Other.....	<u>4,789</u>
Total Special Revenue funds.....	<u>655,364</u>
<b>Debt Service fund:</b>	
State property tax reimbursement.....	<u>4,011</u>
<b>Capital Projects fund:</b>	
Ohio Department of Transportation .....	11,907
Other .....	<u>7,911</u>
Total Capital Projects fund .....	<u>19,818</u>
Total Other Intergovernmental.....	\$ <u>703,236</u>

**NOTE N - Interfund Transactions**

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

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

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

**DECEMBER 31, 2005**

A summary of interfund transfers by fund type follows for the year ended December 31, 2005:

Fund Type	(Amounts in 000's)						Total
	Transfer To						
Transfer From	General	Human Services	County Board of Mental Retardation	Health and Community Services	Other Governmental Funds	Other Enterprise Funds	
Transfers:							
Major Governmental Funds:							
General Fund .....	\$	\$	\$	\$ 12,030	\$ 10,279	\$ 1,652	\$ 23,961
Human Services .....				228			228
Health and Human Services Levies .....		38,726		92,967			131,693
Health and Community Services .....	700				143		843
Other Governmental Funds .....	444	688	41	1,562	7,066		9,801
Other Enterprise Funds .....					990		990
Internal Services Funds .....					2,039		2,039
Total Transfers .....	<u>\$ 1,144</u>	<u>\$ 39,414</u>	<u>\$ 41</u>	<u>\$ 106,787</u>	<u>\$ 20,517</u>	<u>\$ 1,652</u>	<u>\$ 169,555</u>

**NOTE O - Transactions with Gateway**

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

The County and Gateway also entered into a revolving loan agreement whereby the County agreed to issue bonds and loan the bond proceeds to Gateway to pay arena construction costs. As part of this agreement, the County issued taxable Economic Development Revenue Bonds of \$75 million on September 24, 1992 and \$45 million on February 1, 1994. At December 31, 2005, the County has \$95 million of debt outstanding relating to these bond issues (See Note F).

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

The amount due from Gateway under the revolving loan agreement is \$195.8 million at December 31, 2005, including unpaid accrued interest. During 2005, Gateway repaid the County over \$4.5 million and the remaining amount is fully reserved due to the uncertainty of the repayment from Gateway.

The County, Gateway and the Convention and Visitors Bureau of Greater Cleveland (the Bureau) entered into a cooperative agreement on September 15, 1992, which included a provision that allowed a credit to be given to Gateway for the incremental amount the Bureau receives from the County Transient Occupancy Tax to use as payment to the County for the bonds issued. This agreement was amended on December 22, 1998 to redefine the annual incremental credit and to provide for the deposit by the Bureau for the years 1994 through 1998. The County received \$1 million from this agreement during the year ended December 31, 1999. The County will receive \$.2 million during each subsequent year, subject to certain adjustments. The County received \$.2 million for the year ended December 31, 2005.

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

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

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

**DECEMBER 31, 2005**

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

**NOTE P – Loans**

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

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Ohio Department of Education:</i>			
Food Donation	10.550	N/A	\$ 4,252
National School Lunch Program	10.555	IRN66563	124,559
National School Lunch Program	10.555	IRN66563	159,214
National School Lunch Program	10.555	IRN66597	190,015
Total Child Nutrition Cluster			<u>473,788</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>478,040</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through the Ohio Department of Education:</i>			
CCBMR Title VI-B School Age Grant	84.027	066563-6BSF-05	400,984
CCBMR Title VI-B School Age Grant	84.027	066563-6BSF-06	251,948
Total			<u>652,932</u>
Help Me Grow Part C	84.181	18-1-002-1-EG-05	<u>1,362,542</u>
CCBMR Title VI-B Preschool Grant	84.173	066563-PG-S1-2005	81,620
CCBMR Title VI-B Preschool Grant	84.173	066563-PG-S1-2006	59,632
Total			<u>141,252</u>
Total Special Education Cluster			<u>2,156,726</u>
CCBMR Title V Innovative Education	84.298	066563-C2-S1-2005	<u>6,270</u>
<b>OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY EDUCATION</b>			
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Drug Free Schools	84.186	None	<u>180,000</u>
<b>Total U.S. Department of Education</b>			<u><b>2,342,996</b></u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
<i>Passed Through the Ohio Department of Development:</i>			
Home Weatherization Assistance Program	81.042	D-04-109	55,272
Home Weatherization Assistance Program	81.042	H-02-109	(29)
Home Weatherization Assistance Program	81.042	H-05-109	236,141
Total			<u>291,384</u>
<b>Total U.S. Department of Energy</b>			<u><b>291,384</b></u>

(Continued)

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Direct Programs:</i>			
EPA Brownfield's Fund	66.817	EPA-500-F-03-078	<u>130,264</u>
<i>Passed Through the Ohio Environmental Protection Agency</i>			
ODOT - LPA/E.93rd & Quincy Site Cleanup	66.818	BP-98574401-2	315,000
CPC Brownfield's Fund	66.818	BP-98574401-0	<u>238,290</u>
Total			<u>553,290</u>
<b>Total U.S. Environmental Protection Agency</b>			<u><b>683,554</b></u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Direct Programs:</i>			
Project Tapestry	93.104	1-U79-SM56055-01	<u>1,860,951</u>
Early Learning Opportunities Act	93.577	90LO0111	<u>328,000</u>
HIV Emergency Relief P.C. Support	93.914	5H89HA00045-08	152,229
HIV Emergency Relief P.C. Support	93.914	2H89HA00045-09	1,218,139
HIV Emergency Relief P.C. Support	93.914	2H89HA00045-10	<u>2,186,436</u>
Total			<u>3,556,804</u>
Strengthening Communities-Youth Project	93.230	6-U79-TI-13322-01-1	15,000
Comprehensive Care Juv Justice 2003	93.230	6-U79-TI-13322-01-1	<u>1,228,262</u>
Total			<u>1,243,262</u>
Adult Drug Court	93.243	1 H79 TI14109-01	653,311
Dually Diagnosed Homeless Women	93.243	1 H79 TI16543-01	299,690
Girls Empowered	93.243	4 H79 TI13505-03-2	<u>498,428</u>
Total			<u>1,451,429</u>
<i>Passed Through the Ohio Department of Health:</i>			
HIV Emergency/Planning Support Council	93.917	18-1-002-1-BV-04	19,110
HIV Emergency/Planning Support Council	93.917	18-1-002-1-BV-05	<u>16,565</u>
Total			<u>35,675</u>
<i>Passed Through the Ohio Department of Alcohol and Addiction Services:</i>			
Ohio Second Chance	93.230	5-UDI-TI13577-01	(147,125)
Ohio Second Chance	93.230	5-UDI-TI13577-02	175,032
Ohio Second Chance	93.230	5-UDI-TI13577-03	467,279
Ohio Second Chance	93.230	5-UDI-TI13577-04	<u>24,746</u>
Total			<u>519,932</u>

(Continued)

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Temporary Assistance for Needy Families:</i>			
TANF Lead Clean-up	93.558	H-05-109	<u>17,000</u>
<i>Passed Through the Ohio Department of Development:</i>			
Home Energy Assistance Program	93.568	H-04-109	171,114
Home Energy Assistance Program	93.568	H-03-109	(61)
Home Energy Assistance Program	93.568	H-05-109	<u>435,068</u>
Total			<u>606,121</u>
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Health Block Grant	93.959	N/A	6,367,716
UMADOP	93.959	N/A	471,354
Women's 15%	93.959	N/A	1,570,952
Yment	93.959	N/A	76,998
TASC	93.959	N/A	100,000
Community Prevention	93.959	N/A	135,000
Project Safe	93.959	N/A	145,335
Drug Free Community Coalition	93.959	N/A	63,644
Treatment Alternative to Street Crime FY '02	93.959	18-02962-00-TASC-T-02-9196	(1,328)
Treatment Alternative to Street Crime FY '04	93.959	18-02962-00-TASC-T-04-9196	(30,081)
Treatment Alternative to Street Crime FY '05	93.959	18-02962-TASC-T-05-9196	478,189
Treatment Alternative to Street Crime FY '06	93.959	18-02962-TASC-T-06-9196	<u>420,747</u>
Total			<u>9,798,526</u>
Medicaid Assistance Program - Title XIX	93.778	N/A	<u>6,694,944</u>
Total			<u>16,493,470</u>
<i>Passed Through the Ohio Department of Mental Health Services</i>			
Fast 05	93.556	N/A	182,134
Fast 05	93.556	N/A	32,878
Community Mental Health Services Block Grant	93.958	MH12	759,575
Social Services Block Grant - Title XX	93.667	MH12	1,452,294
Medicaid Assistance Program - Title XIX	93.778	N/A	<u>43,890,777</u>
Total			<u>46,317,658</u>
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Title IV-E Administration Juvenile Court	93.658	N/A	<u>411,862</u>

(Continued)

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
TCM - SCHIP	93.767	N/A	19,643
CAFS - SCHIP	93.767	N/A	19,366
Medicaid Assistance Program - Title XIX	93.778	N/A	33,204,054
Medicaid Assistance Program - Waiver Administration	93.778	N/A	556,589
Social Services Block Grant - Title XX	93.667	MR-18-01	1,062,379
Total			<u>34,862,031</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<u><b>107,704,195</b></u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through the Ohio Department of Public Safety:</i>			
Emergency Management	97.042	34-6000.817	<u>150,420</u>
<i>Passed Through the Ohio Department of Emergency Management Assistance:</i>			
Homeland Security Grant Part I	97.004	2003-TE-TX-0199	254,946
Homeland Security Grant Part II	97.004	2003-MU-P3-0015	1,592,743
Homeland Sec/Critical Infrastructure Security	97.004	2003-MU-T3-0015	74,568
Homeland Sec/Critical Infrastructure Protection	97.004	2003-MU-T3-0015	1,624,056
Homeland Security Equipment Fund	97.004	2003-TE-TX-0199	41,528
Homeland Security Equipment Fund	97.004	2005-TE-TX-0199	149,486
Domestic Preparedness Prog-First Respond	97.004	2002-TE-CX-0106	691
Homeland Security Training	97.004	2003-TE-TX-0199	49,500
State Homeland Security Prog	97.004	2005-GE-T4-0025	772,924
State Homeland Security USAR Equip	97.004	2005-GE-T4-0025	211,921
Total			<u>4,772,363</u>
Urban Area Security Initiative (URSI)	97.008	2003-EU-T3-0012	5,671,648
Urban Area Security Initiative (URSI)	97.008	2004-EU-T3-0012	2,803,036
Urban Area Security	97.008	2004-TU-T4-0015	384,000
Total			<u>8,858,684</u>
Citizens Corps Council Grant Prog	97.053	2005-GC-T4-0025	<u>50,144</u>
Community Emergency Response Team Grant	97.054	EMC-2003-GR-7066	<u>16,301</u>
<b>Total U.S. Department of Homeland Security</b>			<u><b>13,847,912</b></u>

(Continued)

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Direct Programs:</i>			
CDBG - Entitlement	14.218	N/A	4,313,132
Emergency Shelter Grants Program	14.231	N/A	135,373
Supportive Housing Program	14.235	N/A	1,722,337
Shelter Plus Care Program	14.238	N/A	7,275,618
CDBG Home Investment Partnership Program	14.239	N/A	3,210,856
HUD Section 108	14.246	N/A	454,950
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	771,571
Healthy Homes Initiative	14.901	N/A	<u>9,392</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>17,893,229</u></b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
OFFICE OF JUSTICE PROGRAMS -			
VIOLENCE AGAINST WOMEN			
Stop Abuse and Sexual Assault	16.528	2005-EW-AX-K-009	<u>37,858</u>
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY			
PREVENTION - JUVENILE JUSTICE AND DELINQUENCY			
PREVENTION - ALLOCATION TO THE STATE			
<i>Passed Through the Office of Criminal Justice Services:</i>			
Female Aftercare Prj 2005	16.523	04-JB-011-A118	23,421
Community Youth Sanction Program	16.523	03-JB-011-A124	1,097
JAIBG Administration II	16.523	2003-JB-RPU-0324	45,769
2003 JAIBG Block Grant	16.523	2002-JB-RPU-0700	3,020
2004 JAIBG Block Grant	16.523	2003-JB-ADM-0324	128,628
2005 JAIBG Block Grant	16.523	2004-JB-RPU-0700	<u>180,406</u>
Total			<b><u>382,341</u></b>
Juvenile Justice and Delinquency Prevention:			
JUV Justice & Delinquency Title II	16.540	2002-JJ-RPU-0795	46,741
JUV Justice 2005	16.540	2004-JJ-RPU-0795	61,337
JJDP Block Grant FY2003	16.540	2003-JJ-RPU-0795	56,364
JJDP Block Grant FY2004	16.540	2004-JJ-RPU-0795	93,528
2004 Cuyahoga JJ Administration	16.540	2003-JJ-ADM-0320	14,266
2005 Cuyahoga JJ Administration	16.540	2004-JJ-ADM-0320	<u>17,874</u>
Total			<b><u>290,110</u></b>

(Continued)

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Internet Crimes	16.542	2000-MCCX-K016	<u>258,105</u>
Protection Order Project	16.554	2000-RU-N39-9138	<u>164,553</u>
<b>OFFICE OF JUSTICE PROGRAMS - DRUG CONTROL AND SYSTEM IMPROVEMENT ACT</b>			
<i>Passed Through the Office of Criminal Justice Services:</i>			
Edward Byrne Memorial Admin FY2003	16.579	2003-DG-ADM-7431	18,842
Victim Restitution Prog	16.579	2004-DG-D-B-017	16,574
Psychological Counseling	16.579	2003-DG-D-B-010	84,654
Psychological Counseling	16.579	2004-DG-D-B-010	5,023
Evidence Collection Training FY2004	16.579	2003-DG-E01-B-005	10,844
Evidence Collection Training FY2005	16.579	2004-DG-C02-B-005	10,293
Straight Release Overflow Unit FY2004	16.579	2003-DG-CB-006	3,115
Straight Release Overflow Unit FY2005	16.579	2004-DG-CB-006	34,238
L.I.G.H.T.S	16.579	2004-DG-B-B022	11,985
FY 2004 Byrne Administration	16.579	2004-DG-ADM-7431	68,664
Byrne Victim Family Advocate 2005	16.579	2004-DG-D-B051	20,197
FY2002 Narcotics Control Grant	16.579	2002-DG-RPU-0727	2,290
FY2003 Narcotics Control Grant	16.579	2003-DG-RPU-0737	277,111
FY2004 Narcotics Control Grant	16.579	2004-DG-RPU-0747	683,708
Proware Enhancement Grant	16.579	2003-DG-G-B-040	14,893
Operation Deadbeat	16.579	2004-DG-B-B-052	10,525
GRAD	16.579	2003-DG-G-B-038	4,982
Competency Research	16.579	2003-DG-G-B-035	6,117
JA-CJS-Byrne	16.579	2003-DG-F-B-026	51
JA-CJS-Byrne	16.579	2004-DG-F-B-026	19,712
Juvenile Court Advocate Byrne 2005	16.579	2004-DG-D-B-007	19,164
Public Defender Info Systems Upgrade	16.579	2003-DG-G-B037	24
Old School Boxing Club After School Program	16.579	2004-DG-B-B057	34,342
Youth Intervention/Prevention Network	16.579	2003-DG-G-B-033	<u>4,952</u>
Total			<u>1,362,300</u>
FY2003 VAWA Block Grant	16.588	2003-WF-RPU-0738	175,680
FY2005 VAWA Block Grant	16.588	2005-WF-RPU-0748	372,554
FY2005 VAWA Administration	16.588	2005-WF-ADM-8668	<u>14,163</u>
Total			<u>562,397</u>
Total of 16.579 & 16.588 Passed Through the Office of Criminal Justice Services			<u>1,924,697</u>

(Continued)

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<b>OFFICE OF JUSTICE PROGRAMS - NATIONAL INSTITUTE OF JUSTICE</b>			
<i>Passed Through the Office of Criminal Justice Services:</i>			
Training Toward Accreditation	16.560	2003-PC-NFS-7807A	<u>6,265</u>
<b>OFFICE OF JUSTICE PROGRAMS - OTHER</b>			
<i>Direct Programs:</i>			
Gang Free Communities	16.544	2001-JD-FX-0002	<u>192,791</u>
Gun Violence Prosecution	16.609	2003-GP-CX-0033	24,806
Tri-County Juvenile Gun Violence	16.609	2003-GP-CX-0147	<u>94,962</u>
Total			<u>119,768</u>
JAG Asst Justice 2005	16.738	2005-DJ-BX-1550	<u>625,994</u>
<i>Passed Through the Ohio Department of Youth Services:</i>			
Truancy Prevention Title V	16.548	2002-JV-TS0-5112	11,636
Truancy Prevention Title V	16.548	2005-JV-T5-5112	<u>22,851</u>
Total			<u>34,487</u>
<i>Passed Through the Office of Criminal Justice Services:</i>			
Standardizing Forensic Info 2004	16.580	2004-DG-G-B-030	<u>5,040</u>
RSAT Therapeutic Community 2004	16.593	2002-RS-SAT-120A	1,084
RSAT Therapeutic Community 2005	16.593	2003-RS-SAT-120	<u>155,014</u>
Total			<u>156,098</u>
Violent Fugitive Task Force	16.609	2003-PS-PSN-315	91,361
Project Safe Neighborhood	16.609	2003-PS-PSN-310	<u>74,239</u>
Total			<u>165,600</u>
<i>Ohio Department of Rehab and Corrections</i>			
C.O.R.E Going Home	16.202	2002-RE-CX-003	293,243
C.O.R.E BIP Project	16.202	04-CORE-0002	33,394
C.O.R.E TASC Project	16.202	04-CORE-0001	<u>48,793</u>
Total			<u>375,430</u>
<b>Total U.S. Department of Justice</b>			<u><b>4,739,137</b></u>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Direct Programs:</i>			
Workforce Incentive Grant	17.266	WI-14194-04-60	<u>180,638</u>
Total			<u>180,638</u>

(Continued)

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Reed Act	17.225	G-04-15-0983	218,009
Youth Settlement Funds	17.261	N/A	<u>10,000</u>
Total			<u>228,009</u>
<i>Workforce Investment Act of 1998 Passed Through the Ohio Department of Job and Family Services:</i>			
WIA Administration	17.258	N/A	173,020
WIA Adult	17.258	N/A	2,471,103
Special Projects	17.258	N/A	(531)
Veterans Short-Term Training Program	17.258	N/A	<u>3,760</u>
Total			<u>2,647,352</u>
WIA Administration	17.259	N/A	166,776
WIA Youth	17.259	N/A	2,054,574
Special Projects	17.259	N/A	(512)
User Acceptance Testing	17.259	N/A	3,174
Workforce Training & Developmen	17.259	6000817	<u>1,977</u>
Total			<u>2,225,989</u>
WIA Administration	17.260	N/A	118,018
WIA Dislocated Worker	17.260	N/A	1,307,089
WIA Rapid Response	17.260	N/A	1,000,000
Special Projects - LTV	17.260	N/A	(203)
Total			<u>2,424,904</u>
Total WIA Cluster (17.258, 17.259, 17.260)			<u>7,298,245</u>
<b>DEPARTMENT OF LABOR - EMPLOYMENT AND TRAINING ADMINISTRATION</b>			
Employment for Youth 2005	17.261	YF-14834-05-60	<u>17,795</u>
<b>Total U.S. Department of Labor</b>			<u>7,724,687</u>
<b>U.S. DEPARTMENT OF COMMERCE</b>			
<i>Passed Through the Ohio Department of Natural Resources</i>			
Euclid Creek Watershed Planning	11.419	NA03NOS41900096	<u>75,000</u>
<b>Total U.S. Department of Commerce</b>			<u>75,000</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct Program:</i>			
County Airport - Airport Improvement Program	20.106	3-39-0021-1201	54,390
County Airport - Airport Master Plan - Phase II	20.106	AIP3-39-0021-1404	272,087
County Airport - Acquisition of Land	20.106	N/A	<u>742,927</u>
Total			<u>1,069,404</u>

(Continued)

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Department of Transportation:</i>			
ODOT - Detroit- Superior Bridge Intersection	20.205	EO33 (602)	236,237
ODOT - LPA / Emery Road	20.205	E033 (040)	1,811,086
ODOT - Falls Road	20.205	EO35 (988)	976,424
ODOT - Hilliard Boulevard	20.205	EO40 (428)	1,931,522
ODOT - Pleasant Valley Road & Bridge No.58	20.205	G000 (382)	3,653,262
ODOT - LPA / St. Clair Ave. Phase II Road	20.205	E036 (064)	504,560
ODOT - Smith Road	20.205	G020250	201,744
ODOT - LPA/ Stumph Road	20.205	G020105	37,225
ODOT - LPA / Triskett Road Bridge #195	20.205	E051 (079)	60,106
ODOT - LPA / Wolf Road Bridge #6	20.205	E035 (672)	1,868,979
ODOT - West 140th Street	20.205	E034351	209,508
ODOT - LPA / West 117th Street Project	20.205	G000015	<u>79,408</u>
Total Highway Planning & Construction Cluster			<u>11,570,061</u>
<i>Passed Through the Ohio Environmental Protection Agency:</i>			
Hazardous Materials Prepar. Train.	20.703	HMEOH8016060	<u>12,939</u>
<b>Total U.S. Department of Transportation</b>			<u><b>12,652,404</b></u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through the Ohio Secretary of State</i>			
Cert Elections Registration Admin Grant	39.011	05-HAVA-CERA-18	1,000
Voter Registration Grant	39.011	04-SOS-HAVA-18	<u>83,530</u>
<b>Total U.S. Department of Treasury</b>			<u><b>84,530</b></u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
<i>Direct Program:</i>			
Americorps	94.006	JJWC-003-04	<u>2,162</u>
<b>Total Corporation for National and Community Service</b>			<u><b>2,162</b></u>
<b>ELECTION ASSISTANCE COMMISSION</b>			
<i>Passed Through the Ohio Office of Secretary of State:</i>			
Help America Vote	90.401	E05-5407-18	<u>14,598,900</u>
<b>Total Election Assistance Commission</b>			<u><b>14,598,900</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 183,118,130</b></u>

(Concluded)

# CUYAHOGA COUNTY, OHIO

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

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### 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of the primary government of Cuyahoga County, Ohio, under programs financed by the U.S. government for the year ended December 31, 2005. The Schedule has been prepared using the cash basis of accounting. For purposes of the Schedule, federal awards include the following:

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

The information presented in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Catalog of Federal Domestic Assistance ("CFDA") Numbers or Primary Grant Numbers are presented for those programs for which such numbers are available.

The County's basic financial statements include the operations of MetroHealth System, a discretely presented component unit, which expended \$8,609,207 in federal awards during the year ended December 31, 2005. These expenditures are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2005 because MetroHealth System had a separate audit performed in accordance with OMB Circular A-133.

### 2. LOANS RECEIVABLE

As shown in the table below, the County had loans receivable outstanding at December 31, 2005 under the Community Development Block Grant ("CDBG") Entitlement and Home Investment Partnership programs. All of the loans outstanding at December 31, 2005 pertained to federal awards received by the County, or program income associated with these awards, and provided as loans to eligible recipients in prior years. The loan balances detailed below were not included in federal expenditures presented in the accompanying Schedule because the provisions of the grant agreements pertaining to such loans do not require the repayment of the grant monies to the federal government. The loans outstanding at December 31, 2005 under federal grant programs were as follows:

Program Title	Federal CFDA No.	Loan Amounts Outstanding at December 31, 2005
CDBG—Entitlement and (HUD-Administered) Small Cities Cluster	14.218	\$10,397,160
CDBG Home Investment Partnership program	14.239	8,030,740
		<u>\$18,427,900</u>

# CUYAHOGA COUNTY, OHIO

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2005

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### 3. SUBRECIPIENTS

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

### 4. MEDICAID ASSISTANCE PROGRAM—TITLE XIX

The total amount expended by the County during 2005 under the Title XIX Medicaid Assistance Program (CFDA No. 93.778) is summarized as follows:

<b>Passed Through From</b>	<b>Amount Expended</b>
Ohio Department of Alcohol and Drug Addiction Services	\$ 6,694,944
Ohio Department of Mental Health Services	43,890,777
Ohio Department of Mental Retardation and Developmental Disabilities	<u>33,760,643</u>
Total	<u>\$ 84,346,364</u>

### 5. TITLE XX SOCIAL SERVICES BLOCK GRANT

The total amount expended by the County during 2005 under the Title XX Social Services Block Grant (CFDA No. 93.667) is summarized as follows:

<b>Passed Through From</b>	<b>Amount Expended</b>
Ohio Department of Mental Health Services	1,452,294
Ohio Department of Mental Retardation and Developmental Disabilities	<u>1,062,379</u>
Total	<u>\$ 2,514,673</u>

\* \* \* \* \*

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cuyahoga County, Ohio (the "County") as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 9, 2006 (February 28, 2007 as to the Help America Vote grant, CFDA #90.401), which report includes an explanatory paragraph regarding MetroHealth System's change in its method of accounting for conditional asset retirement obligations in 2005 and also was modified to include a reference to the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. This report does not include the results of our testing of Metro Health System's internal control over financial reporting or compliance and other matters that are reported on separately by us. Other auditors audited the financial statements of the MetroHealth Foundation, Inc., as described in our report on the County's financial statements. This report also does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the County in a separate letter dated June 9, 2006.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we also noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated June 9, 2006.

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

*Deloitte & Touche LLP*

June 9, 2006

(February 28, 2007 as to the Help America Vote grant, CFDA #90.401)

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM (AS REVISED)

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

### Compliance

We have audited the compliance of Cuyahoga County, Ohio (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of MetroHealth System, a discretely presented component unit, which expended \$8,609,207 in federal awards during the year ended December 31, 2005 which is not included in the County's Schedule of Expenditures of Federal Awards for the year ended December 31, 2005. Our audit, described below, did not include the operations of MetroHealth System because the component unit engaged us as auditors to perform a separate audit in accordance with OMB Circular A-133.

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

In our opinion, the County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2005-1.

## Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Deloitte & Touche LLP*

June 9, 2006

(February 28, 2007 as to the Help America Vote grant, CFDA #90.401)

# CUYAHOGA COUNTY, OHIO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (AS REVISED) FOR THE YEAR ENDED DECEMBER 31, 2005

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### Summary of Auditors' Results

- Type of Report Issued on the Financial Statements as of and for the Year Ended December 31, 2005—Unqualified.
- Internal Control Over Financial Reporting:
  - Material weaknesses identified?—No
  - Reportable conditions identified that are not considered to be material weaknesses?—N/A (none reported).
- Noncompliance noted that is Material to the Financial Statements—N/A (none reported).
- Internal control over major programs:
  - Material weaknesses identified?—No
  - Reportable conditions identified that are not considered to be material weaknesses?—N/A (none reported).
- Type of Report Issued on Compliance with Requirements Applicable to Major Federal Award Programs—Unqualified.
- The audit disclosed one finding which was required to be reported under Section .510(a) of OMB Circular A-133. See Findings Related to Federal Awards below.
- Major Federal Award Programs Identified for the Year Ended December 31, 2005:
  - CFDA #93.778 Medicaid Assistance Program
  - CFDA #97.004 State Domestic Preparedness Equipment Support Program
  - CFDA #97.008 Urban Area Security Initiative
  - CFDA #17.258, 17.259, 17.260 Workforce Investment Act Cluster
  - CFDA #14.218 Community Development Block Grant
  - CFDA #20.205 Highway Planning and Construction Grant
  - CFDA #90.401 Help America Vote Act Requirements Payments
- Dollar Threshold Used to Distinguish Between Type A and Type B Programs—\$3,000,000.
- The County was not considered to be a Low Risk Auditee as defined under OMB Circular A-133.

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

None

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

**Finding No. 2005-1**

**Federal Award Program**—Title XIX Medicaid CFDA #93.778

**Condition**—There is inadequate verification and review by management of services recorded in the billing system, resulting in over and under billing of services rendered. We viewed the underlying documentation of services billed, noting inconsistencies in units billed for services rendered when compared with relevant source documents.

**Criteria**—Billings are based on units of service and should accurately indicate the actual services that were performed.

**Effect**—The services billed and reimbursed with Federal Awards may not be a true representation of those services actually rendered.

**Questioned Costs**—Known questioned costs are \$124.43. Based on errors noted in a sub-selection population of \$4,601, the total likely questioned costs may exceed \$10,000. In addition, errors appear to be isolated to the Cuyahoga County Board of MRDD.

**Recommendation**—The Board should implement review and verification procedures to ensure services billed are an accurate representation of services rendered.

**View of Responsible Officials**—The Cuyahoga County Board of MR/DD is taking the following actions in response to Finding No. 2005-1:

1. CCBMR/DD has replaced the INSYST (legacy) billing system, which had been utilized to document and bill nearly all of the services during the audit period. The newer Provider Gateway system, now used to document and bill TCM services, requires time-in and time-out data, which reduces the possibility of errors by eliminating the need to calculate hours and minutes, as required under the former system. The transfer of hours and minutes data from progress notes to billing logs accounted for two of the errors noted. Second, the Gatekeeper system, which recently replaced the INSYST system for the billing of day program services, also has safeguards for properly tracking the duration of services.
2. CCBMR/DD will be conducting internal audits of its Medicaid billings by randomly selecting 50 records from each monthly TCM billing file before the claim is electronically submitted to the State. The outcome of this review of service data billed will also be used to determine the need and scope of additional staff training requirements.
3. CBMR/DD has corrected the specific billing errors identified in the Single Audit and submitted corrections directly to ODMR/DD's Medicaid Billing System. CBMR/DD understands that these corrections may or may not be accepted because of State time limitations for submitting claims.
4. CBMR/DD will develop internal controls in all of our billing software applications (already in Gatekeeper) to prevent possible duplicate entry of service data into the system, which was the cause of two of the errors noted in the audit. An attempt to enter another service of the same type for a consumer on the same day will be controlled.

5. CCBMR/DD will be scheduling a high level management meeting to re-emphasize the importance of following proper service documentation and billing procedures to all of our staff, and to identify specific management reports that management should be using for monitoring purposes.
6. Finally, CBMR/DD will refine and update its internal billing documentation procedures, covering Medicaid and other funding sources, as well as all billing systems utilized by the organization. These procedures will be distributed to CCBMR/DD staff service providers, with follow-up to ensure that they are understood and being implemented by all.

# CUYAHOGA COUNTY, OHIO

## SUMMARY OF OTHER REPORTS

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### CUYAHOGA COUNTY ALCOHOL AND DRUG ADDICTION SERVICES BOARD STAKEHOLDER ASSISTANCE REVIEW FINDINGS

In a report dated January 19, 2006, the Ohio Department of Alcohol and Drug Addiction Services completed its Stakeholder Assistance Review for the period ended June 30, 2004 of the Cuyahoga County Alcohol and Drug Addition Services Board. The principal finding resulting from the performance audit relating to internal control and legal compliance matters that was unresolved as of the 2005 Single Audit Report is as follows:

#### *Lack of Segregating Funds by Funding Source*

**Observation**—Good record keeping and internal controls include having accounting procedures that permit the preparation of reports that adequately identify the source of funds and also allow the tracing of funds to ensure the expenditures are reasonable and allowable. In fiscal year 2004 the Board combined state and federal per capita treatment expenditures and local levy fund expenditures in the same general ledgers account. The Board also combined state and federal per capita prevention and local levy expenditures in the same general ledger account.

**Ohio Department of Alcohol and Drug Addiction Services Recommended Corrective Action**—The Cuyahoga County Alcohol and Drug Addiction Services Board should implement an accounting system that segregates both revenues and expenditures in the general ledger for the funding sources identified above.

**Management's Response**—The Board is subject to certain policies and procedures that are set by the Cuyahoga County Auditor that allow the measurement of financial results against the County's operating budget as approved by the Board of County Commissioners. The Board's general ledger is maintained to allow ease in reconciliation of the Board's general ledger with the County's general ledger. The Board does provide supplemental information that allows the Auditor's Office to prepare reporting schedules as required under OMB Circular A-133. The Board has worked with the County Auditor's Office to segregate special initiative funds by funding source and will continue to work with the Cuyahoga County Auditor's office to segregate SAPT Block Grant, State Per Capita/Needs and County General Revenue fund expenditures by funding source. The Board will adapt its general ledger to reflect this segregation of funds by funding source no later than the start of Fiscal Year 2007.

# CUYAHOGA COUNTY, OHIO

## SUMMARY OF OTHER REPORTS (CONTINUED)

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### CUYAHOGA COUNTY DEPARTMENT OF WORKFORCE DEVELOPMENT WIA PROGRAM MONITORING REPORT FINDINGS

During 2005, the Ohio Department of Job & Family Services (“ODJFS”), issued a report detailing the observations and recommendations resulting from its financial monitoring and technical assistance visit at the Cuyahoga County Department of Workforce Development (“CCDWD”). The significant finding resulting from the audit relating to internal control and legal compliance matters was as follows:

#### *Private Sector Representation*

**Observation**—The membership of the Area 3 Workforce Investment Board (“WIB”) does not comply with the composition requirements in §117(b) of the Act and §661.315(d) in the Federal Regulations. The Board does not have private sector representation which exceeds 50% of total membership. The Area 3 WIB currently has fifty-two (52) members with only twenty-four (24) representing the private sector. Failure to meet this requirement will prevent certification of the Area 3 Board and may also impact the Phase II One-Stop certification of Area 3.

**Ohio Department of Job & Family Services Recommended Corrective Action**—The Area needs to add five members from the private sector to ensure the required private sector majority.

**Management’s Response**—The recommendation concerning the private sector representation is being taken under advisement, but it would require the cooperation of other elected officials whose participation is critical to this process. It is not known at this time if other elected officials would wish to participate.

\* \* \* \* \*

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## County of Cuyahoga, Ohio

**For The Year Ended**  
**December 31, 2005**

*Frank Russo*



Cuyahoga County Auditor



COUNTY OF CUYAHOGA,  
OHIO

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2005**



FRANK RUSSO  
CUYAHOGA COUNTY AUDITOR

Prepared by:

Steven C. Letsky, CPA  
*Director of Accounting*

Cheryl A. Arslanian, CPA  
*Manager-Financial Reporting*

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**COUNTY OF CUYAHOGA, OHIO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

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**COUNTY OF CUYAHOGA, OHIO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**FRANK RUSSO**  
CUYAHOGA COUNTY AUDITOR

June 12, 2006

The Citizens of the County of Cuyahoga

We are pleased to present the 2005 Comprehensive Annual Financial Report of the County of Cuyahoga. This report provides a full and complete disclosure of the financial position and operations of the County for the year ended December 31, 2005. My office believes that the data herein is accurate in all respects and that all disclosures necessary to enable the reader to gain a maximum understanding of the County's financial affairs have been included.

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

We are proud that Cuyahoga County has received the Certificate of Achievement for Excellence in Financial Reporting 21 times from the Government Finance Officers Association. Attainment of this prestigious award is an annual goal of our office.

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

Respectfully submitted,

Frank Russo  
Cuyahoga County Auditor



# **FRANK RUSSO**

## **CUYAHOGA COUNTY AUDITOR**

June 12, 2006

Honorable Frank Russo  
Cuyahoga County Auditor

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

Honorable James Rokakis  
Cuyahoga County Treasurer

We are pleased to present the Comprehensive Annual Financial Report of the County of Cuyahoga for the year ended December 31, 2005. This report contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the County. The responsibility for the accuracy of all data presented, its completeness and fairness of presentation rests with the County Auditor's Office (specifically the Financial Reporting Section), the Board of County Commissioners and the County Treasurer's Office.

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

The CAFR is organized in three sections: The Introductory Section, the Financial Section and the Statistical Section. The Introductory Section contains a table of contents, letters of transmittal, the Certificate of Achievement for Excellence in Financial Reporting for 2004, a list of elected officials and an organization chart. The financial section includes the independent auditors' report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, supplementary information and various other statements and schedules pertaining to the County's funds and activities. The Statistical Section provides selected financial, economic and demographic information, which may be used to indicate trends for comparative fiscal periods.

### REPORTING ENTITY

The County of Cuyahoga is a political subdivision of the State of Ohio. It encompasses 59 municipalities, villages and townships, of which Cleveland is the largest. The County includes 459 square miles and has an estimated population of 1,335,317 making it the 27<sup>th</sup> largest county in the United States. The County provides general governmental services to its citizens including: Social services including drug and alcohol abuse programs and programs for the mentally retarded, health and community assistance related services, civil and criminal justice system services, road and bridge maintenance and other general administrative support services. The County operates several enterprise activities including a sewer system, an airport, a parking garage and a crime

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

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

### ECONOMIC OUTLOOK

Recent economic news has not been encouraging, but there were some positive developments in 2005. The market for Class A buildings in downtown Cleveland is fairly strong with vacancies dropping from 14% in 2004 to 12% in 2005. The east suburbs' vacancy rate dropped considerably from 16% in 2004 to 9% in 2005, while south suburb rates were only slightly down from 2004 (28% to 27%). There was less movement in Class B vacancies where the numbers remained virtually unchanged from 2004 to 2005. Overall, among all classes of property, vacancy rates for office space went from 21.8% in 2004 to 21.7% in 2005, and vacancy rates for industrial space dropped from 12.5% in 2004 to 10.8% in 2005. For the fourth consecutive year, the vacancy rate in northeast Ohio shopping centers declined to 7.5% from 7.8% one year ago.

The Rock and Roll Hall of Fame and Museum opened in 1995 and celebrated its 10<sup>th</sup> anniversary in September 2005. After years of planning the Rock Hall is to begin construction on a new Center for Innovation in the Arts at Cuyahoga Community College's Metropolitan Campus (CCC). The research facility and repository will occupy 20,000 square feet of the 70,000 square foot CCC building with up to 12,000 square feet of high-density storage. In addition to offices and areas for viewing material, the library will also display Rock Hall items. It is scheduled to open in late 2007. In order to alleviate pressure on the operating budget, the Cleveland-Cuyahoga County Port Authority refinanced the remainder of \$39 million in bonds issued in 1993 which helped pay for the construction of the museum. The refinancing freed up at least \$224,000 per year. Proceeds from a 1.5% county bed tax, corporate sponsorships and a 3% admission surcharge were pledged to repay the original bonds. If the admission surcharge failed to generate \$224,000 toward repayment of the bonds, the museum was responsible for making up the difference from its operating fund. The bed tax is the pledged source of repayment on the refinancing bonds and is currently generating enough money to cover the annual debt service. Also, corporate sponsorship was not heavily pursued because proceeds would be earmarked for the bond reserve fund. The Rock Hall is trying to change its image to become more of a destination and less of a symbol. One change being proposed is for the enshrinement to be held at the Rock Hall at least every 5 years. The Rock Hall was set to open a new home away from home facility in Phoenix, Arizona in 2006, but was delayed due to a switch in sites. The Rock Hall is also pursuing an "on tour" outlet in Memphis, Tennessee, which should be up and running by spring 2006. The "on tour" facilities are designed to showcase temporary exhibits and ideally encourage tourists to visit the Cleveland site.

The Civic Vision 2000 and Beyond report is a comprehensive plan that can serve as a blueprint for transforming downtown Cleveland in the 21<sup>st</sup> century. The report calls for spending upwards of \$2.7 billion in public and private funds over 10 years on 5 initiatives of major importance: (1) Dramatically change the lakefront; (2) Develop a new and competitive downtown convention center; (3) Restore and beautify Euclid Avenue; (4) Double the number of downtown residents; and (5) Develop attractive and user-friendly systems of connectivity. In addition, the Steering Committee recommended supporting the Greater Cleveland Growth Association (now the Greater Cleveland Partnership) task force review of Northeast Ohio's required air service needs, improving the Cleveland public schools and building inter-relationships with adjoining neighborhoods. Most of the

Euclid Avenue projects are under construction. Civic Vision's goal is 3,000 new housing units with 1,200 having already been added and 7,000 new downtown hotel rooms with 617 currently in place. One proposal, the "Connecting Cleveland: The Waterfront District Plan," is being considered for the lakefront which consists of shifting the shoreway, a main freeway connecting downtown with the east and west sides of the County, which runs along Lake Erie. Parts of the shoreway would become a tree-lined boulevard and an eight mile lakefront bike path would be created. It is felt this proposal would facilitate development along the lakeshore. Highlights of such a project would include 500 acres of new public space, 5 new marinas, 7,400 new housing units, 2.5 million square feet of office space, 1.4 million square feet of new commercial space and 9.2 miles of lakefront. The project could cost over \$1 billion and the funding source has not been identified. Design of a 35 mph boulevard to replace the three-mile West Shoreway is underway. This project is funded and scheduled for completion by 2010.

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

Another proposed project would revitalize the east bank of the area known as the Flats. The \$230 million project would include mixed-use development composed of 300 housing units, split between condominiums and apartments, and commercial components that include a movie theater, grocery store, bookstore and other retail. The developer has encountered resistance from some Flats business owners on the sale of their properties. The current timetable has a start date in 2006 with construction beginning in 2007 and completion by the end of 2009.

The expansion of Cleveland Hopkins International Airport had been debated and disputed for decades. Cleveland's second runway was completed in 2002 at a cost of \$50 million. In 2004, Cleveland completed expansion of the new runway extending it 2,000 feet making it 9,000 feet in total. The expanded runway allows Hopkins to handle more takeoffs and landings in a shorter amount of time. The new runway expansion is the first major airfield expansion at Hopkins in more than 50 years. The cost of \$450 million was funded by bonds, which will be repaid by airport revenue and secured grants from the Federal Aviation Administration. Hopkins can now accommodate 525,000 takeoffs and landings a year instead of the previous 368,000.

Tyco International Ltd. (formerly Scott Technologies Inc. and Figgie International Incorporated) agreed in 1989 to relocate its headquarters from Richmond, Virginia to an area known as Chagrin Highlands on land owned by the city of Cleveland. The development on 650 acres will include a 3.5 million square foot office complex and 250,000 square feet of retail space as well as 1,000 hotel rooms. Developers expect six hotels with one 300 room full service inn and the rest in the 80 to 120 room range to be constructed. The project is expected to take 15 to 20 years to complete and will provide 16,000 to 20,000 permanent jobs when completed, generating \$44 million yearly in income taxes among five communities and \$8 million in income taxes from construction jobs over the project life. Ground was broken in June 1998 on the \$14 million four story 112,000 square foot office building and was completed in Fall 1999. Tyco occupies 15,000 square feet of the multi-tenant building. University Hospitals Health System constructed a 100,000 square foot, four story technology advanced outpatient specialty medical center in the Chagrin Highlands at an estimated cost of \$29.2 million which opened in February 2001. The project also includes a four story 114,000 square foot office building, an Extended Stay America hotel and a restaurant. A complex of 3 restaurants with a total of 810 seats has been proposed for the project. A 300 unit Marriott hotel was being constructed in the Chagrin Highlands office and mixed-use development. Construction began

during 2004 and was completed in summer 2005. The full service hotel includes 14,000 square feet of meeting space, a 7,500 square foot ballroom that can accommodate 700 people and boardrooms.

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

While certain segments of the local economy have struggled recently, the health care industry has had noticeable expansion. Greater Cleveland's second largest health-care system, University Hospital, is embarking on a \$1 billion building spree that will expand emergency room services and bring Northeast Ohio a free standing cancer hospital. In addition, the project will expand and renovate its neonatal and emergency departments, implement an electronic medical records system, build two new outpatient medical centers and expand cardiology and orthopedic services at three hospitals in the eastern suburbs. The cancer hospital will generate 300 new jobs. The various projects will be completed beginning in 2007 through 2009. The County's largest hospital system, the Cleveland Clinic, is spending \$77 million on renovations and expansions at suburban sites in addition to its \$475 million heart center and \$95 million Glickman Pavilion scheduled to open on its main campus in 2008. Also, the Cleveland Clinic received \$32.8 million from the State of Ohio's Third Frontier money. The Third Frontier is a program designed to promote high-tech research and the new companies it generates. Of the money from the State, \$22.8 million is to create the Atrial Fibrillation Innovation Center, \$6 million for macular degeneration research and \$4 million for a Clinical Tissue Engineering Center.

In November 2004, a lifestyle center on the west side of Cleveland called Crocker Park opened some of its retail operations. Crocker Park is a pedestrian oriented, neo-traditional, mixed-use planned unit development on 75 acres. It is comprised of 600,000 square feet of retail, 40,000 square feet of restaurants, 225,000 square feet of office and 900,000 square feet of residential space consisting of loft apartments, townhouses and attached luxury homes. Crocker Park's first floor retail space is nearly all occupied and 70,000 square feet of office space and three quarters of the 160 apartments are also occupied. The owners are ready for the next phase which will include 116 housing units on 21 acres. A 200 room boutique hotel is planned in 2007.

The Cleveland Museum of Art launched a plan for a \$258 million expansion of the Museum's 89 year old complex. The Museum will be closed for six months in 2006. The first phase will cost \$160 million and be completed in late 2008 with the opening of the new east wing. Phase two, which will cost \$98 million, will begin in 2008 and be completed in 2011. Gallery space overall will increase almost 41 percent from 89,000 to 125,000 square feet and the Museum will increase from 398,000 to 588,000 square feet.

The largest development in the greater downtown area concerns a baseball stadium, basketball arena and private development of land surrounding the area called the Gateway project. Gateway Economic Development Corp. is a private nonprofit entity formed by an agreement between the city of Cleveland and Cuyahoga County for the purpose of constructing and operating the baseball and arena facilities. The County Commissioners authorized by resolution a public vote on an excise tax on liquor, beer, wine and cigarettes (sin tax). The tax amounts to 16¢ on a gallon of beer, 32¢ on a gallon of wine, \$3 on a gallon of liquor and 4.5¢ on a pack of cigarettes imposed at the wholesale

level throughout the County. The tax remained in existence for a period of 15 years. Upon completion of the facilities, Gateway revealed a cost overrun of \$21.5 million. The cost overruns represented monies owed to contractors. Cuyahoga County agreed to loan Gateway \$11.5 million to pay contractor claims. The \$11.5 million interest free loan was to be repaid with 10 year commitments from the city of Cleveland for \$.3 million per year, the Convention and Visitor's Bureau for \$.5 million per year and Gateway for \$.4 million per year. None of the proposed repayment sources have agreed to their respective contributions except the city of Cleveland which has agreed to repay the County with interest earned on future sin tax monies, if any, supporting debt for the new Cleveland Browns stadium beginning in the year 2006. The remaining \$10 million was loaned to Gateway by a local bank. Repayment was to come from a grant from the State of Ohio capital budget. However, the state legislature agreed to provide a \$10 million interest free loan to be repaid by both the County and the city of Cleveland equally over 20 years from State Local Government monies. During 2004, Gateway completed renegotiations on its stadium leases with the owners of the Cleveland Indians and the Cleveland Cavaliers. The new 10 year agreements free the organizations from covering minor repairs and routine maintenance. In addition, rent payments will no longer be tied to ticket sales, and Gateway's \$4.9 million in expenses will be divided by the teams annually after its budget is submitted in mid-November. Gateway agreed to give up \$1 million annually in naming rights from the Indians until 2016. Gateway will only be responsible for items over \$.5 million. The Cavaliers had held Gateway responsible for all capital repairs of Quicken Loans Arena (formerly Gund Arena) and deducted the amounts from rent. As part of the agreement, the Cavaliers credit against rent which equaled \$9.5 million is no longer Gateway's responsibility. In March 2005, the Cleveland Cavaliers were sold to a new group headed by Dan Gilbert, owner and founder of Quicken Loans, the nation's largest online home lender. The change in ownership is not expected to impact the lease agreements with Gateway. In August 2005, the sin tax bonds were retired and sin tax receipts were no longer being used for any activities related to Gateway.

In Summer 1995, the city of Cleveland passed a council resolution authorizing the imposition and collection of an 8% parking tax on all public parking in Cleveland and a 2% admission tax on all entertainment events for the purpose of funding a football stadium. The County agreed to fund a portion of the cost of the project by extending the excise tax on beer, wine, alcohol and tobacco from the year 2005 through 2015. The sin tax was originally approved to repay bonds used to build the baseball stadium. Its life would have expired in the year 2005, when the sin tax bonds were retired. The County Commissioners placed the 10 year tax extension on the ballot. During the fall campaign to pass the tax, the owner of the Cleveland Browns, Art Modell, announced he was moving the team to Baltimore. The tax passed with 75% of the vote in favor as a show of fan support for keeping the Browns in Cleveland. The City sued Art Modell over a specific performance clause in the stadium lease, which required the Browns to play in the stadium during the life of the lease which expired after the 1998 season. In January 1996, during National Football League (NFL) meetings in Chicago, a compromise was reached whereby Art Modell was allowed to take his team to Baltimore but the team name and colors would remain in Cleveland with a promise from the NFL that a new or existing team would be located in Cleveland by the year 1999, and Modell would be required to pay \$9.3 million in damages. In return, the City agreed to build a new stadium with city and county taxes passed for this purpose. Since the county and city taxes would not support the full cost of a new stadium, the NFL agreed to loan up to \$48 million to the project with repayment to come from the sale of private seat licenses. A 30-year lease between the city of Cleveland and the NFL was negotiated which gave the NFL the right to assign the lease to the new team. Demolition of Municipal Stadium began in fall 1996. Groundbreaking on the new stadium commenced in May 1997 with the project originally estimated to cost \$247 million. The stadium opened in August 1999 but cost overruns increased the price to almost \$300 million. The NFL agreed to provide an additional \$15 million toward any overruns and the City has stated it has sufficient funding to cover the remainder. The County began distributing its sin tax contribution in August 2005. The County will contribute \$87 million over 10 years for debt service. An additional \$29 million will be earmarked for repair and renovation. Any sin tax collections above \$116 million will remain with the County and be used to reimburse the County for Gateway debt.

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

The County Commissioners were seeking a site for a new County Administration building. The plan was to consolidate and relocate the offices of the County Commissioners, the Auditor, the Treasurer, the Recorder and the Board of Elections whose employees reside in four other buildings and to sell the other buildings to help offset the cost of the new building. It is also hoped that additional savings can come from lower maintenance costs. The chosen site is currently vacant and the County has purchased the building for \$24.4 million, including an 850 space parking garage that generates \$1.2 million in revenues annually. The new building would house nearly 2,000 employees. Construction costs and plans remain to be determined. The purchase agreement requires the project to begin within three years. Two of the County Commissioners want to demolish the 28 story tower and three smaller buildings and put up a new tower. One Commissioner favors a less expensive plan to renovate the current tower and build an adjoining tower.

#### ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

#### CASH MANAGEMENT

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

The County Treasurer, through a change in State statute, contracted for the sale of delinquent property tax receivables. A delinquent sale which occurred in 2005 resulted in an additional \$.8 million of delinquent tax collection. In addition, there was an increase in collections of prior tax delinquencies because taxpayers wished to settle past due taxes with the County rather than deal with a private owner of the receivable. A delinquent property tax sale took place in May 2006 and

netted \$3.4 million. The buyer has also continued to purchase subsequent tax liens for delinquencies previously obtained.

The County Treasurer has established a linked deposit loan program for the purpose of enhancing housing in participating cities. The County has entered into agreements with certain eligible lending institutions and local communities to provide loans at below market interest rates to owners of real property located in the contracting community for certain housing repairs and improvements. After a linked deposit loan is made to an eligible borrower, the Treasurer will use monies from the County's portfolio of inactive funds to place a certificate of deposit with the lending institution at below market rates. The contracting community is responsible for inspecting the improvements to ensure their compliance with local building codes. More than 5,600 homeowners have borrowed over \$70 million since the program's inception in July 1999. The County believes increases in property values resulting from the loan program will eventually bring additional revenues to the County.

A similar linked deposit program was established in 2002 to provide low interest home improvement loans to owners of older and historic properties. The Preservation Resource Center of the Cleveland Restoration Society provides assistance to property owners and monitors home improvements completed through this program. Since its inception, 224 loans have been issued amounting to \$7.5 million.

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

#### RISK MANAGEMENT

The County has designated \$2 million of General fund balance to provide reserves for claims and judgements not covered by various County insurance policies. Settled claims from risks covered by the County's insurance policies have not exceeded the insurance coverage for the past three fiscal years. Actual expenditures for claims and judgements against the County and estimates for claims including those incurred but not reported, were immaterial in 2005. The County is also self-insured with respect to the Ohio Unemployment Compensation program. Self-insurance expenditures for unemployment compensation were not material in 2005. The County maintains an Internal Service fund for the self-insurance of workers compensation through a retrospective rating plan with the State of Ohio. All payroll funds in the County contribute to the Self-Funded Workers' Compensation fund based on estimates needed to pay claims and to establish a reserve for claims incurred but not reported. The County also maintains one self-insured medical plan and prescription drug plan. The estimates for unsettled claims including those incurred but not reported are recorded in the General fund.

#### THE INDEPENDENT AUDIT

Included in this report is an unqualified audit opinion rendered on the County's basic financial statements for the year ended December 31, 2005 by our independent auditors, Deloitte & Touche LLP. County management will continue to subject the financial statements to an annual independent audit as part of the preparation of the CAFR. An annual audit serves to help maintain and strengthen the County's accounting and budgetary controls.

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

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

#### GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cuyahoga, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

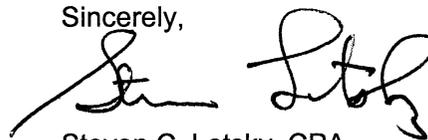
#### AWARD

In May 2006, the Auditor of State, Betty Montgomery, awarded the Cuyahoga County Auditor, Frank Russo, the "Auditor of State Award" for the 2004 and 2003 audited financial reports. The award recognizes Cuyahoga County for excellent financial accountability and outstanding commitment to the highest standards of financial reporting. The award is given to fewer than five percent of all agencies audited by the Auditor of State.

#### ACKNOWLEDGEMENTS

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

Sincerely,



Steven C. Letsky, CPA  
Director of Accounting

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Cuyahoga,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

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.



*Carla E. Perry*

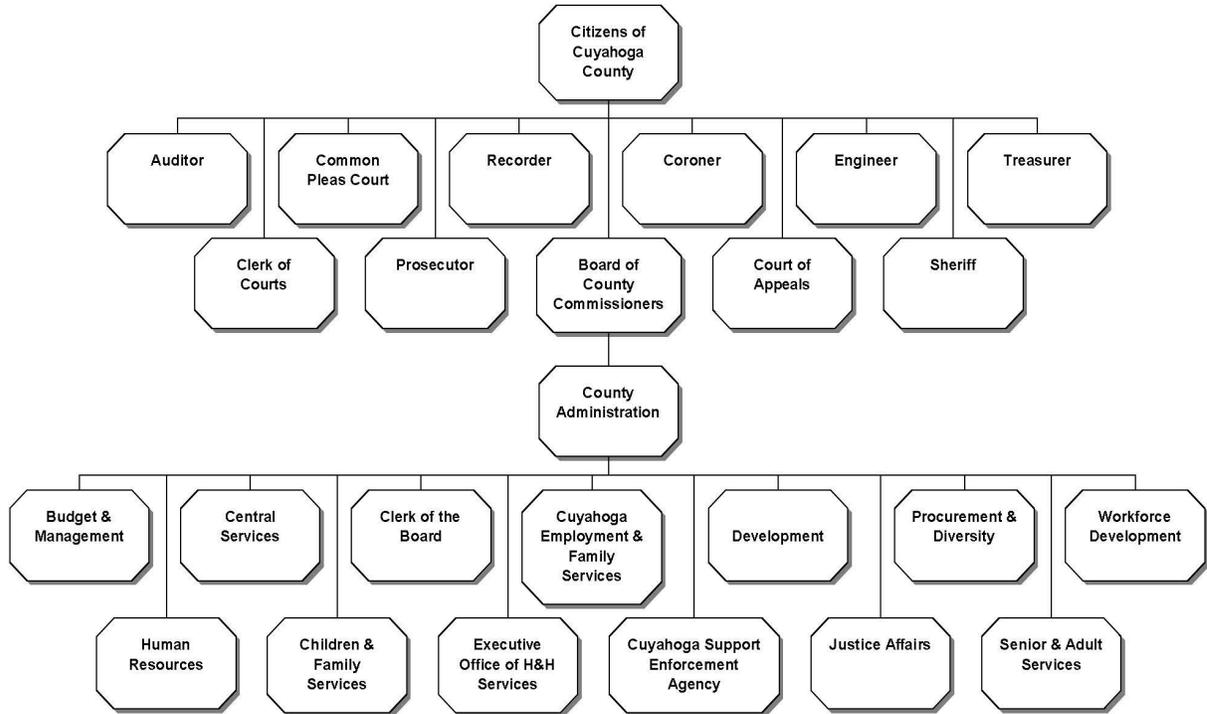
President

*Jeffrey R. Enos*

Executive Director

# COUNTY OF CUYAHOGA, OHIO ORGANIZATION CHART

**DECEMBER 2005**



### Boards & Commissions

Alcohol & Drug Addiction Services Bd.  
Board of Elections  
Public Defenders Commission  
Veterans Service Commission  
Soldiers & Sailors Monument

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

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

**COUNTY OF CUYAHOGA, OHIO  
ELECTED OFFICIALS**

**DECEMBER 2005**

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**Board of County Commissioners**

Timothy F. Hagan, President  
Jimmy Dimora  
Peter Lawson Jones

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

**Auditor**  
**Clerk of Courts**  
**Coroner**  
**Engineer**  
**Prosecutor**  
**Recorder**  
**Sheriff**  
**Treasurer**

**Common Pleas Court Judges**

**General Division**

Richard J. McMonagle, Presiding Judge  
Dick Ambrose  
Mary Jane Boyle  
Janet R. Burnside  
Kenneth R. Callahan  
Brian J. Corrigan  
Peter J. Corrigan  
William J. Coyne  
Michael P. Donnelly  
Carolyn B. Friedland  
Stuart A. Friedman  
Nancy A. Fuerst  
Eileen A. Gallagher  
Eileen T. Gallagher  
Daniel Gaul  
Lillian J. Greene  
Jeffrey P. Hastings

Judith Kilbane Koch  
Ann T. Mannen  
David T. Matia  
Bridget McCafferty  
Timothy P. McCormick  
Nancy R. McDonnell  
Timothy J. McGinty  
Christine T. McMonagle  
John J. Russo  
Joseph D. Russo  
Michael J. Russo  
Nancy M. Russo  
Shirley Strickland-Saffold  
Ronald Suster  
John D. Sutula  
Kathleen Ann Sutula  
Jose A. Villanueva

**Domestic Relations Division**

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

Kathleen O'Malley  
Anthony J. Russo

**Probate Court Division**

John J. Donnelly, Presiding Judge

John E. Corrigan

**Juvenile Court Division**

Joseph F. Russo, Administrative Judge  
Patrick F. Corrigan  
Alison L. Floyd

John W. Gallagher  
Peter M. Sikora  
Kristin W. Sweeney

**Ohio Court of Appeals Eight District**

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

Sean C. Gallagher  
Diane Karpinski  
Mary Eileen Kilbane  
Timothy McMonagle  
Kenneth A. Rocco  
James J. Sweeney

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# **Financial Section**

## **PART I**

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



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Cuyahoga, Ohio (the "County") as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the MetroHealth Foundation, Inc. (the "Foundation"), which represents 3% of the assets, 8% of the net assets, and 8% of the change in net assets of the discretely presented component unit, The MetroHealth System. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, such financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2005, and the respective changes in financial position and respective cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Human Services Fund, Health and Human Services Levies Fund, County Board of Mental Retardation Fund, and Health and Community Services Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note B to the financial statements, The MetroHealth System changed its method of accounting for conditional asset retirement obligations in 2005.

The management's discussion and analysis on pages 3 through 15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the County's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the County's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the County's management. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Deloitte & Touche LLP*

June 8, 2006

## Management's Discussion and Analysis

As management of Cuyahoga County, we offer readers of Cuyahoga County's financial statements this narrative overview and analysis of the financial activities of Cuyahoga County for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letters of transmittal, which can be found on pages iv-xii of this report.

### Financial Highlights

- The assets of Cuyahoga County exceeded its liabilities at the close of the most recent fiscal year by \$739.1 million (*net assets*).
- The government's total net assets increased by \$101.2 million.
- As of the close of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$403.3 million, an increase of \$39.2 million in comparison with the prior year. Approximately 85% of this total amount, \$342.4 million, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$134 million, or 43.1% of total general fund expenditures.
- Additions to Cuyahoga County's total debt were \$81.7 million during the current fiscal year. Reductions in debt during 2005 amounted to \$103 million for a net decrease of \$21.3 million. The County replaced existing debt (bond anticipation note) with new debt (sewer bond) and refinanced (advance refunded) existing debt.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 – 70 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information*. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented in the other supplementary information. Combining and individual fund statements and schedules can be found on pages 72 – 112 of this report.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cuyahoga County, assets exceeded liabilities by \$739.1 million at the close of the most recent fiscal year. This is the fourth year for Cuyahoga County in implementing Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis (MD&A) section.

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets.....	\$ 908,644	\$ 841,777	\$ 11,782	\$ 13,898	\$ 920,426	\$ 855,675
Capital assets.....	<u>634,954</u>	<u>619,334</u>	<u>50,065</u>	<u>44,165</u>	<u>685,019</u>	<u>663,499</u>
Total assets.....	1,543,598	1,461,111	61,847	58,063	1,605,445	1,519,174
Long-term liabilities outstanding....	430,594	464,502	12,199	14,380	442,793	478,882
Other liabilities.....	<u>422,578</u>	<u>400,964</u>	<u>946</u>	<u>1,364</u>	<u>423,524</u>	<u>402,328</u>
Total liabilities.....	853,172	865,466	13,145	15,744	866,317	881,210
Net assets:						
Invested in capital assets, net of related debt .....	386,234	350,959	38,866	31,236	425,100	382,195
Restricted .....	35,678	38,995			35,678	38,995
Unrestricted.....	<u>268,514</u>	<u>205,691</u>	<u>9,836</u>	<u>11,083</u>	<u>278,350</u>	<u>216,774</u>
Total net assets.....	\$ <u>690,426</u>	\$ <u>595,645</u>	\$ <u>48,702</u>	\$ <u>42,319</u>	\$ <u>739,128</u>	\$ <u>637,964</u>

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

By far the largest portion of Cuyahoga County's net assets (57.5%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. Cuyahoga County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Cuyahoga County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Cuyahoga County's net assets, restricted net assets (4.8%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$278.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Current and other assets increased due primarily to the growth in cash balances of the general fund, health and human services levies fund, county board of mental retardation fund and health and community services fund amounting to \$12.9 million, \$23.3 million, \$30.9 million and \$22.1 million, respectively. The general fund increase was due to less money being needed to be transferred for

human services and capital projects subsidies and increased investment earnings. The replacement health and welfare levy passed in 2003 and commenced collection in 2004. This alleviated the general fund's obligation to fund human services. In 2004, the general fund supported various capital projects including the purchase of Whiskey Island for \$4 million which was not needed in 2005. The health and human services levy fund cash balance grew as a result of the State of Ohio changing its allocation method for Temporary Assistance for Needy Families (TANF) which alleviated some of the need in 2005 to subsidize the human services funds. The county board of mental retardation fund cash increase was due to settlement of prior year audits of the Community Alternative Funding System (CAFS) program amounting to \$13.8 million and three new programs including Developmental Disabilities Active Treatment. The health and community services fund cash balance increased due to additional subsidies not yet allocated to programs and decreases in spending for children in foster care placement as more children were adopted. Some of the cash increases were offset by the large draw down of funds in the capital projects funds primarily due to the purchase of the new County Administration building and parking garage amounting to \$24.4 million.

Other liabilities increased due primarily to the higher volume in childcare services, new programs in human services for early start, the Tinker's Creek Project in community development beginning at the end of 2005 and Medicaid increases for the mental health board. The capital assets in the Business-type activities increased due to the purchase of a new county parking garage.

Overall, the net increase in capital assets of the governmental activities (exclusive of internal services funds) grew by \$17.3 million while net long-term debt (exclusive of internal services funds and inclusive of accrued interest payable and unamortized bond issuance costs) were reduced by \$38 million which accounted for a \$55.3 million increase in governmental activities net assets.

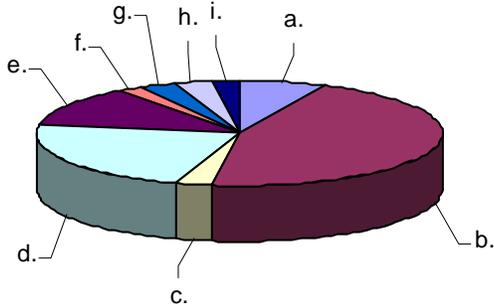
**CUYAHOGA COUNTY'S CHANGES IN NET ASSETS**  
(Year ended December 31; amounts in 000's)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services .....	\$ 96,837	\$ 98,354	\$ 16,977	\$ 15,468	\$ 113,814	\$ 113,822
Operating grants and contributions .....	622,402	578,794	308	145	622,710	578,939
Capital grants, contributions and interest ....	36,289	25,305	6,160		42,449	25,305
General revenues:						
Property taxes .....	313,675	315,172			313,675	315,172
Sales and other taxes .....	194,487	197,562			194,487	197,562
Grants and contributions not restricted to specific programs .....	41,838	41,982			41,838	41,982
Other .....	<u>69,101</u>	<u>64,598</u>	<u>43</u>	<u>102</u>	<u>69,144</u>	<u>64,700</u>
Total revenues .....	1,374,629	1,321,767	23,488	15,715	1,398,117	1,337,482
Expenses:						
General government .....	81,196	69,154			81,196	69,154
Judicial .....	297,292	292,417			297,292	292,417
Development .....	31,653	32,524			31,653	32,524
Social services .....	580,962	570,871			580,962	570,871
Health and safety .....	207,386	178,342			207,386	178,342
Public works .....	64,765	59,421			64,765	59,421
Interest .....	15,932	18,412			15,932	18,412
Sanitary Engineer .....			11,293	9,604	11,293	9,604
Airport .....			1,697	1,302	1,697	1,302
Huntington Park Garage .....			2,299	2,418	2,299	2,418
Cuyahoga County Information System .....			<u>2,478</u>	<u>2,773</u>	<u>2,478</u>	<u>2,773</u>
Total expenses .....	1,279,186	1,221,141	17,767	16,097	1,296,953	1,237,238
Increase (Decrease) in net assets before transfers .....	95,443	100,626	5,721	(382)	101,164	100,244
Transfers .....	<u>(662)</u>	<u>(2,811)</u>	<u>662</u>	<u>2,811</u>		
Change in net assets .....	94,781	97,815	6,383	2,429	101,164	100,244
Net assets – Beginning of year .....	<u>595,645</u>	<u>497,830</u>	<u>42,319</u>	<u>39,890</u>	<u>637,964</u>	<u>537,720</u>
Net assets – End of year .....	\$ <u>690,426</u>	\$ <u>595,645</u>	\$ <u>48,702</u>	\$ <u>42,319</u>	\$ <u>739,128</u>	\$ <u>637,964</u>

The County's revenues and expenses grew proportionately by \$60.6 million and \$59.7 million, respectively. The County's net assets increased by \$101.2 million. The State changed its methodology for computing the allocation of TANF dollars to counties, which resulted in an increase in allocations to the human services fund of approximately \$27 million. This resulted in the health and human services levy fund not needing to allocate a portion of its \$23.3 million balance. The money will be used for subsidies in future years. There was also an increase in the county board of mental retardation balance of \$28.9 million because of new federal programs amounting to \$8.9 million and an audit reconciliation settlement related to the CAFS program amounting to \$13.8 million. There were also new programs related to Early Childhood.

Overall, the purchase and construction of capital assets offset by the reduction of long-term debt accounted for a significant part of the change in net assets.

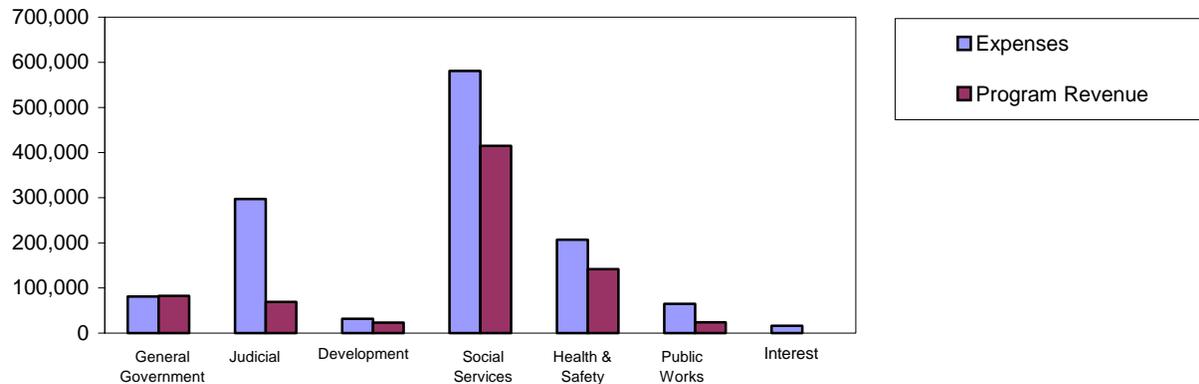
## Revenues by Source – Governmental Activities



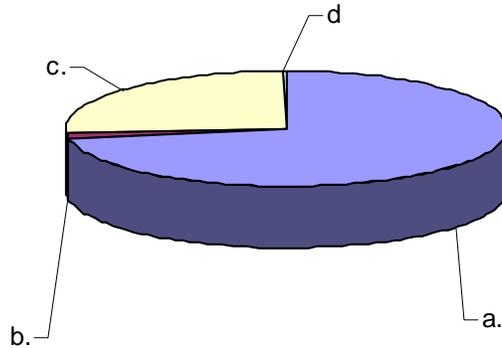
	(Amounts in 000's)	%
a. Charges for Services .....	\$ 96,837	7.0
b. Operating Grants and Contributions .....	622,402	45.3
c. Capital Grants, Contributions and Interest.....	36,289	2.6
d. Property Tax.....	313,675	22.8
e. Sales Tax .....	167,125	12.2
f. Other Tax .....	27,362	2.0
g. State Local Government.....	38,131	2.8
h. Grants and Contributions not restricted to specific programs. ....	41,838	3.0
i. Other .....	30,970	2.3

## Expenses and Program Revenues – Governmental Activities

(Amounts in 000's)



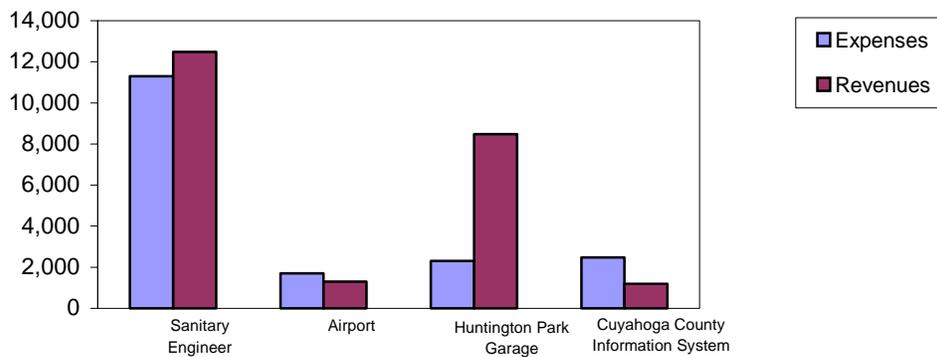
## Revenues by Source – Business-type Activities



	(Amounts in 000's)	%
a. Charges for Services .....	\$16,977	72.3
b. Operating Grants and Contributions .....	308	1.3
c. Capital Grants, Contributions and Interest .....	6,160	26.2
d. Other.....	43	.2

## Expenses and Program Revenues – Business-type Activities

(Amounts in 000's)



**Governmental activities.** Governmental activities increased Cuyahoga County's net assets by \$94.8 million. Key elements of this increase are as follows:

- The increase in the health and human services levy fund resulted from the State allocating additional TANF monies amounting to approximately \$27 million for human services which offset some of the planned subsidy payments. The balance in the health and human services levy fund will be drawn down in future years.
- The increase in the county board of mental retardation fund resulted primarily from new federal grant programs amounting to \$8.9 million and an increase in the CAFS program revenue of \$13.8 million due to an audit reconciliation in 2005 for 2004.
- Reductions of long-term debt of \$38 million while adding additional assets amounting to \$17.3 million grew net assets by \$55.3 million.

**Business-type activities.** Business-type activities increased Cuyahoga County's net assets by \$6.4 million. The key element of this increase is the purchase of a \$6 million Administration building parking garage which was purchased through a capital project fund to be financed by a future bond issue.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$403.3 million, an increase of \$39.2 million in comparison with the prior year. Approximately \$342.4 million constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) for restricted assets (\$25.8 million), (2) for loans (\$19.7 million) or (3) to pay debt service (\$15.4 million).

The general fund is the chief operating fund of Cuyahoga County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$134 million, while fund balance reached \$170.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 43.1% of total general fund expenditures, while total fund balance represents 54.7% of that same amount.

The fund balance of the Cuyahoga County's general fund, health and human services levy fund, county board of mental retardation fund and health and community services fund each increased by \$7.5 million, \$25.9 million, \$28.9 million and \$12.7 million, respectively. The capital projects fund had a decrease in fund balance of \$30.9 million. The key factors in these changes are as follows:

- The general fund increase of \$9 million in investment earnings due to rising interest rates and a higher average daily balance.

- The general fund subsidies decreased by \$37.6 million in 2005 due to increased subsidy to the human services funds from the health and human service levy fund instead of the general fund, a difference of \$22.3 million. There were also less subsidies needed for various capital projects.
- There was a \$7.3 million decrease in revenues for indirect costs due to a smoothing calculation for 2005 and a one time payment in 2004 of \$9.2 million for the settlement of a non-prosecution agreement in the general fund.
- The health and human services levy fund balance increased by \$25.9 million partially due to the increased amount of TANF allocation from the State for the human services fund. The remainder is due to planned future draw downs.
- The increase in the county board of mental retardation fund of \$28.9 million is due to an increase in other intergovernmental revenue for new federal grant programs along with the \$13.8 million audit reconciliation settlement.
- The \$12.7 million increase in health and community services was a result of a \$2.3 million increase to the alcohol and drug board for new programs and a \$7.8 million decrease in expenditures in children's services fund due to fewer children in foster care.
- The decrease of \$30.9 million in fund balance in the capital projects fund resulted from ongoing construction in various projects and the purchase of the new County administration building for \$24.4 million.

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

Unrestricted net assets of the sanitary engineer at the end of the year amounted to \$8.4 million and all others amounted to \$1.2 million. The total increase in net assets for the sanitary engineer was \$1.1 million and all others amounted to \$5.3 million. Other factors concerning the finances of these two funds have already been addressed in the discussion of Cuyahoga County's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were \$15.2 million and differences between the final amended budget and the actual expenditures were \$12.3 million. The variances can be briefly summarized as follows:

- The change in original versus final budget was a result of \$1.4 million increase in Board Care of Prisoners, an increase in Information Services Center charges amounting to \$4 million and additional personnel costs in Juvenile Court-Legal and Sheriff's office amounting to \$5 million.
- The operating transfers increases of \$6.5 million includes increases in subsidy payments for Certificate of Title Administration, County Planning Commission, CRIS and Youth Services and an increase of the subsidy for repayment of the assessment fund for Board of Revision. There was also an increase in the cash match for the Justice Affairs Department and the general fund support of the Geo Information systems.
- The positive variance in final budget versus actual expenditures was a result of not being required to use the amount reserved for the Gateway Bond Guarantee and to lower than anticipated claims for self-insurance, space maintenance charges being less than anticipated and the Veterans Services Commission not making anticipated expenditures.

## Capital Asset and Debt Administration

**Capital assets.** Cuyahoga County's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$685 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, utility plant, buildings structures and improvements, furniture, fixtures and equipment, vehicles, infrastructure and construction in progress. The net increase in Cuyahoga County's investment in capital assets for the current fiscal year was 3.2% (a 2.5% increase for governmental activities and a 13.4% increase for business-type activities).

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land .....	\$ 52,959	\$ 44,535	\$ 7,753	\$ 5,752	\$ 60,712	\$ 50,287
Land improvements.....	10,816	10,485	2,413	2,658	13,229	13,143
Utility plant .....			25,651	26,639	25,651	26,639
Buildings, structures and improvements.....	311,699	305,279	11,004	6,742	322,703	312,021
Furniture, fixtures and equipment .....	12,545	13,919	351	243	12,896	14,162
Vehicles .....	4,343	4,035	953	961	5,296	4,996
Infrastructure.....	191,138	199,601			191,138	199,601
Construction in progress .....	<u>51,454</u>	<u>41,480</u>	<u>1,940</u>	<u>1,170</u>	<u>53,394</u>	<u>42,650</u>
Total .....	\$ <u>634,954</u>	\$ <u>619,334</u>	\$ <u>50,065</u>	\$ <u>44,165</u>	\$ <u>685,019</u>	\$ <u>663,499</u>

The County was involved in a number of construction projects and purchases that resulted in the capitalization of various assets in 2005. Under construction was the Pleasant Valley Road bridge and Wolf Road bridge amounting to \$8.1 million and \$1.8 million respectively. Improvements to safety for the county courthouse amounting to \$1.8 million and the construction of a new youth intervention center amounting to \$2.8 million were some of the other larger projects. The County purchased the marina portion of Whiskey Island for \$2.3 million and a property that will be the future County administration building amounting to \$12.3 million for the building and \$6.1 million for the land.

The Business-type activities increases in capital assets were due primarily to the purchase of a new parking garage associated with the new County administration building and the land under the garage amounting to \$4.8 million and \$1.2 million, respectively. In addition, some land amounting to \$.8 million was purchased for use by the county airport.

Additional information on Cuyahoga County's capital assets can be found in Note E on pages 49 – 51 of this report.

**Long-term debt.** At the end of the current fiscal year, Cuyahoga County had total bonded debt outstanding of \$341.3 million. Of this amount, \$224.9 million comprises debt backed by the full faith and credit of the government and \$6.5 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of Cuyahoga County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and other debt such as loans and an installment purchase agreement financed by non-tax sources.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds .....	\$ 224,861	\$ 241,445	\$	\$	\$ 224,861	\$ 241,445
Special assessment debt with governmental commitment .....			6,505	2,250	6,505	2,250
Revenue bonds .....	109,950	113,735			109,950	113,735
Bond anticipation notes .....				5,950		5,950
Loans .....	5,752	3,054	4,694	4,729	10,446	7,783
Installment purchase agreements .	<u>7,881</u>	<u>9,808</u>			<u>7,881</u>	<u>9,808</u>
Total .....	\$ <u>348,444</u>	\$ <u>368,042</u>	\$ <u>11,199</u>	\$ <u>12,929</u>	\$ <u>359,643</u>	\$ <u>380,971</u>

Cuyahoga County's total debt decreased by \$21.3 million (5.6%) during the current fiscal year. The County refinanced some general obligation bonds and replaced its bond anticipation notes with sewer bonds. The reduction was primarily the result of paying down its debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue up to 1% of its total assessed valuation. The current debt limitation (voted and unvoted) for Cuyahoga County is \$571.8 million which is significantly in excess of Cuyahoga County's outstanding general obligation debt.

Additional information on Cuyahoga County's long-term debt can be found in Note F on pages 52 - 60 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Cuyahoga County is currently 6.1%, compared to 6.2% a year ago.
- The region's commercial real estate sales amounted to \$1.25 billion in 2005 which represented a 73% increase from the \$723 million in 2004. Northeast Ohio climbed to 44<sup>th</sup> position in the nation in dollar volume sales in 2005 up from 51<sup>st</sup> place in 2004.

- The 2001 recession and its aftermath caused Cuyahoga County to lose more jobs than any other county in the state from 2000 to 2005. Cuyahoga County lost almost 76,000 jobs, or approximately 37% of the overall jobs lost in Ohio.

Each of these factors were considered in preparing Cuyahoga County's budget for the 2005 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$9.1 million. Various factors including reduction in subsidies to human services and capital projects and growth in investment earnings contributed to this increase.

The County purchased a new administration building for \$24.4 million including a parking garage for future use after renovation. Various County department will be relocated to the new site. The County will issue debt to cover the purchase and renovation costs.

The County partially refunded some general obligation bonds, replaced its bond anticipation notes with a bond and paid down debt.

### **Request for Information**

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

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

	Primary Government			Component Unit MetroHealth System
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 344,819	\$ 9,534	\$ 354,353	\$ 4,381
Cash and investments-segregated accounts.....				233,196
Receivables:				
Taxes (net of allowance for uncollectibles).....	346,835		346,835	
Accounts (net of allowance for uncollectibles).....	608	282	890	53,331
Special assessments (net of allowance for uncollectibles).....		2,243	2,243	
Accrued interest .....	4,067		4,067	
Loans (net of allowance for uncollectibles).....	19,739		19,739	
Net receivables.....	<u>371,249</u>	<u>2,525</u>	<u>373,774</u>	<u>53,331</u>
Internal balances.....	718	(718)		
Due from other governments.....	155,607	399	156,006	
Inventory of supplies.....	43	16	59	5,891
Prepaid expenses and other receivables.....				21,870
Other assets.....	6,706	26	6,732	5,652
Restricted assets:				
Cash and investments.....	29,502		29,502	58,472
Capital assets (net of accumulated depreciation):				
Land.....	52,959	7,753	60,712	9,377
Land improvements.....	10,816	2,413	13,229	909
Utility plant.....		25,651	25,651	
Buildings, structures and improvements.....	311,699	11,004	322,703	189,922
Furniture, fixtures and equipment.....	12,545	351	12,896	42,910
Vehicles.....	4,343	953	5,296	6,179
Infrastructure.....	191,138		191,138	
Construction in progress.....	51,454	1,940	53,394	13,964
Net capital assets.....	<u>634,954</u>	<u>50,065</u>	<u>685,019</u>	<u>263,261</u>
<b>TOTAL ASSETS .....</b>	<b><u>1,543,598</u></b>	<b><u>61,847</u></b>	<b><u>1,605,445</u></b>	<b><u>646,054</u></b>
<b>LIABILITIES</b>				
Accounts payable.....	72,856	778	73,634	24,701
Unearned revenue.....	315,662		315,662	
Due to other governments.....	20,444	8	20,452	
Accrued wages and benefits.....	10,704	136	10,840	28,771
Matured bonds payable.....	14		14	
Other liabilities.....	800	24	824	10,957
Accrued interest payable.....	2,098		2,098	2,656
Noncurrent liabilities:				
Due within one year.....	44,756	1,204	45,960	45,746
Due in more than one year.....	<u>385,838</u>	<u>10,995</u>	<u>396,833</u>	<u>292,843</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>853,172</u></b>	<b><u>13,145</u></b>	<b><u>866,317</u></b>	<b><u>405,674</u></b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	386,234	38,866	425,100	68,571
Restricted for:				
Restricted assets-expendable.....	20,255		20,255	10,848
Restricted assets-nonexpendable.....				5,864
Debt service.....	15,423		15,423	36,359
Unrestricted.....	268,514	9,836	278,350	118,738
<b>TOTAL NET ASSETS.....</b>	<b><u>\$ 690,426</u></b>	<b><u>\$ 48,702</u></b>	<b><u>\$ 739,128</u></b>	<b><u>\$ 240,380</u></b>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>
<b>Primary Government:</b>		
Governmental activities:		
General government.....	\$ 81,196	\$ 67,738
Judicial.....	297,292	20,831
Development.....	31,653	204
Social services.....	580,962	4,160
Health and safety.....	207,386	1,688
Public works.....	64,765	2,216
Interest on long-term debt.....	15,932	
Total governmental activities.....	<u>1,279,186</u>	<u>96,837</u>
Business-type activities:		
Sanitary Engineer.....	11,293	12,480
Airport.....	1,697	945
Huntington Park Garage.....	2,299	2,368
Cuyahoga County Information System.....	2,478	1,184
Total business-type activities.....	<u>17,767</u>	<u>16,977</u>
Total primary government.....	<u>\$ 1,296,953</u>	<u>\$ 113,814</u>
Component unit:		
MetroHealth System.....	<u>\$ 592,080</u>	<u>\$ 523,950</u>

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

Net (Expense) Revenue and Changes in Net Assets					
Program Revenues		Primary Government			
Operating Grants and Contributions	Capital Grants, Contributions and Interest	Governmental Activities	Business- Type Activities	Totals	Component Unit MetroHealth System
\$ 18	\$ 14,598	\$ 1,158	\$	\$ 1,158	\$
48,358		(228,103)		(228,103)	
22,883		(8,566)		(8,566)	
410,817		(165,985)		(165,985)	
140,160		(65,538)		(65,538)	
166	21,691	(40,692)		(40,692)	
		(15,932)		(15,932)	
<u>622,402</u>	<u>36,289</u>	<u>(523,658)</u>		<u>(523,658)</u>	
			1,187	1,187	
308	43		(401)	(401)	
	6,117		6,186	6,186	
			(1,294)	(1,294)	
<u>308</u>	<u>6,160</u>		<u>5,678</u>	<u>5,678</u>	
\$ <u>622,710</u>	\$ <u>42,449</u>	<u>(523,658)</u>	<u>5,678</u>	<u>(517,980)</u>	
\$ <u>43,530</u>	\$ <u>712</u>				<u>(23,888)</u>
General Revenues:					
Taxes:					
Property.....		313,675		313,675	
Sales and use.....		167,125		167,125	
Other.....		27,362		27,362	
Unrestricted state local government fund.....		38,131		38,131	
Unrestricted investment earnings.....		17,147	18	17,165	10,290
Grants and contributions not restricted to specific programs.....		41,838		41,838	
Miscellaneous.....		13,823	25	13,848	26,346
Transfers.....		(662)	662		
Total general revenues, and transfers.....		<u>618,439</u>	<u>705</u>	<u>619,144</u>	<u>36,636</u>
Change in net assets.....		94,781	6,383	101,164	12,748
Net assets-beginning of year (See Note B).....		595,645	42,319	637,964	227,632
<b>Net assets-end of year.....</b>		<b>\$ <u>690,426</u></b>	<b>\$ <u>48,702</u></b>	<b>\$ <u>739,128</u></b>	<b>\$ <u>240,380</u></b>

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 70,437	\$	\$ 39,178	\$ 63,900
Receivables:				
Taxes (net of allowance for uncollectibles).....	60,176		154,334	96,196
Accounts (net of allowance for uncollectibles) .....	251			
Accrued interest .....	4,067			
Loans (net of allowance for uncollectibles).....	1,000			
Net receivables.....	<u>65,494</u>		<u>154,334</u>	<u>96,196</u>
Due from other funds.....	40,981		42,977	
Due from other governments.....	24,837	71,368	7,757	9,440
Restricted assets -				
Cash and investments.....	29,502			
<b>TOTAL ASSETS.....</b>	<b><u>\$ 231,251</u></b>	<b><u>\$ 71,368</u></b>	<b><u>\$ 244,246</u></b>	<b><u>\$ 169,536</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable.....	\$ 4,424	\$ 17,460	\$	\$ 3,750
Deferred revenue.....	47,143		160,850	100,383
Due to other funds.....	3,307	51,879		1,038
Due to other governments.....				
Accrued wages and benefits.....	5,368	2,029		1,476
Matured bonds payable.....				
Other Liabilities.....	800			
<b>TOTAL LIABILITIES.....</b>	<b><u>61,042</u></b>	<b><u>71,368</u></b>	<b><u>160,850</u></b>	<b><u>106,647</u></b>
Fund Balances:				
Reserved for:				
Restricted assets.....	25,756			
Loans receivable.....	1,000			
Debt service.....	9,480			
Unreserved, reported in:				
General Fund:				
Designated for self-insurance.....	1,978			
Designated for proprietary funds.....	1,961			
Undesignated.....	130,034			
Special Revenue Funds.....			83,396	62,889
Capital Projects Fund.....				
<b>TOTAL FUND BALANCES .....</b>	<b><u>170,209</u></b>	<b><u>71,368</u></b>	<b><u>83,396</u></b>	<b><u>62,889</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b><u>\$ 231,251</u></b>	<b><u>\$ 71,368</u></b>	<b><u>\$ 244,246</u></b>	<b><u>\$ 169,536</u></b>

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

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<u>Health and Community Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 79,190	\$ 32,761	\$ 285,466
12,204	23,925	346,835
356		607
		4,067
	18,739	19,739
<u>12,560</u>	<u>42,664</u>	<u>371,248</u>
		83,958
11,715	29,762	154,879
		29,502
<u><u>\$ 103,465</u></u>	<u><u>\$ 105,187</u></u>	<u><u>\$ 925,053</u></u>

\$ 30,561	\$ 14,467	\$ 70,662
12,106	30,827	351,309
18,323	11,627	86,174
	2,728	2,728
824	369	10,066
	14	14
		800
<u>61,814</u>	<u>60,032</u>	<u>521,753</u>
		25,756
	18,739	19,739
	5,943	15,423
		1,978
		1,961
		130,034
41,651	28,715	216,651
	(8,242)	(8,242)
<u>41,651</u>	<u>45,155</u>	<u>403,300</u>
<u><u>\$ 103,465</u></u>	<u><u>\$ 105,187</u></u>	<u><u>\$ 925,053</u></u>

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

Total fund balances for governmental funds.....	\$		403,300
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the funds.....			627,728
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.....			35,647
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....			44,614
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds			
Accrued interest payable.....		(2,098)	
Long-term debt.....		(425,471)	
Unamortized bond issuance costs.....		6,706	(420,863)
<b>TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES.....</b>	<b>\$</b>		<b><u>690,426</u></b>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
<b>REVENUES</b>				
Property taxes.....	\$ 21,793	\$	\$ 169,249	\$ 85,915
Sales and use tax.....	167,156			
Other tax.....	7		59	30
State local government fund.....	38,548			
Licenses and permits.....	86			
Charges for services.....	64,652	1,903		1,967
Fines and forfeitures.....	7,713			
Investment earnings.....	15,510			90
Other intergovernmental.....	24,043	278,428	23,328	110,195
Miscellaneous.....	1,961	458		1,489
<b>TOTAL REVENUES.....</b>	<u>341,469</u>	<u>280,789</u>	<u>192,636</u>	<u>199,686</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government.....	66,433			
Judicial.....	230,914			
Development.....	6,595			
Social services.....	5,836	319,975		170,857
Health and safety.....	1,370		35,000	
Public works.....				
Capital outlay.....				
<b>Debt service:</b>				
Principal retirement.....				
Interest.....	25			
<b>TOTAL EXPENDITURES.....</b>	<u>311,173</u>	<u>319,975</u>	<u>35,000</u>	<u>170,857</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>30,296</b>	<b>(39,186)</b>	<b>157,636</b>	<b>28,829</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	1,144	39,414		41
<b>Transfers out:</b>				
Debt retirement.....	(5,737)			
Other.....	(18,224)	(228)	(131,693)	
Issuance of refunding bonds.....				
Payment to refunded bond escrow agent.....				
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<u>(22,817)</u>	<u>39,186</u>	<u>(131,693)</u>	<u>41</u>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>7,479</b>		<b>25,943</b>	<b>28,870</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>				
	<u>162,730</u>		<u>57,453</u>	<u>34,019</u>
<b>FUND BALANCES AT END OF YEAR.....</b>				
	<u>\$ 170,209</u>	<u>\$ 0</u>	<u>\$ 83,396</u>	<u>\$ 62,889</u>

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

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<u>Health and Community Services</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 13,839	\$ 22,879	\$ 313,675
		167,156
	28,587	28,683
		38,548
1,729		1,815
18,390		86,912
186	250	8,149
802	1,457	17,859
177,308	89,934	703,236
3,069	6,872	13,849
<u>215,323</u>	<u>149,979</u>	<u>1,379,882</u>
17,604	85	84,122
45,485	17,378	293,777
5,041	20,672	32,308
87,437	3,718	587,823
151,034	19,975	207,379
1,948	56,433	58,381
	38,981	38,981
	22,851	22,851
	16,450	16,475
<u>308,549</u>	<u>196,543</u>	<u>1,342,097</u>
(93,226)	(46,564)	37,785
106,787	20,517	167,903
		(5,737)
(843)	(9,801)	(160,789)
	80,020	80,020
	(80,020)	(80,020)
<u>105,944</u>	<u>10,716</u>	<u>1,377</u>
12,718	(35,848)	39,162
28,933	81,003	364,138
<u>\$ 41,651</u>	<u>\$ 45,155</u>	<u>\$ 403,300</u>

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

Net change in fund balances-total governmental funds.....	\$	39,162
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets that meet capitalization requirements is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$50,917) exceeded depreciation (\$33,651) in the current period.....		
		17,266
Net effect of sales and other disposals of capital assets.....		(23)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....		(2,215)
Expenses reported as compensated absences and special termination benefits in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.....		15,757
Interest is reported as an expenditure when due in the governmental funds, but is reported as incurred in the statement of activities.....		566
The issuance of long-term debt, (notes, bonds, capital leases, etc.) provides current financial resources to governmental funds and is not reported in the statement of activities. ....		(76,389)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities and is not reported in the statement of activities.		
Capital lease obligations.....		1,545
Environmental Protection Agency loan.....		27
Ohio Department of Development loan.....		250
Installment purchase agreement.....		1,927
General obligation and revenue bonds.....		94,339
Certain net expenses of the internal service funds are reported with governmental activities in the statement of activities.....		2,569
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES.....</b>	<b>\$</b>	<b><u>94,781</u></b>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund				Human Services			
	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)
	Original	Final			Original	Final		
REVENUES								
Property taxes .....	\$ 21,890	\$ 21,844	\$ 21,845	\$ 1	\$	\$	\$	
Sales and use tax.....	167,800	168,990	168,990					
Other tax.....	12	14	7	(7)				
State local government fund.....	38,539	38,539	38,539					
Licenses and permits.....	100	73	86	13				
Charges for services.....	57,358	62,489	65,261	2,772	1,632	1,810	1,903	93
Fines and forfeitures.....	6,250	7,096	7,565	469				
Investment earnings.....	11,500	20,000	16,522	(3,478)				
Other intergovernmental.....	8,141	8,807	9,290	483	256,249	329,928	289,690	(40,238)
Miscellaneous.....	5,254	4,992	1,966	(3,026)	3,823	5,137	458	(4,679)
TOTAL REVENUES.....	316,844	332,844	330,071	(2,773)	261,704	336,875	292,051	(44,824)
EXPENDITURES								
Current:								
GENERAL GOVERNMENT								
Personnel.....	27,723	28,219	27,604	615				
Other.....	27,591	31,808	26,480	5,328				
Capital.....	99	175	156	19				
TOTAL GENERAL GOVERNMENT.....	55,413	60,202	54,240	5,962				
JUDICIAL								
Personnel.....	153,009	159,004	158,264	740				
Other.....	78,000	77,172	74,095	3,077				
Capital.....	476	1,059	977	82				
TOTAL JUDICIAL.....	231,485	237,235	233,336	3,899				
DEVELOPMENT								
Personnel.....	716	776	740	36				
Other.....	6,448	4,502	4,498	4				
Capital.....	2	6	6					
TOTAL DEVELOPMENT.....	7,166	5,284	5,244	40				
SOCIAL SERVICES								
Personnel.....	2,054	2,054	1,753	301	133,323	133,420	130,523	2,897
Other.....	6,330	6,232	4,327	1,905	195,455	207,889	200,435	7,454
Capital.....	123	136	102	34	415	1,704	1,410	294
TOTAL SOCIAL SERVICES.....	8,507	8,422	6,182	2,240	329,193	343,013	332,368	10,645
HEALTH AND SAFETY								
Personnel.....	758	863	862	1				
Other.....	509	524	411	113				
Capital.....	6	6		6				
TOTAL HEALTH AND SAFETY .....	1,273	1,393	1,273	120				
PUBLIC WORKS								
Personnel.....								
Other.....								
Capital.....								
TOTAL PUBLIC WORKS.....								
TOTAL EXPENDITURES .....	303,844	312,536	300,275	12,261	329,193	343,013	332,368	10,645
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	13,000	20,308	29,796	9,488	(67,489)	(6,138)	(40,317)	(34,179)
OTHER FINANCING SOURCES (USES)								
Transfers in.....			1,144	1,144	67,445	75,591	38,429	(37,162)
Transfers out:								
Debt retirement.....	(7,301)	(7,301)	(5,737)	1,564				
Other.....	(12,531)	(19,019)	(18,224)	795		(350)	(228)	122
TOTAL OTHER FINANCING SOURCES(USES).....	(19,832)	(26,320)	(22,817)	3,503	67,445	75,241	38,201	(37,040)
NET CHANGE IN FUND BALANCES.....	(6,832)	(6,012)	6,979	12,991	(44)	69,103	(2,116)	(71,219)
FUND BALANCES(DEFICITS) AT BEGINNING OF YEAR.....	107,053	107,053	107,053		(59,704)	(59,704)	(59,704)	
FUND BALANCES(DEFICITS) AT END OF YEAR.....	\$ 100,221	\$ 101,041	\$ 114,032	\$ 12,991	\$ (59,748)	\$ 9,399	\$ (61,820)	\$ (71,219)

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

Health and Human Services Levies				County Board of Mental Retardation				Health and Community Services			
Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance-with Final Budget- Positive(Negative)
Original	Final			Original	Final			Original	Final		
\$ 167,686	\$ 169,458	\$ 169,460	2	\$ 87,994	\$ 87,308	\$ 85,879	(1,429)	\$ 13,941	\$ 13,941	\$ 13,850	(91)
54	18	59	41		30	30					
					808	1,967	1,159	1,610	1,633	1,729	96
								17,908	17,901	18,335	434
								167	149	186	37
				25	75	90	15	533	675	735	60
22,494	23,614	23,328	(286)	84,505	96,958	97,417	459	171,310	159,723	179,154	19,431
				4,260	4,425	1,750	(2,675)	10,129	11,462	3,275	(8,187)
190,234	193,090	192,847	(243)	176,784	189,604	187,133	(2,471)	215,598	205,484	217,264	11,780
								11,391	11,936	11,774	162
								4,220	7,622	7,492	130
								37	69	54	15
								15,648	19,627	19,320	307
								28,463	29,310	28,692	618
								18,732	19,080	15,672	3,408
								297	779	649	130
								47,492	49,169	45,013	4,156
								1,716	1,746	1,634	112
								3,253	3,754	3,529	225
								5	5	15	(10)
								4,974	5,505	5,178	327
				87,893	87,893	83,826	4,067	1,064	1,064	916	148
				87,665	87,665	83,290	4,375	107,861	98,426	91,577	6,849
				3,630	3,630	3,106	524	62	147	100	47
				179,188	179,188	170,222	8,966	108,987	99,637	92,593	7,044
								6,954	6,942	6,714	228
33,559	35,000	35,000						131,924	143,666	141,375	2,291
								78	77	42	35
33,559	35,000	35,000						138,956	150,685	148,131	2,554
								378	384	383	1
								1,490	1,665	1,618	47
								1	15	6	9
								1,869	2,064	2,007	57
33,559	35,000	35,000		179,188	179,188	170,222	8,966	317,926	326,687	312,242	14,445
156,675	158,090	157,847	(243)	(2,404)	10,416	16,911	6,495	(102,328)	(121,203)	(94,978)	26,225
				41	41	41		104,340	102,472	110,630	8,158
(156,672)	(134,550)	(134,550)							(857)	(843)	14
(156,672)	(134,550)	(134,550)		41	41	41		104,340	101,615	109,787	8,172
3	23,540	23,297	(243)	(2,363)	10,457	16,952	6,495	2,012	(19,588)	14,809	34,397
15,881	15,881	15,881		24,335	24,335	24,335		29,451	29,451	29,451	
\$ 15,884	\$ 39,421	\$ 39,178	(243)	\$ 21,972	\$ 34,792	\$ 41,287	6,495	\$ 31,463	\$ 9,863	\$ 44,260	34,397

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES -			
	ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and investments.....	\$ 7,439	\$ 2,095	\$ 9,534	\$ 59,353
Receivables:				
Accounts (net of allowance for uncollectibles).....	3	279	282	1
Special assessments (net of allowance for uncollectibles).....	250		250	
Net receivables.....	253	279	532	1
Due from other funds.....		13	13	8,387
Due from other governments.....	168	231	399	728
Inventory of supplies.....		16	16	43
Total current assets.....	7,860	2,634	10,494	68,512
Noncurrent assets:				
Special assessments receivable (net of allowance for uncollectibles).....	1,993		1,993	
Other assets.....	26		26	
Capital assets (net of accumulated depreciation):				
Land.....	472	7,281	7,753	
Land improvements.....	473	1,940	2,413	
Utility plant.....	25,651		25,651	
Buildings, structures and improvements.....	2,496	8,508	11,004	
Furniture, fixtures and equipment.....	148	203	351	6,661
Vehicles.....	859	94	953	565
Construction in progress.....	1,407	533	1,940	
Net capital assets.....	31,506	18,559	50,065	7,226
Total noncurrent assets.....	33,525	18,559	52,084	7,226
<b>TOTAL ASSETS.....</b>	<b>41,385</b>	<b>21,193</b>	<b>62,578</b>	<b>75,738</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable.....	200	578	778	2,194
Due to other funds.....	263	652	915	5,269
Due to other governments.....	8		8	17,716
Accrued wages and benefits.....	481	129	610	2,688
Other liabilities.....	24		24	
Capital lease obligations.....				134
Special termination benefits.....	401	39	440	2,276
Loans payable.....	357		357	
Bonds payable.....	360		360	
Total current liabilities.....	2,094	1,398	3,492	30,277
Noncurrent liabilities:				
Capital lease obligations.....				341
Special termination benefits.....	76	10	86	322
Loans payable.....	4,337		4,337	
Bonds payable.....	6,145		6,145	
Total noncurrent liabilities.....	10,558	10	10,568	663
<b>TOTAL LIABILITIES.....</b>	<b>12,652</b>	<b>1,408</b>	<b>14,060</b>	<b>30,940</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	20,307	18,559	38,866	6,750
Unrestricted.....	8,426	1,226	9,652	38,048
<b>TOTAL NET ASSETS.....</b>	<b>\$ 28,733</b>	<b>\$ 19,785</b>		<b>\$ 44,798</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.....			184	
<b>NET ASSETS OF BUSINESS-TYPE ACTIVITIES.....</b>			<b>\$ 48,702</b>	

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 12,480	\$ 4,497	\$ 16,977	\$ 73,908
Other revenue.....	9	16	25	321
<b>TOTAL OPERATING REVENUES.....</b>	<b>12,489</b>	<b>4,513</b>	<b>17,002</b>	<b>74,229</b>
<b>OPERATING EXPENSES</b>				
Personal services.....	6,540	1,576	8,116	37,335
Contractual services and claims.....	904	1,004	1,908	9,199
Commodities.....	736	183	919	11,764
Depreciation.....	1,640	778	2,418	1,743
Other expenses.....	1,249	2,794	4,043	9,556
<b>TOTAL OPERATING EXPENSES.....</b>	<b>11,069</b>	<b>6,335</b>	<b>17,404</b>	<b>69,597</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,420</b>	<b>(1,822)</b>	<b>(402)</b>	<b>4,632</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income.....	18		18	
Interest expense.....	(281)		(281)	(23)
Grants.....		308	308	
Loss on disposal of capital assets.....	(9)	(2)	(11)	(72)
<b>TOTAL NONOPERATING REVENUES (EXPENSES).....</b>	<b>(272)</b>	<b>306</b>	<b>34</b>	<b>(95)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....</b>	<b>1,148</b>	<b>(1,516)</b>	<b>(368)</b>	<b>4,537</b>
Transfers in.....		1,652	1,652	
Transfers out:				
Debt retirement.....		(95)	(95)	
Other.....		(895)	(895)	(2,039)
Capital contributions.....		6,160	6,160	
<b>CHANGE IN NET ASSETS.....</b>	<b>1,148</b>	<b>5,306</b>	<b>6,454</b>	<b>2,498</b>
<b>TOTAL NET ASSETS</b>				
BEGINNING OF YEAR.....	27,585	14,479		42,300
<b>TOTAL NET ASSETS END OF YEAR.....</b>	<b>\$ 28,733</b>	<b>\$ 19,785</b>		<b>\$ 44,798</b>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.....			(71)	
<b>CHANGE IN NET ASSETS-BUSINESS-TYPE ACTIVITIES.....</b>			<b>\$ 6,383</b>	

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers.....	\$ 13,271	\$ 4,553	\$ 17,824	\$ 321
Other operating cash receipts.....	9	16	25	74,734
Cash payments to suppliers for goods and services.....	(4,567)	(3,989)	(8,556)	(32,735)
Cash payments to employees for services.....	(6,494)	(1,559)	(8,053)	(37,014)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	<u>2,219</u>	<u>(979)</u>	<u>1,240</u>	<u>5,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds.....		1,652	1,652	
Transfer to other funds.....		(990)	(990)	(2,039)
Proceeds from short-term interfund loan-net.....		613	613	2,197
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES.....		<u>1,275</u>	<u>1,275</u>	<u>158</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from long-term debt.....	4,593		4,593	
Receipts from capital grants.....	253	308	561	
Acquisition and construction of capital assets.....	(853)	(1,261)	(2,114)	(58)
Principal paid on long-term debt.....	(6,482)		(6,482)	(122)
Interest paid on long-term debt.....	(412)		(412)	(23)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(2,901)</u>	<u>(953)</u>	<u>(3,854)</u>	<u>(203)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments.....	9		9	
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	<u>9</u>		<u>9</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(673)	(657)	(1,330)	5,261
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	8,112	2,752	10,864	54,092
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 7,439</u>	<u>\$ 2,095</u>	<u>\$ 9,534</u>	<u>\$ 59,353</u>

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 1,420	\$ (1,822)	\$ (402)	\$ 4,632
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation.....	1,640	778	2,418	1,743
Changes in assets and liabilities:				
Accounts receivable-net.....	9	(23)	(14)	11
Due from other funds.....		33	33	(1,520)
Due from other governments.....		33	33	2,336
Inventory of supplies.....		(6)	(6)	(5)
Accounts payable.....	(406)	47	(359)	130
Due to other funds.....	(34)	2	(32)	244
Due to other governments.....	(5)		(5)	453
Accrued wages and benefits.....	83	15	98	80
Special termination benefits.....	(488)	(36)	(524)	(2,798)
TOTAL ADJUSTMENTS.....	<u>799</u>	<u>843</u>	<u>1,642</u>	<u>674</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....</b>	<b>\$ <u>2,219</u></b>	<b>\$ <u>(979)</u></b>	<b>\$ <u>1,240</u></b>	<b>\$ <u>5,306</u></b>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital contributions - capital assets.....	\$	\$ 6,160	\$ 6,160	\$
Capital assets acquired through capital lease.....				135
<b>TOTAL NONCASH TRANSACTIONS.....</b>	<b>\$ <u>0</u></b>	<b>\$ <u>6,160</u></b>	<b>\$ <u>6,160</u></b>	<b>\$ <u>135</u></b>

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

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	<u>Agency Funds</u>
ASSETS	
Equity in pooled cash and investments.....	\$ 215,573
Cash and investments-segregated accounts.....	47,021
Taxes receivable.....	1,378,238
<b>TOTAL ASSETS.....</b>	<b><u>\$ 1,640,832</u></b>
LIABILITIES	
Due to other governments.....	\$ 1,581,212
Other liabilities.....	59,620
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 1,640,832</u></b>

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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### NOTE A - Description of Cuyahoga County and Basis of Presentation

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

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

#### Governmental Funds:

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

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

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

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

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

#### Proprietary Funds:

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

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

#### Fiduciary Funds:

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

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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

*Other Fiduciary Funds:* Other fiduciary funds include pension trust funds and investment trust funds. The County does not utilize any such trust funds.

### NOTE B - Summary of Significant Accounting Policies

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

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

*Discretely Presented Component Unit:* In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the MetroHealth System (the Hospital or Component Unit) is included as a discretely presented Component Unit in the County's basic financial statements. The Hospital provides health care and hospitalization to the general public and care for the County's indigents. The County appoints the majority of the Hospital's Board of Trustees. The Hospital's annual operating budget and investment policy are both approved by the County. The Component Unit is included in the County's reporting entity because of the significance of its operational and financial relationships with the County. The financial information of the Hospital is presented in a separate column to emphasize that it is legally separate from the government. Furthermore, the MetroHealth Foundation (Foundation), which is a component unit of the Hospital, is presented for the first time in 2005 in the Hospital's financial statements, resulting in an increase in beginning net assets of the Component Unit of \$16.5 million. The Foundation is a not-for-profit organization supporting the Hospital. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the Hospital in support of its programs. Although the Hospital does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which they hold and invest, are restricted to support the activities of the Hospital. Complete financial statements for the Hospital can be requested from the County Auditor.

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

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

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation:* The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the fiduciary funds. The County uses only agency funds as fiduciary funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. State and local government fund shared revenues are recognized when the provider government recognizes its liability to the County. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major proprietary fund:

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

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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County has elected not to follow subsequent private-sector guidance. The Hospital has elected to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and of the County's internal service funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap-in fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

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

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

**DECEMBER 31, 2005**

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

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

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

Net Change in Fund Balances (Amounts in 000's)					
	General Fund	Human Services	Health and Human Services Levies	County Board of Mental Retardation	Health and Community Services
GAAP basis.....	\$ 7,479	\$	\$ 25,943	\$ 28,870	\$ 12,718
Increase/decrease:					
Accrued receivables at 12/31/05 not recognized in the 2005 budget.....	(131,312)	(71,368)	(205,068)	(105,636)	(24,275)
Accrued receivables at 12/31/04 recognized in the 2005 budget.....	137,006	82,630	207,359	91,287	25,938
Expenditures accrued as liabilities at 12/31/05 not recognized in the 2005 budget.....	61,042	71,368	160,850	106,647	61,814
Expenditures accrued as liabilities at 12/31/04 recognized in the 2005 budget.....	(63,789)	(82,630)	(165,787)	(90,272)	(54,072)
Encumbrances at 12/31/05 recognized as expenditures in the 2005 budget.....	(22,597)	(36,912)		(7,239)	(34,862)
Encumbrances at 12/31/04 not recognized as expenditures in the 2005 budget.....	14,823	19,823		7,657	27,616
Other GAAP adjustments <sup>(1)</sup> .....	4,327	14,973		(14,362)	(68)
Budget basis .....	\$ <u>6,979</u>	\$ <u>(2,116)</u>	\$ <u>23,297</u>	\$ <u>16,952</u>	\$ <u>14,809</u>
(1) Change in the amount of short-term interfund loans by the General fund, unrealized loss on investments, net expenses for the Brownfield project, Gateway debt and agency funds reclassified as cash for financial reporting purposes.					

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

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

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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Revenue fund or where there are bond proceeds for capital improvements such as the Capital Projects fund. Fair value is determined by quoted market prices.

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

*Restricted Assets:* The primary government's restricted assets are composed of the unspent proceeds of certain borrowings that are restricted for use in specified economic development activities and capital projects, as well as deposits and investments held at certain financial institutions throughout the County to support the County's Housing Enhancement Loan Program (H.E.L.P.), which allows homeowners in County communities to borrow money from participating financial institutions to repair or remodel their homes or rental property at below market interest rates. Included in the Discretely Presented Component Unit column are restricted assets, consisting of investments restricted by donors, and assets under the control of the bond trustee that are used for payment of principal and interest on the Hospital's bonds when due. A portion of the Component Unit's restricted net assets has been designated as nonexpendable due to restrictions set up in the Foundation. All other restricted net assets are deemed expendable.

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

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

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

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

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

*Capitalization of Interest:* The County's policy is to capitalize interest on construction projects in the proprietary funds until substantial completion of the project. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. During 2005, capitalized interest for the County and the Component Unit was not material.

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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

*Net Patient Service Revenue:* Net patient service revenue of the Hospital is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review by a peer review organization. Differences between the estimated amounts accrued at interim and final settlements are reported in the Statement of Activities in the year of settlement. The Hospital recorded a favorable adjustment of \$4.2 million in 2005 due to prior year retroactive adjustments to amounts previously estimated.

Net revenue from the Medicare and Medicaid programs accounted for approximately 25.3% and 32.9%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2005. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. The Hospital believes that an adequate provision has been made in the financial statements for any adjustments that may result from final settlements.

*Charity Care:* Throughout the admission, billing and collection processes, certain patients are identified by the Hospital as qualifying for charity care. The Hospital provides care to these patients without charge or at amounts less than its established rates. The charges foregone for charity care provided by the Hospital, totaling \$160.1 million, represent 12.8% of gross charges in 2005, and are not reported as revenue. The Hospital accepts certain indigent Ohio residents and all residents from the County regardless of their ability to pay.

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

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

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

*Risk Management:* The County has implemented GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Employees' health insurance is provided primarily through a commercial insurance program. The County pays a premium to the insurance providers without additional risk to the County for all its medical plans except for one medical plan and the prescription drug plan, which are self-insured. Beginning in 2006, the County is self-insured for two medical plans and the prescription drug plan. The County maintains an Internal Service fund to account for the self-insurance of workers' compensation benefits through a retrospective rating plan with the State of Ohio. The County recognizes a liability for self-insured claims if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, the County has designated a portion of the fund balance of its General fund, pursuant to Ohio law, to provide for claims and judgements not covered by the various County insurance policies.

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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*Changes in Accounting Principles:* During March 2005, the FASB issued FASB Interpretation No. 47 (FIN 47), *Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143*. FIN 47 clarifies that an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The Hospital adopted the provisions of FIN 47 as of December 31, 2005 for the Hospital obligations related to those portions of the asbestos abatement liability that are considered imminent. At December 31, 2005, the Hospital recorded approximately \$5.4 million as an asbestos abatement liability. The amount of the asset and liability at the date the obligation was incurred in 1973 totaled \$1.4 million. The amount of interest accretion and depreciation expense charged to net assets, as the cumulative changes in accounting principle, for the year 1974 through 2005 totaled \$5.2 million. The cumulative effect of the change in accounting principle was recorded as a \$5.2 million decrease in beginning net assets.

*New Accounting Standards:* During November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. Under provisions of this statement, a capital asset is considered impaired when its service has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this statement are effective for fiscal periods beginning after December 15, 2004. The County and the Component Unit have determined that Statement No. 42 has no impact on its reported financial condition and results of operations.

During August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. Statement No. 45 will not be effective for the County until the year ending December 31, 2007, and as such, the County has not determined the impact that this statement will have on its financial statements.

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

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

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

**DECEMBER 31, 2005**

**NOTE C - Cash and Investments**

**Cash and Investments:**

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

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

A summary of the Pooled Cash and Investments account balance by fund type at December 31, 2005, follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General .....	\$	\$ 111,418
Due From:		
Special Revenue .....	24,909	
Capital Projects .....	11,208	
Enterprise .....	628	
Internal Service.....	<u>4,236</u>	<u>(40,981)</u>
Net General .....		70,437
Other major governmental .....		182,268
Other governmental .....		32,761
Major enterprise .....		7,439
Other enterprise .....		2,095
Internal Service.....		<u>59,353</u>
Total government-wide .....		354,353
Agency.....		<u>215,573</u>
Total Equity in Pooled Cash and Investments .....		\$ <u>569,926</u>

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

**Deposits and Investments:**

**Primary Government**

*Deposits:* At year-end, the carrying amount of the County's deposits, including certificates of deposit, was \$126.4 million and the bank balances were \$106.3 million. Any differences between the account bank balances and investments and the cash and investments recorded in the financial statements are due to normal reconciling items. The pooled securities serve as collateral for all public deposits held by the banks, including the County's deposits. The Ohio Revised Code (ORC) requires that the market value of securities held in the pool be at least equal to 105% of the public deposits held by the banks. Ohio law requires that deposits be placed in eligible banks or savings and

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

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loan associations located in Ohio. County policy is to utilize federally insured banks and savings institutions located in the County.

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

Custodial risk is the risk that, in the event of bank failure the County's deposits might not be recovered. The County's bank deposits at December 31, 2005 totaled \$106.3 million and were subject to the following categories of custodial risk:

(Amounts in 000's)	
Uncollateralized .....	\$ 98,731
Collateralized with securities held by the pledging institution's trust department (O.R.C. 135.18) but not in the County's name .....	<u>5,011</u>
Total amount subject to custodial risk .....	103,742
Amount insured (FDIC Insurance) .....	<u>2,550</u>
Total bank balances .....	\$ <u>106,292</u>

**Component Unit**

*Deposits:* All monies are deposited to the Hospital's banks or trust companies designated by the Board of Trustees. Funds not needed for immediate expenditure may be deposited in interest bearing or non-interest bearing accounts or U.S. government obligations.

Custodial risk is the risk that, in the event of bank failure, the Hospital's deposits might not be recovered. The Hospital's bank deposits at December 31, 2005 totaled \$4.9 million and were subject to the following categories of custodial risk:

(Amounts in 000's)			
	<u>Hospital</u>	<u>Foundation</u>	<u>Total</u>
Uncollateralized .....	\$ 3,921	\$ 584	\$ 4,505
Collateralized with securities held by the pledging institution's trust department, but not in the Hospital's name .....	<u>77</u>	<u>      </u>	<u>77</u>
Total amount subject to custodial risk .....	3,998	584	4,582
Amount insured .....	<u>200</u>	<u>100</u>	<u>300</u>
Total bank balances .....	\$ <u>4,198</u>	\$ <u>684</u>	\$ <u>4,882</u>

At December 31, 2005, the financial statement carrying amount of the Hospital's deposits was \$5 million. The difference from the reported amount represents outstanding checks payable and normal reconciling items.

**Primary Government**

*Investments:* The County's Statement of Investment Policy, approved by the County's Investment Advisory Committee, authorizes investment by the County in investments permitted under the ORC. Eligible investments include U.S. Treasury Bills, Notes and Strips, backed by the full faith and credit of the U.S. government, obligations of U.S. government agencies, commercial paper, bankers acceptances, obligations of political subdivisions of the State of Ohio, certificates of deposit or savings or deposit accounts in an eligible institution defined in the ORC, State Treasurer's Investment Pool, corporate notes, shares in open-end no-load money market mutual funds registered under the Federal Investment Act of 1940 and repurchase agreements. Ohio statute prohibits the use of reverse repurchase agreements. County investment policy restricts repurchase agreements to durations of 30 days or less

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

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and all investments to maturities of not more than 5 years. In January 2006, the County's Investment Advisory Committee voted to revise the County's Investment Policy to include foreign notes as an eligible investment. The notes must be rated at the time of purchase in the three highest categories by two nationally recognized standard rating services. All interest and principal shall be denominated and payable in United States funds. The notes must be backed by the full faith and credit of the foreign nation and there can be no prior history of default. The maturity of foreign notes cannot exceed five years from purchase and in total, they cannot exceed one percent of the County's total average portfolio.

At December 31, 2005, the fair value of the Primary Government investments were as follows:

Investment Type	(Amounts in 000's) Fair Value/Carrying Value
Repurchase Agreements .....	\$ 60,200
U. S. Treasuries .....	5,953
U.S. Government Agencies .....	447,681
Corporate Notes.....	5,033
Municipal Obligations.....	<u>1,200</u>
Total Primary Government Investments .....	\$ <u>520,067</u>

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

At December 31, 2005, the County's investments had maturities as follows:

Maturities	Percentage
Less than 1 year .....	48.38%
1 to 5 years .....	51.62%

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

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

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

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**DECEMBER 31, 2005**

**Component Unit**

At December 31, 2005, fair value of the County's Component Unit investments were as follows:

Investment Type	(Amounts in 000's)		
	Fair Value/Carrying Value		
	<u>Hospital</u>	<u>Foundation</u>	<u>Total</u>
Cash and investments .....	\$ 85,686	\$	\$ 85,686
U.S. Government Agencies .....	173,580		173,580
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (Federal Pools).....	7,988		7,988
Collateralized Mortgage Obligations .....	1,064		1,064
Corporates .....	4,195		4,195
Mutual Funds .....		5,155	5,155
Common Stock .....		12,667	12,667
Premier Purchasing Partners, L.P. ....		<u>723</u>	<u>723</u>
Total Investments .....	\$ <u>272,513</u>	\$ <u>18,545</u>	\$ <u>291,058</u>

*Interest Rate Risk.* The Hospital's investment policies limit investment portfolio to maturities of five years or less. All of the Hospital's investments at December 31, 2005 have effective maturity dates of less than five years.

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

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Hospital's investments, only the repurchase agreements are exposed to custodial risk. Repurchase agreements (included in the U. S. Government Agencies) at December 31, 2005 totaling \$23.5 million are uninsured, are not registered in the Hospital's name and are held by the financial institution's trust department.

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

**DECEMBER 31, 2005**

**NOTE D - Interfund Receivables and Payables**

Individual interfund receivable and payable balances as of December 31, 2005 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund .....	\$ 40,981	\$ 3,307
Human Services .....		51,879
Health and Human Services Levies.....	42,977	
County Board of Mental Retardation .....		1,038
Health and Community Services .....		18,323
Other governmental funds .....		<u>11,627</u>
Total Governmental Funds .....	83,958	86,174
Proprietary Funds:		
Enterprise Funds:		
Sanitary Engineer .....		263
Other enterprise funds.....	<u>13</u>	<u>652</u>
Total Enterprise Funds.....	13	915
Internal Service Funds: .....	<u>8,387</u>	<u>5,269</u>
Totals .....	\$ <u>92,358</u>	\$ <u>92,358</u>

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

**DECEMBER 31, 2005**

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

Fund Types	(Amounts in 000's)	
	Receivables	Payables
Major Governmental Funds:		
Human Services .....	\$ <u>24,909</u>	\$    —
Total Major Governmental Funds .....	24,909	
Nonmajor Governmental Funds:		
Capital Project .....	<u>11,208</u>	
Total Nonmajor Governmental Funds .....	11,208	
Nonmajor Enterprise Funds:		
County Airport .....	628	
Cuyahoga County Information System .....	<u>        </u>	<u>10</u>
Total Nonmajor Enterprise Funds .....	628	10
Internal Service Funds:		
Maintenance Garage .....	730	31
Data Processing Center .....	3,062	
Printing, Reproduction and Supplies .....	444	249
Communications .....		137
Self-Funded Workers Compensation .....		<u>2,880</u>
Total Internal Service Funds .....	<u>4,236</u>	<u>3,297</u>
Totals .....	\$ <u>40,981</u>	\$ <u>3,307</u>

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

The amount payable to the Cuyahoga County Information System is for computer charges from various General fund agencies. The amounts payable to Internal Service funds represent unpaid charges at December 31, 2005.

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

**DECEMBER 31, 2005**

**NOTE E - Capital Assets**

A summary of changes in capital assets follows:

	(Amounts in 000's)			Balance December 31, 2005
	Balance January 1, 2005	Additions	Deductions	
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land.....	\$ 44,535	\$ 8,424	\$	\$ 52,959
Construction in progress.....	41,480	25,796	15,822	51,454
Total capital assets, not being depreciated.....	<u>86,015</u>	<u>34,220</u>	<u>15,822</u>	<u>104,413</u>
Capital assets, being depreciated:				
Land improvements.....	12,323	945		13,268
Buildings, structures and improvements.....	540,912	24,470	32	565,350
Furniture, fixtures and equipment.....	50,008	1,608	808	50,808
Vehicles.....	15,472	1,452	585	16,339
Infrastructure.....	440,205	4,235		444,440
Total capital assets, being depreciated.....	<u>1,058,920</u>	<u>32,710</u>	<u>1,425</u>	<u>1,090,205</u>
Less accumulated depreciation for:				
Land improvements.....	1,838	614		2,452
Buildings, structures and improvements.....	235,633	18,050	32	253,651
Furniture, fixtures and equipment.....	36,089	2,888	714	38,263
Vehicles.....	11,437	1,144	585	11,996
Infrastructure.....	240,604	12,698		253,302
Total accumulated depreciation.....	<u>525,601</u>	<u>35,394</u>	<u>1,331</u>	<u>559,664</u>
Total capital assets, being depreciated, net.....	<u>533,319</u>	<u>(2,684)</u>	<u>94</u>	<u>530,541</u>
Governmental activities capital assets, net.....	<u>\$ 619,334</u>	<u>\$ 31,536</u>	<u>\$ 15,916</u>	<u>\$ 634,954</u>

	(Amounts in 000's)			Balance December 31, 2005
	Balance January 1, 2005	Additions	Deductions	
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land.....	\$ 5,752	\$ 2,001	\$	\$ 7,753
Construction in progress.....	1,170	1,591	821	1,940
Total capital assets, not being depreciated.....	<u>6,922</u>	<u>3,592</u>	<u>821</u>	<u>9,693</u>
Capital assets, being depreciated:				
Land improvements.....	10,850	44	182	10,712
Utility plant.....	53,633			53,633
Buildings, structures and improvements.....	14,766	4,983		19,749
Furniture, fixtures and equipment.....	2,503	185	106	2,582
Vehicles.....	3,948	347	77	4,218
Total capital assets, being depreciated.....	<u>85,700</u>	<u>5,559</u>	<u>365</u>	<u>90,894</u>
Less accumulated depreciation for:				
Land improvements.....	8,192	286	179	8,299
Utility plant.....	26,994	988		27,982
Buildings, structures and improvements.....	8,024	721		8,745
Furniture, fixtures and equipment.....	2,260	67	96	2,231
Vehicles.....	2,987	356	78	3,265
Total accumulated depreciation.....	<u>48,457</u>	<u>2,418</u>	<u>353</u>	<u>50,522</u>
Total capital assets, being depreciated, net.....	<u>37,243</u>	<u>3,141</u>	<u>12</u>	<u>40,372</u>
Business-type activities capital assets, net.....	<u>\$ 44,165</u>	<u>\$ 6,733</u>	<u>\$ 833</u>	<u>\$ 50,065</u>

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

**DECEMBER 31, 2005**

Component Unit:	(Amounts in 000's)			
	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
Capital assets, not being depreciated:				
Land.....	\$ 9,634	\$	\$ 257	\$ 9,377
Construction in progress.....	11,093	34,615	31,744	13,964
Total capital assets, not being depreciated.....	<u>20,727</u>	<u>34,615</u>	<u>32,001</u>	<u>23,341</u>
Capital assets, being depreciated:				
Land improvements.....	7,829	119	145	7,803
Buildings, structures and improvements.....	445,697	27,315	4,681	468,331
Furniture, fixtures and equipment.....	213,309	12,783	8,440	217,652
Vehicles.....	9,728	508	168	10,068
Total capital assets, being depreciated.....	<u>676,563</u>	<u>40,725</u>	<u>13,434</u>	<u>703,854</u>
Less accumulated depreciation for:				
Land improvements.....	6,860	179	145	6,894
Buildings, structures and improvements.....	265,162	16,758	3,511	278,409
Furniture, fixtures and equipment.....	171,359	11,773	8,390	174,742
Vehicles.....	2,758	1,299	168	3,889
Total accumulated depreciation.....	<u>446,139</u>	<u>30,009</u>	<u>12,214</u>	<u>463,934</u>
Total capital assets, being depreciated, net.....	<u>230,424</u>	<u>10,716</u>	<u>1,220</u>	<u>239,920</u>
Component unit capital assets, net.....	<u>\$ 251,151</u>	<u>\$ 45,331</u>	<u>\$ 33,221</u>	<u>\$ 263,261</u>

Depreciation expense was charged to functions of the government in 2005 as follows:

Governmental Activities:	(Amounts in 000's)	
General government.....	\$	3,213
Judicial.....		11,387
Development.....		4
Social services.....		5,824
Health and safety.....		157
Public works.....		13,066
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.....		1,743
Total depreciation expenses charged to governmental activities.....	<u>\$</u>	<u>35,394</u>
 Business-type Activities:		
Sanitary Engineer.....	\$	1,640
County Airport.....		360
Huntington Park Garage.....		412
Cuyahoga County Information System.....		6
Total depreciation expenses charged to business-type activities.....	<u>\$</u>	<u>2,418</u>

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

**DECEMBER 31, 2005**

A summary of construction commitments for governmental activities at December 31, 2005 follows:

Function	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2005	Future Commitments
General government.....	\$ 14,640	\$ 7,373	\$ 7,267
Judicial.....	42,366	26,635	15,731
Social services.....	1,254	633	621
Public works.....	34,629	16,813	17,816
Totals.....	<u>\$ 92,889</u>	<u>\$ 51,454</u>	<u>\$ 41,435</u>

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

A summary of construction commitment for business-type activities at December 31, 2005 follows:

Business-type Activity	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2005	Future Commitments
Sanitary Engineer.....	\$ 2,955	\$ 1,407	\$ 1,548
Airport.....	877	533	344
Totals.....	<u>\$ 3,832</u>	<u>\$ 1,940</u>	<u>\$ 1,892</u>

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

The Hospital has future contractual commitments for the construction of various projects totaling \$12.7 million. The projects are being funded with operating funds.

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

**DECEMBER 31, 2005**

**NOTE F - Debt and Other Obligations**

**Notes Payable and Long-Term Liabilities:**

A summary of the County's notes payable and long-term liabilities at December 31, 2005 is provided below:

(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
<b>Governmental Activities:</b>							
	Compensated Absences.....		\$ 22,410	\$ 41,333	\$ 39,881	\$ 23,862	\$ 2,386
2001	Special Termination Benefits-Due thru 2007.....	7.75%-8.00%	35,098	1,273	18,482	17,889	15,489
Various	Capital Lease Obligations-Due thru 2029.....		25,100		1,545	23,555	1,694
2003	Installment Purchase Agreement-Due thru 2010, [\$13,742].....	3.72%-3.87%	9,808		1,927	7,881	1,693
<b>Loans Payable:</b>							
1989	Environmental Protection Agency-Due thru 2007, [\$494].....	None	54		27	27	27
1997	Ohio Department of Development Loan - Due thru 2016, [\$5,000].....	None	3,000		250	2,750	250
2005	Ohio Department of Transportation Loan-Due thru 2013, [2,975].....	0%-3%		2,975		2,975	
	Total Loans Payable.....		3,054	2,975	277	5,752	277
<b>General Obligation Bonds-Unvoted:</b>							
1993	Various Purpose Refunding Bonds-Due thru 2012, [\$75,395].....	2.20%-5.25%	25,150		3,610	21,540	3,795
1993	Rock and Roll Hall of Fame-Due thru 2018, [\$12,000].....	2.75%-5.65%	8,495		415	8,080	440
1995	Various Purpose Improvements-Due thru 2015, [\$35,145].....	3.75%-5.50%	15,975		15,975		
2000	Capital Improvements-Due thru 2020, [\$96,615].....	4.30%-5.75%	84,230		63,670	20,560	3,750
2004	Capital Improvements-Due thru 2024, [\$84,490].....	2.50%-5.25%	84,490		2,575	81,915	3,475
2005	General Obligation (limited tax) Refunding Bonds-due thru 2020, [\$73,970].....	3.00%-5.00%		73,970	100	73,870	1,000
	Total General Obligation Bonds-Unvoted.....		218,340	73,970	86,345	205,965	12,460
<b>General Obligation Bonds-Voted:</b>							
1991	Jail II Series - Due thru 2006, [\$5,086].....	6.95%-7.05%	3,516		1,819	1,697	1,697
1993	Jail Facilities and Various Purpose Refunding Bonds -Due thru 2013, [\$65,254].....	2.20%-5.25%	19,589		2,390	17,199	2,510
	Total General Obligation Bonds-Voted.....		23,105		4,209	18,896	4,207
	Total Tax Supported Bonds.....		241,445	73,970	90,554	224,861	16,667
<b>Revenue Bonds:</b>							
1992	Gateway Economic Development-Due thru 2022, [\$35,000].....	8.625%	35,000			35,000	
1994	Gateway Economic Development-Due thru 2023, [\$45,000].....	4.45%-7.60%	33,080		1,635	31,445	1,745
2000	Shaker Square Redevelopment-Due thru 2030, [\$2,855].....	6.886%	2,825		10	2,815	10
2004	Gateway Arena Project Series 2004A Refunding Bonds -Due thru 2011 [\$10,750].....	1.50%-4.25%	10,750		1,415	9,335	1,440
2004	Gateway Arena Project Series 2004B Refunding Bonds -Due thru 2022 [\$19,200].....	Variable	19,200			19,200	
2004	Brownfield Redevelopment Fund Project Refunding Bonds Series 2004C - Due thru 2018 [\$12,880].....	1.50%-5.10%	12,880		725	12,155	740
	Total Revenue Bonds.....		113,735		3,785	109,950	3,935
	Bond premium/discount related to various issues-net.....		5,988	6,317	584	11,721	
	Total Bonds Payable.....		361,168	80,287	94,923	346,532	20,602
<b>Internal Service Funds:</b>							
	Compensated Absences.....		2,005	2,368	2,323	2,050	205
2001	Special Termination Benefits-Due thru 2007.....	7.75%	5,396		2,798	2,598	2,276
Various	Capital Lease Obligations-Due thru 2009.....		463	135	123	475	134
	Total Internal Service Funds.....		7,864	2,503	5,244	5,123	2,615
	Total Governmental Activities.....		\$ 464,502	\$ 128,371	\$ 162,279	\$ 430,594	\$ 44,756

(CONTINUED)

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

**DECEMBER 31, 2005**

(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
<b>Business-type Activities:</b>							
	Compensated Absences.....		\$ 401	\$ 588	\$ 515	\$ 474	\$ 47
	2001 Special Termination Benefits-Due thru 2007.....	7.75%	1,050		524	526	440
	Various Loans Payable-Due thru 2025.....	4.04% - 7.00%	4,729	307	342	4,694	357
	Bond Anticipation Notes:						
	2002 Olmsted Township Water and Sewer-Due in 2005 [\$5,950].....	2.50%	5,950		5,950		
	Total Notes Payable.....		5,950		5,950		
	Self-Supporting Bonds Payable:						
	2000 Sewer Improvement-Due thru 2020, [\$1,040].....	4.55%-5.55%	905		40	865	40
	2003 Sewer Improvement-Due thru 2012 [\$1,500].....	2.00%-3.55%	1,345		150	1,195	160
	2005 Sewer Improvement-Due thru 2025 [\$4,445].....	2.00%-3.55%		4,445		4,445	160
	Total Self-Supporting Bonds Payable.....		2,250	4,445	190	6,505	360
	Total Business-type Activities.....		\$ 14,380	\$ 5,340	\$ 7,521	\$ 12,199	\$ 1,204
<b>Component Unit</b>							
	Compensated absences.....		\$ 25,153	\$ 3,857	\$ 2,852	\$ 26,158	\$ 2,938
	Amounts due third party payors (See Note B).....		41,435	5,784	3,343	43,876	8,185
	Claims payable (See Note J).....		45,774	12,593	11,676	46,691	21,989
	Asset Retirement obligations (See Note B).....		5,161	550		5,711	1,434
	Various Capital Lease Obligations-Due thru 2009.....	4.958%-4.96%	2,294	218	859	1,653	763
	2004 Cuyahoga County Sanitary Engineer Loan -Due thru 2018.....	None	91		7	84	6
	2003 General and Professional Liability Note -Due in 2006.....	3.75%	4,576	5,750	5,980	4,346	4,346
	Various Notes Payable-Due thru 2010.....	3.96%	296	204	119	381	80
	Bonds:						
	1997 Hospital Improvement and Refunding Revenue Bonds-Due Thru 2027, [\$70,000].....	3.90%-5.80%	46,634	179	4,615	42,198	4,825
	1997 Hospital Refunding Revenue Bonds -Due thru 2019, [\$77,525].....	4.10%-5.50%	68,572	306	265	68,613	275
	1999 Hospital Improvement Revenue Bonds -Due thru 2029, [\$56,995].....	6.125%-6.15%	56,814		56,814		
	2003 Hospital Improvement Revenue Bonds -Due thru 2033, [\$30,545].....	Variable	30,010		580	29,430	600
	2005 Hospital Improvement and Refunding Revenue Bonds -Due thru 2035, [\$74,535].....	Variable		74,535	5,087	69,448	305
	Total Bonds.....		202,030	75,020	67,361	209,689	6,005
	Total Component Unit (See Note B).....		\$ 326,810	\$ 103,976	\$ 92,197	\$ 338,589	\$ 45,746

*Capital Lease Information:* The following summarizes future minimum lease payments under the capital leases, and the present values of net minimum lease payments for the Primary Government at December 31, 2005:

(Amounts in 000's)		
Year	Governmental Activities	Internal Service funds
2006.....	\$ 3,728	\$ 156
2007.....	3,756	156
2008.....	3,796	130
2009.....	3,824	77
2010.....	3,858	
2011-2015.....	12,330	
2016-2020.....	3,133	
2021-2025.....	68	
2026-2029.....	46	
Total Minimum Lease Payments.....	34,539	519
Amount Representing Interest.....	(10,984)	(44)
Present Value of Net Minimum Lease Payments.....	\$ 23,555	\$ 475

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

**DECEMBER 31, 2005**

The following summarizes future minimum payments and the present values of net minimum lease payments for the Component Unit's equipment capital leases and loan obligation at December 31, 2005:

Year	(Amounts in 000's) Lease and Loan Obligation Component Unit	
2006.....	\$	832
2007.....		832
2008.....		53
2009.....		53
2010.....		7
2011-2015.....		33
2016-2018.....		20
Total Minimum Lease Payments.....		<u>1,830</u>
Amount Representing Interest.....		<u>(93)</u>
Present Value of Net Minimum Lease Payments.....	\$	<u><u>1,737</u></u>

As of December 31, 2005, the net book value of capital leases which include land, buildings, structures and improvements and furniture, fixtures and equipment was \$6.1 million, \$39.2 million and \$5 million respectively. Component Unit's capital lease net book value which includes furniture, fixtures and equipment and vehicles was \$3.3 million and \$4.1 million, respectively.

*Future Debt Service Requirements:* A summary of the County's future debt service requirements for its outstanding long-term bonds, installment purchase agreement and loans payable at December 31, 2005 are as follows:

Due In	(Amounts in 000's) Governmental Activities					
	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest
2006.....	\$ 16,667	\$ 13,940	\$ 3,935	\$ 6,913		
2007.....	19,380	10,115	4,110	6,726		
2008.....	15,314	14,157	4,330	6,516		
2009.....	15,867	13,597	4,550	6,283		
2010.....	15,686	12,968	4,805	6,027		
2011-2015.....	61,952	44,709	28,365	25,746		
2016-2020.....	59,735	14,121	35,355	15,131		
2021-2025.....	20,260	2,357	23,870	2,883		
2026-2030.....			630	122		
Totals.....	\$ <u>224,861</u>	\$ <u>125,964</u>	\$ <u>109,950</u>	\$ <u>76,347</u>		

Due In	(Amounts in 000's)				
	Installment Purchase Agreement			Loans Payable	
	Principal	Interest	Principal	Interest	Interest
2006.....	\$ 1,693	\$ 307	\$ 277	\$	\$
2007.....	1,920	232	250	177	76
2008.....	1,999	154	584	66	164
2009.....	2,080	73	594	250	164
2010.....	189	5	605	164	164
2011-2015.....			3,192	164	164
2016.....			250	164	164
Totals.....	\$ <u>7,881</u>	\$ <u>771</u>	\$ <u>5,752</u>	\$ <u>483</u>	\$ <u>483</u>

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

**DECEMBER 31, 2005**

Due In	(Amounts in 000's)	
	Total Governmental Activities	
	Principal	Interest
2006.....	\$ 22,572	\$ 21,160
2007.....	25,660	17,073
2008.....	22,227	21,004
2009.....	23,091	20,029
2010.....	21,285	19,066
2011-2015.....	93,509	70,619
2016-2020.....	95,340	29,252
2021-2025.....	44,130	5,240
2026-2030.....	630	122
Totals.....	<u>\$ 348,444</u>	<u>\$ 203,565</u>

Due In	(Amounts in 000's)			
	Business-type Activities			
	Various Loans Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2006.....	\$ 357	\$ 144	\$ 360	\$ 250
2007.....	367	134	365	239
2008.....	377	124	380	229
2009.....	388	113	385	216
2010.....	399	102	405	203
2011-2015.....	1,961	329	1,630	806
2016-2020.....	757	60	1,545	495
2021-2025.....	88	8	1,435	177
Totals.....	<u>\$ 4,694</u>	<u>\$ 1,014</u>	<u>\$ 6,505</u>	<u>\$ 2,615</u>

Due In	(Amounts in 000's)	
	Total Business-type Activities	
	Principal	Interest
2006.....	\$ 717	\$ 394
2007.....	732	373
2008.....	757	353
2009.....	773	329
2010.....	804	305
2011-2015.....	3,591	1,135
2016-2020.....	2,302	555
2021-2025.....	1,523	185
Totals.....	<u>\$ 11,199</u>	<u>\$ 3,629</u>

In May 2003, the County Commissioners authorized by resolution a loan in the amount of \$10 million from the Ohio Department of Transportation (ODOT). The money is provided through the state infrastructure bank fund, which are federal funds, to be used to improve a road and reconstruct a bridge. The loan carries a 0% interest rate for the first 12 months and a 3% rate thereafter, for 10 years. The County pledged its motor vehicle license tax as the source of repayment. State Issue II and ODOT monies were used first for this project and when funding was exhausted the loan was exercised for this purpose. During 2005, the County received approximately \$3 million from ODOT and has recorded a liability in the Government-wide statements.

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

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

**DECEMBER 31, 2005**

During 2005, the Hospital entered into an agreement with a bank for a demand line of credit with a maximum amount available of \$20 million. The contract interest rate is .90% per annum plus one month London Interbank Offered Rate (LIBOR). For the year ended December 31, 2005, the Hospital did not have an outstanding balance on the line of credit and the Hospital did not access the credit line during the course of the year.

At December 31, 2005, the bonded debt service requirements of the Component Unit are as follows:

Due In	(Amounts in 000's)	
	Hospital Revenue Bonds Component Unit	
	Principal	Interest
2006.....	\$ 6,005	\$ 6,146
2007.....	6,300	5,886
2008.....	6,600	5,618
2009.....	6,920	5,322
2010.....	7,280	4,996
2011-2015.....	42,435	19,463
2016-2020.....	49,680	8,783
2021-2025.....	41,520	2,939
2026-2030.....	38,355	287
2031-2035.....	17,835	
Total.....	<u>222,930</u>	<u>\$ 59,440</u>
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....		
	(11,801)	
Unamortized discount.....		
	(1,440)	
Present value of net minimum payments.....		
	<u>\$ 209,689</u>	

Due In	(Amounts in 000's)	
	Foundation Notes Payable Component Unit	
	Principal	Interest
2006.....	\$ 80	\$ 14
2007.....	80	11
2008.....	80	8
2009.....	80	5
2010.....	61	2
Totals.....	<u>\$ 381</u>	<u>\$ 40</u>

*Component Unit Swap Agreements:* The Component Unit entered into various interest rate swap agreements with a total outstanding notional amount of \$104 million. The Hospital's objectives of its derivative instruments include managing the risk of increased debt service resulting from rising market interest rates, the risk of decreased surplus returns resulting from falling interest rates and the management of the risk of an increase in the fair value of the outstanding fixed rate obligations resulting from declining market interest rates. The fair value of the swap agreements based on current settlement prices at December 31, 2005 was \$2.4 million. Such amounts are due from the counterparties and are included in other assets. In 2005, the fair value increase of \$1 million was recorded as unrealized gains on investment. As a result of the agreements, the Hospital incurred additional interest expense of \$ .1 million for 2005.

On July 28, 2005, the Hospital entered into a swap agreement with an amortizing notional amount of \$74.5 million. The notional amount is based on the Series 2005 Bond principal repayment schedule that ends in 2035. Per the agreement, the Hospital pays a fixed rate of 3.3% and the counterparty pays 70% of the 3 month USD LIBOR. 2005 LIBOR rates ranged between 2.4% and 4.4%. The net amount is exchanged monthly between the two parties. The Hospital has an early termination option.

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2005

On May 14, 2003, the Hospital entered into a twenty-one month swap agreement with a fixed notional amount of \$56 million. The agreement ended on February 15, 2005. The Hospital paid a fixed rate of 1.5% and the counterparty paid a floating rate equal to the Bond Market Association Municipal Index (BMA Swap Index), an index of seven-day high-grade tax-exempt variable rate demand obligations. During the agreement, BMA index rates ranged between .7% and 2%.

On March 13, 2003, the Hospital entered into a swap agreement with an amortizing notional amount of \$30.5 million. The amortizing notional amount is based on the Series 2003 Bond principal repayment schedule ending on March 1, 2033. Per the agreement, the Hospital pays a fixed rate of 3.5% and the counterparty pays 75% of the USD LIBOR rate. Net settlement amounts are exchanged monthly. The Hospital has the option to terminate the agreement prior to the February 2035 expiration date.

On September 1, 1999, the Hospital entered into a swap agreement with a fixed notional amount of \$56 million. On February 15, 2005, the agreement ended when the counterparty exercised its early termination option. The agreement was originally scheduled to terminate on February 15, 2014. Per the agreement, the Hospital paid the BMA Swap Index rate and the counterparty paid a fixed interest rate of 5.4%. During the agreement, the BMA index rates ranged between .7% and 5.8%.

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

Under the Uniform Bond Act of the Ohio Revised Code, the County has the capacity to issue approximately \$108.6 million of additional unvoted general obligation debt.

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

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

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$25.9 million liability recorded in the statement of net assets (Governmental Activities) at December 31, 2005 was based were as follows:

Governmental Activities	Hours	Amount (in 000's)
Sick.....	27,447	\$ 543
Vacation.....	1,181,623	23,395
Overtime.....	99,687	1,974
Total.....	<u>1,308,757</u>	<u>\$ 25,912</u>

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

**DECEMBER 31, 2005**

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$.5 million liability recorded in the statement of net assets (Business-type Activities) at December 31, 2005 was based were as follows:

Business-type Activities	Hours	Amount (in 000's)
Sick.....	543	\$ 12
Vacation.....	20,301	443
Overtime.....	871	19
Total.....	<u>21,715</u>	<u>\$ 474</u>

*Special Termination Benefits:* In May 2001, the Board of County Commissioners authorized the purchase of additional service credit (equal to 20% of accumulated service time up to a maximum of 5 years) under OPERS (see Note G) for certain employees close to retirement as an incentive to retire early. The Early Retirement Incentive Program (ERIP) was approved for participating departments and agencies of the County by agreement with the County Commissioners. Eligible employees had until June 30, 2002 to elect to participate in the program. As of June 30, 2002, 1,127 employees had accepted the program resulting in a total cost of \$101.3 million payable to OPERS. In addition, the County Board of Mental Retardation (CBMR) adopted an ERIP plan in 2005. CBMR will purchase up to 2 years of service credit for eligible employees to be paid over a period of 2 years for employees in both OPERS and STRS Ohio. As of December 31, 2005, 23 employees agreed to participate at a cost of \$1.3 million and an outstanding liability of \$.5 million.

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

Payments are made to OPERS in quarterly installments over the life of the purchased service credit. The following summarizes the future payment requirements to fund the cost of the special termination benefits for the employees who had elected to participate in the plan at December 31, 2005:

Year	(Amounts in 000's)	
	Governmental Activities	Business-type Activities
2006.....	\$ 18,800	\$ 467
2007.....	2,779	88
Total Termination Benefit Payments.....	<u>21,579</u>	<u>555</u>
Amount Representing Interest.....	<u>(1,092)</u>	<u>(29)</u>
Net Amount.....	<u>\$ 20,487</u>	<u>\$ 526</u>

*Advance Refunding of General Obligation Bonds:* On March 19, 1993, the County issued general obligation bonds amounting to \$140.7 million with interest rates ranging from 2.2% to 5.25%. The issues consisted of voted and unvoted refunding debt as well as new voted debt. The unvoted refunding debt amounted to \$75.4 million, the voted refunding debt amounted to \$49.4 million and the additional voted debt amounted to \$15.9 million. The refunding debt proceeds were used to advance refund outstanding debt of \$115.6 million which consisted of \$49.6 million and \$66 million of voted and unvoted debt, respectively. The County advance refunded the bonds to reduce its total debt service payments over the next 20 years by \$1.5 million and \$2.9 million on voted and unvoted debt, respectively, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.2 million and \$2.2 million on voted and unvoted debt, respectively. The aggregate amount of the defeased General Obligation Bonds outstanding at December 31, 2005 was \$21.4 million. The remaining proceeds from the issuance were used to fund various capital projects.

The County issued \$74 million of General Obligation (limited tax) Refunding Bonds dated April 21, 2005 to advance refund a portion of the County's \$35.1 million General Obligation (limited tax) Various Purpose Improvement Bonds, Series 1995, and advance refund a portion of the County's \$96.6 million General Obligation (limited tax) Capital Improvement Bonds, Series 2000. The proceeds of the Series 2005 Refunding Bonds were used to advance refund \$13.3 million of the Series 1995 bonds that are callable in November 2005 and \$60.1 million of the Series

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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2000 bonds that are callable in December 2010. The non-callable portion of the refunded bonds, which total \$26.8 million, remained outstanding at the time the Series 2005 Refunding Bonds were issued. The County advance refunded the bonds to reduce its total debt service payments by \$3.3 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3.1 million. The aggregate amount of deferred General Obligation Bonds outstanding at December 31, 2005 was \$60.1 million.

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

Effective November 1, 1997, the County issued \$77.5 million of Hospital Refunding Revenue Bonds, Series 1997A. The proceeds of the Series 1997A Bonds were used to advance refund \$73.7 million of Series 1989 Bonds scheduled to mature on February 15, 2019. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9.8 million. This unamortized difference (\$6.7 million at December 31, 2005) is reported in the accompanying financial statements as a deduction from long-term debt and is being charged to operations through the year 2019 using the effective interest method.

Effective September 1, 1999, the County issued \$57 million of Hospital Improvement Revenue Bonds, Series 1999 (The MetroHealth System Project) (Series 1999 Bonds). The proceeds of the Series 1999 Bonds are being used to finance the construction of a 150-bed long-term care facility and acquire, construct, renovate, equip and improve operating rooms and other hospital facilities. On July 28, 2005 a portion of the proceeds from the 2005 Series Bond issue was placed in escrow to advance refund the outstanding Series 1999 Bonds.

Effective March 13, 2003, the County issued \$30.5 million of Hospital Improvement Variable Rate Demand Revenue Bonds, Series 2003 (The MetroHealth System Project) (Series 2003 Bonds). The proceeds of the Series 2003 Bonds are being used to pay costs of constructing and equipping an administrative building and the Critical Care Pavilion. The bonds bear interest at a variable rate (not to exceed 10%) determined weekly as established by the Remarketing Agent based on current market values for similar bond offerings and are due at various dates until 2033. The rate at December 31, 2005 was 3.6%.

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

Effective July 28, 2005, the County issued \$74.5 million of Hospital Improvement and Refunding Variable Rate Demand Revenue Bonds, Series 2005 (The MetroHealth System Project) (Series 2005 Bonds). Proceeds from the 2005 Series Bonds were used to advance refund \$57 million of the outstanding Series 1999 Bonds scheduled to mature on February 15, 2029; to pay costs of constructing, renovating, furnishing, equipping and improving the South Campus long-term care and skilled nursing facility; and to pay certain costs of issuance of the Series 2005 Bonds. The bonds bear interest at a variable rate (not to exceed 10%) determined weekly as established by the Remarketing Agent based on current market values for similar bond offerings and are due at various dates until 2035. The interest rate at December 31, 2005 was 3.6%.

In connection with the issuance of the Series 2005 Bonds, the Hospital entered into a Reimbursement Agreement with a bank. Under the terms of the Reimbursement Agreement, the Hospital entered into an Irrevocable Letter of Credit ("Letter of Credit") issued by a local bank that expires on July 16, 2010. Under the terms of the Letter of Credit, the Trustee will be entitled to draw amounts necessary to make principal and interest payments. The Letter of Credit is subject to various financial covenants.

The July 28, 2005 bond refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5.2 million. The unamortized difference (\$5.1 million at December 31, 2005), reported in the accompanying financial statements, as a reduction from long-term debt, is included as an increase to interest expense through the year 2029 using the effective interest method.

# COUNTY OF CUYAHOGA, OHIO

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

### Other Financial Obligations

*Operating Leases:* During the year 2005, the County had approximately 62 operating leases for office space and equipment. At December 31, 2005, there were 41 remaining with future obligations. The operating lease agreements range in length from one month to nine years. Total rental payments for 2005 amounted to \$4.6 million, of which \$.8 million was expended from proprietary funds. Rental obligations for the years 2006 through 2010 are \$12.1 million of which \$2.1 million represents the amount to be paid from proprietary funds. Rental payments for the years 2006, 2007, 2008, 2009 and 2010 will be \$4.5 million, \$3 million, \$2.4 million \$1.5 million, and \$.7 million respectively. Operating lease payments are recorded as an expenditure in the period to which they apply.

The Hospital has entered into operating lease agreements for a parking facility, medical space and office space which expire through 2020. Certain leases contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Rent expense totaled \$2.1 million in 2005. Minimum rental commitments under operating leases extending beyond one year at December 31, 2005 are as follows: 2006 - \$1.4 million; 2007 - \$1.5 million; 2008 - \$1.5 million; 2009 - \$1.4 million; 2010 - \$1.3 million; 2011-2015 - \$3.5 million; 2016-2020 - \$1.7 million.

*Gateway Loan Guarantees:* The County currently guarantees the repayment of \$24.7 million of bonded debt of Gateway. This amount represents the outstanding par amount of Stadium Revenue Bonds, the original outstanding amount of which was \$31 million. As of December 31, 2005, the outstanding balance on this Gateway bond guarantee, including future interest payments, was \$30.6 million (payable through September 15, 2014). The County has not been required to make any payments on behalf of the Gateway bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds. Also, the County originally guaranteed the Subordinate Excise Tax Revenue Bond for Gateway whose par value was \$38.4 million. The final principal and interest payments of \$6.7 million were made in 2005 and the County has no further obligation on that issue.

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

As of December 31, 2005, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were approximately \$270.1 million, \$1.9 billion and \$238.8 million, respectively.

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

#### Primary Government

*OPERS PLAN DESCRIPTION:* All full-time employees of the County, except teachers employed by the County Board of Mental Retardation, participate in the Ohio Public Employees Retirement System (OPERS). Employee retirement benefits are available for substantially all employees under three separate retirement plans administered by the OPERS. The plans are the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution pension plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and post-retirement healthcare benefits, to the Traditional and Combined Plan members however, healthcare benefits are not statutorily guaranteed. Participants in the Member-Directed Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code assigns the

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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authority to establish and amend benefits to the OPERS Board of Trustees. OPERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6701, or (800) 222-7377.

**OPERS FUNDING POLICY:** The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5% of covered payroll, except for law enforcement employees. In January 2001, House Bill 416 divided the OPERS law enforcement program into two separate divisions with separate employee contribution rates and benefits as follows: (1) The law enforcement classification which consists of sheriffs and deputy sheriffs with an employee contribution rate of 10.1% and (2) all other members of the law enforcement program who were placed in a newly named public safety division and are required to contribute 9%. The employer contribution rate is 13.55% of covered payroll, except for law enforcement which is 16.7%. Beginning in January 2006, the employer and employee rates will increase each year through 2008. The employer rate will increase in 2006, 2007 and 2008 to 13.7%, 13.85% and 14% respectively. The employee rate will increase in 2006, 2007 and 2008 to 9%, 9.5% and 10% respectively. The total employer contributions from the County to OPERS (excluding amounts paid in 2005, 2004 and 2003 for ERIP – See Note F) for the years 2005, 2004, and 2003 were \$50.9 million, \$49 million, and \$34.4 million, respectively, equal to the required contributions for each year. In 2003, OPERS offered to change its billing cycle from quarterly to monthly in exchange for a deferral of the second quarter of 2003 employer contributions. The County agreed to participate and deferred paying its April 2003, May 2003 and June 2003 employer charges until December 2004, December 2005 and December 2006, respectively. The deferral amounts to \$3.4 million for April 2003, \$5.2 million for May 2003 and \$3.4 million for June 2003.

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

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The portion of the employer contribution rate used to fund postretirement health care for both 2005 and 2004 was 4% of covered payroll. During 2005 and 2004, \$14.9 million and \$14.4 million, respectively, of the County's total contribution to OPERS was used for postretirement benefits. At December 31, 2005, the County was not responsible for paying premiums, contributions, or claims for OPEB under OPERS for any retirees, terminated employees or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions based on the latest actuarial review performed as of December 31, 2004 were as follows:

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

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

**Investment Return:** The investment return assumption for 2004 was 8%.

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

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

# COUNTY OF CUYAHOGA, OHIO

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The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

At December 31, 2005, there were 376,109 active participants contributing to the Traditional Pension and Combined Plans. The County's actuarially required OPEB contribution for 2004 equaled the actual amount contributed to OPERS by the County. In addition, at December 31, 2004, the actuarial value of the plan's net assets available for OPEB approximated \$10.8 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were \$29.5 billion and \$18.7 billion, respectively.

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

*STRS OHIO FUNDING POLICY:* The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 10% of covered payroll. The employer contribution rate is 14% of annual covered payroll. The employer contributions from the County Board of Mental Retardation to STRS Ohio for the years 2005, 2004 and 2003 were \$ 1.8 million, \$1.8 million, and \$1.9 million respectively, and equal to the required contributions for each year.

*OPEB:* STRS Ohio also provides OPEB to plan members in the Defined Benefit or Combined Plans. The qualifications required to receive benefits replicate OPERS. STRS Ohio has established a Health Care Stabilization Fund to accumulate monies for OPEB. The portion of the employer contribution rate allocated to the Health Care Stabilization Fund was 1% of covered payroll. The County's contributions for OPEB for the years 2005 and 2004 were \$.1 million and \$.1 million, respectively, equal to the required contributions for each year.

The balance in the Health Care Stabilization Fund was \$3.3 billion on June 30, 2005 (latest information available). For the year ended June 30, 2005, the net health care costs paid by STRS Ohio were \$254.8 million and there were 115,395 eligible recipients.

### Component Unit

Retirement and OPEB benefits for Hospital employees are provided through OPERS in the same manner as employees of the County's primary government. The Hospital's total contributions to OPERS for the years 2005, 2004 and 2003 were \$40 million, \$38 million and \$36.4 million, respectively, equal to the required contributions for each year. The portion of the Hospital's total contribution to OPERS which was used to fund OPEB for the years 2005 and 2004 was \$11.8 million and \$11 million, respectively.

### NOTE H - Deficit Balances

At December 31, 2005, the Capital Projects, Central Custodial Services, Maintenance Garage, Printing Reproduction and Supplies and Communications funds had net asset deficits of \$8.2 million, \$1.6 million, \$.1 million, \$.1 million and \$.1 million, respectively. The deficit in Capital Projects fund will be eliminated by a future debt issue. The Central Custodial Services, Maintenance Garage, Printing Reproduction and Supplies and Communications funds are Internal Service funds. The deficits will be eliminated through adjustment of the related fee schedules and subsidies as necessary.

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE I - Fund Equity

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

Reserve accounts used by the County include:

*Reserved for Restricted Assets:* This account represents the portion of the General fund's equity that includes certificates of deposit that support the County's Housing Enhancement Loan Program (H.E.L.P.) and the unspent proceeds of the County's Brownfield Economic Redevelopment bonds. At December 31, 2005, the balance in this account was \$25.8 million of which \$20.3 million represents the fund equity related to the certificates of deposit and \$5.5 million represents the fund equity related to the Brownfield Redevelopment bond proceeds.

*Reserved for Loans Receivable:* This account is used to separate the portion of fund equity that pertains to long-term loans receivable and is not available for current expenditure. At December 31, 2005, \$19.7 million has been reserved for loan repayments.

*Reserved for Debt Service:* This account is used to separate the portion of fund equity that must be used to fund principal and interest on Gateway Economic Development Revenue Bonds in the succeeding year as well as the equity balance in the Debt Service fund. At December 31, 2005, \$15.4 million has been reserved for debt service.

Designation accounts used by the County include:

*Designated for Self-Insurance:* This account is used to designate resources which management has earmarked to fund any claims or judgments against the County which are not covered by insurance. At December 31, 2005, \$2 million has been designated for self-insurance.

*Designated for Proprietary Funds:* This account is used to designate resources which management has earmarked to retire outstanding Enterprise and Internal Service funds' deficits. At December 31, 2005, \$2 million has been designated for future Internal Service funds' subsidies.

### NOTE J - Risk Management and Other Contingencies

#### Primary Government

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

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

*Self-Insurance:* The County has designated \$2 million of the fund balance of the General fund, pursuant to Ohio law, to provide monies for claims and judgments not covered by the various County insurance policies. Settled claims from risks covered by the County's insurance policies have not exceeded the insurance coverage for the past three fiscal years. Actual expenditures for claims and judgments against the County in 2005 and estimates for unsettled claims at December 31, 2005, including those incurred but not reported, were immaterial. The County is also self-insured with respect to unemployment and workers' compensation benefits. Self-insurance expenditures were immaterial for unemployment compensation in 2005. Since 1992, the County has maintained an Internal Service fund for its self-insured workers' compensation benefits administered through a retrospective rating plan with the State of Ohio. Prior to 1992, the County was fully insured for workers' compensation benefits. The County uses

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

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a payroll-based rate to charge its various funds for workers' compensation benefits. These charges are contributed into the Self-Funded Workers' Compensation fund and are based on estimates needed to pay current claims and establish a reserve for claims incurred but not reported. Changes to the estimated claims payable recorded in the Self-Funded Workers' Compensation fund during the years ended December 31, 2005 and 2004 were:

(Amounts in 000's)		
Estimated Claims Payable – Workers Compensation	2005	2004
Estimated claims payable beginning of year.....	\$ 17,263	\$ 18,766
Plus: Current year claims and changes in estimates .....	2,881	1,292
Less: Claim payments .....	<u>2,428</u>	<u>2,795</u>
Estimated claims payable end of year .....	\$ <u>17,716</u>	\$ <u>17,263</u>

The County is also self-insured with respect to its prescription drug plan and, beginning in 2005, one medical plan. Changes to the estimated claims payable recorded in the General fund during the year ended December 31, 2005 were:

(Amounts in 000's)		
Estimated Claims Payable – Health Insurance	2005	
Estimated claims payable beginning of year.....	\$	
Plus: Current year claims and changes in estimates .....		11,009
Less: Claim payments .....		<u>8,971</u>
Estimated claims payable end of year .....	\$	<u>2,038</u>

**Component Unit**

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

Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The reserve for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The changes in the reserve were as follows during the years ended December 31, 2005 and 2004:

(Amounts in 000's)		
Estimated Claims Payable	2005	2004
Estimated claims payable beginning of year.....	\$ 45,774	\$ 41,735
Plus: Current year claims and changes in estimates .....	12,593	18,059
Less: Claim payments .....	<u>11,676</u>	<u>14,020</u>
Estimated claims payable end of year .....	\$ <u>46,691</u>	\$ <u>45,774</u>
Due within one year.....	\$ <u>21,989</u>	\$ <u>21,925</u>

**COUNTY OF CUYAHOGA, OHIO**  
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**NOTE K - Encumbrances**

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

At December 31, 2005, encumbrances outstanding in Governmental funds and Proprietary funds which were reappropriated in the 2006 budget were:

Fund Type	(Amounts in 000's)
General fund .....	\$ 27,729
Human Services fund .....	40,176
County Board of Mental Retardation fund .....	9,135
Health and Community Services fund .....	36,223
Other Governmental funds .....	88,148
Sanitary Engineer fund .....	725
Other Enterprise funds .....	866
Internal Service funds .....	<u>7,355</u>
Total .....	<u>\$ 210,357</u>

On a GAAP basis, a portion of these encumbrances represented liabilities of the County. At December 31, 2005, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)
General fund .....	\$ 2,429
Human Services fund .....	4,300
County Board of Mental Retardation fund .....	2,648
Health and Community Services fund .....	8,614
Other Governmental funds .....	9,119
Sanitary Engineer fund .....	85
Other Enterprise funds .....	169
Internal Service funds .....	<u>834</u>
Total .....	<u>\$ 28,198</u>

**COUNTY OF CUYAHOGA, OHIO**  
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**NOTE L - Property Tax Revenues**

Property taxes include amounts levied against real, tangible (used in business) and public utility property. The assessed value upon which the 2005 tax collection was based follows:

Property Type	(Amounts in 000's)
Real property .....	\$ 27,318,158
Personal tangible property.....	2,384,697
Tangible public utility property .....	<u>944,717</u>
Total assessed value .....	\$ <u>30,647,572</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the County levies 1.45 mills of the first 10 mills of assessed value of which .61 is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 12.07 voted mills have been levied for debt service, mental retardation, health and human services and health and welfare. A summary of voted millage follows:

Purpose	Voter Authorized Rate <sup>(1)</sup>	Rates Levied for Current Year Collection <sup>(2)</sup>		Final Collection Year
		Agricultural/ Residential	Commercial/ Industrial	
Debt service .....	\$ .27	\$ .27	\$ .27	2013
Mental retardation <sup>(3)</sup> .....	3.90	3.90	3.90	Cont.
Health and human services.....	3.00	1.65	2.14	2007
Health and welfare .....	<u>4.90</u>	<u>4.45</u>	<u>4.82</u>	2008
Total voted millage.....	\$ <u>12.07</u>	\$ <u>10.27</u>	\$ <u>11.13</u>	

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

Real property taxes are levied each December on the assessed values as of the preceding January 1st, the lien date. Assessed values are established the preceding year by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in 2003. Public utility property taxes are assessed on tangible personal property, as well as land and land improvements at true value, which is, in general, net book value. Tangible property is assessed at 25% of true value except for inventories which are assessed at 23% of average value. Personal property (other than public utility property) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date. The County Treasurer bills and collects property taxes on behalf of all taxing districts in Cuyahoga County including the County. Taxes are payable semi-annually. The County's practice is to extend the statutory due dates to January and July. Unpaid taxes become delinquent after December 31 of the year they are due. Foreclosure proceedings may be initiated by the County Prosecutor if delinquent taxes are not paid within one year.

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

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

Property tax revenues were recorded in the following funds in 2005:

Governmental Funds	(Amounts in 000's)
General.....	\$ 21,793
Health and Human Services Levies.....	169,249
County Board of Mental Retardation .....	85,915
Health and Community Services .....	13,839
Other Governmental.....	<u>22,879</u>
Total property tax revenues.....	\$ <u>313,675</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2005 for Cuyahoga County was \$32.1 million.

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

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

**COUNTY OF CUYAHOGA, OHIO  
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**NOTE M – Other Intergovernmental Revenue**

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2005 follows:

Fund Type	(Amounts in 000's)
<b>General fund:</b>	
State Public Defender reimbursement .....	\$ 4,706
State property tax reimbursement.....	3,412
Election Assistance Commission (EAC) .....	14,598
Other.....	<u>1,327</u>
Total General fund.....	<u>24,043</u>
<b>Special Revenue funds:</b>	
U.S. Department of Housing and Urban Development .....	22,215
U.S. Department of Justice .....	6,184
U.S. Department of Labor .....	170
U.S. Department of Education .....	1,523
U.S. Department of Homeland Security.....	14,796
U.S. Department of Health and Human Services.....	10,618
Federal and State Mental Health and Retardation.....	200,396
Ohio Department of Alcohol and Drug Addiction Services .....	28,687
Ohio Department of Job and Family Services.....	334,885
Ohio Department of Rehabilitation and Corrections.....	3,951
Ohio Department of Transportation .....	1,844
Ohio Department of Youth Services .....	1,978
State property tax reimbursement.....	23,328
Other.....	<u>4,789</u>
Total Special Revenue funds.....	<u>655,364</u>
<b>Debt Service fund:</b>	
State property tax reimbursement.....	<u>4,011</u>
<b>Capital Projects fund:</b>	
Ohio Department of Transportation .....	11,907
Other .....	<u>7,911</u>
Total Capital Projects fund .....	<u>19,818</u>
Total Other Intergovernmental.....	\$ <u>703,236</u>

**NOTE N - Interfund Transactions**

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

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

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

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A summary of interfund transfers by fund type follows for the year ended December 31, 2005:

Fund Type	(Amounts in 000's)						Total
	Transfer To						
Transfer From	General	Human Services	County Board of Mental Retardation	Health and Community Services	Other Governmental Funds	Other Enterprise Funds	
Transfers:							
Major Governmental Funds:							
General Fund .....	\$	\$	\$	\$ 12,030	\$ 10,279	\$ 1,652	\$ 23,961
Human Services .....				228			228
Health and Human Services Levies .....		38,726		92,967			131,693
Health and Community Services .....	700				143		843
Other Governmental Funds .....	444	688	41	1,562	7,066		9,801
Other Enterprise Funds .....					990		990
Internal Services Funds .....					2,039		2,039
Total Transfers .....	<u>\$ 1,144</u>	<u>\$ 39,414</u>	<u>\$ 41</u>	<u>\$ 106,787</u>	<u>\$ 20,517</u>	<u>\$ 1,652</u>	<u>\$ 169,555</u>

**NOTE O - Transactions with Gateway**

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

The County and Gateway also entered into a revolving loan agreement whereby the County agreed to issue bonds and loan the bond proceeds to Gateway to pay arena construction costs. As part of this agreement, the County issued taxable Economic Development Revenue Bonds of \$75 million on September 24, 1992 and \$45 million on February 1, 1994. At December 31, 2005, the County has \$95 million of debt outstanding relating to these bond issues (See Note F).

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

The amount due from Gateway under the revolving loan agreement is \$195.8 million at December 31, 2005, including unpaid accrued interest. During 2005, Gateway repaid the County over \$4.5 million and the remaining amount is fully reserved due to the uncertainty of the repayment from Gateway.

The County, Gateway and the Convention and Visitors Bureau of Greater Cleveland (the Bureau) entered into a cooperative agreement on September 15, 1992, which included a provision that allowed a credit to be given to Gateway for the incremental amount the Bureau receives from the County Transient Occupancy Tax to use as payment to the County for the bonds issued. This agreement was amended on December 22, 1998 to redefine the annual incremental credit and to provide for the deposit by the Bureau for the years 1994 through 1998. The County received \$1 million from this agreement during the year ended December 31, 1999. The County will receive \$.2 million during each subsequent year, subject to certain adjustments. The County received \$.2 million for the year ended December 31, 2005.

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

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

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

**DECEMBER 31, 2005**

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

**NOTE P – Loans**

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

# **Financial Section**

## **Part II**

### **Combining and Individual Fund Statements and Schedules**





**COUNTY OF CUYAHOGA, OHIO  
NONMAJOR GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS ARE USED TO ACCOUNT FOR SPECIFIC GOVERNMENTAL REVENUES (OTHER THAN MAJOR CAPITAL PROJECTS) REQUIRING SEPARATE ACCOUNTING BECAUSE OF LEGAL OR REGULATORY PROVISIONS OR ADMINISTRATIVE ACTION AND EXPENDITURES FOR SPECIFIED PURPOSES.

Motor Vehicle Gas Tax	To account for Motor Vehicle Gas Tax federal and state revenues which are distributed to various municipalities and townships for repair and building of streets and bridges.
Community Development	To account for revenue from the Federal government and expenditures as prescribed under the Community Development Block Grant Program and Housing and Urban Development Programs (HUD).
Other	To account for miscellaneous special revenue grants received by the county. Health and Community Services Grants have been combined with this special revenue fund.
Debt Service	To account for revenues received and used to pay principal and interest on all long-term bonded debt except those payable from Enterprise funds. Revenues are derived primarily from property taxes.
Capital Projects	To account for financial resources to be used for the acquisition or construction of all county land and buildings, major improvements and road improvements. (Other than those financed by proprietary funds).

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

	Special Revenue			
	Motor Vehicle Gas Tax	Community Development	Other	Total
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 19,306	\$ 7,411	\$ 279	\$ 26,996
Receivables:				
Taxes (net of allowance for uncollectibles).....				
Loans (net of allowance for uncollectibles).....		18,739		18,739
Net receivables.....		18,739		18,739
Due from other governments.....	10,192	4,609	8,716	23,517
<b>TOTAL ASSETS.....</b>	<b>\$ 29,498</b>	<b>\$ 30,759</b>	<b>\$ 8,995</b>	<b>\$ 69,252</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable.....	\$ 2,145	\$ 4,260	\$ 6,029	\$ 12,434
Deferred revenue.....	5,848			5,848
Due to other funds.....	307	12	100	419
Due to other governments.....		2,728		2,728
Accrued wages and benefits.....	238	32	99	369
Matured bonds payable.....				
<b>TOTAL LIABILITIES.....</b>	<b>8,538</b>	<b>7,032</b>	<b>6,228</b>	<b>21,798</b>
Fund Balances				
Reserved for:				
Loans receivable.....		18,739		18,739
Debt service.....				
Unreserved, Undesignated.....	20,960	4,988	2,767	28,715
<b>TOTAL FUND BALANCES .....</b>	<b>20,960</b>	<b>23,727</b>	<b>2,767</b>	<b>47,454</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 29,498</b>	<b>\$ 30,759</b>	<b>\$ 8,995</b>	<b>\$ 69,252</b>

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<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 5,765	\$	\$ 32,761
23,925		23,925
<u>23,925</u>	<u></u>	<u>18,739</u>
1,246	4,999	29,762
<u>\$ 30,936</u>	<u>\$ 4,999</u>	<u>\$ 105,187</u>
\$ 24,979	\$ 2,033	\$ 14,467
	11,208	30,827
		11,627
		2,728
		369
<u>14</u>	<u></u>	<u>14</u>
24,993	13,241	60,032
5,943		18,739
	(8,242)	5,943
<u>5,943</u>	<u>(8,242)</u>	<u>20,473</u>
<u>\$ 30,936</u>	<u>\$ 4,999</u>	<u>\$ 105,187</u>

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	Special Revenue			
	Motor Vehicle Gas Tax	Community Development	Other	Total
<b>REVENUES</b>				
Property taxes.....	\$	\$	\$	\$
Other tax.....	28,580			28,580
Fines and forfeitures.....	250			250
Investment earnings.....	743			743
Other intergovernmental.....	4,135	22,215	39,755	66,105
Miscellaneous.....	368	14	6,454	6,836
<b>TOTAL REVENUES.....</b>	<b>34,076</b>	<b>22,229</b>	<b>46,209</b>	<b>102,514</b>
<b>EXPENDITURES</b>				
Current:				
General government.....			85	85
Judicial.....			17,378	17,378
Development.....		20,280	392	20,672
Social services.....			3,718	3,718
Health and safety.....			19,975	19,975
Public works.....	37,764		184	37,948
Capital outlay.....				
Debt service:				
Principal retirement.....				
Interest.....				
<b>TOTAL EXPENDITURES.....</b>	<b>37,764</b>	<b>20,280</b>	<b>41,732</b>	<b>99,776</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(3,688)</b>	<b>1,949</b>	<b>4,477</b>	<b>2,738</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	1,421	2,315	849	4,585
Transfers out:				
Other.....	(5,655)		(3,050)	(8,705)
Issuance of refunding bonds.....				
Payment to refunded bond escrow agent.....				
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(4,234)</b>	<b>2,315</b>	<b>(2,201)</b>	<b>(4,120)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(7,922)</b>	<b>4,264</b>	<b>2,276</b>	<b>(1,382)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>				
	<b>28,882</b>	<b>19,463</b>	<b>491</b>	<b>48,836</b>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR.....</b>				
	<b>\$ 20,960</b>	<b>\$ 23,727</b>	<b>\$ 2,767</b>	<b>\$ 47,454</b>

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<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental</u>
\$ 22,879	\$	\$ 22,879
7		28,587
		250
2	712	1,457
4,011	19,818	89,934
<u>27</u>	<u>9</u>	<u>6,872</u>
26,926	20,539	149,979
		85
		17,378
		20,672
		3,718
		19,975
	18,485	56,433
	38,981	38,981
20,924	1,927	22,851
<u>16,030</u>	<u>420</u>	<u>16,450</u>
<u>36,954</u>	<u>59,813</u>	<u>196,543</u>
(10,028)	(39,274)	(46,564)
6,437	9,495	20,517
	(1,096)	(9,801)
80,020		80,020
<u>(80,020)</u>		<u>(80,020)</u>
<u>6,437</u>	<u>8,399</u>	<u>10,716</u>
(3,591)	(30,875)	(35,848)
<u>9,534</u>	<u>22,633</u>	<u>81,003</u>
<u>\$ 5,943</u>	<u>\$ (8,242)</u>	<u>\$ 45,155</u>

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**COUNTY OF CUYAHOGA, OHIO  
INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE/FUND EQUITY  
– BUDGET (NON GAAP) AND ACTUAL**

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual
	Original	Final	Amounts
<b>REVENUES</b>			
Property taxes.....	\$ 21,890	\$ 21,844	\$ 21,845
Sales and use tax.....	167,800	168,990	168,990
Other tax.....	12	14	7
State local government fund.....	38,539	38,539	38,539
Licenses and permits.....	100	73	86
Charges for services.....	57,358	62,489	65,261
Fines and forfeitures.....	6,250	7,096	7,565
Investment earnings.....	11,500	20,000	16,522
Other intergovernmental.....	8,141	8,807	9,290
Miscellaneous.....	5,254	4,992	1,966
<b>TOTAL REVENUES.....</b>	<b>316,844</b>	<b>332,844</b>	<b>330,071</b>
<b>EXPENDITURES</b>			
Current:			
<b>GENERAL GOVERNMENT</b>			
Vital Statistics			
Other.....	25	25	13
<b>Total Vital Statistics.....</b>	<b>25</b>	<b>25</b>	<b>13</b>
Bureau of Inspection			
Other.....	650	650	624
<b>Total Bureau of Inspection.....</b>	<b>650</b>	<b>650</b>	<b>624</b>
Auditor			
Personnel.....	5,852	5,852	5,776
Other.....	2,994	3,616	3,653
Capital.....	20	20	20
<b>Total Auditor.....</b>	<b>8,866</b>	<b>9,488</b>	<b>9,449</b>
Board of Elections			
Personnel.....	5,765	5,356	4,968
Other.....	9,251	10,211	9,877
Capital.....	23	27	27
<b>Total Board of Elections.....</b>	<b>15,039</b>	<b>15,594</b>	<b>14,872</b>
Board of Revision			
Personnel .....	445	445	441
Other.....	135	141	141
<b>Total Board of Revision.....</b>	<b>580</b>	<b>586</b>	<b>582</b>

(Continued)

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>County Commissioners</b>			
Personnel.....	1,126	1,197	1,197
Other.....	399	776	596
Capital.....	4	6	5
Total County Commissioners.....	1,529	1,979	1,798
<b>County Administrator</b>			
Personnel.....	704	838	838
Other.....	544	368	367
Capital.....	3	3	3
Total County Administrator.....	1,248	1,209	1,208
<b>Human Resources</b>			
Personnel .....	1,765	2,018	1,981
Other.....	779	2,266	1,952
Capital.....	5	27	24
Total Human Resources.....	2,549	4,311	3,957
<b>Employment Relations</b>			
Personnel.....	689	687	686
Other.....	359	339	158
Capital.....	2	2	1
Total Employment Relations.....	1,050	1,028	845
<b>Benefits</b>			
Personnel.....	449	454	454
Other.....	184	152	127
Capital.....	2	2	2
Total Benefits.....	635	608	581
<b>Labor Relations</b>			
Personnel.....	335	340	339
Other.....	30	37	18
Capital.....	1	1	1
Total Labor Relations.....	366	378	357
<b>Office of Budget and Management</b>			
Personnel.....	1,074	1,071	1,009
Other.....	367	422	340
Capital.....	13	13	13
Total Office of Budget and Management.....	1,441	1,506	1,362
<b>Clerk of the Board</b>			
Personnel.....	472	487	487
Other.....	82	111	81
Capital.....	1	4	4
Total Clerk of the Board .....	555	602	572

(Continued)

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>Procurement and Diversity</b>			
Personnel.....	806	800	785
Other.....	363	390	359
Capital.....	3	9	6
Total Procurement and Diversity.....	1,172	1,199	1,150
<b>Risk and Property Management</b>			
Personnel.....	494	487	483
Other.....	2,085	2,734	2,699
Capital.....	2	2	1
Total Risk and Property Management.....	2,581	3,223	3,183
<b>Archives</b>			
Personnel.....	199	192	191
Other.....	685	629	626
Capital.....	1	1	1
Total Archives.....	885	822	818
<b>Recorder</b>			
Personnel.....	4,372	4,812	4,812
Other.....	1,360	1,443	1,443
Capital.....	16	39	32
Total Recorder.....	5,748	6,294	6,287
<b>Treasurer</b>			
Personnel.....	3,098	3,099	3,073
Other.....	1,491	1,884	1,721
Capital.....	11	11	11
Total Treasurer.....	4,600	4,994	4,805
<b>Reserve/Contingencies</b>			
Other.....	2,000	2,000	
Total Reserve/Contingencies.....	2,000	2,000	
<b>Agricultural Society</b>			
Other.....	3	3	3
Total Agricultural Society.....	3	3	3
<b>Memorial Day Allowances</b>			
Other.....	72	72	58
Total Memorial Day Allowances.....	72	72	58
<b>Soldiers and Sailors Monument</b>			
Personnel.....	78	84	84
Other.....	105	81	81
Capital.....	8	8	8
Total Soldiers and Sailors Monument.....	191	173	173

(Continued)

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Cuyahoga County School District			
Other.....	43	43	27
Total Cuyahoga County School District.....	43	43	27
Self-Insurance			
Other.....	1,978	1,978	793
Total Self-Insurance.....	1,978	1,978	793
Miscellaneous			
Other.....	1,210	1,202	605
Total Miscellaneous.....	1,210	1,202	605
Data Systems Development			
Other.....	237	75	
Total Data Systems Development.....	237	75	
Capital Improvement G/F Subsidy			
Other.....	160	160	118
Total Capital Improvement G/F Subsidy.....	160	160	118
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>55,413</b>	<b>60,202</b>	<b>54,240</b>
<b>JUDICIAL</b>			
Board and Care of Prisoners			
Other.....	5,625	7,025	6,530
Total Board and Care of Prisoners.....	5,625	7,025	6,530
Court of Appeals			
Personnel.....	1,324	1,324	1,300
Other.....	667	697	658
Capital.....	20	14	8
Total Court of Appeals.....	2,011	2,035	1,966
Clerk of Courts			
Personnel.....	6,109	6,237	6,231
Other.....	4,986	5,072	4,798
Capital.....	21	222	217
Total Clerk of Courts.....	11,116	11,531	11,246
Court of Common Pleas - Law Library			
Personnel.....	205	204	203
Capital.....	1	1	1
Total Court of Common Pleas - Law Library.....	206	205	204

(Continued)

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Common Pleas Legal Research			
Other.....	92	106	106
Total Common Pleas Legal Research.....	92	106	106
Common Pleas-Judicial Administration			
Personnel.....	6,024	6,435	6,434
Other.....	16,197	13,133	12,200
Capital.....	23	217	207
Total Common Pleas-Judicial Administration.....	22,244	19,785	18,841
Common Pleas-Referees			
Personnel.....	842	986	977
Other.....	243	251	192
Capital.....	3		
Total Common Pleas-Referees.....	1,088	1,237	1,169
Common Pleas-Court Services			
Personnel.....	6,654	6,760	6,757
Other.....	700	744	742
Capital.....	24	17	17
Total Common Pleas-Court Services.....	7,378	7,521	7,516
Common Pleas-Probation/Psychiatric			
Personnel.....	7,971	8,275	8,275
Other.....	2,521	2,490	2,385
Capital.....	27	11	10
Total Common Pleas-Probation/Psychiatric.....	10,519	10,776	10,670
Coroner			
Personnel.....	5,041	5,018	4,942
Other.....	1,611	1,850	1,828
Capital.....	18	35	30
Total Coroner.....	6,670	6,903	6,800
Domestic Relations Court			
Personnel.....	2,650	2,865	2,826
Other.....	975	1,116	1,053
Capital.....	10	62	50
Total Domestic Relations Court.....	3,635	4,043	3,929
Domestic Relations-Bureau of Support			
Personnel.....	2,827	2,633	2,601
Other.....	457	480	415
Capital.....	10	37	12
Total Domestic Relations-Bureau of Support.....	3,294	3,150	3,028

(Continued)

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Justice Affairs Administration			
Personnel.....	805	794	794
Other.....	496	584	585
Capital.....	2	36	36
Total Justice Affairs Administration.....	1,303	1,414	1,415
Justice Affairs-Criminal Justice			
Personnel.....	393	411	384
Other.....	526	152	57
Capital.....	1	4	4
Total Justice Affairs-Criminal Justice.....	920	567	445
Witness Victim Services			
Personnel.....	566	606	606
Other.....	247	128	148
Capital.....	2	20	20
Total Witness Victim Services.....	815	754	774
Criminal Justice Intervention Services			
Personnel.....	32	44	44
Other.....	119	22	39
Total Criminal Justice Intervention Services.....	151	66	83
Juvenile Court-Administration			
Personnel.....	2,134	1,789	1,789
Other.....	5,981	7,705	7,242
Capital.....	8	8	7
Total Juvenile Court-Administration.....	8,123	9,502	9,038
Juvenile Court-Legal			
Personnel.....	5,866	7,681	7,680
Other.....	5,420	5,573	5,572
Capital.....	21	78	76
Total Juvenile Court-Legal.....	11,307	13,332	13,328
Juvenile Court-Probation			
Personnel.....	5,432	5,815	5,815
Other.....	4,796	2,849	2,816
Capital.....	19	19	19
Total Juvenile Court-Probation.....	10,247	8,683	8,650

(Continued)

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>Juvenile Court-Child Support</b>			
Personnel.....	3,221	2,316	2,268
Other.....	750	631	629
Capital.....	11	11	
Total Juvenile Court-Child Support.....	3,982	2,958	2,897
<b>Juvenile Court-Detention Home</b>			
Personnel.....	7,939	8,398	8,398
Other.....	4,668	4,572	4,583
Capital.....	28	27	27
Total Juvenile Court-Detention Home.....	12,635	12,997	13,008
<b>Municipal Judicial Costs</b>			
Personnel.....	3,020	2,744	2,625
Other.....		632	556
Total Municipal Judicial Costs.....	3,020	3,376	3,181
<b>Village and Township Costs</b>			
Other.....		5	5
Total Village and Township Costs.....		5	5
<b>Probate Court</b>			
Personnel.....	4,706	4,890	4,889
Other.....	1,211	1,258	1,197
Capital.....	17	20	20
Total Probate Court.....	5,934	6,168	6,106
<b>Public Defender</b>			
Personnel.....	5,588	5,497	5,492
Other.....	1,090	1,100	902
Capital.....	20	109	109
Total Public Defender.....	6,698	6,706	6,503
<b>Prosecutor-General Office</b>			
Personnel.....	13,069	13,458	13,432
Other.....	3,908	3,771	3,827
Capital.....	1	24	23
Total Prosecutor-General Office.....	16,978	17,253	17,282
<b>Prosecutor-Child Support</b>			
Personnel.....	2,181	2,265	2,264
Other.....	300	209	209
Total Prosecutor-Child Support.....	2,481	2,474	2,473

(Continued)

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual
	Original	Final	Amounts
<b>Prosecutor-Children and Family Services</b>			
Personnel.....	2,393	2,304	2,297
Other.....	71	250	250
Total Prosecutor-Children and Family Services.....	2,464	2,554	2,547
<b>Sheriff</b>			
Personnel.....	52,664	55,896	55,603
Other.....	10,901	11,343	11,152
Capital.....	177	81	81
Total Sheriff.....	63,742	67,320	66,836
<b>Sheriff-Inmate Services</b>			
Personnel.....	3,353	3,359	3,338
Other.....	3,442	3,424	3,419
Capital.....	12	6	3
Total Sheriff-Inmate Services.....	6,807	6,789	6,760
<b>TOTAL JUDICIAL.....</b>	<b>231,485</b>	<b>237,235</b>	<b>233,336</b>
<b>DEVELOPMENT</b>			
<b>Economic Development</b>			
Personnel.....	716	776	740
Other.....	6,210	4,264	4,260
Capital.....	2	6	6
Total Economic Development.....	6,928	5,046	5,006
<b>NOACA</b>			
Other.....	157	157	157
Total NOACA.....	157	157	157
<b>Soil Conservation</b>			
Other.....	81	81	81
Total Soil Conservation.....	81	81	81
<b>TOTAL DEVELOPMENT.....</b>	<b>7,166</b>	<b>5,284</b>	<b>5,244</b>
<b>SOCIAL SERVICES</b>			
<b>Cooperative Extension</b>			
Other.....	310	310	310
Total Cooperative Extension.....	310	310	310
<b>Graves for Indigents</b>			
Other.....	12	12	1
Total Graves for Indigents.....	12	12	1

(Continued)

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual
	Original	Final	Amounts
Children Who Witness Violence			
Personnel.....	105	105	104
Other.....	326	286	307
Total Children Who Witness Violence.....	431	391	411
Ombudsman Program			
Other.....	209	229	229
Total Ombudsman Program.....	209	229	229
Veterans Service Commission			
Personnel.....	1,949	1,949	1,649
Other.....	5,473	5,395	3,480
Capital.....	123	136	102
Total Veterans Service Commission.....	7,545	7,480	5,231
TOTAL SOCIAL SERVICES.....	8,507	8,422	6,182
HEALTH AND SAFETY			
Agriculture and Apiary Inspection			
Other.....	1	1	1
Total Agriculture and Apiary Inspection.....	1	1	1
Treatment Service Division			
Personnel.....	88	167	167
Other.....	236	294	211
Capital.....	4	4	
Total Treatment Service Division.....	328	465	378
CECOMS Center			
Personnel.....	670	696	695
Other.....	272	229	199
Capital.....	2	2	
Total CECOMS Center.....	944	927	894
TOTAL HEALTH AND SAFETY.....	1,273	1,393	1,273
TOTAL EXPENDITURES.....	303,844	312,536	300,275
EXCESS OF REVENUES OVER EXPENDITURES.....	13,000	20,308	29,796
OTHER FINANCING SOURCES (USES)			
Transfers in.....			1,144
Transfers out:			
Debt retirement.....	(7,301)	(7,301)	(5,737)
Other.....	(12,531)	(19,019)	(18,224)
TOTAL OTHER FINANCING USES.....	(19,832)	(26,320)	(22,817)

(Continued)

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
NET CHANGE IN FUND BALANCES.....	(6,832)	(6,012)	6,979
FUND BALANCES AT BEGINNING OF YEAR.....	<u>107,053</u>	<u>107,053</u>	<u>107,053</u>
FUND BALANCES AT END OF YEAR.....	<u>\$ 100,221</u>	<u>\$ 101,041</u>	<u>\$ 114,032</u>

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
MOTOR VEHICLE GAS TAX FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	<b>Motor Vehicle Gas Tax Fund</b>	
	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Other tax.....	\$ 30,619	\$ 28,281
Fines and forfeitures.....	249	243
Investment earnings.....	785	681
Other intergovernmental.....	3,546	4,423
Miscellaneous.....	1,079	367
<b>TOTAL REVENUES.....</b>	<b>36,278</b>	<b>33,995</b>
<b>EXPENDITURES</b>		
Current:		
<b>PUBLIC WORKS</b>		
Personnel.....	15,974	15,860
Other.....	2,622	1,691
Capital.....	17,272	15,526
<b>TOTAL PUBLIC WORKS.....</b>	<b>35,868</b>	<b>33,077</b>
<b>TOTAL EXPENDITURES .....</b>	<b>35,868</b>	<b>33,077</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES.....</b>	<b>410</b>	<b>918</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in.....	641	1,421
Transfers out:		
Other .....	(5,655)	(5,655)
<b>TOTAL OTHER FINANCING USES.....</b>	<b>(5,014)</b>	<b>(4,234)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(4,604)</b>	<b>(3,316)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>11,644</b>	<b>11,644</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 7,040</b>	<b>\$ 8,328</b>

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
DEBT SERVICE FUND  
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	<b>Debt Service Fund</b>	
	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Property taxes.....	\$ 22,885	\$ 22,885
Other tax.....	10	8
Investment earnings.....		2
Other intergovernmental.....	5,008	3,820
Miscellaneous.....	1,285	27
<b>TOTAL REVENUES.....</b>	<b>29,188</b>	<b>26,742</b>
<b>EXPENDITURES</b>		
<b>DEBT SERVICE:</b>		
Principal retirement.....	22,158	20,914
Interest.....	16,791	15,849
<b>TOTAL EXPENDITURES.....</b>	<b>38,949</b>	<b>36,763</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES.....</b>	<b>(9,761)</b>	<b>(10,021)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in.....	5,829	6,437
<b>TOTAL OTHER FINANCING SOURCES.....</b>	<b>5,829</b>	<b>6,437</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(3,932)</b>	<b>(3,584)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>6,895</b>	<b>6,895</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 2,963</b>	<b>\$ 3,311</b>

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**COUNTY OF CUYAHOGA, OHIO  
NON-MAJOR PROPRIETARY FUNDS**

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

County Airport	The airport provides landing and storage facilities for commercial flights, private business aircraft and recreational aircraft for the general public.
Huntington Park Garage	The garage provides parking facilities to nearby County Administration, Courthouse and Justice Center buildings for the general public.
Cuyahoga County Information System	The system provides computerized information on criminal records and court cases to communities within the county.

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

Central Custodial Services	The Central Custodial Services division is responsible for all maintenance, cleaning and upkeep of county buildings and offices. It also bills all rents to county offices and agencies.
Maintenance Garage	The Maintenance Garage is responsible for the upkeep of all county owned vehicles and equipment.
Data Processing Center	The Data Processing Center provides centralized data processing for the entire county.
Printing, Reproduction and Supplies	The Printing, Reproduction and Supplies division provides the county with all printing and reproduction services and central purchasing of supplies.
Communications	The Communications division provides all telephone service in addition to mail and delivery services for the county.
Self-Funded Workers' Compensation	The Self-Funded Workers' Compensation fund provides self-insurance to the county through a retrospective rating plan with the State of Ohio for workers' compensation.

**COUNTY OF CUYAHOGA, OHIO  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS**

**DECEMBER 31, 2005  
(Amounts in 000's)**

	<u>County Airport</u>	<u>Huntington Park Garage</u>	<u>Cuyahoga County Information System</u>	<u>Totals</u>
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and investments.....	\$	\$ 1,304	\$ 791	\$ 2,095
Accounts receivable (net of allowance for uncollectibles).....	262		17	279
Due from other funds.....			13	13
Due from other governments.....			231	231
Inventory of supplies.....	16			16
Total current assets.....	<u>278</u>	<u>1,304</u>	<u>1,052</u>	<u>2,634</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Land.....	6,057	1,224		7,281
Land improvements.....	1,940			1,940
Buildings, structures and improvements.....	272	8,236		8,508
Furniture, fixtures and equipment.....	22	1	180	203
Vehicles.....	94			94
Construction in progress.....	533			533
Net capital assets.....	<u>8,918</u>	<u>9,461</u>	<u>180</u>	<u>18,559</u>
Total noncurrent assets.....	<u>8,918</u>	<u>9,461</u>	<u>180</u>	<u>18,559</u>
<b>TOTAL ASSETS.....</b>	<b><u>9,196</u></b>	<b><u>10,765</u></b>	<b><u>1,232</u></b>	<b><u>21,193</u></b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable.....	171	276	131	578
Due to other funds.....	630	20	2	652
Accrued wages and benefits.....	58	57	14	129
Special termination benefits.....	39			39
Total current liabilities.....	<u>898</u>	<u>353</u>	<u>147</u>	<u>1,398</u>
Noncurrent liabilities:				
Special termination benefits.....	10			10
Total noncurrent liabilities.....	<u>10</u>			<u>10</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>908</u></b>	<b><u>353</u></b>	<b><u>147</u></b>	<b><u>1,408</u></b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	8,918	9,461	180	18,559
Unrestricted.....	(630)	951	905	1,226
<b>TOTAL NET ASSETS.....</b>	<b><u>\$ 8,288</u></b>	<b><u>\$ 10,412</u></b>	<b><u>\$ 1,085</u></b>	<b><u>\$ 19,785</u></b>

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
 (Amounts in 000's)**

	County Airport	Huntington Park Garage	Cuyahoga County Information System	Totals
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 945	\$ 2,368	\$ 1,184	\$ 4,497
Other revenue.....	16			16
<b>TOTAL OPERATING REVENUES.....</b>	<b>961</b>	<b>2,368</b>	<b>1,184</b>	<b>4,513</b>
<b>OPERATING EXPENSES</b>				
Personal services.....	606	651	319	1,576
Contractual services.....	62	130	812	1,004
Commodities.....	147	32	4	183
Depreciation.....	360	412	6	778
Other expenses.....	555	1,141	1,098	2,794
<b>TOTAL OPERATING EXPENSES.....</b>	<b>1,730</b>	<b>2,366</b>	<b>2,239</b>	<b>6,335</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(769)</b>	<b>2</b>	<b>(1,055)</b>	<b>(1,822)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants.....	308			308
Loss on disposal of capital assets.....	(2)			(2)
<b>TOTAL NONOPERATING REVENUES.....</b>	<b>306</b>			<b>306</b>
<b>GAIN (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....</b>				
	(463)	2	(1,055)	(1,516)
Transfers in.....	641		1,011	1,652
Transfers out:				
Debt retirement.....		(95)		(95)
Other.....		(895)		(895)
Capital contributions.....	43	6,117		6,160
<b>CHANGE IN NET ASSETS.....</b>	<b>221</b>	<b>5,129</b>	<b>(44)</b>	<b>5,306</b>
<b>TOTAL NET ASSETS BEGINNING OF YEAR.....</b>				
	8,067	5,283	1,129	14,479
<b>TOTAL NET ASSETS END OF YEAR.....</b>				
	<b>\$ 8,288</b>	<b>\$ 10,412</b>	<b>\$ 1,085</b>	<b>\$ 19,785</b>

**COUNTY OF CUYAHOGA, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**(Amounts in 000's)**

	County Airport	Huntington Park Garage	Cuyahoga County Information System	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers.....	\$ 919	\$ 2,368	\$ 1,266	\$ 4,553
Other operating cash receipts.....	16			16
Cash payments to suppliers for goods and services.....	(825)	(1,120)	(2,044)	(3,989)
Cash payments to employees for services.....	(596)	(643)	(320)	(1,559)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....</b>	<b>(486)</b>	<b>605</b>	<b>(1,098)</b>	<b>(979)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfer from other funds.....	641		1,011	1,652
Transfer to other funds.....		(990)		(990)
Proceeds from short-term interfund loan.....	613			613
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>1,254</b>	<b>(990)</b>	<b>1,011</b>	<b>1,275</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Receipts from capital grants.....	308			308
Acquisition and construction of capital assets.....	(1,076)		(185)	(1,261)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(768)</b>		<b>(185)</b>	<b>(953)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS.....</b>		<b>(385)</b>	<b>(272)</b>	<b>(657)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>		<b>1,689</b>	<b>1,063</b>	<b>2,752</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 0</b>	<b>\$ 1,304</b>	<b>\$ 791</b>	<b>\$ 2,095</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating income (loss).....	\$ (769)	\$ 2	\$ (1,055)	\$ (1,822)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Depreciation.....	360	412	6	778
Changes in assets and liabilities:				
Accounts receivable-net.....	(25)		2	(23)
Due from other funds.....			33	33
Due from other governments.....			33	33
Inventory of supplies.....	(6)			(6)
Accounts payable.....	(19)	182	(116)	47
Due to other funds.....	(3)	4	1	2
Accrued wages and benefits.....	12	5	(2)	15
Special termination benefits.....	(36)			(36)
<b>TOTAL ADJUSTMENTS.....</b>	<b>283</b>	<b>603</b>	<b>(43)</b>	<b>843</b>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....</b>	<b>\$ (486)</b>	<b>\$ 605</b>	<b>\$ (1,098)</b>	<b>\$ (979)</b>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>				
Capital contributions - capital assets.....	\$ 43	\$ 6,117	\$	\$ 6,160
<b>TOTAL NONCASH TRANSACTIONS.....</b>	<b>\$ 43</b>	<b>\$ 6,117</b>	<b>\$</b>	<b>\$ 6,160</b>

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**COUNTY OF CUYAHOGA, OHIO  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS**

**DECEMBER 31, 2005  
(Amounts in 000's)**

	<u>Central Custodial Services</u>	<u>Maintenance Garage</u>	<u>Data Processing Center</u>
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and investments.....	\$ 3,798	\$	\$
Accounts receivable (net of allowance for uncollectibles).....			1
Due from other funds.....		63	
Due from other governments.....	621		
Inventory of supplies.....		38	
Total current assets.....	<u>4,419</u>	<u>101</u>	<u>1</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Furniture, fixtures and equipment.....	98	2	5,959
Vehicles.....	13	552	
Net capital assets.....	<u>111</u>	<u>554</u>	<u>5,959</u>
Total noncurrent assets.....	<u>111</u>	<u>554</u>	<u>5,959</u>
<b>TOTAL ASSETS.....</b>	<b><u>4,530</u></b>	<b><u>655</u></b>	<b><u>5,960</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable.....	1,662	20	168
Due to other funds.....	965	739	3,071
Due to other governments.....			
Accrued wages and benefits.....	1,739	27	805
Capital lease obligations.....			
Special termination benefits.....	1,550		515
Total current liabilities.....	<u>5,916</u>	<u>786</u>	<u>4,559</u>
Noncurrent liabilities:			
Capital lease obligations.....			
Special termination benefits.....	236		65
Total noncurrent liabilities.....	<u>236</u>		<u>65</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>6,152</u></b>	<b><u>786</u></b>	<b><u>4,624</u></b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	111	554	5,959
Unrestricted.....	(1,733)	(685)	(4,623)
<b>TOTAL NET ASSETS.....</b>	<b><u>\$ (1,622)</u></b>	<b><u>\$ (131)</u></b>	<b><u>\$ 1,336</u></b>

<u>Printing Reproduction and Supplies</u>	<u>Communications</u>	<u>Self-Funded Workers Compensation</u>	<u>Totals</u>
\$	\$ 89	\$ 55,466	\$ 59,353
			1
534	205	7,585	8,387
		107	728
<u>5</u>			<u>43</u>
<u>539</u>	<u>294</u>	<u>63,158</u>	<u>68,512</u>
467	135		6,661
<u>467</u>	<u>135</u>		<u>565</u>
<u>467</u>	<u>135</u>		<u>7,226</u>
<u>1,006</u>	<u>429</u>	<u>63,158</u>	<u>75,738</u>
202	142		2,194
459	35		5,269
		17,716	17,716
32	71	14	2,688
91	43		134
<u>35</u>	<u>176</u>		<u>2,276</u>
<u>819</u>	<u>467</u>	<u>17,730</u>	<u>30,277</u>
260	81		341
	21		322
<u>260</u>	<u>102</u>		<u>663</u>
<u>1,079</u>	<u>569</u>	<u>17,730</u>	<u>30,940</u>
116	10		6,750
(189)	(150)	45,428	38,048
<u><u>(73)</u></u>	<u><u>(140)</u></u>	<u><u>45,428</u></u>	<u><u>44,798</u></u>

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

**FOR THE YEAR ENDED DECEMBER 31, 2005  
 (Amounts in 000's)**

	<b>Central Custodial Services</b>	<b>Maintenance Garage</b>	<b>Data Processing Center</b>	<b>Printing Reproduction and Supplies</b>
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 48,118	\$ 923	\$ 10,735	\$ 3,168
Other revenue.....	197	52	4	14
<b>TOTAL OPERATING REVENUES.....</b>	<b>48,315</b>	<b>975</b>	<b>10,739</b>	<b>3,182</b>
<b>OPERATING EXPENSES</b>				
Personal services.....	28,633	269	6,863	485
Contractual services and claims .....	1,259		2,482	855
Commodities.....	9,396	430	293	1,640
Depreciation.....	30	228	1,408	56
Other expenses.....	4,703	84	1,861	396
<b>TOTAL OPERATING EXPENSES.....</b>	<b>44,021</b>	<b>1,011</b>	<b>12,907</b>	<b>3,432</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>4,294</b>	<b>(36)</b>	<b>(2,168)</b>	<b>(250)</b>
<b>NONOPERATING EXPENSES</b>				
Interest expense.....				(20)
Loss on disposal of capital assets.....				(20)
<b>TOTAL NONOPERATING EXPENSES.....</b>				<b>(20)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>4,294</b>	<b>(36)</b>	<b>(2,168)</b>	<b>(270)</b>
Transfers out:				
Other.....	(2,039)			
<b>CHANGE IN NET ASSETS.....</b>	<b>2,255</b>	<b>(36)</b>	<b>(2,168)</b>	<b>(270)</b>
<b>TOTAL NET ASSETS</b>				
BEGINNING OF YEAR.....	(3,877)	(95)	3,504	197
<b>TOTAL NET ASSETS</b>				
<b>END OF YEAR.....</b>	<b>\$ (1,622)</b>	<b>\$ (131)</b>	<b>\$ 1,336</b>	<b>\$ (73)</b>

	<b>Self-Funded Workers</b>		
<u>Communications</u>	<u>Compensation</u>	<u>Totals</u>	
\$ 3,704	\$ 7,260	\$ 73,908	
5	49	321	
<u>3,709</u>	<u>7,309</u>	<u>74,229</u>	
968	117	37,335	
14	4,589	9,199	
5		11,764	
21		1,743	
<u>2,462</u>	<u>50</u>	<u>9,556</u>	
<u>3,470</u>	<u>4,756</u>	<u>69,597</u>	
<u>239</u>	<u>2,553</u>	<u>4,632</u>	
(3)		(23)	
<u>(72)</u>		<u>(72)</u>	
<u>(75)</u>		<u>(95)</u>	
164	2,553	4,537	
		(2,039)	
<u>164</u>	<u>2,553</u>	<u>2,498</u>	
<u>(304)</u>	<u>42,875</u>	<u>42,300</u>	
<b>\$ <u>(140)</u></b>	<b>\$ <u>45,428</u></b>	<b>\$ <u>44,798</u></b>	

**COUNTY OF CUYAHOGA, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

	<b>Central Custodial Services</b>	<b>Maintenance Garage</b>	<b>Data Processing Center</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers.....	\$ 197	\$ 52	\$ 4
Other operating cash receipts.....	50,497	928	10,747
Cash payments to suppliers for goods and services.....	(16,609)	(552)	(5,749)
Cash payments to employees for services.....	(28,337)	(261)	(6,864)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....</b>	<b>5,748</b>	<b>167</b>	<b>(1,862)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfer to other funds.....	(2,039)		
Proceeds from (repayment of) short-term interfund loan-net.....		(167)	1,920
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(2,039)</b>	<b>(167)</b>	<b>1,920</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets.....			(58)
Principal paid on long-term debt.....			
Interest paid on long-term debt.....			
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>			<b>(58)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>3,709</b>		
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>89</b>		
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 3,798</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income (loss).....	\$ 4,294	\$ (36)	\$ (2,168)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Depreciation.....	30	228	1,408
Changes in assets and liabilities:			
Accounts receivable-net.....			11
Due from other funds.....		6	1
Due from other governments.....	2,379		
Inventory of supplies.....		(3)	
Accounts payable.....	596	(34)	(420)
Due to other funds.....	231	1	(3)
Due to other governments.....			
Accrued wages and benefits.....	70	5	
Special termination benefits.....	(1,852)		(691)
<b>TOTAL ADJUSTMENTS.....</b>	<b>1,454</b>	<b>203</b>	<b>306</b>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....</b>	<b>\$ 5,748</b>	<b>\$ 167</b>	<b>\$ (1,862)</b>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Capital assets acquired through capital lease.....	\$	\$	\$
<b>TOTAL NONCASH TRANSACTIONS.....</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

<u>Printing, Reproduction and Supplies</u>	<u>Communications</u>	<u>Self-Funded Workers Compensation</u>	<u>Totals</u>
\$ 14	\$ 5	\$ 49	\$ 321
2,849	3,594	6,119	74,734
(3,057)	(2,574)	(4,194)	(32,735)
<u>(476)</u>	<u>(960)</u>	<u>(116)</u>	<u>(37,014)</u>
<u>(670)</u>	<u>65</u>	<u>1,858</u>	<u>5,306</u>
			(2,039)
<u>444</u>			<u>2,197</u>
<u>444</u>			<u>158</u>
			(58)
(87)	(35)		(122)
<u>(20)</u>	<u>(3)</u>		<u>(23)</u>
<u>(107)</u>	<u>(38)</u>		<u>(203)</u>
(333)	27	1,858	5,261
333	62	53,608	54,092
<u>\$ 0</u>	<u>\$ 89</u>	<u>\$ 55,466</u>	<u>\$ 59,353</u>
\$ (250)	\$ 239	\$ 2,553	\$ 4,632
56	21		1,743
(319)	(110)	(1,098)	11
(2)		(43)	(1,520)
(110)	106	(8)	2,336
4	11		(5)
		453	130
6	(2)	1	244
<u>(55)</u>	<u>(200)</u>	<u>453</u>	<u>453</u>
<u>(420)</u>	<u>(174)</u>	<u>(695)</u>	<u>(2,798)</u>
<u>\$ (670)</u>	<u>\$ 65</u>	<u>\$ 1,858</u>	<u>\$ 5,306</u>
\$ 0	\$ 135	\$ 0	\$ 135
<u>\$ 0</u>	<u>\$ 135</u>	<u>\$ 0</u>	<u>\$ 135</u>

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**COUNTY OF CUYAHOGA, OHIO  
AGENCY FUNDS**

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

Payroll Agency Fund

To account for payroll taxes and other related payroll deductions collected for other governmental units or funds.

Undivided Tax Agency Fund

To account for all undivided taxes collected by the county and their distribution to the proper beneficiaries.

Other Agency Fund

To account for all other monies held by the county as custodian.

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

**DECEMBER 31, 2005  
(Amounts in 000's)**

	<u>Payroll</u>	<u>Undivided Tax</u>	<u>Other</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 9,606	\$ 184,988	\$ 20,979	\$ 215,573
Cash and investments-segregated accounts.....			47,021	47,021
Taxes receivable.....		1,378,238		1,378,238
<b>TOTAL ASSETS.....</b>	<b><u>\$ 9,606</u></b>	<b><u>\$ 1,563,226</u></b>	<b><u>\$ 68,000</u></b>	<b><u>\$ 1,640,832</u></b>
<b>LIABILITIES</b>				
Due to other governments.....	\$ 8,791	\$ 1,562,695	\$ 9,726	\$ 1,581,212
Other liabilities.....	815	531	58,274	59,620
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 9,606</u></b>	<b><u>\$ 1,563,226</u></b>	<b><u>\$ 68,000</u></b>	<b><u>\$ 1,640,832</u></b>

**COUNTY OF CUYAHOGA, OHIO  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(Amounts in 000's)**

**PAYROLL**

	<b>Balance at Beginning of Year</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at End of Year</b>
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 17,337	\$ 568,482	\$ 576,213	\$ 9,606
<b>TOTAL ASSETS.....</b>	<b><u>\$ 17,337</u></b>	<b><u>\$ 568,482</u></b>	<b><u>\$ 576,213</u></b>	<b><u>\$ 9,606</u></b>
<b>LIABILITIES</b>				
Due to other governments.....	\$ 17,217	\$ 113,953	\$ 122,379	\$ 8,791
Other liabilities.....	120	454,529	453,834	815
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 17,337</u></b>	<b><u>\$ 568,482</u></b>	<b><u>\$ 576,213</u></b>	<b><u>\$ 9,606</u></b>

**UNDIVIDED TAX**

<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 180,421	\$ 2,406,720	\$ 2,402,153	\$ 184,988
Taxes receivable.....	1,301,608	1,378,238	1,301,608	1,378,238
<b>TOTAL ASSETS.....</b>	<b><u>\$ 1,482,029</u></b>	<b><u>\$ 3,784,958</u></b>	<b><u>\$ 3,703,761</u></b>	<b><u>\$ 1,563,226</u></b>
<b>LIABILITIES</b>				
Due to other governments.....	\$ 1,481,423	\$ 3,766,797	\$ 3,685,525	\$ 1,562,695
Other liabilities.....	606	18,161	18,236	531
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 1,482,029</u></b>	<b><u>\$ 3,784,958</u></b>	<b><u>\$ 3,703,761</u></b>	<b><u>\$ 1,563,226</u></b>

**OTHER**

<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 15,308	\$ 99,645	\$ 93,974	\$ 20,979
Cash and investments-segregated accounts.....	36,071	529,634	518,684	47,021
<b>TOTAL ASSETS.....</b>	<b><u>\$ 51,379</u></b>	<b><u>\$ 629,279</u></b>	<b><u>\$ 612,658</u></b>	<b><u>\$ 68,000</u></b>
<b>LIABILITIES</b>				
Due to other governments.....	\$ 7,055	\$ 273,730	\$ 271,059	\$ 9,726
Other liabilities.....	44,324	355,549	341,599	58,274
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 51,379</u></b>	<b><u>\$ 629,279</u></b>	<b><u>\$ 612,658</u></b>	<b><u>\$ 68,000</u></b>

**COUNTY OF CUYAHOGA, OHIO  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2005  
 (Amounts in 000's)**

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 213,066	\$ 3,074,847	\$ 3,072,340	\$ 215,573
Cash and investments-segregated accounts.....	36,071	529,634	518,684	47,021
Taxes receivable.....	1,301,608	1,378,238	1,301,608	1,378,238
<b>TOTAL ASSETS.....</b>	<b><u>\$ 1,550,745</u></b>	<b><u>\$ 4,982,719</u></b>	<b><u>\$ 4,892,632</u></b>	<b><u>\$ 1,640,832</u></b>
<b>LIABILITIES</b>				
Due to other governments.....	\$ 1,505,695	\$ 4,154,480	\$ 4,078,963	\$ 1,581,212
Other liabilities.....	45,050	828,239	813,669	59,620
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 1,550,745</u></b>	<b><u>\$ 4,982,719</u></b>	<b><u>\$ 4,892,632</u></b>	<b><u>\$ 1,640,832</u></b>

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**COUNTY OF CUYAHOGA, OHIO  
CAPITAL ASSETS USED IN THE  
OPERATIONS OF GOVERNMENTAL FUNDS**

**COUNTY OF CUYAHOGA, OHIO  
CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULES BY SOURCE <sup>(1)</sup>**

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

GOVERNMENTAL FUNDS CAPITAL ASSETS:	2005	2004
Land.....	\$ 52,959	\$ 44,535
Land improvements.....	13,268	12,323
Buildings, structures and improvements.....	565,350	540,912
Furniture, fixtures and equipment.....	22,076	21,321
Vehicles.....	12,154	11,286
Infrastructure.....	444,440	440,205
Construction in progress.....	51,454	41,480
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....</b>	<b>\$ <u>1,161,701</u></b>	<b>\$ <u>1,112,062</u></b>
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
General fund revenues.....	\$ 111,273	\$ 110,171
Special revenue fund revenues.....	536,536	528,890
Capital projects:		
General obligation bonds.....	426,925	395,875
Federal, state and local grants.....	86,952	77,111
Donations.....	15	15
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....</b>	<b>\$ <u>1,161,701</u></b>	<b>\$ <u>1,112,062</u></b>

(1) This schedule presents only the capital asset balances related to governmental funds, excluding accumulated depreciation. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**COUNTY OF CUYAHOGA, OHIO  
CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY <sup>(1)</sup>**

**DECEMBER 31, 2005  
(Amounts in 000's)**

Function and Activity	Land	Land Improvements	Buildings, Structures and Improvements	Furniture, Fixtures and Equipment	Vehicles	Infrastructure	Totals
<b>GENERAL GOVERNMENT:</b>							
Administration.....	\$ 21,950	\$ 548	\$ 103,809	\$ 144	\$ 20	\$	\$ 126,471
Fiscal management.....			2,242	1,477			3,719
Records and elections.....	450	481	5,803	2,920			9,654
Supportive services.....	424	137	3,637	70			4,268
<b>TOTAL GENERAL GOVERNMENT</b> .....	<b>22,824</b>	<b>1,166</b>	<b>115,491</b>	<b>4,611</b>	<b>20</b>		<b>144,112</b>
<b>JUDICIAL:</b>							
Adjudication.....	10,688	304	141,048	1,904			153,944
Legal services.....		389	19,204	2,541			22,134
Adult offender management.....	1,333		92,867	2,391	122		96,713
Juvenile offender management.....	4,277	10,788	26,963	508	19		42,555
Support enforcement.....			436	201			637
<b>TOTAL JUDICIAL</b> .....	<b>16,298</b>	<b>11,481</b>	<b>280,518</b>	<b>7,545</b>	<b>141</b>		<b>315,983</b>
<b>DEVELOPMENT:</b>							
Economic.....			30	6			36
Community.....				26			26
<b>TOTAL DEVELOPMENT</b> .....			<b>30</b>	<b>32</b>			<b>62</b>
<b>SOCIAL SERVICES:</b>							
Financial assistance.....	1,521	9	43,748	1,910	17		47,205
Protective services.....	106	39	3,596	1,164			4,905
Support services.....	9,821	563	88,952	3,181	7,427		109,944
Employment and training.....	337		26,664	284	54		27,339
<b>TOTAL SOCIAL SERVICES</b> .....	<b>11,785</b>	<b>611</b>	<b>162,960</b>	<b>6,539</b>	<b>7,498</b>		<b>189,393</b>
<b>HEALTH AND SAFETY:</b>							
Mental health.....	94		379	118			591
Emergency assistance.....				1,271	223		1,494
Alcohol and drug abuse.....				8			8
Animal control.....	1,659		5,213	6	146		7,024
<b>TOTAL HEALTH AND SAFETY</b> .....	<b>1,753</b>		<b>5,592</b>	<b>1,403</b>	<b>369</b>		<b>9,117</b>
<b>PUBLIC WORKS:</b>							
Public works.....	299	10	759	1,946	4,126	444,440	451,580
<b>TOTAL PUBLIC WORKS</b> .....	<b>299</b>	<b>10</b>	<b>759</b>	<b>1,946</b>	<b>4,126</b>	<b>444,440</b>	<b>451,580</b>
<b>CONSTRUCTION IN PROGRESS</b> .....			<b>51,454</b>				<b>51,454</b>
<b>TOTAL GOVERNMENTAL FUNDS</b>							
<b>CAPITAL ASSETS</b> .....	<b>\$ 52,959</b>	<b>\$ 13,268</b>	<b>\$ 616,804</b>	<b>\$ 22,076</b>	<b>\$ 12,154</b>	<b>\$ 444,440</b>	<b>\$ 1,161,701</b>

(1) This schedule presents only the capital asset balances related to governmental funds, excluding accumulated depreciation. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**COUNTY OF CUYAHOGA, OHIO**  
**CAPITAL ASSETS USED IN THE OPERATION**  
**OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY<sup>(1)</sup>**

**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(Amounts in 000's)**

Function and Activity	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
<b>GENERAL GOVERNMENT:</b>				
Administration.....	\$ 105,243	\$ 21,256	\$ 28	\$ 126,471
Fiscal management.....	3,716	15	12	3,719
Records and elections.....	9,768	28	142	9,654
Supportive services.....	4,245	23		4,268
<b>TOTAL GENERAL GOVERNMENT .....</b>	<b>122,972</b>	<b>21,322</b>	<b>182</b>	<b>144,112</b>
<b>JUDICIAL:</b>				
Adjudication.....	152,836	1,136	28	153,944
Legal services.....	22,015	119		22,134
Adult offender management.....	96,078	635		96,713
Juvenile offender management.....	37,109	5,446		42,555
Support enforcement.....	584	53		637
<b>TOTAL JUDICIAL.....</b>	<b>308,622</b>	<b>7,389</b>	<b>28</b>	<b>315,983</b>
<b>DEVELOPMENT:</b>				
Economic.....	36			36
Community.....	26			26
<b>TOTAL DEVELOPMENT.....</b>	<b>62</b>			<b>62</b>
<b>SOCIAL SERVICES:</b>				
Financial assistance.....	46,457	748		47,205
Protective services.....	4,777	128		4,905
Support services.....	103,814	6,338	208	109,944
Employment and training.....	27,218	121		27,339
<b>TOTAL SOCIAL SERVICES.....</b>	<b>182,266</b>	<b>7,335</b>	<b>208</b>	<b>189,393</b>
<b>HEALTH AND SAFETY:</b>				
Mental health.....	1,014	41	464	591
Emergency assistance.....	1,443	51		1,494
Alcohol and drug abuse.....	8			8
Animal control.....	7,024			7,024
<b>TOTAL HEALTH AND SAFETY.....</b>	<b>9,489</b>	<b>92</b>	<b>464</b>	<b>9,117</b>
<b>PUBLIC WORKS:</b>				
Public works.....	447,171	4,804	395	451,580
<b>TOTAL PUBLIC WORKS.....</b>	<b>447,171</b>	<b>4,804</b>	<b>395</b>	<b>451,580</b>
CONSTRUCTION IN PROGRESS.....	41,480	25,796	15,822	51,454
<b>TOTAL GOVERNMENTAL FUNDS</b>				
<b>CAPITAL ASSETS.....</b>	<b>\$ 1,112,062</b>	<b>\$ 66,738</b>	<b>\$ 17,099</b>	<b>\$ 1,161,701</b>

(1) This schedule presents only the capital asset balances related to governmental funds, excluding accumulated depreciation. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

# Statistical Section

The information presented in the schedules and tables in this section is provided to reflect social and economic data, financial trends and the general fiscal capacity of the County.





**COUNTY OF CUYAHOGA, OHIO  
STATISTICAL SECTION  
STATISTICAL DATA TABLES**

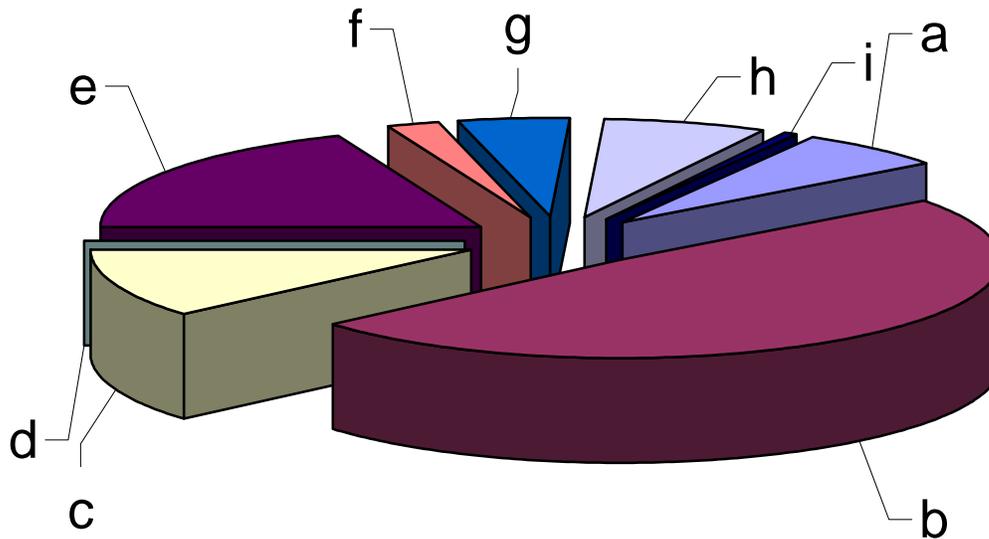
THE STATISTICAL SECTION PROVIDES SELECTED  
FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION  
WHICH MAY BE USED TO INDICATE TRENDS  
FOR COMPARATIVE FISCAL PERIODS.  
THE STATISTICAL TABLES INCLUDE INFORMATION  
ON GENERAL FUND RATIOS AND TRENDS,  
ASSESSMENTS AND TAXES, LONG-TERM DEBT  
AND MISCELLANEOUS DATA.

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF STATISTICS-GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**OPERATING RATIOS-GENERAL FUND-GAAP BASIS**

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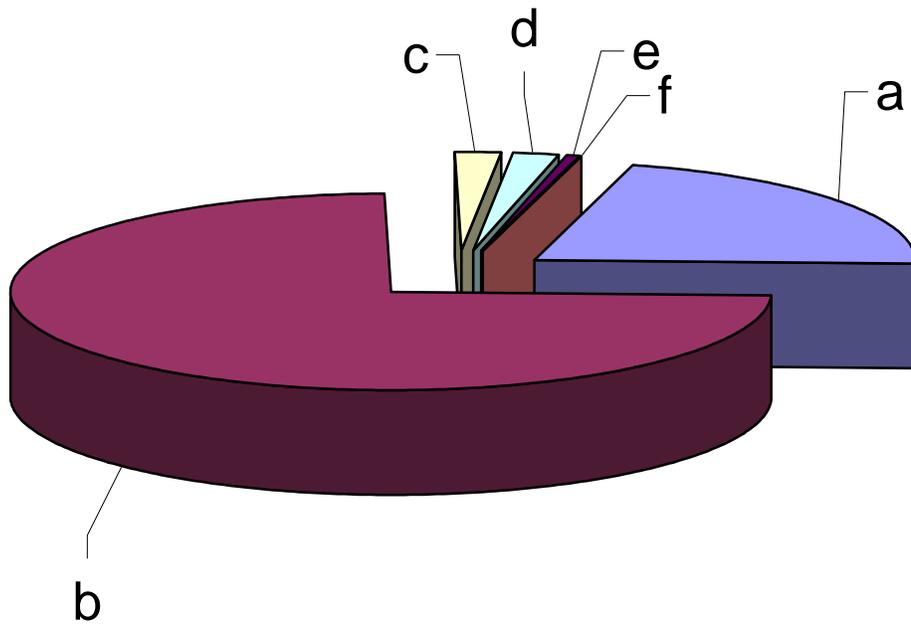
**REVENUE DOLLAR BY SOURCE**



Where the money came from:	%
a. Property taxes.....	6.4
b. Sales, use and other tax .....	48.9
c. State local government fund .....	11.3
d. Licenses and permits.....	.1
e. Charges for services.....	18.9
f. Fines and forfeitures .....	2.3
g. Investment earnings .....	4.5
h. Other intergovernmental .....	7.0
i. Miscellaneous .....	.6
<b>Total .....</b>	<b><u>100.0</u></b>

---

## EXPENDITURE DOLLAR BY FUNCTION



Where the money was spent:		%
a.	General government.....	21.3
b.	Judicial .....	74.2
c.	Development .....	2.1
d.	Social services .....	1.9
e.	Health and safety .....	.4
f.	Debt.....	.1
	<b>Total.....</b>	<b><u>100.0</u></b>

**COUNTY OF CUYAHOGA, OHIO  
CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS**

**LAST FOUR YEARS  
(Amounts in 000's)**

	2002	2003	2004	2005
<b>REVENUES</b>				
Property taxes.....	\$ 259,892	\$ 257,640	\$ 315,172	\$ 313,675
Sales and use tax.....	156,713	158,634	167,871	167,156
Other tax.....	28,610	29,000	29,888	28,683
State local government fund.....	38,988	38,257	38,518	38,548
Licenses and permits.....	1,258	1,357	1,668	1,815
Charges for services.....	76,868	82,903	90,399	86,912
Fines and forfeitures.....	7,464	6,590	6,286	8,149
Investment earnings.....	25,689	10,771	6,015	17,859
Other intergovernmental.....	605,909	614,789	645,748	703,236
Miscellaneous.....	16,979	12,370	21,111	13,849
<b>TOTAL REVENUES.....</b>	<b><u>1,218,370</u></b>	<b><u>1,212,311</u></b>	<b><u>1,322,676</u></b>	<b><u>1,379,882</u></b>
<b>EXPENDITURES</b>				
Current:				
General government.....	63,613	59,843	67,576	84,122
Judicial.....	276,089	273,222	290,960	293,777
Development.....	24,493	26,011	33,208	32,308
Social services.....	630,304	579,203	580,338	587,823
Health and safety.....	156,515	152,903	178,263	207,379
Public works.....	62,181	56,540	57,910	58,381
Capital outlay.....	28,656	39,317	30,207	38,981
Debt service:				
Principal retirement.....	21,481	36,199	20,870	22,851
Interest.....	16,874	13,371	16,455	16,475
<b>TOTAL EXPENDITURES.....</b>	<b><u>1,280,206</u></b>	<b><u>1,236,609</u></b>	<b><u>1,275,787</u></b>	<b><u>1,342,097</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(61,836)</b>	<b>(24,298)</b>	<b>46,889</b>	<b>37,785</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	198,355	151,013	184,677	167,903
Transfers out:				
Debt retirement.....	(9,131)	(7,592)	(7,221)	(5,737)
Other.....	(188,831)	(142,322)	(178,747)	(160,789)
Capitalized leases.....	18,063	13,742	1,857	
Issuance of debt.....			90,195	
Issuance of refunding bonds.....			43,244	80,020
Payment to refunded bond escrow agent.....			(43,244)	(80,020)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b><u>18,456</u></b>	<b><u>14,841</u></b>	<b><u>90,761</u></b>	<b><u>1,377</u></b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b><u>\$ (43,380)</u></b>	<b><u>\$ (9,457)</u></b>	<b><u>\$ 137,650</u></b>	<b><u>\$ 39,162</u></b>
Debt service as a percentage of noncapital expenditures.....	3.1%	4.2%	3.2%	3.1%

Note: Only four years of data is available,  
modified accrual basis of accounting.  
Certain amounts in 2004 have been reclassified to conform to the 2005 presentation.

**COUNTY OF CUYAHOGA, OHIO  
FUND BALANCES  
OF GOVERNMENTAL FUNDS**

**LAST FOUR YEARS  
(Amounts in 000's)**

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	2002	2003	2004	2005
General fund				
Reserved.....	\$ 46,699	\$ 44,643	\$ 37,896	\$ 36,236
Unreserved.....	118,192	141,710	124,834	133,973
<b>TOTAL GENERAL FUND.....</b>	<b><u>\$ 164,891</u></b>	<b><u>\$ 186,353</u></b>	<b><u>\$ 162,730</u></b>	<b><u>\$ 170,209</u></b>
All other governmental funds				
Reserved.....	\$ 14,603	\$ 17,968	\$ 27,612	\$ 24,682
Unreserved, reported in:				
Special Revenue Funds.....	75,037	75,856	151,163	216,651
Capital Projects Fund.....	(18,586)	(53,689)	22,633	(8,242)
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS.....</b>	<b><u>\$ 71,054</u></b>	<b><u>\$ 40,135</u></b>	<b><u>\$ 201,408</u></b>	<b><u>\$ 233,091</u></b>

Note: Only four years of data is available,  
modified accrual basis of accounting

**COUNTY OF CUYAHOGA, OHIO  
CHANGES IN NET ASSETS**

**LAST FOUR YEARS  
(Amounts in 000's)**

	2002	2003	2004	2005
<b>EXPENSES</b>				
Governmental activities:				
General government.....	\$ 78,570	\$ 59,963	\$ 69,154	\$ 81,196
Judicial.....	299,231	277,314	292,417	297,292
Development.....	30,630	25,332	32,524	31,653
Social services.....	633,133	578,700	570,871	580,962
Health and safety.....	156,824	152,904	178,342	207,386
Public works.....	69,272	67,025	59,421	64,765
Interest on long-term debt.....	16,929	13,813	18,412	15,932
Total governmental activities expenses.....	<u>1,284,589</u>	<u>1,175,051</u>	<u>1,221,141</u>	<u>1,279,186</u>
Business-type activities:				
Sanitary Engineer.....	11,299	10,069	9,604	11,293
Airport.....	1,970	1,617	1,302	1,697
Huntington Park Garage.....	1,890	1,753	2,418	2,299
Cuyahoga County Information System.....	2,801	2,188	2,773	2,478
Total business-type activities expenses.....	<u>17,960</u>	<u>15,627</u>	<u>16,097</u>	<u>17,767</u>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES.....</b>	<b><u>\$ 1,302,549</u></b>	<b><u>\$ 1,190,678</u></b>	<b><u>\$ 1,237,238</u></b>	<b><u>\$ 1,296,953</u></b>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services				
General government.....	\$ 52,800	\$ 56,734	\$ 64,865	\$ 67,738
Judicial.....	28,548	27,992	27,400	20,831
Other activities.....	4,240	6,122	6,089	8,268
Operating Grants and Contributions				
Social services.....	366,766	381,781	378,758	410,817
Other activities.....	174,722	169,759	200,036	211,585
Capital grants, contributions and interest				
General Government.....				14,598
Public works.....	30,090	27,942	25,305	21,691
Total governmental activities program revenues.....	<u>657,166</u>	<u>670,330</u>	<u>702,453</u>	<u>755,528</u>
Business-type activities:				
Charges for services:				
Sanitary Engineer.....	9,644	10,298	11,102	12,480
Other activities.....	5,098	5,066	4,366	4,497
Operating grants and contributions.....	106	38	145	308
Capital grants, contributions and interest.....				6,160
Total business-type activities program revenues.....	<u>14,848</u>	<u>15,402</u>	<u>15,613</u>	<u>23,445</u>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES.....</b>	<b><u>\$ 672,014</u></b>	<b><u>\$ 685,732</u></b>	<b><u>\$ 718,066</u></b>	<b><u>\$ 778,973</u></b>
Net(expense)/revenue				
Governmental activities.....	\$ (627,423)	\$ (504,721)	\$ (518,688)	\$ (523,658)
Business-type activities.....	(3,112)	(225)	(484)	5,678
<b>TOTAL PRIMARY GOVERNMENT NET EXPENSE.....</b>	<b><u>\$ (630,535)</u></b>	<b><u>\$ (504,946)</u></b>	<b><u>\$ (519,172)</u></b>	<b><u>\$ (517,980)</u></b>

	2002	2003	2004	2005
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>				
Governmental activities:				
Taxes:				
Property.....	\$ 259,892	\$ 257,640	\$ 315,172	\$ 313,675
Sales and use.....	157,192	159,029	168,634	167,125
Other.....	28,976	29,284	28,928	27,362
Unrestricted state local government fund.....	43,709	37,873	38,259	38,131
Unrestricted investment earnings.....	25,107	10,615	5,743	17,147
Grants and contributions				
not restricted to specific programs.....	34,869	35,556	41,982	41,838
Miscellaneous.....	16,939	11,872	20,596	13,823
Transfers.....	(107)	(940)	(2,811)	(662)
<b>Total Governmental activities.....</b>	<b><u>566,577</u></b>	<b><u>540,929</u></b>	<b><u>616,503</u></b>	<b><u>618,439</u></b>
Business-type activities:				
Unrestricted investment earnings.....	22	14	49	18
Miscellaneous.....	70	47	53	25
Transfers.....	107	940	2,811	662
Total business-type activities.....	<u>199</u>	<u>1,001</u>	<u>2,913</u>	<u>705</u>
<b>TOTAL PRIMARY GOVERNMENT.....</b>	<b><u>\$ 566,776</u></b>	<b><u>\$ 541,930</u></b>	<b><u>\$ 619,416</u></b>	<b><u>\$ 619,144</u></b>
<b>CHANGE IN NET ASSETS</b>				
Governmental activities.....	\$ (60,846)	\$ 36,208	\$ 97,815	\$ 94,781
Business-type activities.....	(2,913)	776	2,429	6,383
<b>TOTAL PRIMARY GOVERNMENT.....</b>	<b><u>\$ (63,759)</u></b>	<b><u>\$ 36,984</u></b>	<b><u>\$ 100,244</u></b>	<b><u>\$ 101,164</u></b>

Note: Only four years of data is available,  
accrual basis of accounting

**COUNTY OF CUYAHOGA, OHIO  
NET ASSETS BY COMPONENT**

**LAST FOUR YEARS  
(Amounts in 000's)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Invested in capital assets, net of related debt.....	\$ 382,539	\$ 409,443	\$ 350,959	\$ 386,234
Restricted .....	35,262	34,255	38,995	35,678
Unrestricted.....	43,821	54,132	205,691	268,514
<b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS.....</b>	<b>\$ <u>461,622</u></b>	<b>\$ <u>497,830</u></b>	<b>\$ <u>595,645</u></b>	<b>\$ <u>690,426</u></b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Invested in capital assets, net of related debt.....	\$ 31,182	\$ 30,505	\$ 31,236	\$ 38,866
Unrestricted.....	7,932	9,385	11,083	9,836
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS.....</b>	<b>\$ <u>39,114</u></b>	<b>\$ <u>39,890</u></b>	<b>\$ <u>42,319</u></b>	<b>\$ <u>48,702</u></b>
<b>PRIMARY GOVERNMENT</b>				
Invested in capital assets, net of related debt.....	\$ 413,721	\$ 439,948	\$ 382,195	\$ 425,100
Restricted .....	35,262	34,255	38,995	35,678
Unrestricted.....	51,753	63,517	216,774	278,350
<b>TOTAL PRIMARY GOVERNMENT NET ASSETS.....</b>	<b>\$ <u>500,736</u></b>	<b>\$ <u>537,720</u></b>	<b>\$ <u>637,964</u></b>	<b>\$ <u>739,128</u></b>

Note: Only four years of data is available,  
accrual basis of accounting

**COUNTY OF CUYAHOGA, OHIO  
PROPERTY TAX RATES  
ALL DIRECT AND OVERLAPPING GOVERNMENTS**

**LAST TEN YEARS  
(Per \$1,000 of Assessed Valuation)**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>CUYAHOGA COUNTY:</b>										
General operating .....	0.82	1.12	1.00	0.87	0.93	0.86	0.81	0.81	0.84	0.74
Debt (bond retirement) .....	0.90	0.60	0.72	0.85	0.79	0.86	0.91	0.91	0.88	0.98
Mental retardation .....	3.00	3.00	3.00	3.00	3.90	3.90	3.90	3.90	3.90	3.90
Health and human services .....	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Health and welfare .....	4.40	4.40	3.10	3.10	3.10	3.10	3.10	4.90	4.90	4.90
<b>SUB-TOTAL .....</b>	<b>12.12</b>	<b>12.12</b>	<b>10.82</b>	<b>10.82</b>	<b>11.72</b>	<b>11.72</b>	<b>11.72</b>	<b>13.52</b>	<b>13.52</b>	<b>13.52</b>
<b>METROPARKS .....</b>	<b>1.55</b>	<b>1.85</b>	<b>1.85</b>							
<b>CUYAHOGA COMMUNITY COLLEGE .....</b>	<b>2.80</b>									
<b>PORT AUTHORITY .....</b>	<b>0.13</b>									
<b>TOTAL .....</b>	<b>16.60</b>	<b>16.60</b>	<b>15.30</b>	<b>15.30</b>	<b>16.20</b>	<b>16.20</b>	<b>16.20</b>	<b>18.00</b>	<b>18.30</b>	<b>18.30</b>
<b>SCHOOL DISTRICTS .....</b>	<b>67.86</b>	<b>68.67</b>	<b>68.89</b>	<b>70.46</b>	<b>72.09</b>	<b>72.74</b>	<b>74.60</b>	<b>75.97</b>	<b>77.42</b>	<b>78.96</b>

School district tax rates are presented as county-wide averages.

Source: Cuyahoga County Auditor's Office, Budget Commission-tax year data.

**COUNTY OF CUYAHOGA, OHIO  
PROPERTY TAX LEVIES AND COLLECTIONS  
REAL, UTILITY AND TANGIBLE TAXES**

**LAST TEN YEARS  
(Amounts in 000's)**

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<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Delinquent Levy</b>	<b>Total Levy</b>	<b>Current Collection</b>
1995/1996	\$ 297,639	\$ 25,611	\$ 323,250	\$ 287,496
1996/1997	301,687	31,450	333,137	289,325
1997/1998	313,161	30,893	344,054	299,708
1998/1999	342,827	30,487	373,314	328,340
1999/2000	346,727	30,841	377,568	330,024
2000/2001	380,846	36,978	417,824	356,859
2001/2002	378,302	47,210	425,512	352,661
2002/2003	367,873	47,730	415,603	345,834
2003/2004	359,443	53,613	413,056	338,719
2004/2005	363,956	51,648	415,604	338,146

Source: Cuyahoga County Auditor's Office, Budget Commission. Includes all direct and overlapping governments.

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<b>Current Levy Collected</b>	<b>Delinquent Collection</b>	<b>Total Collections</b>	<b>Total Collections As A Percent Of Current Levy</b>	<b>Cumulative Delinquency</b>
96.6%	\$ 7,572	\$ 295,068	99.1%	\$ 25,477
95.9%	8,004	297,329	98.6%	28,805
95.7%	9,084	308,792	98.6%	30,524
95.8%	12,015	340,355	99.3%	28,127
95.2%	12,084	342,108	98.7%	35,030
93.7%	13,367	370,226	97.2%	43,664
93.2%	18,825	371,486	98.2%	47,010
94.0%	14,729	360,563	98.0%	53,359
94.2%	17,310	356,029	99.1%	53,456
92.9%	15,095	353,241	97.1%	55,488

**COUNTY OF CUYAHOGA, OHIO  
 ASSESSED AND ESTIMATED ACTUAL VALUE  
 OF TAXABLE PROPERTY**

**LAST TEN YEARS  
 (Amounts in 000's)**

<b>Tax Year</b>	<b>Residential Property Assessed Value</b>	<b>Commercial Property Assessed Value</b>	<b>Industrial Property Assessed Value</b>	<b>Total Taxable Assessed Value<sup>(1)</sup></b>
1996	\$ 13,433,141	\$ 4,752,311	\$ 1,105,990	\$ 19,291,442
1997	14,686,990	5,044,784	1,106,530	20,838,304
1998	14,844,999	5,198,349	1,130,037	21,173,385
1999	15,009,265	5,359,288	1,124,816	21,493,369
2000	16,969,573	6,173,987	1,198,278	24,341,838
2001	17,148,545	6,280,950	1,260,100	24,689,595
2002	17,328,119	6,212,011	1,259,015	24,799,145
2003	19,186,925	6,371,675	1,280,757	26,839,357
2004	19,386,378	6,645,367	1,286,413	27,318,158
2005	19,556,455	6,558,095	1,283,798	27,398,348

(1) Total taxable assessed value net of tax exempt property.

Source: Cuyahoga County Auditor's Office, Budget Commission.

<b>Total Direct Tax Rate Residential Effective</b>	<b>Total Direct Tax Rate Commercial Effective</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
8.471440	9.749594	\$ 55,118,406	35.0%
7.944617	9.542701	59,538,011	35.0%
9.615521	10.189136	60,495,385	35.0%
9.605980	10.163046	61,409,625	35.0%
9.784507	9.991834	69,548,110	35.0%
9.771846	10.050607	70,541,702	35.0%
9.764249	10.123519	70,854,700	35.0%
10.989859	12.043316	76,683,878	35.0%
10.975355	11.984633	78,051,880	35.0%
11.722742	12.576262	78,280,994	35.0%

**COUNTY OF CUYAHOGA, OHIO  
LEGAL DEBT MARGIN INFORMATION**

**LAST TEN YEARS  
(Amounts in 000's)**

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	1996	1997	1998	1999	2000
Debt limit.....	\$ 582,456	\$ 622,328	\$ 632,395	\$ 639,329	\$ 712,806
Total net debt applicable to limit.....	122,785	108,462	106,146	97,426	180,375
Legal debt margin.....	<u>\$ 459,671</u>	<u>\$ 513,866</u>	<u>\$ 526,249</u>	<u>\$ 541,903</u>	<u>\$ 532,431</u>
 Total net debt applicable to the limit as a percentage of debt limit.....	 21.08%	 17.43%	 16.78%	 15.24%	 25.30%

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	2001	2002	2003	2004	2005
\$	715,984	\$ 712,143	\$ 756,126	\$ 764,689	\$ 764,650
	<u>172,034</u>	<u>155,600</u>	<u>142,181</u>	<u>199,681</u>	<u>192,872</u>
\$	<u><u>543,950</u></u>	\$ <u><u>556,543</u></u>	\$ <u><u>613,945</u></u>	\$ <u><u>565,008</u></u>	\$ <u><u>571,778</u></u>
	24.03%	21.85%	18.80%	26.11%	25.22%

### Legal Debt Margin Calculation for Year 2005

Assessed Valuation (2005 tax year)..... \$ 30,646,005

Debt limit - ORC 133.02 and ORC 133.05  
 (3% of first \$100,000 assessed valuation;  
 1 1/2% of amount in excess of \$100,000 not in excess of  
 \$300,000; 2 1/2% of amount in excess of  
 \$300,000..... 764,650

Debt applicable to limit:  
 General obligation bonds..... 198,815  
 Less: Amount set aside for repayment of  
 general obligation debt..... (5,943)  
 Total net debt applicable to limit..... 192,872  
**Legal debt margin..... \$ 571,778**

**COUNTY OF CUYAHOGA, OHIO  
RATIOS OF NET GENERAL BONDED DEBT**

**LAST TEN YEARS**

<b>Tax Year</b>	<b>Population<sup>(1)</sup></b>	<b>Assessed Value<sup>(2)</sup> (Amounts in 000's)</b>	<b>Less:Balance Gross General Bonded Debt<sup>(3)</sup> (Amounts in 000's)</b>	<b>Net Debt Service Fund<sup>(4)</sup> (Amounts in 000's)</b>	<b>General Bonded Debt (Amounts in 000's)</b>	<b>Ratio of Net Bonded Debt To Assessed Value</b>	<b>Net Debt Per Capita</b>
1996	1,401,552	23,358,249	174,640	660	173,980	0.74%	124.13
1997	1,386,803	24,953,150	162,385	5,502	156,883	0.63%	113.13
1998	1,380,696	25,355,787	150,325	1,659	148,666	0.59%	107.67
1999	1,371,717	25,633,181	137,775	968	136,807	0.53%	99.73
2000	1,393,978	28,572,250	220,640	4,010	216,630	0.76%	155.40
2001	1,380,421	28,699,372	205,365	661	204,704	0.71%	148.29
2002	1,379,049	28,545,714	189,145	875	188,270	0.66%	136.52
2003	1,363,888	30,305,032	172,250	994	171,256	0.57%	125.56
2004	1,351,009	30,647,572	241,445	9,534	231,911	0.76%	171.66
2005	1,335,317	30,646,005	224,861	5,943	218,918	0.71%	163.94

(1) Estimates - Various sources. 2000 population figure based on actual United States Department of Commerce, Bureau of Census.

(2) Cuyahoga County Auditor's Office, Budget Commission-tax year data.

(3) Tax supported debt outstanding December 31.

(4) Balance outstanding December 31, Financial Reporting Section.

**COUNTY OF CUYAHOGA, OHIO  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

**DECEMBER 31, 2005  
(Amounts in 000's)**

	Gross Debt	Debt Service Fund	Net Debt	Percent Applicable	County Share <sup>(3)</sup>
County of Cuyahoga <sup>(1)</sup> .....	\$ 231,366	\$ 5,765	\$ 225,601	100%	\$ <u>225,601</u>
Total Net Direct Debt .....					225,601
Cuyahoga County Cities, Villages, Townships <sup>(1)</sup> .....	1,113,007	33,928	1,079,079	100%	1,079,079
Cuyahoga County School Districts <sup>(2)</sup> .....	786,473	78,382	<u>708,091</u>	100%	<u>708,091</u>
Total Net Overlapping Debt .....					1,787,170
<b>Total Net Direct and Overlapping Debt .....</b>			<b>\$ <u>2,012,771</u></b>		<b>\$ <u>2,012,771</u></b>

(1) 2005 Tax Budgets filed in July, 2005 and certified unencumbered 2005 balances filed in January, 2006 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ending June 30, 2005. Budgetary basis.

(3) Percent applicable to the County of Cuyahoga calculated using assessed valuation of County divided by assessed valuation of taxing district. Assessed valuation of taxing districts furnished by Cuyahoga County Budget Commission.

**COUNTY OF CUYAHOGA, OHIO  
RATIOS OF ANNUAL DEBT SERVICE  
FOR GENERAL BONDED DEBT TO TOTAL  
GENERAL EXPENDITURES**

**LAST TEN YEARS  
(Amounts in 000's)**

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Year	Debt Service on General Tax Supported Debt	Debt Service on Self-Supporting Debt	General Expenditures <sup>(1)</sup>	Ratio of Tax Supported Debt Service to General Expenditures	Ratio of Self-Supported Debt Service To General Expenditures
1996	\$ 21,647	\$ 8,544	\$ 773,149	2.80%	1.11%
1997	20,912	7,252	832,655	2.51%	0.87%
1998	20,132	8,445	946,622	2.13%	0.89%
1999	21,503	8,685	1,005,331	2.14%	0.86%
2000	22,083	8,354	1,181,082	1.87%	0.71%
2001	27,094	10,677	1,312,385	2.06%	0.81%
2002	26,592	11,763	1,280,206	2.08%	0.92%
2003	26,420	23,150	1,236,609	2.14%	1.87%
2004	26,240	11,085	1,318,726	2.00%	0.84%
2005	31,026	8,300	1,342,097	2.31%	0.62%

(1) GAAP basis. Includes all governmental fund types.

Source: Cuyahoga County Auditor's Office, Financial Reporting Section.

**COUNTY OF CUYAHOGA, OHIO  
 PLEDGED REVENUE BOND COVERAGE –  
 HOSPITAL BONDS**

**LAST TEN YEARS  
 (Amounts in 000's)**

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Year	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal <sup>(3)</sup>	Interest	Total	
1996	\$ 327,711	\$ 308,873	\$ 18,838	\$ 1,990	\$ 6,737	\$ 8,727	2.16
1997	367,125	334,816	32,309	2,120	8,805	10,925	2.96
1998	387,220	360,642	26,578	4,982	6,863	11,845	2.24
1999	423,981	407,070	16,911	1,955	8,702	10,657	1.59
2000	448,458	434,191	14,267	3,850	10,861	14,711	0.97
2001	476,331	449,970	26,361	4,035	10,664	14,699	1.79
2002	508,954	476,321	32,633	4,240	10,469	14,709	2.22
2003	514,107	491,167	22,940	4,435	10,514	14,949	1.53
2004	548,173	521,106	27,067	5,190	10,414	15,604	1.73
2005	592,467	542,029	50,438	5,460	9,925	15,385	3.28

(1) Gross revenue is total operating revenue plus interest income and contributions.

(2) Operating expenses is exclusive of depreciation and bond interest expense.

(3) 1997/2005 principal payment exclusive of refunded bonds.

Source: MetroHealth System. GAAP basis.

**COUNTY OF CUYAHOGA, OHIO  
RATIOS OF OUTSTANDING DEBT BY TYPE**

**LAST FOUR YEARS  
(Amounts in 000's)**

	<b>Governmental Activities</b>			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General obligation bonds .....	\$ 189,145	\$ 172,250	\$ 241,445	\$ 224,861
Revenue bonds .....	119,540	115,975	113,735	109,950
Bond anticipation notes .....	2,440	2,440		
Loans .....	3,610	3,332	3,054	5,752
Installment purchase agreements .....	13,695	11,698	9,808	7,881
Capital leases .....	<u>26,494</u>	<u>25,268</u>	<u>25,563</u>	<u>24,030</u>
SUBTOTAL .....	<u>354,924</u>	<u>330,963</u>	<u>393,605</u>	<u>372,474</u>
 <b>Business-type Activities</b>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Special assessment debt with governmental commitment .....	2,495	2,440	2,250	6,505
Bond anticipation notes .....	6,083	6,110	5,950	
Loans .....	<u>6,045</u>	<u>6,016</u>	<u>4,729</u>	<u>4,694</u>
SUBTOTAL .....	<u>14,623</u>	<u>14,566</u>	<u>12,929</u>	<u>11,199</u>
<b>TOTAL .....</b>	<b>\$ <u>369,547</u></b>	<b>\$ <u>345,529</u></b>	<b>\$ <u>406,534</u></b>	<b>\$ <u>383,673</u></b>
 Percentage of Personal Income .....	 1.10%	 1.13%	 1.28%	 1.18%
Per Capita <sup>(1)</sup> .....	\$ 267.97	\$ 253.34	\$ 300.91	\$ 287.33

See Demographic Statistics for personal income and population data.  
Only 4 years of data is available.  
(1) Per capita not in thousands.

## COUNTY OF CUYAHOGA, OHIO DEMOGRAPHIC STATISTICS

POPULATION <sup>(1)</sup>	<u>County</u>	<u>MSA</u>	<u>Personal Income</u> <u>(Amounts in 000's)</u>	<u>Per Capita</u> <u>Personal Income</u> <sup>(2)</sup>
1980 .....	1,498,400	1,898,825		
1990 .....	1,412,140	1,831,122		
2000 .....	1,393,978	1,863,479		
2001 .....	1,380,421	1,856,399		
2002 .....	1,379,049	1,859,472	\$ 33,629,489	\$ 24,386
2003 .....	1,363,888	1,848,348	30,686,116	22,499
2004 .....	1,351,009	1,842,749	31,750,063	23,501
2005 .....	1,335,317	1,830,011	32,448,203	24,300

AGE DISTRIBUTION <sup>(3)</sup>	<u>2000</u>	
	<u>Number</u>	<u>Percentage</u>
Under 5 yrs .....	90,996	6.5
5 - 9 yrs .....	101,372	7.3
10 - 14 yrs .....	99,235	7.1
15 - 19 yrs .....	89,960	6.5
20 - 24 yrs .....	77,515	5.6
25 - 34 yrs .....	188,873	13.5
35 - 44 yrs .....	219,449	15.7
45 - 54 yrs .....	187,601	13.5
55 - 59 yrs .....	65,599	4.7
60 - 64 yrs .....	56,217	4.0
65 - 74 yrs .....	107,327	7.7
75 - 84 yrs .....	82,469	5.9
85 yrs and over .....	27,365	2.0
<b>TOTAL</b> .....	<b>1,393,978</b>	<b>100.00</b>
Median age .....	37.3	
Males .....	658,481	
Females .....	735,497	

DISTRIBUTION OF FAMILIES BY INCOME BRACKET <sup>(4)</sup>	<u>2000</u>	
	(Average 3.06 persons)	
	<u>Number</u>	<u>Percentage</u>
\$0 - 10,000 .....	25,261	7.1
\$10,000 - 14,999 .....	15,018	4.2
\$15,000 - 24,999 .....	38,075	10.7
\$25,000 - 34,999 .....	41,222	11.5
\$35,000 - 49,999 .....	60,077	16.9
\$50,000 - 74,999 .....	78,607	22.1
\$75,000 - 99,999 .....	45,341	12.7
\$100,000 - 149,999 .....	32,877	9.2
\$150,000 - 199,000 .....	8,824	2.5
Over \$200,000 .....	10,919	3.1
<b>TOTAL</b> .....	<b>356,221</b>	<b>100.00</b>
Median Family Income .....	\$ 49,559	

- Source: (1) Ohio Department of Development-The Metropolitan Statistical Area (MSA), as defined by the Department of Development, includes Cuyahoga, Geauga, Lake and Medina Counties. Population totals for 2004 are estimates provided by the U.S. Census Bureau.
- (2) U.S. Census Bureau estimates, 2005 data not available. 2005 estimate based on 2004 estimate adjusted for Consumer Price Index.
- (3) U.S. Census Bureau, Census 2000.
- (4) U.S. Census Bureau, Census 2000.

**COUNTY OF CUYAHOGA, OHIO  
DEMOGRAPHIC STATISTICS**

**LAST TEN YEARS**

<b>Employment - Annual Average<sup>(1)</sup></b>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Total Civilian Labor Force .....	678,800	676,800	699,200	681,200
Total Employed* .....	643,800	637,400	668,500	649,900
Total Unemployed .....	35,000	39,400	30,700	31,300
Unemployment Rate .....	5.2%	5.8%	4.4%	4.6%

**Employment By Sector<sup>(1)</sup>  
(Amounts in 000's)**

	<b>Manufacturing</b>		<b>Wholesale Retail Trade</b>		<b>Professional and Related Services</b>		<b>Federal, State and Local Government</b>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
1996	137.1	17.8	188.8	24.5	236.8	30.7	81.1	10.5
1997	136.3	17.3	192.9	24.5	242.8	30.9	84.1	10.7
1998	136.5	17.0	195.1	24.4	252.9	31.6	84.8	10.6
1999	133.3	16.5	195.5	24.2	259.6	32.2	83.3	10.3
2000	128.8	16.0	189.3	23.6	264.4	32.9	83.9	10.4
2001	121.4	15.3	182.4	23.0	262.3	33.0	88.4	11.1
2002	96.5	12.4	118.5	15.3	320.5	41.2	102.7	13.2
2003	90.8	11.9	117.4	15.3	319.0	41.6	100.6	13.1
2004	89.2	11.7	113.4	14.9	320.7	42.2	99.3	13.1
2005	86.7	11.4	109.7	14.5	326.9	43.2	99.2	13.1

Source: (1) Ohio Bureau of Employment Services. (3<sup>rd</sup> Quarter)  
\* Difference due to non-county residents employed in county.

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
691,000	692,600	669,700	675,400	664,600	669,600
659,900	661,700	624,900	629,600	623,700	629,000
31,100	30,900	44,800	45,800	40,900	40,600
4.5%	4.5%	6.7%	6.8%	6.2%	6.1%

<b>Finance, Insurance, Real Estate</b>		<b>Transportation and Public Utilities</b>		<b>Other</b>		<b>TOTAL*</b>	
<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
59.8	7.8	33.8	4.4	32.8	4.3	770.2	100.0
62.2	7.9	34.4	4.4	33.4	4.3	786.1	100.0
63.7	7.9	34.9	4.4	32.9	4.1	800.8	100.0
67.9	8.4	34.7	4.3	33.1	4.1	807.4	100.0
68.4	8.5	34.8	4.3	34.7	4.3	804.3	100.0
70.3	8.9	35.8	4.5	33.1	4.2	793.7	100.0
68.3	8.8	23.4	3.0	47.6	6.1	777.5	100.0
69.4	9.1	23.6	3.1	45.3	5.9	766.1	100.0
69.4	9.1	23.7	3.1	45.0	5.9	760.7	100.0
68.2	9.0	23.4	3.1	43.1	5.7	757.2	100.0

**COUNTY OF CUYAHOGA, OHIO  
 FULL-TIME EQUIVALENT  
 COUNTY EMPLOYEES BY FUNCTION**

**LAST TEN YEARS**

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	<b>1996</b>	<b>1997</b>	<b>1998</b>
<b>FUNCTION</b>			
General Government.....	1,389	1,471	1,555
Judicial .....	3,286	3,429	3,532
Development.....	65	69	77
Social Services.....	3,973	4,030	4,116
Health and Safety.....	256	180	46
Public Works.....	486	474	452
Miscellaneous .....	4	4	4

Source: Cuyahoga County Office of Budget and Management.

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1999	2000	2001	2002	2003	2004	2005
1,637	1,687	1,680	1,449	1,338	1,393	1,392
3,609	3,720	3,754	3,598	3,432	3,489	3,481
79	82	82	63	61	68	71
4,136	4,262	4,389	3,959	3,660	3,687	3,688
45	47	50	44	40	41	46
442	434	429	362	333	343	347
4	4	4	4	4	4	4

**COUNTY OF CUYAHOGA, OHIO  
OPERATING INDICATORS  
BY FUNCTION/PROGRAM**

**LAST NINE YEARS**

FUNCTION	1997	1998	1999
<b>Judicial</b>			
Auto titles issued .....	516,702	537,079	520,212
Civil case dispositions .....	24,643	24,900	22,667
Criminal case dispositions.....	14,110	15,111	15,197
Foreclosure dispositions.....	4,597	5,600	5,795
Marriage licenses issued.....	10,259	10,020	10,203
Average inmate population in county jail .....	1,930	1,965	2,100
<b>Development</b>			
Homeless served.....	7,000	7,500	7,500
HUD dollars acquired (in millions) .....	\$6	\$7.9	\$18.3
<b>Social Services</b>			
Foster/adoption applications .....	729	713	800
Foster homes .....	785	879	984
Number of children in foster homes.....	1,025	1,300	1,450
Adoptions .....	330	344	555
Citizen complaints .....	2,708	3,094	3,200
<b>Health and Safety</b>			
911 calls received.....	103,667	110,000	171,929
Animals sheltered.....	3,229	2,996	2,791
Animals adopted.....	932	861	752
<b>Public Works</b>			
Sewer lines televised (Feet) .....	658,916	668,145	816,104
Sewer lines cleaned (Feet).....	1,329,583	1,360,615	1,363,607
Pump stations.....	42	42	39
<b>Miscellaneous</b>			
Flags distributed to graves of veterans.....	81,360	81,360	89,280
Veteran groups funded.....	71	71	38
Soldiers and Sailors Monument visits .....	65,400	65,000	84,000

Source: Cuyahoga County Office of Budget and Management. Data not compiled before 1997.

2000	2001	2002	2003	2004	2005
508,918	574,963	544,815	532,203	522,926	507,312
21,807	22,897	28,307	28,743	29,406	37,750
16,884	17,728	18,127	17,502	17,578	17,325
6,265	6,635	7,315	8,544	8,544	11,855
9,944	10,441	8,975	8,381	8,171	7,892
2,160	2,200	2,114	1,905	1,931	2,023
8,500	9,000	9,000	10,000	9,000	10,500
\$12.4	\$12.6	\$13.3	\$13.8	\$20	\$21
727	1,000	534	435	439	263
978	1,090	959	900	857	782
1,359	1,517	1,450	1,359	717	500
579	800	555	734	532	390
4,171	4,171	4,469	3,642	3,642	3,302
256,579	307,895	423,118	505,000	478,311	550,000
2,929	3,000	2,096	2,429	2,650	2,903
732	750	1,026	1,241	1,241	1,456
762,840	750,000	698,000	730,00	773,342	775,000
1,253,328	1,400,000	1,261,000	1,300,000	1,083,153	1,084,000
39	43	40	42	42	43
89,280	89,280	96,192	100,800	100,800	98,496
34	40	36	31	63	58
65,000	71,500	33,352	42,268	40,432	34,420

**COUNTY OF CUYAHOGA, OHIO  
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS**

**LAST TEN YEARS**

<b>Year</b>	<b>Assessed Value<sup>(1)</sup> (Amounts in 000's)</b>	<b>Bank Deposits At December 31<sup>(2)</sup> (Amounts in 000's)</b>	<b>Building Permits Issued<sup>(3)</sup></b>
1996	23,358,249	27,068,211	21,700
1997	24,953,150	53,941,971	20,612
1998	25,355,787	58,904,596	24,244
1999	25,633,181	57,816,942	23,428
2000	28,572,250	61,942,764	24,272
2001	28,699,372	63,893,769	22,827
2002	28,545,714	95,760,917	18,680
2003	30,305,032	97,238,973	16,887
2004	30,647,572	101,837,959	20,485
2005	30,646,005	109,071,512	20,996

- Sources: (1) Cuyahoga County Auditor's Office, Budget Commission-tax year data for real, personal and public utility property.  
 (2) Banks deposits at year-end for banks headquartered in City of Cleveland-Federal Reserve Bank of Cleveland (Total demand, time and savings deposits). Federal Reserve Bank of Cleveland.  
 (3) Cuyahoga County Auditor's Office, Real Estate Assessment Division.

**COUNTY OF CUYAHOGA, OHIO  
SCHEDULE OF INSURANCE COVERAGE**

**DECEMBER 31, 2005**

<b>Name of Carrier/ Type of Coverage</b>	<b>Policy Number</b>	<b>Policy Period</b>	<b>Annual Premium</b>	<b>Details of Coverage</b>	<b>Liability Limit</b>
Westfield Companies	34-01350	08/01/05- 08/01/06	\$21,180	Homeland Security	N/A
Travelers Casualty Surety Company of America Crime Bond	104349122	07/01/04 - 07/01/05	\$10,329	Blanket Bond – Form P including faithful performance. Covers all employees except public officials who require individual bonds, treasurers and tax collectors, by whatever title known. Blanket Bond - Form O; Form O covers Treasurer's Department and Human Services.	\$5,000 deductible: \$100,000 faithful performance limit \$200,000 forgery and alteration; computer fraud; \$400,000 money and securities.
FM Global Insurance Company Property	NC050	07/01/05 - 07/01/06	\$925,998	All risk coverage on county owned properties, boilers and machinery and data processing equipment.	\$1,664,421,385 Blanket replacement. Cost limit \$500,000 deductible.
Terrorism Insurance	NC050	07/01/05 - 07/01/06	\$110,267	All county owned buildings.	\$5,000,000 lower limit/\$500,000,000 on certified acts.
			\$51,890	All county owned buildings	\$1,000,000/ \$5,000,000 sublimit/ \$250,000,000 on non-certified acts.
Chubb Excess	35817441	09/30/05 - 09/30/06	\$85,000	\$200,000,000 Excess of \$500,000,000 Catastrophe limit.	MetroHealth properties \$2,000,000 aggregate. Personal and advertising injury and medical expenses. \$0 deductible.
GAB Robins (Third Party Administrator)		08/01/04 - 08/01/06	\$13,000	Complex Claims Management	N/A
USF Insurance Voting Booths Liability	LGBGL19423R1	02/06/05 - 02/06/07	\$7,085	Liability insurance for private voting places for the Board of Elections. Limited to voting area of each location.	\$2,000,000 aggregate limit: \$1,000,000 per occupation, personal and advertising injury. \$5,000 medical expenses. \$0 deductible.
Harleysville Insurance Electronic Voting Booths	CI6J6667	03/08/06 - 03/08/07	\$12,410	Inland Marine Coverage	\$14,598,900 scheduled. Voting machine policy.
Ohio Casualty Group Insurance	3508782	01/01/06 - 12/31/06	\$500	Medical Bond SAS	\$50,000 Continuous.
Ohio Casualty Group Insurance	3508783	01/01/06- 12/31/06	\$500	Medical Bond SAS	\$50,000 Continuous.

Source: Department of Central Services, Risk and Property Management.

**COUNTY OF CUYAHOGA, OHIO  
PRINCIPAL PROPERTY TAXPAYERS**

**CURRENT AND NINE YEARS AGO**

Name of Taxpayer	2005			1996		
	Taxable Assessed Value (Amounts in 000's)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (Amounts in 000's)	Rank	Percentage of Total Taxable Assessed Value
Cleveland Electric Illuminating Company	\$ 325,248	1	1.06%	\$ 764,866	1	3.27%
Ohio Bell Telephone	131,048	2	0.43%	396,417	2	1.70%
Ford Motor Company	122,397	3	0.40%	220,187	3	0.94%
City of Cleveland	112,093	4	0.37%			
Cleveland Clinic Foundation	61,374	5	0.20%			
Beachwood Place LTD	50,223	6	0.16%			
Cleveland Financial Associates	47,233	7	0.15%			
General Motors	45,994	8	0.15%	52,701	7	0.23%
Legacy Village Investors LCC	42,019	9	0.14%			
American Transmission System	<u>40,328</u>	10	<u>0.13%</u>			
LTV Steel Corporation				136,331	4	0.58%
East Ohio Gas				108,893	5	0.47%
Plain Dealer Publishing Company				58,713	6	0.25%
Lincoln Electric Company				43,816	8	0.19%
Columbia Gas of Ohio				43,095	9	0.18%
ZML-Cleveland Public Square				<u>41,125</u>	10	<u>0.18%</u>
Totals	\$ <u>977,957</u>		<u>3.19%</u>	<u>\$1,866,144</u>		<u>7.99%</u>

These taxpayers were selected based solely upon a review of the 200 taxable parcels of real, personal and public utility property with the highest assessed valuation. A taxpayer owning many smaller parcels would not be included in this list even if the aggregate assessed valuation of such parcels exceeded that of one or more taxpayers on the list.

Source: Cuyahoga County Auditor's Office, IST Division-tax year data.

**COUNTY OF CUYAHOGA, OHIO  
PRINCIPAL EMPLOYERS**

**CURRENT AND THREE YEARS AGO**

Name of Employer	2005			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Cleveland Clinic Health System	27,755	1	4.4%	23,567	1	3.8%
University Hospitals Health System	16,611	2	2.6%	14,270	2	2.3%
U. S. Office of Personnel Management	9,916	3	1.6%	N/A		
Cuyahoga County	9,142	4	1.5%	9,376	4	1.5%
Progressive Corp.	9,017	5	1.4%	7,557	6	1.2%
City of Cleveland	8,136	6	1.3%	8,658	5	1.4%
Cleveland Municipal School District	7,472	7	1.2%	10,510	3	1.7%
KeyCorp	6,397	8	1.0%	7,381	7	1.2%
National City Corp.	6,051	9	1.0%	5,900	9	0.9%
MetroHealth System	<u>5,503</u>	10	<u>0.9%</u>			
Ford Motor Co.				6,050	8	0.9%
United States Postal Service				<u>5,548</u>	10	<u>0.9%</u>
Totals	<u>106,000</u>		<u>16.9%</u>	<u>98,817</u>		<u>15.8%</u>

Source: Crain's Cleveland Business  
2002 data is oldest available  
N/A = Not Available

**COUNTY OF CUYAHOGA, OHIO  
MISCELLANEOUS STATISTICS**

**DECEMBER 31, 2005**

Date of Incorporation.....	1810
Twenty-seventh most populous County in the United States <sup>(1)</sup>	
Form of Government: Three member elected Board of County Commissioners with legislative and executive powers. Eight other elected officials with administrative powers.	
Area-Square Miles .....	459
Number of Political Subdivisions Located in the County	
Municipalities .....	57
Townships .....	2
School Districts.....	33
Special Districts .....	13
Total Number of County Employees .....	9,785
Voter Statistics, Election of November, 2005 <sup>(2)</sup>	
Number of Registered Voters .....	1,019,692
Number of Voters-Last General Election .....	368,443
Percentage of Registered Voters Voting .....	36%
MetroHealth System	
Total Patient Days-2005 .....	274,322
Total Number of Beds-2005.....	1,172
Average Percent Occupancy-2005.....	64%
Sanitary Engineer	
Miles of Sewer Line Operated .....	737
Wastewater Treatment Plants Operated .....	4
Pump Stations Operated .....	43
Airport	
Hangars .....	73
Aircraft .....	350
Traffic(Takeoffs and Landings).....	61,400
Office Buildings.....	7
Other	
Number of Colleges and Universities in County .....	8

Source: (1) U.S. Department of Commerce, Bureau of Census, 2005 estimate.  
(2) Cuyahoga County Board of Elections.

**COUNTY OF CUYAHOGA, OHIO  
ACKNOWLEDGEMENTS**

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This report was prepared by the following members of the County Auditor's Office, General Accounting Division:

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Mary Taylor, CPA  
Auditor of State

**FINANCIAL CONDITION**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 22, 2007**