

***Cuyahoga County,
Ohio***

*Single Audit Report
for the Year Ended December 31, 2006*



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, 2006 through December 31, 2006. 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

September 6, 2007

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CUYAHOGA COUNTY, OHIO

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FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

August 13, 2007

Dear User of the County's Basic Financial Statements:

The accompanying basic financial statements of the County as of and for the year ended December 31, 2006 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 2006 is available in the County's separately issued Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. Copies of the CAFR can be obtained by contacting me at:

Cuyahoga County Auditor's Office
1219 Ontario Street, Room 121
Cleveland, Ohio 44113
(216) 443-7022

Sincerely,

A handwritten signature in black 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, 2006, 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 4 percent, 8 percent and 14 percent, respectively, of the assets, the net assets, and 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, 2006, 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.

The management's discussion and analysis on pages 5 through 17 is not a required part of the basic financial statements but is supplementary information by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the County's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods

of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2007, 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 13, 2007

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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, 2006.

Financial Highlights

- The assets of Cuyahoga County exceeded its liabilities at the close of the most recent fiscal year by \$779.8 million (*net assets*).
- The County's total net assets increased by \$40.6 million.
- As of the close of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$390.9 million, a decrease of \$12.4 million in comparison with the prior year. Approximately 81.2% of this total amount, \$317.6 million, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$123.7 million, or 36.8% of total 2006 general fund expenditures.
- Additions to Cuyahoga County's total debt, including capital leases and installment purchase agreements, were \$9.7 million during the current fiscal year. Reductions in debt during 2006 amounted to \$25.3 million for a net decrease of \$15.6 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Cuyahoga County's basic financial statements. Cuyahoga County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. 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, parking facilities and a crime information system.

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

The government-wide financial statements can be found on pages 19 – 21 of the report.

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

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

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

Cuyahoga County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, human services, health and human services levies, county board of 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 budgeted major funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 22 – 31 of this report.

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

functions. Cuyahoga County uses internal service funds to account for its central custodial, maintenance garage, data processing, printing, reproduction and supplies, postage and self-funded insurance. 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 32 – 35 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 36 of this report.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 – 72 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 \$779.8 million at the close of the most recent fiscal year as illustrated below.

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets.....	\$ 969,993	\$ 908,644	\$ 14,898	\$ 11,782	\$ 984,891	\$ 920,426
Capital assets.....	<u>644,068</u>	<u>634,954</u>	<u>50,595</u>	<u>50,065</u>	<u>694,663</u>	<u>685,019</u>
Total assets.....	1,614,061	1,543,598	65,493	61,847	1,679,554	1,605,445
Long-term liabilities outstanding	400,358	430,594	11,334	12,199	411,692	442,793
Other liabilities.....	<u>487,491</u>	<u>422,578</u>	<u>604</u>	<u>946</u>	<u>488,095</u>	<u>423,524</u>
Total liabilities.....	887,849	853,172	11,938	13,145	899,787	866,317
Net assets:						
Invested in capital assets, net of related debt.....	402,928	386,234	39,860	38,866	442,788	425,100
Restricted.....	40,768	35,678			40,768	35,678
Unrestricted.....	<u>282,516</u>	<u>268,514</u>	<u>13,695</u>	<u>9,836</u>	<u>296,211</u>	<u>278,350</u>
Total net assets.....	\$ <u>726,212</u>	\$ <u>690,426</u>	\$ <u>53,555</u>	\$ <u>48,702</u>	\$ <u>779,767</u>	\$ <u>739,128</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 (56.8%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. Cuyahoga County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Cuyahoga County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to settle these liabilities.

An additional portion of Cuyahoga County's net assets, restricted net assets (5.2%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$296.2 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Current and other assets increased primarily due to increases in taxes receivable in the general fund, health and human services levies fund, county board of mental retardation fund and the debt service fund of \$4.3 million, \$39.4 million, \$3.1 million and \$4.6 million, respectively. The overall increase in taxes receivable of \$51.9 million is a result of an 8.2% increase in the value of property due to a reappraisal in 2006 and a new health and human services levy passed in November 2006 at a higher effective rate. In addition, loans receivable as reported in the community development block grant fund increased \$8.3 million. This increase was driven by a \$6.6 million increase in loans disbursed, of which \$3.8 million represents a new loan program through the Housing and Urban Development Agency (HUD 108) and the Brownfield Economic Development Initiative and a \$1.9 million increase in the development revolving loan fund. The general fund increase was due to an increase in sales tax receivable of \$2 million.

Long-term liabilities decreased by \$31.1 million due to the county paying down its debt.

The increase in all other liabilities of \$64.6 million represents an increase in unearned revenue and accounts payable. Unearned revenue increased by \$52.3 million resulting from a combination of the aforementioned property valuation increases and replacement levy for health and human services. The increase in accounts payable of \$11.4 million was primarily due to unpaid election expenses of \$4.5 million, increased payments of \$.9 million to municipalities for prisoner board and care due to overcrowding of the County jails, and an increase of \$1.8 million in child care services provided and the rates associated with them.

The increase in net assets invested in capital assets, net of related debt of \$17.7 million was a result of a reduction of debt payments coupled with a capital assets increase related to purchase of new assets.

The increase in unrestricted net assets of \$17.9 million resulted from the growth of noncapital assets over other liabilities as discussed above.

CUYAHOGA COUNTY'S CHANGES IN NET ASSETS

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 103,646	\$ 96,837	\$ 19,081	\$ 16,977	\$ 122,727	\$ 113,814
Operating grants and contributions	621,751	622,402		308	621,751	622,710
Capital grants, contributions and interest ...	32,478	36,289	2,495	6,160	34,973	42,449
General revenues:						
Property taxes	337,783	313,675			337,783	313,675
Sales and other taxes	198,283	194,487			198,283	194,487
Grants and contributions not restricted to specific programs	42,429	41,838			42,429	41,838
Other	<u>84,369</u>	<u>69,101</u>	<u>62</u>	<u>43</u>	<u>84,431</u>	<u>69,144</u>
Total revenues	1,420,739	1,374,629	21,638	23,488	1,442,377	1,398,117
Expenses:						
General government	86,604	81,196			86,604	81,196
Judicial	328,559	297,292			328,559	297,292
Development	31,210	31,653			31,210	31,653
Social services	625,508	580,962			625,508	580,962
Health and safety	234,383	207,386			234,383	207,386
Public works	60,346	64,765			60,346	64,765
Interest	16,627	15,932			16,627	15,932
Sanitary Engineer			11,319	11,293	11,319	11,293
Airport			2,212	1,697	2,212	1,697
County Parking			2,997	2,299	2,997	2,299
Cuyahoga County Information System			<u>1,973</u>	<u>2,478</u>	<u>1,973</u>	<u>2,478</u>
Total expenses	1,383,237	1,279,186	18,501	17,767	1,401,738	1,296,953
Increase (Decrease) in net assets before transfers	37,502	95,443	3,137	5,721	40,639	101,164
Transfers	<u>(1,716)</u>	<u>(662)</u>	<u>1,716</u>	<u>662</u>		
Change in net assets	35,786	94,781	4,853	6,383	40,639	101,164
Net assets – Beginning 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>
Net assets – End of year	\$ <u>726,212</u>	\$ <u>690,426</u>	\$ <u>53,555</u>	\$ <u>48,702</u>	\$ <u>779,767</u>	\$ <u>739,128</u>

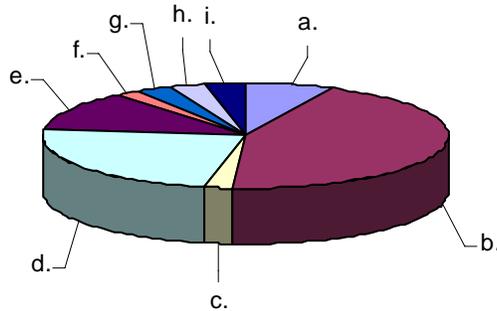
The County's revenues and expenses grew disproportionately in 2006 by \$44.3 million and \$104.8 million, respectively, and the County's net assets increased by \$40.6 million.

The increase in revenues of \$44.3 million was primarily due to the new levy for the County Board of Mental Retardation (\$18.0 million) passed in November 2005 and a new health and human services levy (\$4.8 million) passed in 2006 reflecting an overall increase in property taxes. Also contributing to the overall increase in revenues was an increase in investment earnings of \$18.4 million, reflecting increases in balances invested and interest rates. Increased road and bridge project grants of \$11 million in 2006 were offset by a decrease of \$14.5 million in grants related to the purchase of election voting machines in 2005.

The County's increase in expenditures of \$104.8 million can be explained by increases of expenditures in the following areas:

- A major portion of the increase in expenditures county-wide relates to a \$32.9 million increase in personnel costs (salaries and benefits) and 250 additional FTE's (Full-time equivalents). Personnel costs increased due to cost of living increases, raises resulting from union negotiations, sheriff operations overtime and increases in health care costs and pension contribution percentages. Additionally, increases in space maintenance costs of \$3.5 million were due to a space verification update, indirect cost increases, additional staff and salary increases and an increase in utility costs (electricity being the largest).
- A \$47.9 million increase in social services expenditures in the human services fund represents increases in Temporary Aid to Needy Families (TANF) allocations of \$18 million and a \$10.2 million increase due to more children being served in day care accompanied by rate increases to the providers. An additional \$10 million of the increase is attributed to increased internal service chargebacks and workers compensation charges related to the increases in TANF allocations, related expenses and child care expenses. The remaining differences represent increases of \$4.3 million in Senior and Adult programs where additional clients were served and services provided were expanded; and in workforce development, where the allocation for youth were significantly increased over 2005. The rest of the increase in the human services area resulted from new programs in the Early Childhood and Help Me Grow programs.
- An increase of \$32.8 million in the health and community services fund was due primarily to increases in health and safety and judicial functions of \$15.7 million and \$13.6 million, respectively. The mental health board had an increase in expenditures of \$13.8 million related to Medicaid, non-Medicaid and the Wellness Recovery Action Plan (WRAP) program.
- Increases of \$13.6 million in the judicial area of health and community services resulted primarily from new programs initiated in 2006 amounting to \$8.6 million.

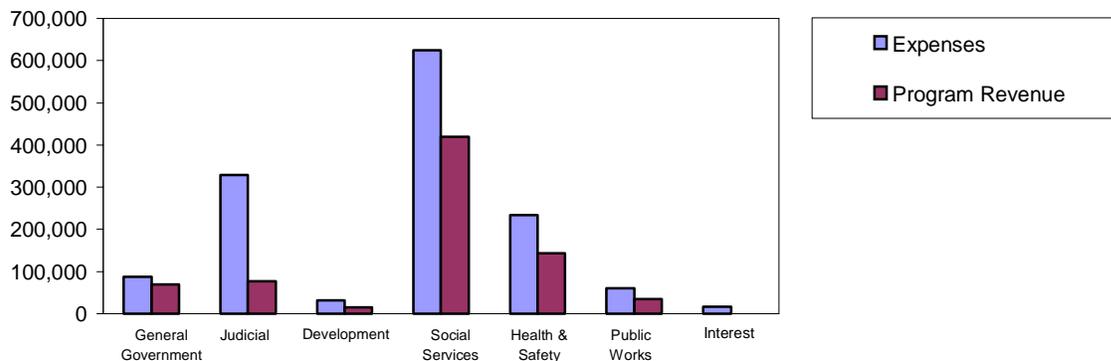
Revenues by Source – Governmental Activities



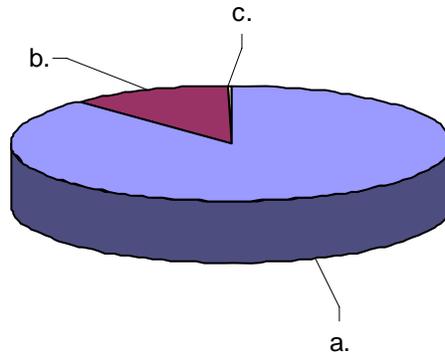
	(Amounts in 000's)	%
a. Charges for Services	\$ 103,646	7.3
b. Operating Grants and Contributions	621,751	43.7
c. Capital Grants, Contributions and Interest	32,478	2.3
d. Property Tax.....	337,783	23.8
e. Sales Tax.....	170,509	12.0
f. Other Tax.....	27,774	2.0
g. State Local Government	38,191	2.7
h. Grants and Contributions not restricted to specific programs.....	42,429	3.0
i. Other.....	46,178	3.2

Expenses and Program Revenues – Governmental Activities

(Amounts in 000's)



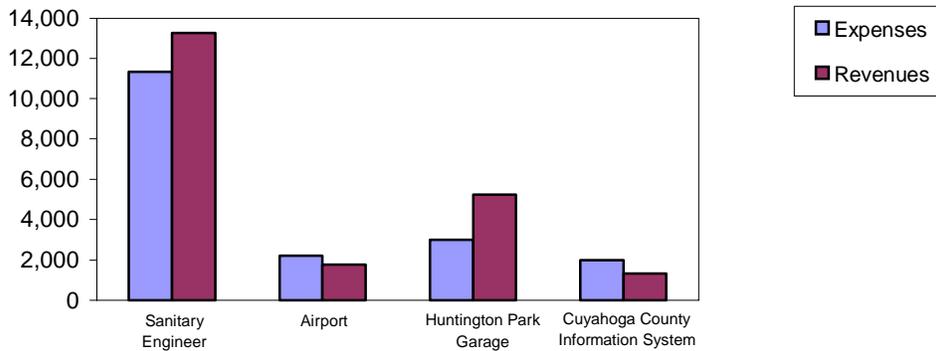
Revenues by Source – Business-type Activities



	(Amounts in 000's)	%
a. Charges for Services	\$19,081	88.2
b. Capital Grants, Contributions and Interest...	2,495	11.5
c. Other.....	62	.3

Expenses and Program Revenues – Business-type Activities

(Amounts in 000's)



Governmental activities. Governmental activities increased Cuyahoga County's net assets by \$35.8 million. Key elements of this increase are as follows:

- Net reductions of long-term debt of \$30.2 million.
- Net increases in capital assets amounting to \$9.1 million.

Business-type activities. Business-type activities increased Cuyahoga County's net assets by \$4.9 million. Subsidies grew \$1.1 million and the new parking garage generated an additional \$1.2 million.

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 \$390.9 million, a decrease of \$12.4 million in comparison with the prior year. Approximately \$317.6 million constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) for restricted assets (\$28.4 million), (2) for loans (\$28.1 million) or (3) to pay debt service (\$16.8 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 \$123.7 million, while fund balance reached \$162.9 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 36.8% of total general fund expenditures, while total fund balance represents 48.5% of that same amount.

The fund balance of Cuyahoga County's general fund and the capital projects fund decreased by \$7.3 and \$16.2 million, respectively. Increases in fund balance were reported in the health and human services levies fund, the county board of mental retardation fund of \$9.1 and \$3.3 million, respectively. Key factors for these increases are as follows:

- The general fund decrease of \$7.3 million is the net result of a \$10 million expenditure to the MetroHealth System for the South Campus Senior Health and Wellness Center, increases in judicial costs of \$15.2 million due to an increase in overtime for the sheriff department as a result of rising foreclosures and collective bargaining raises, and increases in space maintenance and data processing charges countywide, offset by an increase in investment earnings of \$18.3 million due to increases in cash and investment balances and rising interest rates.
- The capital projects fund decrease of \$16.2 million was due to continued spending in 2006 on projects where debt will not be issued to fund the projects until 2007.

- Increases in fund balance in the health and human services levies fund of \$9.1 million is a result of an 8.2% increase in assessed value of county property due to the reappraisal in 2006. The County has plans to increase spending in 2007.
- Additional increases in the county board of mental retardation fund of \$3.3 million is a result of additional revenues from the new levy passed in November 2005 coupled with aforementioned increase in assessed value of county property.

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 \$10.2 million and all others amounted to \$2.9 million. The total increase in net assets for the sanitary engineer was \$1.6 million and all others amounted to \$2.9 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 \$31.7 million and differences between the final amended budget and the actual expenditures were \$13.2 million.

The \$31.7 million change in original versus final budget was a result of the following:

- The Board of Elections increase of \$8.4 million was a result of additional scanners purchased and an increase in election costs. The Common Pleas Judicial Administration increase of \$1.7 million was due to space maintenance and contractual obligations. The Sheriff increase of \$3.2 million was due to an increase in personnel costs. Additionally, there was an increase of \$10 million to the MetroHealth System for the South Campus Senior Health and Wellness Center.
- There was a \$7.5 million increase in operating transfers due to increases in subsidy payments for Certificate of Title Administration, County Planning Commission, CRIS, Economic Development, Whiskey Island and the County Airport.

The positive variance of \$13.2 million in the final budget versus actual expenditures was a result of the following:

- Reserve contingencies of \$3.2 million budgeted and not needed, \$1.6 million of lower than anticipated claims for self insurance, miscellaneous obligations of \$.4 million not being spent and relief and rental payments for Veterans Services being lower than anticipated by \$2.2 million.
- The Coroner, Sheriff and Board of Elections each had expenses which were lower than anticipated by \$.6 million, \$.9 million and \$1.7 million, respectively.

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, 2006, amounts to \$694.7 million (net of accumulated depreciation). This investment in capital assets includes land; land improvements; utility plant; buildings, structures and improvements; furniture, fixtures and equipment; vehicles; infrastructure;

and construction in progress. The net increase in Cuyahoga County's investment in capital assets for the current fiscal year was 1.4% (a 1.4% increase for governmental activities and a 1.1% 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land.....	\$ 54,503	\$ 52,959	\$ 7,753	\$ 7,753	\$ 62,256	\$ 60,712
Land improvements	10,180	10,816	2,144	2,413	12,324	13,229
Utility plant.....			25,983	25,651	25,983	25,651
Buildings, structures and improvements.....	305,407	311,699	11,661	11,004	317,068	322,703
Furniture, fixtures and equipment.....	16,874	12,545	357	351	17,231	12,896
Vehicles	4,809	4,343	1,488	953	6,297	5,296
Infrastructure	179,266	191,138			179,266	191,138
Construction in progress	<u>73,029</u>	<u>51,454</u>	<u>1,209</u>	<u>1,940</u>	<u>74,238</u>	<u>53,394</u>
Total.....	\$ <u>644,068</u>	\$ <u>634,954</u>	\$ <u>50,595</u>	\$ <u>50,065</u>	\$ <u>694,663</u>	\$ <u>685,019</u>

The governmental activities increases were the result of various project and purchases. The County entered into two new capital leases for west-side neighborhood family centers which resulted in an increase to land and buildings amounting to \$5.9 million and \$1.4 million, respectively. The County Data Center purchased a new server costing \$3.7 million, and the County Board of Mental Retardation bought a new heating and cooling system for a development center at a cost of \$1 million. Also, the County removed asbestos from various buildings amounting to \$1.1 million.

The business-type activities increases in capital assets were due primarily to the purchase of a new snowplow at the County Airport and renovations to a parking garage amounting to \$.4 million and \$1.2 million, respectively.

Additional information on Cuyahoga County's capital assets can be found in Note E on pages 51 – 53 of this report.

Long-term debt. At the end of the current fiscal year, Cuyahoga County had total bonded debt outstanding of \$320.4 million. Of this amount, \$208.2 million comprises debt backed by the full faith and credit of the government and \$6.1 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds	\$ 208,194	\$ 224,861	\$	\$	\$ 208,194	\$ 224,861
Special assessment debt with governmental commitment			6,145	6,505	6,145	6,505
Revenue bonds	106,016	109,950			106,016	109,950
Loans	7,574	5,752	4,590	4,694	12,164	10,446
Installment purchase agreements..	<u>6,027</u>	<u>7,881</u>			<u>6,027</u>	<u>7,881</u>
Total	\$ <u>327,811</u>	\$ <u>348,444</u>	\$ <u>10,735</u>	\$ <u>11,199</u>	\$ <u>338,546</u>	\$ <u>359,643</u>

Cuyahoga County's total debt decreased by \$21.1 million (5.9%) during the current fiscal year. The County received a new loan and additional proceeds from an existing loan from the state of Ohio for improvements to roads and bridges and additional loan proceeds for the Sanitary Engineer for sewer improvements. The reduction was primarily the result of paying down debt.

Cuyahoga County maintained an "AA+" rating from Standard & Poor's, "AAA" from Fitch and an "Aa1" rating from Moody's Investors Service for its general obligation debt. The revenue bonds have been rated "Aa2" 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 \$646 million, which is significantly in excess of Cuyahoga County's outstanding general obligation debt.

Additional information on Cuyahoga County's long-term debt can be found in Note F on pages 54 - 62 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Cuyahoga County is currently 5.5%, compared to 6.1% a year ago.
- Retail vacancies in the County climbed to 9% at year-end 2006 from 7.5% at year-end 2005.
- The volume of commercial property sales valued at more than \$5 million dropped 10% in 2006 to \$1.1 billion from \$1.2 billion the prior year.
- Accounting firms and other service firms in Northeast Ohio are expected to increase their staffs in 2007.

Each of these factors was considered in preparing Cuyahoga County's budget for the 2006 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased \$10.3 million. Various factors including a one-time payment of \$10 million to the MetroHealth System for a senior health and wellness center contributed to this decline.

The County continued with many capital projects including planning for the new county administration building and the new juvenile justice campus in anticipation of issuing new debt in 2007.

Request for Information

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

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

**DECEMBER 31, 2006
(Amounts in 000's)**

	Primary Government			Component Unit MetroHealth System
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Equity in pooled cash and investments.....	\$ 340,819	\$ 12,046	\$ 352,865	\$ 1,363
Cash and investments-segregated accounts.....				250,288
Receivables:				
Taxes (net of allowance for uncollectibles).....	398,721		398,721	
Accounts (net of allowance for uncollectibles).....	827	212	1,039	67,602
Special assessments (net of allowance for uncollectibles).....		1,990	1,990	
Accrued interest	5,456		5,456	
Loans (net of allowance for uncollectibles).....	28,063		28,063	
Net receivables.....	433,067	2,202	435,269	67,602
Internal balances.....	(136)	136		
Due from other governments.....	158,727	481	159,208	
Inventory of supplies.....	54	10	64	6,032
Prepaid expenses and other receivables.....				23,412
Other assets.....	5,570	23	5,593	6,478
Restricted assets:				
Cash and investments.....	31,892		31,892	49,361
Capital assets (net of accumulated depreciation):				
Land.....	54,503	7,753	62,256	9,377
Land improvements.....	10,180	2,144	12,324	728
Utility plant.....		25,983	25,983	
Buildings, structures and improvements.....	305,407	11,661	317,068	189,934
Furniture, fixtures and equipment.....	16,874	357	17,231	45,480
Vehicles.....	4,809	1,488	6,297	5,301
Infrastructure.....	179,266		179,266	
Construction in progress.....	73,029	1,209	74,238	8,765
Net capital assets.....	644,068	50,595	694,663	259,585
TOTAL ASSETS	1,614,061	65,493	1,679,554	664,121
LIABILITIES				
Accounts payable.....	84,553	440	84,993	22,173
Unearned revenue.....	368,011		368,011	
Due to other governments.....	24,407		24,407	
Accrued wages and benefits.....	9,071	142	9,213	31,900
Matured bonds payable.....	14		14	
Other liabilities.....	250	22	272	10,314
Accrued interest payable.....	1,185		1,185	2,606
Noncurrent liabilities:				
Due within one year.....	34,128	879	35,007	38,385
Due in more than one year.....	366,230	10,455	376,685	292,051
TOTAL LIABILITIES.....	887,849	11,938	899,787	397,429
NET ASSETS				
Invested in capital assets, net of related debt.....	402,928	39,860	442,788	60,012
Restricted for:				
Restricted assets-expendable.....	23,920		23,920	15,204
Restricted assets-nonexpendable.....				5,706
Debt service.....	16,848		16,848	25,456
Unrestricted.....	282,516	13,695	296,211	160,314
TOTAL NET ASSETS.....	\$ 726,212	\$ 53,555	\$ 779,767	\$ 266,692

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, 2006
(Amounts in 000's)**

Functions/Programs	Expenses	Charges for Services
Primary Government:		
Governmental activities:		
General government.....	\$ 86,604	\$ 67,948
Judicial.....	328,559	23,345
Development.....	31,210	176
Social services.....	625,508	8,619
Health and safety.....	234,383	1,394
Public works.....	60,346	2,164
Interest on long-term debt.....	16,627	
Total governmental activities.....	<u>1,383,237</u>	<u>103,646</u>
Business-type activities:		
Sanitary Engineer.....	11,319	13,207
Airport.....	2,212	818
County Parking.....	2,997	3,742
Cuyahoga County Information System.....	1,973	1,314
Total business-type activities.....	<u>18,501</u>	<u>19,081</u>
Total primary government.....	<u>\$ 1,401,738</u>	<u>\$ 122,727</u>
Component unit:		
MetroHealth System.....	<u>\$ 625,266</u>	<u>\$ 554,797</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Primary Government			Component Unit MetroHealth System
Operating Grants and Contributions	Capital Grants, Contributions and Interest	Governmental Activities	Business- Type Activities	Totals	
\$ 599	\$	\$ (18,057)	\$	\$ (18,057)	\$
53,174		(252,040)		(252,040)	
14,304		(16,730)		(16,730)	
411,109		(205,780)		(205,780)	
142,091		(90,898)		(90,898)	
474	32,478	(25,230)		(25,230)	
		(16,627)		(16,627)	
<u>621,751</u>	<u>32,478</u>	<u>(625,362)</u>		<u>(625,362)</u>	
	60		1,948	1,948	
	947		(447)	(447)	
	1,488		2,233	2,233	
			(659)	(659)	
	<u>2,495</u>		<u>3,075</u>	<u>3,075</u>	
<u>\$ 621,751</u>	<u>\$ 34,973</u>	<u>(625,362)</u>	<u>3,075</u>	<u>(622,287)</u>	
<u>\$ 55,586</u>	<u>\$ 1,087</u>				<u>(13,796)</u>
General Revenues:					
Taxes:					
Property.....		337,783		337,783	
Sales and use.....		170,509		170,509	
Other.....		27,774		27,774	
Unrestricted state local government fund.....		38,191		38,191	
Unrestricted investment earnings.....		35,534	13	35,547	14,383
Grants and contributions not restricted to specific programs.....		42,429		42,429	
Miscellaneous.....		10,644	49	10,693	25,725
Transfers.....		(1,716)	1,716		
Total general revenues, and transfers.....		<u>661,148</u>	<u>1,778</u>	<u>662,926</u>	<u>40,108</u>
Change in net assets.....		35,786	4,853	40,639	26,312
Net assets-beginning of year		690,426	48,702	739,128	240,380
Net assets-end of year.....		\$ <u>726,212</u>	\$ <u>53,555</u>	\$ <u>779,767</u>	\$ <u>266,692</u>

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

**DECEMBER 31, 2006
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
ASSETS				
Equity in pooled cash and investments.....	\$ 70,086	\$ 8,355	\$ 36,725	\$ 67,380
Receivables:				
Taxes (net of allowance for uncollectibles).....	64,492		193,737	99,333
Accounts (net of allowance for uncollectibles)	243			
Accrued interest	5,456			
Loans (net of allowance for uncollectibles).....	<u>1,000</u>			
Net receivables.....	71,191		193,737	99,333
Due from other funds.....	32,214		54,324	
Due from other governments.....	26,554	66,825	10,581	8,954
Restricted assets -				
Cash and investments.....	<u>31,892</u>			
TOTAL ASSETS.....	<u>\$ 231,937</u>	<u>\$ 75,180</u>	<u>\$ 295,367</u>	<u>\$ 175,667</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 11,050	\$ 19,324	\$ 70	\$ 2,821
Deferred revenue.....	50,616		202,796	104,120
Due to other funds.....	3,588	53,637		1,233
Due to other governments.....				
Accrued wages and benefits.....	3,539	2,219		1,342
Matured bonds payable.....				
Other liabilities.....	<u>250</u>			
TOTAL LIABILITIES.....	69,043	75,180	202,866	109,516
Fund Balances:				
Reserved for:				
Restricted assets.....	28,411			
Loans receivable.....	1,000			
Debt service.....	9,826			
Unreserved, reported in:				
General Fund:				
Designated for self-insurance.....	832			
Undesignated.....	122,825			
Special Revenue Funds.....			92,501	66,151
Capital Projects Fund.....				
TOTAL FUND BALANCES	<u>162,894</u>	<u>75,180</u>	<u>92,501</u>	<u>66,151</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 231,937</u>	<u>\$ 75,180</u>	<u>\$ 295,367</u>	<u>\$ 175,667</u>

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

<u>Health and Community Services</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 63,141	\$ 30,254	\$ 275,941
12,598	28,561	398,721
582		825
		5,456
	<u>27,063</u>	<u>28,063</u>
<u>13,180</u>	<u>55,624</u>	<u>433,065</u>
13,205	30,593	86,538
		156,712
		31,892
<u><u>\$ 89,526</u></u>	<u><u>\$ 116,471</u></u>	<u><u>\$ 984,148</u></u>

\$ 32,967	\$ 14,291	\$ 80,523
12,499	35,798	405,829
3,565	29,510	91,533
	6,731	6,731
906	372	8,378
	14	14
		250
<u>49,937</u>	<u>86,716</u>	<u>593,258</u>

		28,411
	27,063	28,063
	7,022	16,848

		832
		122,825
39,589	20,092	218,333
	<u>(24,422)</u>	<u>(24,422)</u>
<u>39,589</u>	<u>29,755</u>	<u>390,890</u>
<u><u>\$ 89,526</u></u>	<u><u>\$ 116,471</u></u>	<u><u>\$ 984,148</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, 2006
(Amounts in 000's)**

Total fund balances for governmental funds.....	\$	390,890
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the funds.....		633,666
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.....		37,818
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....		56,878
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.....	(1,185)	
Long-term debt.....	(397,425)	
Unamortized bond issuance costs.....	5,570	(393,040)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$	<u><u>726,212</u></u>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2006
(Amounts in 000's)**

	General Fund	Human Services	Health and Human Services Levies	County Board of Mental Retardation
REVENUES				
Property taxes.....	\$ 19,723	\$	\$ 174,031	\$ 103,867
Sales and use tax.....	169,300			
Other tax.....	5		51	29
State local government fund.....	38,563			
Licenses and permits.....	86			
Charges for services.....	64,723	1,756		6,593
Fines and forfeitures.....	8,163			
Investment earnings.....	33,835			167
Other intergovernmental.....	9,529	308,774	22,970	70,615
Miscellaneous.....	4,193	482		1,150
TOTAL REVENUES.....	348,120	311,012	197,052	182,421
EXPENDITURES				
Current:				
General government.....	64,687			
Judicial.....	246,115			
Development.....	8,227			
Social services.....	5,602	367,838	310	178,213
Health and safety.....	11,307		35,070	
Public works.....				
Capital outlay.....				
Debt service:				
Principal retirement.....				
Interest.....	25			
TOTAL EXPENDITURES.....	335,963	367,838	35,380	178,213
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	12,157	(56,826)	161,672	4,208
OTHER FINANCING SOURCES (USES)				
Transfers in.....	612	49,866		34
Transfers out:				
Debt retirement.....	(6,473)			
Other.....	(13,611)	(382)	(152,567)	(980)
Capitalized leases.....		7,342		
TOTAL OTHER FINANCING SOURCES (USES).....	(19,472)	56,826	(152,567)	(946)
NET CHANGE IN FUND BALANCES.....	(7,315)		9,105	3,262
FUND BALANCES AT BEGINNING OF YEAR.....				
	170,209		83,396	62,889
FUND BALANCES AT END OF YEAR.....				
	\$ 162,894	\$ 0	\$ 92,501	\$ 66,151

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

<u>Health and Community Services</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 14,032	\$ 26,130	\$ 337,783
		169,300
	28,530	28,615
		38,563
1,414		1,500
18,196	259	91,527
2,480	242	10,885
626	1,608	36,236
189,087	94,903	695,878
3,442	1,117	10,384
<u>229,277</u>	<u>152,789</u>	<u>1,420,671</u>
19,627	296	84,610
59,042	19,637	324,794
5,774	18,045	32,046
88,482	2,000	642,445
166,706	21,791	234,874
1,749	56,425	58,174
	24,262	24,262
	22,455	22,455
	<u>16,977</u>	<u>17,002</u>
<u>341,380</u>	<u>181,888</u>	<u>1,440,662</u>
(112,103)	(29,099)	(19,991)
115,122	26,629	192,263
		(6,473)
(5,081)	(12,930)	(185,551)
		7,342
<u>110,041</u>	<u>13,699</u>	<u>7,581</u>
(2,062)	(15,400)	(12,410)
<u>41,651</u>	<u>45,155</u>	<u>403,300</u>
<u>\$ 39,589</u>	<u>\$ 29,755</u>	<u>\$ 390,890</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, 2006
(Amounts in 000's)**

Net change in fund balances-total governmental funds.....	\$	(12,410)
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 (\$41,112) exceeded depreciation (\$34,992) in the current period.....		
		6,120
Net effect of sales and other disposals of capital assets.....		(181)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....		2,171
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.....		12,382
Interest is reported as an expenditure when due in the governmental funds, but is reported as incurred in the statement of activities.....		396
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.		(9,441)
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.....		1,753
Environmental Protection Agency loan.....		27
Ohio Department of Development loan.....		250
Installment purchase agreement.....		1,854
General obligation and revenue bonds.....		20,601
Certain net expenses of the internal service funds are reported with governmental activities in the statement of activities.....		12,264
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$	<u>35,786</u>

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

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

FOR THE YEAR ENDED DECEMBER 31, 2006

(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	\$ 19,971	\$ 19,707	\$ 19,707	\$	\$	\$	\$	
Sales and use tax.....	167,795	168,654	168,654					
Other tax.....	14	8	6	(2)				
State local government fund.....	38,573	38,573	38,573					
Licenses and permits.....	73	84	86	2				
Charges for services.....	62,795	60,162	63,154	2,992	1,805	1,638	1,756	118
Fines and forfeitures.....	6,957	8,991	9,063	72				
Investment earnings.....	16,927	24,166	26,018	1,852				
Other intergovernmental.....	7,696	8,820	8,942	122	283,881	383,114	313,318	(69,796)
Miscellaneous.....	4,539	5,512	2,443	(3,069)	4,972	11,426	482	(10,944)
TOTAL REVENUES.....	325,340	334,677	336,646	1,969	290,658	396,178	315,556	(80,622)
EXPENDITURES								
Current:								
GENERAL GOVERNMENT								
Personnel.....	29,386	31,197	31,115	82				
Other.....	30,046	31,443	23,625	7,818				
Capital.....	269	5,002	4,932	70				
TOTAL GENERAL GOVERNMENT.....	59,701	67,642	59,672	7,970				
JUDICIAL								
Personnel.....	164,192	169,675	167,796	1,879				
Other.....	72,077	77,131	76,103	1,028				
Capital.....	1,117	1,250	1,112	138				
TOTAL JUDICIAL.....	237,386	248,056	245,011	3,045				
DEVELOPMENT								
Personnel.....	868	960	984	(24)				
Other.....	8,303	4,093	4,071	22				
Capital.....	2	9	7	2				
TOTAL DEVELOPMENT.....	9,173	5,062	5,062					
SOCIAL SERVICES								
Personnel.....	1,823	2,008	1,997	11	144,024	141,239	140,631	608
Other.....	5,803	5,338	3,296	2,042	227,347	243,802	232,378	11,424
Capital.....	184	184	56	128	502	800	520	280
TOTAL SOCIAL SERVICES.....	7,810	7,530	5,349	2,181	371,873	385,841	373,529	12,312
HEALTH AND SAFETY								
Personnel.....	821	806	787	19				
Other.....	317	10,329	10,301	28				
Capital.....	3	3	3					
TOTAL HEALTH AND SAFETY.....	1,141	11,138	11,091	47				
PUBLIC WORKS								
Personnel.....								
Other.....								
Capital.....								
TOTAL PUBLIC WORKS.....								
TOTAL EXPENDITURES	315,211	339,428	326,185	13,243	371,873	385,841	373,529	12,312
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	10,129	(4,751)	10,461	15,212	(81,215)	10,337	(57,973)	(68,310)
OTHER FINANCING SOURCES (USES)								
Transfers in.....		600	612	12	72,878	71,525	76,021	4,496
Transfers out:								
Debt retirement.....	(6,975)	(6,975)	(6,473)	502				
Other.....	(6,484)	(13,954)	(13,611)	343	(382)	(382)	(382)	
TOTAL OTHER FINANCING SOURCES(USES).....	(13,459)	(20,329)	(19,472)	857	72,496	71,143	75,639	4,496
NET CHANGE IN FUND BALANCES.....	(3,330)	(25,080)	(9,011)	16,069	(8,719)	81,480	17,666	(63,814)
FUND BALANCES(DEFICITS) AT BEGINNING OF YEAR.....								
	114,032	114,032	114,032		(61,820)	(61,820)	(61,820)	
FUND BALANCES(DEFICITS) AT END OF YEAR.....								
	\$ 110,702	\$ 88,952	\$ 105,021	\$ 16,069	\$ (70,539)	\$ 19,660	\$ (44,154)	\$ (63,814)

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		
\$ 168,447	\$ 173,710	\$ 173,750	\$ 40	\$ 100,835	\$ 117,250	\$ 103,861	\$ (13,389)	\$ 13,542	\$ 14,664	\$ 14,031	\$ (633)
18	127	51	(76)		15	29	14				
				5,270	5,585	6,593	1,008	1,594	1,725	1,414	(311)
				60	115	167	52	18,659	18,231	17,965	(266)
				87,500	67,367	85,525	18,158	2,087	2,028	2,480	452
23,819	23,050	22,970	(80)	1,127	2,103	1,150	(953)	672	581	602	21
192,284	196,887	196,771	(116)	194,792	192,435	197,325	4,890	7,628	8,371	3,436	(4,935)
								219,322	224,046	227,531	3,485
								12,269	12,891	12,881	10
								7,415	6,900	6,486	414
								41	177	177	
								19,725	19,968	19,544	424
								34,024	33,498	33,218	280
								23,058	26,645	24,397	2,248
								580	1,044	690	354
								57,662	61,187	58,305	2,882
								1,836	1,872	1,824	48
								4,328	4,220	3,715	505
								31	47	43	4
								6,195	6,139	5,582	557
				88,905	88,905	87,059	1,846	1,162	1,180	1,063	117
310	310	310		89,849	89,669	85,460	4,209	98,957	82,261	79,549	2,712
				4,954	6,172	5,499	673	4	10	8	2
310	310	310		183,708	184,746	178,018	6,728	100,123	83,451	80,620	2,831
								7,415	8,072	7,225	847
35,000	35,000	35,000						151,272	163,415	159,145	4,270
								1,572	329	86	243
35,000	35,000	35,000						160,259	171,816	166,456	5,360
								396	429	426	3
								1,513	1,463	1,410	53
								1	1		1
								1,910	1,893	1,836	57
35,310	35,310	35,310		183,708	184,746	178,018	6,728	345,874	344,454	332,343	12,111
156,974	161,577	161,461	(116)	11,084	7,689	19,307	11,618	(126,552)	(120,408)	(104,812)	15,596
				23	23	34	11	105,326	92,988	100,314	7,326
(178,231)	(167,322)	(163,914)	3,408			(980)	(980)	(525)	(3,800)	(5,081)	(1,281)
(178,231)	(167,322)	(163,914)	3,408	23	23	(946)	(969)	104,801	89,188	95,233	6,045
(21,257)	(5,745)	(2,453)	3,292	11,107	7,712	18,361	10,649	(21,751)	(31,220)	(9,579)	21,641
39,178	39,178	39,178		41,287	41,287	41,287		44,260	44,260	44,260	
\$ 17,921	\$ 33,433	\$ 36,725	\$ 3,292	\$ 52,394	\$ 48,999	\$ 59,648	\$ 10,649	\$ 22,509	\$ 13,040	\$ 34,681	\$ 21,641

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

**DECEMBER 31, 2006
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
ASSETS				
Current assets:				
Equity in pooled cash and investments.....	\$ 8,861	\$ 3,185	\$ 12,046	\$ 64,878
Receivables:				
Accounts (net of allowance for uncollectibles).....	35	177	212	2
Special assessments (net of allowance for uncollectibles).....	<u>251</u>	<u>177</u>	<u>251</u>	<u>2</u>
Net receivables.....	286	177	463	2
Due from other funds.....		4	4	9,934
Due from other governments.....	360	121	481	2,015
Inventory of supplies.....		<u>10</u>	<u>10</u>	<u>54</u>
Total current assets.....	<u>9,507</u>	<u>3,497</u>	<u>13,004</u>	<u>76,883</u>
Noncurrent assets:				
Special assessments receivable (net of allowance for uncollectibles).....	1,739		1,739	
Other assets.....	23		23	
Capital assets (net of accumulated depreciation):				
Land.....	472	7,281	7,753	
Land improvements.....	444	1,700	2,144	
Utility plant.....	25,983		25,983	
Buildings, structures and improvements.....	2,240	9,421	11,661	
Furniture, fixtures and equipment.....	178	179	357	9,698
Vehicles.....	977	511	1,488	704
Construction in progress.....	<u>532</u>	<u>677</u>	<u>1,209</u>	
Net capital assets.....	<u>30,826</u>	<u>19,769</u>	<u>50,595</u>	<u>10,402</u>
Total noncurrent assets.....	<u>32,588</u>	<u>19,769</u>	<u>52,357</u>	<u>10,402</u>
TOTAL ASSETS.....	<u>42,095</u>	<u>23,266</u>	<u>65,361</u>	<u>87,285</u>
LIABILITIES				
Current liabilities:				
Accounts payable.....	144	296	440	4,030
Due to other funds.....	289	156	445	4,498
Due to other governments.....				17,676
Accrued wages and benefits.....	494	160	654	2,963
Other liabilities.....	22		22	
Capital lease obligations.....				141
Special termination benefits.....	76	11	87	322
Loans payable.....	376		376	
Bonds payable.....	<u>365</u>		<u>365</u>	
Total current liabilities.....	<u>1,766</u>	<u>623</u>	<u>2,389</u>	<u>29,630</u>
Noncurrent liabilities:				
Capital lease obligations.....				200
Loans payable.....	4,214		4,214	
Bonds payable.....	<u>5,780</u>		<u>5,780</u>	
Total noncurrent liabilities.....	<u>9,994</u>		<u>9,994</u>	<u>200</u>
TOTAL LIABILITIES.....	<u>11,760</u>	<u>623</u>	<u>12,383</u>	<u>29,830</u>
NET ASSETS				
Invested in capital assets, net of related debt.....	20,091	19,769	39,860	10,061
Unrestricted.....	<u>10,244</u>	<u>2,874</u>	13,118	<u>47,394</u>
TOTAL NET ASSETS.....	<u>\$ 30,335</u>	<u>\$ 22,643</u>		<u>\$ 57,455</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.....			<u>577</u>	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES.....			<u>\$ 53,555</u>	

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, 2006
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES				
Charges for services.....	\$ 13,207	\$ 5,874	\$ 19,081	\$ 157,694
Other revenue.....	22	27	49	1,009
TOTAL OPERATING REVENUES.....	13,229	5,901	19,130	158,703
OPERATING EXPENSES				
Personal services.....	7,127	2,198	9,325	41,667
Contractual services and claims.....	978	1,168	2,146	79,902
Commodities.....	748	206	954	13,176
Depreciation.....	1,626	905	2,531	2,205
Other expenses.....	574	2,948	3,522	7,736
TOTAL OPERATING EXPENSES.....	11,053	7,425	18,478	144,686
OPERATING INCOME (LOSS).....	2,176	(1,524)	652	14,017
NONOPERATING REVENUES (EXPENSES)				
Interest income.....	13		13	
Interest expense.....	(389)		(389)	(21)
Loss on disposal of capital assets.....	(8)	(19)	(27)	(31)
TOTAL NONOPERATING EXPENSES.....	(384)	(19)	(403)	(52)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....	1,792	(1,543)	249	13,965
Transfers in.....		2,544	2,544	84
Transfers out:				
Debt retirement.....		(172)	(172)	
Other.....	(250)	(406)	(656)	(2,039)
Capital contributions.....	60	2,435	2,495	647
CHANGE IN NET ASSETS.....	1,602	2,858	4,460	12,657
TOTAL NET ASSETS				
BEGINNING OF YEAR.....	28,733	19,785		44,798
TOTAL NET ASSETS				
END OF YEAR.....	\$ 30,335	\$ 22,643		\$ 57,455
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.....			393	
CHANGE IN NET ASSETS-BUSINESS-TYPE ACTIVITIES.....			\$ 4,853	

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, 2006

(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.....	\$ 13,600	\$ 6,080	\$ 19,680	\$ 1,009
Other operating cash receipts.....	22	27	49	154,857
Cash payments to suppliers for goods and services.....	(3,412)	(4,624)	(8,036)	(101,288)
Cash payments to employees for services.....	(7,088)	(2,153)	(9,241)	(40,919)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	3,122	(670)	2,452	13,659
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds.....		2,544	2,544	84
Transfer to other funds.....	(250)	(578)	(828)	(2,039)
Repayment of short-term interfund loan-net.....		(507)	(507)	(1,257)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES.....	(250)	1,459	1,209	(3,212)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from long-term debt.....	342		342	
Receipts from capital grants.....	312	508	820	
Acquisition and construction of capital assets.....	(1,007)	(207)	(1,214)	(4,766)
Principal paid on long-term debt.....	(723)		(723)	(134)
Interest paid on long-term debt.....	(387)		(387)	(22)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,463)	301	(1,162)	(4,922)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments.....	13		13	
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	13		13	
NET INCREASE IN CASH AND CASH EQUIVALENTS.....	1,422	1,090	2,512	5,525
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	7,439	2,095	9,534	59,353
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,861	\$ 3,185	\$ 12,046	\$ 64,878

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).....	\$ 2,176	\$ (1,524)	\$ 652	\$ 14,017
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation.....	1,626	905	2,531	2,205
Changes in assets and liabilities:				
Accounts receivable-net.....	(33)	102	69	(1)
Due from other funds.....		9	9	(1,547)
Due from other governments.....	(276)	110	(166)	(1,287)
Inventory of supplies.....		6	6	(11)
Accounts payable.....	(1)	(282)	(283)	1,836
Due to other funds.....	26	11	37	488
Due to other governments.....	(8)		(8)	(40)
Accrued wages and benefits.....	13	31	44	275
Special termination benefits.....	(401)	(38)	(439)	(2,276)
TOTAL ADJUSTMENTS.....	<u>946</u>	<u>854</u>	<u>1,800</u>	<u>(358)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	\$ <u>3,122</u>	\$ <u>(670)</u>	\$ <u>2,452</u>	\$ <u>13,659</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital contributions - capital assets.....	\$	\$ 1,927	\$ 1,927	\$ 647
TOTAL NONCASH TRANSACTIONS.....	\$ <u>0</u>	\$ <u>1,927</u>	\$ <u>1,927</u>	\$ <u>647</u>

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

**DECEMBER 31, 2006
(Amounts in 000's)**

	<u>Agency Funds</u>
ASSETS	
Equity in pooled cash and investments.....	\$ 244,430
Cash and investments-segregated accounts.....	43,834
Taxes receivable.....	1,482,042
TOTAL ASSETS.....	<u>\$ 1,770,306</u>
LIABILITIES	
Due to other governments.....	\$ 1,708,993
Other liabilities.....	61,313
TOTAL LIABILITIES.....	<u>\$ 1,770,306</u>

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

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE A - Description of Cuyahoga County and Basis of Presentation

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

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.

Proprietary Funds:

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

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

Fiduciary Funds:

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

NOTE B - Summary of Significant Accounting Policies

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

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the MetroHealth System (the Hospital or Component Unit) is included as a discretely presented Component Unit in the County's basic financial statements. The Hospital provides health care and hospitalization to the general public and care for the County's indigents. The County appoints the majority of the Hospital's Board of Trustees. The Hospital's annual operating budget 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, was presented for the first time in 2005 in the Hospital's financial statements. The Foundation is a not-for-profit organization supporting the Hospital that acts primarily as a fundraising organization to supplement the resources that are available to the Hospital in support of its programs. Although the Hospital does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which they hold and invest, are restricted to support the activities of the Hospital. Complete financial statements for the Hospital can be requested from the County Auditor.

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

when the provider government recognizes its liability to the County. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major proprietary fund:

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and of the County's internal service funds are charges to customers for sales and services. The County also

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

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

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

Budgetary Accounting and Control: The County is required by state law to adopt annual budgets for the General fund, certain Special Revenue funds and the Debt Service fund. Major Special Revenue funds which are budgeted annually include Human Services, Health and Human Services Levies, County Board of 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/unrestricted net assets at year-end and are re-encumbered and reappropriated at the start of the following year.

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

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

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

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

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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	\$ (7,315)	\$	\$ 9,105	\$ 3,262	\$ (2,062)
Increase/decrease:					
Accrued receivables at 12/31/06 not recognized in the 2006 budget	(129,959)	(66,825)	(258,642)	(108,287)	(26,385)
Accrued receivables at 12/31/05 recognized in the 2006 budget	131,312	71,368	205,068	105,636	24,275
Expenditures accrued as liabilities at 12/31/06 not recognized in the 2006 budget	69,043	75,180	202,866	109,516	49,937
Expenditures accrued as liabilities at 12/31/05 recognized in the 2006 budget	(61,042)	(71,368)	(160,850)	(106,647)	(61,814)
Encumbrances at 12/31/06 recognized as expenditures in the 2006 budget	(21,446)	(52,512)		(6,176)	(28,368)
Encumbrances at 12/31/05 not recognized as expenditures in the 2006 budget	22,597	36,912		7,239	34,862
Other GAAP adjustments ⁽¹⁾	<u>(12,201)</u>	<u>24,911</u>		<u>13,818</u>	<u>(24)</u>
Budget basis	\$ <u>(9,011)</u>	\$ <u>17,666</u>	\$ <u>(2,453)</u>	\$ <u>18,361</u>	\$ <u>(9,579)</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 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, Federal Agencies, certificates of deposit, commercial paper, corporate notes, foreign notes, repurchase agreements, municipal obligations and the State Investment Pool.

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

Inventory of Supplies: Inventory is valued at the lower of cost (determined using the first-in first-out method) or net realizable value. Costs are expensed when inventory is consumed for Proprietary funds and for the 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

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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 upgradings 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 2006, capitalized interest for the County and the Component Unit was not material.

Asset Retirement Obligations: The Hospital adopted the provisions of FIN 47 as of December 31, 2005 for the Hospital's obligations related to asbestos abatement. 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 change in accounting principle, for the years 1974 through 2005 totaled \$5.2 million. The December 31, 2006 total balance for asset retirement obligations totals \$4.6 million and reflects liability reductions for retired assets of \$.5 million, changes in estimates of \$.6 million and an increase for interest accretion expense of \$.2 million. The current portion of the asset retirement obligations is included in other current liabilities.

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

Ohio law requires that vacation time not be accumulated for more than three years. Normally, all vacation time is to be taken in the year available unless administrative approval for carry-over is obtained. Sick time not taken may be accumulated until retirement. Employees with a minimum of ten years of service are paid one-fourth of

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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 \$5.3 million in 2006 due to retroactive adjustments to amounts previously estimated.

Net revenue from the Medicare and Medicaid programs accounted for approximately 26% and 32%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2006. 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 \$192.1 million, represent 13.5% of gross charges in 2006, and are not reported as revenue. The Hospital accepts certain indigent Ohio residents and all residents from the County regardless of their ability to pay.

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

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

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

Risk Management: The County has implemented GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Previously, the County paid a premium to the insurance providers without additional risk to the County for all its medical plans except for one medical plan and the prescription drug plan, which were 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-funded insurance for medical and workers' compensation benefits. The County recognizes a liability for self-insured claims if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, the County has designated a portion of the fund balance of its General fund, pursuant to Ohio law, to provide for claims and judgements not covered by the various County insurance policies.

New Accounting Standards: 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

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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 were effective for the County for the year ending December 31, 2006. The County has determined there is no impact to the 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 was effective for the County in 2006. The County has determined its in compliance with this statement.

During September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. Statement 48 clarifies the guidance on accounting for sales and pledges of receivables and future revenues and provides criteria that governments will use to determine whether to classify certain transactions as sold or collateralized. In other words, Statement 48 determines whether proceeds received from a certain transaction should be reported as revenue or a liability. Statement 48 also indicates that governments should not revalue assets that are transferred between financial reporting entity components. Statement 48 also requires enhanced disclosures pertaining to future revenues that have been pledged or sold, provides guidance on sales of receivables and future revenues within the same financial reporting entity, and provides guidance on recognizing other assets and liabilities arising from the sale of specific receivables or future revenues. Statement 48 is effective for the County in 2007; as such, the County has not determined the impact, if any, that this statement will have on its financial statements.

In December 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Statement 49 requires governmental entities to estimate the components of expected pollution remediation costs and to record such costs as liabilities when any of the following five recognition triggers occur: (1) pollution poses an imminent danger to the public or environment and a government has little or no discretion to avoid fixing the problem; (2) a government has violated a pollution-prevention-related permit or license; (3) a regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the cleanup; (4) a government is named (or evidence indicates that it will be named) in a lawsuit, compelling it to address the pollution; and (5) a government legally obligates itself to begin cleanup or post-cleanup activities (limited to activities the government is legally required to complete). Statement 49 requires that a governmental entity use an "expected cash flows" measurement technique to predict its expected outlays for pollution remediation obligations. The Statement applies to remediation activities, such as site assessment and cleanups of existing pollution. Pollution prevention or control obligations with respect to current operations, as well as future pollution remediation activities that are required upon retirement of an asset are excluded from the scope of Statement 49. Statement 49 also requires governments to disclose information

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about their pollution obligations associated with cleanup efforts in the footnotes to their financial statements. Statement 49 is effective for the County in 2008, and it requires that liabilities be measured at the beginning of the period of adoption so that beginning net assets can be restated. The County has not determined the impact, if any, that this statement will have on its financial statements.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures*. Statement 50 requires governmental entities to disclose in the notes to the financial statements the current funded status of the entity's pension plan - in other words, the degree to which the actuarial accrued liabilities for benefits are covered by assets that have been set aside to pay the benefits - as of the most recent actuarial valuation date. Statement 50 also requires governments that use the aggregate actuarial cost method to disclose the funded status and present a multi-year schedule of funding progress using the entry age actuarial cost method as a surrogate; these governments previously were not required to provide this information. Finally, Statement 50 requires the disclosure by governments participating in multi-employer cost-sharing pension plans of how the contractually required contribution rate is determined. Statement 50 is effective for the County in 2008. The County has not determined the impact, if any, that this statement will have on its financial statements and disclosures.

NOTE C - Cash and Investments

Cash and Investments:

Pooled Cash and Investments: Certain monies of the General fund, certain Agency funds and the Hospital are deposited and maintained in individual segregated bank accounts or invested in specifically segregated investments. All other funds of the County are held in a common group of bank accounts and investments. Collectively, these bank accounts and investments represent the Pooled Cash and Investments account. Amounts reported as cash and investments for the segregated funds and the pooled funds principally consist of bank balances, certificates of deposit, 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, 2006, follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General	\$	\$ 102,300
Due From:		
Special Revenue	6,098	
Capital Projects	23,017	
Enterprise	121	
Internal Service.....	<u>2,978</u>	<u>(32,214)</u>
Net General		70,086
Other major governmental		175,601
Other governmental		30,254
Major enterprise		8,861
Other enterprise		3,185
Internal Service		<u>64,878</u>
Total government-wide		352,865
Agency		<u>244,430</u>
Total Equity in Pooled Cash and Investments		\$ <u>597,295</u>

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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 \$98.1 million and the bank balances were \$90.3 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 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, 2006 totaled \$90.3 million and were subject to the following categories of custodial risk:

(Amounts in 000's)	
Uncollateralized	\$ 82,926
Collateralized with securities held by the pledging institution's trust department (ORC 135.18) but not in the County's name	<u>4,796</u>
Total amount subject to custodial risk	87,722
Amount insured (FDIC)	<u>2,535</u>
Total bank balances	\$ <u>90,257</u>

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Component Unit

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

Custodial risk is the risk that, in the event of bank failure, the Hospital's deposits might not be recovered. The Hospital's bank deposits at December 31, 2006 totaled \$2.5 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	\$ 998	\$ 1,078	\$ 2,076
Collateralized with securities held by the pledging institution's trust department (ORC 135.18) but not in the Hospital's name.....	<u>75</u>	<u>75</u>	<u>75</u>
Total amount subject to custodial risk	1,073	1,078	2,151
Amount insured (FDIC).....	<u>100</u>	<u>200</u>	<u>300</u>
Total bank balances.....	\$ <u>1,173</u>	\$ <u>1,278</u>	\$ <u>2,451</u>

At December 31, 2006, the financial statement carrying amount of the Hospital's deposits was \$2.6 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 and all investments to maturities of generally not more than 5 years. In January 2006, the County's Investment Advisory Committee voted to revise the County's Investment Policy to include certain 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 dollars. The notes must be backed by the full faith and credit of the foreign nation and there can be no prior history of default. The maturity of foreign notes cannot exceed five years from purchase and in total, they cannot exceed one percent of the County's total average portfolio.

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At December 31, 2006, the fair value of the Primary Government investments were as follows:

Investment Type	(Amounts in 000's) Fair Value/Carrying Value
Repurchase Agreements	\$ 79,100
U.S. Government Agencies.....	467,046
Corporate Notes.....	22,287
Foreign Notes.....	5,000
Municipal Obligations	<u>1,450</u>
Total Primary Government Investments.....	\$ <u>574,883</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, 2006, the County's had the following investments:

Investment Type	(Amounts in 000's) Maturity					Total
	Less Than Six Months	Six Months To One Year	One Year to Three Years	Three Years to Five Years		
Repurchase Agreements	\$ 79,100	\$	\$	\$	\$	79,100
Federal Farm Credit Bank Agencies	19,903	4,040	58,817	40,425	123,185	123,185
Federal Home Loan Bank Agencies.....	39,816	16,536		50,471	106,823	106,823
Federal Home Loan Mortgage Corporation Agencies	4,992	4,683	19,534	29,884	59,093	59,093
Federal National Mortgage Association Agencies	25,806	9,809	20,064	90,002	145,681	145,681
Tennessee Valley Authority Agencies.....			17,500		17,500	17,500
Federal Agricultural Mortgage Corporation Agencies.....			14,764		14,764	14,764
Corporate Notes	5,003		17,284		22,287	22,287
Foreign Notes.....				5,000	5,000	5,000
Municipal Obligations.....			<u>1,200</u>	<u>250</u>	<u>1,450</u>	<u>1,450</u>
Total Investments	\$ <u>174,620</u>	\$ <u>35,068</u>	\$ <u>149,163</u>	\$ <u>216,032</u>	\$ <u>574,883</u>	<u>574,883</u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ORC and the County's Statement of Investment Policy govern the minimum investment rating for each type of eligible investment security. At December 31, 2006, County investments had the following ratings by Standard & Pools and the following percentages of composition of the total portfolio:

Repurchase Agreements	Unrated	13.8%
U.S. Government Agencies	AAA	81.2%
Corporate Notes	AA	3.9%
Foreign Notes	Unrated	.9%
Municipal Obligations	Unrated	<u>.2%</u>
		100.0%

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

Component Unit

At December 31, 2006, 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	\$ 98,021	\$	\$ 98,021
U.S. Government Agencies	162,166		162,166
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (Federal Pools)	3,268		3,268
Collateralized Mortgage Obligations	741		741
Corporates	13,877		13,877
Mutual Funds		19,574	19,574
Common Stock		104	104
Premier Purchasing Partners, L.P.		700	700
Total Investments	<u>\$ 278,073</u>	<u>\$ 20,378</u>	<u>\$ 298,451</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, 2006 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, 2006 totaling \$14.4 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, 2006

NOTE D - Interfund Receivables and Payables

Individual interfund receivable and payable balances as of December 31, 2006 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 32,214	\$ 3,588
Human Services		53,637
Health and Human Services Levies	54,324	
County Board of Mental Retardation		1,233
Health and Community Services		3,565
Other governmental funds		<u>29,510</u>
Total Governmental Funds	<u>86,538</u>	<u>91,533</u>
Proprietary Funds:		
Enterprise Funds:		
Sanitary Engineer		289
Other enterprise funds	<u>4</u>	<u>156</u>
Total Enterprise Funds	4	445
Internal Service Funds:	<u>9,934</u>	<u>4,498</u>
Totals	\$ <u>96,476</u>	\$ <u>96,476</u>

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

Fund Types	(Amounts in 000's)	
	Receivables	Payables
Nonmajor Governmental Funds:		
Other	\$ 6,098	\$
Capital Project	<u>23,017</u>	
Total Nonmajor Governmental Funds	29,115	
Nonmajor Enterprise Funds:		
County Airport	121	
Cuyahoga County Information System		<u>3</u>
Total Nonmajor Enterprise Funds	121	3
Internal Service Funds:		
Maintenance Garage	368	67
Data Processing Center	2,389	108
Printing, Reproduction and Supplies	221	91
Postage		42
Self-Funded Insurance		<u>3,277</u>
Total Internal Service Funds	<u>2,978</u>	<u>3,585</u>
Totals	\$ <u>32,214</u>	\$ <u>3,588</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, 2006.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE E - Capital Assets

A summary of changes in capital assets follows:

	(Amounts in 000's)			
Governmental Activities:	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
Capital assets, not being depreciated:				
Land.....	\$ 52,959	\$ 1,544	\$	\$ 54,503
Construction in progress.....	51,454	27,344	5,769	73,029
Total capital assets, not being depreciated.....	<u>104,413</u>	<u>28,888</u>	<u>5,769</u>	<u>127,532</u>
Capital assets, being depreciated:				
Land improvements.....	13,268	10		13,278
Buildings, structures and improvements.....	565,350	12,786	213	577,923
Furniture, fixtures and equipment.....	50,808	7,925	727	58,006
Vehicles.....	16,339	1,698	1,304	16,733
Infrastructure.....	444,440	987		445,427
Total capital assets, being depreciated.....	<u>1,090,205</u>	<u>23,406</u>	<u>2,244</u>	<u>1,111,367</u>
Less accumulated depreciation for:				
Land improvements.....	2,452	646		3,098
Buildings, structures and improvements.....	253,651	18,960	95	272,516
Furniture, fixtures and equipment.....	38,263	3,552	683	41,132
Vehicles.....	11,996	1,180	1,252	11,924
Infrastructure.....	253,302	12,859		266,161
Total accumulated depreciation.....	<u>559,664</u>	<u>37,197</u>	<u>2,030</u>	<u>594,831</u>
Total capital assets, being depreciated, net.....	<u>530,541</u>	<u>(13,791)</u>	<u>214</u>	<u>516,536</u>
Governmental activities capital assets, net.....	<u>\$ 634,954</u>	<u>\$ 15,097</u>	<u>\$ 5,983</u>	<u>\$ 644,068</u>

	(Amounts in 000's)			
Business-type Activities:	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
Capital assets, not being depreciated:				
Land.....	\$ 7,753	\$	\$	\$ 7,753
Construction in progress.....	1,940	617	1,348	1,209
Total capital assets, not being depreciated.....	<u>9,693</u>	<u>617</u>	<u>1,348</u>	<u>8,962</u>
Capital assets, being depreciated:				
Land improvements.....	10,712			10,712
Utility plant.....	53,633	1,347		54,980
Buildings, structures and improvements.....	19,749	1,488	98	21,139
Furniture, fixtures and equipment.....	2,582	91	50	2,623
Vehicles.....	4,218	892	135	4,975
Total capital assets, being depreciated.....	<u>90,894</u>	<u>3,818</u>	<u>283</u>	<u>94,429</u>
Less accumulated depreciation for:				
Land improvements.....	8,299	269		8,568
Utility plant.....	27,982	1,015		28,997
Buildings, structures and improvements.....	8,745	831	98	9,478
Furniture, fixtures and equipment.....	2,231	78	43	2,266
Vehicles.....	3,265	338	116	3,487
Total accumulated depreciation.....	<u>50,522</u>	<u>2,531</u>	<u>257</u>	<u>52,796</u>
Total capital assets, being depreciated, net.....	<u>40,372</u>	<u>1,287</u>	<u>26</u>	<u>41,633</u>
Business-type activities capital assets, net.....	<u>\$ 50,065</u>	<u>\$ 1,904</u>	<u>\$ 1,374</u>	<u>\$ 50,595</u>

**COUNTY OF CUYAHOGA, OHIO
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Component Unit:	Balance January 1, 2006	(Amounts in 000's)		Balance December 31, 2006
		Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 9,377	\$	\$	\$ 9,377
Construction in progress.....	13,964	22,074	27,273	8,765
Total capital assets, not being depreciated.....	<u>23,341</u>	<u>22,074</u>	<u>27,273</u>	<u>18,142</u>
Capital assets, being depreciated:				
Land improvements.....	7,803		50	7,753
Buildings, structures and improvements.....	468,331	17,590	5,219	480,702
Furniture, fixtures and equipment.....	217,652	14,644	3,633	228,663
Vehicles.....	10,068	261	107	10,222
Total capital assets, being depreciated.....	<u>703,854</u>	<u>32,495</u>	<u>9,009</u>	<u>727,340</u>
Less accumulated depreciation for:				
Land improvements.....	6,894	135	4	7,025
Buildings, structures and improvements.....	278,409	17,434	5,075	290,768
Furniture, fixtures and equipment.....	174,742	11,960	3,519	183,183
Vehicles.....	3,889	1,137	105	4,921
Total accumulated depreciation.....	<u>463,934</u>	<u>30,666</u>	<u>8,703</u>	<u>485,897</u>
Total capital assets, being depreciated, net.....	<u>239,920</u>	<u>1,829</u>	<u>306</u>	<u>241,443</u>
Component unit capital assets, net.....	<u>\$ 263,261</u>	<u>\$ 23,903</u>	<u>\$ 27,579</u>	<u>\$ 259,585</u>

Depreciation expense was charged to functions of the government in 2006 as follows:

Governmental Activities:	(Amounts in 000's)
General government.....	\$ 3,503
Judicial.....	11,803
Development.....	4
Social services.....	6,150
Health and safety.....	218
Public works.....	13,314
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.....	2,205
Total depreciation expenses charged to governmental activities.....	<u>\$ 37,197</u>
Business-type Activities:	
Sanitary Engineer.....	\$ 1,626
County Airport.....	363
County Parking.....	512
Cuyahoga County Information System.....	30
Total depreciation expenses charged to business-type activities.....	<u>\$ 2,531</u>

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

DECEMBER 31, 2006

A summary of construction commitments for governmental activities at December 31, 2006 follows:

Function	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2006	Future Commitments
General government.....	\$ 40,901	\$ 8,192	\$ 32,709
Judicial.....	102,890	32,641	70,249
Social services.....	2,117	965	1,152
Public works.....	71,139	31,231	39,908
Totals.....	<u>\$ 217,047</u>	<u>\$ 73,029</u>	<u>\$ 144,018</u>

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

The County's future commitments grew over \$100 million from 2005 due primarily to appropriating for two major projects, the new county administration building amounting to \$44.3 million and the youth intervention center amounting to \$57.3 million, that are in the early planning stages.

A summary of construction commitment for business-type activities at December 31, 2006 follows:

Business-type Activity	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2006	Future Commitments
Sanitary Engineer.....	\$ 4,898	\$ 532	\$ 4,366
Airport.....	912	677	235
Totals.....	<u>\$ 5,810</u>	<u>\$ 1,209</u>	<u>\$ 4,601</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 \$27.4 million. The projects are being funded with operating funds.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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, 2006 is provided below:

(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Governmental Activities:							
	Compensated Absences.....		\$ 23,862	\$ 43,146	\$ 40,782	\$ 26,226	\$ 2,623
2001	Special Termination Benefits-Due thru 2007.....	7.75%-8.00%	17,889	2,431	17,177	3,143	3,143
Various	Capital Lease Obligations-Due thru 2009.....		23,555	7,342	1,753	29,144	2,141
2003	Installment Purchase Agreement-Due thru 2010, [\$13,742].....	3.72%-3.87%	7,881		1,854	6,027	1,759
Loans Payable:							
1989	Environmental Protection Agency-Due thru 2006, [\$494].....	None	27		27		
1997	Ohio Department of Development Loan						
	- Due thru 2016, [\$5,000].....	None	2,750		250	2,500	250
2005	Ohio Department of Transportation Loan-Due thru 2015, [\$3,733].....	0%-3%	2,975	848		3,823	
2006	Ohio Public Works Commission Loan-Due thru 2027, [\$1,251].....	0%		1,251		1,251	31
	Total Loans Payable.....		5,752	2,099	277	7,574	281
General Obligation Bonds-Unvoted:							
1993	Various Purpose Refunding Bonds-Due thru 2012, [\$75,395].....	2.20%-5.25%	21,540		3,795	17,745	3,985
1993	Rock and Roll Hall of Fame-Due thru 2018, [\$12,000].....	2.75%-5.65%	8,080		440	7,640	465
2000	Capital Improvements-Due thru 2020, [\$96,615].....	4.30%-5.75%	20,560		3,750	16,810	3,910
2004	Capital Improvements-Due thru 2024, [\$84,490].....	2.50%-5.25%	81,915		3,475	78,440	3,565
2005	General Obligation (limited tax) Refunding Bonds-due thru 2020, [\$73,970].....	3.00%-5.00%	73,870		1,000	72,870	1,340
	Total General Obligation Bonds-Unvoted.....		205,965		12,460	193,505	13,265
General Obligation Bonds-Voted:							
1991	Jail II Series - Due thru 2006, [\$5,086].....	6.95%-7.05%	1,697		1,697		
1993	Jail Facilities and Various Purpose Refunding Bonds						
	-Due thru 2013, [\$65,254].....	2.20%-5.25%	17,199		2,510	14,689	6,115
	Total General Obligation Bonds-Voted.....		18,896		4,207	14,689	6,115
	Total Tax Supported Bonds.....		224,861		16,667	208,194	19,380
Revenue Bonds:							
1992	Gateway Economic Development-Due thru 2022, [\$35,000].....	8.625%	35,000			35,000	
1994	Gateway Economic Development-Due thru 2023, [\$45,000].....	4.45%-7.60%	31,445		1,745	29,700	1,870
2000	Shaker Square Redevelopment-Due thru 2030, [\$2,855].....	6.888%	2,815		10	2,805	10
2004	Gateway Arena Project Series 2004A Refunding Bonds						
	-Due thru 2011 [\$10,750].....	1.50%-4.25%	9,335		1,440	7,895	1,475
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%	12,155		739	11,416	755
	Total Revenue Bonds.....		109,950		3,934	106,016	4,110
	Bond premium/discount related to various issues-net.....		11,721		620	11,101	
	Total Bonds Payable.....		346,532		21,221	325,311	23,490
Internal Service Funds:							
	Compensated Absences.....		2,050	2,639	2,419	2,270	227
2001	Special Termination Benefits-Due thru 2007.....	7.75%	2,598		2,276	322	322
Various	Capital Lease Obligations-Due thru 2009.....		475		134	341	142
	Total Internal Service Funds.....		5,123	2,639	4,829	2,933	691
	Total Governmental Activities.....		\$ 430,594	\$ 57,657	\$ 87,893	\$ 400,358	\$ 34,128

(CONTINUED)

**COUNTY OF CUYAHOGA, OHIO
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(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Business-type Activities:							
	Compensated Absences.....		\$ 474	\$ 748	\$ 710	\$ 512	\$ 51
	2001 Special Termination Benefits-Due thru 2007.....	7.75%	526		439	87	87
	Various Loans Payable-Due thru 2026.....	3.25% - 7.00%	4,694	259	363	4,590	376
	Self-Supporting Bonds Payable:						
	2000 Sewer Improvement-Due thru 2020, [\$1,040].....	4.55%-5.55%	865		40	825	40
	2003 Sewer Improvement-Due thru 2012 [\$1,500].....	2.00%-3.55%	1,195		160	1,035	160
	2005 Sewer Improvement-Due thru 2025 [\$4,445].....	2.00%-3.55%	4,445		160	4,285	165
	Total Self-Supporting Bonds Payable.....		6,505		360	6,145	365
	Total Business-type Activities.....		\$ 12,199	\$ 1,007	\$ 1,872	\$ 11,334	\$ 879
Component Unit							
	Compensated absences.....		\$ 26,158	\$ 5,079	\$ 2,564	\$ 28,673	\$ 2,641
	Amounts due third party payors (See Note B).....		43,876		3,414	40,462	5,986
	Claims payable (See Note J).....		46,691	9,104	9,348	46,447	17,702
	Asset Retirement Obligations (See Note B).....		5,711		953	4,758	389
	Various Capital Lease Obligations-Due thru 2009.....	4.958%-4.96%	1,653		763	890	801
	2004 Cuyahoga County Sanitary Engineer Loan -Due thru 2018.....	None	84		24	60	4
	2003 General and Professional Liability Note -Due in 2007.....	5.20%	4,346	4,500	4,346	4,500	4,500
	Various Notes Payable-Due thru 2010.....	3.96%	381		118	263	62
	Bonds:						
	1997 Hospital Improvement and Refunding Revenue Bonds-Due Thru 2027, [\$70,000].....	3.90%-5.80%	42,198	173	4,825	37,546	5,070
	1997 Hospital Refunding Revenue Bonds -Due thru 2019, [\$77,525].....	4.10%-5.50%	68,613	305	275	68,643	290
	2003 Hospital Improvement Revenue Bonds -Due thru 2033, [\$30,545].....	Variable	29,430		600	28,830	625
	2005 Hospital Improvement and Refunding Revenue Bonds -Due thru 2035, [\$74,535].....	Variable	69,448	221	305	69,364	315
	Total Bonds.....		209,689	699	6,005	204,383	6,300
	Total Component Unit (See Note B).....		\$ 338,589	\$ 19,382	\$ 27,535	\$ 330,436	\$ 38,385

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, 2006:

(Amounts in 000's)		
Year	Governmental Activities	Internal Service funds
2007.....	\$ 5,640	\$ 156
2008.....	5,731	130
2009.....	5,760	78
2010.....	5,794	
2011.....	5,667	
2012-2016.....	20,301	
2017-2021.....	983	
2022-2026.....	64	
2027-2029.....	34	
Total Minimum Lease Payments.....	49,974	364
Amount Representing Interest.....	(20,830)	(23)
Present Value of Net Minimum Lease Payments.....	\$ 29,144	\$ 341

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

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The following summarizes future minimum payments and the present values of net minimum lease payments for the Component Unit's equipment and vehicle capital leases and loan obligation at December 31, 2006:

Year	(Amounts in 000's)	
	Lease and Loan Obligation Component Unit	
2007.....	\$	833
2008.....		53
2009.....		53
2010.....		6
2011.....		7
2012-2016.....		34
2017-2018.....		13
Total Minimum Lease Payments.....		<u>999</u>
Amount Representing Interest.....		<u>(49)</u>
Present Value of Net Minimum Lease Payments.....	\$	<u><u>950</u></u>

As of December 31, 2006, the net book value of capital leases which include land, buildings, structures and improvements and furniture, fixtures and equipment was \$7.6 million, \$43.9 million and \$.5 million respectively. Component Unit's capital lease net book value which includes furniture, fixtures and equipment and vehicles was \$2.2 million and \$3.7 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, 2006 are as follows:

Due In	(Amounts in 000's)			
	Governmental Activities			
	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
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.....	12,848	12,258	5,090	5,744
2012-2016.....	60,179	36,455	29,860	23,995
2017-2021.....	54,060	11,106	36,686	12,629
2022-2026.....	14,860	1,367	16,065	1,434
2027-2030.....			520	82
Totals.....	\$ <u>208,194</u>	\$ <u>112,023</u>	\$ <u>106,016</u>	\$ <u>69,436</u>

Due In	(Amounts in 000's)			
	Installment Purchase Agreement		Loans Payable	
	Principal	Interest	Principal	Interest
2007.....	\$ 1,759	\$ 199	\$ 281	\$
2008.....	1,999	154	742	111
2009.....	2,080	73	755	99
2010.....	189	5	769	85
2011.....			782	71
2012-2016.....			3,588	139
2017-2021.....			313	
2022-2026.....			313	
2027.....			31	
Totals.....	\$ <u>6,027</u>	\$ <u>431</u>	\$ <u>7,574</u>	\$ <u>505</u>

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Due In	(Amounts in 000's)	
	Total Governmental Activities	
	Principal	Interest
2007.....	\$ 25,530	\$ 17,040
2008.....	22,385	20,938
2009.....	23,252	20,052
2010.....	21,449	19,085
2011.....	18,720	18,073
2012-2016.....	93,627	60,589
2017-2021.....	91,059	23,735
2022-2026.....	31,238	2,801
2027-2030.....	551	82
Totals.....	<u>\$ 327,811</u>	<u>\$ 182,395</u>

Due In	(Amounts in 000's)			
	Business-type Activities			
	Various Loans Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2007.....	\$ 376	\$ 143	\$ 365	\$ 239
2008.....	387	132	380	229
2009.....	398	121	385	216
2010.....	409	110	405	203
2011.....	421	98	415	189
2012-2016.....	1,875	293	1,500	741
2017-2021.....	579	56	1,525	428
2022-2026.....	145	12	1,170	119
Totals.....	<u>\$ 4,590</u>	<u>\$ 965</u>	<u>\$ 6,145</u>	<u>\$ 2,364</u>

Due In	(Amounts in 000's)	
	Total Business-type Activities	
	Principal	Interest
2007.....	\$ 741	\$ 382
2008.....	767	361
2009.....	783	337
2010.....	814	313
2011.....	836	287
2012-2016.....	3,375	1,034
2017-2021.....	2,104	484
2022-2026.....	1,315	131
Totals.....	<u>\$ 10,735</u>	<u>\$ 3,329</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). In March 2006, the County Commissioners authorized by resolution a second loan in the amount of \$8.25 million from ODOT. The money is provided through the state infrastructure bank fund, which are federal funds, to be used for road and bridge improvements. Both loans carry a 0% interest rate for the first 12 months and a 3% rate thereafter, for 10 years. In August 2005, the County Commissioners by resolution accepted a grant/loan from the Ohio Public Works Commission (Issue I) in the amount of \$2.5 million split evenly between a grant and a loan. This loan carries a 0% percent interest rate for 20 years. The County pledged its motor vehicle license tax as the source of repayment for all loans. State Issue II and ODOT monies were used first

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

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for these projects and when funding was exhausted the loans were exercised. During 2006, the county received approximately \$2.1 million and has recorded a liability in the Government-wide statements.

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. For the year ended December 31, 2006, the Hospital did not have an outstanding balance on the line of credit.

At December 31, 2006, 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
2007.....	\$ 6,300	\$ 9,884
2008.....	6,600	9,602
2009.....	6,920	9,264
2010.....	7,280	8,899
2011.....	7,650	8,512
2012-2016.....	44,605	36,078
2017-2021.....	47,465	23,737
2022-2026.....	43,355	13,862
2027-2031.....	32,860	4,887
2032-2035.....	13,890	815
Total.....	<u>216,925</u>	<u>\$ 125,540</u>
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....	(11,203)	
Unamortized discount.....	(1,339)	
Present value of net minimum payments.....	<u>\$ 204,383</u>	

Due In	(Amounts in 000's)	
	Foundation Notes Payable Component Unit	
	Principal	Interest
2007.....	\$ 62	\$ 10
2008.....	64	7
2009.....	67	4
2010.....	70	2
Totals.....	<u>\$ 263</u>	<u>\$ 23</u>

Component Unit Swap Agreements: The Component Unit entered into various interest rate swap agreements with a total outstanding notional amount of \$103.1 million. The Hospital's objectives of its derivative instruments include managing the risk of increased debt service resulting from rising market interest rates, the risk of decreased surplus returns resulting from falling interest rates and the management of the risk of an increase in the fair value of the outstanding fixed rate obligations resulting from declining market interest rates. The fair value of the swap agreements based on current settlement prices at December 31, 2006 was \$2.7 million. The amount is due from the counterparties and is included in other assets. In 2006, the fair value increase of \$.3 million was recorded as investment earnings. As a result of the agreements, the Hospital incurred a reduction of interest expense of \$.1 million for 2006.

On July 28, 2005, the Hospital entered into a swap agreement with an amortizing notional amount of \$74.5 million. The notional amount is based on the Series 2005 Bond principal repayment schedule that ends in 2035. Per the agreement, the Hospital pays a fixed rate of 3.3% and the counterparty pays 64.2% of the International Swap Dealers Association (ISDA) USD five year swap rate. The 2006 ISDA rates ranged between 4.8% and 5.8%. The net amount is exchanged monthly between the two parties. The Hospital has an early termination option.

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

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

Under the Uniform Bond Act of the Ohio Revised Code, the County has the capacity to issue approximately \$152.7 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 \$28.5 million liability recorded in the statement of net assets (Governmental Activities) at December 31, 2006 was based were as follows:

Governmental Activities	Hours	(Amounts in 000's)
Sick.....	29,600	\$ 616
Vacation.....	1,228,018	25,557
Overtime.....	111,634	2,323
Total.....	<u>1,369,252</u>	<u>\$ 28,496</u>

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, 2006 was based were as follows:

Business-type Activities	Hours	(Amounts in 000's)
Sick.....	607	\$ 13
Vacation.....	21,600	471
Overtime.....	1,252	28
Total.....	<u>23,459</u>	<u>\$ 512</u>

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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, 2006, 77 employees agreed to participate at an estimated cost of \$3.8 million and an outstanding liability of \$.9 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, 2006:

Year	(Amounts in 000's)	
	Governmental Activities	Business-type Activities
2007.....	\$ 3,590	\$ 89
Amount Representing Interest.....	(125)	(2)
Net Amount.....	<u>\$ 3,465</u>	<u>\$ 87</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, 2006 was \$17.8 million. The remaining proceeds from the issuance were used to fund various capital projects.

The County issued \$74 million of General Obligation (limited tax) Refunding Bonds dated April 21, 2005 to advance refund a portion of the County's \$35.1 million General Obligation (limited tax) Various Purpose Improvement Bonds, Series 1995, and advance refund a portion of the County's \$96.6 million General Obligation (limited tax) Capital Improvement Bonds, Series 2000. The proceeds of the Series 2005 Refunding Bonds were used to advance refund \$13.3 million of the Series 1995 bonds that were callable in November 2005 and \$60.1 million of the Series 2000 bonds that are callable in December 2010. The non-callable portion of the refunded bonds, which total \$26.8 million, remained outstanding at the time the Series 2005 Refunding Bonds were issued. The County advance refunded the bonds to reduce its total debt service payments by \$3.3 million and to obtain an economic gain (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, 2006 was \$60.1 million.

Advance Refunding of Component Unit Bonds: Effective February 1, 1997, the County issued \$70 million of Hospital Improvement and Refunding Revenue Bonds Series 1997. The proceeds of the Series 1997 Bonds were used to advance refund \$20.9 million of Series 1989 Bonds; to finance the construction of various improvements and additions to the MetroHealth Medical Center; and to pay costs of issuance of the Series 1997 Bonds.

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

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scheduled to mature on February 15, 2019. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9.8 million. This unamortized difference (\$6.3 million at December 31, 2006) is reported in the accompanying financial statements as a deduction from long-term debt and is included as additional interest expense through the year 2019 using the 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 were used to finance the construction of a 150-bed long-term care facility and acquire, construct, renovate, equip and improve operating rooms and other hospital facilities. On July 28, 2005, a portion of the proceeds from the 2005 Series Bond issue was placed in escrow to advance refund the outstanding Series 1999 Bonds.

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, 2006 was 3.9%.

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, 2006 was 3.9%.

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 (\$4.9 million at December 31, 2006), 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.

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 2006, the County had approximately 61 operating leases for office space. At December 31, 2006, there were 45 remaining with future obligations. The operating lease agreements range in length from one month to eight years. Total rental payments for 2006 amounted to \$4.7 million, of which \$.8 million was expended from proprietary funds. Rental obligations for the years 2007 through 2011 are \$10.2 million of which \$1.3 million represents the amount to be paid from proprietary funds. Rental payments for the years 2007,

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2008, 2009, 2010 and 2011, 2012-2013 will be \$3.6 million, \$2.9 million, \$2 million \$1.1 million, \$.6 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. Contract terms range between one and fifteen years and certain leases contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Rent expense totaled \$2.1 million in 2006. Rental payments for the years 2007, 2008, 2009, 2010, 2011, 2012-2016 and 2017-2020 will be \$1.5 million, \$1.6 million, \$1.5 million, \$1.4 million, \$1 million; \$2.9 million and \$1.3 million, respectively.

Gateway Loan Guarantees: The County currently guarantees the repayment of \$22.4 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, 2006, the outstanding balance on this Gateway bond guarantee, including future interest payments, was \$27.2 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.

Solid Waste District Loan Guarantees: The Cuyahoga County Solid Waste District currently guarantees the repayment of a 20-year 5.6% economic development loan of \$3.4 million from the Ohio Water Development Authority to a third-party payer. As of December 31, 2006, the outstanding principal balance on this economic development loan was \$3.3 million (payable through January 1, 2026). The Solid Waste District has not had to make any payments on behalf of the third-party payer.

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

As of December 31, 2006, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were approximately \$262.6 million, \$2.3 billion and \$244.5 million, respectively.

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

Primary Government

OPERS PLAN DESCRIPTION: All full-time employees of the County, except teachers employed by the County Board of 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 ORC assigns the authority to establish and amend benefits to the OPERS Board of Trustees. OPERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601, or (800) 222-7377.

OPERS FUNDING POLICY: The ORC provides statutory authority for employee and employer contributions. Employees are required to contribute 9% 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

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enforcement program who were placed in a newly named public safety division and are required to contribute 9%. The employer contribution rate was 13.70% of covered payroll, except for law enforcement which was 16.93%. Beginning in January 2006, the employer and employee rates increased and will continue to do so through 2008 for covered payroll except law enforcement. Law enforcement employer rates will continue to increase through 2011. The employer rate will increase in 2007 and 2008 to 13.85% and 14%, respectively. The employee rate will increase in 2007 and 2008 to 9.5% and 10%, respectively. The law enforcement employer rates will increase in 2007, 2008, 2009, 2010 and 2011 to 17.17%, 17.40%, 17.63%, 17.87% and 18.10%, respectively. The total employer contributions from the County to OPERS (excluding amounts paid in 2006, 2005 and 2004 for ERIP – See Note F) for the years 2006, 2005, and 2004 were \$54.7 million, \$50.9 million, and \$49 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 ORC provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The portion of the employer contribution rate used to fund postretirement health care for 2006 and 2005 was 4.5% and 4%, respectively, of covered payroll. During 2006 and 2005, \$17.9 million and \$14.9 million, respectively, of the County's total contribution to OPERS was used for postretirement benefits. At December 31, 2006, 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, 2005 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, annually, not to exceed a 12% corridor.

Investment Return: The investment return assumption for 2005 was 6.5%.

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

Health Care: Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 is effective January 1, 2007. In addition to the HCPP, OPERS took additional actions to improve the solvency of the Health Care Fund 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 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

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At December 31, 2006, there were 369,214 active participants contributing to the Traditional Pension and Combined Plans. (358,804 active participants at the actuarial valuation date of December 31, 2005.) The County's actuarially required OPEB contribution for 2005 equaled the actual amount contributed to OPERS by the County. In addition, at December 31, 2005, the actuarial value of the plan's net assets available for OPEB approximated \$11.1 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were \$31.3 billion and \$20.2 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 ORC assigns the authority to establish and amend benefits to the STRS Ohio Board of Trustees. STRS Ohio issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (880) 227-7877.

STRS OHIO FUNDING POLICY: The ORC provides statutory authority for employee and employer contributions. Employees are required to contribute 10% of covered payroll. The employer contribution rate is 14% of annual covered payroll. The employer contributions from the County Board of Mental Retardation to STRS Ohio for the years 2006, 2005 and 2004 were \$ 1.7 million, \$1.8 million, and \$1.8 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 2006 and 2005 were \$.1 million and \$.1 million, respectively, equal to the required contributions for each year.

The balance in the Health Care Stabilization Fund was \$3.5 billion on June 30, 2006 (latest information available). For the year ended June 30, 2006, the net health care costs paid by STRS Ohio were \$282.7 million and there were 119,184 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 2006, 2005 and 2004 were \$42.9 million, \$40 million and \$38 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 2006 and 2005 was \$14.1 million and \$11.8 million, respectively.

NOTE H - Deficit Balances

At December 31, 2006, the Capital Projects fund had a net asset deficit of \$24.4 million. The deficit in Capital Projects fund will be eliminated by a future debt issue.

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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, 2006, the balance in this account was \$28.4 million of which \$23.9 million represents the fund equity related to the certificates of deposit and \$4.5 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, 2006, \$28.1 million has been reserved for loan repayments.

Reserved for Debt Service: This account is used to separate the portion of fund equity that must be used to fund principal and interest on Gateway Economic Development Revenue Bonds in the succeeding year as well as the equity balance in the Debt Service fund. At December 31, 2006, \$16.8 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, 2006, \$.8 million has been designated for self-insurance.

NOTE J - Risk Management and Other Contingencies

Primary Government

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

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

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Self-Insurance: The County has designated \$.8 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 2006 and estimates for unsettled claims at December 31, 2006, 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 2006. Since 1992, the County has maintained an Internal Service fund for its self-insured workers' compensation benefits administered through a retrospective rating plan with the State of Ohio. Prior to 1992, the County was fully insured for workers' compensation benefits. The County uses a payroll-based rate to charge its various funds for workers' compensation benefits. These charges are contributed into the Self-Funded Insurance fund and are based on estimates needed to pay current claims and establish a reserve for claims incurred but not reported. Changes to the estimated claims payable recorded in the Self-Funded Insurance fund during the years ended December 31, 2006 and 2005 were:

	(Amounts in 000's)	
Estimated Claims Payable – Workers Compensation	2006	2005
Estimated claims payable beginning of year.....	\$ 17,716	\$ 17,263
Plus: Current year claims and changes in estimates	2,538	2,881
Less: Claim payments	<u>2,578</u>	<u>2,428</u>
Estimated claims payable end of year	<u>\$ 17,676</u>	<u>\$ 17,716</u>

The County is also self-insured with respect to two of its medical plans and its prescription drug plan. Changes to the estimated claims payable recorded in the Self-Funded Insurance fund during the year ended December 31, 2006 and 2005 were:

	(Amounts in 000's)	
Estimated Claims Payable – Health Insurance	2006	2005
Estimated claims payable beginning of year.....	\$ 2,038	\$ 11,009
Plus: Current year claims and changes in estimates	50,453	8,971
Less: Claim payments	<u>51,098</u>	<u>8,971</u>
Estimated claims payable end of year	<u>\$ 1,393</u>	<u>\$ 2,038</u>

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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, 2006 and 2005:

(Amounts in 000's)		
Estimated Claims Payable	2006	2005
Estimated claims payable beginning of year.....	\$ 46,691	\$ 45,774
Plus: Current year claims and changes in estimates	9,104	12,593
Less: Claim payments	<u>9,348</u>	<u>11,676</u>
Estimated claims payable end of year	\$ <u>46,447</u>	\$ <u>46,691</u>
Due within one year	\$ <u>17,702</u>	\$ <u>21,989</u>

NOTE K - Encumbrances

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

At December 31, 2006, encumbrances outstanding in Governmental funds and Proprietary funds, which were reappropriated in the 2007 budget, were:

Fund Type	(Amounts in 000's)
General fund	\$ 21,446
Human Services fund	52,512
County Board of Mental Retardation fund	6,176
Health and Community Services fund	28,368
Other Governmental funds	101,286
Sanitary Engineer fund	2,138
Other Enterprise funds	763
Internal Service funds	<u>18,967</u>
Total	\$ <u>231,656</u>

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

On a GAAP basis, a portion of these encumbrances represented liabilities of the County. At December 31, 2006, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)
General fund.....	\$ 6,722
Human Services fund	7,878
County Board of Mental Retardation fund	2,431
Health and Community Services fund	10,732
Other Governmental funds	9,986
Sanitary Engineer fund	93
Other Enterprise funds	94
Internal Service funds.....	<u>4,524</u>
Total	<u>\$ 42,460</u>

NOTE L - Property Tax Revenues

Property taxes include amounts levied against real, tangible (used in business) and public utility property. The assessed value upon which the 2006 tax collection was based follows:

Property Type	(Amounts in 000's)
Real property	\$ 27,398,348
Personal tangible property.....	2,390,326
Tangible public utility property	<u>857,331</u>
Total assessed value	<u>\$ 30,646,005</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 .71 is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 12.07 voted mills have been levied for debt service, mental retardation, health and human services and health and welfare. A summary of voted millage follows:

Purpose	Voter Authorized Rate ⁽¹⁾	Rates Levied for Current Year Collection ⁽²⁾		Final Collection Year
		Agricultural/ Residential	Commercial/ Industrial	
Debt service	\$.27	\$.27	\$.27	2013
Mental retardation	3.90	3.90	3.90	Continuing
Health and human services ⁽³⁾	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) In November 2006 a replacement and decreased levy was passed to begin collection in 2007.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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 2006. 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 18.75% of true 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.

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 2006:

Governmental Funds	(Amounts in 000's)
General.....	\$ 19,723
Health and Human Services Levies.....	174,031
County Board of Mental Retardation	103,867
Health and Community Services	14,032
Other Governmental	<u>26,130</u>
Total property tax revenues.....	\$ <u>337,783</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2006 for Cuyahoga County was \$37.7 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) on gross revenues of businesses 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, 2006

NOTE M – Other Intergovernmental Revenue

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2006 follows:

Fund Type	(Amounts in 000's)
General fund:	
State Public Defender reimbursement	\$ 5,012
State property tax reimbursement.....	2,744
Other.....	<u>1,773</u>
Total General fund.....	<u>9,529</u>
Special Revenue funds:	
U.S. Department of Housing and Urban Development	13,809
U.S. Department of Justice	4,403
U.S. Department of Labor	960
U.S. Department of Education	1,169
U.S. Department of Homeland Security.....	15,425
U.S. Department of Health and Human Services.....	12,166
Federal and State Mental Health and Retardation.....	159,478
Ohio Department of Alcohol and Drug Addiction Services	27,008
Ohio Department of Job and Family Services.....	375,454
Ohio Department of Rehabilitation and Corrections.....	3,887
Ohio Department of Transportation	1,661
Ohio Department of Youth Services	4,861
State property tax reimbursement.....	22,970
Other.....	<u>11,523</u>
Total Special Revenue funds.....	<u>654,774</u>
Debt Service fund:	
State property tax reimbursement.....	<u>3,856</u>
Capital Projects fund:	
Ohio Department of Transportation	19,793
Other	<u>7,926</u>
Total Capital Projects fund	<u>27,719</u>
Total Other Intergovernmental.....	\$ <u>695,878</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, 2006

A summary of interfund transfers by fund type follows for the year ended December 31, 2006:

Fund Type Transfer From	(Amounts in 000's) Transfer To							Total
	General	Human Services	County Board of Mental Retardation	Health and Community Services	Other Governmental	Other Enterprise	Internal Service	
Transfers:								
Major Governmental Funds:								
General	\$	\$	\$	\$ 3,565	\$ 13,896	\$ 2,539	\$ 84	\$ 20,084
Human Services			10		372			382
Health and Human Services Levies		45,620		106,947				152,567
County Board of Mental Retardation				980				980
Health and Community Services	325	4,246			510			5,081
Other Governmental Funds	37		24	3,630	9,234	5		12,930
Sanitary Engineer Fund	250							250
Other Enterprise Funds					578			578
Internal Services Funds					2,039			2,039
Total Transfers	\$ 612	\$ 49,866	\$ 34	\$ 115,122	\$ 26,629	\$ 2,544	\$ 84	\$ 194,891

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, 2006, the County has \$91.8 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 \$198.3 million at December 31, 2006, including unpaid accrued interest. During 2006, Gateway repaid the County over \$4 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, 2006.

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

During 2004, Gateway completed negotiations on its stadium leases with the owners of the Cleveland Indians and the Cleveland Cavaliers. The new agreements free the organization from covering minor repairs and routine maintenance. Gateway's \$4.9 million in annual expenses will be divided by the teams. Gateway agreed to

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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.

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, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education:</i>			
Food Donation	10.550	N/A	\$ <u>3,539</u>
Total			<u>3,539</u>
National School Lunch Program	10.555	IRN66563	121,558
National School Lunch Program	10.555	IRN66563	126,797
National School Lunch Program	10.555	IRN66597	<u>216,481</u>
Total Child Nutrition Cluster			<u>464,836</u>
Total U.S. Department of Agriculture			<u>468,375</u>
U.S. DEPARTMENT OF EDUCATION/OFFICE OF EDUCATION, RESEARCH AND IMPROVEMENT			
<i>Direct Program:</i>			
2005/2006 Improvement of Education Program	84.215	U215K050398	<u>93,390</u>
Total			<u>93,390</u>
<i>Passed Through the Ohio Department of Education:</i>			
CCBMR Title VI-B School Age Grant	84.027	066563-6BSF-2006	339,072
CCBMR Title VI-B School Age Grant	84.027	066563-6BSF-2007	<u>262,060</u>
Total			<u>601,132</u>
CCBMR Title VI-B Preschool Grant	84.173	066563-PG-S1-2005	319
CCBMR Title VI-B Preschool Grant	84.173	066563-PG-S1-2006	85,098
CCBMR Title VI-B Preschool Grant	84.173	066563-PG-S1-2007	<u>54,442</u>
Total			<u>139,859</u>
Total Special Education Cluster			<u>740,991</u>
CCBMR Title V Innovative Education	84.298	066563-C2-S1-2006	<u>1,184</u>
Total			<u>1,184</u>
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES			
<i>Passed Through the Ohio Department of Health:</i>			
Help Me Grow	84.181	18-1-002-1-EG-06	<u>1,678,286</u>
Total			<u>1,678,286</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY EDUCATION <i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i> Drug Free Schools	84.186	None	\$ 494,100
Total			<u>494,100</u>
Total U.S. Department of Education			<u>3,007,951</u>
U.S. DEPARTMENT OF ENERGY			
<i>Passed Through the Ohio Department of Development:</i>			
Home Weatherization Assistance Program	81.042	H-05-109	93,842
Home Weatherization Assistance Program	81.042	H-05-109	<u>191,755</u>
Total U.S. Department of Energy			<u>285,597</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct Programs:</i>			
EPA Brownfield's Fund	66.817	EPA-500-F-03-078	<u>566,514</u>
Total			<u>566,514</u>
CPC Brownfield Fund	66.818	BP-98574401-0	685
Brownfield RFL Co-Op Agreement	66.818	623945391	<u>107,959</u>
Total			<u>108,644</u>
Total U.S. Environmental Protection Agency			<u>675,158</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Programs:</i>			
Healthy Marriage Demonstration	93.086	90FE00520-01	<u>5,828</u>
Total			<u>5,828</u>
Project Tapestry	93.104	1-U79-SM56055-01	<u>2,044,074</u>
Total			<u>2,044,074</u>
Adult Drug Court	93.243	1 H79 TI14109-01	262,972
Dually Diagnosed Homeless Women	93.243	1 H79 TI16543-01	461,492

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Girls Empowered	93.243	4 H79 TI13505-03-2	\$ 48,360
Fed Family Drug Court — SAMHSA	93.243	TI 17560-01	162,186
System of Care for Older Adults	93.243	1H-79-SM-5784-01	<u>207,992</u>
Total			<u>1,143,002</u>
US HHS HAVA Grant	93.617	N/A	<u>37,359</u>
Total			<u>37,359</u>
Ryan White HIV/Aids Grantee/Admin	93.914	5H89HA00045-07	13,853
Ryan White Title 1 HIV/AIDS Emergency Service	93.914	H89HA00045-04	5,281
HIV Emergency Relief P.C. Support 03/04	93.914	5H89HA00045-08	(2,587)
HIV Emergency Relief P.C. Support 04/05	93.914	2H89HA00045-09	840,278
HIV Emergency Relief P.C. Support 05/06	93.914	2H89HA00045-10	1,007,961
HIV Emergency Relief P.C. Support 06/07	93.914	2H89HA00045-11	<u>2,194,896</u>
Total			<u>4,059,682</u>
HIV Emergency/Planning Support Council	93.917	18-1-002-1-BV-04	3,798
HIV Emergency/Planning Support Council	93.917	18-1-002-1-BV-05	12,169
HIV Emergency Planning and Evaluations	93.917	18-1-002-1-BV-06	<u>16,302</u>
Total			<u>32,269</u>
Comprehensive Care Juv Justice 2003	93.230	6-U79-TI-13322-01-1	1,099,615
Public Defender SCY Grant	93.230	5-U79-TI-13322-02	(1,112)
Public Defender SCY Grant	93.230	5-U79-TI-13322-02	22,009
Public Defender SCY Grant	93.230	6-U79-TI-13322-02	<u>109,796</u>
Total			<u>1,230,308</u>
Early Learning Opportunities Act	93.577	90LO0111	<u>645,805</u>
Total			<u>645,805</u>
<i>Passed Through Ohio Department of Mental Health Services:</i>			
Title XX	93.667	MH12	1,133,411
Medicaid Assistance Program — Title XIX	93.778		41,950,861
Health Block Grant	93.958	N/A	748,073
FAST 05	93.556	N/A	<u>462,210</u>
Total			<u>44,294,555</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

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>3,990</u>
Total			<u>3,990</u>
Home Energy Assistance Program	93.568	H-04-109	626
Home Energy Assistance Program	93.568	H-03-109	674
HWAP Administration 2005	93.568	H-05-109	322,255
HWAP — HHS Administration	93.568	H-05-109	<u>626,121</u>
Total			<u>949,676</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Title IV-E Administration Juevenile Court	93.658	75-5-1545	<u>1,263,618</u>
Total			<u>1,263,618</u>
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
CAFS-SCHIP	93.767	N/A	9
TCM-SCHIP	93.767	N/A	<u>17,441</u>
Total			<u>17,450</u>
Medicaid Assistance Program — Title XIX — CAFS	93.778		5,672
Medicaid Assistance Program — Title XIX — ICF/MR	93.778		3,323,307
Medicaid Assistance Program — Title XIX — TCM	93.778		2,279,113
Medicaid Assistance Program — Day Rehabilitation	93.778		13,609,829
Medicaid Assistance Program — Waiver Administration	93.778	N/A	<u>1,294,810</u>
Total			<u>20,512,731</u>
Social Service Block Grant — Title XX	93.667	MR-18-01	<u>1,064,164</u>
Total			<u>1,064,164</u>
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Ohio Second Chance	93.230	5-UDI-TI13577-01	17
Ohio Second Chance	93.230	5-UDI-TI13577-03	311
Ohio Second Chance	93.230	5-UDI-TI13577-04	880,248
Ohio Second Chance	93.230	5-UDI-TI13577-05	<u>17,256</u>
Total			<u>897,832</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Health Block Grant	93.959	N/A	\$ 6,358,357
UMADOP	93.959	N/A	483,188
Women's 15%	93.959	N/A	1,552,106
Yment	93.959	N/A	76,996
TASC	93.959	N/A	100,000
Community Prevention	93.959	N/A	135,000
Project Safe	93.959	N/A	114,250
Drug Free Community Coalition	93.959	N/A	100,928
TASC FY O5	93.959	18-02962-TASC-T-05-9196	5,994
TASC FY O6	93.959	18-02962-TASC-T-06-9196	263,399
TASC FY O7	93.959	18-02962-TASC-T-07-9196	603,981
Total			<u>9,794,199</u>
Medicaid Assistance Program — Title XIX	93.778		<u>6,225,769</u>
Total Medicaid Cluster			<u>68,689,361</u>
Total U.S. Department of Health and Human Services			<u>94,222,311</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through the Ohio Department of Public Safety:</i>			
Emergency Management	97.042	34-6000.817	<u>153,744</u>
Total			<u>153,744</u>
<i>Passed Through the Ohio Department of Emergency Management Assistance:</i>			
FY03 Homeland Security Grant I	97.004	2003-TE-TX-0199	4,987
FY03 Homeland Security Grant II	97.004	2003-MUP-30015	(4,987)
State Homeland Ssecurity Prg 04	97.004	2004-GE-T4-0025	3,826,076
State Homeland Security Usar Equip 04	97.004	2004-GE-T4-0025	11,687
State Homeland Security Usar Equip 05	97.004	2005-GE-T4-0025	64,660
Digital Orthophoto/Location Based Response	97.004	2004-GE-T4-0025	248,667
Total Homeland Security Cluster			<u>4,151,090</u>
Urban Area Security Initiative (URSI)	97.008	2004-EU-T3-0012	6,796,045
Urban Area Security Initiative (URSI)	97.008	2005-GE-T5-001	766,898
Urban Area Security -GIS 04	97.008	2004-TU-T4-0015	244,318
Digital Aerial Photography Grant	97.008	2004-TU-T4-0015	340,000
Total			<u>8,147,261</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Citizens Corps Council Grant Prog	97.053	2005-GC-T4-0025	\$ 18,268
Total			<u>18,268</u>
Community Emergency Response Team Grant	97.073	2005-GE-T5-0001	2,006,712
Homeland Security Ops Center 05	97.073	2005-GE-T5-0001	36,775
Geographical Information System	97.073	2004-TU-T4-0015	716,000
Total			<u>2,759,487</u>
<i>Passed Through the Ohio Department of Mental Health:</i>			
Crisis Counseling	97.032	12-IBHS-06-01	<u>56,229</u>
Total			<u>56,229</u>
Total U.S. Department of Homeland Security			<u>15,286,079</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Programs:</i>			
CDBG Contract Year 2002	14.218	B-01-UC-39-0001	56,685
CDBG-2003	14.218	B-03-UC-39-0001	168,303
CDBG Operations 2004	14.218	B-02-DC-39-0001	513,185
CDBG YR 31 2005	14.218	B-05-UC-39-0001	1,050,951
CDBG Rehab Operations FY 06	14.218	B-06-UC-39-0001	<u>2,262,065</u>
Total CDBG — Entitlement and Small Cities Cluster			<u>4,051,189</u>
Emergency Shelter	14.231	S-01-UC-39-0001	11
Emergency Shelter Grant 2004	14.231	M-02-DC-39-0216	4,185
Emergency Shelter Grant 2005	14.231	S-05-UC-39-0001	<u>106,199</u>
Total			<u>110,395</u>
Supportive Housing Program 2003 — SA Domestic Violence	14.235	OH16B30-2011	65,195
Supporting Housing Program 2004 — SA Pass Supportive	14.235	OH16B4-2020	255,685
Supporting Housing Program 2004 — SA Pass Transitional	14.235	OH16B4-2019	527,441
Supporting Housing Program 2004 — SA Zelma George	14.235	OH16B04-2027	170,180
Supporting Housing Program 2005 — SA Zelma George	14.235	OH16B05-2033	146,786
Supporting Housing Program 2005 — Hep	14.235	OH16B50-2008	<u>91,198</u>
Total			<u>1,256,485</u>
Shelter Plus Care 2004 Renewal —TRA	14.238	OH-16C4-2033	1,641,798
Shelter Plus Care 2000 Eden	14.238	OH16B00-2002	226,055

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Tenant-Based Rental Asst Special Program	14.238	OH16C10-2002	\$ 512,169
Sponsor-Based Assistance For The Special Program	14.238	OH16C10-2002	57,401
Shelter Plus Care 2002 — TRA	14.238	OH16C20-2001	434,970
Shelter Plus Care 2003 — SRA	14.238	OH16C30-2004	445,614
Shelter Plus Care 2005 Renewal — TRA	14.238	OH16C50-2034	<u>4,605,356</u>
Total			<u>7,923,363</u>
CDBG — Home FY95	14.239	M-95-CD-39-0216	34,724
Economic Development Initiative	14.239	M-95-CD-39-0217	115,000
Home 1996	14.239	M-96-DC-39-0216	26,952
Home 1997	14.239	M-97-DC-39-0216	1,000
Home 1998	14.239	M-98-DC-39-0216	75,766
Home 1999	14.239	M-99-DC-39-0216	56,271
Home 2000	14.239	M-00-DC-39-0216	166,494
Home 2002	14.239	M-02-DC-39-0216	408,808
Home 2003	14.239	M-03-DC-39-0216	403,529
Home Admin Operations 2004	14.239	M-02-DC-39-0216	1,508,251
American Dream 2003	14.239	M-02-DC-39-0217	11,640
American Dream 2004	14.239	M-02-DC-39-0218	154,570
Home 2005	14.239	M-05-DC-39-0216	836,190
Home ADM Operations 2006	14.239	M-03-DC-39-0216	<u>1,338,569</u>
Total			<u>5,137,764</u>
Hud Section 108	14.246	B-94-UC-39-0001	5,561,811
Brownfield Economic Development Initiative Grant	14.246	B-04-BD-39-0020	<u>185,914</u>
Total			<u>5,747,725</u>
Economic Development Initiative	14.251	E-95-ED-39-0123	<u>115,000</u>
Total			<u>115,000</u>
Lead Primary Prevention — Early Childhood	14.900	6239455391	52,564
Lead Hazard Control Grant	14.900	OHLHB0190-04	<u>710,538</u>
Total			<u>763,102</u>
Healthy Homes Initiative	14.901	623945391	<u>40,190</u>
Total			<u>40,190</u>
Total U.S. Department of Housing and Urban Development			<u>25,145,213</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF JUSTICE			
OFFICE OF JUSTICE PROGRAMS —			
<i>Direct Program:</i>			
Juvenile Drug Court Enhancement — OJJDP	16.585	2005-DC-BX-0060	\$ 20,941
Total			<u>20,941</u>
OFFICE OF JUSTICE PROGRAMS — VIOLENCE AGAINST WOMEN			
<i>Direct Programs:</i>			
Safe Havens: SVSE 2006	16.527	2006-CW-AX-0001	23,436
Stop Abuse and Sexual Assault	16.528	2005-EW-AX-K-009	<u>207,572</u>
Total			<u>231,008</u>
OFFICE OF JUSTICE PROGRAMS NATIONAL INSTITUTE OF JUSTICE			
<i>Direct Programs:</i>			
DNA Capacity Enhancement Program	16.741	2005-DA-BX-K040	96,620
DNA Backlog Reduction Program	16.743	2005-DA-BX-K076	<u>131,988</u>
Total			<u>228,608</u>
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION — JUVENILE JUSTICE AND DELINQUENCY PREVENTION — ALLOCATION TO THE STATES			
<i>Passed Through the Office of Criminal Justice Services:</i>			
Intensive Aftercare Support Program 2006	16.523	05-JB-RPU-0700	5
2005 JAIBG Administration II	16.523	2003-JB-RPU-0324	1,078
2003 JAIBG Block Grant	16.523	2002-JB-RPU-0700	170
2004 JAIBG Block Grant	16.523	2003-JB-ADM-0324	13,564
2005 JAIBG Block Grant	16.523	2004-JB-RPU-0700	22,965
2006 JAIBG Block Grant	16.523	2005-JB-RPU-0700	132,367
Public Defender Juv Drug Court	16.523	03-JB-08-A120	6,552
YDC Wellness Center	16.523	2005-JB-RPU-0700	33,321
YDC Pre-Release Vocational Program	16.523	2005-JB-RPU-0700	<u>19,859</u>
Total			<u>229,881</u>
JUV Justice and Delinquency Title II	16.540	2002-JJ-RPU-0795	776
JJDP Block Grant FY2003	16.540	2003-JJ-RPU-0795	25,000
JJDP Block Grant FY2004	16.540	2004-JJ-RPU-0795	75,532
JJDP Block Grant FY2005	16.540	2005-JJ-RPU-0795	210,549
2004 Cuyahoga JJ Administration	16.540	2003-JJ-ADM-0320	135
2005 Cuyahoga JJ Administration	16.540	2004-JJ-ADM-0320	2,262
2006 Cuyahoga JJ Administration	16.540	2005-JJ-ADM-0320	<u>13,057</u>
Total			<u>327,311</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Internet Crimes	16.542	2005-MCCX-K033	\$ 218,921
Internet Crimes	16.542	2000-MCCX-K016	<u>111,950</u>
Total			<u>330,871</u>
OFFICE OF JUSTICE PROGRAMS — DRUG CONTROL AND SYSTEM IMPROVEMENT ACT			
<i>Passed Through the Office of Criminal Justice Services:</i>			
Victim Restitution Program	16.579	2004-DG-D-B-017	13,776
Teen and Elders Safe Together	16.579	2003-DG-B-B-022	6,655
Psychological Counseling	16.579	2003-DG-D-B-010	613
Psychological Counseling	16.579	2004-DG-D-B-010	54,559
Evidence Collection Training FY 2002	16.579	2001-DG-G02-7411	(882)
Evidence Collection Training FY2005	16.579	2004-DG-C02-B-005	(364)
L.I.G.H.T.S.	16.579	2004-DG-B-B-022	14,721
Byrne Victim Family Advocate 05	16.579	2004-DG-D-B-051	8,959
FY2003 Narcotics Control Grant	16.579	2003-DG-RPU-0737	144,697
FY2004 Narcotics Control Grant	16.579	2004-DG-RPU-0747	98,801
Operation Deadbeat	16.579	2004-DG-B-B-052	40,354
JA-CJS-BYRNE	16.579	2004-DG-F-B-026	1,575
Teen Support Group FY 2005	16.579	2004-DG-F-B-023	16,340
Old School Boxing Club After School PRG	16.579	2004-DG-B-B-057	10,155
YDC Pre-Release PRG 2005	16.579	2006-DJ-BX-1036	16,336
Open Homicides 1980-2003 Edward Byrne	16.579	2003-DG-ADM-7431	<u>13,334</u>
Total			<u>439,629</u>
VIOLENCE AGAINST WOMEN			
<i>Passed Through the Office of Criminal Justice Services:</i>			
FY2003 VAWA Block Grant	16.588	2003-WF-RPU-0738	24,917
FY2005 VAWA Block Grant	16.588	2005-WF-RPU-0748	89,570
FY2006 VAWA Block Grant	16.588	2005-WF-RPU-0758	299,155
FY2005 VAWA Administration	16.588	2005-WF-ADM-8668	<u>13,807</u>
Total			<u>427,449</u>
OFFICE OF JUSTICE PROGRAMS — OTHER			
<i>Direct Programs:</i>			
Gang Free Communities	16.544	2001-JD-FX-0002	258,717
Tri- County Juvenile Gun Violence	16.609	2003-GP-CX-0147	53,624
<i>Passed Through the Ohio Department of Youth Services:</i>			
2004-JV-T50-5112S Evaluation	16.548	2004-JV-T50-5112S	5,148

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
2005-JV-T50-5112	16.548	2005-JV-T50-5112	\$ 20,812
Truancy Prevention Title V	16.548	2004-JV-T5-5112	1
Truancy Prevention Title V	16.548	2005-JV-T5-5113	<u>20,956</u>
Total			<u>46,917</u>
RSAT Therapeutic Community 2004	16.593	2002-RS-SAT-120A	(12,270)
RSAT Therapeutic Community 2005	16.593	2003-RS-SAT-120	<u>(29,001)</u>
Total			<u>(41,271)</u>
Violent Fugitive Task Force	16.609	2003-PS-PSN-315	20,762
PSN Probation Gun Violence Reduction	16.609	2004-PS-PSN-336	<u>39,558</u>
Total			<u>60,320</u>
BUREAU OF JUSTICE ASSISTANCE			
<i>Direct Programs:</i>			
Youth Exposed To Violent Traumas	16.738	2005-DG-B-005	200
JAG Asst Justice 05	16.738	2005-DJ-BX-1550	<u>105,997</u>
Total			<u>106,197</u>
<i>Pass Through Ohio Dept of Public Safety</i>			
Domestic Violence Victim Services	16.738	2005-JG-D01-6474	21,927
Impact	16.738	2005-JG-B01-6452	<u>32,605</u>
Total			<u>54,532</u>
Ohio Department of Rehab and Corrections:			
C.O.R.E. - Going Home	16.202	2002-RE-CX-003	166,779
C.O.R.E. - Bip Project	16.202	04-CORE-0002	<u>(684)</u>
Total			<u>166,095</u>
Total U.S. Department of Justice			<u>2,940,829</u>
U.S. DEPARTMENT OF LABOR			
<i>Direct Programs:</i>			
Employment For Youth 05	17.261	YF-14834-05-60	587,937
JA-Dept Of Labor-Employment Services	17.261	N/A	<u>81,486</u>
Total			<u>669,423</u>
Workforce Incentive Grant	17.266	WI-14194-04-60	<u>213,106</u>
Total			<u>213,106</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

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>			
Workforce Service Month	17.207	N/A	\$ 4,283
Total Employment Service Cluster			<u>4,283</u>
<i>Workforce Investment Act ("WIA") of 1998 Passed Through the Ohio Department of Job and Family Services:</i>			
WIA Administration	17.258	N/A	122,117
WIA Adult	17.258	N/A	1,769,519
Governors Discretionary	17.258	N/A	1,065
Veterans Short-Term Training Program	17.258	N/A	<u>3,554</u>
Total			<u>1,896,255</u>
WIA Administration	17.259	N/A	173,293
WIA Youth	17.259	N/A	2,523,855
Governors Discretionary	17.259	N/A	1,640
Veterans	17.259	N/A	<u>5,470</u>
Total			<u>2,704,258</u>
Wia Administration	17.260	N/A	149,526
Wia Dislocated Worker	17.260	N/A	2,169,470
Veterans Rapid Response	17.260	N/A	17,705
Governors Discretionary	17.260	N/A	1,332
Veterans	17.260	N/A	4,444
National Emergency Grant	17.260	N/A	<u>213,970</u>
Total			<u>2,556,447</u>
Total WIA Cluster (17.258, 17.259, 17.260)			<u>7,156,960</u>
Northeast Ohio Areawide Coordinating Agency Youth Settlement Funds	17.261	N/A	<u>10,000</u>
Total			<u>10,000</u>
Total U.S. Department of Labor			<u>8,053,772</u>
U.S. DEPARTMENT OF INTERIOR			
<i>Direct Program:</i>			
Soldiers and Sailors Restoration 2005	15.929	39-06-ML-0451	<u>45,456</u>
Total U.S. Department of Interior			<u>45,456</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Direct Programs:</i>			
County Airport-Airport Master Plan- Phase II	20.106	AIP3-39-0021-1404	\$ 23,586
County Airport — Acquisition of Land	20.106	N/A	<u>134,186</u>
Total			<u>157,772</u>
<i>Passed Through the Ohio Department of Transportation:</i>			
ODOT — LPA/Basset/Crocker	20.205	E040 (933)	1,730,170
ODOT — LPA/Cedar Road	20.205	E060 (111)	2,869,843
ODOT — LPA/Crocker-Stearns Wetland	20.205	G010435	1,255,800
ODOT — LPA/Detroit-Superior Bridge Intersection	20.205	EO33 (602)	9,488
ODOT — LPA/Eastland Rd and East Land Bridge No. 27	20.205	FAN-E050493	89,032
ODOT — LPA/Emery Road	20.205	E033 (040)	3,389,660
ODOT — LPA/Fairmount Boulevard	20.205	E051 (175)	3,837,473
ODOT — LPA/Falls Road	20.205	EO35 (988)	68,936
ODOT — LPA/Hilliard Boulevard	20.205	EO40 (428)	418,482
ODOT — LPA/Hillside Road	20.205	G010717	15,737
ODOT — LPA/Jennings Rd Bridge No. 80 Road	20.205	G020 (650)	1,391,504
ODOT — LPA/Pleasant Valley Road and Bridge No. 58	20.205	G000 (382)	1,191,060
ODOT — LPA/St. Clair Ave Phase II Road	20.205	E036 (064)	2,543,882
ODOT — LPA/Smith Road	20.205	G020250	136,970
ODOT — LPA/Stumph Road	20.205	G020105	46,311
ODOT — LPA/Triskett Road Bridge No. 195	20.205	E051 (079)	1,685,675
ODOT — LPA/Warner Road	20.205	G020467	45,219
ODOT — LPA/Wolf Road Bridge No. 6	20.205	E035N (672)	1,161,766
ODOT — LPA/Cuyahoga Crocker/Sterns Exit	20.205	FAN-EO36675	1,255,800
ODOT — LPA/Cuyahoga Bradley Woods	20.205	FAN-GO10435	35,600
ODOT — LPA/Cuyahoga Fitch Road	20.205	FAN-EO41150	191,417
ODOT — LPA/West 117th Street Project	20.205	G000015	<u>346,030</u>
Total Highway Planning and Construction Cluster			<u>23,715,855</u>
Total U.S. Department of Transportation Expenditures			<u>23,873,627</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through the Ohio Secretary of State:</i>			
Voter Registration Grant	39.011	04-SOS-HAVA-18	(2,245)
Voter Education and Poll Worker	39.011	05-SOS-HAVA-18	<u>104,212</u>
Total U.S. Department of Treasury			<u>101,967</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
<i>Direct Programs:</i>			
Americorps PRJ JUV Just Work 05	94.006	JJWC-003-04	\$ 2,587
Americorps PRJ JUV Just Work 06	94.006	JJWC-003-05	<u>7,454</u>
Total Corporation for National and Community Service			<u>10,041</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 174,116,376</u>

(Concluded)

CUYAHOGA COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

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, 2006. 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 \$8,659,475 in federal awards during the year ended December 31, 2006. These expenditures are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2006 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, 2006 under the Community Development Block Grant ("CDBG") Entitlement and Home Investment Partnership programs. All of the loans outstanding at December 31, 2006 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, 2006 under federal grant programs were as follows:

Program Title	Federal CFDA No.	Loan Amounts Outstanding at December 31, 2006
CDBG—Entitlement and (HUD-Administered) Small Cities Cluster	14.218	\$ 14,765,034
CDBG Home Investment Partnership program	14.239	<u>8,857,175</u>
		<u>\$23,622,209</u>

CUYAHOGA COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

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 2006 under the Title XIX Medicaid Assistance Program (CFDA No. 93.778) is summarized as follows:

Passed Through From	Amount Expended
Ohio Department of Alcohol and Drug Addiction Services	\$ 6,225,769
Ohio Department of Mental Health Services	41,950,861
Ohio Department of Mental Retardation and Developmental Disabilities	<u>20,512,731</u>
Total	<u>\$ 68,689,361</u>

5. TITLE XX SOCIAL SERVICES BLOCK GRANT

The total amount expended by the County during 2006 under the Title XX Social Services Block Grant (CFDA No. 93.667) is summarized as follows:

Passed Through From	Amount Expended
Ohio Department of Mental Health Services	\$1,133,411
Ohio Department of Mental Retardation and Developmental Disabilities	<u>1,064,164</u>
Total	<u>\$2,197,575</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

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, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 13, 2007, which 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated June 13, 2007.

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 13, 2007

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

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

Compliance

We have audited the compliance of Cuyahoga County, Ohio (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. 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 \$8,659,475 in federal awards during the year ended December 31, 2006 which is not included in the County's Schedule of Expenditures of Federal Awards for the year ended December 31, 2006. 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 of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

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

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

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

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

This report is intended solely for the information and use of the 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 13, 2007

CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2006

Summary of Auditors' Results

- Type of Report Issued on the Financial Statements as of and for the Year Ended December 31, 2006 — Unqualified.
- Internal Control Over Financial Reporting:
 - Material weaknesses identified? — No
 - Significant Deficiencies 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
 - Significant Deficiencies identified that are not considered to be material weaknesses? — N/A (none reported).
- Type of Report Issued on Compliance with Requirements Applicable to Major Federal Award Programs — Unqualified.
- The audit did not disclose any findings required to be reported under Section .510(a) of OMB Circular A-133.
- Major Federal Award Programs Identified for the Year Ended December 31, 2006:
 - CFDA #93.778 Medicaid Assistance Program
 - CFDA #14.239 Home Investment Partnership Plan
 - CFDA #14.246 Brownfield Economic Development Initiative
 - CFDA #93.959 SAPT Block Grant
- 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

CUYAHOGA COUNTY, OHIO

STATUS OF PRIOR YEAR FINDINGS

Prior Year Finding (2005-1) — Title XIX Medicaid (CFDA# 93.778) — There was inadequate verification and review by management of services recorded within the INSYST billing system, resulting in over and under billing of services rendered.

Current Year Status — During 2006, the County changed from the INSYST billing system to the Provider Gateway billing system. This change eliminates the need to manually calculate hours and minutes to bill as this is built into the system. The County has also added internal controls which prevent the duplication of service entries. In addition, the County has implemented procedures to perform quarterly internal audits of the information that has been entered into the system.

COUNTY OF CUYAHOGA,
OHIO

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2006**



FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

Prepared by:

Steven C. Letsky, CPA
Director of Accounting

Cheryl A. Arslanian, CPA
Manager-Financial Reporting

**COUNTY OF CUYAHOGA, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2006**

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**COUNTY OF CUYAHOGA, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2006**

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FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

June 15, 2007

The Citizens of the County of Cuyahoga

We are pleased to present the 2006 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, 2006. 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 22 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,

A handwritten signature in cursive script that reads 'Frank Russo'.

Frank Russo
Cuyahoga County Auditor

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FRANK RUSSO

CUYAHOGA COUNTY AUDITOR

June 15, 2007

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 (County) for the year ended December 31, 2006. 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 its fairness of presentation rests with the Financial Reporting Section of the County Auditor's Office, the Board of County Commissioners and the County Treasurer's Office.

This is the twenty-fourth 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 basic financial statements of the County as of and for the year ended December 31, 2006, included in this CAFR have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein. The independent auditor's report is located at the front of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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 1,314,241 making it the 28th largest county in the United States. The County provides general governmental services to its citizens including: Social services such as 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, parking facilities 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 2006. The market for industrial and office space has improved to levels at pre-recession rates which began in 2000. The 9.6% vacancy rate in the 288 million square foot industrial market is the lowest since 2000 and down from 10.5% a year ago. The office vacancy rate is at 18.5%, down from 21.4% last year and the lowest since it was 17% at the end of 2001. These figures cover multi-tenant office buildings larger than 40,000 square feet. Downtown office vacancies are at 20.4%, down from 24.2% a year ago and at its lowest level since 2000 when it was 20%. The suburban office vacancy rate is at 16%, down from 18% a year ago and below the 17% rate at year-end 2001. The vacancy rate dropped in all areas of the County except the western suburbs, which grew from 17% to 19.6%. This was due to additional office space now available in the life-style center known as Crocker Park.

The Rock and Roll Hall of Fame and Museum opened in 1995. 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 22,000 square feet of the 75,000 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. Groundbreaking is expected to begin in 2007 and be completed for the start of the 2008-2009 school year. The Rock Hall is preparing for a \$35 million capital campaign to pay for the library and archives, finance a redesign of the galleries and create a \$12 million endowment. The Rock Hall redesign will transform three floors of the museum to improve exhibit space, educational programming, traffic flow and flexibility of the galleries. The museum has applied for a \$3 million capital improvement grant from the State of Ohio to help cover redesign costs. In April 2007, the Rock Hall announced a \$3 million remodeling project that entails extensive interior renovations leading to more cohesive and vibrant exhibit spaces. The goal is to improve the visitor experience and give a better sense of the origins of the music. The overhaul is expected to be completed by spring 2008.

The Civic Vision 2000 and Beyond report is a comprehensive plan that can serve as a blueprint for transforming downtown Cleveland in the 21st 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 Partnership's (formerly the Greater Cleveland Growth Association) 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, "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 run 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.

In February 2007, a retail development known as Steelyard Commons opened its first store, a Home Depot. The \$120 million project covering a 1 million square foot area represents the first big-box shopping center in the city of Cleveland. Approximately 25 stores and restaurants will open within the next year.

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, which would compliment a convention center, 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 and through the Cleveland-Cuyahoga County Port Authority is using eminent domain to acquire the last parcels. The current timetable has construction beginning in 2007 and completion by the end of 2009.

In 2004, Cleveland completed expansion of a new runway extending it 2,000 feet making it 9,000 feet in total. The expanded runway allows Cleveland Hopkins International Airport (Hopkins) to handle more takeoffs and landings in a shorter amount of time. The runway expansion was 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. In the wake of Continental Airlines announcing the addition of a non-stop flight to Paris, France from Cleveland, the airport is moving forward with plans to extend one of Hopkins two main runways to accommodate more international flights. The plan is to add 2,250 feet to an existing 9,000-foot runway. The extension is necessary to handle wide-body aircraft needed for long-haul transoceanic flights. The project would cost \$41 million and could begin in 2007 and be completed by 2008. Financing would come from a bond measure passed in 2000.

Development continued in a suburban 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 the fall of 1999. 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 that 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 810 seats had been proposed for the project. A 300-unit Marriott hotel was 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. A shopping plaza and several restaurants near the Marriott opened in 2006.

The Greater Cleveland Regional Transit Authority (RTA) has begun construction on a transportation system known as 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. In addition to the actual Euclid Corridor project, there is related street work that will cost an estimated \$21.4 million and be done simultaneously. Various downtown Cleveland city streets now 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 Hospitals, is embarking on a \$1 billion building spree that will expand emergency room services and bring Northeast Ohio a freestanding 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. In addition, University Hospitals will build a new medical complex in the Chagrin Highlands that features a 200-bed hospital targeting the medical needs of baby boomers living in the eastern suburbs. The 600,000 square foot complex will include outpatient surgery and doctors offices and will be completed in 2010. In late 2006, Monte Ahuja, a global automotive enterprise entrepreneur, agreed to donate \$30 million to the project. The hospital will carry the name Ahuja Medical Center.

The County's largest hospital system, the Cleveland Clinic, unveiled a new goal to raise \$1.25 billion by 2010 and announced two gifts totaling \$82 million. The Clinic will spend \$235 million toward patient care including the development of institutes that combine research, innovation and clinical practice for related conditions such as heart disease. They will spend \$275 million toward medical and patient education and \$300 million toward basic and clinical research. The clinic will also allocate \$440 million toward their master plan including two major projects: The Arnold and Sydel Miller Family Pavilion, which will house the heart and vascular institute, and the Glickman Tower, which will be home to the Glickman Urological Institute. Hillcrest Hospital, part of the Cleveland Clinic System, will build a 72 bed patient tower and double the size of its emergency department and trauma center as part of a \$163 million renovation and expansion. The project will take five years to complete. Upon completion, Hillcrest Hospital will have a Level III neonatal intensive care unit that will allow it to treat high-risk babies. Hillcrest is currently a Level II unit.

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 ninety-eight percent of the 158 apartments are occupied. The owners are ready for the next phase, which will include 116 housing units on 21 acres. The upscale housing will range in price from \$290,000 to \$700,000. A 200-room boutique hotel and a 46,520 square foot fitness center is planned for 2007.

The Cleveland Museum of Art launched a plan for a \$258 million expansion of the Museum's 89 year-old complex. 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. 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 \$9.5 million credit against rent 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 Inc., the nation's largest online home lender. The change in ownership did not affect 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 the summer of 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, then 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 could not 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 that recently underwent some environmental remediation. The Juvenile Court judges preferred a site closer to downtown. The Juvenile Court judges wanted 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. However, the Commissioners and the Juvenile Court judges reached an accord to build the facilities at the site chosen by the Commissioners. As part of the agreement, Juvenile Court will receive \$2.3 million for a new computer system, add several new hires for computer support and will establish a joint county and court team to oversee planning of the new buildings. The new joint building facility is estimated to cost \$60 million for the detention center and \$80 million for the courthouse but the financing has not yet been determined.

The County Commissioners continue to refine plans for a new County Administration building. The plan is to consolidate and relocate the offices of the County Commissioners, the Auditor, the Treasurer, the Recorder and the Board of Elections whose employees reside in four other buildings 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 County has purchased the chosen site for \$24.4 million, which includes a currently vacant building and an 850-space parking garage that generates approximately \$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. In March 2007, the Commissioners voted to demolish the existing structure, however, uncertainty still remains with respect to the ultimate course the County will take.

In November 2006, the citizens of Cuyahoga County voted to impose a 30-cent tax upon a pack of cigarettes to be earmarked for a regional arts and cultural district. In March 2007, the Board of County Commissioners appointed the three-member board which will make decisions as to how to grant the tax proceeds to support the operating or capital expenses of arts or cultural organizations, for the cost of acquiring, constructing and equipping artistic or cultural facilities and for the operations of the District. The tax is collected at the wholesale level by the State of Ohio and distributed to the County monthly. Collection of the tax began on February 1, 2007. It is estimated the tax will generate over \$20 million annually.

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 tax sale, which occurred in 2006, resulted in an additional \$.9 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 2007. 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 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 6,100 homeowners have borrowed over \$79 million since the program's inception in July 1999.

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, 265 loans have been issued amounting to \$9.6 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 \$.8 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 2006. The County is also self-insured with respect to the Ohio Unemployment Compensation program. Self-insurance expenditures for unemployment compensation were not material in 2006. The County maintains an Internal Service fund for the self-insurance of workers compensation and medical coverage for two medical plans

and a prescription drug plan. All payroll funds in the County contribute to the Self-Funded Insurance fund based on estimates needed to pay claims and to establish a reserve for claims incurred but not reported.

THE INDEPENDENT AUDIT

The basic financial statements of the County as of and for the year ended December 31, 2006, included in this CAFR have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein. County management will continue to subject the financial statements to an annual independent audit as part of the preparation of the CAFR.

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, and not subject to audit as part of the State of Ohio's Single Audit. 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, 2005. 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 former 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,

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

Steven C. Letsky, CPA
Director of Accounting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Cuyahoga
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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.



A handwritten signature in black ink, appearing to read "Ronald J. Hawn".

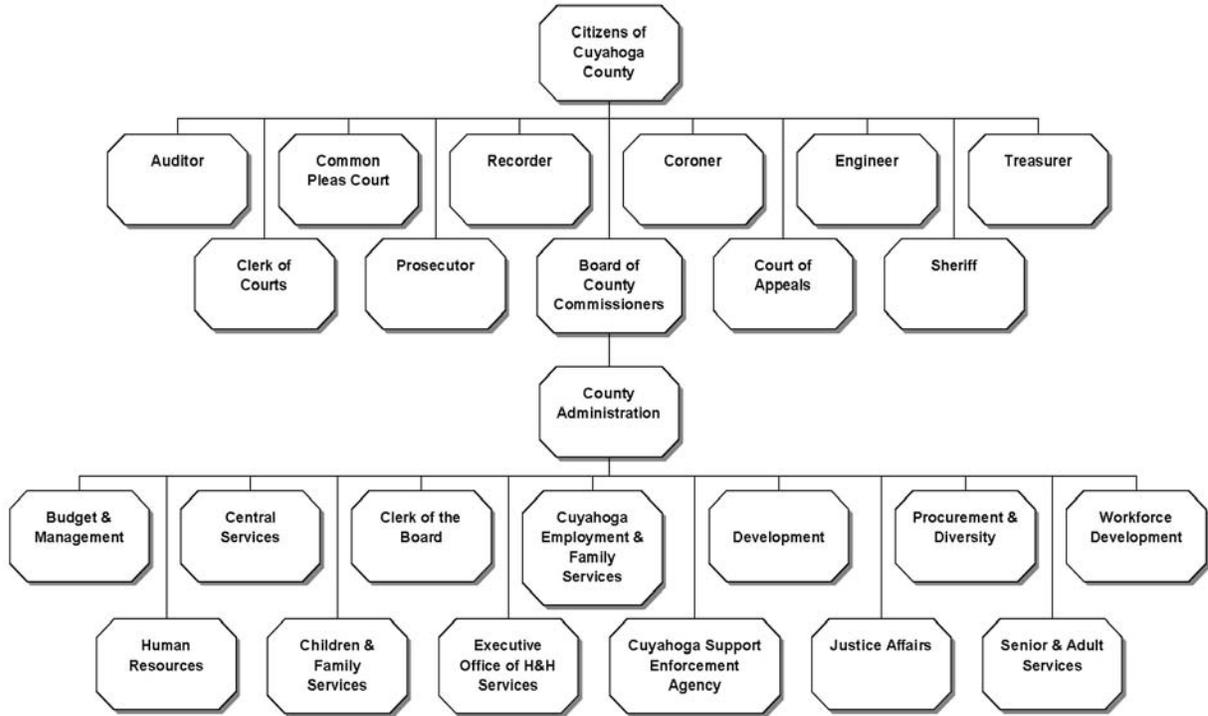
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emswiler".

Executive Director

COUNTY OF CUYAHOGA, OHIO ORGANIZATION CHART

DECEMBER 31, 2006



Boards & Commissions

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

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 31, 2006

Board of County Commissioners

Jimmy Dimora, President
Timothy F. Hagan
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

Nancy R. McDonnell, 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
Timothy J. McGinty
Christine T. McMonagle
Richard J. 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

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

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

Financial Section

PART I

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



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on the respective financial statements based on our audit. We did not audit the financial statements of the MetroHealth Foundation, Inc., which represents 4 percent, 8 percent, and 14 percent, respectively, of the assets, the net assets, and 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 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 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 the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the 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, 2006, 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.

The management's discussion and analysis on pages 3 through 16 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the County's management. We

have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 schedules, 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 and schedules have been subjected to the auditing procedures applied by us 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 13, 2007

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, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letters of transmittal, which can be found on pages iv-xiii of this report.

Financial Highlights

- The assets of Cuyahoga County exceeded its liabilities at the close of the most recent fiscal year by \$779.8 million (*net assets*).
- The County's total net assets increased by \$40.6 million.
- As of the close of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$390.9 million, a decrease of \$12.4 million in comparison with the prior year. Approximately 81.2% of this total amount, \$317.6 million, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$123.7 million, or 36.8% of total 2006 general fund expenditures.
- Additions to Cuyahoga County's total debt, including capital leases and installment purchase agreements, were \$9.7 million during the current fiscal year. Reductions in debt during 2006 amounted to \$25.3 million for a net decrease of \$15.6 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Cuyahoga County's basic financial statements. Cuyahoga County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. 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, parking facilities and a crime information system.

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

The government-wide financial statements can be found on pages 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 budgeted major 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 facilities and crime information system. *Internal service funds* are an accounting

device used to accumulate and allocate costs internally among Cuyahoga County's various functions. Cuyahoga County uses internal service funds to account for its central custodial, maintenance garage, data processing, printing, reproduction and supplies, postage and self-funded insurance. 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 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 \$779.8 million at the close of the most recent fiscal year as illustrated below.

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets.....	\$ 969,993	\$ 908,644	\$ 14,898	\$ 11,782	\$ 984,891	\$ 920,426
Capital assets.....	644,068	634,954	50,595	50,065	694,663	685,019
Total assets.....	1,614,061	1,543,598	65,493	61,847	1,679,554	1,605,445
Long-term liabilities outstanding....	400,358	430,594	11,334	12,199	411,692	442,793
Other liabilities.....	487,491	422,578	604	946	488,095	423,524
Total liabilities.....	887,849	853,172	11,938	13,145	899,787	866,317
Net assets:						
Invested in capital assets, net of related debt	402,928	386,234	39,860	38,866	442,788	425,100
Restricted	40,768	35,678			40,768	35,678
Unrestricted.....	282,516	268,514	13,695	9,836	296,211	278,350
Total net assets.....	\$ 726,212	\$ 690,426	\$ 53,555	\$ 48,702	\$ 779,767	\$ 739,128

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 (56.8%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. Cuyahoga County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Cuyahoga County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to settle these liabilities.

An additional portion of Cuyahoga County's net assets, restricted net assets (5.2%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$296.2 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Current and other assets increased primarily due to increases in taxes receivable in the general fund, health and human services levies fund, county board of mental retardation fund and the debt service fund of \$4.3 million, \$39.4 million, \$3.1 million and \$4.6 million, respectively. The overall increase in taxes receivable of \$51.9 million is a result of an 8.2% increase in the value of property due to a reappraisal in 2006 and a new health and human services levy passed in November 2006 at a higher effective rate. In addition, loans receivable as reported in the community development block grant fund increased \$8.3 million. This increase was driven by a \$6.6 million increase in loans disbursed, of which \$3.8 million represents a new loan program through the Housing and Urban Development Agency (HUD 108) and the Brownfield Economic Development Initiative and a \$1.9 million increase in the development revolving loan fund. The general fund increase was due to an increase in sales tax receivable of \$2 million.

Long-term liabilities decreased by \$31.1 million due to the county paying down its debt.

The increase in all other liabilities of \$64.6 million represents an increase in unearned revenue and accounts payable. Unearned revenue increased by \$52.3 million resulting from a combination of the aforementioned property valuation increases and replacement levy for health and human services. The increase in accounts payable of \$11.4 million was primarily due to unpaid election expenses of \$4.5 million, increased payments of \$.9 million to municipalities for prisoner board and care due to overcrowding of the County jails, and an increase of \$1.8 million in child care services provided and the rates associated with them.

The increase in net assets invested in capital assets, net of related debt of \$17.7 million was a result of a reduction of debt payments coupled with a capital assets increase related to purchase of new assets.

The increase in unrestricted net assets of \$17.9 million resulted from the growth of noncapital assets over other liabilities as discussed above.

CUYAHOGA COUNTY'S CHANGES IN NET ASSETS

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 103,646	\$ 96,837	\$ 19,081	\$ 16,977	\$ 122,727	\$ 113,814
Operating grants and contributions	621,751	622,402		308	621,751	622,710
Capital grants, contributions and interest	32,478	36,289	2,495	6,160	34,973	42,449
General revenues:						
Property taxes	337,783	313,675			337,783	313,675
Sales and other taxes	198,283	194,487			198,283	194,487
Grants and contributions not restricted to specific programs	42,429	41,838			42,429	41,838
Other	<u>84,369</u>	<u>69,101</u>	<u>62</u>	<u>43</u>	<u>84,431</u>	<u>69,144</u>
Total revenues	1,420,739	1,374,629	21,638	23,488	1,442,377	1,398,117
Expenses:						
General government	86,604	81,196			86,604	81,196
Judicial	328,559	297,292			328,559	297,292
Development	31,210	31,653			31,210	31,653
Social services	625,508	580,962			625,508	580,962
Health and safety	234,383	207,386			234,383	207,386
Public works	60,346	64,765			60,346	64,765
Interest	16,627	15,932			16,627	15,932
Sanitary Engineer.....			11,319	11,293	11,319	11,293
Airport			2,212	1,697	2,212	1,697
County Parking.....			2,997	2,299	2,997	2,299
Cuyahoga County Information System.....			<u>1,973</u>	<u>2,478</u>	<u>1,973</u>	<u>2,478</u>
Total expenses.....	1,383,237	1,279,186	18,501	17,767	1,401,738	1,296,953
Increase (Decrease) in net assets before transfers	37,502	95,443	3,137	5,721	40,639	101,164
Transfers	<u>(1,716)</u>	<u>(662)</u>	<u>1,716</u>	<u>662</u>		
Change in net assets	35,786	94,781	4,853	6,383	40,639	101,164
Net assets – Beginning 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>
Net assets – End of year.....	\$ <u>726,212</u>	\$ <u>690,426</u>	\$ <u>53,555</u>	\$ <u>48,702</u>	\$ <u>779,767</u>	\$ <u>739,128</u>

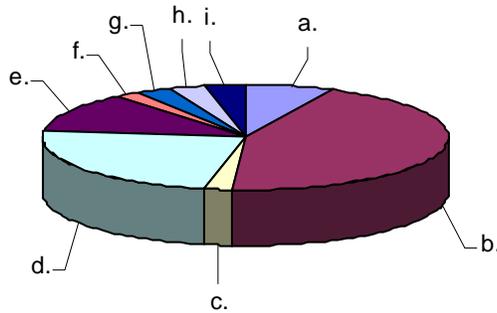
The County's revenues and expenses grew disproportionately in 2006 by \$44.3 million and \$104.8 million, respectively, and the County's net assets increased by \$40.6 million.

The increase in revenues of \$44.3 million was primarily due to the new levy for the County Board of Mental Retardation (\$18.0 million) passed in November 2005 and a new health and human services levy (\$4.8 million) passed in 2006 reflecting an overall increase in property taxes. Also contributing to the overall increase in revenues was an increase in investment earnings of \$18.4 million, reflecting increases in balances invested and interest rates. Increased road and bridge project grants of \$11 million in 2006 were offset by a decrease of \$14.5 million in grants related to the purchase of election voting machines in 2005.

The County's increase in expenditures of \$104.8 million can be explained by increases of expenditures in the following areas:

- A major portion of the increase in expenditures county-wide relates to a \$32.9 million increase in personnel costs (salaries and benefits) and 250 additional FTE's (Full-time equivalents). Personnel costs increased due to cost of living increases, raises resulting from union negotiations, sheriff operations overtime and increases in health care costs and pension contribution percentages. Additionally, increases in space maintenance costs of \$3.5 million were due to a space verification update, indirect cost increases, additional staff and salary increases and an increase in utility costs (electricity being the largest).
- A \$47.9 million increase in social services expenditures in the human services fund represents increases in Temporary Aid to Needy Families (TANF) allocations of \$18 million and a \$10.2 million increase due to more children being served in day care accompanied by rate increases to the providers. An additional \$10 million of the increase is attributed to increased internal service chargebacks and workers compensation charges related to the increases in TANF allocations, related expenses and child care expenses. The remaining differences represent increases of \$4.3 million in Senior and Adult programs where additional clients were served and services provided were expanded; and in workforce development, where the allocation for youth were significantly increased over 2005. The rest of the increase in the human services area resulted from new programs in the Early Childhood and Help Me Grow programs.
- An increase of \$32.8 million in the health and community services fund was due primarily to increases in health and safety and judicial functions of \$15.7 million and \$13.6 million, respectively. The mental health board had an increase in expenditures of \$13.8 million related to Medicaid, non-Medicaid and the Wellness Recovery Action Plan (WRAP) program.
- Increases of \$13.6 million in the judicial area of health and community services resulted primarily from new programs initiated in 2006 amounting to \$8.6 million.

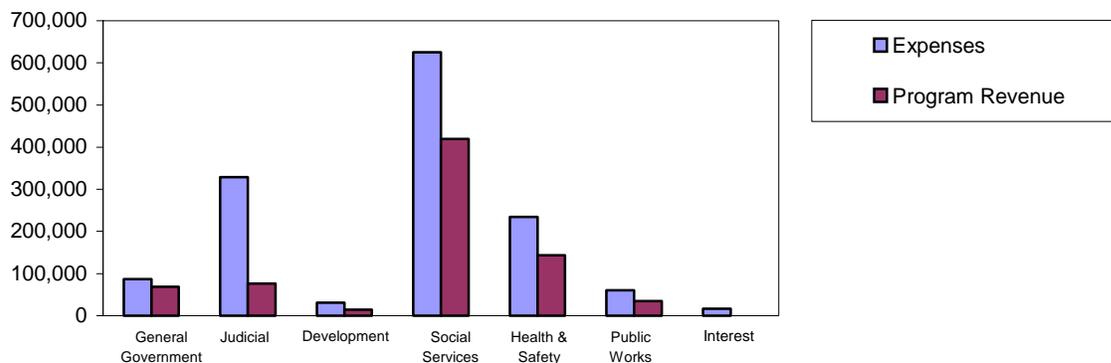
Revenues by Source – Governmental Activities



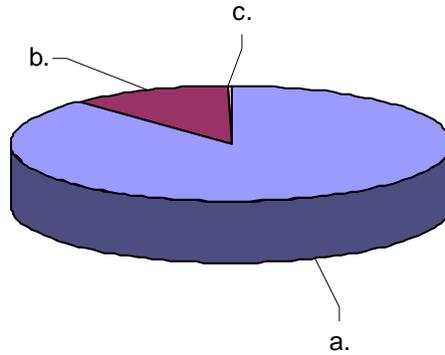
	(Amounts in 000's)	%
a. Charges for Services	\$ 103,646	7.3
b. Operating Grants and Contributions	621,751	43.7
c. Capital Grants, Contributions and Interest.....	32,478	2.3
d. Property Tax.....	337,783	23.8
e. Sales Tax	170,509	12.0
f. Other Tax	27,774	2.0
g. State Local Government.....	38,191	2.7
h. Grants and Contributions not restricted to specific programs.	42,429	3.0
i. Other	46,178	3.2

Expenses and Program Revenues – Governmental Activities

(Amounts in 000's)



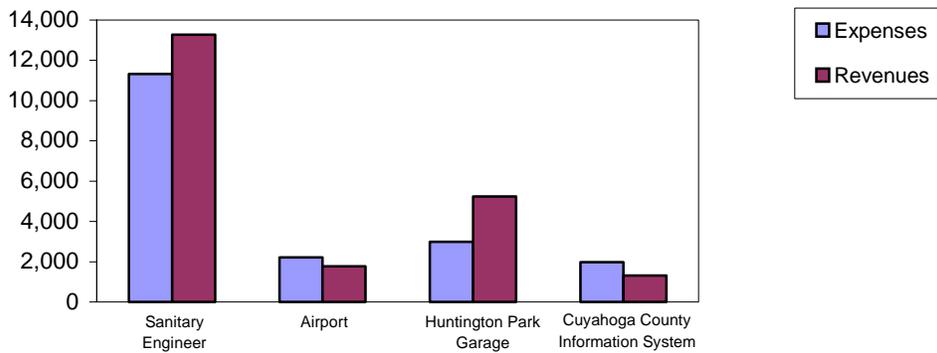
Revenues by Source – Business-type Activities



	(Amounts in 000's)	%
a. Charges for Services	\$19,081	88.2
b. Capital Grants, Contributions and Interest ...	2,495	11.5
c. Other.....	62	.3

Expenses and Program Revenues – Business-type Activities

(Amounts in 000's)



Governmental activities. Governmental activities increased Cuyahoga County's net assets by \$35.8 million. Key elements of this increase are as follows:

- Net reductions of long-term debt of \$30.2 million.
- Net increases in capital assets amounting to \$9.1 million.

Business-type activities. Business-type activities increased Cuyahoga County's net assets by \$4.9 million. Subsidies grew \$1.1 million and the new parking garage generated an additional \$1.2 million.

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 \$390.9 million, a decrease of \$12.4 million in comparison with the prior year. Approximately \$317.6 million constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) for restricted assets (\$28.4 million), (2) for loans (\$28.1 million) or (3) to pay debt service (\$16.8 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 \$123.7 million, while fund balance reached \$162.9 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 36.8% of total general fund expenditures, while total fund balance represents 48.5% of that same amount.

The fund balance of Cuyahoga County's general fund and the capital projects fund decreased by \$7.3 and \$16.2 million, respectively. Increases in fund balance were reported in the health and human services levies fund, the county board of mental retardation fund of \$9.1 and \$3.3 million, respectively. Key factors for these increases are as follows:

- The general fund decrease of \$7.3 million is the net result of a \$10 million expenditure to the MetroHealth System for the South Campus Senior Health and Wellness Center, increases in judicial costs of \$15.2 million due to an increase in overtime for the sheriff department as a result of rising foreclosures and collective bargaining raises, and increases in space maintenance and data processing charges countywide, offset by an increase in investment earnings of \$18.3 million due to increases in cash and investment balances and rising interest rates.
- The capital projects fund decrease of \$16.2 million was due to continued spending in 2006 on projects where debt will not be issued to fund the projects until 2007.

- Increases in fund balance in the health and human services levies fund of \$9.1 million is a result of an 8.2% increase in assessed value of county property due to the reappraisal in 2006. The County has plans to increase spending in 2007.
- Additional increases in the county board of mental retardation fund of \$3.3 million is a result of additional revenues from the new levy passed in November 2005 coupled with aforementioned increase in assessed value of county property.

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 \$10.2 million and all others amounted to \$2.9 million. The total increase in net assets for the sanitary engineer was \$1.6 million and all others amounted to \$2.9 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 \$31.7 million and differences between the final amended budget and the actual expenditures were \$13.2 million.

The \$31.7 million change in original versus final budget was a result of the following:

- The Board of Elections increase of \$8.4 million was a result of additional scanners purchased and an increase in election costs. The Common Pleas Judicial Administration increase of \$1.7 million was due to space maintenance and contractual obligations. The Sheriff increase of \$3.2 million was due to an increase in personnel costs. Additionally, there was an increase of \$10 million to the MetroHealth System for the South Campus Senior Health and Wellness Center.
- There was a \$7.5 million increase in operating transfers due to increases in subsidy payments for Certificate of Title Administration, County Planning Commission, CRIS, Economic Development, Whiskey Island and the County Airport.

The positive variance of \$13.2 million in the final budget versus actual expenditures was a result of the following:

- Reserve contingencies of \$3.2 million budgeted and not needed, \$1.6 million of lower than anticipated claims for self insurance, miscellaneous obligations of \$.4 million not being spent and relief and rental payments for Veterans Services being lower than anticipated by \$2.2 million.
- The Coroner, Sheriff and Board of Elections each had expenses which were lower than anticipated by \$.6 million, \$.9 million and \$1.7 million, respectively.

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, 2006, amounts to \$694.7 million (net of accumulated depreciation). This investment in capital assets includes land; land improvements; utility plant; buildings, structures and improvements; furniture, fixtures and equipment; vehicles; infrastructure;

and construction in progress. The net increase in Cuyahoga County's investment in capital assets for the current fiscal year was 1.4% (a 1.4% increase for governmental activities and a 1.1% 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</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land.....	\$ 54,503	\$ 52,959	\$ 7,753	\$ 7,753	\$ 62,256	\$ 60,712
Land improvements.....	10,180	10,816	2,144	2,413	12,324	13,229
Utility plant			25,983	25,651	25,983	25,651
Buildings, structures and improvements.....	305,407	311,699	11,661	11,004	317,068	322,703
Furniture, fixtures and equipment	16,874	12,545	357	351	17,231	12,896
Vehicles	4,809	4,343	1,488	953	6,297	5,296
Infrastructure.....	179,266	191,138			179,266	191,138
Construction in progress	<u>73,029</u>	<u>51,454</u>	<u>1,209</u>	<u>1,940</u>	<u>74,238</u>	<u>53,394</u>
Total	\$ <u>644,068</u>	\$ <u>634,954</u>	\$ <u>50,595</u>	\$ <u>50,065</u>	\$ <u>694,663</u>	\$ <u>685,019</u>

The governmental activities increases were the result of various project and purchases. The County entered into two new capital leases for west-side neighborhood family centers which resulted in an increase to land and buildings amounting to \$5.9 million and \$1.4 million, respectively. The County Data Center purchased a new server costing \$3.7 million, and the County Board of Mental Retardation bought a new heating and cooling system for a development center at a cost of \$1 million. Also, the County removed asbestos from various buildings amounting to \$1.1 million.

The business-type activities increases in capital assets were due primarily to the purchase of a new snowplow at the County Airport and renovations to a parking garage amounting to \$.4 million and \$1.2 million, respectively.

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 \$320.4 million. Of this amount, \$208.2 million comprises debt backed by the full faith and credit of the government and \$6.1 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds	\$ 208,194	\$ 224,861	\$	\$	\$ 208,194	\$ 224,861
Special assessment debt with governmental commitment.....			6,145	6,505	6,145	6,505
Revenue bonds.....	106,016	109,950			106,016	109,950
Loans	7,574	5,752	4,590	4,694	12,164	10,446
Installment purchase agreements .	<u>6,027</u>	<u>7,881</u>			<u>6,027</u>	<u>7,881</u>
Total	\$ <u>327,811</u>	\$ <u>348,444</u>	\$ <u>10,735</u>	\$ <u>11,199</u>	\$ <u>338,546</u>	\$ <u>359,643</u>

Cuyahoga County's total debt decreased by \$21.1 million (5.9%) during the current fiscal year. The County received a new loan and additional proceeds from an existing loan from the state of Ohio for improvements to roads and bridges and additional loan proceeds for the Sanitary Engineer for sewer improvements. The reduction was primarily the result of paying down debt.

Cuyahoga County maintained an "AA+" rating from Standard & Poor's, "AAA" from Fitch and an "Aa1" rating from Moody's Investors Service for its general obligation debt. The revenue bonds have been rated "Aa2" 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 \$646 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 5.5%, compared to 6.1% a year ago.
- Retail vacancies in the County climbed to 9% at year-end 2006 from 7.5% at year-end 2005.
- The volume of commercial property sales valued at more than \$5 million dropped 10% in 2006 to \$1.1 billion from \$1.2 billion the prior year.
- Accounting firms and other service firms in Northeast Ohio are expected to increase their staffs in 2007.

Each of these factors was considered in preparing Cuyahoga County's budget for the 2006 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased \$10.3 million. Various factors including a one-time payment of \$10 million to the MetroHealth System for a senior health and wellness center contributed to this decline.

The County continued with many capital projects including planning for the new county administration building and the new juvenile justice campus in anticipation of issuing new debt in 2007.

Request for Information

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

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

**DECEMBER 31, 2006
(Amounts in 000's)**

	Primary Government			Component Unit MetroHealth System
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Equity in pooled cash and investments.....	\$ 340,819	\$ 12,046	\$ 352,865	\$ 1,363
Cash and investments-segregated accounts.....				250,288
Receivables:				
Taxes (net of allowance for uncollectibles).....	398,721		398,721	
Accounts (net of allowance for uncollectibles).....	827	212	1,039	67,602
Special assessments (net of allowance for uncollectibles).....		1,990	1,990	
Accrued interest	5,456		5,456	
Loans (net of allowance for uncollectibles).....	28,063		28,063	
Net receivables.....	433,067	2,202	435,269	67,602
Internal balances.....	(136)	136		
Due from other governments.....	158,727	481	159,208	
Inventory of supplies.....	54	10	64	6,032
Prepaid expenses and other receivables.....				23,412
Other assets.....	5,570	23	5,593	6,478
Restricted assets:				
Cash and investments.....	31,892		31,892	49,361
Capital assets (net of accumulated depreciation):				
Land.....	54,503	7,753	62,256	9,377
Land improvements.....	10,180	2,144	12,324	728
Utility plant.....		25,983	25,983	
Buildings, structures and improvements.....	305,407	11,661	317,068	189,934
Furniture, fixtures and equipment.....	16,874	357	17,231	45,480
Vehicles.....	4,809	1,488	6,297	5,301
Infrastructure.....	179,266		179,266	
Construction in progress.....	73,029	1,209	74,238	8,765
Net capital assets.....	644,068	50,595	694,663	259,585
TOTAL ASSETS	1,614,061	65,493	1,679,554	664,121
LIABILITIES				
Accounts payable.....	84,553	440	84,993	22,173
Unearned revenue.....	368,011		368,011	
Due to other governments.....	24,407		24,407	
Accrued wages and benefits.....	9,071	142	9,213	31,900
Matured bonds payable.....	14		14	
Other liabilities.....	250	22	272	10,314
Accrued interest payable.....	1,185		1,185	2,606
Noncurrent liabilities:				
Due within one year.....	34,128	879	35,007	38,385
Due in more than one year.....	366,230	10,455	376,685	292,051
TOTAL LIABILITIES	887,849	11,938	899,787	397,429
NET ASSETS				
Invested in capital assets, net of related debt.....	402,928	39,860	442,788	60,012
Restricted for:				
Restricted assets-expendable.....	23,920		23,920	15,204
Restricted assets-nonexpendable.....				5,706
Debt service.....	16,848		16,848	25,456
Unrestricted.....	282,516	13,695	296,211	160,314
TOTAL NET ASSETS	\$ 726,212	\$ 53,555	\$ 779,767	\$ 266,692

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, 2006
(Amounts in 000's)**

Functions/Programs	Expenses	Charges for Services
Primary Government:		
Governmental activities:		
General government.....	\$ 86,604	\$ 67,948
Judicial.....	328,559	23,345
Development.....	31,210	176
Social services.....	625,508	8,619
Health and safety.....	234,383	1,394
Public works.....	60,346	2,164
Interest on long-term debt.....	16,627	
Total governmental activities.....	<u>1,383,237</u>	<u>103,646</u>
Business-type activities:		
Sanitary Engineer.....	11,319	13,207
Airport.....	2,212	818
County Parking.....	2,997	3,742
Cuyahoga County Information System.....	1,973	1,314
Total business-type activities.....	<u>18,501</u>	<u>19,081</u>
Total primary government.....	<u>\$ 1,401,738</u>	<u>\$ 122,727</u>
Component unit:		
MetroHealth System.....	<u>\$ 625,266</u>	<u>\$ 554,797</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Primary Government			Component Unit MetroHealth System
Operating Grants and Contributions	Capital Grants, Contributions and Interest	Governmental Activities	Business- Type Activities	Totals	
\$ 599	\$	\$ (18,057)	\$	\$ (18,057)	\$
53,174		(252,040)		(252,040)	
14,304		(16,730)		(16,730)	
411,109		(205,780)		(205,780)	
142,091		(90,898)		(90,898)	
474	32,478	(25,230)		(25,230)	
		(16,627)		(16,627)	
<u>621,751</u>	<u>32,478</u>	<u>(625,362)</u>		<u>(625,362)</u>	
	60		1,948	1,948	
	947		(447)	(447)	
	1,488		2,233	2,233	
			(659)	(659)	
	<u>2,495</u>		<u>3,075</u>	<u>3,075</u>	
<u>\$ 621,751</u>	<u>\$ 34,973</u>	<u>(625,362)</u>	<u>3,075</u>	<u>(622,287)</u>	
<u>\$ 55,586</u>	<u>\$ 1,087</u>				(13,796)
General Revenues:					
Taxes:					
Property.....		337,783		337,783	
Sales and use.....		170,509		170,509	
Other.....		27,774		27,774	
Unrestricted state local government fund.....		38,191		38,191	
Unrestricted investment earnings.....		35,534	13	35,547	14,383
Grants and contributions not restricted to specific programs.....		42,429		42,429	
Miscellaneous.....		10,644	49	10,693	25,725
Transfers.....		(1,716)	1,716		
Total general revenues, and transfers.....		<u>661,148</u>	<u>1,778</u>	<u>662,926</u>	<u>40,108</u>
Change in net assets.....		35,786	4,853	40,639	26,312
Net assets-beginning of year		690,426	48,702	739,128	240,380
Net assets-end of year.....		\$ <u>726,212</u>	\$ <u>53,555</u>	\$ <u>779,767</u>	\$ <u>266,692</u>

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

**DECEMBER 31, 2006
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
ASSETS				
Equity in pooled cash and investments.....	\$ 70,086	\$ 8,355	\$ 36,725	\$ 67,380
Receivables:				
Taxes (net of allowance for uncollectibles).....	64,492		193,737	99,333
Accounts (net of allowance for uncollectibles)	243			
Accrued interest	5,456			
Loans (net of allowance for uncollectibles).....	1,000			
Net receivables.....	<u>71,191</u>		<u>193,737</u>	<u>99,333</u>
Due from other funds.....	32,214		54,324	
Due from other governments.....	26,554	66,825	10,581	8,954
Restricted assets -				
Cash and investments.....	31,892			
TOTAL ASSETS.....	<u>\$ 231,937</u>	<u>\$ 75,180</u>	<u>\$ 295,367</u>	<u>\$ 175,667</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 11,050	\$ 19,324	\$ 70	\$ 2,821
Deferred revenue.....	50,616		202,796	104,120
Due to other funds.....	3,588	53,637		1,233
Due to other governments.....				
Accrued wages and benefits.....	3,539	2,219		1,342
Matured bonds payable.....				
Other liabilities.....	250			
TOTAL LIABILITIES.....	<u>69,043</u>	<u>75,180</u>	<u>202,866</u>	<u>109,516</u>
Fund Balances:				
Reserved for:				
Restricted assets.....	28,411			
Loans receivable.....	1,000			
Debt service.....	9,826			
Unreserved, reported in:				
General Fund:				
Designated for self-insurance.....	832			
Undesignated.....	122,825			
Special Revenue Funds.....			92,501	66,151
Capital Projects Fund.....				
TOTAL FUND BALANCES	<u>162,894</u>	<u>75,180</u>	<u>92,501</u>	<u>66,151</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 231,937</u>	<u>\$ 75,180</u>	<u>\$ 295,367</u>	<u>\$ 175,667</u>

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

<u>Health and Community Services</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 63,141	\$ 30,254	\$ 275,941
12,598	28,561	398,721
582		825
		5,456
	<u>27,063</u>	<u>28,063</u>
<u>13,180</u>	<u>55,624</u>	<u>433,065</u>
13,205	30,593	86,538
		156,712
		31,892
<u>\$ 89,526</u>	<u>\$ 116,471</u>	<u>\$ 984,148</u>

\$ 32,967	\$ 14,291	\$ 80,523
12,499	35,798	405,829
3,565	29,510	91,533
	6,731	6,731
906	372	8,378
	14	14
		250
<u>49,937</u>	<u>86,716</u>	<u>593,258</u>

		28,411
	27,063	28,063
	7,022	16,848
		832
		122,825
39,589	20,092	218,333
	(24,422)	(24,422)
<u>39,589</u>	<u>29,755</u>	<u>390,890</u>
<u>\$ 89,526</u>	<u>\$ 116,471</u>	<u>\$ 984,148</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, 2006
(Amounts in 000's)**

Total fund balances for governmental funds.....	\$		390,890
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the funds.....			633,666
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.....			37,818
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....			56,878
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.....		(1,185)	
Long-term debt.....		(397,425)	
Unamortized bond issuance costs.....		5,570	(393,040)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$		<u><u>726,212</u></u>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2006
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Mental Retardation</u>
REVENUES				
Property taxes.....	\$ 19,723	\$	\$ 174,031	\$ 103,867
Sales and use tax.....	169,300			
Other tax.....	5		51	29
State local government fund.....	38,563			
Licenses and permits.....	86			
Charges for services.....	64,723	1,756		6,593
Fines and forfeitures.....	8,163			
Investment earnings.....	33,835			167
Other intergovernmental.....	9,529	308,774	22,970	70,615
Miscellaneous.....	4,193	482		1,150
TOTAL REVENUES.....	348,120	311,012	197,052	182,421
EXPENDITURES				
Current:				
General government.....	64,687			
Judicial.....	246,115			
Development.....	8,227			
Social services.....	5,602	367,838	310	178,213
Health and safety.....	11,307		35,070	
Public works.....				
Capital outlay.....				
Debt service:				
Principal retirement.....				
Interest.....	25			
TOTAL EXPENDITURES.....	335,963	367,838	35,380	178,213
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	12,157	(56,826)	161,672	4,208
OTHER FINANCING SOURCES (USES)				
Transfers in.....	612	49,866		34
Transfers out:				
Debt retirement.....	(6,473)			
Other.....	(13,611)	(382)	(152,567)	(980)
Capitalized leases.....		7,342		
TOTAL OTHER FINANCING SOURCES (USES).....	(19,472)	56,826	(152,567)	(946)
NET CHANGE IN FUND BALANCES.....	(7,315)		9,105	3,262
FUND BALANCES AT BEGINNING OF YEAR.....				
	170,209		83,396	62,889
FUND BALANCES AT END OF YEAR.....				
	\$ 162,894	\$ 0	\$ 92,501	\$ 66,151

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

<u>Health and Community Services</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 14,032	\$ 26,130	\$ 337,783
		169,300
	28,530	28,615
		38,563
1,414		1,500
18,196	259	91,527
2,480	242	10,885
626	1,608	36,236
189,087	94,903	695,878
3,442	1,117	10,384
<u>229,277</u>	<u>152,789</u>	<u>1,420,671</u>
19,627	296	84,610
59,042	19,637	324,794
5,774	18,045	32,046
88,482	2,000	642,445
166,706	21,791	234,874
1,749	56,425	58,174
	24,262	24,262
	22,455	22,455
	16,977	17,002
<u>341,380</u>	<u>181,888</u>	<u>1,440,662</u>
(112,103)	(29,099)	(19,991)
115,122	26,629	192,263
		(6,473)
(5,081)	(12,930)	(185,551)
		7,342
<u>110,041</u>	<u>13,699</u>	<u>7,581</u>
(2,062)	(15,400)	(12,410)
<u>41,651</u>	<u>45,155</u>	<u>403,300</u>
<u>\$ 39,589</u>	<u>\$ 29,755</u>	<u>\$ 390,890</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, 2006
(Amounts in 000's)**

Net change in fund balances-total governmental funds.....	\$ (12,410)
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 (\$41,112) exceeded depreciation (\$34,992) in the current period.....	6,120
Net effect of sales and other disposals of capital assets.....	(181)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....	2,171
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.....	12,382
Interest is reported as an expenditure when due in the governmental funds, but is reported as incurred in the statement of activities.....	396
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.	(9,441)
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.....	1,753
Environmental Protection Agency loan.....	27
Ohio Department of Development loan.....	250
Installment purchase agreement.....	1,854
General obligation and revenue bonds.....	20,601
Certain net expenses of the internal service funds are reported with governmental activities in the statement of activities.....	12,264
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$ <u>35,786</u>

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

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

FOR THE YEAR ENDED DECEMBER 31, 2006
(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	\$ 19,971	\$ 19,707	\$ 19,707	\$	\$	\$	\$	
Sales and use tax.....	167,795	168,654	168,654					
Other tax.....	14	8	6	(2)				
State local government fund.....	38,573	38,573	38,573					
Licenses and permits.....	73	84	86	2				
Charges for services.....	62,795	60,162	63,154	2,992	1,805	1,638	1,756	118
Fines and forfeitures.....	6,957	8,991	9,063	72				
Investment earnings.....	16,927	24,166	26,018	1,852				
Other intergovernmental.....	7,696	8,820	8,942	122	283,881	383,114	313,318	(69,796)
Miscellaneous.....	4,539	5,512	2,443	(3,069)	4,972	11,426	482	(10,944)
TOTAL REVENUES.....	325,340	334,677	336,646	1,969	290,658	396,178	315,556	(80,622)
EXPENDITURES								
Current:								
GENERAL GOVERNMENT								
Personnel.....	29,386	31,197	31,115	82				
Other.....	30,046	31,443	23,625	7,818				
Capital.....	269	5,002	4,932	70				
TOTAL GENERAL GOVERNMENT.....	59,701	67,642	59,672	7,970				
JUDICIAL								
Personnel.....	164,192	169,675	167,796	1,879				
Other.....	72,077	77,131	76,103	1,028				
Capital.....	1,117	1,250	1,112	138				
TOTAL JUDICIAL.....	237,386	248,056	245,011	3,045				
DEVELOPMENT								
Personnel.....	868	960	984	(24)				
Other.....	8,303	4,093	4,071	22				
Capital.....	2	9	7	2				
TOTAL DEVELOPMENT.....	9,173	5,062	5,062					
SOCIAL SERVICES								
Personnel.....	1,823	2,008	1,997	11	144,024	141,239	140,631	608
Other.....	5,803	5,338	3,296	2,042	227,347	243,802	232,378	11,424
Capital.....	184	184	56	128	502	800	520	280
TOTAL SOCIAL SERVICES.....	7,810	7,530	5,349	2,181	371,873	385,841	373,529	12,312
HEALTH AND SAFETY								
Personnel.....	821	806	787	19				
Other.....	317	10,329	10,301	28				
Capital.....	3	3	3					
TOTAL HEALTH AND SAFETY.....	1,141	11,138	11,091	47				
PUBLIC WORKS								
Personnel.....								
Other.....								
Capital.....								
TOTAL PUBLIC WORKS.....								
TOTAL EXPENDITURES	315,211	339,428	326,185	13,243	371,873	385,841	373,529	12,312
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	10,129	(4,751)	10,461	15,212	(81,215)	10,337	(57,973)	(68,310)
OTHER FINANCING SOURCES (USES)								
Transfers in.....		600	612	12	72,878	71,525	76,021	4,496
Transfers out:								
Debt retirement.....	(6,975)	(6,975)	(6,473)	502				
Other.....	(6,484)	(13,954)	(13,611)	343	(382)	(382)	(382)	
TOTAL OTHER FINANCING SOURCES(USES).....	(13,459)	(20,329)	(19,472)	857	72,496	71,143	75,639	4,496
NET CHANGE IN FUND BALANCES.....	(3,330)	(25,080)	(9,011)	16,069	(8,719)	81,480	17,666	(63,814)
FUND BALANCES(DEFICITS) AT BEGINNING OF YEAR.....								
	114,032	114,032	114,032		(61,820)	(61,820)	(61,820)	
FUND BALANCES(DEFICITS) AT END OF YEAR.....								
	\$ 110,702	\$ 88,952	\$ 105,021	\$ 16,069	\$ (70,539)	\$ 19,660	\$ (44,154)	\$ (63,814)

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		
\$ 168,447	\$ 173,710	\$ 173,750	\$ 40	\$ 100,835	\$ 117,250	\$ 103,861	\$ (13,389)	\$ 13,542	\$ 14,664	\$ 14,031	\$ (633)
18	127	51	(76)		15	29	14				
				5,270	5,585	6,593	1,008	1,594	1,725	1,414	(311)
				60	115	167	52	18,659	18,231	17,965	(266)
23,819	23,050	22,970	(80)	87,500	67,367	85,525	18,158	2,087	2,028	2,480	452
				1,127	2,103	1,150	(953)	672	581	602	21
192,284	196,887	196,771	(116)	194,792	192,435	197,325	4,890	7,628	8,371	3,436	(4,935)
								219,322	224,046	227,531	3,485
								12,269	12,891	12,881	10
								7,415	6,900	6,486	414
								41	177	177	
								19,725	19,968	19,544	424
								34,024	33,498	33,218	280
								23,058	26,645	24,397	2,248
								580	1,044	690	354
								57,662	61,187	58,305	2,882
								1,836	1,872	1,824	48
								4,328	4,220	3,715	505
								31	47	43	4
								6,195	6,139	5,582	557
				88,905	88,905	87,059	1,846	1,162	1,180	1,063	117
310	310	310		89,849	89,669	85,460	4,209	98,957	82,261	79,549	2,712
				4,954	6,172	5,499	673	4	10	8	2
310	310	310		183,708	184,746	178,018	6,728	100,123	83,451	80,620	2,831
								7,415	8,072	7,225	847
35,000	35,000	35,000						151,272	163,415	159,145	4,270
								1,572	329	86	243
35,000	35,000	35,000						160,259	171,816	166,456	5,360
								396	429	426	3
								1,513	1,463	1,410	53
								1	1		1
								1,910	1,893	1,836	57
35,310	35,310	35,310		183,708	184,746	178,018	6,728	345,874	344,454	332,343	12,111
156,974	161,577	161,461	(116)	11,084	7,689	19,307	11,618	(126,552)	(120,408)	(104,812)	15,596
				23	23	34	11	105,326	92,988	100,314	7,326
(178,231)	(167,322)	(163,914)	3,408			(980)	(980)	(525)	(3,800)	(5,081)	(1,281)
(178,231)	(167,322)	(163,914)	3,408	23	23	(946)	(969)	104,801	89,188	95,233	6,045
(21,257)	(5,745)	(2,453)	3,292	11,107	7,712	18,361	10,649	(21,751)	(31,220)	(9,579)	21,641
39,178	39,178	39,178		41,287	41,287	41,287		44,260	44,260	44,260	
<u>\$ 17,921</u>	<u>\$ 33,433</u>	<u>\$ 36,725</u>	<u>\$ 3,292</u>	<u>\$ 52,394</u>	<u>\$ 48,999</u>	<u>\$ 59,648</u>	<u>\$ 10,649</u>	<u>\$ 22,509</u>	<u>\$ 13,040</u>	<u>\$ 34,681</u>	<u>\$ 21,641</u>

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

**DECEMBER 31, 2006
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
ASSETS				
Current assets:				
Equity in pooled cash and investments.....	\$ 8,861	\$ 3,185	\$ 12,046	\$ 64,878
Receivables:				
Accounts (net of allowance for uncollectibles).....	35	177	212	2
Special assessments (net of allowance for uncollectibles).....	251	177	251	2
Net receivables.....	286	177	463	2
Due from other funds.....		4	4	9,934
Due from other governments.....	360	121	481	2,015
Inventory of supplies.....		10	10	54
Total current assets.....	9,507	3,497	13,004	76,883
Noncurrent assets:				
Special assessments receivable (net of allowance for uncollectibles).....	1,739		1,739	
Other assets.....	23		23	
Capital assets (net of accumulated depreciation):				
Land.....	472	7,281	7,753	
Land improvements.....	444	1,700	2,144	
Utility plant.....	25,983		25,983	
Buildings, structures and improvements.....	2,240	9,421	11,661	
Furniture, fixtures and equipment.....	178	179	357	9,698
Vehicles.....	977	511	1,488	704
Construction in progress.....	532	677	1,209	
Net capital assets.....	30,826	19,769	50,595	10,402
Total noncurrent assets.....	32,588	19,769	52,357	10,402
TOTAL ASSETS.....	42,095	23,266	65,361	87,285
LIABILITIES				
Current liabilities:				
Accounts payable.....	144	296	440	4,030
Due to other funds.....	289	156	445	4,498
Due to other governments.....				17,676
Accrued wages and benefits.....	494	160	654	2,963
Other liabilities.....	22		22	
Capital lease obligations.....				141
Special termination benefits.....	76	11	87	322
Loans payable.....	376		376	
Bonds payable.....	365		365	
Total current liabilities.....	1,766	623	2,389	29,630
Noncurrent liabilities:				
Capital lease obligations.....				200
Loans payable.....	4,214		4,214	
Bonds payable.....	5,780		5,780	
Total noncurrent liabilities.....	9,994		9,994	200
TOTAL LIABILITIES.....	11,760	623	12,383	29,830
NET ASSETS				
Invested in capital assets, net of related debt.....	20,091	19,769	39,860	10,061
Unrestricted.....	10,244	2,874	13,118	47,394
TOTAL NET ASSETS.....	\$ 30,335	\$ 22,643		\$ 57,455
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.....			577	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES.....			\$ 53,555	

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, 2006
(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES				
Charges for services.....	\$ 13,207	\$ 5,874	\$ 19,081	\$ 157,694
Other revenue.....	22	27	49	1,009
TOTAL OPERATING REVENUES.....	13,229	5,901	19,130	158,703
OPERATING EXPENSES				
Personal services.....	7,127	2,198	9,325	41,667
Contractual services and claims.....	978	1,168	2,146	79,902
Commodities.....	748	206	954	13,176
Depreciation.....	1,626	905	2,531	2,205
Other expenses.....	574	2,948	3,522	7,736
TOTAL OPERATING EXPENSES.....	11,053	7,425	18,478	144,686
OPERATING INCOME (LOSS).....	2,176	(1,524)	652	14,017
NONOPERATING REVENUES (EXPENSES)				
Interest income.....	13		13	
Interest expense.....	(389)		(389)	(21)
Loss on disposal of capital assets.....	(8)	(19)	(27)	(31)
TOTAL NONOPERATING EXPENSES.....	(384)	(19)	(403)	(52)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....	1,792	(1,543)	249	13,965
Transfers in.....		2,544	2,544	84
Transfers out:				
Debt retirement.....		(172)	(172)	
Other.....	(250)	(406)	(656)	(2,039)
Capital contributions.....	60	2,435	2,495	647
CHANGE IN NET ASSETS.....	1,602	2,858	4,460	12,657
TOTAL NET ASSETS				
BEGINNING OF YEAR.....	28,733	19,785		44,798
TOTAL NET ASSETS				
END OF YEAR.....	\$ 30,335	\$ 22,643		\$ 57,455
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.....			393	
CHANGE IN NET ASSETS-BUSINESS-TYPE ACTIVITIES.....			\$ 4,853	

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, 2006
(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.....	\$ 13,600	\$ 6,080	\$ 19,680	\$ 1,009
Other operating cash receipts.....	22	27	49	154,857
Cash payments to suppliers for goods and services.....	(3,412)	(4,624)	(8,036)	(101,288)
Cash payments to employees for services.....	(7,088)	(2,153)	(9,241)	(40,919)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	3,122	(670)	2,452	13,659
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds.....		2,544	2,544	84
Transfer to other funds.....	(250)	(578)	(828)	(2,039)
Repayment of short-term interfund loan-net.....		(507)	(507)	(1,257)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES.....	(250)	1,459	1,209	(3,212)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from long-term debt.....	342		342	
Receipts from capital grants.....	312	508	820	
Acquisition and construction of capital assets.....	(1,007)	(207)	(1,214)	(4,766)
Principal paid on long-term debt.....	(723)		(723)	(134)
Interest paid on long-term debt.....	(387)		(387)	(22)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,463)	301	(1,162)	(4,922)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments.....	13		13	
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	13		13	
NET INCREASE IN CASH AND CASH EQUIVALENTS.....	1,422	1,090	2,512	5,525
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	7,439	2,095	9,534	59,353
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,861	\$ 3,185	\$ 12,046	\$ 64,878

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).....	\$ 2,176	\$ (1,524)	\$ 652	\$ 14,017
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation.....	1,626	905	2,531	2,205
Changes in assets and liabilities:				
Accounts receivable-net.....	(33)	102	69	(1)
Due from other funds.....		9	9	(1,547)
Due from other governments.....	(276)	110	(166)	(1,287)
Inventory of supplies.....		6	6	(11)
Accounts payable.....	(1)	(282)	(283)	1,836
Due to other funds.....	26	11	37	488
Due to other governments.....	(8)		(8)	(40)
Accrued wages and benefits.....	13	31	44	275
Special termination benefits.....	(401)	(38)	(439)	(2,276)
TOTAL ADJUSTMENTS.....	<u>946</u>	<u>854</u>	<u>1,800</u>	<u>(358)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	\$ <u>3,122</u>	\$ <u>(670)</u>	\$ <u>2,452</u>	\$ <u>13,659</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital contributions - capital assets.....	\$	\$ 1,927	\$ 1,927	\$ 647
TOTAL NONCASH TRANSACTIONS.....	\$ <u>0</u>	\$ <u>1,927</u>	\$ <u>1,927</u>	\$ <u>647</u>

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

**DECEMBER 31, 2006
(Amounts in 000's)**

	<u>Agency Funds</u>
ASSETS	
Equity in pooled cash and investments.....	\$ 244,430
Cash and investments-segregated accounts.....	43,834
Taxes receivable.....	1,482,042
TOTAL ASSETS.....	<u>\$ 1,770,306</u>
LIABILITIES	
Due to other governments.....	\$ 1,708,993
Other liabilities.....	61,313
TOTAL LIABILITIES.....	<u>\$ 1,770,306</u>

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

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE A - Description of Cuyahoga County and Basis of Presentation

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

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.

Proprietary Funds:

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

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

Fiduciary Funds:

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

NOTE B - Summary of Significant Accounting Policies

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

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the MetroHealth System (the Hospital or Component Unit) is included as a discretely presented Component Unit in the County's basic financial statements. The Hospital provides health care and hospitalization to the general public and care for the County's indigents. The County appoints the majority of the Hospital's Board of Trustees. The Hospital's annual operating budget 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, was presented for the first time in 2005 in the Hospital's financial statements. The Foundation is a not-for-profit organization supporting the Hospital that acts primarily as a fundraising organization to supplement the resources that are available to the Hospital in support of its programs. Although the Hospital does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which they hold and invest, are restricted to support the activities of the Hospital. Complete financial statements for the Hospital can be requested from the County Auditor.

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

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when the provider government recognizes its liability to the County. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major proprietary fund:

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and of the County's internal service funds are charges to customers for sales and services. The County also

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

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

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

Budgetary Accounting and Control: The County is required by state law to adopt annual budgets for the General fund, certain Special Revenue funds and the Debt Service fund. Major Special Revenue funds which are budgeted annually include Human Services, Health and Human Services Levies, County Board of 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/unrestricted net assets at year-end and are re-encumbered and reappropriated at the start of the following year.

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

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

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

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

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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.....	\$ (7,315)	\$	\$ 9,105	\$ 3,262	\$ (2,062)
Increase/decrease:					
Accrued receivables at 12/31/06 not recognized in the 2006 budget.....	(129,959)	(66,825)	(258,642)	(108,287)	(26,385)
Accrued receivables at 12/31/05 recognized in the 2006 budget.....	131,312	71,368	205,068	105,636	24,275
Expenditures accrued as liabilities at 12/31/06 not recognized in the 2006 budget.....	69,043	75,180	202,866	109,516	49,937
Expenditures accrued as liabilities at 12/31/05 recognized in the 2006 budget.....	(61,042)	(71,368)	(160,850)	(106,647)	(61,814)
Encumbrances at 12/31/06 recognized as expenditures in the 2006 budget.....	(21,446)	(52,512)		(6,176)	(28,368)
Encumbrances at 12/31/05 not recognized as expenditures in the 2006 budget.....	22,597	36,912		7,239	34,862
Other GAAP adjustments ⁽¹⁾	<u>(12,201)</u>	<u>24,911</u>	<u>(2,453)</u>	<u>13,818</u>	<u>(24)</u>
Budget basis	\$ <u>(9,011)</u>	\$ <u>17,666</u>	\$ <u>(2,453)</u>	\$ <u>18,361</u>	\$ <u>(9,579)</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 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, Federal Agencies, certificates of deposit, commercial paper, corporate notes, foreign notes, repurchase agreements, municipal obligations and the State Investment Pool.

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

Inventory of Supplies: Inventory is valued at the lower of cost (determined using the first-in first-out method) or net realizable value. Costs are expensed when inventory is consumed for Proprietary funds and for the 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

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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 upgradings 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 2006, capitalized interest for the County and the Component Unit was not material.

Asset Retirement Obligations: The Hospital adopted the provisions of FIN 47 as of December 31, 2005 for the Hospital's obligations related to asbestos abatement. 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 change in accounting principle, for the years 1974 through 2005 totaled \$5.2 million. The December 31, 2006 total balance for asset retirement obligations totals \$4.6 million and reflects liability reductions for retired assets of \$.5 million, changes in estimates of \$.6 million and an increase for interest accretion expense of \$.2 million. The current portion of the asset retirement obligations is included in other current liabilities.

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

Ohio law requires that vacation time not be accumulated for more than three years. Normally, all vacation time is to be taken in the year available unless administrative approval for carry-over is obtained. Sick time not taken may be accumulated until retirement. Employees with a minimum of ten years of service are paid one-fourth of

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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 \$5.3 million in 2006 due to retroactive adjustments to amounts previously estimated.

Net revenue from the Medicare and Medicaid programs accounted for approximately 26% and 32%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2006. 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 \$192.1 million, represent 13.5% of gross charges in 2006, and are not reported as revenue. The Hospital accepts certain indigent Ohio residents and all residents from the County regardless of their ability to pay.

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

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

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

Risk Management: The County has implemented GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Previously, the County paid a premium to the insurance providers without additional risk to the County for all its medical plans except for one medical plan and the prescription drug plan, which were 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-funded insurance for medical and workers' compensation benefits. The County recognizes a liability for self-insured claims if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, the County has designated a portion of the fund balance of its General fund, pursuant to Ohio law, to provide for claims and judgements not covered by the various County insurance policies.

New Accounting Standards: 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

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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 were effective for the County for the year ending December 31, 2006. The County has determined there is no impact to the 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 was effective for the County in 2006. The County has determined its in compliance with this statement.

During September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. Statement 48 clarifies the guidance on accounting for sales and pledges of receivables and future revenues and provides criteria that governments will use to determine whether to classify certain transactions as sold or collateralized. In other words, Statement 48 determines whether proceeds received from a certain transaction should be reported as revenue or a liability. Statement 48 also indicates that governments should not revalue assets that are transferred between financial reporting entity components. Statement 48 also requires enhanced disclosures pertaining to future revenues that have been pledged or sold, provides guidance on sales of receivables and future revenues within the same financial reporting entity, and provides guidance on recognizing other assets and liabilities arising from the sale of specific receivables or future revenues. Statement 48 is effective for the County in 2007; as such, the County has not determined the impact, if any, that this statement will have on its financial statements.

In December 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Statement 49 requires governmental entities to estimate the components of expected pollution remediation costs and to record such costs as liabilities when any of the following five recognition triggers occur: (1) pollution poses an imminent danger to the public or environment and a government has little or no discretion to avoid fixing the problem; (2) a government has violated a pollution-prevention-related permit or license; (3) a regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the cleanup; (4) a government is named (or evidence indicates that it will be named) in a lawsuit, compelling it to address the pollution; and (5) a government legally obligates itself to begin cleanup or post-cleanup activities (limited to activities the government is legally required to complete). Statement 49 requires that a governmental entity use an "expected cash flows" measurement technique to predict its expected outlays for pollution remediation obligations. The Statement applies to remediation activities, such as site assessment and cleanups of existing pollution. Pollution prevention or control obligations with respect to current operations, as well as future pollution remediation activities that are required upon retirement of an asset are excluded from the scope of Statement 49. Statement 49 also requires governments to disclose information

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about their pollution obligations associated with cleanup efforts in the footnotes to their financial statements. Statement 49 is effective for the County in 2008, and it requires that liabilities be measured at the beginning of the period of adoption so that beginning net assets can be restated. The County has not determined the impact, if any, that this statement will have on its financial statements.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures*. Statement 50 requires governmental entities to disclose in the notes to the financial statements the current funded status of the entity's pension plan - in other words, the degree to which the actuarial accrued liabilities for benefits are covered by assets that have been set aside to pay the benefits - as of the most recent actuarial valuation date. Statement 50 also requires governments that use the aggregate actuarial cost method to disclose the funded status and present a multi-year schedule of funding progress using the entry age actuarial cost method as a surrogate; these governments previously were not required to provide this information. Finally, Statement 50 requires the disclosure by governments participating in multi-employer cost-sharing pension plans of how the contractually required contribution rate is determined. Statement 50 is effective for the County in 2008. The County has not determined the impact, if any, that this statement will have on its financial statements and disclosures.

NOTE C - Cash and Investments

Cash and Investments:

Pooled Cash and Investments: Certain monies of the General fund, certain Agency funds and the Hospital are deposited and maintained in individual segregated bank accounts or invested in specifically segregated investments. All other funds of the County are held in a common group of bank accounts and investments. Collectively, these bank accounts and investments represent the Pooled Cash and Investments account. Amounts reported as cash and investments for the segregated funds and the pooled funds principally consist of bank balances, certificates of deposit, 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, 2006, follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General	\$	\$ 102,300
Due From:		
Special Revenue	6,098	
Capital Projects	23,017	
Enterprise	121	
Internal Service.....	<u>2,978</u>	<u>(32,214)</u>
Net General		70,086
Other major governmental		175,601
Other governmental		30,254
Major enterprise		8,861
Other enterprise		3,185
Internal Service.....		<u>64,878</u>
Total government-wide		352,865
Agency.....		<u>244,430</u>
Total Equity in Pooled Cash and Investments		\$ <u>597,295</u>

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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 \$98.1 million and the bank balances were \$90.3 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 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, 2006 totaled \$90.3 million and were subject to the following categories of custodial risk:

(Amounts in 000's)	
Uncollateralized	\$ 82,926
Collateralized with securities held by the pledging institution's trust department (ORC 135.18) but not in the County's name	<u>4,796</u>
Total amount subject to custodial risk	87,722
Amount insured (FDIC)	<u>2,535</u>
Total bank balances	\$ <u>90,257</u>

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Component Unit

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

Custodial risk is the risk that, in the event of bank failure, the Hospital's deposits might not be recovered. The Hospital's bank deposits at December 31, 2006 totaled \$2.5 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	\$ 998	\$ 1,078	\$ 2,076
Collateralized with securities held by the pledging institution's trust department (ORC 135.18) but not in the Hospital's name.....	<u>75</u>	<u> </u>	<u>75</u>
Total amount subject to custodial risk.....	1,073	1,078	2,151
Amount insured (FDIC).....	<u>100</u>	<u>200</u>	<u>300</u>
Total bank balances.....	\$ <u>1,173</u>	\$ <u>1,278</u>	\$ <u>2,451</u>

At December 31, 2006, the financial statement carrying amount of the Hospital's deposits was \$2.6 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 and all investments to maturities of generally not more than 5 years. In January 2006, the County's Investment Advisory Committee voted to revise the County's Investment Policy to include certain 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 dollars. The notes must be backed by the full faith and credit of the foreign nation and there can be no prior history of default. The maturity of foreign notes cannot exceed five years from purchase and in total, they cannot exceed one percent of the County's total average portfolio.

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At December 31, 2006, the fair value of the Primary Government investments were as follows:

Investment Type	(Amounts in 000's) Fair Value/Carrying Value
Repurchase Agreements.....	\$ 79,100
U.S. Government Agencies.....	467,046
Corporate Notes.....	22,287
Foreign Notes.....	5,000
Municipal Obligations.....	<u>1,450</u>
Total Primary Government Investments.....	\$ <u>574,883</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, 2006, the County's had the following investments:

Investment Type	(Amounts in 000's) Maturity					Total
	Less Than Six Months	Six Months To One Year	One Year to Three Years	Three Years to Five Years		
Repurchase Agreements.....	\$ 79,100	\$	\$	\$	\$	79,100
Federal Farm Credit Bank Agencies.....	19,903	4,040	58,817	40,425	123,185	123,185
Federal Home Loan Bank Agencies.....	39,816	16,536	19,534	29,884	59,093	106,823
Federal Home Loan Mortgage Corporation Agencies.....	4,992	4,683	20,064	90,002	145,681	145,681
Federal National Mortgage Association Agencies.....	25,806	9,809	17,500	14,764	14,764	17,500
Tennessee Valley Authority Agencies.....			14,764		22,287	14,764
Federal Agricultural Mortgage Corporation Agencies.....			17,284		5,000	22,287
Corporate Notes.....	5,003				5,000	5,000
Foreign Notes.....				5,000	1,450	5,000
Municipal Obligations.....			<u>1,200</u>	<u>250</u>	<u>1,450</u>	1,450
Total Investments.....	\$ <u>174,620</u>	\$ <u>35,068</u>	\$ <u>149,163</u>	\$ <u>216,032</u>	\$ <u>574,883</u>	\$ <u>574,883</u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ORC and the County's Statement of Investment Policy govern the minimum investment rating for each type of eligible investment security. At December 31, 2006, County investments had the following ratings by Standard & Poors and the following percentages of composition of the total portfolio:

Repurchase Agreements	Unrated	13.8%
U.S. Government Agencies	AAA	81.2%
Corporate Notes	AA	3.9%
Foreign Notes	Unrated	.9%
Municipal Obligations	Unrated	<u>.2%</u>
		100.0%

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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

Component Unit

At December 31, 2006, 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	\$ 98,021	\$	\$ 98,021
U.S. Government Agencies	162,166		162,166
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (Federal Pools)	3,268		3,268
Collateralized Mortgage Obligations	741		741
Corporates	13,877		13,877
Mutual Funds		19,574	19,574
Common Stock		104	104
Premier Purchasing Partners, L.P.		700	700
Total Investments	<u>\$ 278,073</u>	<u>\$ 20,378</u>	<u>\$ 298,451</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, 2006 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, 2006 totaling \$14.4 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, 2006

NOTE D - Interfund Receivables and Payables

Individual interfund receivable and payable balances as of December 31, 2006 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 32,214	\$ 3,588
Human Services		53,637
Health and Human Services Levies	54,324	
County Board of Mental Retardation		1,233
Health and Community Services		3,565
Other governmental funds		<u>29,510</u>
Total Governmental Funds	<u>86,538</u>	<u>91,533</u>
Proprietary Funds:		
Enterprise Funds:		
Sanitary Engineer		289
Other enterprise funds	<u>4</u>	<u>156</u>
Total Enterprise Funds	4	445
Internal Service Funds:	<u>9,934</u>	<u>4,498</u>
Totals	\$ <u>96,476</u>	\$ <u>96,476</u>

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

Fund Types	(Amounts in 000's)	
	Receivables	Payables
Nonmajor Governmental Funds:		
Other	\$ 6,098	\$
Capital Project	<u>23,017</u>	
Total Nonmajor Governmental Funds	29,115	
Nonmajor Enterprise Funds:		
County Airport	121	
Cuyahoga County Information System		<u>3</u>
Total Nonmajor Enterprise Funds	121	3
Internal Service Funds:		
Maintenance Garage	368	67
Data Processing Center	2,389	108
Printing, Reproduction and Supplies	221	91
Postage		42
Self-Funded Insurance		<u>3,277</u>
Total Internal Service Funds	<u>2,978</u>	<u>3,585</u>
Totals	\$ <u>32,214</u>	\$ <u>3,588</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, 2006.

COUNTY OF CUYAHOGA, OHIO
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NOTE E - Capital Assets

A summary of changes in capital assets follows:

	(Amounts in 000's)			
Governmental Activities:	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
Capital assets, not being depreciated:				
Land.....	\$ 52,959	\$ 1,544	\$	\$ 54,503
Construction in progress.....	51,454	27,344	5,769	73,029
Total capital assets, not being depreciated.....	<u>104,413</u>	<u>28,888</u>	<u>5,769</u>	<u>127,532</u>
Capital assets, being depreciated:				
Land improvements.....	13,268	10		13,278
Buildings, structures and improvements.....	565,350	12,786	213	577,923
Furniture, fixtures and equipment.....	50,808	7,925	727	58,006
Vehicles.....	16,339	1,698	1,304	16,733
Infrastructure.....	444,440	987		445,427
Total capital assets, being depreciated.....	<u>1,090,205</u>	<u>23,406</u>	<u>2,244</u>	<u>1,111,367</u>
Less accumulated depreciation for:				
Land improvements.....	2,452	646		3,098
Buildings, structures and improvements.....	253,651	18,960	95	272,516
Furniture, fixtures and equipment.....	38,263	3,552	683	41,132
Vehicles.....	11,996	1,180	1,252	11,924
Infrastructure.....	253,302	12,859		266,161
Total accumulated depreciation.....	<u>559,664</u>	<u>37,197</u>	<u>2,030</u>	<u>594,831</u>
Total capital assets, being depreciated, net.....	<u>530,541</u>	<u>(13,791)</u>	<u>214</u>	<u>516,536</u>
Governmental activities capital assets, net.....	<u>\$ 634,954</u>	<u>\$ 15,097</u>	<u>\$ 5,983</u>	<u>\$ 644,068</u>

	(Amounts in 000's)			
Business-type Activities:	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
Capital assets, not being depreciated:				
Land.....	\$ 7,753	\$	\$	\$ 7,753
Construction in progress.....	1,940	617	1,348	1,209
Total capital assets, not being depreciated.....	<u>9,693</u>	<u>617</u>	<u>1,348</u>	<u>8,962</u>
Capital assets, being depreciated:				
Land improvements.....	10,712			10,712
Utility plant.....	53,633	1,347		54,980
Buildings, structures and improvements.....	19,749	1,488	98	21,139
Furniture, fixtures and equipment.....	2,582	91	50	2,623
Vehicles.....	4,218	892	135	4,975
Total capital assets, being depreciated.....	<u>90,894</u>	<u>3,818</u>	<u>283</u>	<u>94,429</u>
Less accumulated depreciation for:				
Land improvements.....	8,299	269		8,568
Utility plant.....	27,982	1,015		28,997
Buildings, structures and improvements.....	8,745	831	98	9,478
Furniture, fixtures and equipment.....	2,231	78	43	2,266
Vehicles.....	3,265	338	116	3,487
Total accumulated depreciation.....	<u>50,522</u>	<u>2,531</u>	<u>257</u>	<u>52,796</u>
Total capital assets, being depreciated, net.....	<u>40,372</u>	<u>1,287</u>	<u>26</u>	<u>41,633</u>
Business-type activities capital assets, net.....	<u>\$ 50,065</u>	<u>\$ 1,904</u>	<u>\$ 1,374</u>	<u>\$ 50,595</u>

**COUNTY OF CUYAHOGA, OHIO
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Component Unit:	Balance January 1, 2006	(Amounts in 000's)		Balance December 31, 2006
		Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 9,377	\$	\$	\$ 9,377
Construction in progress.....	13,964	22,074	27,273	8,765
Total capital assets, not being depreciated.....	<u>23,341</u>	<u>22,074</u>	<u>27,273</u>	<u>18,142</u>
Capital assets, being depreciated:				
Land improvements.....	7,803		50	7,753
Buildings, structures and improvements.....	468,331	17,590	5,219	480,702
Furniture, fixtures and equipment.....	217,652	14,644	3,633	228,663
Vehicles.....	10,068	261	107	10,222
Total capital assets, being depreciated.....	<u>703,854</u>	<u>32,495</u>	<u>9,009</u>	<u>727,340</u>
Less accumulated depreciation for:				
Land improvements.....	6,894	135	4	7,025
Buildings, structures and improvements.....	278,409	17,434	5,075	290,768
Furniture, fixtures and equipment.....	174,742	11,960	3,519	183,183
Vehicles.....	3,889	1,137	105	4,921
Total accumulated depreciation.....	<u>463,934</u>	<u>30,666</u>	<u>8,703</u>	<u>485,897</u>
Total capital assets, being depreciated, net.....	<u>239,920</u>	<u>1,829</u>	<u>306</u>	<u>241,443</u>
Component unit capital assets, net.....	<u>\$ 263,261</u>	<u>\$ 23,903</u>	<u>\$ 27,579</u>	<u>\$ 259,585</u>

Depreciation expense was charged to functions of the government in 2006 as follows:

Governmental Activities:	(Amounts in 000's)
General government.....	\$ 3,503
Judicial.....	11,803
Development.....	4
Social services.....	6,150
Health and safety.....	218
Public works.....	13,314
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.....	2,205
Total depreciation expenses charged to governmental activities.....	<u>\$ 37,197</u>
Business-type Activities:	
Sanitary Engineer.....	\$ 1,626
County Airport.....	363
County Parking.....	512
Cuyahoga County Information System.....	30
Total depreciation expenses charged to business-type activities.....	<u>\$ 2,531</u>

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

DECEMBER 31, 2006

A summary of construction commitments for governmental activities at December 31, 2006 follows:

Function	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2006	Future Commitments
General government.....	\$ 40,901	\$ 8,192	\$ 32,709
Judicial.....	102,890	32,641	70,249
Social services.....	2,117	965	1,152
Public works.....	71,139	31,231	39,908
Totals.....	<u>\$ 217,047</u>	<u>\$ 73,029</u>	<u>\$ 144,018</u>

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

The County's future commitments grew over \$100 million from 2005 due primarily to appropriating for two major projects, the new county administration building amounting to \$44.3 million and the youth intervention center amounting to \$57.3 million, that are in the early planning stages.

A summary of construction commitment for business-type activities at December 31, 2006 follows:

Business-type Activity	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2006	Future Commitments
Sanitary Engineer.....	\$ 4,898	\$ 532	\$ 4,366
Airport.....	912	677	235
Totals.....	<u>\$ 5,810</u>	<u>\$ 1,209</u>	<u>\$ 4,601</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 \$27.4 million. The projects are being funded with operating funds.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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, 2006 is provided below:

(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Governmental Activities:							
	Compensated Absences.....		\$ 23,862	\$ 43,146	\$ 40,782	\$ 26,226	\$ 2,623
2001	Special Termination Benefits-Due thru 2007.....	7.75%-8.00%	17,889	2,431	17,177	3,143	3,143
Various	Capital Lease Obligations-Due thru 2029.....		23,555	7,342	1,753	29,144	2,141
2003	Installment Purchase Agreement-Due thru 2010, [\$13,742].....	3.72%-3.87%	7,881		1,854	6,027	1,759
Loans Payable:							
1989	Environmental Protection Agency-Due thru 2006, [\$494].....	None	27		27		
1997	Ohio Department of Development Loan						
	- Due thru 2016, [\$5,000].....	None	2,750		250	2,500	250
2005	Ohio Department of Transportation Loan-Due thru 2015, [\$3,733].....	0%-3%	2,975	848		3,823	
2006	Ohio Public Works Commission Loan-Due thru 2027, [\$1,251].....	0%		1,251		1,251	31
	Total Loans Payable.....		5,752	2,099	277	7,574	281
General Obligation Bonds-Unvoted:							
1993	Various Purpose Refunding Bonds-Due thru 2012, [\$75,395].....	2.20%-5.25%	21,540		3,795	17,745	3,985
1993	Rock and Roll Hall of Fame-Due thru 2018, [\$12,000].....	2.75%-5.65%	8,080		440	7,640	465
2000	Capital Improvements-Due thru 2020, [\$96,615].....	4.30%-5.75%	20,560		3,750	16,810	3,910
2004	Capital Improvements-Due thru 2024, [\$84,490].....	2.50%-5.25%	81,915		3,475	78,440	3,565
2005	General Obligation (limited tax) Refunding Bonds-due thru 2020, [\$73,970].....	3.00%-5.00%	73,870		1,000	72,870	1,340
	Total General Obligation Bonds-Unvoted.....		205,965		12,460	193,505	13,265
General Obligation Bonds-Voted:							
1991	Jail II Series - Due thru 2006, [\$5,086].....	6.95%-7.05%	1,697		1,697		
1993	Jail Facilities and Various Purpose Refunding Bonds						
	-Due thru 2013, [\$65,254].....	2.20%-5.25%	17,199		2,510	14,689	6,115
	Total General Obligation Bonds-Voted.....		18,896		4,207	14,689	6,115
	Total Tax Supported Bonds.....		224,861		16,667	208,194	19,380
Revenue Bonds:							
1992	Gateway Economic Development-Due thru 2022, [\$35,000].....	8.625%	35,000			35,000	
1994	Gateway Economic Development-Due thru 2023, [\$45,000].....	4.45%-7.60%	31,445		1,745	29,700	1,870
2000	Shaker Square Redevelopment-Due thru 2030, [\$2,855].....	6.886%	2,815		10	2,805	10
2004	Gateway Arena Project Series 2004A Refunding Bonds						
	-Due thru 2011 [\$10,750].....	1.50%-4.25%	9,335		1,440	7,895	1,475
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%	12,155		739	11,416	755
	Total Revenue Bonds.....		109,950		3,934	106,016	4,110
	Bond premium/discount related to various issues-net.....		11,721		620	11,101	
	Total Bonds Payable.....		346,532		21,221	325,311	23,490
Internal Service Funds:							
	Compensated Absences.....		2,050	2,639	2,419	2,270	227
2001	Special Termination Benefits-Due thru 2007.....	7.75%	2,598		2,276	322	322
Various	Capital Lease Obligations-Due thru 2009.....		475		134	341	142
	Total Internal Service Funds.....		5,123	2,639	4,829	2,933	691
	Total Governmental Activities.....		\$ 430,594	\$ 57,657	\$ 87,893	\$ 400,358	\$ 34,128

(CONTINUED)

**COUNTY OF CUYAHOGA, OHIO
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(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Business-type Activities:							
	Compensated Absences.....		\$ 474	\$ 748	\$ 710	\$ 512	\$ 51
	2001 Special Termination Benefits-Due thru 2007.....	7.75%	<u>526</u>		<u>439</u>	<u>87</u>	<u>87</u>
	Various Loans Payable-Due thru 2026.....	3.25% - 7.00%	4,694	259	363	4,590	376
	Self-Supporting Bonds Payable:						
	2000 Sewer Improvement-Due thru 2020, [\$1,040].....	4.55%-5.55%	865		40	825	40
	2003 Sewer Improvement-Due thru 2012 [\$1,500].....	2.00%-3.55%	1,195		160	1,035	160
	2005 Sewer Improvement-Due thru 2025 [\$4,445].....	2.00%-3.55%	4,445		160	4,285	165
	Total Self-Supporting Bonds Payable.....		<u>6,505</u>		<u>360</u>	<u>6,145</u>	<u>365</u>
	Total Business-type Activities.....		<u>\$ 12,199</u>	<u>\$ 1,007</u>	<u>\$ 1,872</u>	<u>\$ 11,334</u>	<u>\$ 879</u>
Component Unit							
	Compensated absences.....		\$ 26,158	\$ 5,079	\$ 2,564	\$ 28,673	\$ 2,641
	Amounts due third party payors (See Note B).....		<u>43,876</u>		<u>3,414</u>	<u>40,462</u>	<u>5,986</u>
	Claims payable (See Note J).....		<u>46,691</u>	<u>9,104</u>	<u>9,348</u>	<u>46,447</u>	<u>17,702</u>
	Asset Retirement Obligations (See Note B).....		<u>5,711</u>		<u>953</u>	<u>4,758</u>	<u>389</u>
	Various Capital Lease Obligations-Due thru 2009.....	4.958%-4.96%	1,653		763	890	801
	2004 Cuyahoga County Sanitary Engineer Loan -Due thru 2018.....	None	84		24	60	4
	2003 General and Professional Liability Note -Due in 2007.....	5.20%	<u>4,346</u>	<u>4,500</u>	<u>4,346</u>	<u>4,500</u>	<u>4,500</u>
	Various Notes Payable-Due thru 2010.....	3.96%	<u>381</u>		<u>118</u>	<u>263</u>	<u>62</u>
	Bonds:						
	1997 Hospital Improvement and Refunding Revenue Bonds-Due Thru 2027, [\$70,000].....	3.90%-5.80%	42,198	173	4,825	37,546	5,070
	1997 Hospital Refunding Revenue Bonds -Due thru 2019, [\$77,525].....	4.10%-5.50%	68,613	305	275	68,643	290
	2003 Hospital Improvement Revenue Bonds -Due thru 2033, [\$30,545].....	Variable	29,430		600	28,830	625
	2005 Hospital Improvement and Refunding Revenue Bonds -Due thru 2035, [\$74,535].....	Variable	<u>69,448</u>	<u>221</u>	<u>305</u>	<u>69,364</u>	<u>315</u>
	Total Bonds.....		<u>209,689</u>	<u>699</u>	<u>6,005</u>	<u>204,383</u>	<u>6,300</u>
	Total Component Unit (See Note B).....		<u>\$ 338,589</u>	<u>\$ 19,382</u>	<u>\$ 27,535</u>	<u>\$ 330,436</u>	<u>\$ 38,385</u>

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, 2006:

(Amounts in 000's)		
Year	Governmental Activities	Internal Service funds
2007.....	\$ 5,640	\$ 156
2008.....	5,731	130
2009.....	5,760	78
2010.....	5,794	
2011.....	5,667	
2012-2016.....	20,301	
2017-2021.....	983	
2022-2026.....	64	
2027-2029.....	<u>34</u>	
Total Minimum Lease Payments.....	<u>49,974</u>	<u>364</u>
Amount Representing Interest.....	<u>(20,830)</u>	<u>(23)</u>
Present Value of Net Minimum Lease Payments.....	<u>\$ 29,144</u>	<u>\$ 341</u>

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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 and vehicle capital leases and loan obligation at December 31, 2006:

Year	(Amounts in 000's)	
	Lease and Loan Obligation Component Unit	
2007.....	\$	833
2008.....		53
2009.....		53
2010.....		6
2011.....		7
2012-2016.....		34
2017-2018.....		13
Total Minimum Lease Payments.....		<u>999</u>
Amount Representing Interest.....		<u>(49)</u>
Present Value of Net Minimum Lease Payments.....	\$	<u><u>950</u></u>

As of December 31, 2006, the net book value of capital leases which include land, buildings, structures and improvements and furniture, fixtures and equipment was \$7.6 million, \$43.9 million and \$.5 million respectively. Component Unit's capital lease net book value which includes furniture, fixtures and equipment and vehicles was \$2.2 million and \$3.7 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, 2006 are as follows:

Due In	(Amounts in 000's)			
	Governmental Activities			
	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
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.....	12,848	12,258	5,090	5,744
2012-2016.....	60,179	36,455	29,860	23,995
2017-2021.....	54,060	11,106	36,686	12,629
2022-2026.....	14,860	1,367	16,065	1,434
2027-2030.....			520	82
Totals.....	\$ <u>208,194</u>	\$ <u>112,023</u>	\$ <u>106,016</u>	\$ <u>69,436</u>

Due In	(Amounts in 000's)			
	Installment Purchase Agreement		Loans Payable	
	Principal	Interest	Principal	Interest
2007.....	\$ 1,759	\$ 199	\$ 281	\$
2008.....	1,999	154	742	111
2009.....	2,080	73	755	99
2010.....	189	5	769	85
2011.....			782	71
2012-2016.....			3,588	139
2017-2021.....			313	
2022-2026.....			313	
2027.....			31	
Totals.....	\$ <u>6,027</u>	\$ <u>431</u>	\$ <u>7,574</u>	\$ <u>505</u>

**COUNTY OF CUYAHOGA, OHIO
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Due In	(Amounts in 000's)	
	Total Governmental Activities	
	Principal	Interest
2007.....	\$ 25,530	\$ 17,040
2008.....	22,385	20,938
2009.....	23,252	20,052
2010.....	21,449	19,085
2011.....	18,720	18,073
2012-2016.....	93,627	60,589
2017-2021.....	91,059	23,735
2022-2026.....	31,238	2,801
2027-2030.....	551	82
Totals.....	<u>\$ 327,811</u>	<u>\$ 182,395</u>

Due In	(Amounts in 000's)			
	Business-type Activities			
	Various Loans Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2007.....	\$ 376	\$ 143	\$ 365	\$ 239
2008.....	387	132	380	229
2009.....	398	121	385	216
2010.....	409	110	405	203
2011.....	421	98	415	189
2012-2016.....	1,875	293	1,500	741
2017-2021.....	579	56	1,525	428
2022-2026.....	145	12	1,170	119
Totals.....	<u>\$ 4,590</u>	<u>\$ 965</u>	<u>\$ 6,145</u>	<u>\$ 2,364</u>

Due In	(Amounts in 000's)	
	Total Business-type Activities	
	Principal	Interest
2007.....	\$ 741	\$ 382
2008.....	767	361
2009.....	783	337
2010.....	814	313
2011.....	836	287
2012-2016.....	3,375	1,034
2017-2021.....	2,104	484
2022-2026.....	1,315	131
Totals.....	<u>\$ 10,735</u>	<u>\$ 3,329</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). In March 2006, the County Commissioners authorized by resolution a second loan in the amount of \$8.25 million from ODOT. The money is provided through the state infrastructure bank fund, which are federal funds, to be used for road and bridge improvements. Both loans carry a 0% interest rate for the first 12 months and a 3% rate thereafter, for 10 years. In August 2005, the County Commissioners by resolution accepted a grant/loan from the Ohio Public Works Commission (Issue I) in the amount of \$2.5 million split evenly between a grant and a loan. This loan carries a 0% percent interest rate for 20 years. The County pledged its motor vehicle license tax as the source of repayment for all loans. State Issue II and ODOT monies were used first

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for these projects and when funding was exhausted the loans were exercised. During 2006, the county received approximately \$2.1 million and has recorded a liability in the Government-wide statements.

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. For the year ended December 31, 2006, the Hospital did not have an outstanding balance on the line of credit.

At December 31, 2006, 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
2007.....	\$ 6,300	\$ 9,884
2008.....	6,600	9,602
2009.....	6,920	9,264
2010.....	7,280	8,899
2011.....	7,650	8,512
2012-2016.....	44,605	36,078
2017-2021.....	47,465	23,737
2022-2026.....	43,355	13,862
2027-2031.....	32,860	4,887
2032-2035.....	13,890	815
Total.....	<u>216,925</u>	<u>\$ 125,540</u>
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....	(11,203)	
Unamortized discount.....	(1,339)	
Present value of net minimum payments.....	<u>\$ 204,383</u>	

Due In	(Amounts in 000's)	
	Foundation Notes Payable Component Unit	
	Principal	Interest
2007.....	\$ 62	\$ 10
2008.....	64	7
2009.....	67	4
2010.....	70	2
Totals.....	<u>\$ 263</u>	<u>\$ 23</u>

Component Unit Swap Agreements: The Component Unit entered into various interest rate swap agreements with a total outstanding notional amount of \$103.1 million. The Hospital's objectives of its derivative instruments include managing the risk of increased debt service resulting from rising market interest rates, the risk of decreased surplus returns resulting from falling interest rates and the management of the risk of an increase in the fair value of the outstanding fixed rate obligations resulting from declining market interest rates. The fair value of the swap agreements based on current settlement prices at December 31, 2006 was \$2.7 million. The amount is due from the counterparties and is included in other assets. In 2006, the fair value increase of \$.3 million was recorded as investment earnings. As a result of the agreements, the Hospital incurred a reduction of interest expense of \$.1 million for 2006.

On July 28, 2005, the Hospital entered into a swap agreement with an amortizing notional amount of \$74.5 million. The notional amount is based on the Series 2005 Bond principal repayment schedule that ends in 2035. Per the agreement, the Hospital pays a fixed rate of 3.3% and the counterparty pays 64.2% of the International Swap Dealers Association (ISDA) USD five year swap rate. The 2006 ISDA rates ranged between 4.8% and 5.8%. The net amount is exchanged monthly between the two parties. The Hospital has an early termination option.

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

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

Under the Uniform Bond Act of the Ohio Revised Code, the County has the capacity to issue approximately \$152.7 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 \$28.5 million liability recorded in the statement of net assets (Governmental Activities) at December 31, 2006 was based were as follows:

Governmental Activities	Hours	(Amounts in 000's)
Sick.....	29,600	\$ 616
Vacation.....	1,228,018	25,557
Overtime.....	111,634	2,323
Total.....	<u>1,369,252</u>	<u>\$ 28,496</u>

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, 2006 was based were as follows:

Business-type Activities	Hours	(Amounts in 000's)
Sick.....	607	\$ 13
Vacation.....	21,600	471
Overtime.....	1,252	28
Total.....	<u>23,459</u>	<u>\$ 512</u>

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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, 2006, 77 employees agreed to participate at an estimated cost of \$3.8 million and an outstanding liability of \$.9 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, 2006:

Year	(Amounts in 000's)	
	Governmental Activities	Business-type Activities
2007.....	\$ 3,590	\$ 89
Amount Representing Interest.....	(125)	(2)
Net Amount.....	<u>\$ 3,465</u>	<u>\$ 87</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, 2006 was \$17.8 million. The remaining proceeds from the issuance were used to fund various capital projects.

The County issued \$74 million of General Obligation (limited tax) Refunding Bonds dated April 21, 2005 to advance refund a portion of the County's \$35.1 million General Obligation (limited tax) Various Purpose Improvement Bonds, Series 1995, and advance refund a portion of the County's \$96.6 million General Obligation (limited tax) Capital Improvement Bonds, Series 2000. The proceeds of the Series 2005 Refunding Bonds were used to advance refund \$13.3 million of the Series 1995 bonds that were callable in November 2005 and \$60.1 million of the Series 2000 bonds that are callable in December 2010. The non-callable portion of the refunded bonds, which total \$26.8 million, remained outstanding at the time the Series 2005 Refunding Bonds were issued. The County advance refunded the bonds to reduce its total debt service payments by \$3.3 million and to obtain an economic gain (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, 2006 was \$60.1 million.

Advance Refunding of Component Unit Bonds: Effective February 1, 1997, the County issued \$70 million of Hospital Improvement and Refunding Revenue Bonds Series 1997. The proceeds of the Series 1997 Bonds were used to advance refund \$20.9 million of Series 1989 Bonds; to finance the construction of various improvements and additions to the MetroHealth Medical Center; and to pay costs of issuance of the Series 1997 Bonds.

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

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scheduled to mature on February 15, 2019. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9.8 million. This unamortized difference (\$6.3 million at December 31, 2006) is reported in the accompanying financial statements as a deduction from long-term debt and is included as additional interest expense through the year 2019 using the 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 were used to finance the construction of a 150-bed long-term care facility and acquire, construct, renovate, equip and improve operating rooms and other hospital facilities. On July 28, 2005, a portion of the proceeds from the 2005 Series Bond issue was placed in escrow to advance refund the outstanding Series 1999 Bonds.

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, 2006 was 3.9%.

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, 2006 was 3.9%.

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 (\$4.9 million at December 31, 2006), 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.

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 2006, the County had approximately 61 operating leases for office space. At December 31, 2006, there were 45 remaining with future obligations. The operating lease agreements range in length from one month to eight years. Total rental payments for 2006 amounted to \$4.7 million, of which \$.8 million was expended from proprietary funds. Rental obligations for the years 2007 through 2011 are \$10.2 million of which \$1.3 million represents the amount to be paid from proprietary funds. Rental payments for the years 2007,

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2008, 2009, 2010 and 2011, 2012-2013 will be \$3.6 million, \$2.9 million, \$2 million \$1.1 million, \$.6 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. Contract terms range between one and fifteen years and certain leases contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Rent expense totaled \$2.1 million in 2006. Rental payments for the years 2007, 2008, 2009, 2010, 2011, 2012-2016 and 2017-2020 will be \$1.5 million, \$1.6 million, \$1.5 million, \$1.4 million, \$1 million; \$2.9 million and \$1.3 million, respectively.

Gateway Loan Guarantees: The County currently guarantees the repayment of \$22.4 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, 2006, the outstanding balance on this Gateway bond guarantee, including future interest payments, was \$27.2 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.

Solid Waste District Loan Guarantees: The Cuyahoga County Solid Waste District currently guarantees the repayment of a 20-year 5.6% economic development loan of \$3.4 million from the Ohio Water Development Authority to a third-party payer. As of December 31, 2006, the outstanding principal balance on this economic development loan was \$3.3 million (payable through January 1, 2026). The Solid Waste District has not had to make any payments on behalf of the third-party payer.

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

As of December 31, 2006, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were approximately \$262.6 million, \$2.3 billion and \$244.5 million, respectively.

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

Primary Government

OPERS PLAN DESCRIPTION: All full-time employees of the County, except teachers employed by the County Board of 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 ORC assigns the authority to establish and amend benefits to the OPERS Board of Trustees. OPERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601, or (800) 222-7377.

OPERS FUNDING POLICY: The ORC provides statutory authority for employee and employer contributions. Employees are required to contribute 9% 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

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enforcement program who were placed in a newly named public safety division and are required to contribute 9%. The employer contribution rate was 13.70% of covered payroll, except for law enforcement which was 16.93%. Beginning in January 2006, the employer and employee rates increased and will continue to do so through 2008 for covered payroll except law enforcement. Law enforcement employer rates will continue to increase through 2011. The employer rate will increase in 2007 and 2008 to 13.85% and 14%, respectively. The employee rate will increase in 2007 and 2008 to 9.5% and 10%, respectively. The law enforcement employer rates will increase in 2007, 2008, 2009, 2010 and 2011 to 17.17%, 17.40%, 17.63%, 17.87% and 18.10%, respectively. The total employer contributions from the County to OPERS (excluding amounts paid in 2006, 2005 and 2004 for ERIP – See Note F) for the years 2006, 2005, and 2004 were \$54.7 million, \$50.9 million, and \$49 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 ORC provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The portion of the employer contribution rate used to fund postretirement health care for 2006 and 2005 was 4.5% and 4%, respectively, of covered payroll. During 2006 and 2005, \$17.9 million and \$14.9 million, respectively, of the County's total contribution to OPERS was used for postretirement benefits. At December 31, 2006, 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, 2005 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, annually, not to exceed a 12% corridor.

Investment Return: The investment return assumption for 2005 was 6.5%.

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

Health Care: Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 is effective January 1, 2007. In addition to the HCPP, OPERS took additional actions to improve the solvency of the Health Care Fund 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 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

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At December 31, 2006, there were 369,214 active participants contributing to the Traditional Pension and Combined Plans. (358,804 active participants at the actuarial valuation date of December 31, 2005.) The County's actuarially required OPEB contribution for 2005 equaled the actual amount contributed to OPERS by the County. In addition, at December 31, 2005, the actuarial value of the plan's net assets available for OPEB approximated \$11.1 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were \$31.3 billion and \$20.2 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 ORC assigns the authority to establish and amend benefits to the STRS Ohio Board of Trustees. STRS Ohio issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (880) 227-7877.

STRS OHIO FUNDING POLICY: The ORC provides statutory authority for employee and employer contributions. Employees are required to contribute 10% of covered payroll. The employer contribution rate is 14% of annual covered payroll. The employer contributions from the County Board of Mental Retardation to STRS Ohio for the years 2006, 2005 and 2004 were \$ 1.7 million, \$1.8 million, and \$1.8 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 2006 and 2005 were \$.1 million and \$.1 million, respectively, equal to the required contributions for each year.

The balance in the Health Care Stabilization Fund was \$3.5 billion on June 30, 2006 (latest information available). For the year ended June 30, 2006, the net health care costs paid by STRS Ohio were \$282.7 million and there were 119,184 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 2006, 2005 and 2004 were \$42.9 million, \$40 million and \$38 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 2006 and 2005 was \$14.1 million and \$11.8 million, respectively.

NOTE H - Deficit Balances

At December 31, 2006, the Capital Projects fund had a net asset deficit of \$24.4 million. The deficit in Capital Projects fund will be eliminated by a future debt issue.

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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, 2006, the balance in this account was \$28.4 million of which \$23.9 million represents the fund equity related to the certificates of deposit and \$4.5 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, 2006, \$28.1 million has been reserved for loan repayments.

Reserved for Debt Service: This account is used to separate the portion of fund equity that must be used to fund principal and interest on Gateway Economic Development Revenue Bonds in the succeeding year as well as the equity balance in the Debt Service fund. At December 31, 2006, \$16.8 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, 2006, \$.8 million has been designated for self-insurance.

NOTE J - Risk Management and Other Contingencies

Primary Government

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

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

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Self-Insurance: The County has designated \$.8 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 2006 and estimates for unsettled claims at December 31, 2006, 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 2006. Since 1992, the County has maintained an Internal Service fund for its self-insured workers' compensation benefits administered through a retrospective rating plan with the State of Ohio. Prior to 1992, the County was fully insured for workers' compensation benefits. The County uses a payroll-based rate to charge its various funds for workers' compensation benefits. These charges are contributed into the Self-Funded Insurance fund and are based on estimates needed to pay current claims and establish a reserve for claims incurred but not reported. Changes to the estimated claims payable recorded in the Self-Funded Insurance fund during the years ended December 31, 2006 and 2005 were:

	(Amounts in 000's)	
Estimated Claims Payable – Workers Compensation	2006	2005
Estimated claims payable beginning of year.....	\$ 17,716	\$ 17,263
Plus: Current year claims and changes in estimates	2,538	2,881
Less: Claim payments	<u>2,578</u>	<u>2,428</u>
Estimated claims payable end of year	<u>\$ 17,676</u>	<u>\$ 17,716</u>

The County is also self-insured with respect to two of its medical plans and its prescription drug plan. Changes to the estimated claims payable recorded in the Self-Funded Insurance fund during the year ended December 31, 2006 and 2005 were:

	(Amounts in 000's)	
Estimated Claims Payable – Health Insurance	2006	2005
Estimated claims payable beginning of year.....	\$ 2,038	\$ 11,009
Plus: Current year claims and changes in estimates	50,453	8,971
Less: Claim payments	<u>51,098</u>	<u>8,971</u>
Estimated claims payable end of year	<u>\$ 1,393</u>	<u>\$ 2,038</u>

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

DECEMBER 31, 2006

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, 2006 and 2005:

	(Amounts in 000's)	
Estimated Claims Payable	2006	2005
Estimated claims payable beginning of year.....	\$ 46,691	\$ 45,774
Plus: Current year claims and changes in estimates	9,104	12,593
Less: Claim payments	<u>9,348</u>	<u>11,676</u>
Estimated claims payable end of year	\$ <u>46,447</u>	\$ <u>46,691</u>
Due within one year	\$ <u>17,702</u>	\$ <u>21,989</u>

NOTE K - Encumbrances

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

At December 31, 2006, encumbrances outstanding in Governmental funds and Proprietary funds, which were reappropriated in the 2007 budget, were:

Fund Type	(Amounts in 000's)
General fund	\$ 21,446
Human Services fund	52,512
County Board of Mental Retardation fund	6,176
Health and Community Services fund	28,368
Other Governmental funds	101,286
Sanitary Engineer fund	2,138
Other Enterprise funds	763
Internal Service funds.....	<u>18,967</u>
Total	\$ <u>231,656</u>

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

On a GAAP basis, a portion of these encumbrances represented liabilities of the County. At December 31, 2006, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)
General fund.....	\$ 6,722
Human Services fund	7,878
County Board of Mental Retardation fund	2,431
Health and Community Services fund	10,732
Other Governmental funds	9,986
Sanitary Engineer fund	93
Other Enterprise funds	94
Internal Service funds.....	<u>4,524</u>
Total	<u>\$ 42,460</u>

NOTE L - Property Tax Revenues

Property taxes include amounts levied against real, tangible (used in business) and public utility property. The assessed value upon which the 2006 tax collection was based follows:

Property Type	(Amounts in 000's)
Real property	\$ 27,398,348
Personal tangible property.....	2,390,326
Tangible public utility property	<u>857,331</u>
Total assessed value	<u>\$ 30,646,005</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 .71 is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 12.07 voted mills have been levied for debt service, mental retardation, health and human services and health and welfare. A summary of voted millage follows:

Purpose	Voter Authorized Rate ⁽¹⁾	Rates Levied for Current Year Collection ⁽²⁾		Final Collection Year
		Agricultural/ Residential	Commercial/ Industrial	
Debt service	\$.27	\$.27	\$.27	2013
Mental retardation	3.90	3.90	3.90	Continuing
Health and human services ⁽³⁾	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) In November 2006 a replacement and decreased levy was passed to begin collection in 2007.

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

DECEMBER 31, 2006

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 2006. 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 18.75% of true 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.

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 2006:

Governmental Funds	(Amounts in 000's)
General.....	\$ 19,723
Health and Human Services Levies.....	174,031
County Board of Mental Retardation	103,867
Health and Community Services	14,032
Other Governmental	<u>26,130</u>
Total property tax revenues.....	\$ <u>337,783</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2006 for Cuyahoga County was \$37.7 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) on gross revenues of businesses 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, 2006

NOTE M – Other Intergovernmental Revenue

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2006 follows:

Fund Type	(Amounts in 000's)
General fund:	
State Public Defender reimbursement	\$ 5,012
State property tax reimbursement.....	2,744
Other.....	<u>1,773</u>
Total General fund.....	<u>9,529</u>
Special Revenue funds:	
U.S. Department of Housing and Urban Development	13,809
U.S. Department of Justice	4,403
U.S. Department of Labor	960
U.S. Department of Education	1,169
U.S. Department of Homeland Security.....	15,425
U.S. Department of Health and Human Services.....	12,166
Federal and State Mental Health and Retardation.....	159,478
Ohio Department of Alcohol and Drug Addiction Services	27,008
Ohio Department of Job and Family Services.....	375,454
Ohio Department of Rehabilitation and Corrections.....	3,887
Ohio Department of Transportation	1,661
Ohio Department of Youth Services	4,861
State property tax reimbursement.....	22,970
Other.....	<u>11,523</u>
Total Special Revenue funds.....	<u>654,774</u>
Debt Service fund:	
State property tax reimbursement.....	<u>3,856</u>
Capital Projects fund:	
Ohio Department of Transportation	19,793
Other	<u>7,926</u>
Total Capital Projects fund	<u>27,719</u>
Total Other Intergovernmental.....	\$ <u>695,878</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, 2006

A summary of interfund transfers by fund type follows for the year ended December 31, 2006:

Fund Type Transfer From	(Amounts in 000's) Transfer To							Total
	General	Human Services	County Board of Mental Retardation	Health and Community Services	Other Governmental	Other Enterprise	Internal Service	
Transfers:								
Major Governmental Funds:								
General	\$	\$	\$	\$ 3,565	\$ 13,896	\$ 2,539	\$ 84	\$ 20,084
Human Services			10		372			382
Health and Human Services Levies		45,620		106,947				152,567
County Board of Mental Retardation ...				980				980
Health and Community Services	325	4,246			510			5,081
Other Governmental Funds	37		24	3,630	9,234	5		12,930
Sanitary Engineer Fund	250							250
Other Enterprise Funds					578			578
Internal Services Funds					<u>2,039</u>			<u>2,039</u>
Total Transfers	\$ <u>612</u>	\$ <u>49,866</u>	\$ <u>34</u>	\$ <u>115,122</u>	\$ <u>26,629</u>	\$ <u>2,544</u>	\$ <u>84</u>	\$ <u>194,891</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, 2006, the County has \$91.8 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 \$198.3 million at December 31, 2006, including unpaid accrued interest. During 2006, Gateway repaid the County over \$4 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, 2006.

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

During 2004, Gateway completed negotiations on its stadium leases with the owners of the Cleveland Indians and the Cleveland Cavaliers. The new agreements free the organization from covering minor repairs and routine maintenance. Gateway's \$4.9 million in annual expenses will be divided by the teams. Gateway agreed to

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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.

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, 2006
(Amounts in 000's)**

	Special Revenue			
	Motor Vehicle Gas Tax	Community Development	Other	Total
ASSETS				
Equity in pooled cash and investments.....	\$ 19,728	\$ 3,715	\$	\$ 23,443
Receivables:				
Taxes (net of allowance for uncollectibles).....				
Loans (net of allowance for uncollectibles).....		27,063		27,063
Net receivables.....		27,063		27,063
Due from other governments.....	10,980	2,544	11,544	25,068
TOTAL ASSETS.....	\$ 30,708	\$ 33,322	\$ 11,544	\$ 75,574
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 1,885	\$ 1,819	\$ 5,173	\$ 8,877
Deferred revenue.....	5,947			5,947
Due to other funds.....	246	13	6,233	6,492
Due to other governments.....		6,731		6,731
Accrued wages and benefits.....	243	35	94	372
Matured bonds payable.....				
TOTAL LIABILITIES.....	8,321	8,598	11,500	28,419
Fund Balances				
Reserved for:				
Loans receivable.....		27,063		27,063
Debt service.....				
Unreserved, Undesignated.....	22,387	(2,339)	44	20,092
TOTAL FUND BALANCES	22,387	24,724	44	47,155
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 30,708	\$ 33,322	\$ 11,544	\$ 75,574

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 6,811	\$	\$ 30,254
28,561		28,561
<u>28,561</u>	<u></u>	<u>27,063</u>
1,515	4,010	55,624
<u>\$ 36,887</u>	<u>\$ 4,010</u>	<u>\$ 30,593</u>
		<u><u>116,471</u></u>

\$	\$ 5,414	\$ 14,291
29,851		35,798
	23,018	29,510
		6,731
		372
<u>14</u>	<u></u>	<u>14</u>
29,865	28,432	86,716

		27,063
7,022		7,022
<u>7,022</u>	<u>(24,422)</u>	<u>(4,330)</u>
<u>\$ 36,887</u>	<u>\$ 4,010</u>	<u>\$ 29,755</u>
		<u><u>116,471</u></u>

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

**FOR THE YEAR ENDED DECEMBER 31, 2006
 (Amounts in 000's)**

	<u>Special Revenue</u>			
	<u>Motor Vehicle Gas Tax</u>	<u>Community Development</u>	<u>Other</u>	<u>Total</u>
REVENUES				
Property taxes.....	\$	\$	\$	\$
Other tax.....	28,523			28,523
Charges for services.....				
Fines and forfeitures.....	242			242
Investment earnings.....	906			906
Other intergovernmental.....	6,156	13,809	43,363	63,328
Miscellaneous.....	<u>68</u>	<u>48</u>	<u>852</u>	<u>968</u>
TOTAL REVENUES.....	35,895	13,857	44,215	93,967
EXPENDITURES				
Current:				
General government.....			296	296
Judicial.....			19,637	19,637
Development.....		17,360	685	18,045
Social services.....			2,000	2,000
Health and safety.....			21,791	21,791
Public works.....	28,047		395	28,442
Capital outlay.....				
Debt service:				
Principal retirement.....				
Interest.....				
TOTAL EXPENDITURES.....	<u>28,047</u>	<u>17,360</u>	<u>44,804</u>	<u>90,211</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	7,848	(3,503)	(589)	3,756
OTHER FINANCING SOURCES (USES)				
Transfers in.....	1,077	4,500	1,562	7,139
Transfers out:				
Other.....	<u>(7,498)</u>		<u>(3,696)</u>	<u>(11,194)</u>
TOTAL OTHER FINANCING SOURCES (USES).....	<u>(6,421)</u>	<u>4,500</u>	<u>(2,134)</u>	<u>(4,055)</u>
NET CHANGE IN FUND BALANCES.....	1,427	997	(2,723)	(299)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....				
	<u>20,960</u>	<u>23,727</u>	<u>2,767</u>	<u>47,454</u>
FUND BALANCES (DEFICITS) AT END OF YEAR.....				
	<u>\$ 22,387</u>	<u>\$ 24,724</u>	<u>\$ 44</u>	<u>\$ 47,155</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental</u>
\$ 26,130	\$	\$ 26,130
7		28,530
259		259
		242
	702	1,608
3,856	27,719	94,903
	149	1,117
<u>30,252</u>	<u>28,570</u>	<u>152,789</u>
		296
		19,637
		18,045
		2,000
		21,791
	27,983	56,425
	24,262	24,262
20,601	1,854	22,455
<u>16,679</u>	<u>298</u>	<u>16,977</u>
<u>37,280</u>	<u>54,397</u>	<u>181,888</u>
(7,028)	(25,827)	(29,099)
8,107	11,383	26,629
	<u>(1,736)</u>	<u>(12,930)</u>
<u>8,107</u>	<u>9,647</u>	<u>13,699</u>
1,079	(16,180)	(15,400)
<u>5,943</u>	<u>(8,242)</u>	<u>45,155</u>
<u>\$ 7,022</u>	<u>\$ (24,422)</u>	<u>\$ 29,755</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, 2006
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property taxes..... \$	19,971	\$ 19,707	\$ 19,707
Sales and use tax.....	167,795	168,654	168,654
Other tax.....	14	8	6
State local government fund.....	38,573	38,573	38,573
Licenses and permits.....	73	84	86
Charges for services.....	62,795	60,162	63,154
Fines and forfeitures.....	6,957	8,991	9,063
Investment earnings.....	16,927	24,166	26,018
Other intergovernmental.....	7,696	8,820	8,942
Miscellaneous.....	4,539	5,512	2,443
TOTAL REVENUES.....	325,340	334,677	336,646
EXPENDITURES			
Current:			
GENERAL GOVERNMENT			
Vital Statistics			
Other.....	20	20	14
Total Vital Statistics.....	20	20	14
Bureau of Inspection			
Other.....	681	681	655
Total Bureau of Inspection.....	681	681	655
Auditor			
Personnel.....	6,141	6,284	6,284
Other.....	4,504	3,527	3,572
Capital.....	23		
Total Auditor.....	10,668	9,811	9,856
Board of Elections			
Personnel.....	5,826	7,124	7,086
Other.....	5,625	8,507	6,857
Capital.....	8	4,179	4,132
Total Board of Elections.....	11,459	19,810	18,075
Board of Revision			
Personnel.....	497	501	500
Other.....	169	225	203
Capital.....	2	2	
Total Board of Revision.....	668	728	703

(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, 2006

(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
County Commissioners			
Personnel.....	1,211	1,407	1,407
Other.....	834	769	768
Capital.....	5	5	4
Total County Commissioners.....	2,050	2,181	2,179
County Administrator			
Personnel.....	780	881	881
Other.....	504	738	725
Capital.....	3	3	3
Total County Administrator.....	1,287	1,622	1,609
Human Resources			
Personnel	2,047	1,894	1,892
Other.....	2,695	1,729	1,671
Capital.....	7	59	55
Total Human Resources.....	4,749	3,682	3,618
Employment Relations			
Personnel.....	633	633	633
Other.....	174	312	310
Capital.....	10	10	8
Total Employment Relations.....	817	955	951
Benefits			
Personnel.....	468	476	476
Other.....	235	220	114
Capital.....	2	2	2
Total Benefits.....	705	698	592
Labor Relations			
Personnel.....	278	311	310
Other.....	28	23	22
Capital.....	5	4	4
Total Labor Relations.....	311	338	336
Office of Budget and Management			
Personnel.....	1,141	1,113	1,113
Other.....	448	409	369
Capital.....	4	6	5
Total Office of Budget and Management.....	1,593	1,528	1,487
Clerk of the Board			
Personnel.....	496	520	515
Other.....	108	189	181
Capital.....	2	2	2
Total Clerk of the Board	606	711	696

(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, 2006
(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Procurement and Diversity			
Personnel.....	846	776	776
Other.....	466	641	617
Capital.....	3	19	12
Total Procurement and Diversity.....	1,315	1,436	1,405
Risk and Property Management			
Personnel.....	593	623	622
Other.....	2,294	2,340	2,304
Capital.....	2	2	2
Total Risk and Property Management.....	2,889	2,965	2,928
Archives			
Personnel.....	207	176	176
Other.....	638	907	905
Capital.....	1	-	-
Total Archives.....	846	1,083	1,081
Recorder			
Personnel.....	5,103	5,315	5,313
Other.....	1,692	1,581	1,577
Capital.....	182	671	670
Total Recorder.....	6,977	7,567	7,560
Treasurer			
Personnel.....	3,030	3,070	3,039
Other.....	2,048	1,822	1,615
Capital.....	10	46	43
Total Treasurer.....	5,088	4,938	4,697
Reserve/Contingencies			
Other.....	3,165	3,165	-
Total Reserve/Contingencies.....	3,165	3,165	-
Agricultural Society			
Other.....	3	3	3
Total Agricultural Society.....	3	3	3
Memorial Day Allowances			
Other.....	61	64	64
Total Memorial Day Allowances.....	61	64	64
Soldiers and Sailors Monument			
Personnel.....	89	93	92
Other.....	104	62	62
Capital.....	-	(8)	(8)
Total Soldiers and Sailors Monument.....	193	147	146

(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, 2006
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Cuyahoga County School District			
Other.....		9	9
Total Cuyahoga County School District.....		9	9
Self-Insurance			
Other.....	1,978	1,978	336
Total Self-Insurance.....	1,978	1,978	336
Miscellaneous			
Other.....	1,270	1,240	832
Total Miscellaneous.....	1,270	1,240	832
Data Systems Development			
Other.....	224	204	
Total Data Systems Development.....	224	204	
Capital Improvement G/F Subsidy			
Other.....	78	78	(160)
Total Capital Improvement G/F Subsidy.....	78	78	(160)
TOTAL GENERAL GOVERNMENT.....	59,701	67,642	59,672
JUDICIAL			
Board and Care of Prisoners			
Other.....	6,652	7,732	7,653
Total Board and Care of Prisoners.....	6,652	7,732	7,653
Court of Appeals			
Personnel.....	1,339	1,369	1,354
Other.....	713	734	716
Capital.....	23	6	6
Total Court of Appeals.....	2,075	2,109	2,076
Clerk of Courts			
Personnel.....	6,676	6,746	6,731
Other.....	5,013	5,027	4,966
Capital.....	24	24	20
Total Clerk of Courts.....	11,713	11,797	11,717
Court of Common Pleas - Law Library			
Personnel.....	215	218	217
Other.....	1	10	4
Capital.....	1	1	1
Total Court of Common Pleas - Law Library.....	217	229	222

(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, 2006
(Amounts in 000's)

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Common Pleas Legal Research			
Other.....	110	110	110
Total Common Pleas Legal Research.....	110	110	110
Common Pleas-Judicial Administration			
Personnel.....	6,644	6,692	6,692
Other.....	13,749	15,465	15,434
Capital.....	156	88	88
Total Common Pleas-Judicial Administration.....	20,549	22,245	22,214
Common Pleas-Referees			
Personnel.....	1,022	1,203	1,193
Other.....	229	199	185
Capital.....	4	4	4
Total Common Pleas-Referees.....	1,255	1,406	1,382
Common Pleas-Court Services			
Personnel.....	7,213	7,179	7,178
Other.....	765	977	952
Capital.....	27	17	15
Total Common Pleas-Court Services.....	8,005	8,173	8,145
Common Pleas-Probation/Psychiatric			
Personnel.....	8,358	8,839	8,793
Other.....	3,165	2,742	2,737
Capital.....	33	28	27
Total Common Pleas-Probation/Psychiatric.....	11,556	11,609	11,557
Coroner			
Personnel.....	5,941	6,023	5,498
Other.....	2,047	2,195	2,161
Capital.....	21	101	52
Total Coroner.....	8,009	8,319	7,711
Domestic Relations Court			
Personnel.....	3,057	2,997	2,928
Other.....	1,124	1,219	1,185
Capital.....	12	12	5
Total Domestic Relations Court.....	4,193	4,228	4,118
Domestic Relations-Bureau of Support			
Personnel.....	2,754	2,814	2,805
Other.....	520	659	643
Capital.....	10	10	1
Total Domestic Relations-Bureau of Support.....	3,284	3,483	3,449

(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, 2006
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Justice Affairs Administration			
Personnel.....	848	963	960
Other.....	758	1,061	1,024
Capital.....	3	35	30
Total Justice Affairs Administration.....	1,609	2,059	2,014
Management Service Division			
Personnel.....	120	137	136
Other.....	222	103	61
Capital.....	48	48	21
Total Management Service Division.....	390	288	218
Justice Affairs-Criminal Justice			
Personnel.....	580	617	579
Other.....	731	435	257
Capital.....	2	2	2
Total Justice Affairs-Criminal Justice.....	1,313	1,054	838
Witness Victim Services			
Personnel.....			(15)
Other.....		(63)	(63)
Total Witness Victim Services.....		(63)	(78)
Criminal Justice Intervention Services			
Personnel.....			(1)
Other.....		(3)	(28)
Total Criminal Justice Intervention Services.....		(3)	(29)
Juvenile Court-Administration			
Personnel.....	1,995	2,003	2,003
Other.....	7,534	6,026	5,937
Capital.....	7	10	10
Total Juvenile Court-Administration.....	9,536	8,039	7,950
Juvenile Court-Legal			
Personnel.....	8,031	7,730	7,730
Other.....	3,190	4,623	4,483
Capital.....	29	202	202
Total Juvenile Court-Legal.....	11,250	12,555	12,415
Juvenile Court-Probation			
Personnel.....	6,013	6,136	6,136
Other.....	1,321	1,508	1,507
Capital.....	21	20	20
Total Juvenile Court-Probation.....	7,355	7,664	7,663

(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, 2006
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Juvenile Court-Child Support			
Personnel.....	2,297	2,884	2,884
Other.....	599	857	857
Capital	8	1	1
Total Juvenile Court-Child Support.....	2,904	3,742	3,742
Juvenile Court-Detention Home			
Personnel.....	8,730	8,978	8,978
Other.....	2,590	2,795	2,779
Capital.....	31	34	34
Total Juvenile Court-Detention Home.....	11,351	11,807	11,791
Justice Systems Management			
Other.....		31	6
Total Justice Systems Management		31	6
Municipal Judicial Costs			
Personnel.....	2,748	2,663	2,643
Other.....	483	614	537
Total Municipal Judicial Costs.....	3,231	3,277	3,180
Village and Township Costs			
Other.....		5	5
Total Village and Township Costs.....		5	5
Probate Court			
Personnel.....	5,170	5,160	5,160
Other.....	1,294	1,450	1,484
Capital.....	20	6	6
Total Probate Court.....	6,484	6,616	6,650
Public Defender			
Personnel.....	5,992	5,991	5,687
Other.....	1,412	1,862	1,824
Capital.....	23	153	152
Total Public Defender.....	7,427	8,006	7,663
Prosecutor-General Office			
Personnel.....	14,330	14,318	14,304
Other.....	1,841	2,252	2,241
Capital.....	315	290	290
Total Prosecutor-General Office.....	16,486	16,860	16,835
Prosecutor-Child Support			
Personnel.....	2,347	2,418	2,406
Other.....	205	385	385
Capital.....	54	53	53
Total Prosecutor-Child Support.....	2,606	2,856	2,844

(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, 2006
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
Prosecutor-Children and Family Services			
Personnel.....	2,433	2,413	2,403
Other.....	122	142	140
Capital.....	33	33	33
Total Prosecutor-Children and Family Services.....	2,588	2,588	2,576
Public Safety Grants Administration.....			
Personnel.....		80	80
Other.....	450	450	450
Total Public Safety Grants Administration.....	450	530	530
Sheriff			
Personnel.....	55,822	58,836	58,523
Other.....	11,715	12,075	12,047
Capital.....	199	61	28
Total Sheriff.....	67,736	70,972	70,598
Sheriff-Inmate Services			
Personnel.....	3,517	4,268	3,811
Other.....	3,522	3,454	3,424
Capital.....	13	11	11
Total Sheriff-Inmate Services.....	7,052	7,733	7,246
TOTAL JUDICIAL.....	237,386	248,056	245,011
DEVELOPMENT			
Economic Development			
Personnel.....	868	903	927
Other.....	8,052	2,689	2,671
Capital.....	2	4	4
Total Economic Development.....	8,922	3,596	3,602
Regional Economic Development			
Personnel.....		57	57
Other.....		1,149	1,145
Capital.....		5	3
Total Regional Economic Development.....		1,211	1,205
NOACA			
Other.....	157	161	161
Total NOACA.....	157	161	161
Soil Conservation			
Other.....	94	94	94
Total Soil Conservation.....	94	94	94
TOTAL DEVELOPMENT.....	9,173	5,062	5,062
SOCIAL SERVICES			
Graves for Indigents			
Other.....	1	4	2
Total Graves for Indigents.....	1	4	2

(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, 2006
(Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual
	Original	Final	Amounts
Children Who Witness Violence			
Other.....		(222)	(222)
Total Children Who Witness Violence.....		(222)	(222)
Ombudsman Program			
Other.....	209	207	207
Total Ombudsman Program.....	209	207	207
Veterans Service Commission			
Personnel.....	1,823	2,008	1,997
Other.....	5,593	5,349	3,309
Capital.....	184	184	56
Total Veterans Service Commission.....	7,600	7,541	5,362
TOTAL SOCIAL SERVICES.....	7,810	7,530	5,349
HEALTH AND SAFETY			
Agriculture and Apiary Inspection			
Other.....	1	1	1
Total Agriculture and Apiary Inspection.....	1	1	1
Treatment Service Division			
Personnel.....			(1)
Other.....		(4)	(4)
Total Treatment Service Division.....		(4)	(5)
CECOMS Center			
Personnel.....	821	806	788
Other.....	316	332	304
Capital.....	3	3	3
Total CECOMS Center.....	1,140	1,141	1,095
Hospital Operations			
Other.....		10,000	10,000
Total Hospital Operations.....		10,000	10,000
TOTAL HEALTH AND SAFETY.....	1,141	11,138	11,091
TOTAL EXPENDITURES.....	315,211	339,428	326,185
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	10,129	(4,751)	10,461
OTHER FINANCING SOURCES (USES)			
Transfers in.....		600	612
Transfers out:			
Debt retirement.....	(6,975)	(6,975)	(6,473)
Other.....	(6,484)	(13,954)	(13,611)
TOTAL OTHER FINANCING USES.....	(13,459)	(20,329)	(19,472)

(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, 2006
 (Amounts in 000's)**

	General Fund		
	Budgeted Amounts		Actual Amounts
	Original	Final	
NET CHANGE IN FUND BALANCES.....	(3,330)	(25,080)	(9,011)
FUND BALANCES AT BEGINNING OF YEAR.....	<u>114,032</u>	<u>114,032</u>	<u>114,032</u>
FUND BALANCES AT END OF YEAR.....	<u>\$ 110,702</u>	<u>\$ 88,952</u>	<u>\$ 105,021</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, 2006
(Amounts in 000's)**

	Motor Vehicle Gas Tax Fund	
	Final Budget	Actual
REVENUES		
Other tax.....	\$ 32,804	\$ 28,684
Fines and forfeitures.....	313	251
Investment earnings.....	1,043	894
Other intergovernmental.....	5,889	5,297
Miscellaneous.....	265	68
TOTAL REVENUES.....	40,314	35,194
EXPENDITURES		
Current:		
PUBLIC WORKS		
Personnel.....	15,868	12,207
Other.....	2,747	982
Capital.....	11,531	9,388
TOTAL PUBLIC WORKS.....	30,146	22,577
TOTAL EXPENDITURES	30,146	22,577
EXCESS OF REVENUES OVER EXPENDITURES.....	10,168	12,617
OTHER FINANCING SOURCES (USES)		
Transfers in.....	803	1,077
Transfers out:		
Other	(7,481)	(7,498)
TOTAL OTHER FINANCING USES.....	(6,678)	(6,421)
NET CHANGE IN FUND BALANCES.....	3,490	6,196
FUND BALANCES AT BEGINNING OF YEAR.....	8,328	8,328
FUND BALANCES AT END OF YEAR.....	\$ 11,818	\$ 14,524

**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, 2006
(Amounts in 000's)**

	Debt Service Fund	
	Final Budget	Actual
REVENUES		
Property taxes.....	\$ 25,934	\$ 26,098
Other tax.....	7	7
Charges for services.....	258	259
Other intergovernmental.....	3,708	3,656
Miscellaneous.....	680	680
TOTAL REVENUES.....	30,587	30,020
EXPENDITURES		
DEBT SERVICE:		
Principal retirement.....	20,759	20,591
Interest.....	16,623	16,489
TOTAL EXPENDITURES.....	37,382	37,080
DEFICIENCY OF REVENUES OVER EXPENDITURES.....	(6,795)	(7,060)
OTHER FINANCING SOURCES (USES)		
Transfers in.....	6,633	8,106
TOTAL OTHER FINANCING SOURCES.....	6,633	8,106
NET CHANGE IN FUND BALANCES.....	(162)	1,046
FUND BALANCES AT BEGINNING OF YEAR.....	3,311	3,311
FUND BALANCES AT END OF YEAR.....	\$ 3,149	\$ 4,357

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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.
County Parking	The parking division provides parking at various facilities to county employees and 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 and telecommunication services 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.
Postage	The Postage division provides mail and delivery services for the county.
Self-Funded Insurance	The Self-Funded Insurance fund provides self-insurance to the county for workers' compensation and its medical and prescription plans.

**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS**

**DECEMBER 31, 2006
(Amounts in 000's)**

	<u>County Airport</u>	<u>County Parking</u>	<u>Cuyahoga County Information System</u>	<u>Totals</u>
ASSETS				
Current assets:				
Equity in pooled cash and investments.....	\$	\$ 1,770	\$ 1,415	\$ 3,185
Accounts receivable (net of allowance for uncollectibles).....	158		19	177
Due from other funds.....			4	4
Due from other governments.....			121	121
Inventory of supplies.....	<u>10</u>			<u>10</u>
Total current assets.....	<u>168</u>	<u>1,770</u>	<u>1,559</u>	<u>3,497</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Land.....	6,057	1,224		7,281
Land improvements.....	1,700			1,700
Buildings, structures and improvements.....	209	9,212		9,421
Furniture, fixtures and equipment.....	19	1	159	179
Vehicles.....	511			511
Construction in progress.....	<u>677</u>			<u>677</u>
Net capital assets.....	<u>9,173</u>	<u>10,437</u>	<u>159</u>	<u>19,769</u>
Total noncurrent assets.....	<u>9,173</u>	<u>10,437</u>	<u>159</u>	<u>19,769</u>
TOTAL ASSETS.....	<u>9,341</u>	<u>12,207</u>	<u>1,718</u>	<u>23,266</u>
LIABILITIES				
Current liabilities:				
Accounts payable.....	146	74	76	296
Due to other funds.....	124	30	2	156
Accrued wages and benefits.....	59	81	20	160
Special termination benefits.....	<u>11</u>			<u>11</u>
Total current liabilities.....	<u>340</u>	<u>185</u>	<u>98</u>	<u>623</u>
NET ASSETS				
Invested in capital assets, net of related debt.....	9,173	10,437	159	19,769
Unrestricted.....	<u>(172)</u>	<u>1,585</u>	<u>1,461</u>	<u>2,874</u>
TOTAL NET ASSETS.....	<u>\$ 9,001</u>	<u>\$ 12,022</u>	<u>\$ 1,620</u>	<u>\$ 22,643</u>

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

**FOR THE YEAR ENDED DECEMBER 31, 2006
 (Amounts in 000's)**

	<u>County Airport</u>	<u>County Parking</u>	<u>Cuyahoga County Information System</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services.....	\$ 818	\$ 3,742	\$ 1,314	\$ 5,874
Other revenue.....	<u>17</u>	<u>10</u>	<u> </u>	<u>27</u>
TOTAL OPERATING REVENUES.....	835	3,752	1,314	5,901
OPERATING EXPENSES				
Personal services.....	717	1,099	382	2,198
Contractual services.....	224	175	769	1,168
Commodities.....	174	27	5	206
Depreciation.....	363	512	30	905
Other expenses.....	<u>780</u>	<u>1,239</u>	<u>929</u>	<u>2,948</u>
TOTAL OPERATING EXPENSES.....	<u>2,258</u>	<u>3,052</u>	<u>2,115</u>	<u>7,425</u>
OPERATING INCOME (LOSS).....	(1,423)	700	(801)	(1,524)
NONOPERATING EXPENSES				
Loss on disposal of capital assets.....	<u>(19)</u>	<u> </u>	<u> </u>	<u>(19)</u>
TOTAL NONOPERATING EXPENSES.....	<u>(19)</u>	<u> </u>	<u> </u>	<u>(19)</u>
GAIN (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....				
	(1,442)	700	(801)	(1,543)
Transfers in.....	1,208		1,336	2,544
Transfers out:				
Debt retirement.....		(172)		(172)
Other.....		(406)		(406)
Capital contributions.....	<u>947</u>	<u>1,488</u>	<u> </u>	<u>2,435</u>
CHANGE IN NET ASSETS.....	713	1,610	535	2,858
TOTAL NET ASSETS				
BEGINNING OF YEAR.....	<u>8,288</u>	<u>10,412</u>	<u>1,085</u>	<u>19,785</u>
TOTAL NET ASSETS				
END OF YEAR.....	<u>\$ 9,001</u>	<u>\$ 12,022</u>	<u>\$ 1,620</u>	<u>\$ 22,643</u>

**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Amounts in 000's)

	County Airport	County Parking	Cuyahoga County Information System	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers.....	\$ 923	\$ 3,742	\$ 1,415	\$ 6,080
Other operating cash receipts.....	17	10		27
Cash payments to suppliers for goods and services.....	(1,236)	(1,644)	(1,744)	(4,624)
Cash payments to employees for services.....	(715)	(1,064)	(374)	(2,153)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	(1,011)	1,044	(703)	(670)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds.....	1,208		1,336	2,544
Transfer to other funds.....		(578)		(578)
Repayment of short-term interfund loan.....	(507)			(507)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES.....	701	(578)	1,336	1,459
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Receipts from capital grants.....	508			508
Acquisition and construction of capital assets.....	(198)		(9)	(207)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES.....	310		(9)	301
NET INCREASE IN CASH AND CASH EQUIVALENTS.....		466	624	1,090
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....		1,304	791	2,095
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 0	\$ 1,770	\$ 1,415	\$ 3,185
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (1,423)	\$ 700	\$ (801)	\$ (1,524)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation.....	363	512	30	905
Changes in assets and liabilities:				
Accounts receivable-net.....	104		(2)	102
Due from other funds.....			9	9
Due from other governments.....			110	110
Inventory of supplies.....	6			6
Accounts payable.....	(25)	(202)	(55)	(282)
Due to other funds.....	1	10		11
Accrued wages and benefits.....	1	24	6	31
Special termination benefits.....	(38)			(38)
TOTAL ADJUSTMENTS.....	412	344	98	854
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	\$ (1,011)	\$ 1,044	\$ (703)	\$ (670)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital contributions - capital assets.....	\$ 439	\$ 1,488	\$	\$ 1,927
TOTAL NONCASH TRANSACTIONS.....	\$ 439	\$ 1,488	\$ 0	\$ 1,927

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**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

**DECEMBER 31, 2006
(Amounts in 000's)**

	Central Custodial Services	Maintenance Garage	Data Processing Center
ASSETS			
Current assets:			
Equity in pooled cash and investments.....	\$ 3,435	\$	\$
Accounts receivable (net of allowance for uncollectibles).....			2
Due from other funds.....		135	180
Due from other governments.....	1,916		
Inventory of supplies.....		45	
Total current assets.....	5,351	180	182
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Furniture, fixtures and equipment.....	78	2	8,724
Vehicles.....	14	690	
Net capital assets.....	<u>92</u>	<u>692</u>	<u>8,724</u>
Total noncurrent assets.....	<u>92</u>	<u>692</u>	<u>8,724</u>
TOTAL ASSETS.....	5,443	872	8,906
LIABILITIES			
Current liabilities:			
Accounts payable.....	1,273	82	614
Due to other funds.....	1,418	380	2,427
Due to other governments.....			
Accrued wages and benefits.....	1,966	27	884
Capital lease obligations.....			
Special termination benefits.....	236		77
Total current liabilities.....	4,893	489	4,002
Noncurrent liabilities:			
Capital lease obligations.....			
Total noncurrent liabilities.....			
TOTAL LIABILITIES.....	4,893	489	4,002
NET ASSETS			
Invested in capital assets, net of related debt.....	92	692	8,724
Unrestricted.....	458	(309)	(3,820)
TOTAL NET ASSETS.....	\$ 550	\$ 383	\$ 4,904

<u>Printing Reproduction and Supplies</u>	<u>Postage</u>	<u>Self-Funded Insurance</u>	<u>Totals</u>
\$	\$	\$	\$
	112	61,331	64,878
			2
162	44	9,413	9,934
		99	2,015
9			54
<u>171</u>	<u>156</u>	<u>70,843</u>	<u>76,883</u>
784	110		9,698
			704
<u>784</u>	<u>110</u>		<u>10,402</u>
<u>784</u>	<u>110</u>		<u>10,402</u>
<u>955</u>	<u>266</u>	<u>70,843</u>	<u>87,285</u>
274	8	1,779	4,030
243	30		4,498
		17,676	17,676
37	32	17	2,963
96	45		141
	9		322
<u>650</u>	<u>124</u>	<u>19,472</u>	<u>29,630</u>
164	36		200
<u>164</u>	<u>36</u>		<u>200</u>
<u>814</u>	<u>160</u>	<u>19,472</u>	<u>29,830</u>
524	29		10,061
(383)	77	51,371	47,394
<u>\$ 141</u>	<u>\$ 106</u>	<u>\$ 51,371</u>	<u>\$ 57,455</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, 2006
 (Amounts in 000's)**

	<u>Central Custodial Services</u>	<u>Maintenance Garage</u>	<u>Data Processing Center</u>	<u>Printing Reproduction and Supplies</u>
OPERATING REVENUES				
Charges for services.....	\$ 51,845	\$ 1,742	\$ 18,195	\$ 3,533
Other revenue.....	<u>770</u>	<u>88</u>	<u>27</u>	<u>15</u>
TOTAL OPERATING REVENUES.....	52,615	1,830	18,222	3,548
OPERATING EXPENSES				
Personal services.....	32,275	330	7,723	594
Contractual services and claims	1,806		2,391	653
Commodities.....	10,390	543	323	1,916
Depreciation.....	29	201	1,878	72
Other expenses.....	<u>3,904</u>	<u>242</u>	<u>2,986</u>	<u>137</u>
TOTAL OPERATING EXPENSES.....	48,404	1,316	15,301	3,372
OPERATING INCOME.....	4,211	514	2,921	176
NONOPERATING EXPENSES				
Interest expense.....				(15)
Loss on disposal of capital assets.....				(31)
TOTAL NONOPERATING EXPENSES.....				(46)
INCOME BEFORE TRANSFERS.....	4,211	514	2,921	130
Transfers in.....				84
Transfers out:				
Other.....	(2,039)			
Capital contributions.....			647	
CHANGE IN NET ASSETS.....	2,172	514	3,568	214
TOTAL NET ASSETS				
BEGINNING OF YEAR.....	<u>(1,622)</u>	<u>(131)</u>	<u>1,336</u>	<u>(73)</u>
TOTAL NET ASSETS				
END OF YEAR.....	\$ 550	\$ 383	\$ 4,904	\$ 141

	<u>Postage</u>	<u>Self-Funded Insurance</u>	<u>Totals</u>
\$	1,350	\$	81,029
			\$ 157,694
			<u>109</u>
	<u>1,350</u>	<u>81,138</u>	<u>158,703</u>
	619	126	41,667
	19	75,033	79,902
	4		13,176
	25		2,205
	<u>431</u>	<u>36</u>	<u>7,736</u>
	<u>1,098</u>	<u>75,195</u>	<u>144,686</u>
	<u>252</u>	<u>5,943</u>	<u>14,017</u>
	(6)		(21)
	<u>(6)</u>		<u>(31)</u>
	<u>246</u>	<u>5,943</u>	<u>13,965</u>
			84
			(2,039)
	<u>246</u>	<u>5,943</u>	<u>647</u>
	<u>246</u>	<u>5,943</u>	<u>12,657</u>
	<u>(140)</u>	<u>45,428</u>	<u>44,798</u>
\$	<u><u>106</u></u>	\$	<u><u>51,371</u></u>
			<u><u>57,455</u></u>

**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Amounts in 000's)

	<u>Central Custodial Services</u>	<u>Maintenance Garage</u>	<u>Data Processing Center</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers.....	\$ 770	\$ 88	\$ 27
Other operating cash receipts.....	50,550	1,670	18,011
Cash payments to suppliers for goods and services.....	(18,023)	(729)	(5,757)
Cash payments to employees for services.....	(31,611)	(327)	(7,612)
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>1,686</u>	<u>702</u>	<u>4,669</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from other funds.....			
Transfer to other funds.....	(2,039)		
Repayment of short-term interfund loan-net.....		(362)	(673)
NET CASH USED FOR NONCAPITAL FINANCING ACTIVITIES.....	<u>(2,039)</u>	<u>(362)</u>	<u>(673)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets.....	(10)	(340)	(3,996)
Principal paid on long-term debt.....			
Interest paid on long-term debt.....			
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(10)</u>	<u>(340)</u>	<u>(3,996)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(363)		
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>3,798</u>		
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 3,435</u>	<u>\$ 0</u>	<u>\$ 0</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income.....	\$ 4,211	\$ 514	\$ 2,921
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation.....	29	201	1,878
Changes in assets and liabilities:			
Accounts receivable-net.....			(1)
Due from other funds.....		(72)	(180)
Due from other governments.....	(1,295)		
Inventory of supplies.....		(7)	
Accounts payable.....	(389)	62	446
Due to other funds.....	453	4	29
Due to other governments.....			
Accrued wages and benefits.....	227		79
Special termination benefits.....	(1,550)		(503)
TOTAL ADJUSTMENTS.....	<u>(2,525)</u>	<u>188</u>	<u>1,748</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 1,686</u>	<u>\$ 702</u>	<u>\$ 4,669</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital contributions - capital assets.....	\$	\$	\$ 647
TOTAL NONCASH TRANSACTIONS.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 647</u>

<u>Printing, Reproduction and Supplies</u>	<u>Postage</u>	<u>Self-Funded Insurance</u>	<u>Totals</u>
\$ 15	\$	\$ 109	\$ 1,009
3,905	1,512	79,209	154,857
(2,674)	(775)	(73,330)	(101,288)
<u>(581)</u>	<u>(665)</u>	<u>(123)</u>	<u>(40,919)</u>
665	72	5,865	13,659
84			84
<u>(222)</u>			<u>(2,039)</u>
<u>(138)</u>			<u>(1,257)</u>
			<u>(3,212)</u>
(420)			(4,766)
(91)	(43)		(134)
<u>(16)</u>	<u>(6)</u>		<u>(22)</u>
<u>(527)</u>	<u>(49)</u>		<u>(4,922)</u>
	23	5,865	5,525
	89	55,466	59,353
<u>\$ 0</u>	<u>\$ 112</u>	<u>\$ 61,331</u>	<u>\$ 64,878</u>

\$ 176	\$ 252	\$ 5,943	\$ 14,017
72	25		2,205
			(1)
372	161	(1,828)	(1,547)
		8	(1,287)
(4)			(11)
72	(134)	1,779	1,836
7	(5)		488
		(40)	(40)
5	(39)	3	275
<u>(35)</u>	<u>(188)</u>		<u>(2,276)</u>
<u>489</u>	<u>(180)</u>	<u>(78)</u>	<u>(358)</u>
<u>\$ 665</u>	<u>\$ 72</u>	<u>\$ 5,865</u>	<u>\$ 13,659</u>

\$	\$	\$	\$ 647
<u>0</u>	<u>0</u>	<u>0</u>	<u>647</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, 2006
(Amounts in 000's)**

	<u>Payroll</u>	<u>Undivided Tax</u>	<u>Other</u>	<u>Total Agency Funds</u>
ASSETS				
Equity in pooled cash and investments.....	\$ 9,801	\$ 210,144	\$ 24,485	\$ 244,430
Cash and investments-segregated accounts.....			43,834	43,834
Taxes receivable.....		1,482,042		1,482,042
TOTAL ASSETS.....	<u>\$ 9,801</u>	<u>\$ 1,692,186</u>	<u>\$ 68,319</u>	<u>\$ 1,770,306</u>
LIABILITIES				
Due to other governments.....	\$ 9,578	\$ 1,691,679	\$ 7,736	\$ 1,708,993
Other liabilities.....	223	507	60,583	61,313
TOTAL LIABILITIES.....	<u>\$ 9,801</u>	<u>\$ 1,692,186</u>	<u>\$ 68,319</u>	<u>\$ 1,770,306</u>

**COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2006
(Amounts in 000's)**

PAYROLL

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
ASSETS				
Equity in pooled cash and investments.....	\$ 9,606	\$ 604,454	\$ 604,259	\$ 9,801
TOTAL ASSETS.....	<u>\$ 9,606</u>	<u>\$ 604,454</u>	<u>\$ 604,259</u>	<u>\$ 9,801</u>
LIABILITIES				
Due to other governments.....	\$ 8,791	\$ 124,309	\$ 123,522	\$ 9,578
Other liabilities.....	815	480,145	480,737	223
TOTAL LIABILITIES.....	<u>\$ 9,606</u>	<u>\$ 604,454</u>	<u>\$ 604,259</u>	<u>\$ 9,801</u>

UNDIVIDED TAX

ASSETS				
Equity in pooled cash and investments.....	\$ 184,988	\$ 2,532,494	\$ 2,507,338	\$ 210,144
Taxes receivable.....	1,378,238	1,482,041	1,378,237	1,482,042
TOTAL ASSETS.....	<u>\$ 1,563,226</u>	<u>\$ 4,014,535</u>	<u>\$ 3,885,575</u>	<u>\$ 1,692,186</u>
LIABILITIES				
Due to other governments.....	\$ 1,562,695	\$ 3,998,182	\$ 3,869,198	\$ 1,691,679
Other liabilities.....	531	16,353	16,377	507
TOTAL LIABILITIES.....	<u>\$ 1,563,226</u>	<u>\$ 4,014,535</u>	<u>\$ 3,885,575</u>	<u>\$ 1,692,186</u>

OTHER

ASSETS				
Equity in pooled cash and investments.....	\$ 20,979	\$ 119,706	\$ 116,200	\$ 24,485
Cash and investments-segregated accounts.....	47,021	941,581	944,768	43,834
TOTAL ASSETS.....	<u>\$ 68,000</u>	<u>\$ 1,061,287</u>	<u>\$ 1,060,968</u>	<u>\$ 68,319</u>
LIABILITIES				
Due to other governments.....	\$ 9,726	\$ 258,070	\$ 260,060	\$ 7,736
Other liabilities.....	58,274	803,217	800,908	60,583
TOTAL LIABILITIES.....	<u>\$ 68,000</u>	<u>\$ 1,061,287</u>	<u>\$ 1,060,968</u>	<u>\$ 68,319</u>

**COUNTY OF CUYAHOGA, OHIO
 COMBINING STATEMENT OF CHANGES
 IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2006
 (Amounts in 000's)**

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
ASSETS				
Equity in pooled cash and investments.....	\$ 215,573	\$ 3,256,654	\$ 3,227,797	\$ 244,430
Cash and investments-segregated accounts.....	47,021	941,581	944,768	43,834
Taxes receivable.....	1,378,238	1,482,041	1,378,237	1,482,042
TOTAL ASSETS.....	<u>\$ 1,640,832</u>	<u>\$ 5,680,276</u>	<u>\$ 5,550,802</u>	<u>\$ 1,770,306</u>
LIABILITIES				
Due to other governments.....	\$ 1,581,212	\$ 4,380,561	\$ 4,252,780	\$ 1,708,993
Other liabilities.....	59,620	1,299,715	1,298,022	61,313
TOTAL LIABILITIES.....	<u>\$ 1,640,832</u>	<u>\$ 5,680,276</u>	<u>\$ 5,550,802</u>	<u>\$ 1,770,306</u>

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**COUNTY OF CUYAHOGA, OHIO
CAPITAL ASSETS USED IN THE
OPERATIONS OF GOVERNMENTAL FUNDS**

**COUNTY OF CUYAHOGA, OHIO
CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE ⁽¹⁾**

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

GOVERNMENTAL FUNDS CAPITAL ASSETS:	2006	2005
Land.....	\$ 54,503	\$ 52,959
Land improvements.....	13,278	13,268
Buildings, structures and improvements.....	577,923	565,350
Furniture, fixtures and equipment.....	24,293	22,076
Vehicles.....	12,198	12,154
Infrastructure.....	445,427	444,440
Construction in progress.....	73,029	51,454
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....	\$ <u>1,200,651</u>	\$ <u>1,161,701</u>

INVESTMENTS IN GOVERNMENTAL FUNDS
CAPITAL ASSETS BY SOURCE:

General fund revenues.....	\$ 112,680	\$ 111,273
Special revenue fund revenues.....	551,535	536,536
Capital projects:		
General obligation bonds.....	436,747	426,925
Federal, state and local grants.....	99,674	86,952
Donations.....	15	15
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS.....	\$ <u>1,200,651</u>	\$ <u>1,161,701</u>

(1) This schedule presents only the capital asset balances related to governmental funds, excluding accumulated depreciation. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**COUNTY OF CUYAHOGA, OHIO
CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY ⁽¹⁾**

**DECEMBER 31, 2006
(Amounts in 000's)**

Function and Activity	Land	Land Improvements	Buildings, Structures and Improvements	Furniture, Fixtures and Equipment	Vehicles	Infrastructure	Totals
GENERAL GOVERNMENT:							
Administration.....	\$ 22,000	\$ 558	\$ 106,224	\$ 197	\$ 20	\$	\$ 128,999
Fiscal management.....			2,242	1,477			3,719
Records and elections.....	450	481	5,831	3,376			10,138
Supportive services.....	424	137	3,646	148			4,355
TOTAL GENERAL GOVERNMENT	22,874	1,176	117,943	5,198	20		147,211
JUDICIAL:							
Adjudication.....	10,688	304	141,948	1,992			154,932
Legal services.....		389	19,336	2,597			22,322
Adult offender management.....	1,333		93,487	2,625	122		97,567
Juvenile offender management.....	4,277	10,788	27,018	508	34		42,625
Support enforcement.....			436	218			654
TOTAL JUDICIAL.....	16,298	11,481	282,225	7,940	156		318,100
DEVELOPMENT:							
Economic.....			30	6			36
Community.....				14			14
TOTAL DEVELOPMENT.....			30	20			50
SOCIAL SERVICES:							
Financial assistance.....	1,521	9	43,762	2,189	38		47,519
Protective services.....	106	39	3,596	1,164			4,905
Support services.....	9,890	563	91,435	3,121	7,557		112,566
Employment and training.....	1,762		32,581	284	54		34,681
TOTAL SOCIAL SERVICES.....	13,279	611	171,374	6,758	7,649		199,671
HEALTH AND SAFETY:							
Mental health.....	94		379	118			591
Emergency assistance.....				1,876	223		2,099
Alcohol and drug abuse.....				8			8
Animal control.....	1,659		5,213	6	146		7,024
TOTAL HEALTH AND SAFETY.....	1,753		5,592	2,008	369		9,722
PUBLIC WORKS:							
Public works.....	299	10	759	2,369	4,004	445,427	452,868
TOTAL PUBLIC WORKS.....	299	10	759	2,369	4,004	445,427	452,868
CONSTRUCTION IN PROGRESS.....			73,029				73,029
TOTAL GOVERNMENTAL FUNDS							
CAPITAL ASSETS.....	\$ 54,503	\$ 13,278	\$ 650,952	\$ 24,293	\$ 12,198	\$ 445,427	\$ 1,200,651

(1) This schedule presents only the capital asset balances related to governmental funds, excluding accumulated depreciation. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF CUYAHOGA, OHIO
CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY⁽¹⁾

FOR THE YEAR ENDED DECEMBER 31, 2006
(Amounts in 000's)

Function and Activity	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
GENERAL GOVERNMENT:				
Administration.....	\$ 126,471	\$ 2,528	\$	\$ 128,999
Fiscal management.....	3,719			3,719
Records and elections.....	9,654	503	19	10,138
Supportive services.....	4,268	87		4,355
TOTAL GENERAL GOVERNMENT	144,112	3,118	19	147,211
JUDICIAL:				
Adjudication.....	153,944	1,085	97	154,932
Legal services.....	22,134	188		22,322
Adult offender management.....	96,713	854		97,567
Juvenile offender management.....	42,555	82	12	42,625
Support enforcement.....	637	17		654
TOTAL JUDICIAL.....	315,983	2,226	109	318,100
DEVELOPMENT:				
Economic.....	36			36
Community.....	26		12	14
TOTAL DEVELOPMENT.....	62		12	50
SOCIAL SERVICES:				
Financial assistance.....	47,205	314		47,519
Protective services.....	4,905			4,905
Support services.....	109,944	3,663	1,041	112,566
Employment and training.....	27,339	7,342		34,681
TOTAL SOCIAL SERVICES.....	189,393	11,319	1,041	199,671
HEALTH AND SAFETY:				
Mental health.....	591			591
Emergency assistance.....	1,494	605		2,099
Alcohol and drug abuse.....	8			8
Animal control.....	7,024			7,024
TOTAL HEALTH AND SAFETY.....	9,117	605		9,722
PUBLIC WORKS:				
Public works.....	451,580	2,268	980	452,868
TOTAL PUBLIC WORKS.....	451,580	2,268	980	452,868
CONSTRUCTION IN PROGRESS.....	51,454	27,344	5,769	73,029
TOTAL GOVERNMENTAL FUNDS				
CAPITAL ASSETS.....	\$ 1,161,701	\$ 46,880	\$ 7,930	\$ 1,200,651

(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.



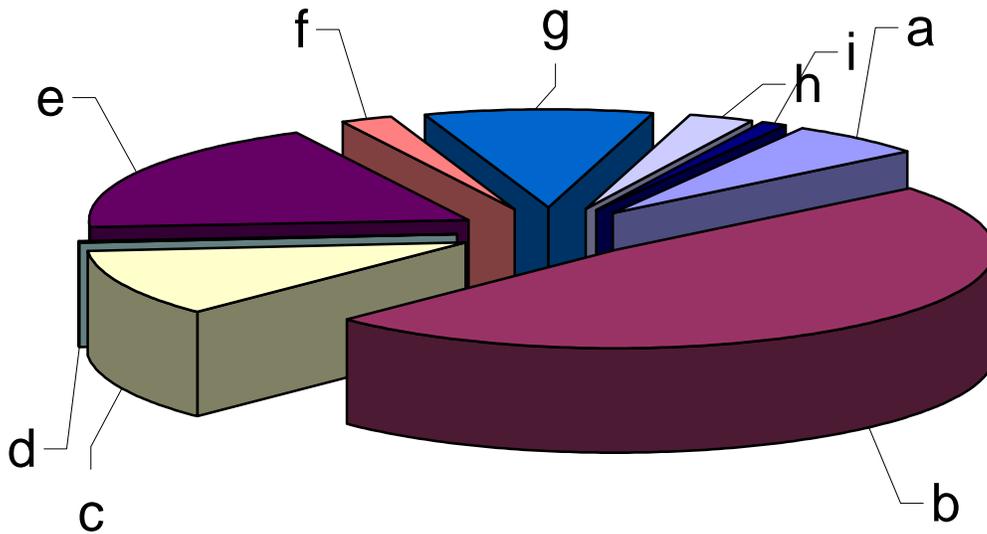
**COUNTY OF CUYAHOGA, OHIO
STATISTICAL SECTION
STATISTICAL DATA TABLES**

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, 2006**

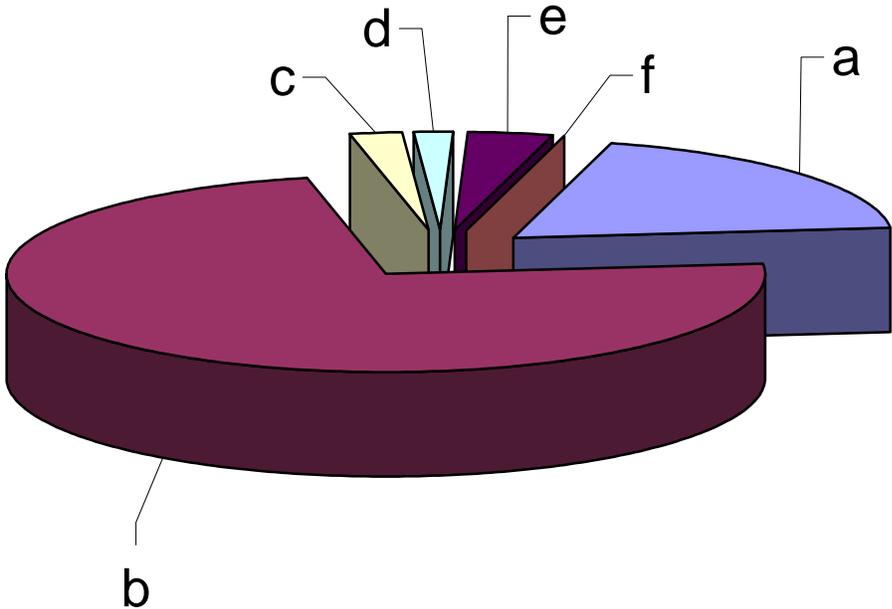
OPERATING RATIOS-GENERAL FUND-GAAP BASIS

REVENUE DOLLAR BY SOURCE



Where the money came from:	%
a. Property taxes.....	5.7
b. Sales, use and other tax	48.6
c. State local government fund	11.1
d. Licenses and permits.....	.1
e. Charges for services	18.6
f. Fines and forfeitures	2.3
g. Investment earnings	9.7
h. Other intergovernmental	2.7
i. Miscellaneous	<u>1.2</u>
Total	<u>100.0</u>

EXPENDITURE DOLLAR BY FUNCTION



Where the money was spent:		%
a.	General government.....	19.2
b.	Judicial	73.2
c.	Development	2.4
d.	Social services	1.7
e.	Health and safety	3.4
f.	Debt.....	.1
	Total.....	<u>100.0</u>

**COUNTY OF CUYAHOGA, OHIO
CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS**

**LAST FIVE YEARS
(Amounts in 000's)**

	2002	2003	2004	2005	2006
REVENUES					
Property taxes.....	\$ 259,892	\$ 257,640	\$ 315,172	\$ 313,675	\$ 337,783
Sales and use tax.....	156,713	158,634	167,871	167,156	169,300
Other tax.....	28,610	29,000	29,888	28,683	28,615
State local government fund.....	38,988	38,257	38,518	38,548	38,563
Licenses and permits.....	1,258	1,357	1,668	1,815	1,500
Charges for services.....	76,868	82,903	90,399	86,912	91,527
Fines and forfeitures.....	7,464	6,590	6,286	8,149	10,885
Investment earnings.....	25,689	10,771	6,015	17,859	36,236
Other intergovernmental.....	605,909	614,789	645,748	703,236	695,878
Miscellaneous.....	16,979	12,370	21,111	13,849	10,384
TOTAL REVENUES.....	<u>1,218,370</u>	<u>1,212,311</u>	<u>1,322,676</u>	<u>1,379,882</u>	<u>1,420,671</u>
EXPENDITURES					
Current:					
General government.....	63,613	59,843	67,576	84,122	84,610
Judicial.....	276,089	273,222	290,960	293,777	324,794
Development.....	24,493	26,011	33,208	32,308	32,046
Social services.....	630,304	579,203	580,338	587,823	642,445
Health and safety.....	156,515	152,903	178,263	207,379	234,874
Public works.....	62,181	56,540	57,910	58,381	58,174
Capital outlay.....	28,656	39,317	30,207	38,981	24,262
Debt service:					
Principal retirement.....	21,481	36,199	20,870	22,851	22,455
Interest.....	16,874	13,371	16,455	16,475	17,002
TOTAL EXPENDITURES.....	<u>1,280,206</u>	<u>1,236,609</u>	<u>1,275,787</u>	<u>1,342,097</u>	<u>1,440,662</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(61,836)	(24,298)	46,889	37,785	(19,991)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	198,355	151,013	184,677	167,903	192,263
Transfers out:					
Debt retirement.....	(9,131)	(7,592)	(7,221)	(5,737)	(6,473)
Other.....	(188,831)	(142,322)	(178,747)	(160,789)	(185,551)
Capitalized leases.....	18,063	13,742	1,857		7,342
Issuance of debt.....			90,195		
Issuance of refunding bonds.....			43,244	80,020	
Payment to refunded bond escrow agent.....			(43,244)	(80,020)	
TOTAL OTHER FINANCING SOURCES.....	<u>18,456</u>	<u>14,841</u>	<u>90,761</u>	<u>1,377</u>	<u>7,581</u>
NET CHANGE IN FUND BALANCES.....	<u>\$ (43,380)</u>	<u>\$ (9,457)</u>	<u>\$ 137,650</u>	<u>\$ 39,162</u>	<u>\$ (12,410)</u>
Debt service as a percentage of noncapital expenditures.....	3.1%	4.2%	3.2%	3.1%	2.8%

Note: Only five 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 FIVE YEARS
(Amounts in 000's)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund					
Reserved.....	\$ 46,699	\$ 44,643	\$ 37,896	\$ 36,236	\$ 39,237
Unreserved.....	<u>118,192</u>	<u>141,710</u>	<u>124,834</u>	<u>133,973</u>	<u>123,657</u>
TOTAL GENERAL FUND.....	<u>\$ 164,891</u>	<u>\$ 186,353</u>	<u>\$ 162,730</u>	<u>\$ 170,209</u>	<u>\$ 162,894</u>
All other governmental funds					
Reserved.....	\$ 14,603	\$ 17,968	\$ 27,612	\$ 24,682	\$ 34,085
Unreserved, reported in:					
Special Revenue Funds.....	75,037	75,856	151,163	216,651	218,333
Capital Projects Fund.....	<u>(18,586)</u>	<u>(53,689)</u>	<u>22,633</u>	<u>(8,242)</u>	<u>(24,422)</u>
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	<u>\$ 71,054</u>	<u>\$ 40,135</u>	<u>\$ 201,408</u>	<u>\$ 233,091</u>	<u>\$ 227,996</u>

Note: Only five years of data is available,
modified accrual basis of accounting

**COUNTY OF CUYAHOGA, OHIO
CHANGES IN NET ASSETS**

**LAST FIVE YEARS
(Amounts in 000's)**

	2002	2003	2004	2005	2006
EXPENSES					
Governmental activities:					
General government.....	\$ 78,570	\$ 59,963	\$ 69,154	\$ 81,196	\$ 86,604
Judicial.....	299,231	277,314	292,417	297,292	328,559
Development.....	30,630	25,332	32,524	31,653	31,210
Social services.....	633,133	578,700	570,871	580,962	625,508
Health and safety.....	156,824	152,904	178,342	207,386	234,383
Public works.....	69,272	67,025	59,421	64,765	60,346
Interest on long-term debt.....	16,929	13,813	18,412	15,932	16,627
Total governmental activities expenses.....	<u>1,284,589</u>	<u>1,175,051</u>	<u>1,221,141</u>	<u>1,279,186</u>	<u>1,383,237</u>
Business-type activities:					
Sanitary Engineer.....	11,299	10,069	9,604	11,293	11,319
Airport.....	1,970	1,617	1,302	1,697	2,212
County Parking.....	1,890	1,753	2,418	2,299	2,997
Cuyahoga County Information System.....	2,801	2,188	2,773	2,478	1,973
Total business-type activities expenses.....	<u>17,960</u>	<u>15,627</u>	<u>16,097</u>	<u>17,767</u>	<u>18,501</u>
TOTAL PRIMARY GOVERNMENT EXPENSES.....	<u>\$ 1,302,549</u>	<u>\$ 1,190,678</u>	<u>\$ 1,237,238</u>	<u>\$ 1,296,953</u>	<u>\$ 1,401,738</u>
PROGRAM REVENUES					
Governmental activities:					
Charges for services					
General government.....	\$ 52,800	\$ 56,734	\$ 64,865	\$ 67,738	\$ 67,948
Judicial.....	28,548	27,992	27,400	20,831	23,345
Other activities.....	4,240	6,122	6,089	8,268	12,353
Operating Grants and Contributions					
Social services.....	366,766	381,781	378,758	410,817	411,109
Other activities.....	174,722	169,759	200,036	211,585	210,642
Capital grants, contributions and interest					
General Government.....				14,598	
Public works.....	30,090	27,942	25,305	21,691	32,478
Total governmental activities program revenues.....	<u>657,166</u>	<u>670,330</u>	<u>702,453</u>	<u>755,528</u>	<u>757,875</u>
Business-type activities:					
Charges for services:					
Sanitary Engineer.....	9,644	10,298	11,102	12,480	13,207
Other activities.....	5,098	5,066	4,366	4,497	5,874
Operating grants and contributions.....	106	38	145	308	
Capital grants, contributions and interest.....				6,160	2,495
Total business-type activities program revenues.....	<u>14,848</u>	<u>15,402</u>	<u>15,613</u>	<u>23,445</u>	<u>21,576</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES.....	<u>\$ 672,014</u>	<u>\$ 685,732</u>	<u>\$ 718,066</u>	<u>\$ 778,973</u>	<u>\$ 779,451</u>
Net(expense)/revenue					
Governmental activities.....	\$ (627,423)	\$ (504,721)	\$ (518,688)	\$ (523,658)	\$ (625,362)
Business-type activities.....	(3,112)	(225)	(484)	5,678	3,075
TOTAL PRIMARY GOVERNMENT NET EXPENSE.....	<u>\$ (630,535)</u>	<u>\$ (504,946)</u>	<u>\$ (519,172)</u>	<u>\$ (517,980)</u>	<u>\$ (622,287)</u>

	2002	2003	2004	2005	2006
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS					
Governmental activities:					
Taxes:					
Property.....	\$ 259,892	\$ 257,640	\$ 315,172	\$ 313,675	\$ 337,783
Sales and use.....	157,192	159,029	168,634	167,125	170,509
Other.....	28,976	29,284	28,928	27,362	27,774
Unrestricted state local government fund.....	43,709	37,873	38,259	38,131	38,191
Unrestricted investment earnings.....	25,107	10,615	5,743	17,147	35,534
Grants and contributions					
not restricted to specific programs.....	34,869	35,556	41,982	41,838	42,429
Miscellaneous.....	16,939	11,872	20,596	13,823	10,644
Transfers.....	(107)	(940)	(2,811)	(662)	(1,716)
Total Governmental activities.....	566,577	540,929	616,503	618,439	661,148
Business-type activities:					
Unrestricted investment earnings.....	22	14	49	18	13
Miscellaneous.....	70	47	53	25	49
Transfers.....	107	940	2,811	662	1,716
Total business-type activities.....	199	1,001	2,913	705	1,778
TOTAL PRIMARY GOVERNMENT.....	\$ 566,776	\$ 541,930	\$ 619,416	\$ 619,144	\$ 662,926
CHANGE IN NET ASSETS					
Governmental activities.....	\$ (60,846)	\$ 36,208	\$ 97,815	\$ 94,781	\$ 35,786
Business-type activities.....	(2,913)	776	2,429	6,383	4,853
TOTAL PRIMARY GOVERNMENT.....	\$ (63,759)	\$ 36,984	\$ 100,244	\$ 101,164	\$ 40,639

Note: Only five years of data is available,
accrual basis of accounting

**COUNTY OF CUYAHOGA, OHIO
NET ASSETS BY COMPONENT**

**LAST FIVE YEARS
(Amounts in 000's)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
GOVERNMENTAL ACTIVITIES					
Invested in capital assets, net of related debt.....	\$ 382,539	\$ 409,443	\$ 350,959	\$ 386,234	\$ 402,928
Restricted	35,262	34,255	38,995	35,678	40,768
Unrestricted.....	43,821	54,132	205,691	268,514	282,516
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS.....	<u>\$ 461,622</u>	<u>\$ 497,830</u>	<u>\$ 595,645</u>	<u>\$ 690,426</u>	<u>\$ 726,212</u>
BUSINESS-TYPE ACTIVITIES					
Invested in capital assets, net of related debt.....	\$ 31,182	\$ 30,505	\$ 31,236	\$ 38,866	\$ 39,860
Unrestricted.....	7,932	9,385	11,083	9,836	13,695
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS.....	<u>\$ 39,114</u>	<u>\$ 39,890</u>	<u>\$ 42,319</u>	<u>\$ 48,702</u>	<u>\$ 53,555</u>
PRIMARY GOVERNMENT					
Invested in capital assets, net of related debt.....	\$ 413,721	\$ 439,948	\$ 382,195	\$ 425,100	\$ 442,788
Restricted	35,262	34,255	38,995	35,678	40,768
Unrestricted.....	51,753	63,517	216,774	278,350	296,211
TOTAL PRIMARY GOVERNMENT NET ASSETS.....	<u>\$ 500,736</u>	<u>\$ 537,720</u>	<u>\$ 637,964</u>	<u>\$ 739,128</u>	<u>\$ 779,767</u>

Note: Only five 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)**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
CUYAHOGA COUNTY:										
General operating	1.12	1.00	0.87	0.93	0.86	0.81	0.81	0.84	0.74	0.71
Debt (bond retirement)	0.60	0.72	0.85	0.79	0.86	0.91	0.91	0.88	0.98	1.01
Mental retardation	3.00	3.00	3.00	3.90	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	2.90
Health and welfare	4.40	3.10	3.10	3.10	3.10	3.10	4.90	4.90	4.90	4.90
SUB-TOTAL	12.12	10.82	10.82	11.72	11.72	11.72	13.52	13.52	13.52	13.42
METROPARKS	1.55	1.85	1.85	1.85						
CUYAHOGA COMMUNITY COLLEGE	2.80									
PORT AUTHORITY	0.13									
TOTAL	16.60	15.30	15.30	16.20	16.20	16.20	18.00	18.30	18.30	18.20
SCHOOL DISTRICTS	68.67	68.89	70.46	72.09	72.74	74.60	75.97	77.42	78.96	79.82

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)**

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection
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
2005/2006	374,735	60,109	434,844	351,400

Source: Cuyahoga County Auditor's Office, Budget Commission. Includes all direct and overlapping governments.

Current Levy Collected	Delinquent Collection	Total Collections	Total Collections As A Percent Of Current Levy	Cumulative Delinquency
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
93.8%	16,552	367,952	98.2%	63,567

**COUNTY OF CUYAHOGA, OHIO
 ASSESSED AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY**

**LAST TEN YEARS
 (Amounts in 000's)**

Tax Year	Residential Property Assessed Value	Commercial Property Assessed Value	Industrial Property Assessed Value	Total Taxable Assessed Value⁽¹⁾
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
2006	21,868,199	7,219,459	1,297,782	30,385,440

(1) Total taxable assessed value net of tax exempt property.

Source: Cuyahoga County Auditor's Office, Budget Commission.

Total Direct Tax Rate Residential Effective	Total Direct Tax Rate Commercial Effective	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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%
11.865485	12.494099	86,815,543	35.0%

**COUNTY OF CUYAHOGA, OHIO
LEGAL DEBT MARGIN INFORMATION**

**LAST TEN YEARS
(Amounts in 000's)**

	1997	1998	1999	2000	2001
Debt limit..... \$	622,328 \$	632,395 \$	639,329 \$	712,806 \$	715,984
Total net debt applicable to limit.....	<u>108,462</u>	<u>106,146</u>	<u>97,426</u>	<u>180,375</u>	<u>172,034</u>
Legal debt margin..... \$	<u>513,866</u> \$	<u>526,249</u> \$	<u>541,903</u> \$	<u>532,431</u> \$	<u>543,950</u>
 Total net debt applicable to the limit as a percentage of debt limit.....	 17.43%	 16.78%	 15.24%	 25.30%	 24.03%

	2002	2003	2004	2005	2006
\$	712,143	\$ 756,126	\$ 764,689	\$ 764,650	\$ 827,451
	155,600	142,181	199,681	192,872	181,413
\$	<u>556,543</u>	<u>613,945</u>	<u>565,008</u>	<u>571,778</u>	<u>646,038</u>
	21.85%	18.80%	26.11%	25.22%	21.92%

Legal Debt Margin Calculation for Year 2006

Assessed Valuation (2006 tax year)..... \$ 33,158,047

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..... 827,451

Debt applicable to limit:
 General obligation bonds..... 188,435
 Less: Amount set aside for repayment of
 general obligation debt..... (7,022)
 Total net debt applicable to limit..... 181,413
Legal debt margin..... \$ 646,038

**COUNTY OF CUYAHOGA, OHIO
RATIOS OF NET GENERAL BONDED DEBT**

LAST TEN YEARS

Tax Year	Population⁽¹⁾	Assessed Value⁽²⁾ (Amounts in 000's)	Less:Balance Gross General Bonded Debt⁽³⁾ (Amounts in 000's)	Net Debt Service Fund⁽⁴⁾ (Amounts in 000's)	General Bonded Debt (Amounts in 000's)	Ratio of Net Bonded Debt To Assessed Value	Net Debt Per Capita
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
2006	1,314,241	33,158,047	208,194	7,022	201,172	0.61%	153.07

(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, 2006
(Amounts in 000's)**

	Gross Debt	Debt Service Fund	Net Debt	Percent Applicable	County Share ⁽³⁾
County of Cuyahoga ⁽¹⁾	\$ 214,339	\$ 6,811	\$ 207,528	100%	\$ <u>207,528</u>
Total Net Direct Debt					207,528
Cuyahoga County Cities, Villages, Townships ⁽¹⁾	1,069,264	26,901	1,042,363	100%	1,042,363
Cuyahoga County School Districts ⁽²⁾	722,867	42,335	<u>680,532</u>	100%	<u>680,532</u>
Total Net Overlapping Debt					1,722,895
Total Net Direct and Overlapping Debt			\$ <u>1,930,423</u>		\$ <u>1,930,423</u>

(1) 2006 Tax Budgets filed in July, 2006 and certified unencumbered 2006 balances filed in January, 2007 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ending June 30, 2006. 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)**

Year	Debt Service on General Tax Supported Debt	Debt Service on Self-Supporting Debt	General Expenditures ⁽¹⁾	Ratio of Tax Supported Debt Service to General Expenditures	Ratio of Self-Supported Debt Service To General Expenditures
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%
2006	30,607	8,850	1,440,662	2.12%	0.61%

(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)**

Year	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal ⁽³⁾	Interest	Total	
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
2006	637,085	575,474	61,611	6,005	9,634	15,639	3.94

- (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 FIVE YEARS
(Amounts in 000's)**

Governmental Activities					
	2002	2003	2004	2005	2006
General obligation bonds	\$ 189,145	\$ 172,250	\$ 241,445	\$ 224,861	\$ 208,194
Revenue bonds	119,540	115,975	113,735	109,950	106,016
Bond anticipation notes	2,440	2,440			
Loans	3,610	3,332	3,054	5,752	7,574
Installment purchase agreements	13,695	11,698	9,808	7,881	6,027
Capital leases	<u>26,494</u>	<u>25,268</u>	<u>25,563</u>	<u>24,030</u>	<u>29,485</u>
SUBTOTAL	<u>354,924</u>	<u>330,963</u>	<u>393,605</u>	<u>372,474</u>	<u>357,296</u>
 Business-type Activities					
	2002	2003	2004	2005	2006
Special assessment debt with governmental commitment	2,495	2,440	2,250	6,505	6,145
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>	<u>4,590</u>
SUBTOTAL	<u>14,623</u>	<u>14,566</u>	<u>12,929</u>	<u>11,199</u>	<u>10,735</u>
TOTAL	\$ <u>369,547</u>	\$ <u>345,529</u>	\$ <u>406,534</u>	\$ <u>383,673</u>	\$ <u>368,031</u>
 Percentage of Personal Income	 1.10%	 1.13%	 1.28%	 1.18%	 1.14%
Per Capita ⁽¹⁾	\$ 267.97	\$ 253.34	\$ 300.91	\$ 287.33	\$ 280.03

See Demographic Statistics for personal income and population data.
Only 5 years of data is available.
(1) Per capita not in thousands.

COUNTY OF CUYAHOGA, OHIO DEMOGRAPHIC STATISTICS

POPULATION ⁽¹⁾	<u>County</u>	<u>MSA</u>	<u>Personal Income</u> <u>(Amounts in 000's)</u>	<u>Per Capita</u> <u>Personal Income</u> ⁽²⁾
1980	1,498,400	1,898,825		
1990	1,412,140	1,831,122		
2000	1,393,978	1,863,479		
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	31,936,777	23,917
2006	1,314,241	1,812,162	32,187,076	24,491

AGE DISTRIBUTION ⁽³⁾	<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	<u>27,365</u>	<u>2.0</u>
TOTAL	1,393,978	100.00
Median age	37.3	
Males	658,481	
Females	735,497	

DISTRIBUTION OF FAMILIES BY INCOME BRACKET ⁽⁴⁾	<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	<u>10,919</u>	<u>3.1</u>
TOTAL	356,221	100.00
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 are estimates provided by the U.S. Census Bureau except for 1980, 1990 and 2000.
- (2) U.S. Census Bureau estimates, 2006 data not available. 2006 estimate based on 2005 actual adjusted for Consumer Price Index for Urban Wage Earners and Clerical Workers.
- (3) U.S. Census Bureau, Census 2000.
- (4) U.S. Census Bureau, Census 2000.

**COUNTY OF CUYAHOGA, OHIO
DEMOGRAPHIC STATISTICS**

LAST TEN YEARS

Employment - Annual Average⁽¹⁾	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Total Civilian Labor Force	676,800	699,200	681,200	691,000
Total Employed*	637,400	668,500	649,900	659,900
Total Unemployed	39,400	30,700	31,300	31,100
Unemployment Rate	5.8%	4.4%	4.6%	4.5%

**Employment By Sector⁽¹⁾
(Amounts in 000's)**

	Manufacturing		Wholesale Retail Trade		Professional and Related Services		Federal, State and Local Government	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
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
2006	85.9	11.3	108.9	14.4	332.0	43.8	98.9	13.1

Source: (1) Ohio Bureau of Employment Services. (3rd Quarter)
* Difference due to non-county residents employed in county.

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
692,600	669,700	675,400	664,600	669,600	663,400
661,700	624,900	629,600	623,700	629,000	626,700
30,900	44,800	45,800	40,900	40,600	36,700
4.5%	6.7%	6.8%	6.2%	6.1%	5.5%

Finance, Insurance, Real Estate		Transportation and Public Utilities		Other		TOTAL*	
<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
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
65.9	8.7	23.6	3.1	42.5	5.6	757.7	100.0

**COUNTY OF CUYAHOGA, OHIO
FULL-TIME EQUIVALENT
COUNTY EMPLOYEES BY FUNCTION**

LAST TEN YEARS

	1997	1998	1999
FUNCTION			
General Government.....	1,471	1,555	1,637
Judicial	3,429	3,532	3,609
Development.....	69	77	79
Social Services.....	4,030	4,116	4,136
Health and Safety.....	180	46	45
Public Works.....	474	452	442
Miscellaneous	4	4	4

Source: Cuyahoga County Office of Budget and Management.

2000	2001	2002	2003	2004	2005	2006
1,687	1,680	1,449	1,338	1,393	1,392	1,479
3,720	3,754	3,598	3,432	3,489	3,497	3,555
82	82	63	61	68	71	67
4,262	4,389	3,959	3,660	3,687	3,688	3,781
47	50	44	40	41	46	49
434	429	362	333	343	347	360
4	4	4	4	4	4	4

**COUNTY OF CUYAHOGA, OHIO
OPERATING INDICATORS
BY FUNCTION/PROGRAM**

LAST TEN YEARS

FUNCTION	1997	1998	1999
Judicial			
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 daily inmate population in county jail.....	1,930	1,965	2,100
Development			
Homeless served.....	7,000	7,500	7,500
HUD dollars acquired (in millions)	\$6.0	\$7.9	\$18.3
Social Services			
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
Health and Safety			
911 calls received.....	103,667	110,000	171,929
Animals sheltered.....	3,229	2,996	2,791
Animals adopted.....	932	861	752
Public Works			
Sewer lines televised (Feet)	658,916	668,145	816,104
Sewer lines cleaned (Feet).....	1,329,583	1,360,615	1,363,607
Miscellaneous			
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.

2000	2001	2002	2003	2004	2005	2006
508,918	574,963	544,815	532,203	522,926	507,312	478,615
21,807	22,897	28,307	28,743	29,406	37,750	28,029
16,884	17,728	18,127	17,502	17,578	17,325	20,592
6,265	6,635	7,315	8,544	8,544	11,855	16,351
9,944	10,441	8,975	8,381	8,171	7,892	7,569
2,160	2,200	2,114	1,905	1,931	2,023	2,052
8,500	9,000	9,000	10,000	9,000	10,500	10,500
\$12.4	\$12.6	\$13.3	\$13.8	\$20.0	\$21.0	\$21.0
727	1,000	534	435	439	263	282
978	1,090	959	900	857	782	731
1,359	1,517	1,450	1,359	717	500	529
579	800	555	734	532	390	371
4,171	4,171	4,469	3,642	3,642	3,302	4,000
256,579	307,895	423,118	505,000	478,311	550,000	600,000
2,929	3,000	2,096	2,429	2,650	2,903	3,217
732	750	1,026	1,241	1,241	1,456	1,562
762,840	750,000	698,000	730,00	773,342	775,000	644,793
1,253,328	1,400,000	1,261,000	1,300,000	1,083,153	1,084,000	1,289,587
89,280	89,280	96,192	100,800	100,800	98,496	120,096
34	40	36	31	63	58	57
65,000	71,500	33,352	42,268	40,432	34,420	25,997

**COUNTY OF CUYAHOGA, OHIO
CAPITAL ASSET STATISTICS
BY FUNCTION**

LAST TEN YEARS

FUNCTION	1997	1998	1999
Airport			
Hangars	15	15	16
Aircraft.....	161	167	145
Office buildings.....	6	6	7
Sanitary System			
Miles of sewer line operated.....	500	500	600
Wastewater treatment plants operated	7	2	5
Pump stations operated	42	42	39
Public Works			
Miles of road.....	22.42	22.40	22.40
Bridges.....	209	208	217
Health			
Total number of hospital beds.....	1,092	1,210	1,196
Elections			
Number of voting machines			
Public Safety			
Jails.....	2	2	2

Source: Various County Offices.

2000	2001	2002	2003	2004	2005	2006
16	16	16	16	16	73	73
192	205	302	351	192	350	350
8	8	8	8	8	7	7
600	600	600	600	733	737	740
5	6	6	6	5	4	3
39	43	40	42	42	43	45
22.40	22.04	22.04	22.04	22.04	22.04	22.03
219	219	222	220	235	235	238
1,187	1,169	1,169	1,169	1,172	1,172	1,172
					5,407	6,307
2	2	2	2	2	2	2

**COUNTY OF CUYAHOGA, OHIO
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS**

LAST TEN YEARS

Year	Assessed Value⁽¹⁾ (Amounts in 000's)	Bank Deposits At December 31⁽²⁾ (Amounts in 000's)	Building Permits Issued⁽³⁾
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
2006	33,158,047	153,725,693	23,549

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, 2006

Name of Carrier/ Type of Coverage	Policy Number	Policy Period	Annual Premium	Details of Coverage	Liability Limit
E.D. Stone Agency	34-01389	08/01/06- 08/01/07	\$10,877	Homeland Security	N/A
Travelers Casualty Surety Company of America Crime Bond	104349122	07/01/06 - 07/01/07	\$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	07/01/06 - 07/01/07	\$886,725	All risk coverage on county owned properties, boilers and machinery and data processing equipment.	\$1,913,105,000 Blanket replacement. Cost limit \$1,000,000 deductible.
Terrorism Insurance	NC050	07/01/06 - 07/01/07	\$128,342	All county owned buildings.	\$5,000,000 lower limit/\$500,000,000 on certified acts.
			\$60,395	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		Complex Claims Management	Will not be renewed. To be used as needed.
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.
				Terrorism Endorsement	Form CG2171(12/2)
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	2006			1997		
	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	\$ 321,949	1	0.97%	\$ 749,791	1	3.01%
City of Cleveland	95,513	2	0.29%			
Ohio Bell Telephone	94,063	3	0.28%	370,413	2	1.48%
Ford Motor Company	69,865	4	0.21%	193,193	3	0.77%
Cleveland Clinic Foundation	68,218	5	0.21%			
Case Western Reserve	66,499	6	0.20%			
I.S.G. Cleveland Inc.	62,862	7	0.19%			
Beachwood Place LTD	51,027	8	0.15%			
Cleveland Financial Associates	45,299	9	0.14%			
Progressive Casualty Inc. Co.	<u>41,113</u>	10	<u>0.12%</u>			
LTV Steel Corporation				130,773	4	0.52%
East Ohio Gas				112,551	5	0.45%
ZML-Cleveland Public Square				56,306	6	0.23%
General Motors				54,278	7	0.22%
Plain Dealer Publishing Company				52,702	8	0.21%
Columbia Gas of Ohio				46,434	9	0.19%
BF Goodrich Company				<u>35,433</u>	10	<u>0.14%</u>
Totals	\$ <u>916,408</u>		<u>2.76%</u>	\$ <u>1,801,874</u>		<u>7.22%</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 FOUR YEARS AGO

Name of Employer	2006			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Cleveland Clinic Health System	28,461	1	4.5%	23,567	1	3.8%
University Hospitals Health System	15,904	2	2.5%	14,270	2	2.3%
Cuyahoga County	9,295	3	1.5%	9,376	4	1.5%
U. S. Office of Personnel Management	9,172	4	1.5%	N/A		
Progressive Corp.	8,796	5	1.4%	7,557	6	1.2%
City of Cleveland	8,327	6	1.3%	8,658	5	1.4%
Cleveland Municipal School District	7,442	7	1.2%	10,510	3	1.7%
KeyCorp	6,615	8	1.1%	7,381	7	1.2%
National City Corp.	6,563	9	1.0%	5,900	9	0.9%
MetroHealth System	<u>5,627</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>106,202</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, 2006

Date of Incorporation.....	1810
Twenty-eighth most populous County in the United States ⁽¹⁾	
Form of Government: Three member elected Board of County Commissioners with legislative and executive powers. Eight other elected officials with administrative powers.	
Area-Square Miles	459
Number of Political Subdivisions Located in the County	
Municipalities	57
Townships	2
School Districts.....	33
Special Districts	13
Total Number of County Employees	10,075
Voter Statistics, Election of November, 2006 ⁽²⁾	
Number of Registered Voters	1,056,928
Number of Voters-Last General Election	456,194
Percentage of Registered Voters Voting	43%
MetroHealth System	
Total Patient Days-2006	270,900
Average Percent Occupancy-2006.....	63%
Airport	
Traffic (Takeoffs and Landings).....	61,400
Other	
Number of Colleges and Universities in County	8

Source: (1) U.S. Department of Commerce, Bureau of Census, 2006 estimate.
(2) Cuyahoga County Board of Elections.

**COUNTY OF CUYAHOGA, OHIO
ACKNOWLEDGEMENTS**

This report was prepared by the following members of the County Auditor's Office, General Accounting Division:

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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
SEPTEMBER 20, 2007**