



Dave Yost • Auditor of State



CUYAHOGA COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Cuyahoga County  
1219 Ontario Street  
Cleveland, Ohio 44113-1657

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cuyahoga County (the County), as of and for the year ended December 31, 2010 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, The MetroHealth System. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the report of other auditors provide a reasonable basis for our opinions.

As described in Note R to the financial statements, the County restated the January 1, 2010 governmental and business type net assets and fund balances in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Human Services Fund, Health and Human Services Levies Fund, County Board of Developmental Disabilities Fund, and Health and Community Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and *required budgetary comparisons* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The schedule of federal awards expenditures provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal awards expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

November 28, 2012

# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2010

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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, 2010.

### Financial Highlights

- The assets of Cuyahoga County exceeded its liabilities at the close of the most recent fiscal year by \$971.9 million (*net assets*).
- The County's total net assets increased by \$140.3 million.
- As of the close of the current fiscal year, Cuyahoga County's governmental funds reported combined ending fund balances of \$927.9 million, an increase of \$373.5 million in comparison with the prior year. Approximately 65.2% of this total amount, \$605.8 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 \$122.8 million, or 40.5% of total 2010 general fund expenditures.
- Additions to Cuyahoga County's governmental debt, including capital leases, bond anticipation notes and installment purchase agreements, were \$431 million during the current fiscal year. Reductions in debt during 2010 amounted to \$88.3 million for a net increase of \$342.7 million.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of Cuyahoga County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Cuyahoga County include general government, judicial, development, social services, health and safety and public works. The business-type activities of Cuyahoga County include a sanitary sewer authority, an airport, parking facilities and a crime information system.

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

The government-wide financial statements can be found on pages 13 - 15 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

# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2010

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local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Cuyahoga County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Cuyahoga County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, human services, health and human services levies, county board of developmental disabilities, health and community services, capital projects and medical mart funds, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation.

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

The basic governmental fund financial statements can be found on pages 16 - 21 of this report.

**Proprietary funds.** Cuyahoga County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Cuyahoga County uses enterprise funds to account for its sanitary sewer, airport, parking facilities and crime information system. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Cuyahoga County's various functions. Cuyahoga County uses internal service funds to account for its central custodial, maintenance garage, data processing, printing, reproduction and supplies, postage and self-funded insurance functions. As these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 26 - 28 of this report.

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

The basic fiduciary fund financial statement can be found on page 29 of this report.



# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2010

**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 30 - 70 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 \$969.4 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	
	2010	2009	2010	2009	2010	2009
Current and other assets .....	\$ 1,519,555	\$1,168,115	\$ 61,095	\$ 61,350	\$1,580,650	\$1,229,465
Capital assets .....	<u>740,195</u>	<u>632,454</u>	<u>47,781</u>	<u>48,145</u>	<u>787,976</u>	<u>680,599</u>
Total assets .....	2,259,750	1,800,569	108,876	109,495	2,368,626	1,910,064
Long-term liabilities outstanding ....	902,658	555,984	14,419	14,488	917,077	570,472
Other liabilities .....	<u>478,421</u>	<u>505,803</u>	<u>1,189</u>	<u>2,137</u>	<u>479,610</u>	<u>507,940</u>
Total liabilities .....	1,381,079	1,061,787	15,608	16,625	1,396,687	1,078,412
Net assets:						
Invested in capital assets, net of related debt.....	331,270	290,217	34,298	34,664	365,568	324,881
Restricted.....	80,884	65,621			80,884	65,621
Unrestricted .....	<u>466,517</u>	<u>382,944</u>	<u>58,970</u>	<u>58,206</u>	<u>525,487</u>	<u>441,150</u>
Total net assets .....	\$ <u>878,671</u>	\$ <u>738,782</u>	\$ <u>93,268</u>	\$ <u>92,870</u>	\$ <u>971,939</u>	\$ <u>831,652</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.

The largest portion of Cuyahoga County's net assets (54.1%) reflects *unrestricted net assets*, which may be used to meet the government's ongoing obligations to citizens and creditors. The next largest portion of Cuyahoga County's net assets (37.6%) 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. The additional portion of Cuyahoga County net assets (8.3%) reflects restricted net assets, which represents resources that are subject to external restrictions on how they may be used.

Current and other assets increased by \$351.2 million. The largest variance was the result of the issuance of Medical Mart debt of \$355 million less an increase of \$44.5 million in payments for the Medical Mart Project.

# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2010

Capital assets increased by \$107.4 million primarily due to the Medical Mart land purchases and increases in construction in progress of \$37.9 million and \$53.3 million, respectively. Additional increases included \$48.4 million for construction of the Juvenile Justice Center.

Long-term liabilities increased by \$346.6 million due to new debt issuance of \$430.8 million primarily for economic development and revenue bonds for the Medical Mart amounting to \$357.6 million inclusive of premium amortization and pay down of debt of \$68.7 million on bonds.

Other governmental activities liabilities decreased by \$27.4 million as a result of reduced accounts payable and other liabilities for \$5.8 million. The decrease in spending was caused by budgetary restraints, reduction of childcare expenses in the human services fund since the state took over the program, and reduction of other liabilities for claims and judgments against the County amounting to \$4.1 million.

Invested in capital assets, net of related debt increased by \$40.7 million due primarily to purchases of land and increases in construction in progress for the Medical Mart during 2010.

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

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services.....	\$ 89,804	\$ 89,235	\$ 24,589	\$ 26,371	\$ 114,393	\$ 115,606
Operating grants and contributions.....	523,303	602,090			523,303	602,090
Capital grants, contributions and interest....	36,712	25,574		189	36,712	25,763
General revenues:						
Property taxes.....	346,331	358,218			346,331	358,218
Sales and other taxes.....	237,788	227,077			237,788	227,077
Grants and contributions not restricted to specific programs.....	81,882	79,220			81,882	79,220
Other.....	<u>70,871</u>	<u>46,777</u>	<u>53</u>	<u>143</u>	<u>70,924</u>	<u>46,920</u>
Total revenues.....	<u>1,386,691</u>	<u>1,428,191</u>	<u>24,642</u>	<u>26,703</u>	<u>1,411,333</u>	<u>1,454,894</u>
Expenses:						
General government.....	80,598	91,649			80,598	91,649
Judicial.....	322,180	351,593			322,180	351,593
Development.....	49,604	51,011			49,604	51,011
Social services.....	512,291	664,149			512,291	664,149
Health and safety.....	217,531	223,498			217,531	223,498
Public works.....	40,461	46,541			40,461	46,541
Interest.....	23,686	16,724			23,686	16,724
Sanitary Engineer.....			17,056	14,637	17,056	14,637
Airport.....			2,026	2,126	2,026	2,126
County Parking.....			3,697	3,557	3,697	3,557
Cuyahoga County Information System.....			<u>1,916</u>	<u>2,328</u>	<u>1,916</u>	<u>2,328</u>
Total expenses.....	<u>1,246,351</u>	<u>1,445,165</u>	<u>24,695</u>	<u>22,648</u>	<u>1,271,046</u>	<u>1,467,813</u>
Increase (decrease) in net assets before transfers.....	140,340	(16,974)	(53)	4,055	140,287	(12,919)
Transfers.....	<u>(451)</u>	<u>(1,338)</u>	<u>451</u>	<u>1,338</u>		
Change in net assets.....	139,889	(18,312)	398	5,393	<u>140,287</u>	<u>(12,919)</u>
Net assets – Beginning of year (Restated) ....	<u>738,782</u>	<u>757,094</u>	<u>92,870</u>	<u>87,477</u>	<u>831,652</u>	<u>844,571</u>
Net assets – End of year.....	<u>\$ 878,671</u>	<u>\$ 738,782</u>	<u>\$ 93,268</u>	<u>\$ 92,870</u>	<u>\$ 971,939</u>	<u>\$ 831,652</u>

# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2010

In 2010, the County's revenues decreased by \$43.5 million, expenses dropped by \$196.8 million and the County's net assets increased by \$142.5 million.

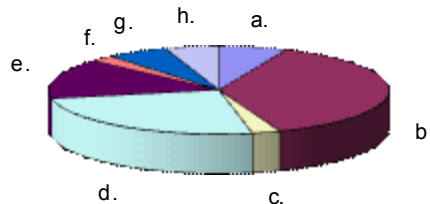
The decrease in revenues of \$43.5 million was due to a decrease of \$41.5 million in governmental activities.

- A \$78.8 million decrease in operating grants and contributions is due primarily to \$89 million decrease due to Ohio Department of Job and Family Services (ODJFS) budget cuts, subsidized childcare taken over by the state in May 2010 and elimination of ARRA dollars for Workforce Investment Act (WIA). This decrease was offset by \$11.2 million in part for increased funding for Medicaid clients.
- Capital grants and contributions increased by \$11.1 million due in part to a \$4.5 million increase from the new Community Based Correction Facility project and \$3 million state grant received for Amertitrust Abatement and Demolition.
- General Revenues decreased by \$1.2 million due to a decrease of \$11.9 in property taxes due to phasing out of personal property taxes, a decrease in real property collections in part due to the allocation of penalties and interest on delinquent taxes used for the Cuyahoga Land Bank. The offset of \$10.7 million increase in Sales and Use Tax can be explained by the expansion of the tax base in 2010, which taxed services that previously were not taxed.
- Other revenues increased by \$24.1 million. In 2009 an impairment was recorded amounting to \$14.5 million of the capital asset held for sale due to the economic climate in real estate and a \$7.5 million settlement from the voting machine vendor for the Board of Elections.

The County's decrease in expenses of \$196.8 million can be explained by the following:

- The decrease in general government, judicial and social services amounting to \$11.1, \$29.4 and \$151.9 million respectively is predominately the result of furlough days, early retirement incentives and layoffs. In addition, there was a \$116.2 million reduction in subsidized childcare paid by the ODJFS and for funding for the WIA Stimulus dollars ending in 2010.

### Revenues by Source – Governmental Activities



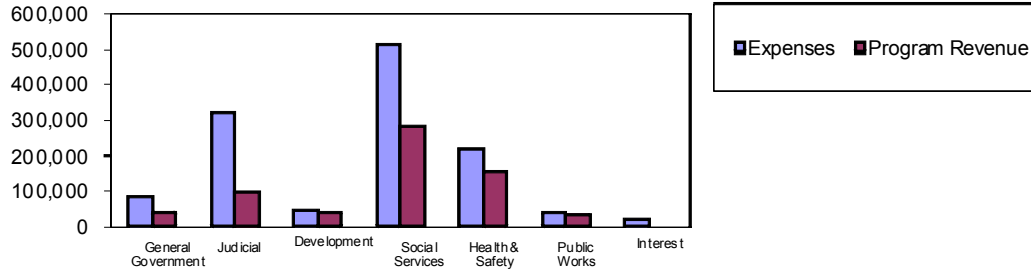
	(Amounts in 000's)	%
a. Charges for Services.....	\$ 89,804	6.5
b. Operating Grants and Contributions.....	523,303	37.7
c. Capital Grants, Contributions and Interest .....	36,712	2.6
d. Property Tax .....	346,331	25.0
e. Sales Tax .....	206,418	14.9
f. Other Tax .....	31,370	2.3
g. Grants and Contributions not restricted to specific programs .....	81,882	5.9
h. Other .....	70,871	5.1

# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

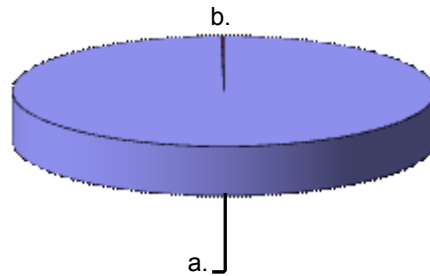
**DECEMBER 31, 2010**

## Expenses and Program Revenues – Governmental Activities

(Amounts in 000's)



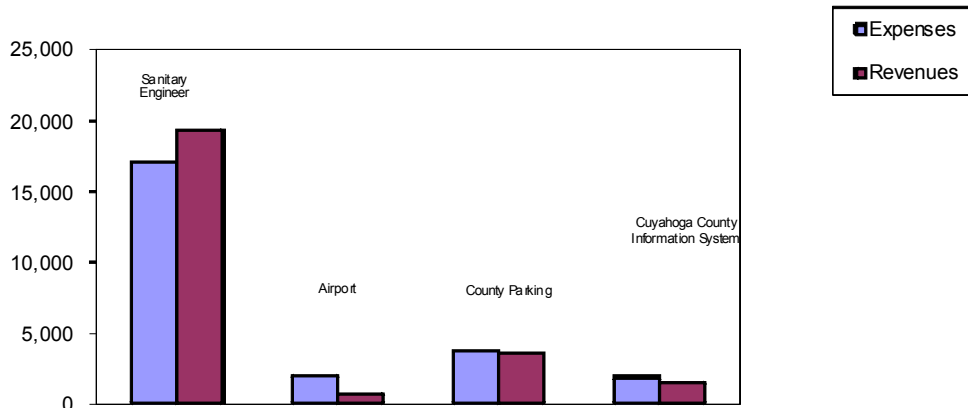
## Revenues by Source – Business-type Activities



	(Amounts in 000's)	%
a. Charges for Services .....	\$ 24,589	99.8
b. Other .....	53	.2

## Expenses and Program Revenues – Business-type Activities

(Amounts in 000's)



# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2010

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**Governmental activities.** Governmental activities increased Cuyahoga County's net assets by \$139.9 million. Key elements of this increase are as follows:

- Furloughs, layoffs and early retirements attributed to the increase in net assets.

**Business-type activities.** Business-type activities increased Cuyahoga County's net assets by \$.4 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 \$927.9 million, an increase of \$373.5 million in comparison with the prior year. Approximately \$605.8 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 (\$32.4 million), (2) for loans (\$48.7 million), (3) to pay debt service (\$56.3 million) or (4) to pay outstanding purchase orders (\$184.7 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 \$122.8 million, while total fund balance reached \$206.8 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 40.5% of total general fund expenditures, while total fund balance represents 68.2% of that same amount.

The fund balance of the Medical Mart Fund increased by \$410.8 million.

- The Medical Mart fund balance increase of \$410.8 million was due to the issuance of debt for the Medical Mart and to reimburse the County for projects previously expended.

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

Proprietary net assets increased by \$.4 million.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$160.9 million and differences between the final amended budget and the actual expenditures and transfers out were \$26.7 million.

The \$160.9 million increase in the original budget versus the final amended budget was primarily the result of the following:

- A total of \$149.2 million related to Medical Mart comprised of the following: \$63.9 million increase in Medical Mart appropriation in development function, \$65.3 million in transfers for capital improvement subsidy for construction of the Medical Mart and \$20 million for the 2010 Medical Mart Pledge account.

# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2010

The \$26.7 million positive variance between the final amended budget and the actual expenditures and transfers out were as follows:

- Reserve contingencies of \$3.3 million budgeted and not needed for Gateway.
- Board of Elections anticipated but did not need \$5.4 million for trades, security, printing and other commodities.
- General Fund loan guarantee of \$1.1 million budgeted but not needed.
- Amount budgeted for debt retirement was not needed amounting to \$6.1 million.

### Capital Asset and Debt Administration

**Capital assets.** Cuyahoga County's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounts to \$788 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 15.8% (a 17% increase for governmental activities and a .8% decrease for business-type activities).

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land.....	\$ 87,139	\$ 47,245	\$ 6,505	\$ 6,505	\$ 93,644	\$ 53,750
Land improvements .....	7,517	8,070	1,327	1,608	8,844	9,678
Utility plant .....			26,048	27,087	26,048	27,087
Buildings, structures and improvements .....	267,740	266,914	4,792	5,072	272,532	271,986
Furniture, fixtures and equipment .....	19,973	22,444	480	462	20,453	22,906
Vehicles .....	2,848	3,070	2,070	1,863	4,918	4,933
Infrastructure.....	101,482	94,191			101,482	94,191
Construction in progress .....	<u>253,496</u>	<u>190,520</u>	<u>6,559</u>	<u>5,548</u>	<u>260,055</u>	<u>196,068</u>
Total.....	\$ <u>740,195</u>	\$ <u>632,454</u>	\$ <u>47,781</u>	\$ <u>48,145</u>	\$ <u>787,976</u>	\$ <u>680,599</u>

The governmental activities increases of \$107.7 million were the result primarily of the continued construction on the new Juvenile Justice Center amounting to \$53.3 million, and Medical Mart land acquisition and construction amounting to \$86.4 million.

The business-type activities decreased by .4 million.

Additional information on Cuyahoga County's capital assets can be found in Note E on pages 43 - 46 of this report.

**Long-term debt.** At the end of the current fiscal year, Cuyahoga County had total bonded debt outstanding of \$779.7 million. Of this amount, \$313.7 million comprises debt backed by the full faith and credit of the government and \$4.6 million is special assessment debt for which the government is liable in the event of

# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2010

default by the property owners subject to the assessment. The remainder of Cuyahoga County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and other debt such as bond anticipation notes, loans and an installment purchase agreement financed by non-tax sources.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds .....	\$ 313,745	\$ 336,192	\$	\$	\$ 313,745	\$ 336,192
Special assessment debt with governmental commitment.....			4,610	5,015	4,610	5,015
Revenue bonds.....	461,360	93,025			461,360	93,025
Bond anticipation notes.....	10,150	10,000			10,150	10,000
Loans .....	9,809	9,585	8,872	8,465	18,681	18,050
Installment purchase agreements..		189				189
Total.....	\$ <u>795,064</u>	\$ <u>448,991</u>	\$ <u>13,482</u>	\$ <u>13,480</u>	\$ <u>808,546</u>	\$ <u>462,471</u>

Cuyahoga County's total debt increased \$346.1 million (75%) during the current fiscal year. The County issued revenue bonds amounting to \$416.5 million. The County issued a \$10.2 million bond anticipation note for development at the Rock and Roll of Fame.

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

State statutes limit the amount of general obligation debt a governmental entity may issue up to 1% of its total assessed valuation. The current debt limitation (voted and unvoted) for Cuyahoga County is \$496.2 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 47-56 of this report.

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

- The unemployment rate for Cuyahoga County fell to 8.6% at year-end 2010, compared to 9% at year-end 2009.
- Retail vacancies in the County remained stable at 13.2% at year-end 2010.

Each of these factors, in addition to others, was considered in preparing Cuyahoga County's budget for the 2010 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased \$50.6 million. The County has a development agreement with a private company for the construction of the convention center and a related medical mart. The County was required to disburse funds for construction and payment of future debt in 2010.

# COUNTY OF CUYAHOGA, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

**DECEMBER 31, 2010**

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The County continued some major capital projects including construction of the new juvenile justice campus (which includes the Youth Intervention Center and a Juvenile Court). The County issued a \$10.2 million note for development at the Rock and Roll Hall of Fame.

The County Commissioners asked many general fund agencies to reduce their budgets by 6.3% due to falling revenues and instituted furlough days for employees.

## **Federal Investigation**

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

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

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

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

## **Request for Information**

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



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

**DECEMBER 31, 2010**  
**(Amounts in 000's)**

	Primary Government			Component Unit MetroHealth System
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 906,515	\$ 21,454	\$ 927,969	\$ 2,946
Cash and investments-segregated accounts.....				262,844
Receivables:				
Taxes (net of allowance for uncollectibles).....	405,046		405,046	
Accounts (net of allowance for uncollectibles).....	3,406	165	3,571	70,359
Special Assessments (net of allowance for uncollectibles).....		27,935	27,935	
Accrued interest.....	593		593	
Loans (net of allowance for uncollectibles).....	48,968		48,968	
Net receivables.....	458,013	28,100	486,113	70,359
Internal balances.....	(417)	417		
Due from other governments.....	105,296	117	105,413	
Inventory of supplies.....	31	16	47	9,145
Prepaid expenses and other receivables.....				65,321
Other assets.....	5,078	11	5,089	4,807
Restricted assets:				
Cash and investments	35,484		35,484	110,059
Capital assets held for sale.....	9,555	10,980	20,535	
Capital assets (net of accumulated depreciation):				
Land.....	87,139	6,505	93,644	9,314
Land improvements.....	7,517	1,327	8,844	4,653
Utility plant.....		26,048	26,048	
Buildings, structures and improvements.....	267,740	4,792	272,532	186,870
Furniture, fixtures and equipment.....	19,973	480	20,453	40,056
Vehicles.....	2,848	2,070	4,918	21,178
Infrastructure.....	101,482		101,482	
Construction in progress.....	253,496	6,559	260,055	4,386
Net capital assets.....	740,195	47,781	787,976	266,457
<b>TOTAL ASSETS.....</b>	<b>2,259,750</b>	<b>108,876</b>	<b>2,368,626</b>	<b>791,938</b>
<b>LIABILITIES</b>				
Accounts payable.....	66,242	787	67,029	28,624
Unearned revenue.....	365,277		365,277	
Due to other governments.....	22,381		22,381	
Accrued wages and benefits.....	17,766	402	18,168	34,831
Matured bonds payable.....	14		14	
Other liabilities.....	3,235		3,235	12,557
Accrued interest payable.....	3,506		3,506	4,357
Noncurrent liabilities:				
Due within one year.....	71,057	1,307	72,364	31,530
Due in more than one year.....	831,601	13,112	844,713	324,124
<b>TOTAL LIABILITIES.....</b>	<b>1,381,079</b>	<b>15,608</b>	<b>1,396,687</b>	<b>436,023</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	331,270	34,298	365,568	55,731
Restricted for:				
Restricted assets-expendable.....	24,336		24,336	49,525
Restricted assets-nonexpendable.....				8,615
Debt service.....	56,548		56,548	
Unrestricted.....	466,517	58,970	525,487	242,044
<b>TOTAL NET ASSETS.....</b>	<b>\$ 878,671</b>	<b>\$ 93,268</b>	<b>\$ 971,939</b>	<b>\$ 355,915</b>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
<b>Primary Government:</b>		
Governmental activities:		
General government.....	\$ 80,598	\$ 40,832
Judicial.....	322,180	39,149
Development.....	49,604	142
Social services.....	512,291	5,439
Health and safety.....	217,531	1,798
Public works.....	40,461	2,444
Interest on long-term debt.....	23,686	
Total governmental activities	1,246,351	89,804
Business-type activities:		
Sanitary Engineer.....	17,056	18,786
Airport.....	2,026	712
County Parking.....	3,697	3,544
Cuyahoga County Information System.....	1,916	1,547
Total business-bype activities	24,695	24,589
Total primary government.....	\$ 1,271,046	\$ 114,393
Component unit:		
MetroHealth System.....	\$ 752,107	\$ 681,868

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

Program Revenues		Net (Expense) Revenue and Changes in Net Assets				Component Unit MetroHealth System
		Primary Government			Totals	
Operating Grants and Contributions	Capital Grants, Contributions and Interest	Governmental Activities	Business- Type Activities			
\$ 304	\$	\$ (39,462)	\$	\$ (39,462)	\$	
52,462	5,056	(225,513)		(225,513)		
38,674	1,098	(9,690)		(9,690)		
276,461		(230,391)		(230,391)		
152,203		(63,530)		(63,530)		
3,199	30,558	(4,260)		(4,260)		
<u>523,303</u>	<u>36,712</u>	<u>(596,532)</u>		<u>(596,532)</u>		
				1,730		
				(1,314)		
				(153)		
				(369)		
				(106)		
<u>\$ 523,303</u>	<u>\$ 36,712</u>	<u>(596,532)</u>	<u>(106)</u>	<u>(596,638)</u>		
<u>\$ 53,341</u>	<u>\$ 700</u>					<u>(16,198)</u>
General Revenues:						
Taxes:						
Property.....		346,331		346,331		
Sales and use.....		206,418		206,418		
Other.....		31,370		31,370		
Unrestricted state local government fund.....		35,018		35,018		
Unrestricted investment earnings.....		8,234		8,234		6,886
Grants and contributions						
not restricted to specific programs.....		81,882		81,882		
Miscellaneous.....		27,619	53	27,672		40,902
Transfers.....		(451)	451			
Total general revenues and transfers.....		<u>736,421</u>	<u>504</u>	<u>736,925</u>		<u>47,788</u>
Change in net assets.....		139,889	398	140,287		31,590
Net assets-beginning of year-Restated						
(See Note R).....		738,782	92,870	831,652		324,325
<b>Net assets-end of year.....</b>		<b><u>\$ 878,671</u></b>	<b><u>\$ 93,268</u></b>	<b><u>\$ 971,939</u></b>		<b><u>\$ 355,915</u></b>

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

**DECEMBER 31, 2010  
(Amounts in 000's)**

	<u>General Fund</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>	<u>County Board of Developmental Disabilities</u>
<b>ASSETS</b>				
Equity in pooled cash and investments.....	\$ 60,833	\$ 18,568	\$ 29,861	\$ 122,994
Receivables:				
Taxes (net of allowance for uncollectibles).....	69,754		193,367	95,737
Accounts (net of allowance for uncollectibles).....	93			
Accrued interest.....	593			
Loans (net of allowance for uncollectibles).....	1,500			
Net receivables.....	<u>71,940</u>		<u>193,367</u>	<u>95,737</u>
Due from other funds.....	71,633		53,939	
Due from other governments.....	23,479	12,227	14,824	12,313
Restricted assets -				
Cash and investments.....	41,725			
<b>TOTAL ASSETS.....</b>	<b><u>\$ 269,610</u></b>	<b><u>\$ 30,795</u></b>	<b><u>\$ 291,991</u></b>	<b><u>\$ 231,044</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable.....	\$ 2,692	\$ 6,779	\$	\$ 2,912
Deferred revenue.....	49,139		208,190	103,169
Due to other funds.....	3,321	30,742		855
Due to other governments.....				
Accrued wages and benefits.....	6,617	3,773		3,364
Matured bonds payable.....				
Other liabilities.....	1,050			
<b>TOTAL LIABILITIES.....</b>	<b><u>62,819</u></b>	<b><u>41,294</u></b>	<b><u>208,190</u></b>	<b><u>110,300</u></b>
Fund Balances:				
Reserved for:				
Restricted assets.....	32,402			
Loans receivable.....	1,250			
Debt service.....	12,249			
Encumbrances.....	38,046	36,105		6,245
Unreserved, reported in:				
Designated for self-insurance.....	784			
Undesignated.....	122,060			
Special Revenue Funds.....		(46,604)	83,801	114,499
Capital Projects Fund.....				
<b>TOTAL FUND BALANCES.....</b>	<b><u>206,791</u></b>	<b><u>(10,499)</u></b>	<b><u>83,801</u></b>	<b><u>120,744</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b><u>\$ 269,610</u></b>	<b><u>\$ 30,795</u></b>	<b><u>\$ 291,991</u></b>	<b><u>\$ 231,044</u></b>

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

<b>Health and Community Services</b>	<b>Capital Projects</b>	<b>Medical Mart</b>	<b>Other Governmental</b>	<b>Total Governmental Funds</b>
\$ 90,741	\$	\$ 410,803	\$ 89,852	\$ 823,652
13,951			30,052	402,861
643			2,657	3,393
				593
			47,468	48,968
14,594			80,177	455,815
				125,572
21,712	3,616		16,781	104,952
				41,725
<b>\$ 127,047</b>	<b>\$ 3,616</b>	<b>\$ 410,803</b>	<b>\$ 186,810</b>	<b>\$ 1,551,716</b>
\$ 26,593	\$ 6,640	\$	\$ 8,915	\$ 54,531
13,951			38,656	413,105
25,419	64,657		6,814	131,808
			7,119	7,119
1,793			623	16,170
			14	14
				1,050
67,756	71,297		62,141	623,797
				32,402
			47,468	48,718
			44,058	56,307
13,865	50,958		39,489	184,708
				784
				122,060
45,426			(6,346)	190,776
	(118,639)	410,803		292,164
59,291	(67,681)	410,803	124,669	927,919
<b>\$ 127,047</b>	<b>\$ 3,616</b>	<b>\$ 410,803</b>	<b>\$ 186,810</b>	<b>\$ 1,551,716</b>

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

**DECEMBER 31, 2010  
(Amounts in 000's)**

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Total fund balances for governmental funds.....	\$	927,919
Capital assets and capital assets held for sale used in governmental activities (excluding internal service) assets) are not financial resources and, therefore, are not reported in the funds.....		740,672
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.....		47,828
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....		58,258
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable.....	\$	(3,506)
Long-term debt.....		(897,578)
Unamortized bond issuance costs.....		5,078
		(896,006)
<b>TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES.....</b>		<b><u>\$ 878,671</u></b>

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

**FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	General Fund	Human Services	Health and Human Services Levies	County Board of Developmental Disabilities
<b>REVENUES</b>				
Property taxes.....	\$ 22,218	\$	\$ 187,579	\$ 92,875
Sales and use tax.....	205,212			
Other tax.....	5		43	22
State local government fund.....	34,070			
Licenses and permits.....	89			
Charges for services.....	48,963	703		4,481
Fines and forfeitures.....	10,239			
Investment earnings.....	7,111			169
Other intergovernmental.....	16,515	169,058	44,485	95,555
Miscellaneous.....	17,623	1,534		3,086
<b>TOTAL REVENUES.....</b>	<b>362,045</b>	<b>171,295</b>	<b>232,107</b>	<b>196,188</b>
<b>EXPENDITURES</b>				
Current:				
General government.....	57,639			
Judicial.....	229,839			
Development.....	7,397			
Social services.....	6,329	250,962	274	186,520
Health and safety.....	335		40,039	
Public works.....				
Capital Outlay.....				
Debt Service:				
Principal retirement.....	1,335			
Interest.....	410			
Bond issuance costs.....				
<b>TOTAL EXPENDITURES.....</b>	<b>303,284</b>	<b>250,962</b>	<b>40,313</b>	<b>186,520</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>58,761</b>	<b>(79,667)</b>	<b>191,794</b>	<b>9,668</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	1,560	70,872		7
Transfers out:				
Debt retirement.....	(2,655)			
Other.....	(124,776)	(1,704)	(179,189)	(426)
Capitalized leases.....				455
Issuance of debt.....	10,150			
Issuance of Refunding Bonds.....				
Payment to refunded bond escrow agent.....				
Bond premium-net.....				
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(115,721)</b>	<b>69,168</b>	<b>(179,189)</b>	<b>36</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(56,960)</b>	<b>(10,499)</b>	<b>12,605</b>	<b>9,704</b>
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR-RESTATED (SEE NOTE R).....</b>				
	263,751		71,196	111,040
<b>FUND BALANCES AT END OF YEAR.....</b>				
	<b>\$ 206,791</b>	<b>\$ (10,499)</b>	<b>\$ 83,801</b>	<b>\$ 120,744</b>

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



<b>Health and Community Services</b>	<b>Capital Projects</b>	<b>Medical Mart</b>	<b>Other Governmental</b>	<b>Total Governmental Funds</b>
\$ 20,625	\$	\$	\$ 20,252	\$ 343,549
				205,212
			30,432	30,502
				34,070
1,805				1,894
19,889			132	74,168
3,346			282	13,867
254	324		700	8,558
199,167	33,294		85,043	643,117
1,779	968		3,541	28,531
<u>246,865</u>	<u>34,586</u>		<u>140,382</u>	<u>1,383,468</u>
21,358			295	79,292
71,372			15,807	317,018
6,719			35,588	49,704
69,328			5,297	518,710
165,360			13,926	219,660
2,102	22,807		24,580	49,489
	123,286			123,286
	189		24,537	26,061
			21,487	21,897
		2,412	321	2,733
<u>336,239</u>	<u>146,282</u>	<u>2,412</u>	<u>141,838</u>	<u>1,407,850</u>
(89,374)	(111,696)	(2,412)	(1,456)	(24,382)
110,811	75,558	55,712	5,692	320,212
				(2,655)
(862)	(2)		(9,128)	(316,087)
				455
		343,350	28,265	381,765
			44,870	44,870
			(44,996)	(44,996)
		14,153	201	14,354
<u>109,949</u>	<u>75,556</u>	<u>413,215</u>	<u>24,904</u>	<u>397,918</u>
20,575	(36,140)	410,803	23,448	373,536
38,716	(31,541)		101,221	554,383
<u>\$ 59,291</u>	<u>\$ (67,681)</u>	<u>\$ 410,803</u>	<u>\$ 124,669</u>	<u>\$ 927,919</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, 2010  
(Amounts in 000's)**

Net change in fund balances-total governmental funds.....	\$ 373,536
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 (\$141,448) exceeded depreciation (\$30,704) in the current period.....	110,744
Net effect of sales and other disposals of capital assets.....	(893)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....	5,841
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.....	8,136
Interest is reported as an expenditure when due in the governmental funds, but is reported as incurred in the statement of activities.....	(1,779)
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.....	(438,488)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities and is not reported in the statement of activities.	
Capital lease obligations.....	3,866
Ohio Department of Transportation and Ohio Public Works Commission loans.....	827
Ohio Department of Development loan.....	500
Installment purchase agreement.....	189
General obligation and revenue bonds.....	70,359
Certain net expense of the internal service funds are reported with governmental activities in the statement of activities.....	7,051
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES.....</b>	<b><u><u>\$ 139,889</u></u></b>

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(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		
<b>REVENUES</b>								
Property taxes.....	\$ 22,363	\$ 22,381	\$ 22,413	\$ 32	\$	\$	\$	\$
Sales and use tax.....	198,943	204,053	204,063	10				
Other tax.....	6	7	5	(2)				
State local government fund.....	31,808	33,544	33,544					
Licenses and permits.....	64	87	89	2				
Charges for services.....	49,452	47,679	48,293	614	619	535	703	168
Fines and forfeitures.....	8,939	10,908	10,984	76				
Investment earnings.....	18,500	17,650	18,040	390				
Other intergovernmental.....	16,048	16,969	17,059	90	274,893	243,474	191,395	(52,079)
Miscellaneous.....	14,725	13,488	13,979	491	3,686	4,909	1,534	(3,375)
<b>TOTAL REVENUES.....</b>	<b>360,848</b>	<b>366,766</b>	<b>368,469</b>	<b>1,703</b>	<b>279,198</b>	<b>248,918</b>	<b>193,632</b>	<b>(55,286)</b>
<b>EXPENDITURES</b>								
<b>Current:</b>								
<b>GENERAL GOVERNMENT</b>								
Personal Services.....	28,073	29,847	27,954	1,893				
Other.....	40,039	43,803	34,318	9,485				
Capital.....	1,769	1,185	94	1,091				
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>69,881</b>	<b>74,835</b>	<b>62,366</b>	<b>12,469</b>				
<b>JUDICIAL</b>								
Personal Services.....	158,119	160,253	157,913	2,340				
Other.....	69,870	72,903	70,454	2,449				
Capital.....	283	996	814	182				
<b>TOTAL JUDICIAL.....</b>	<b>228,272</b>	<b>234,152</b>	<b>229,181</b>	<b>4,971</b>				
<b>DEVELOPMENT</b>								
Personal Services.....	798	950	870	80				
Other.....	4,602	68,592	67,335	1,257				
Capital.....	2	10	7	3				
<b>TOTAL DEVELOPMENT.....</b>	<b>5,402</b>	<b>69,552</b>	<b>68,212</b>	<b>1,340</b>				
<b>SOCIAL SERVICES</b>								
Personal Services.....	2,200	2,240	2,205	35	121,678	127,562	124,741	2,821
Other.....	4,983	4,983	3,725	1,258	228,528	142,126	134,396	7,730
Capital.....	29	29	24	5	213	302	440	(138)
<b>TOTAL SOCIAL SERVICES.....</b>	<b>7,212</b>	<b>7,252</b>	<b>5,954</b>	<b>1,298</b>	<b>350,419</b>	<b>269,990</b>	<b>259,577</b>	<b>10,413</b>
<b>HEALTH AND SAFETY</b>								
Personal Services.....	219	213	137	76				
Other.....	215	222	200	22				
Capital.....								
<b>TOTAL HEALTH AND SAFETY.....</b>	<b>434</b>	<b>435</b>	<b>337</b>	<b>98</b>				
<b>PUBLIC WORKS</b>								
Personal Services.....								
Other.....								
Capital.....								
<b>TOTAL PUBLIC WORKS.....</b>								
<b>TOTAL EXPENDITURES.....</b>	<b>311,201</b>	<b>386,226</b>	<b>366,050</b>	<b>20,176</b>	<b>350,419</b>	<b>269,990</b>	<b>259,577</b>	<b>10,413</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>49,647</b>	<b>(19,460)</b>	<b>2,419</b>	<b>21,879</b>	<b>(71,221)</b>	<b>(21,072)</b>	<b>(65,945)</b>	<b>(44,873)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in.....			1,560	1,560	73,247	80,993	76,561	(4,432)
Transfers out.....								
Debt retirement.....	(7,458)	(27,669)	(21,580)	6,089				
Other.....	(3,820)	(69,525)	(69,065)	460	(1,697)	(1,704)	(1,704)	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(11,278)</b>	<b>(97,194)</b>	<b>(89,085)</b>	<b>8,109</b>	<b>71,550</b>	<b>79,289</b>	<b>74,857</b>	<b>(4,432)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>38,369</b>	<b>(116,654)</b>	<b>(86,666)</b>	<b>29,988</b>	<b>329</b>	<b>58,217</b>	<b>8,912</b>	<b>(49,305)</b>
<b>FUND BALANCES(DEFICITS) AT BEGINNING OF YEAR.....</b>								
	196,797	196,797	196,797		(33,228)	(33,228)	(33,228)	
<b>FUND BALANCES(DEFICITS) AT END OF YEAR.....</b>								
	<b>\$ 235,166</b>	<b>\$ 80,143</b>	<b>\$ 110,131</b>	<b>\$ 29,988</b>	<b>\$ (32,899)</b>	<b>\$ 24,989</b>	<b>\$ (24,316)</b>	<b>\$ (49,305)</b>

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

Health and Human Services Levies				County Board of Developmental Disabilities				Health and Community Services			
Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive(Negative)
Original	Final			Original	Final			Original	Final		
\$ 217,331	\$ 189,109	\$ 189,187	\$ 78	\$ 93,250	\$ 95,570	\$ 93,676	\$ (1,894)	\$ 13,862	\$ 13,863	\$ 20,739	\$ 6,876
42	43	43		20	22	22					
				4,418	4,511	4,481	(30)	1,748	1,757	1,805	48
				160	162	169	7	20,860	19,774	19,578	(196)
44,110	44,458	44,485	27	105,941	103,226	101,693	(1,533)	3,123	3,452	3,346	(106)
				1,650	2,678	3,086	408	626	272	279	7
261,483	233,610	233,715	105	205,439	206,169	203,127	(3,042)	173,298	187,101	189,856	2,755
								11,078	16,995	1,779	(15,216)
								224,595	243,214	237,382	(5,832)
								10,795	11,219	11,015	204
								10,231	11,247	10,090	1,157
								18	450	87	363
								21,044	22,916	21,192	1,724
								40,184	40,803	40,074	729
								34,951	36,993	34,645	2,348
								211	1,998	1,880	118
								75,346	79,794	76,599	3,195
								1,556	1,619	1,559	60
								5,292	5,230	5,192	38
								3	10	7	3
								6,851	6,859	6,758	101
				92,815	92,815	89,594	3,221	96	66	66	
274	274	274		94,703	95,703	91,334	4,369	83,345	79,922	79,408	514
				11,447	10,447	7,487	2,960				
274	274	274		198,965	198,965	188,415	10,550	83,441	79,988	79,474	514
								7,668	7,617	7,033	584
48,629	40,351	40,039	312					145,758	158,805	156,204	2,601
								375	1,247	1,218	29
48,629	40,351	40,039	312					153,801	167,669	164,455	3,214
								445	455	447	8
								1,614	2,212	2,019	193
								3	66	40	26
								2,062	2,733	2,506	227
48,903	40,625	40,313	312	198,965	198,965	188,415	10,550	342,545	359,959	350,984	8,975
212,580	192,985	193,402	417	6,474	7,204	14,712	7,508	(117,950)	(116,745)	(113,602)	3,143
						7	7	120,667	124,253	122,509	(1,744)
(183,876)	(201,287)	(196,577)	4,710	(426)	(426)	(426)		(207)	(1,699)	(862)	837
(183,876)	(201,287)	(196,577)	4,710	(426)	(426)	(419)	7	120,460	122,554	121,647	(907)
28,704	(8,302)	(3,175)	5,127	6,048	6,778	14,293	7,515	2,510	5,809	8,045	2,236
33,036	33,036	33,036		99,498	99,498	99,498		42,197	42,197	42,197	
<b>\$ 61,740</b>	<b>\$ 24,734</b>	<b>\$ 29,861</b>	<b>\$ 5,127</b>	<b>\$ 105,546</b>	<b>\$ 106,276</b>	<b>\$ 113,791</b>	<b>\$ 7,515</b>	<b>\$ 44,707</b>	<b>\$ 48,006</b>	<b>\$ 50,242</b>	<b>\$ 2,236</b>

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

**DECEMBER 31, 2010**  
**(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>				
<b>Current assets:</b>				
Equity in pooled cash and investments.....	\$ 20,833	\$ 621	\$ 21,454	\$ 76,622
<b>Receivables:</b>				
Accounts (net of allowance for uncollectibles).....		165	165	13
Special Assessments (net of allowance for uncollectibles).....	250		250	
Net receivables.....	250	165	415	13
Due from other funds.....		5	5	7,538
Due from other governments.....		117	117	344
Inventory of supplies.....		16	16	31
Capital assets held for sale.....		10,980	10,980	
<b>Total current assets.....</b>	<b>21,083</b>	<b>11,904</b>	<b>32,987</b>	<b>84,548</b>
<b>Noncurrent assets:</b>				
Special Assessments (net of allowance for uncollectibles).....	27,685		27,685	
Other assets.....	11		11	
<b>Capital assets (net of accumulated depreciation):</b>				
Land.....	448	6,057	6,505	
Land improvements.....	325	1,002	1,327	
Utility plant.....	26,048		26,048	
Buildings, structures and improvements.....	1,228	3,564	4,792	
Furniture, fixtures and equipment.....	354	126	480	8,500
Vehicles.....	1,877	193	2,070	578
Construction in progress.....	6,006	553	6,559	
Net capital assets.....	36,286	11,495	47,781	9,078
<b>Total noncurrent assets.....</b>	<b>63,982</b>	<b>11,495</b>	<b>75,477</b>	<b>9,078</b>
<b>TOTAL ASSETS.....</b>	<b>85,065</b>	<b>23,399</b>	<b>108,464</b>	<b>93,626</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable.....	214	573	787	11,711
Due to other funds.....	98	536	634	673
Due to other governments.....				15,262
Accrued wages and benefits.....	898	265	1,163	3,379
Capital lease obligation.....				42
Special termination benefits.....		120	120	2,314
Loans payable.....	696		696	
Bonds payable.....	415		415	
<b>Total current liabilities.....</b>	<b>2,321</b>	<b>1,494</b>	<b>3,815</b>	<b>33,381</b>
<b>Noncurrent Liabilities:</b>				
Special termination benefits.....		55	55	941
Loans payable.....	8,177		8,177	
Bonds payable.....	4,195		4,195	
<b>Total noncurrent liabilities.....</b>	<b>12,372</b>	<b>55</b>	<b>12,427</b>	<b>941</b>
<b>TOTAL LIABILITIES.....</b>	<b>14,693</b>	<b>1,549</b>	<b>16,242</b>	<b>34,322</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	22,803	11,495	34,298	9,036
Unrestricted.....	47,569	10,355	57,924	50,268
<b>TOTAL NET ASSETS.....</b>	<b>\$ 70,372</b>	<b>\$ 21,850</b>		<b>\$ 59,304</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.....			1,046	
<b>NET ASSETS OF BUSINESS-TYPE ACTIVITIES.....</b>			<b>\$ 93,268</b>	

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**(Amounts in 000's)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 18,786	\$ 5,803	\$ 24,589	\$ 158,917
Other revenue.....		53	53	993
<b>TOTAL OPERATING REVENUES.....</b>	<b>18,786</b>	<b>5,856</b>	<b>24,642</b>	<b>159,910</b>
<b>OPERATING EXPENSES</b>				
Personal services.....	8,739	2,658	11,397	36,493
Contractual services and claims.....	3,942	531	4,473	88,172
Commodities.....	1,028	220	1,248	13,628
Depreciation .....	1,791	945	2,736	2,467
Other expenses.....	1,194	3,585	4,779	9,816
<b>TOTAL OPERATING EXPENSES.....</b>	<b>16,694</b>	<b>7,939</b>	<b>24,633</b>	<b>150,576</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>2,092</b>	<b>(2,083)</b>	<b>9</b>	<b>9,334</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest expense.....	(394)		(394)	(10)
Loss on disposal of capital assets.....		(7)	(7)	(13)
<b>TOTAL NONOPERATING EXPENSES.....</b>	<b>(394)</b>	<b>(7)</b>	<b>(401)</b>	<b>(23)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS.....</b>	<b>1,698</b>	<b>(2,090)</b>	<b>(392)</b>	<b>9,311</b>
Transfers In.....		1,243	1,243	278
Transfers Out				
Debt retirement.....		(185)	(185)	
Other.....	(200)	(407)	(607)	(2,199)
<b>CHANGE IN NET ASSETS.....</b>	<b>1,498</b>	<b>(1,439)</b>	<b>59</b>	<b>7,390</b>
<b>TOTAL NET ASSETS BEGINNING OF YEAR-RESTATE (SEE NOTE R).....</b>	<b>68,874</b>	<b>23,289</b>		<b>51,914</b>
<b>TOTAL NET ASSETS END OF YEAR.....</b>	<b>\$ 70,372</b>	<b>\$ 21,850</b>		<b>\$ 59,304</b>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.....			339	
<b>CHANGE IN NET ASSETS-BUSINESS-TYPE ACTIVITIES.....</b>			<b>\$ 398</b>	

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental Activities- Internal Service Funds
	Sanitary Engineer	Other Enterprise Funds	Total Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers.....	\$ 19,701	\$ 5,839	\$ 25,540	\$ 993
Other operating cash receipts.....		53	53	155,384
Cash payments to suppliers for goods and services.....	(7,449)	(4,201)	(11,650)	(113,415)
Cash payments to employees for services.....	(8,645)	(2,625)	(11,270)	(36,236)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....</b>	<b>3,607</b>	<b>(934)</b>	<b>2,673</b>	<b>6,726</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds.....		1,243	1,243	278
Transfers to other funds.....	(200)	(592)	(792)	(2,199)
Proceeds from (repayment of) short-term interfund loan-net.....		505	505	(335)
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(200)</b>	<b>1,156</b>	<b>956</b>	<b>(2,256)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from long-term debt.....	1,591		1,591	
Receipts from capital grants.....	247		247	
Acquisitions and construction of capital assets.....	(1,712)	(530)	(2,242)	(369)
Principal paid on long-term debt.....	(1,071)		(1,071)	(39)
Interest paid on long-term debt.....	(528)		(528)	(10)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(1,473)</b>	<b>(530)</b>	<b>(2,003)</b>	<b>(418)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT.....</b>	<b>1,934</b>	<b>(308)</b>	<b>1,626</b>	<b>4,052</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>18,899</b>	<b>929</b>	<b>19,828</b>	<b>72,570</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 20,833</b>	<b>\$ 621</b>	<b>\$ 21,454</b>	<b>\$ 76,622</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating income (loss).....	\$ 2,092	\$ (2,083)	\$ 9	\$ 9,334
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Depreciation .....	1,791	945	2,736	2,467
Changes in assets and liabilities:				
Accounts receivable-net.....		37	37	
Due from other funds.....				(3,556)
Due from other governments.....	915	(70)	845	21
Inventory of supplies.....		(5)	(5)	18
Accounts payable.....	(1,286)	269	(1,017)	1,096
Due to other funds.....	54	16	70	337
Due to other governments.....			0	(1,735)
Accrued wages and benefits.....	41	17	58	(111)
Special termination benefits.....		(60)	(60)	(1,145)
<b>TOTAL ADJUSTMENTS.....</b>	<b>1,515</b>	<b>1,149</b>	<b>2,664</b>	<b>(2,608)</b>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....</b>	<b>\$ 3,607</b>	<b>\$ (934)</b>	<b>\$ 2,673</b>	<b>\$ 6,726</b>

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



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

**DECEMBER 31, 2010  
(Amounts in 000's)**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Equity in pooled cash and investments.....	\$205,083
Cash and investments-segregated accounts.....	54,352
Special assessment receivable.....	78,495
Taxes receivable.....	1,559,982
<b>TOTAL ASSETS.....</b>	<b><u>1,897,912</u></b>
<b>LIABILITIES</b>	
Due to other governments.....	\$1,823,201
Other liabilities.....	74,711
<b>TOTAL LIABILITIES.....</b>	<b><u>1,897,912</u></b>

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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

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

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

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

#### Governmental Funds:

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

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

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

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

#### Proprietary Funds:

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

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

#### Fiduciary Funds:

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

### NOTE B - Summary of Significant Accounting Policies

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

*Reporting Entity:* Cuyahoga County is a political subdivision of the State of Ohio. The accompanying financial statements present the government and its component unit, an entity for which Cuyahoga County is considered to be

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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financially accountable. The component unit is reported in a separate column in the government-wide financial statements (see *Discretely Presented Component Unit* below for description) to emphasize that it is legally separate from the County.

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

The Hospital was a partner in the joint venture, Concordia Care. The Hospital and another area healthcare provider specializing in senior care, provide services to the elderly. The Hospital did not receive any income or distribution from the joint venture except for receipts from regular patient billings for services rendered. The Hospital had not reflected on its financial statements a value for its equity interest in the net assets of this joint venture because it is immaterial to the overall financial statements. In 2010, the Hospital sold its interest in this joint venture.

The Hospital is a partner in the joint venture, CCF/MHS Renal Care Company, LTD. In connection with the preparation of these financial statements, the Hospital re-evaluated its on-going financial interest in CCF/MHS Renal Care Company, LTD., a joint venture with the Cleveland Clinic Foundation, which provides renal care (dialysis). The Hospital has determined that it had a 40% equity interest in the joint venture as of December 31, 2010. Accounting principles generally accepted in the United States require that a material equity interests in such a joint venture be reported as an asset in the financial statement of a reporting entity, and that certain other information, including operating activity, be disclosed. Because CCF/MHS Renal Care Company, LTD. does not prepare and has not made complete financial statements available since its inception in 1996, the Hospital is not able to accurately determine its equity interest in CCF/MHS Renal Care Company, LTD. or report its activities. However, the Hospital believes it has obtained sufficient information to conclude that the financial statements of the Hospital are not materially misstated without such information. As of December 31, 2010 the Hospital reflected \$9.9 million in distributions from CCF/MHS Renal Care Company, LTD. of which \$4.1 million was included in other receivables.

The Board of Trustees approved a decision to sell the Hospital's stake in the CCF/MHS Renal Care Company, LTD. Management has been aggressively working with the existing partners to complete a sale of its interest.

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

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

The Land Bank receives its funding from interest and penalty on current delinquent property taxes which is used for its operations and to pay for principal and interest on debt issued by the Land Bank. The Land Bank also receives grant monies to operate. The Land Bank was created to demolish condemned structures and maintain the property on abandoned parcels. The land is held until it can be used for productive purposes. The Land Bank is a legally separate nonprofit corporation that began operating in 2009. While the County can appoint a voting majority of the board, certain members are subject to approval of the majority of the chief executive officers of all municipal corporations. The County is therefore not able to impose its will, and the Land Bank provides no financial benefit to or burden on the County. As such, the Land Bank is not included in the County's reporting entity.

# COUNTY OF CUYAHOGA, OHIO

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

# COUNTY OF CUYAHOGA, OHIO

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

**County Board of Developmental Disabilities** accounts for revenues primarily from the State and the special developmental disability levy and expenditures thereof that are used for the benefit of the developmentally disabled. Prior to 2009, the fund was titled County Board of Mental Retardation.

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

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

**Medical Mart** accounts for debt proceeds to be used for the construction of the medical mart facility.

The County reports the following major proprietary fund:

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

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

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

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

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

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

*Budgetary Accounting and Control:* The County is required by state law to adopt annual budgets for the General fund, certain Special Revenue funds and the Debt Service fund. Major Special Revenue funds which are budgeted annually include Human Services, Health and Human Services Levies, County Board of Developmental Disabilities and Health and Community Services. The Motor Vehicle Gas Tax fund is a nonmajor special revenue fund which is annually budgeted. The County Administrator prepares the budget, which is approved by the Board of County Commissioners. The Office of Budget and Management prepares a separate budgetary report. The Board of County Commissioners approves amendments to the original budget throughout the year as allowed by State statute. The County maintains budgetary control within an organizational unit and fund by not permitting expenditures/expenses and encumbrances to exceed appropriations for

# COUNTY OF CUYAHOGA, OHIO

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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 carried forward to the next fiscal year and are not re-encumbered or reappropriated.

In 2011, the County Executive will be responsible for preparing the annual budget with approval from County Council. County Council will also approve amendments to the budget.

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

During 2010, there was an item of noncompliance with the Ohio Revised Code. Under Ohio law, budgetary appropriations may not exceed estimated resources, with a balanced budget maintained in each fund. At the time of original appropriations, the Human Services funds had appropriations that exceeded the original certificate of estimated resources due to the uncertainty of the State's funding allocation.

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

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

- (1) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budgetary) rather than as a reservation of fund balance (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 General and Major Special Revenue Funds (Amounts in 000's)					
	General Fund	Human Services	Health and Human Services Levies	County Board of Developmental Disabilities	Health and Community Services
GAAP basis .....	\$ (56,960)	\$ (10,499)	\$ 12,605	\$ 9,704	\$ 20,575
Increase/decrease:					
Accrued receivables at 12/31/10 not recognized in the 2010 budget .....	(100,896)	(12,227)	(260,579)	(107,282)	(36,194)
Accrued receivables at 12/31/09 recognized in the 2010 budget .....	141,147	34,565	243,739	110,335	26,335
Expenditures accrued as liabilities at 12/31/10 not recognized in the 2010 budget .....	62,709	41,294	206,639	109,532	67,644
Expenditures accrued as liabilities at 12/31/09 recognized in the 2010 budget .....	(86,881)	(47,096)	(205,579)	(109,425)	(59,609)
Encumbrances at 12/31/10 recognized as expenditures in the 2010 budget .....	(40,738)	(42,884)	0	(9,157)	(40,458)
Encumbrances at 12/31/09 not recognized as expenditures in the 2010 budget .....	15,654	45,759	0	6,673	29,728
Other GAAP adjustments <sup>(1)</sup> .....	<u>(20,701)</u>	<u>0</u>	<u>0</u>	<u>3,913</u>	<u>24</u>
Budget basis .....	\$ <u>(86,666)</u>	\$ <u>8,912</u>	\$ <u>(3,175)</u>	\$ <u>14,293</u>	\$ <u>8,045</u>
<p>(1) Change in the amount of short-term interfund loans by the General fund, unrealized gain/loss on investments, net expenses for the Brownfield project, Gateway debt and agency funds reclassified as cash in operating funds for financial reporting purposes.</p>					

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

*Pooled Cash and Investments:* Cash resources of a majority of individual funds are combined to form a pool of cash and investments, which is managed by the County Treasurer. Investments in the pooled cash and investments accounts may consist of Federal Agencies, certificates of deposit, commercial paper, corporate notes, foreign notes, repurchase agreements, municipal obligations and the State Investment Pool.

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

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

*Restricted Assets:* The primary government's restricted assets are composed of the unspent proceeds of certain borrowings that are restricted for use in specified economic development activities and capital projects, as well as deposits and investments held at certain financial institutions throughout the County that support inner-city financial institutions and the County's Housing Enhancement Loan Program (H.E.L.P.), which allows homeowners in County communities to borrow money from participating financial institutions to repair or remodel their homes or rental property at below market interest

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rates. Included in the Component Unit column are restricted assets, consisting of investments restricted by donors, and assets under the control of the bond trustee that are used for payment of principal and interest on the Hospital's bonds when due. A portion of the Component Unit's restricted net assets has been designated as nonexpendable due to restrictions set up in the Foundation. All other restricted net assets are deemed expendable.

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

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

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

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

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

*Capitalization of Interest:* The County's policy is to capitalize interest on construction projects in the proprietary funds until substantial completion of the project. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. During 2010, capitalized interest for the County and the Component Unit was not material.

*Pollution Remediation:* The Hospital is required by federal and state environmental laws to abate asbestos when it becomes friable. As of December 31, 2010, the Hospital is not engaged in any remodeling projects that will require the abatement of asbestos as part of the work and has recorded no liability.

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

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

*Net Patient Service Revenue:* Net patient service revenue of the Hospital is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. 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 \$13.6 million in 2010 due to retroactive adjustments to amounts previously estimated.



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Net revenue from the Medicare and Medicaid programs accounted for approximately 29% and 28%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2010. 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 \$257.6 million, represent 13.8% of gross charges in 2010, and are not reported as revenue. The Hospital accepts certain indigent Ohio residents and all residents from the County regardless of their ability to pay.

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

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

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

*Risk Management:* The County has implemented GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Previously, the County paid a premium to the insurance providers without additional risk to the County for all its medical plans except for two medical plans and the prescription drug plan, which were self-insured. The County was self-insured for three medical plans and the prescription drug plan in 2010. 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 judgments not covered by the various County insurance policies.

*New Accounting Standards:* In July 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Statement 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets and requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, Statement 51 establishes a specified-conditions approach to recognizing intangible assets that are internally generated. Effectively, outlays associated with the development of such assets should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred. Statement 51 also provides guidance on recognizing internally generated computer software as an intangible asset and establishes guidance specific to intangible assets related to amortization, providing guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. If there are no factors that limit the useful life of an intangible asset, Statement 51 provides that the intangible asset be considered to have an indefinite useful life. Intangible assets with indefinite useful lives should not be amortized unless their useful life is subsequently determined to no longer be indefinite due to a change in circumstances. Statement 51 is effective for the County in 2010. The Statement will not impact the County's financial statements and disclosures.

In June 2008, the GASB issued Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, which clarifies that state and local governments that use the accrual basis of accounting when preparing their financial statements should measure derivative instruments at fair value. Statement 53 also provides guidance on hedge accounting requirements, including when a derivative instrument results in an effective hedge, when changes in fair value for a hedged item should be reported and how fair value changes should be presented in the financial statements. The Statement also improves derivative instrument disclosures, requiring a summary of the issuer's derivative instrument activity, its objectives

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for entering into the derivative instruments, and their significant terms and risks. Statement 53 is effective for the County in 2010. The Statement will not impact the County's financial statements and disclosures.

In March 2009, the GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which improves the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Statement 54 is effective for the County in 2011. The County will implement this Statement in 2011.

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

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

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*, with the objective of improving financial reporting related to service concession arrangements (SCA), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. Statement 60 is effective for reporting periods beginning after December 15, 2011. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

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

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

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* with the objective of converting the statement of net assets to a statement of net position. Statement 63 allows for deferred inflow and deferred outflow of resources. Statement 63 is effective for periods beginning after December 15, 2011. The County has not determined the impact, if any, that this statement will have in its financial statements and disclosures.

In June 2011 the GASB issued Statement 64, *Derivative Instruments – Application of Hedge Accounting Termination Provisions* – an amendment of GASB Statement No. 53 concentrating on when hedging derivatives terminate. Statement 64 allows for continuation of an effective hedge in certain circumstances if the counter party is replaced or assigned when either intentionally or unintentionally the original counter party defaults on an agreement. Statement 64 is effective for periods

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

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

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

**NOTE C - Cash and Investments**

**Cash and Investments:**

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

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

A summary of the Pooled Cash and Investments account balance by fund type at December 31, 2010, is as follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General.....	\$	\$ 132,466
Due From:		
Special Revenue.....	6,431	
Capital Projects.....	64,656	
Other enterprise.....	505	
Internal Service.....	<u>41</u>	<u>(71,633)</u>
Net General.....		60,833
Other major governmental.....		672,967
Other governmental.....		89,852
Major enterprise.....		20,833
Other enterprise.....		621
Internal Service.....		<u>76,622</u>
Total government-wide.....		921,728
Agency.....		<u>205,083</u>
Total Equity in Pooled Cash and Investments.....		<u>\$1,126,811</u>

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2010

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 Enterprise funds will be paid primarily from adjustment to its user fees. 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 \$733.5 million and the bank balances were \$728.6 million. Any differences between the account bank balances and investments and the cash and investments recorded in the financial statements are due to normal reconciling items. The pooled securities serve as collateral for all public deposits held by the banks, including the County's deposits. The Ohio Revised Code (ORC) requires that the market value of securities held in the pool be at least equal to 105% of the public deposits held by the banks.

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, 2010 totaled \$728.6 million and were subject to the following categories of custodial risk:

(Amounts in 000's)	
Uncollateralized .....	\$ 648,830
Collateralized with securities held by the pledging institution's trust department (ORC 135.18) but not in the County's name.....	<u>72,948</u>
Total amount subject to custodial risk.....	<u>721,778</u>
Amount insured (FDIC).....	<u>6,816</u>
Total bank balances .....	\$ <u>728,594</u>

**Component Unit**

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

Custodial risk is the risk that, in the event of bank failure, the Hospital's deposits might not be recovered. The Hospital's bank deposits at December 31, 2010 totaled \$50.5 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 .....	\$ 47,302	\$ 2,688	\$ 49,990
Collateralized with securities held by the pledging institution's trust department (ORC 135.18) but not in the Hospital's name .....	<u>20</u>	<u>20</u>	<u>20</u>
Total amount subject to custodial risk.....	<u>47,322</u>	<u>2,688</u>	<u>50,010</u>
Amount insured (FDIC).....	<u>250</u>	<u>250</u>	<u>500</u>
Total bank balances .....	\$ <u>47,572</u>	\$ <u>2,938</u>	\$ <u>50,510</u>

At December 31, 2010, the financial statement carrying amount of the Hospital's deposits was \$50.5 million. Any difference from the reported amount represents outstanding checks payable and normal reconciling items.

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2010**

### Primary Government

*Investments:* The County's Statement of Investment Policy, approved by the County's Investment Advisory Committee, authorizes investment by the County in investments permitted under the ORC. Eligible investments include U.S. Treasury Bills, Notes and Strips, backed by the full faith and credit of the U.S. government, obligations of U.S. government agencies, commercial paper, bankers acceptances, obligations of political subdivisions of the State of Ohio, certificates of deposit or savings or deposit accounts in an eligible institution defined in the ORC, State Treasurer's Investment Pool, corporate notes, certain foreign notes, Delinquent Tax Anticipation Notes, shares in open-end no-load money market mutual funds registered under the Federal Investment Act of 1940 and repurchase agreements. Ohio statute prohibits the use of reverse repurchase agreements. County investment policy restricts repurchase agreements to durations of 30 days or less and all investments to maturities of generally not more than 5 years. All foreign notes must be rated at the time of purchase in one of the three highest categories by two nationally recognized standard rating services. All interest and principal shall be denominated and payable in United States dollars. The notes must be backed by the full faith and credit of the foreign nation and there can be no prior history of default. The maturity of foreign notes cannot exceed five years from purchase and in total, they cannot exceed one percent of the County's total average portfolio.

At December 31, 2010, the fair value of the Primary Government investments were as follows:

Investment Type	(Amounts in 000's)				Total
	Less Than Six Months	Six Months To One Year	One Year to Three Years	Three Years to Five Years	
Federal Farm Credit Bank Agencies .....	\$ 10,050	\$ 30,742	\$ 61,263	\$	\$ 102,055
Federal Home Loan Bank Agencies.....	40,708	30,752	72,347		143,807
Federal Home Loan Mortgage Corporation Agencies.....	10,019	10,273	92,407		112,699
Federal National Mortgage Association Agencies.....	30,556		74,896		105,452
Corporate Notes .....			5,233		5,233
Foreign Notes .....	5,000				5,000
Delinquent Tax Anticipation Notes .....	9,730				9,730
State and Municipal Obligations .....	<u>2,110</u>		<u>500</u>	<u>2,780</u>	<u>5,390</u>
Total Primary Government Investments .....	<u>\$ 108,173</u>	<u>\$ 71,767</u>	<u>\$ 306,646</u>	<u>\$ 2,780</u>	<u>\$ 489,366</u>

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

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

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ORC and the County's Statement of Investment Policy govern the minimum investment rating for each type of eligible investment security. At December 31, 2010, County investments had the following ratings by Standard & Poors and the following percentages of composition of the total portfolio:

U.S. Government Agencies	AA+	94.8%
Corporate Notes	AA+	1.1%
Foreign Notes	Unrated	1.0%
Delinquent Tax Anticipation Notes	Unrated	2.0%
State and Municipal Obligations	Unrated	<u>1.1%</u>
		100.0%

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

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

**DECEMBER 31, 2010**

**Component Unit**

At December 31, 2010, 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>
U.S. Government Agencies.....	\$ 193,698	\$	\$ 193,698
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (Federal Pools).....	160		160
Commercial Paper.....	71,577		71,577
Corporate Bonds.....	32,785		32,785
Mutual Funds.....		24,674	24,674
Common Stock.....		154	154
Limited Partnership Interest.....		1,361	1,361
Premier Purchasing Partners, L.P.....		906	906
Total Investments.....	\$ <u>298,220</u>	\$ <u>27,095</u>	\$ <u>325,315</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, 2010 have effective maturity dates of less than five years.

*Credit Risk.* With the exception of the Foundation's investments, all investments are rated "AAA" by Standard & Poor's except for the commercial paper which is rated A<sub>1</sub> and \$2.5 million of the corporate bonds which are rated AA+. The federal mortgage pools are investments that were made according to policy at the time. In the wake of the financial crisis, the nature of these investments changed and no longer conforms to policy. However, these investments are currently illiquid and cannot be exited at this time.

*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. The Hospital's investment policy does not address custodial risk.

**NOTE D - Interfund Receivables and Payables**

Individual interfund receivable and payable balances as of December 31, 2010 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund.....	\$ 71,633	\$ 3,321
Human Services.....		30,742
Health and Human Services Levies.....	53,939	
County Board of Developmental Disabilities.....		855
Health and Community Services.....		25,419
Capital Projects.....		64,657
Other governmental funds.....		<u>6,814</u>
Total Governmental Funds.....	<u>125,572</u>	<u>131,808</u>
Proprietary Funds:		
Enterprise Funds:		
Sanitary Engineer.....		98
Other enterprise funds.....	<u>5</u>	<u>536</u>
Total Enterprise Funds.....	<u>5</u>	<u>634</u>
Internal Service Funds.....	<u>7,538</u>	<u>673</u>
Totals.....	\$ <u>133,115</u>	\$ <u>133,115</u>

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

**DECEMBER 31, 2010**

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

Fund Types	(Amounts in 000's)	
	Receivables	Payables
Major Governmental Funds:		
Capital Projects .....	\$ 64,657	\$
Nonmajor Governmental Funds:		
Other .....	\$ 6,431	
Total Governmental Funds .....	71,088	
Nonmajor Enterprise Funds:		
County Parking .....	505	
Cuyahoga County Information System .....		5
Total Nonmajor Enterprise Funds .....	505	5
Internal Service Funds:		
Maintenance Garage .....		42
Data Processing Center .....	40	161
Printing, Reproduction and Supplies .....		59
Self-Funded Insurance .....		3,054
Total Internal Service Funds .....	40	3,316
Totals .....	\$ 71,633	\$ 3,321

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, 2010.

**NOTE E - Capital Assets**

A summary of changes in capital assets follows:

	(Amounts in 000's)			
	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
Governmental Activities:				
Capital assets, not being depreciated:				
Land .....	\$ 47,245	\$ 39,929	\$ 35	\$ 87,139
Construction in progress .....	190,520	96,592	33,616	253,496
Total capital assets, not being depreciated .....	237,765	136,521	33,651	340,635
Capital assets, being depreciated:				
Land improvements .....	11,751			11,751
Buildings, structures and improvements .....	590,717	20,643	1,428	609,932
Furniture, fixtures and equipment .....	56,072	3,253	1,889	57,436
Vehicles .....	11,554	771	32	12,293
Infrastructure .....	173,167	14,246		187,413
Total capital assets, being depreciated .....	843,261	38,913	3,349	878,825
Less accumulated depreciation for:				
Land improvements .....	3,681	553		4,234
Buildings, structures and improvements .....	323,803	19,355	966	342,192
Furniture, fixtures and equipment .....	33,628	5,315	1,480	37,463
Vehicles .....	8,484	993	32	9,445
Infrastructure .....	78,976	6,955		85,931
Total accumulated depreciation .....	448,572	33,171	2,478	479,265
Total capital assets, being depreciated, net .....	394,689	5,742	871	399,560
Governmental activities capital assets, net .....	\$ 632,454	\$ 142,263	\$ 34,522	\$ 740,195

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

**DECEMBER 31, 2010**

Business-type Activities:	(Amounts in 000's)			Balance December 31, 2010
	Balance January 1, 2010	Additions	Deductions	
Capital assets, not being depreciated:				
Land.....	\$ 6,505	\$	\$	\$ 6,505
Construction in progress.....	5,548	1,011		6,559
Total capital assets, not being depreciated.....	<u>12,053</u>	<u>1,011</u>		<u>13,064</u>
Capital assets, being depreciated:				
Land improvements.....	11,078			11,078
Utility plant.....	58,926			58,926
Buildings, structures and improvements.....	16,721	474		17,195
Furniture, fixtures and equipment.....	2,083	106	468	1,721
Vehicles.....	6,633	788	85	7,336
Total capital assets, being depreciated.....	<u>95,441</u>	<u>1,368</u>	<u>553</u>	<u>96,256</u>
Less accumulated depreciation for:				
Land improvements.....	9,470	281		9,751
Utility plant.....	31,839	1,039		32,878
Buildings, structures and improvements.....	11,649	754		12,403
Furniture, fixtures and equipment.....	1,621	87	467	1,241
Vehicles.....	4,770	575	79	5,266
Total accumulated depreciation.....	<u>59,349</u>	<u>2,736</u>	<u>546</u>	<u>61,539</u>
Total capital assets, being depreciated, net.....	<u>36,092</u>	<u>(1,368)</u>	<u>7</u>	<u>34,717</u>
Business-type activities capital assets, net.....	<u>\$ 48,145</u>	<u>\$ (357)</u>	<u>\$ 7</u>	<u>\$ 47,781</u>

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



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

**DECEMBER 31, 2010**

Component Unit:	(Amounts in 000's)			Balance December 31, 2010
	Balance January 1, 2010	Additions	Deductions	
<b>Capital assets, not being depreciated:</b>				
Land.....	\$ 9,314	\$	\$	\$ 9,314
Construction in progress.....	9,539	11,497	16,650	4,386
<b>Total capital assets, not being depreciated.....</b>	<b>18,853</b>	<b>11,497</b>	<b>16,650</b>	<b>13,700</b>
<b>Capital assets, being depreciated:</b>				
Land improvements.....	11,571	3		11,574
Buildings, structures and improvements.....	529,380	1,602	2	530,980
Furniture, fixtures and equipment.....	257,958	4,917	207	262,668
Vehicles.....	17,086	13,719	2,287	28,518
<b>Total capital assets, being depreciated.....</b>	<b>815,995</b>	<b>20,241</b>	<b>2,496</b>	<b>833,740</b>
<b>Less accumulated depreciation for:</b>				
Land improvements.....	6,498	423		6,921
Buildings, structures and improvements.....	326,863	17,249	2	344,110
Furniture, fixtures and equipment.....	209,660	13,158	206	222,612
Vehicles.....	7,402	1,268	1,330	7,340
<b>Total accumulated depreciation.....</b>	<b>550,423</b>	<b>32,098</b>	<b>1,538</b>	<b>580,983</b>
<b>Total capital assets, being depreciated, net.....</b>	<b>265,572</b>	<b>(11,857)</b>	<b>958</b>	<b>252,757</b>
<b>Component unit capital assets, net.....</b>	<b>\$ 284,425</b>	<b>\$ (360)</b>	<b>\$ 17,608</b>	<b>\$ 266,457</b>

Depreciation expense was charged to functions of the government in 2010 as follows:

Governmental Activities:	(Amounts in 000's)	
General government.....	\$ 3,645	
Judicial.....	12,070	
Development.....	1	
Social services.....	6,172	
Health and safety.....	454	
Public works.....	8,362	
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.....	2,467	
<b>Total depreciation expenses charged to governmental activities.....</b>	<b>\$ 33,171</b>	
<b>Business-type Activities:</b>		
Sanitary Engineer.....	\$ 1,791	
County Airport.....	459	
County Parking.....	455	
Cuyahoga County Information System.....	31	
<b>Total depreciation expenses charged to business-type activities.....</b>	<b>\$ 2,736</b>	

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

**DECEMBER 31, 2010**

A summary of construction commitments for governmental activities at December 31, 2010 follows:

Function	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2010	Future Commitments
General government.....	\$ 78,875	\$ 62,394	\$ 16,481
Judicial.....	224,175	187,436	36,739
Social services.....	1,573	710	863
Health and safety.....	82	46	36
Public works.....	114,742	40,823	73,919
Totals.....	<u>\$ 419,447</u>	<u>\$ 291,409</u>	<u>\$ 128,038</u>

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

A summary of construction commitment for business-type activities at December 31, 2010 follows:

Business-type Activity	(Amounts in 000's)		
	Authorized Project Amount	Expended as of December 31, 2010	Future Commitments
Sanitary Engineer.....	\$ 8,447	\$ 6,006	\$ 2,441
Airport.....	816	553	263
Totals.....	<u>\$ 9,263</u>	<u>\$ 6,559</u>	<u>\$ 2,704</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 \$6.6 million. These projects are being funded with operating funds and bond project funds.

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2010

#### 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, 2010 is provided below:

(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
<b>Governmental Activities:</b>							
	Compensated Absences.....		\$ 27,596	\$ 67,284	\$ 68,746	\$ 26,134	\$ 2,613
	2009 Special Termination Benefits-Due thru 2013.....	8%	31,509	8,707	15,381	24,835	16,173
	Various Capital Lease Obligations-Due thru 2029.....	1	24,220	455	3,866	20,809	4,560
	2003 Installment Purchase Agreement-Due in 2010, [\$13,742].....	1 3.72%-3.87%	189		189		
<b>Loans Payable:</b>							
	1997 Ohio Department of Development Loan						
	- Due thru 2016, [\$5,000].....	0%	3,500		500	3,000	500
	2005 Ohio Department of Transportation Loan-Due in 2011, [\$3,733].....	1 3%	1,394		764	630	630
	2006 Ohio Public Works Commission Loan-Due thru 2027, [\$1,251].....	1 0%	1,095		94	1,001	31
	2009 Ohio Department of Transportation Loan-Due thru 2019, [\$5,178].....	3%	3,596	1,582		5,178	286
	Total Loans Payable.....		9,585	1,582	1,358	9,809	1,447
<b>General Obligation Bonds-Unvoted:</b>							
	1993 Various Purpose Refunding Bonds-Due thru 2012, [\$75,395].....	1 2.20%-5.25%	5,185		3,805	1,380	675
	1993 Rock and Roll Hall of Fame-Due thru 2018, [\$12,000].....	2.75%-5.65%	6,170		545	5,625	575
	2000 Capital Improvements-Due thru 2010, [\$96,615].....	1 4.30%-5.75%	4,505		4,505		
	2004 Capital Improvements-Due thru 2024, [\$84,490].....	1 2.50%-5.25%	67,365		3,915	63,450	4,110
	2005 General Obligation (limited tax) Refunding Bonds-Due thru 2020, [\$73,970].....	1 3.00%-5.00%	68,730		1,500	67,230	6,075
	2009 Capital Improvement Bonds, Series 2009-Due thru 2034, [\$163,825].....	1 1.62%-6.03%	163,825		3,990	159,835	4,320
	Total General Obligation Bonds-Unvoted.....		315,780		18,260	297,520	15,755
<b>General Obligation Bonds-Voted:</b>							
	1993 Jail Facilities and Various Purpose Refunding Bonds						
	- Due thru 2013, [\$65,254].....	1 2.20%-5.25%	20,412	2,328	6,515	16,225	6,570
	Total General Obligation Bonds-Voted.....		20,412	2,328	6,515	16,225	6,570
	Total Tax Supported Bonds.....		336,192	2,328	24,775	313,745	22,325
<b>Revenue Bonds:</b>							
	1992 Gateway Economic Development-Due thru 2022, [\$35,000].....	8.625%	35,000			35,000	
	1994 Gateway Economic Development-Due thru 2023, [\$45,000].....	4.45%-7.60%	23,665		23,665		
	2000 Shaker Square Redevelopment-Due thru 2030, [\$2,855].....	6.886%	2,755		2,755		
	2004 Gateway Arena Project Series 2004A Refunding Bonds						
	- Due in 2011 [\$10,750].....	1.50%-4.25%	3,330		1,630	1,700	1,700
	2004 Gateway Arena Project Series 2004B Refunding Bonds						
	- Due thru 2022 [\$19,200].....	Variable	19,200		19,200		
	2004 Brownfield Redevelopment Fund Project Refunding Bonds						
	Series 2004C-Due thru 2018 [\$12,880].....	1.50%-5.10%	9,075		835	8,240	870
	2010 Brownfield Redevelopment Fund Project Bonds						
	Series 2010A-Due thru 2030 [\$17,160].....	1.04%-5.93%		17,160		17,160	595
	2010 Commercial Redevelopment Fund Project Bonds						
	Series 2010B-Due thru 2030 [\$11,105].....	1.04%-5.93%		11,105		11,105	385
	2010 Gateway Arena Project Refunding Bonds						
	Series 2010C-Due thru 2030 [\$42,070].....	1.04%-5.03%		42,070		42,070	3,045
	2010 Shaker Square Refunding Bonds.....						
	Series 2010D-Due thru 2030 [\$2,800].....	1.00%-4.12%		2,800	65	2,735	60
	2010 Economic Development Revenue Bond -Medical Mart.....						
	Series 2010 E, F, G-Due thru 2027 [\$343,350].....	1 1.55%-6.20%		343,350		343,350	4,525
	Total Revenue Bonds.....		93,025	416,485	48,150	461,360	11,180
	Bond premium/discount related to various issues-net.....		17,029	14,278	571	30,736	75
	Total Bonds Payable.....		446,246	433,091	73,496	805,841	33,580
<b>Bond Anticipation Notes:</b>							
	2009 Limited Tax General Obligation Notes-Due in 2010, [\$10,000].....	1.50%	10,000		10,000		
	2010 Limited Tax General Obligation Notes-Due in 2011, [\$10,150].....	1.50%		10,150		10,150	10,150
	Total Bond Anticipation Notes.....		10,000	10,150	10,000	10,150	10,150
<b>Internal Service Funds:</b>							
	Compensated Absences.....		2,158	3,158	3,533	1,783	178
	2009 Special Termination Benefits-Due thru 2012.....	8%	4,399	1,114	2,258	3,255	2,314
	Various Capital Lease Obligations-Due in 2011.....	1	81		39	42	42
	Total Internal Service Funds.....		6,638	4,272	5,830	5,080	2,534
	Total Governmental Activities.....		\$ 555,983	\$ 525,541	\$ 178,866	\$ 902,658	\$ 71,057

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

(CONTINUED)

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

**DECEMBER 31, 2010**

(Amounts in 000's)							
Year Issued	County Obligation, [Original Issue Amount]	Interest Rate	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
<b>Business-type Activities:</b>							
	Compensated Absences.....		\$ 772	\$ 1,640	1,651	\$ 761	\$ 76
	2009 Special Termination Benefits-Due thru 2012.....	8%	235	54	114	175	120
	Various Loans Payable-Due thru 2030.....	3.25% - 7.00%	8,465	1,073	665	8,873	696
	Self-Supporting Bonds Payable:						
	2000 Sewer Improvement-Due thru 2020, [\$1,040].....	4.55%-5.55%	695		50	645	50
	2003 Sewer Improvement-Due thru 2012 [\$1,500].....	2.00%-3.55%	540		175	365	180
	2005 Sewer Improvement-Due thru 2025 [\$4,445].....	2.00%-3.55%	3,780		180	3,600	185
	Total Self-Supporting Bonds Payable.....		5,015		405	4,610	415
	Total Business-type Activities.....		<u>\$ 14,487</u>	<u>\$ 2,767</u>	<u>\$ 2,835</u>	<u>\$ 14,419</u>	<u>\$ 1,307</u>
<b>Component Unit</b>							
	Compensated absences.....		\$ 36,377	\$ 8,951	5,428	\$ 39,900	\$ 5,591
	Amounts due third party payors (See Note B).....		19,534	255	9,020	10,769	5,262
	Claims payable (See Note J).....		38,476	13,595	14,751	37,320	11,954
	Pollution remediation (See Note B).....		2,383		2,383		
	Swap Agreements.....		5	3,416		3,421	
	Various Capital Lease Obligations-Due thru 2014.....	2.70%-6.00%	37	1,092	226	903	254
	2004 Cuyahoga County Sanitary Engineer Loan -Due thru 2018.....	0%	48		4	44	5
	Various Notes Payable-Due in 2010.....	3.96%	70		70		
	Bonds:						
	1997 Hospital Improvement and Refunding Revenue Bonds-Due thru 2027, [\$70,000].....	3.90%-5.80%	31,215		1,060	30,155	1,115
	1997 Hospital Refunding Revenue Bonds -Due thru 2019, [\$77,525].....	4.10%-5.50%	65,765		5,160	60,605	5,435
	2003 Hospital Improvement Revenue Bonds -Due thru 2033, [\$30,545].....	Variable	26,885		700	26,185	725
	2005 Hospital Improvement and Refunding Revenue Bonds -Due thru 2035, [\$74,535].....	Variable	73,240		360	72,880	375
	2009 Hospital Facilities Revenue Bonds -Due thru 2014 (\$8,466).....	3.9%	8,466		783	7,683	814
	2010 Hospital Facilities Revenue Bonds -Due thru 2040 [\$75,000].....	8.2%		75,000		75,000	
	Total Bonds.....		205,571	75,000	8,063	272,508	8,464
	Unamortized discount and loss on refunding.....		10,058		847	9,211	
	Total Component Unit (See Note B).....		<u>\$ 292,443</u>	<u>\$ 102,309</u>	<u>\$ 39,098</u>	<u>\$ 355,654</u>	<u>\$ 31,530</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, 2010:

Year	(Amounts in 000's)	
	Governmental Activities	Internal Service funds
2011.....	\$ 7,017	\$ 45
2012.....	4,766	
2013.....	4,314	
2014.....	4,140	
2015.....	4,152	
2016-2020.....	4,925	
2021-2025.....	68	
2026-2029.....	46	
Total Minimum Lease Payments.....	<u>29,428</u>	<u>45</u>
Amount Representing Interest.....	(8,619)	(3)
Present Value of Net Minimum Lease Payments.....	<u>\$ 20,809</u>	<u>\$ 42</u>

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

**DECEMBER 31, 2010**

The following summarizes future minimum payments and the present values of net minimum lease payments for the Component Unit's equipment capital leases and loan obligation at December 31, 2010:

Year	(Amounts in 000's) Lease and Loan Obligation Component Unit
2011.....	\$ 281
2012.....	304
2013.....	305
2014.....	81
2015.....	7
2016-2018.....	19
Total Minimum Lease Payments.....	<u>997</u>
Amount Representing Interest.....	<u>(50)</u>
Present Value of Net Minimum Lease Payments....	<u>\$ 947</u>

As of December 31, 2010, the net book value of capital leases for land amounted to \$7.6 million, for buildings, structures and improvements amounted to \$40.4 million and for furniture, fixtures and equipment amounted to \$.2 million. Component Unit's capital lease net book value which includes equipment was \$.2 Million.

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

*Future Debt Service Requirements:* A summary of the County's future debt service requirements for its outstanding long-term bonds, bond anticipation notes, installment purchase agreement and loans payable at December 31, 2010 are as follows:

Due In	(Amounts in 000's) Governmental Activities							
	General Obligation Bonds			Revenue Bonds		Bond Anticipation Notes		
	Principal	Accretion	Interest	Principal	Interest	Principal	Interest	
2011.....	\$ 22,325	\$ 5,157	\$ 13,625	\$ 11,180	\$ 21,310	\$ 10,150	\$ 152	
2012.....	18,208	5,202	14,416	22,060	21,750			
2013.....	17,256	5,249	13,645	23,185	21,192			
2014.....	15,585	0	12,923	25,150	20,396			
2015.....	16,225	0	12,252	25,860	19,395			
2016-2020.....	86,005	0	49,580	129,895	78,562			
2021-2025.....	53,345	0	30,950	154,840	41,109			
2026-2030.....	40,255	0	18,801	69,190	6,433			
2031-2034.....	44,541	0	5,793					
Totals.....	<u>\$ 313,745</u>	<u>\$ 15,608</u>	<u>\$ 171,985</u>	<u>\$ 461,360</u>	<u>\$ 230,147</u>	<u>\$ 10,150</u>	<u>\$ 152</u>	

Due In	Loans Payable	
	Principal	Interest
2011.....	\$ 696	\$ 92
2012.....	1,162	144
2013.....	1,180	126
2014.....	1,199	108
2015.....	1,218	88
2016-2020.....	3,267	149
2021-2025.....	1,024	
2026-2027.....	63	
Totals.....	<u>\$ 9,809</u>	<u>\$ 707</u>

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

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Due In	(Amounts in 000's)		
	Total Governmental Activities		
	Principal	Accretion	Interest
2011.....	\$ 44,351	\$ 5,157	\$ 35,179
2012.....	41,430	5,202	36,310
2013.....	41,621	5,249	34,963
2014.....	41,934	0	33,427
2015.....	43,303	0	31,735
2016-2020.....	219,167	0	128,291
2021-2025.....	209,209	0	72,059
2026-2030.....	109,508	0	25,234
2031-2034.....	44,541	0	5,793
Totals.....	<u>\$ 795,064</u>	<u>\$ 15,608</u>	<u>\$ 402,991</u>

Due In	(Amounts in 000's)			
	Business-type Activities			
	Various Loans Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2011.....	\$ 403	\$ 83	\$ 415	\$ 189
2012.....	395	55	430	174
2013.....	382	59	250	158
2014.....	394	47	265	148
2015.....	370	33	270	137
2016-2020.....	733	37	1,545	495
2021-2025.....	59	0	1,435	177
2026-2031.....	65	0		
Totals.....	<u>\$ 2,801</u>	<u>\$ 314</u>	<u>\$ 4,610</u>	<u>\$ 1,478</u>

Due In	(Amounts in 000's)	
	Total Business-type Activities	
	Principal	Interest
2011.....	\$ 818	\$ 272
2012.....	825	229
2013.....	632	217
2014.....	659	195
2015.....	640	170
2016-2020.....	2,278	532
2021-2025.....	1,494	177
2026-2031.....	65	0
Totals.....	<u>\$ 7,411</u>	<u>\$ 1,792</u>

In May 2003, the County Commissioners authorized by resolution a loan in the amount of \$10 million from the Ohio Department of Transportation (ODOT) of which a total of \$3.7 million was borrowed. In March 2006, the County Commissioners authorized by resolution a second loan in the amount of \$8.25 million from ODOT of which \$3.6 million was borrowed in 2009, and another \$1.6 million was borrowed in 2010. The loans are provided through the State Infrastructure Bank fund, which are federal funds, to be used for road and bridge improvements. Both loans carry a 0% interest rate for the

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

**DECEMBER 31, 2010**

first 12 months and a 3% rate thereafter, for 10 years. In August 2005, the County Commissioners by resolution accepted a grant/loan from the Ohio Public Works Commission (Issue I) in the amount of \$2.5 million split evenly between a grant and a loan. This loan carries a 0% percent interest rate for 20 years. The County pledged its motor vehicle license tax as the source of repayment for all loans. State Issue I and ODOT funds were used first for these projects and when funding was exhausted, the loans were exercised.

At December 31, 2010, 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
2011.....	\$ 8,464	\$ 9,258
2012.....	8,890	8,857
2013.....	9,363	8,441
2014.....	14,051	8,012
2015.....	9,350	7,413
2016-2020.....	49,680	30,243
2021-2025.....	41,520	24,023
2026-2030.....	42,965	25,222
2031-2035.....	38,820	37,481
2036-2040.....	49,405	56,287
Totals.....	<u>272,508</u>	<u>\$ 215,237</u>
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....		
	(8,243)	
Unamortized discount.....		
	(968)	
Present value of net minimum payments.....		
	<u>\$ 263,297</u>	

*Component Unit Swap Agreements:* The Component Unit entered into various interest rate swap agreements with a total outstanding notional amount of \$99.1 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, 2010 was a liability of \$3.4 million. The amount is due to the counterparties and is included within other long-term liabilities. In 2010, the fair value decrease of \$3.4 million was recorded in net investment earnings. As a result of the agreements, the Hospital incurred an increase of interest expense of \$1.9 million for 2010.

On July 28, 2005, the Hospital entered into a swap agreement with an amortizing notional amount of \$74.5 million. The notional amount is based on the Series 2005 Bond principal repayment schedule that ends in 2035. Per the agreement, the Hospital pays a fixed rate of 3.3% and the counterparty pays 64.2% of the International Swap and Derivatives Association (ISDA) USD five year swap rate. The 2010 ISDA rates ranged between 1.3% and 2.9%. The net amount is exchanged monthly between the two parties. The Hospital has an early termination option.

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

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

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

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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 \$50.7 million of additional unvoted general obligation debt as of December 31, 2010.

A line of credit has been established with the Ohio Water Development Authority and the Ohio Public Works Commission for various projects; however, since these loans are not finalized, the repayment schedules are not included in the schedule of debt service payments. These loans will be paid from the Sanitary Engineer enterprise fund.

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

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

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$27.9 million liability recorded in the statement of net assets (Governmental Activities) at December 31, 2010 was based were as follows:

Governmental Activities	Hours	(Amounts in 000's)
Sick.....	42,417	\$ 937
Vacation.....	1,144,590	25,291
Overtime.....	76,444	1,689
Total.....	<u>1,263,451</u>	<u>\$ 27,917</u>

The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$.8 million liability recorded in the statement of net assets (Business-type Activities) at December 31, 2010 was based were as follows:

Business-type Activities	Hours	(Amounts in 000's)
Sick.....	1,037	\$ 26
Vacation.....	28,830	711
Overtime.....	984	24
Total.....	<u>30,851</u>	<u>\$ 761</u>

*Special Termination Benefits:* In May 2008, the Board of County Commissioners authorized the purchase of additional service credit (equal to 20% of accumulated service time up to a maximum of 3 years) under OPERS (see Note G) for certain employees close to retirement as an incentive to retire early. The Early Retirement Incentive Program (ERIP) was approved for participating departments and agencies of the County by agreement with the County Commissioners for a period of 1 year commencing January 15, 2009. As of December 31, 2010 there were 918 employees participating at a cost of \$55.3 million paid over a 3 year period at a rate of 8%.



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

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

Payments are made to OPERS in quarterly installment over the life of the purchased service credit. The following summarizes the future payment requirements to fund the cost of the special termination benefits for the employees who had elected to participate in the plan at December 31, 2010.

Year	(Amounts in 000's)	
	Governmental Activities	Business-type Activities
2011.....	\$ 20,187	\$ 130
2012.....	9,879	58
2013.....	130	—
Total Termination Benefit Payment.....	<u>30,196</u>	<u>188</u>
Amount Representing Interest.....	<u>(2,106)</u>	<u>(13)</u>
Net Amount.....	<u>\$ 28,090</u>	<u>\$ 175</u>

*Bond Anticipation Notes:* In May 2009, the County issued 1 year limited tax general obligation bond anticipation notes amounting to \$10 million with an interest rate of 1.5%. The notes were issued for use by the Rock and Roll Hall of Fame for its Library and Archives project. The notes were to be repaid from the existing 1.5% bed tax once the 1993 County Rock and Roll Hall of Fame bonds had been reimbursed from the same tax. In May 2010, the County rolled the existing notes to the Rock and Roll Hall of Fame & Museum Project Notes, Series 2010 amounting to \$10.15 million at an interest rate of 1.5% due to mature in May 2011. In May 2011, the net proceeds from the Rock and Roll Hall of Fame and Museum Project notes, Series 2011 were used to redeem the Series 2010 Notes. The new Notes were issued amounting to \$10.32 million at an interest rate of 1.94% with maturity on December 1, 2015. The Notes will be paid semiannually in June and December of each year with the first coupon due December 1, 2011.

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

Following is the final maturity and average debt service schedule:

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

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

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

# COUNTY OF CUYAHOGA, OHIO

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

*Advance Refunding of General Obligation Bonds:* On March 19, 1993, the County issued general obligation bonds amounting to \$140.7 million with interest rates ranging from 2.2% to 5.25%. The issues consisted of voted and unvoted refunding debt as well as new voted debt. The unvoted refunding debt amounted to \$75.4 million, the voted refunding debt amounted to \$49.4 million and the additional voted debt amounted to \$15.9 million. The refunding debt proceeds were used to advance refund outstanding debt of \$115.6 million which consisted of \$49.6 million and \$66 million of voted and unvoted debt, respectively. The County advance refunded the bonds to reduce its total debt service payments over the next 20 years by \$1.5 million and \$2.9 million on voted and unvoted debt, respectively, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.2 million and \$2.2 million on voted and unvoted debt, respectively. The aggregate amount of the defeased General Obligation Bonds outstanding at December 31, 2010 was \$1.6 million. The remaining proceeds from the issuance were used to fund various capital projects.

The County issued \$74 million of General Obligation (limited tax) Refunding Bonds dated April 21, 2005 to advance refund a portion of the County's \$35.1 million General Obligation (limited tax) Various Purpose Improvement Bonds, Series 1995, and advance refund a portion of the County's \$96.6 million General Obligation (limited tax) Capital Improvement Bonds, Series 2000. The proceeds of the Series 2005 Refunding Bonds were used to advance refund \$13.3 million of the Series 1995 bonds that were callable in November 2005 and \$60.1 million of the Series 2000 bonds that are callable in December 2010. The non-callable portion of the refunded bonds, which total \$26.8 million, remained outstanding at the time the Series 2005 Refunding Bonds were issued. The County advance refunded the bonds to reduce its total debt service payments by \$3.3 million and to obtain an economic gain of \$3.1 million. There were no defeased General Obligation Bonds outstanding at December 31, 2010.

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

Effective November 1, 1997, the County issued \$77.5 million of Hospital Refunding Revenue Bonds, Series 1997A. The proceeds of the Series 1997A Bonds were used to advance refund \$73.7 million of Series 1989 Bonds scheduled to mature on February 15, 2019. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9.8 million. This unamortized difference (\$4.3 million at December 31, 2010) is reported in the accompanying financial statements as a deduction from long-term debt and is included as additional interest expense through the year 2019 using the straight line method.

Effective 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, 2010 was .32%.

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 expired on March 22, 2010. Under the terms of the Letter of Credit, the Trustee was entitled to draw amounts necessary to make principal and interest payments. The Letter of Credit was subject to various financial covenants. Effective March 1, 2010 the Hospital entered into a Reimbursement Agreement with a bank. The Reimbursement Agreement replaces the agreement that expired on March 22, 2010. Terms and conditions of the new agreement are substantially similar to the old agreement and expires on March 16, 2013.

In the event there is a remarketing drawing on the letter of credit and the tendered bonds have not been remarketed by the 367<sup>th</sup> day from the Remarketing Drawing, the Hospital has the option to convert the obligation to a term loan in the amount of the unpaid portion of the remarketing drawing. The term loan is payable in twelve equal quarterly installments accruing interest at the base rate plus 1%. The base rate is defined as the highest of the Prime Rate, the sum of the Federal

# COUNTY OF CUYAHOGA, OHIO

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Funds rate plus .50% or the sum of the daily Libor Rate plus 1%. In the event of default, the term loan will be due immediately upon demand by the bank.

Commencing June 16, 2010 the Hospital is required to pay the Bank a letter of credit fee payable in quarterly installments at variable rates ranging from 95 basis points to 175 basis points depending on the debt rating in effect as of the date the rating report is released. As of December 31, 2010, the letter of credit fee was 115 basis points. In addition, the Hospital paid to the Bank a closing fee of 20 basis points and to the Remarketing Agent an advisory fee of 7.5 basis points.

Effective July 1, 2005, the County issued \$74.5 million of Hospital Improvement and Refunding Variable Rate Demand Revenue Bonds, Series 2005 (The MetroHealth System Project) (Series 2005 Bonds). Proceeds from the 2005 Series Bonds were used to advance refund \$57 million of the outstanding Series 1999 Bonds scheduled to mature on February 15, 2029; to pay costs of constructing, renovating, furnishing, equipping and improving the Old Brooklyn Campus long-term care and skilled nursing facility; and to pay certain costs of issuance of the Series 2005 Bonds. The bonds bear interest at a variable rate (not to exceed 10%) determined weekly as established by the Remarketing Agent based on current market values for similar bond offerings and are due at various dates until 2035. The interest rate at December 31, 2010 was .32%.

In connection with the issuance of the Series 2005 Bonds, the Hospital entered into a Reimbursement Agreement with a bank. Under the terms of the Reimbursement Agreement, the Hospital entered into a Letter of Credit issued by a local bank that expired on July 16, 2010. Under the terms of the Letter of Credit, the Trustee was entitled to draw amounts necessary to make principal and interest payments. The Letter of Credit was subject to various financial covenants. Effective June 1, 2010, the Hospital obtained a new letter of credit reimbursement agreement. The terms and conditions of the new agreement are substantially similar to the old agreement and expires on July 16, 2013.

In the event there is a remarketing drawing on the letter of credit and the tendered bonds have not been remarketed by the 367<sup>th</sup> day from the Remarketing Drawing, the Hospital has the option to convert the obligation to a term loan in the amount of the unpaid portion of the remarketing drawing. The term loan is payable in twelve equal quarterly installments accruing interest at the base rate plus 2%. The base rate is defined as the highest of the Prime Rate, the sum of the Federal Funds Open rate plus .50%, the sum of the daily Libor Rate plus 1%, or 5% per annum. In the event of default, the term loan will be due immediately upon demand by the Banks.

Commencing July 16, 2010, the Hospital is required to pay the Banks a letter of credit fee payable in quarterly installments at variable rates ranging from 105 basis points to 185 basis points depending on the debt rating in effect as of the date the rating report is released. As of December 31, 2010, the letter of credit fee was 125 basis points. In addition, the Hospital paid to the Banks a closing fee of 15 basis points (and an additional \$10,000 to the Agent Bank), and to the Lead Arranger an arrangement fee for \$75,000.

There are no amounts outstanding on the letters of credit as of December 31, 2010.

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 million at December 31, 2010), reported in the accompanying financial statements, as a reduction from long-term debt, is included as an increase to interest expense through the year 2029 using the straight line method.

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

Effective January 28, 2010, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued \$75 million of Hospital Revenue Bonds, Taxable Series 2009B, (The MetroHealth System), (Build America Bonds – Direct Payment). Proceeds from the Series 2009B will be used to pay for costs of hospital facilities, including three medical helicopters, the acquisition, construction and equipping of additional multi-specialty ambulatory centers in strategic locations, and additional scheduled equipment purchases and facilities renovations; funding the Bond Reserve Fund for the Series 2009B Bonds; and certain bond issuance costs. The Bonds bear interest at a fixed rate of 8.223% per annum and mature at various dates through 2040. As a qualified Build America Bond Issue, per terms of the federal government's American Recovery and Reinvestment Act of 2009, the Hospital will apply to receive direct payments semiannually from the Secretary of the United States Treasury in the amount of 35% of the corresponding bond interest paid.

The Series 1997, 1997A, 1999, 2003, 2005 and 2009A Bonds were issued pursuant to a master trust bond indenture agreement between the County, acting by and through the Hospital's Board of Trustees, and the bond trustee. The Series 1997, 1997A, 1999, 2003, 2005 and 2009A Bonds are special obligations of the County payable solely from the revenue derived from the operation of the Hospital and other monies available to the Hospital's Board of Trustees, and are

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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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 2010, the County had approximately 66 operating leases for office space. At December 31, 2010, there were 32 remaining with future obligations. The operating lease agreements range in length from one month to ten years. Total rental payments for 2010 amounted to \$5.3 million, of which \$ .9 million was expended from proprietary funds. Rental obligations for the years 2011 through 2020 are \$18.9 million. Rental payments for the years 2011, 2012, 2013, 2014 and 2015 will be \$4.6 million, \$3.2 million, \$2.8 million \$2.4 million and \$1.5 million, respectively. Operating lease payments are recorded as an expenditure in the period to which they apply.

The Hospital has entered into operating lease agreements for a parking facility, medical space and office space which expire through 2020. Contract terms range between one and fifteen years and certain leases contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Rent expense totaled \$1.9 million in 2010. Rental payments for the years 2011, 2012, 2013, 2014, 2015 and 2016-2020 will be \$1.3 million, \$1.2 million, \$1.2 million, \$ .9 million, \$ .6 million; and \$2.4 million, respectively. The Hospital leased the Valentine parking garage. The lease had an original five year term with five one-year options to renew. The renewal options expired in 2009 and the Hospital purchased the garage on December 1, 2009 for \$8.5 million with proceeds from the Series 2009A bonds.

*Gateway Loan Guarantees:* The County currently guarantees the repayment of \$12.2 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, 2010, the outstanding balance on this Gateway bond guarantee, including future interest payments, was \$13.7 million (payable through September 15, 2014). The County has not been required to make any payments on behalf of the Gateway bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds.

*Solid Waste District Loan Guarantees:* The Cuyahoga County Solid Waste District currently guarantees the repayment of a 20-year 5.6% economic development loan of \$3.4 million from the Ohio Water Development Authority to a third-party payer. As of December 31, 2010, the outstanding principal balance on this economic development loan was \$2.9 million (payable through January 1, 2026). The guarantee expired in 2011 when the third party retired the debt early. 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, 2010, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were approximately \$585.8 million, \$2 billion and \$225 million, respectively.

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

#### Primary Government

*OPERS PLAN DESCRIPTION:* All full-time employees of the County, except teachers employed by the County Board of Developmental Disabilities, participate in the Ohio Public Employees Retirement System (OPERS). Employee retirement benefits are available for substantially all employees under three separate retirement plans administered by the OPERS. The plans are the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution pension plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and death benefits and post-retirement healthcare benefits including a prescription drug program and Medicare Part B premium reimbursement to the Traditional and Combined Plan members however, healthcare benefits are not statutorily guaranteed. Participants in the Member-Directed Plan do not qualify for ancillary benefits. Chapter 145 of the ORC assigns the authority to establish and amend benefits to the OPERS Board of Trustees. OPERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

*OPERS FUNDING POLICY:* The ORC provides statutory authority for employee and employer contributions. Employees are required to contribute 10% of covered payroll, except for law enforcement employees who are required to

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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contribute 11.1%. The employer contribution rate in 2010 was 14% of covered payroll, except for law enforcement which was 17.87%. Law enforcement employer rates will increase in 2011 to 18.10%. The total employer contributions from the County to OPERS (excluding amounts paid in 2010, 2009 and 2008 for ERIP – See Note F) for the years 2010, 2009, and 2008 were \$52.3 million, \$56.9 million and \$60.7 million, respectively, equal to the required contributions for each year.

*OPEB BENEFITS PROVIDED THROUGH OPERS:* In addition to the pension benefits described previously, OPERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit except for Member-Directed Plan. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statements No. 45. OPERS maintains a cost-sharing, multiple-employer defined benefit OPEB plan.

OPERS postemployment healthcare plan was established under and is administrated in accordance with Internal Revenue Code 401(h). A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The ORC provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The portion of the employer contribution rate used to fund postretirement health care for 2010 was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010, of covered payroll. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. During 2010, 2009 and 2008, \$18.9 million, \$24.3 million and \$30.2 million, respectively, of the County's total contribution to OPERS was used for postretirement benefits. The OPERS retirement board is authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. At December 31, 2010, the County was not responsible for paying premiums, contributions, or claims for OPEB under OPERS for any retirees, terminated employees or other beneficiaries.

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

*STRS OHIO PLAN DESCRIPTION:* Teachers employed by the County Board of Developmental Disabilities participate in the State Teachers Retirement System of Ohio (STRS Ohio). STRS Ohio is a cost-sharing multiple-employer retirement plan. Employee benefits are available under three separate retirement plans administered by STRS Ohio. The plans are the defined benefit plan, the defined contribution plan and a combined plan, which allows member contributions to be allocated by members and employer contributions to be used to fund a defined benefit payment. STRS Ohio provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 3307 of the ORC assigns the authority to establish and amend benefits to the STRS Ohio Board of Trustees. STRS Ohio issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877 or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

*STRS OHIO FUNDING POLICY:* The ORC provides statutory authority for employee and employer contributions. Employees are required to contribute 10% of covered payroll. The employer contribution rate is 14% of annual covered payroll of which 1% of covered payroll is allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. The employer contributions from the County Board of Developmental Disabilities to STRS Ohio for the years 2010, 2009 and 2008 were \$1.4 million, \$ 1.5 million, and \$1.6 million, respectively, equal to the required contributions for each year.

*OPEB:* STRS Ohio also provides OPEB to plan members in the Defined Benefit or Combined Plans. The qualifications required to receive benefits replicate OPERS. Coverage under the program includes hospitalization, physicians fees, prescription drugs and reimbursement of monthly Medicare Plan B premiums. STRS Ohio has established a Health Care Stabilization Fund to accumulate monies for OPEB. The portion of the employer contribution rate allocated to the Health Care Stabilization Fund was 1% of covered payroll. The County's contributions for OPEB for the years 2010, 2009 and 2008 were \$.1 million, \$.1 million and \$.1 million, respectively, equal to the required contributions for each year.

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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### Component Unit

Retirement and OPEB benefits for Hospital employees are provided through OPERS in the same manner as employees of the County's primary government. The Hospital's total contributions to OPERS for the years 2010, 2009 and 2008 were \$50 million, \$48.4 million and \$48 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 2010, 2009 and 2008 was \$18.1 million, \$20.3 million and \$24 million, respectively.

### NOTE H - Deficit Balances

At December 31, 2010, the Human Services special revenue fund and the Capital Projects capital projects fund had deficit balances of \$10 million and \$68 million, respectively. The deficits are the result of the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

### 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, 2010, the balance in this account was \$32.4 million of which \$30.6 million represents the fund equity related to the certificates of deposit and \$1.8 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, 2010, \$48.7 million has been reserved for loan repayments.

*Reserved for Debt Service:* This account is used to separate the portion of fund equity that must be used to fund principal and interest on Gateway Economic Development Revenue Bonds in the succeeding year as well as the equity balance in the Debt Service fund. At December 31, 2010, \$56.5 million has been reserved for debt service.

*Reserved for Encumbrances:* This account is used to separate the portion of fund equity that pertains to outstanding purchase orders and is not available for current expenditure. At December 31, 2010 \$184.7 million has been reserved for encumbrances.

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, 2010, \$.8 million has been designated for self-insurance.

**COUNTY OF CUYAHOGA, OHIO  
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**NOTE J - Risk Management and Other Contingencies**

**Primary Government**

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

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

*Self-Insurance:* The County has designated \$.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. The County is also self-insured with respect to unemployment and workers' compensation benefits. Self-insurance expenditures were immaterial for unemployment compensation in 2010. 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, 2010 and 2009 were:

	(Amounts in 000's)	
Estimated Claims Payable – Workers Compensation	2010	2009
Estimated claims payable beginning of year .....	\$ 16,997	\$ 17,416
Plus: Current year claims and changes in estimates .....	438	2,489
Less: Claim payments .....	<u>2,173</u>	<u>2,908</u>
Estimated claims payable end of year .....	<u>\$ 15,262</u>	<u>\$ 16,997</u>

The County is also self-insured with respect to three of its medical plans and its prescription drug plan. Changes to the estimated claims payable recorded in the Self-Funded Insurance fund during the year ended December 31, 2010 and 2009 were:

	(Amounts in 000's)	
Estimated Claims Payable – Health Insurance	2010	2009
Estimated claims payable beginning of year .....	\$ 5,997	\$ 7,134
Plus: Current year claims and changes in estimates .....	58,447	62,887
Less: Claim payments .....	<u>58,424</u>	<u>64,024</u>
Estimated claims payable end of year .....	<u>\$ 6,020</u>	<u>\$ 5,997</u>

**Component Unit**

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

Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the

**COUNTY OF CUYAHOGA, OHIO  
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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, 2010 and 2009:

(Amounts in 000's)		
Estimated Claims Payable- Workers Compensation/Medical Malpractice	2010	2009
Estimated claims payable beginning of year .....	\$ 38,476	\$ 48,341
Plus: Current year claims and changes in estimates .....	13,595	4,697
Less: Claim payments .....	<u>14,751</u>	<u>14,562</u>
Estimated claims payable end of year .....	\$ <u>37,320</u>	\$ <u>38,476</u>
Due within one year .....	\$ <u>11,954</u>	\$ <u>13,152</u>

(Amounts in 000's)		
Estimated Claims Payable- Health Insurance	2010	2009
Estimated claims payable beginning of year .....	\$ 1,513	\$ 1,349
Plus: Current year claims and changes in estimates .....	15,837	18,064
Less: Claim payments .....	<u>15,833</u>	<u>17,900</u>
Estimated claims payable end of year .....	\$ <u>1,517</u>	\$ <u>1,513</u>
Due within one year .....	\$ <u>1,517</u>	\$ <u>1,513</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 carried forward to the next fiscal year and are not re-encumbered or reappropriated.

At December 31, 2010, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)
General fund .....	\$ 2,692
Human Services fund .....	6,779
County Board of Developmental Disabilities fund .....	2,912
Health and Community Services fund .....	26,593
Capital Projects fund .....	6,640
Other Governmental funds .....	8,915
Sanitary Engineer fund .....	214
Other Enterprise funds .....	573
Internal Service funds .....	<u>11,711</u>
Total .....	\$ <u>67,029</u>



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

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**NOTE L - Property Tax Revenues**

Property taxes include amounts levied against real, tangible (used in business) and public utility property. The assessed value upon which the 2010 tax collection was based follows:

Property Type	(Amounts in 000's)
Real property.....	\$ 28,979,205
Personal tangible property .....	0
Tangible public utility property.....	<u>654,490</u>
Total assessed value .....	\$ <u>29,633,695</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 .55 mills is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 11.87 voted mills have been levied for debt service, developmental disabilities, health and human services and health and welfare. A summary of voted millage follows:

Purpose	Voter Authorized Rate <sup>(1)</sup>	Rates Levied for Current Year Collection <sup>(2)</sup>		Final Collection Year
		Agricultural/ Residential	Commercial/ Industrial	
Debt service.....	\$ .27	\$ .27	\$ .27	2013
Developmental disabilities .....	3.90	3.82	3.63	Continuing
Health and human services <sup>(3)</sup> .....	2.90	2.84	2.70	2010
Health and welfare.....	<u>4.80</u>	<u>4.80</u>	<u>4.80</u>	2012
Total voted millage.....	\$ <u>11.87</u>	\$ <u>11.73</u>	\$ <u>11.40</u>	

(1) In mills per \$1,000 of assessed valuation.  
(2) Ohio law provides for a credit to certain voted levies to offset fluctuation in the value of real property. The mental retardation, health and human services and health and welfare levies are subject to this credit.  
(3) A renewal levy was passed May 4, 2010 to begin collection in 2011 and last 4 years.

Real property taxes are levied each December on the assessed values as of the preceding January 1st, the lien date. Assessed values are established the preceding year by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent update was completed in 2009. Public utility property taxes are assessed on tangible personal property, as well as land and land improvements at true value, which is, in general, net book value. Tangible property was assessed at 0% of true value in 2010. A four year phase out of personal property tax was completed for collection year 2010. Personal property (other than public utility property) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date. The County Treasurer bills and collects property taxes on behalf of all taxing districts in Cuyahoga County including the County. Taxes are payable semi-annually. The County's practice is to extend the statutory due dates to January and July. Unpaid taxes become delinquent after December 31 of the year they are due. Foreclosure proceedings may be initiated by the County Prosecutor if delinquent taxes are not paid within one year.

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

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

Property tax revenues were recorded in the following funds in 2010:

Governmental Funds	(Amounts in 000's)
General .....	\$ 22,218
Health and Human Services Levies .....	187,579
County Board of Developmental Disabilities .....	92,875
Health and Community Services .....	20,625
Other Governmental.....	<u>20,252</u>
Total property tax revenues.....	\$ <u>343,549</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2010 for Cuyahoga County was \$66.6 million.

The delinquent property taxes described above do not include certain receivables that have been transferred to a third party. Since 1998, the County has transferred certain qualifying, delinquent real estate tax receivables, along with the related liens, to a third party in exchange for discounted cash payments that approximates the penalty and interest on the receivable. Some older delinquencies are transferred at a deeper discount. In connection with the transfer of the receivables, the third party obtained the right to foreclose on the related properties, as well as charge interest and certain fees on the delinquent amounts. The cash payments received by the County were credited to the County's Undivided Tax Agency fund and distributed to the various taxing districts within the County (including the County) in the same manner as if the delinquent receivables had been collected directly from the taxpayers. Beginning in 2007, the County began accounting for these transfers in accordance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. Since the County retains the right to purchase these assets back from the third-party, they are considered a collateralized borrowing until the third-party collects the receivable. Outstanding collateralized borrowings at December 31, 2010 were not material.

Beginning in 2006, personal property taxes were reduced 25% per year for each of the next four years through 2009 at which point the tax was eliminated. Telephone companies switched from public utility to general business taxpayers in 2007. Beginning in 2007, telephone property began phasing out and will be eliminated from taxation in 2011. The revenue from personal property tax began being reimbursed to the local governments in 2006 from a new Commercial Activity Tax (CAT) on gross revenues of businesses collected by the State of Ohio. The CAT was phased in over five years and local governments were held harmless by the State of Ohio through distribution of the tax for the first five years back to collections in the base year. Therefore, the County suffered no significant impact during this period. For the years 2011, 2012 and 2013 the County will have its CAT and Utility tax reimbursements reduced by \$9.3 million, \$10.7 million and \$13.4 million, respectively. The State of Ohio accelerated its phase out of the reimbursements due to its budget cuts.

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

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**NOTE M – Other Intergovernmental Revenue**

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2010 follows:

Fund Type	(Amounts in 000's)	
General fund:		
State Public Defender reimbursement.....	\$	7,137
State tax reimbursement .....		8,140
Other .....		<u>1,238</u>
Total General fund.....		<u>16,515</u>
Special Revenue funds:		
U.S. Department of Housing and Urban Development.....		32,087
U.S. Department of Justice.....		3,116
U.S. Department of Labor.....		430
U.S. Department of Education.....		2,727
U.S. Department of Homeland Security.....		8,640
U.S. Department of Health and Human Services .....	10,036	U.S.
Department of Energy .....		121
U.S. Department of Interior.....		1,000
U.S. Department of Natural Resources .....		1,949
Federal and State Mental Health and Retardation.....	217,379	
Ohio Department of Alcohol and Drug Addiction Services .....		13,797
Ohio Department of Job and Family Services .....	234,666	
Ohio Department of Rehabilitation and Corrections .....		8,464
Ohio Department of Youth Services .....	1,690	Ohio
Department of Development .....		730
State tax reimbursement .....		44,485
Other .....		<u>5,667</u>
Total Special Revenue funds .....		<u>586,984</u>
Debt Service fund:		
State tax reimbursement .....		<u>6,324</u>
Capital Projects fund:		
U.S. Department of Transportation.....		19,629
Ohio Department of Public Works .....		5,215
Other .....		<u>8,450</u>
Total Capital Projects fund .....		<u>33,294</u>
Total Other Intergovernmental .....	\$	<u>643,117</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.

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

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

A summary of interfund transfers by fund type follows for the year ended December 31, 2010:

(Amounts in 000's)										
Fund Type	Transfer To									
	General	Human Services	County Board of Developmental Disabilities	Health and Community Services	Capital Projects	Medical Mart	Other Governmental	Other Enterprise	Internal Service	Total
Transfer From										
<b>Transfers:</b>										
<b>Major Governmental Funds:</b>										
General.....	\$	\$	\$	\$ 1,604	\$ 65,347	\$ 55,712	\$ 3,528	\$ 1,063	\$ 177	\$ 127,431
Human Services.....			7	17			1,680			1,704
Health and Human Services Levies.....		70,161		109,028						179,189
County Board of Developmental Disabilities.....		426								426
Health and Community Services.....	121	285					276	180		862
Capital Projects.....							2			2
Other Governmental Funds.....	1,079			162	7,765		21		101	9,128
Sanitary Engineer Fund.....	200									200
Other Enterprise Funds.....					407		185			592
Internal Service Funds.....	160				2,039					2,199
<b>Total Transfers.....</b>	<b>\$ 1,560</b>	<b>\$ 70,872</b>	<b>\$ 7</b>	<b>\$ 110,811</b>	<b>\$ 75,558</b>	<b>\$ 55,712</b>	<b>\$ 5,692</b>	<b>\$ 1,243</b>	<b>\$ 278</b>	<b>\$ 321,733</b>

**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, 2010, the County has \$78.8 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. In April 2004, Gateway refinanced the Subordinate Excise Tax Revenue Bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds. In 2010, the County refinanced the 1994 Gateway Economic Development Bonds and the variable rate 2004B Gateway Arena Project Series Refunding Bonds.

The amount due from Gateway under the revolving loan agreement is \$199.8 million at December 31, 2010, including unpaid accrued interest. During 2010, Gateway repaid the County over \$7.4 million and the remaining amount is fully reserved due to the uncertainty of the repayment from Gateway.

The County, Gateway and Positively Cleveland (formerly the Convention and Visitors Bureau of Greater Cleveland) entered into a cooperative agreement on September 15, 1992, which included a provision that allowed a credit to be given to Gateway for the incremental amount Positively Cleveland receives from the County Transient Occupancy Tax to use as payment to the County for the bonds issued. This agreement was amended on December 22, 1998 to redefine the annual incremental credit and to provide for the deposit by Positively Cleveland for the years 1994 through 1998. The County received \$1 million from this agreement during the year ended December 31, 1999. The County received \$.2 million during each subsequent year, until 2008 when it increased to \$1.4 million, subject to certain adjustments. The County received \$1.7 million for the year ended December 31, 2009 which was applied to the payment made in January 2010.

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

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

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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

### NOTE P – Loans

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

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

The Neighborhood Stabilization Program (NSP) Acquisition, Rehab and Resale Loan Program are developer loans not to exceed \$200,000 each and are repaid and/or forgiven upon the completion of the renovation and the sale of the home to an eligible homebuyer. At the time of sale, the homebuyer receives a "soft second" loan in the amount of up to 20% of the purchase price of the home. All loans have a 0% interest rate with no payments due, unless there is an event of default.

### NOTE Q – Federal Investigation

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

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

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

The federal public corruption investigation is still ongoing, however, based upon the County's own internal investigation, the County believes the likelihood of the Investigation resulting in any material potential loss or liability,

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

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including the possibility of significant disallowance findings related to Federal and State assisted grant programs, is remote; and that any adverse outcome from these charges would pertain to the County officials and former employees subject to the investigation rather than the county itself.

**NOTE R – Restatement Note**

During 2010, it was determined that the unclaimed monies fund should be reclassified to the general fund and that loans receivable was understated. These restatements had the following effect on fund balance as they were previously reported.

(Amounts in 000's)

	<u>General</u>	<u>Human Services</u>	<u>Health and Human Services Levies</u>
Fund Balance, December 31, 2009	\$256,057	\$0	\$71,196
Fund Reclassification	5,944	0	0
Loans Receivable	<u>1,750</u>	<u>0</u>	<u>0</u>
Adjusted Fund Balance, December 31, 2009	<u>\$263,751</u>	<u>\$0</u>	<u>\$71,196</u>

	<u>County Board of Developmental Disabilities</u>	<u>Heath and Community Services</u>	<u>Capital Projects</u>
Fund Balance, December 31, 2009	\$111,040	\$38,716	(\$31,541)
Fund Reclassification	0	0	0
Loans Receivable	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Fund Balance, December 31, 2009	<u>\$111,040</u>	<u>\$38,716</u>	<u>(\$31,541)</u>

	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Fund Balance, December 31, 2009	\$101,221	\$546,689
Fund Reclassification	0	5,944
Loans Receivable	<u>0</u>	<u>1,750</u>
Adjusted Fund Balance, December 31, 2009	<u>\$101,221</u>	<u>\$554,383</u>

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

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These restatements in addition to understated loans and bonds payable and overstated unamortized issuance costs had the following effect on net assets as they were previously reported.

	Governmental Activities
Net Assets, December 31, 2009	\$750,124
Fund Reclassification	5,944
Other Assets	(1,173)
Loans Receivable	1,750
Bonds Payable	(16,083)
Loans Payable	(1,780)
Adjusted Net Assets, December 31, 2009	\$738,782

During 2010, it was determined that special assessments receivables were understated and loans payable were overstated in the enterprise funds. These restatements had the following effect on net assets as they were previously reported.

	Sanitary Engineer	Other Enterprise Funds	Total Business-Type Activities
Net Assets, December 31, 2009	\$40,819	\$23,289	\$64,108
Special Assessments Receivable	26,946	0	26,946
Loans Payable	1,109	0	1,109
Adjusted Net Assets, December 31, 2009	\$68,874	\$23,289	92,163
Internal Balance			707
Total Adjusted Net Assets, December 31, 2009			\$92,870

**NOTE S – Accountability and Compliance Note**

The County had negative cash balances in the following funds indicating that revenue from other sources were used to pay the obligations of these funds contrary to Ohio Revised Code Section 5705.10(H).

Funds	Amount
Governmental Funds	
Community Development-D	\$5,583,845
Community Development-A	4,077,025
Community Development Stimulus	1,256,779
Workforce Investment Act Operating	1,359,333
Capital Projects	62,091,528
Capital Projects Mixed	61,135
Capital Projects ARRA	83,366
Proprietary Funds	
County Parking Garage	505,270
Printing and Reproductions	41,008

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

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The County had original appropriations that exceeded original estimated resources, in the following funds, contrary to Ohio Revised Code Section 5705.39.

Funds	Original Estimated Revenues Plus Carryover Balances	Appropriations	Variance
Human Services	\$319,217,000	\$352,116,000	(\$32,899,000)
Community Development	(8,011,996)	4,787,201	(12,799,197)
Workforce Investment Act Operating	15,762,500	30,570,048	(14,807,548)
Capital Projects	(26,372,591)	0	(26,372,591)
County Parking Garage	3,866,590	4,087,928	(221,338)
Information Services Center	17,034,523	17,848,583	(814,060)
Printing and Reproduction	3,916,293	4,982,531	(1,066,238)

The County had \$302,000 of final appropriations, within the Social Services Department of the Human Services Fund, which was exceeded by \$440,000 of expenditures plus encumbrances resulting in a negative variance of \$138,000, contrary to Ohio Revised Code Section 5705.41(B).

**NOTE T – Subsequent Event Note**

On March 22, 2011, Resolution #2011-0101, a resolution authorizing the issuance and sale of Self-supporting Housing Revenue Bonds in an amount not-to-exceed \$6,500,000 for Famicos Doan Classroom LLC for the purpose of rehabilitating, improving, and equipping a senior housing facility; authorizing execution and delivery of a Loan Agreement, Bond Purchase Agreement, Trust Indenture, and Tax Regulatory Agreement; authorizing and approving the use and distribution of a disclosure document; approving related matters; and declaring the necessity that this Resolution become immediately effective.

On April 26, 2011, Resolution #2011-0152, a resolution authorizing the issuance of notes in the maximum principal amount of \$10,400,000 in anticipation of bonds for the purpose of refunding bond anticipation notes, the proceeds of which were originally to refund the County's \$10,150,000 Rock and Roll Hall of Fame Museum Project Notes, Series 2010, that were issued to pay the costs of acquiring, constructing and equipping a library and an archives facility for the Rock and Roll Hall of Fame Museum.

On May 10, 2011, Resolution #2011-0171, a resolution authorizing the issuance and sale of self-supporting Housing Revenue Bonds in an amount not-to-exceed \$5,000,000 for Greater Abyssinia Apartments, L.P. for the purpose of rehabilitating, improving and equipping a senior housing facility for low and moderate income seniors; authorizing the execution and delivery of a financing agreement, bond purchase agreement trust indenture and tax regulatory agreement; authorizing and approving the use and distribution of a disclosure document, approving related matters; and declaring the necessity that this resolution immediately effective.

On September 13, 2011, Resolution #2011-0256, a resolution authorizing the issuance and sale of self-supporting Housing Revenue Bonds in an amount not-to-exceed \$6,000,000 for Pritas Avenue Associates, L.P. for the purpose of rehabilitating, improving, and equipping a housing facility for low and moderate income families; authorizing the execution and delivery of a loan agreement, bond purchase agreement, trust indenture and tax regulatory agreement; authorizing and approving the use and distribution of a disclosure document; approving related matters; and declaring the necessity that this resolution become immediately effective.

On October 11, 2011, Resolution #2011-0257, a resolution authorizing the issuance and sale of self-supporting Housing Revenue Bonds in an amount not-to-exceed \$5,000,000 for Helen S. Brown Apartments, L.P. for the purpose of rehabilitating, improving and equipping a senior housing facility for low and moderate income seniors; authorizing the execution and delivery of a loan agreement, bond purchase agreement, trust indenture and tax regulatory agreement; authorizing and approving the use and distribution of a disclosure document approving related matters; and declaring the necessity that this resolution become immediately effective.

On November 9, 2011, Resolution #2011-0303, a resolution authorizing the issuance and sale of County of Cuyahoga, Ohio Economic Development Refunding Revenue Bonds, Series 2011 (Gilmour Academy Project) in the amount not-to-exceed \$10,000,000 for the purpose of currently refunding Series 2009 Bonds issued by the County of Cuyahoga



# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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which assisted in financing the costs of a "project" within the meaning of Chapter 165, Ohio Revised Code; providing for the pledge of revenues for the payment of such bonds; authorizing the execution of various documents required in connection with said bond issuance and authorizing and approving related matters, and declaring the necessity that this resolution become immediately effective.

On July 10, 2012, Resolution #2012-0113, a resolution authorizing the issuance of not-to-exceed \$21,000,000 County of Cuyahoga, Ohio, Health Care Facilities Mortgage Revenue Bonds, Series 2012 (Menorah Park Center for Senior Living – Wiggins Place Project), for the purpose of (1) refunding the outstanding principal amount of Series 2003 Revenue Bonds that were issued to provide funds to assist Menorah Park Center for Senior Living in financing costs of Wiggins Place and (2) providing funds to make improvements and expansions to Wiggins Place; authorizing the execution and delivery of a base lease, a lease, a trust indenture and an assignment to secure and provide for the payment of the bonds; authorizing the execution and delivery of certain other documents and actions in connection with the issuance of such bonds.

On July 24, 2012, Resolution #2012-0147, a resolution amending resolution No. R2011-0257, which authorized the issuance and sale of self-supporting housing revenue bonds in the amount not-to-exceed \$5,000,000 for Helen S. Brown Apartments, L.P. for the purpose of rehabilitating, improving and equipping a senior housing facility for low and moderate income seniors; and declaring the necessity that this resolution become immediately effective.

On October 23, 2012, Resolution #2012-0196, a resolution providing for the issuance of not-to-exceed \$15,100,000.00 County of Cuyahoga, Ohio, Economic Development Refunding Revenue Bonds (University School project), in two or more series, for the purpose of refunding the remaining outstanding principal amount of the \$15,845,000.00 County of Cuyahoga, Ohio, Economic Development Refunding Revenue Bonds, Series 2009 (University School project), which were issued to provide funds to assist University School in the refinancing of costs of a "Project" within the meaning of Chapter 165, Ohio Revised Code; authorizing the execution and delivery of a loan agreement pertaining to the project and a trust indenture securing the payment of the Bonds; authorizing execution and delivery of a bond purchase agreement and authorizing the execution and delivery of certain other documents and actions in connection with the issuance of such Bonds; and declaring the necessity that this resolution become immediately effective.

On October 23, 2012, Resolution #2012-0201, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$39,721,000.00 to provide funds to pay costs of constructing, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving buildings, facilities and structures for County offices and functions, and improving and equipping sites for such buildings, facilities and structures, in each case together with all necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0202, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$21,350,000.00 to provide funds to pay costs of constructing, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving County jail, correctional and juvenile detention facilities and improving sites for those facilities, in each case together with all necessary appurtenance and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0203, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$1,205,000.00 to provide funds to pay costs of acquiring radios and other communications equipment, together with all necessary appurtenances, for use in carrying out functions of the sheriff's department; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0204, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$880,000.00 to provide funds to pay costs of improving the County fairgrounds by acquiring, constructing and installing a wind turbine and related equipment to provide electric power to the fairgrounds; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0205, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$847,000.00 to provide funds to pay costs of reconstructing, resurfacing and otherwise improving and equipping runways at the County airport, together with necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0206, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$36,925,000.00 to advance refund at a lower interest cost all or a portion of the \$36,925,000.00 of the County's outstanding County building and facilities bonds, series 2004, that are stated to mature on December 1 in each of the years from 2015 through 2024, all of which were issued as a part of a consolidated issue of

# COUNTY OF CUYAHOGA, OHIO

## NOTES TO FINANCIAL STATEMENTS

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capital improvement bonds, series 2004, dated as September 15, 2004, to pay costs of acquiring, constructing, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving buildings, facilities and structures for County offices and functions, and acquiring, improving and equipping sites for such buildings, facilities and structures, in each case together with all necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0207, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$8,975,000.00 to advance refund at a lower interest cost all or a portion of the \$8,975,000.00 of the County's outstanding County correctional and detention facilities improvement bonds, series 2004, that are stated to mature on December 1 in each of the years from 2015 through 2022, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to pay costs of acquiring, constructing, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving County jail, correctional and juvenile detention facilities and acquiring and improving sites for those facilities, in each case together with all necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0208, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$1,065,000.00 to advance refund at a lower interest cost all or a portion of the \$1,065,000.00 of the County's outstanding capital improvement bonds, series 2004 (Orange Place Extension Project), that are stated to mature on December 1 in each of the years from 2015 through 2024, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to provide funds to pay the County's portion of the cost of improving Orange Place, in cooperation with the Village of Orange Village, by grading, draining, curbing, paving and constructing sidewalks, storm and sanitary sewers and water lines, in each case together with the necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0209, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$440,000.00 to advance refund at a lower interest cost all or a portion of the \$440,000.00 of the County's outstanding sewer district improvement bonds, series 2004 (County Improvement No. 1460, Phase I), that are stated to mature on December 1 in each of the years from 2015 through 2022, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to provide funds, in anticipation of the collection of special assessments theretofore levied, to pay the property owners' portion of the cost of constructing County Improvement No. 1460, Phase I, being water lines in five roads in County Sewer District No. 14 in Olmsted Township; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0210, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$90,000.00 to advance refund at a lower interest cost all or a portion of the \$90,000.00 of the County's outstanding sewer district improvement bonds, series 2004 (County Improvement No. 1460, Phase II), that are stated to mature on December 1 in each of the years from 2015 through 2024, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to provide funds, in anticipation of the collection of special assessments theretofore levied, to pay the property owners' portion of the cost of constructing County Improvement No. 1460, Phase II, a 12-inch waterline and appurtenances in Sharp Road from Sprague Road to Schady Road, in County Sewer District No. 14 in Olmsted Township; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0211, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$110,000.00 to advance refund at a lower interest cost all or a portion of the \$110,000.00 of the County's outstanding sewer district improvement bonds, series 2004 (County Water Improvement No. 2300), that are stated to mature on December 1 in each of the years from 2015 through 2022, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to provide funds, in anticipation of the collection of special assessments theretofore levied, to pay the property owners' portion of the cost of constructing County Water Improvement No. 2300 in County Sewer District No. 23 in Chagrin Falls Township; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0213, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$2,020,000.00 to provide funds for the County's contribution to the acquisition and equipping of the Village of Highland Hills municipal building, and the renovation and construction and reconstruction of improvements thereto, including necessary appurtenances thereto, which building is to be used jointly by the Village and the County as a community center for governmental and civic purposes in accordance with a cooperative agreement between the Village and the County; and declaring the necessity that this Resolution become immediately effective.

**CUYAHOGA COUNTY, OHIO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	9,432
Non-Cash Assistance Subtotal			<u>9,432</u>
Cash Assistance:			
National School Lunch Program	10.555	N/A	518,551
School Breakfast Program	10.553	N/A	296,405
Cash Assistance Subtotal			<u>814,956</u>
Total Child Nutrition Cluster			<u>824,388</u>
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
SNAP Cluster:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	JFSFFB10	1,851,443
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	JFSFFX10	1,085
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	JFSFF110	533,269
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	JFSFF109	26,107
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	JFSFF111	81,896
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	JFSFFB09	18,172
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	JFSFFB10	11,530,956
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	JFSFFB11	4,329,817
ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	JFSFFB10S	511,981
Total SNAP Cluster			<u>18,884,726</u>
<b>Total U.S. Department of Agriculture</b>			<u>19,709,114</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Program:</i>			
2008/2009 Funds for the Improvement of Education Program	84.215	U215K080335	101,523
2009/2010 Funds for the Improvement of Education Program	84.215	U215K090301	95,000
2010/2011 Funds for the Improvement of Education Program	84.215	U215K100112	18,882
Total CFDA# 84.215			<u>215,405</u>
<i>Passed Through the Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education--Grants to States (IDEA, Part B)			
CCBMR FY2010 TITLE VI-B School Age Grant	84.027	066563-6BSF-10	482,004
CCBMR FY2011 TITLE VI-B School Age Grant	84.027	066563-6BSF-11	177,804
ARRA-CCBDD FY2011 William B Day Early Child Ctr	84.027	ARRA-066563-CC-2011	194,818
Special Education--Preschool Grants (IDEA Preschool):			
CCBMR FY2010 Title VI-B Preschool Grant	84.173	066563-PG-S1-2010	42,383
CCBMR FY2011 Title VI-B Preschool Grant	84.173	066563-PG-S1-2011	9,735
Total Special Education Cluster			<u>906,744</u>
<i>Passed Through the Ohio Department of Rehabilitation Services:</i>			
Rehabilitation Services-Vocational Rehabilitation Grants to States			
VRP3 Supportive Employment (CSC)	84.126	NA	221,719
VRP3 Call Center Program (CSC)	84.126	NA	68,489
VRP3 Business Enterprise Center (CSC)	84.126	NA	28,771
Pathways II Vocational Program	84.126	OAKS ID#102206/33	357,816
Pathways II Cooperative Project	84.126	NA	1,190,572
Total CFDA# 84.126			<u>1,867,367</u>
<i>Passed Through the Ohio Department of Health:</i>			
Special Education-Grants for Infants and Families			
Help Me Grow	84.181	NA	1,993,963
ARRA - Special Education - Grants for Infants and Families, Recovery Act:			
ARRA - Ohio Department of Health - Help Me Grow	84.393	018-0021-HA-0110	885,986
Total Early Intervention Services (IDEA) Cluster			<u>2,879,949</u>
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Safe and Drug-Free Schools and Communities_State Grants	84.186	N/A	122,500
<b>Total U.S. Department of Education</b>			<u>5,991,965</u>

(Continued)

**CUYAHOGA COUNTY, OHIO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<b>U.S. DEPARTMENT OF ENERGY</b>			
<i>Passed Through the Ohio Department of Development:</i>			
Weatherization Assistance for Low-Income Persons 2009	81.042	H-09-109	380
ARRA - Weatherization Assistance for Low-Income Persons 2009-2010	81.042	ARRA-10-109	3,078,587
Total CFDA# 81.042			3,078,967
Energy Efficiency and Conservation Block Grant Program			
ARRA - Energy Conservation Measures	81.128	DE-EE0000708	394,022
ARRA - Energy Efficiency and Conservation Block Grant (EECBG)	81.128	DE-EE0000708	51,470
Total CFDA# 81.128			445,492
<b>Total U.S. Department of Energy</b>			<b>3,524,459</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Direct Programs:</i>			
Brownfields Assessment and Cleanup Cooperative Agreements			
CPC Brownfield Fund	66.818	BP-985744-01-0	3,243
2008 EPA Petroleum Grant	66.818	00E63701-0	230,517
US EPA 2008 BROWNFIELD RLF	66.818	BF-00E64101-01-0	3,238
2009 EPA Coalition Assessment Grant	66.818	BF-00E95801-0	310,441
US EPA 2010 ARRA Supplemental	66.818	2B-0097301-0	36,328
Total CFDA# 66.818			583,767
<b>Total U.S. Environmental Protection Agency</b>			<b>583,767</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Direct Programs:</i>			
Healthy Marriage Promotion and Responsible Fatherhood Grants			
Healthy Marriage Demonstration	93.086	90FE00520-01	490,527
National Fatherhood Initiative	93.086	NA	22,418
Total CFDA# 93.086			512,945
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances			
Project Tapestry	93.104	5U79SM056055-05	1,592,319
Child Support Enforcement Research:			
Financial Well-Being Demonstration	93.564	90FD0155 / 01	3,900
Low-Income Home Energy Assistance:			
HWAP — HHS Administration 2008	93.568	H-05-109	(20,428)
HWAP — HHS Administration 2009	93.568	H-09-109	23,046
Total CFDA# 93.568			2,618
HIV Emergency Relief Project Grants:			
HIV Emergency Relief P.C. Support 08/09	93.914	2H89HA00045-13	1,279
HIV Emergency Relief P.C. Support 09/10	93.914	6H89HA00045-14-01	1,443,372
HIV Emergency Relief P.C. Support 10/11	93.914	2H89HA00045-15-00	2,351,082
Minority Aids Initiative Program	93.914	1H3MHA08469-01-00	305,753
Minority Aids Initiative Program	93.914	1H3MHA08459-AO-00	99,720
Total CFDA# 93.914			4,201,206
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Promoting Safe and Stable Families	93.556	JFSFMC10	23,382
Promoting Safe and Stable Families	93.556	JFSFMC11	69,962
Promoting Safe and Stable Families	93.556	JFSFPF10	877,702
Promoting Safe and Stable Families	93.556	JFSFPF11	408,956
Total CFDA# 93.556			1,380,002
TANF Cluster:			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	JFSFTF09	(129,927)
Temporary Assistance for Needy Families (TANF) State Programs	93.558	JFSFTF10	42,954,214
Temporary Assistance for Needy Families (TANF) State Programs	93.558	JFSFTF11	7,056,305
ARRA - Emergency Contingency Fund for TANF State Programs	93.714	JFSFTF10S	6,224,447
Total TANF Cluster			56,105,039
Child Support Enforcement (Title IV-D)	93.563	JFSFCS10	4,327,317
Child Support Enforcement (Title IV-D)	93.563	JFSFCS11	5,903,130
ARRA - Child Support Enforcement (Title IV-D)	93.563	JFSFCS09S	(410,386)
ARRA - Child Support Enforcement (Title IV-D)	93.563	JFSFCS10S	9,841,924
Total CFDA# 93.563			19,661,985

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**CUYAHOGA COUNTY, OHIO**

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Refugee and Entrant Assistance - State Administered Programs	93.566	JFSFRS09	420,742
Refugee and Entrant Assistance - State Administered Programs	93.566	JFSFRS10	41,026
Total CFDA# 93.566			461,768
Child Welfare Services - State Grants (Title IV-B)	93.645	JFSFCW10	190,061
Child Welfare Services - State Grants (Title IV-B)	93.645	JFSFCW11	544,079
			734,140
<i>CCDF Cluster:</i>			
Child Care and Development Block Grant	93.575	JFSFCD10	68,520
Child Care and Development Block Grant	93.575	JFSFCD11	205,561
Child Care Manadatory and Matching funds of the Child Care and Development Fund	93.596	JFSFCM10	601,141
Child Care Manadatory and Matching funds of the Child Care and Development Fund	93.596	JFSFCG10	743,931
Child Care Manadatory and Matching funds of the Child Care and Development Fund	93.596	JFSFCD11	939,703
Child Care Manadatory and Matching funds of the Child Care and Development Fund	93.596	JFSFCM11	1,292,091
Total CCDF Cluster			3,850,947
Foster Care (Title IV-E): Administrative and Training	93.658		3,358,312
Foster Care (Title IV-E): Foster Care Maintenance (FCM) and Purchased Administration	93.658		12,630,643
Foster Care (Title IV-E): Regional Training Centers	93.658		71,581
Total CFDA# 93.658			16,060,536
Adoption Assistance (Title IV-E): Administrative and Training	93.659		18,568,494
Non-Recurring Adoption	93.659	JFSFAA10	39,953
Non-Recurring Adoption	93.659	JFSFAA11	2,676
Total CFDA# 93.659			18,611,123
Social Services Block Grant (Title XX)	93.667	JFSFSS10	10,068,931
Social Services Block Grant (Title XX)	93.667	JFSFSS11	4,844,903
Social Services Block Grant (Title XX)	93.667	JFSFTX10	9,168,999
Social Services Block Grant (Title XX)	93.667	JFSFTX11	2,642,164
Total CFDA# 93.667			26,724,997
Child Abuse and Neglect State Grants	93.669	JFSFSTFO	2,062
Chafee Foster Care Independence Program	93.674	JFSFIL10	666,793
Chafee Foster Care Independence Program	93.674	JFSFIL11	143,257
Total CFDA# 93.674			810,050
Children Health Insurance Program (CHIP) (Title XX)	93.767	JFSFSH10	34,039
Medical Assistance Program (Medicaid)	93.778	JFSFMT10	7,062,615
Medical Assistance Program (Medicaid)	93.778	JFSFMP10	(1,251,099)
Medical Assistance Program (Medicaid)	93.778	JFSFMT11	3,205,906
Medical Assistance Program (Medicaid)	93.778	JFSFMP10	106,713
Medical Assistance Program (Medicaid)	93.778	JFSFMP11	31,943
Total CFDA# 93.778			9,156,078
<i>Direct Programs:</i>			
Child Support Enforcement Demonstration and Special Projects:			
College Enforcement Training Council	93.601	90FI009301	116
Adoption Opportunities Grant	93.652	90CO103401	329,882
<i>Passed through Ohio Department of Health</i>			
HIV Care Formula Grants:			
HIV Planning and Evaluation	93.917	18-1-002-1-PE-0309	28,738
HIV Planning and Evaluation	93.917	18-1-002-1-PE-0410	11,527
Total CFDA# 93.917			40,265
<i>Passed Through Ohio Department of Mental Health Services:</i>			
Social Services Block Grant (Title XX)	93.667	MH12	1,077,040
Medicaid Assistance Program — Title XI	93.778		61,913,224
ARRA - Medical Assistance Program - Title XI	93.778		8,940,422
Total CFDA# 93.778			70,853,646
Block Grants for Community Mental Health Services	93.958	MH12	691,495

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Title IV-E Administration Juvenile Court	93.658	75-5-1545	948,270
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries Ticket to Work Program	96.009	N/A	8,797
Medicaid Assistance Program — Title XIX — CAFS	93.778	N/A	89,119
Medicaid Assistance Program — Title XIX — ICF/MF	93.778	N/A	3,701,806
Medicaid Assistance Program — Title XIX — TCM	93.778	N/A	4,737,085
ARRA - Medicaid Assistance Program - Title XIX - TCM	93.778	N/A	542,353
Medicaid Assistance Program — Day Rehabilitation	93.778	N/A	25,278,420
ARRA - Medicaid Assistance Program - Day Rehabilitation	93.778	N/A	3,884,900
Medicaid Assistance Program — Waiver Administration	93.778	N/A	1,104,130
Home Care Waiver Program	93.778	N/A	88,700
Total CFDA# 93.778			39,426,513
Social Services Block Grant - Title XX	93.667	MR-18-01	725,338
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Substance Abuse and Mental Health Services - Access to Recovery	93.275	99-E66F-ATR-T-09-0836	13,750
Block Grants for Prevention and Treatment of Substance Abuse:			
Health Block Grant (Per Capita)	93.959	N/A	2,921,361
UMADOP	93.959	N/A	204,482
Women's 15%	93.959	N/A	676,555
Yment	93.959	N/A	67,292
TASC	93.959	N/A	123,296
Community Prevention	93.959	N/A	58,847
Project Safe (new HIV)/OUTREACH	93.959	N/A	49,063
Drug Free Community Coalitor	93.959	N/A	32,933
Youth-Led Prevention	93.959	N/A	6,272
TASC FY 11	93.959	18-10342-TASC-O-11-9196	47,194
TASC FY 05	93.959	18-02962-TASC-T-05-9196	(7,027)
TASC FY 06	93.959	18-02962-TASC-T-06-9196	2,573
TASC FY 08	93.959	18-10342-TASC-T-08-9196	43,459
TASC FY 09	93.959	18-10342-TASC-T-09-9196	(56,819)
TASC FY 10	93.959	18-10342-TASC-T-10-9196	434,634
TASC FY 11	93.959	18-10342-TASC-O-11-9196	204,974
Total CFDA# 93.959			4,809,089
Medicaid Assistance Program — Title XIX	93.778	N/A	6,395,410
ARRA - Medicaid Assistance Program - Title XIX	93.778	N/A	884,388
Total CFDA# 93.778			7,279,798
<i>Passed through Ohio Secretary of State</i>			
HHS Grant Funds	93.617	N/A	13,200
<b>Total U.S. Department of Health and Human Services</b>			<b>286,122,953</b>
<b>SOCIAL SECURITY ADMINISTRATION</b>			
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Social Security Disability Insurance	96.001		145,861
Social Security Retirement Insurance	96.002		169,333
<b>Total Social Security Administration</b>			<b>315,194</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Direct Programs:</i>			
Port Security Grant Program FY 08/09	97.056	2008-GB-T8-K107	317,794
<i>Passed Through the Ohio Department of Public Safety:</i>			
Emergency Management Performance Grants	97.042	34-6000.817	310,458
<i>Passed Through the Ohio Department of Emergency Management Assistance:</i>			
Non-Profit Security Program:			
Urban Area Security Initiative (URSI)	97.008	2005-GE-T5-001	(368)
Urban Area Security Initiative (URSI)	97.008	2006-TU-T6-0051	330,683
Total CFDA# 97.008			330,315

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
FY08 Interoperable Emergency Communications	97.055	2008-IO-T8-0044	86,628
FY09 Interoperable Emergency Communications	97.055	2009-IP-T9-0016	84,735
Total CFDA# 97.055			171,363
<b>Homeland Security Cluster:</b>			
State SHSP-Law Enforcement (SHSPLE) 2008	97.067	2008-GE-T8-0025	28,255
SHSP Exercise FY2008	97.067	2008-HSGEP-08-002	22,012
Urban Area Security Initiative (URSI)	97.067	2007-GE-T7-0030	4,273,168
Urban Area Security Initiative (URSI)	97.067	2008-GE-T8-0030	489,258
Urban Area Security Initiative (URSI)	97.067	2009-SS-T9-0089	149,041
State Homeland Security USAR EQUIP 04	97.067	2004-GE-T5-0001	214
State Homeland Search/Rescue 2008/2010	97.067	2008-GE-T8-0025	1,467
Community Emergency Response Team Grant	97.067	2007-GE-T7-0030	997,263
Community Emergency Response Team Grant	97.067	2008-GE-T8-0025	57,901
Community Emergency Response Team Grant	97.067	2009-SS-T9-0089	40,413
Law Enforcement Terrorism Prevention Program	97.067	2007-GE-T7-0030	104,138
Law Enforcement Terrorism Prevention Program	97.074	2006-GL-T6-0051	284,004
Total Homeland Security Cluster			6,447,134
<b>Total U.S. Department of Homeland Security</b>			<b>7,577,064</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Direct Programs:</i>			
<b>CDBG - Entitlement Grants Cluster:</b>			
CDBG Rehab Operations FY 06	14.218	B-06-UC-39-0001	11,392
CDBG Rehab Operations FY 07	14.218	B-07-UC-39-0001	54,790
CDBG Rehab Operations FY 08	14.218	B-08-UC-39-0001	254,912
2008 NEIGHBORHOOD STABILIZATION PROGRAM	14.218	B-08-UC-39-0002	4,699,478
CDBG YR 35 2009	14.218	B-09-UC-39-0001	2,023,528
CDBG YR 36 2010	14.218	B-10-UC-39-0001	1,783,485
CDBG Program Loans (FY 2010 Beginning Loan Receivable Balance)	14.218		13,261,284
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253	B-09-UY-39-0001	921,077
- (Recovery Act Funded)			
Total CDBG - Entitlement Grants Cluster			23,009,946
<b>Community Development Block Grant</b>			
2009 Neighborhood Stabilization Program Project Plan	14.228	B-Z-08-246-1	774,950
<b>Emergency Shelter Grants Program</b>			
Emergency Shelter Grants Program 2007	14.231	S-07-UC-39-0001	2,037
Emergency Shelter Grants Program 2008	14.231	S-08-UC-39-0001	11,953
Emergency Shelter Grants Program 2009	14.231	S-09-UC-39-0001	164,134
Emergency Shelter Grants Program 2010	14.231	S-10-UC-39-0001	1,403
Total CFDA# 14.231			179,527
<b>Supportive Housing Program:</b>			
SHP-'07- DOMESTIC VIOLENCE CENTER	14.235	OH16B70-2030	47,579
SHP '09-- Domestic Violence Center	14.235	OH16B70-2030	24,271
SHP '08 SA Pass Transitional	14.235	OH0053B5E020801	527,499
SHP '08 -SA ZELMA GEORGE	14.235	OH0073B5E020801	30,223
SHP '09 -SA ZELMA GEORGE	14.235	OH0073B5E020802	158,604
SHP-08-Housing Empowerment Program (HEP)	14.235	OH0070B5E020801	152,801
SHP-09-Housing Empowerment Program (HEP)	14.235	OH0070B5E020802	117,614
SHP -08-PASS Supportive	14.235	OH0052B5E020801	265,549
Total CFDA# 14.235			1,324,140
<b>Shelter Plus Care</b>			
Shelter Plus Care 2004 — SRA	14.238	OH16C40-2001	356,094
Shelter Plus Care 2005 — SRA	14.238	OH16C50-2001	531,062
Shelter Plus Care 2005 — TRA	14.238	OH16C50-2003	144,689
Shelter Plus Care 2006 SRA	14.238	OH16C60-2001	365,897
Shelter Plus Care 2008 Renewal - SRA	14.238	OH0060C5E020801	2,314,909
Shelter Plus Care 2008 Renewal - SRA	14.238	OH0058C5E020801	72,867
Shelter Plus Care 2007 Renewal-SRA	14.238	OH16C70-2001	361,737
SHELTER+ CARE '08 RENEWAL -SRA	14.238	OH0060C5E020802	6,637,427
SHELTER+ CARE '09 RENEWAL - SRA	14.238	OH0278C5E020901	357,179
Total CFDA# 14.238			11,141,861

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
Home 2000	14.239	M-00-DC-39-0216	18,623
Home Admin Operations 2004	14.239	M-02-DC-39-0216	175,000
American Dream 2004	14.239	M-02-DC-39-0218	10,044
Home 2005	14.239	M-05-DC-39-0216	272,245
Home ADM Operations 2006	14.239	M-03-DC-39-0216	76,878
Home 2007	14.239	M-07-DC-39-0216	232,654
Home 2008	14.239	M-08-DC-39-0216	766,950
Home 2009	14.239	M-09-DC-39-0216	1,540,424
Home Project Plan 2010	14.239	M-10-DC-39-0216	304,783
HOME Program Loans (FY 2010 Beginning Loan Receivable Balance)	14.239		11,759,751
Total CFDA# 14.239			15,157,352
 CDBG / Brownfields Economic Development Initiative: HUD Section 108	 14.246	 B-94-UC-39-0001	  693,198
 ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	 14.257	 S-09-UY-39-0001	  559,584
 Lead-Based Paint Hazard Control in Privately-Owned Housing: 2007 Lead Hazard Reduction	 14.900	 623945391	  1,220,982
2007 Lead Hazard Control	14.900	623945391	1,087,496
Total CFDA# 14.900			2,308,478
 2007 Healthy Homes Demonstration Grants	 14.901	 N/A	  3,440
 <i>Passed Through the City of Cleveland:</i> ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	 14.257		  4,113,362
 <i>Passed Through the City of Cleveland Heights:</i> ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	 14.257		  292,052
<b>Total U.S. Department of Housing and Urban Development</b>			<b>59,557,890</b>
 <b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct Programs:</i>			
National Institute of Justice Research, Evaluation, and Development Project Grants Cold cases using DNA (2010/2011)	16.560	2009-DN-BX-K254	92,863
ARRA - Internet Crimes against Children Task Force Program FY 2009 (Recovery Act Funded)	16.800	2009-SN-B9-K029	59,116
Supervised Visitation, Safe Havens for Children: Safe Havens: SVSE 2007	16.527	2006-CW-AX-0001	166,151
The Community - Defined Solutions to Violence Against Women Grant Program: Family Justice Center Project 09/2011	16.590	2009-WE-AX-0043	186,846
Forensic DNA Backlog Reduction Program: DNA Backlog Reduction Program	16.741	2008-DN-BX-K090	38,420
DNA Backlog Reduction Program	16.741	2009-DN-BX-K090	47,803
Total CFDA# 16.741			86,223
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2007-PC-NFS-7807	16,833
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2008-PC-NFS-7807	1,719
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2009-PC-NFS-7807	46,110
Streamlining In-house Access to Coroner	16.742	2007-CD-BX-0013	856
Total CFDA# 16.742			65,518
Missing Children's Assistance: Internet Crimes Against Children FY09	16.543	2009-MC-CX-K032	157,044
Edward Byrne Memorial Justice Assistance Grant Program JAG Asst Justice 05	16.738	2005-DJ-BX-1550	11,346
JAG Asst Justice 06	16.738	2006-DJ-BX-1036	2,745
JAG Asst Justice 07	16.738	2007-DJ-BX-1355	96,602
JAG Asst Justice 08	16.738	2008-DJ-BX-0287	123,662
Total CFDA# 16.738			234,355
Congressionally Recommended Awards - Cuyahoga County Fatherhood Initiative	16.753	2010-DD-BX-0405	4,899

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Office of Justice Assistance.</i>			
Crime Victim Assistance: Voca Children Who Witness Violence 2010	16.575	2010-ADSCE471	59,875
<i>Passed Through the Ohio Department of Public Safety.</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program (Recovery Act Funded)			
ARRA - Recovery Act Red DMC: Diversion & Training	16.803	2009-RA-B-01-2010	35,388
ARRA - Recovery Act Deputy Rehire 09/10	16.803	2009-RA-A02-2252	888,972
ARRA - S. Tubbs Jones Drug Court 09/10	16.803	2009-RA-01-2153	10,022
ARRA - Apprenticeship Grant 09/10	16.803	2009-RA-CO1-2147	50,814
ARRA - JAG S.T. Jones Drug Court 09/10	16.803	2009-RA-CO1-2077	22,895
Total CFDA# 16.803			1,008,091
ARRA - Edward Byrne Memorial Competitive Grant Program (Recovery Act Funded)			
ARRA - Recovery Act Reducing Mortgage Frauc	16.808	2009-SC-B9-0080	749
ARRA - Recovery Act Drug Court Grant FY 2011	16.808	9910342-ARRA-T111101	36,554
ARRA - ODADAS STJ Drug Court Expansior	16.808	091B01-ARRA-T111122	6,247
ARRA - Recovery Act Drug Court Grant FY 2011	16.808	9910342-ARRA-T111101	12,544
Total CFDA# 16.808			56,094
<i>Passed Through the Office of Criminal Justice Services.</i>			
Juvenile Justice and Delinquency Prevention Allocation to States			
JJDP Block Grant FY2009	16.540	2008-JJ-RPU-0795	87,757
JJDP Block Grant FY2010	16.540	2009-JJ-RPU-0795	182,596
2009 Cuyahoga JJ Administrator	16.540	2008-JJ-ADM-0320	3,262
2010 Cuyahoga JJ Administrator	16.540	2007-JJ-ADM-0320	18,338
Total CFDA# 16.540			291,953
<i>Passed Through the Ohio Office of Criminal Justice Services.</i>			
Violence Against Women Formula Grants:			
FY2009 VAWA Block Grant	16.588	2008-WF-RPU-0768	137,848
FY2010 VAWA Block Grant	16.588	2009-WF-RPU-0768	215,915
FY2008 VAWA Administration	16.588	2008-WF-ADM-8668	723
FY2009 VAWA Administration	16.588	2009-WF-ADM-8668	9,597
ARRA - Violence Against Women Formula Grants - FY09 Recovery Act Stop VAWA	16.588	2009-AR-RPU-0768	297,900
ARRA - Violence Against Women Formula Grants - FY09 Recovery Act Stop VAWA /ADMIN	16.588	2009-AR-ADM-8668	15,961
Total CFDA# 16.588			677,944
<i>Passed Through the Ohio Department of Youth Services:</i>			
Juvenile Accountability Block Grants:			
ODYs Step Down	16.523	2007-JB-01-B068	52,597
2008 JAIBG Block Grant	16.523	2007-JB-RPU-0700	17,627
2009 JAIBG Block Grant	16.523	2008-JB-RPU-0700	70,116
2010 JAIBG Block Grant	16.523	2009-JB-RPU-0700	112,949
Total CFDA# 16.523			253,289
<i>Passed Through the Ohio Department of Public Safety.</i>			
Edward Byrne Memorial Justice Assistance Grant Program			
Cuyahoga Regional TEW	16.738	2006-JG-E01-6562	89
Crime And Terrorism Awareness Prevention Prograrr	16.738	2007-JG-B01-6602	9,686
Total CFDA# 16.738			9,775
<i>Passed Through the Ohio Office of Criminal Justice Services.</i>			
Edward Byrne Memorial Justice Assistance Grant Program			
Cuyahoga County Adult Reentry Cour	16.738	2008-JG-COV-6575	7,799
Cuyahoga County Adult Reentry Cour	16.738	2009-JG-D01-6575	68,734
Total CFDA# 16.738			76,533
Comprehensive Approaches to Sex Offender Management Discretionary Grant			
Sex Offender Management Initiative	16.203	2008-WP-BX-0007	7,647
<b>Total U.S. Department of Justice</b>			<b>3,494,216</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Direct Programs:</i>			
WIA Pilots, Demonstrations, and Research Projects: Employment For Youth 05	17.261	YF-14834-05-60	2,169
Community Based Job Training Grants			
DOL Manufac Access to Growth and Innovation	17.269	CB-15937-07-60-A39	346,200

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Workforce Investment Act ("WIA") of 1998 Passed Through the Ohio Department of Job and Family Services:</i>			
WIA Cluster:			
WIA Administration	17.258	N/A	97,459
WIA Adult	17.258	N/A	2,502,663
WIA Special Project	17.258	N/A	49,807
ARRA - WIA Adult Program (Recovery Act Funded)	17.258	N/A	1,659,724
ARRA - WIA Adult Program - Ohio Learning Account (Recovery Act Funded)	17.258	N/A	106,244
WIA Administration	17.259	N/A	195,676
WIA Youth	17.259	N/A	3,949,373
WIA Special Project	17.259	N/A	49,807
ARRA - WIA Youth Activities (Recovery Act Funded)	17.259	N/A	381,727
ARRA - WIA Youth Activities - Ohio Learning Account (Recovery Act Funded)	17.259	N/A	106,244
WIA Administration	17.260	N/A	85,168
WIA Dislocated Worker	17.260	N/A	1,643,897
Rapid Response	17.260	N/A	133,407
Incumbent Worker Training	17.260	N/A	17,973
WIA Special Project	17.260	N/A	49,807
ARRA - WIA Dislocated Workers (Recovery Act Funded)	17.260	N/A	938,008
ARRA - WIA Dislocated Workers - Rapid Response (Recovery Act Funded)	17.260	N/A	47,023
ARRA - WIA Dislocated Workers - Ohio Learning Account (Recovery Act Funded)	17.260	N/A	106,244
Total WIA Cluster			12,120,251
Work Incentive Grants:			
Disability Program Navigator	17.266	N/A	44,848
WIA Dislocated Worker Formula Grants:			
Disability Worker	17.278	N/A	327,332
<b>Total U.S. Department of Labor</b>			<b>12,840,800</b>
<b>U.S. DEPARTMENT OF INTERIOR</b>			
<i>Passed Through the Ohio and Erie Canal Association:</i>			
Outdoor Recreation Acquisition, Development and Planning	15.916	N/A	9,221
Towpath Trail Survey - OECA	15.916	GA6160100001	1,000,000
Towpath First Energy Nuclear Operating Company			
<b>Total U.S. Department of Interior</b>			<b>1,009,221</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct Programs:</i>			
Airport Improvement Program:			
County Airport — Airport Master Plan - Phase III	20.106	N/A	42,795
<i>Passed Through the Ohio Department of Transportation:</i>			
Highway Planning and Construction			
ODOT — LPA/Bagley Road	20.205	E080 (859)	815,379
ODOT — LPA/Bennett Road Bridge # 50	20.205	E050 (175)	311,459
ARRA - ODOT — LPA/Bainbridge Road (Recovery Act Funded)	20.205	E080 (298)	3,945,194
ODOT — LPA/Cannon Road Bridge No. 14C	20.205	E050 (176)	308,979
ODOT — LPA/Eastland Rd and East Land Bridge No. 27	20.205	FAN-E050493	2,422,448
ODOT — LPA/Fitch Road Grade Separator	20.205	E041 (150)	36,014
ODOT — LPA/Cuyahoga Fitch Road	20.205	FAN-EO41150	394,307
ODOT — LPA/Scenic Byway Signage Project	20.205	E80 (026)	239,048
ODOT — LPA/Old Royalton Road Bridge 107	20.205	E80 (140)	373,634
ODOT — LPA/ Ridgebury Road	20.205	E060(266)	343,654
ODOT — LPA/ Rockside Road Bridge # 218	20.205	E050(174)	708,662
ODOT — LPA/ Rockside Road -Broadway to Aurora Rd.	20.205	E090(778)	1,264,504
ODOT — LPA/St. Clair Ave- East 72 st to East 140 st	20.205	E80 (724)	2,826,341
ODOT — LPA/Stearns Road Project	20.205	E036 (675)	142,472
ODOT — LPA/Snow Road	20.205	E060 (265)	131,085
ODOT — LPA/Towpath Trail Projec	20.205	E060(392)	278,076
ODOT — LPA/West 3th Bridge	20.205	E080(918)	4,075,030
Total CFDA# 20.205			18,616,286
Airport Improvement Program:			
Airport - 2009 Rehabilitation Taxiway C	20.106	NA	712,132
2010 FAA Rehabilitation Taxiway B,A6,U,W & Apron K	20.106	NA	534,396
Runway Taxiway Design Study	20.106	NA	164,329
Total CFDA# 20.106			1,410,857
Interagency Hazardous Materials Public Sector Training and Planning Grants:			
Hazardous Materials Emergency Preparation Training	20.703	HMEOH8016060	10,062
<b>Total U.S. Department of Transportation</b>			<b>20,080,000</b>

(Continued)

**CUYAHOGA COUNTY, OHIO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Training and Technical Assistance	94.009		154,350
<b>Total Corporation for National and Community Service</b>			<u>154,350</u>
<b>FEDERAL DEPARTMENT OF ARMY U.S. ARMY CORPS OF ENGINEERS</b>			
<i>Direct Programs:</i>			
Cuyahoga River Environment Restoration	12.XXX	NA	43,018
<b>Total Federal Department of Army U.S. Army Corps of Engineers</b>			<u>43,018</u>
<b>DEPARTMENT OF COMMERCE</b>			
<i>Direct Programs:</i>			
Investments for Public Works and Economic Development Facilities 2009 Lakefront Connector Bridge	11.300	06-01-05392	564
<i>Passed Through the Ohio Department of Emergency Management Assistance:</i>			
Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0053	101,592
<b>Total Department of Commerce</b>			<u>102,156</u>
<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b>			
<i>Direct Programs:</i>			
USAID Foreign Assistance for Programs Overseas: Development of DNA Database for Convicted Offenders in Pakistan	98.001	PGA-P280515	23,000
<b>Total Agency For International Development</b>			<u>23,000</u>
<b>U.S. ELECTION ASSISTANCE COMMISSION (EAC)</b>			
<i>Passed through the Ohio Secretary of State:</i>			
Help America Vote Act Requirements Payments	90.401	N/A	12,214
<b>Total U.S. Election Assistance Commission (EAC)</b>			<u>12,214</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>421,141,381</u>

**CUYAHOGA COUNTY, OHIO**  
**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**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, 2010. The Schedule has been prepared using the cash basis of accounting. For purposes of the Schedule, federal awards include the following:

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

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

The County's basic financial statements include the operations of MetroHealth System, a discretely presented component unit, which expended \$8,369,230 in federal awards during the year ended December 31, 2010. These expenditures are not included in the accompanying Schedule for the year ended December 31, 2010, because MetroHealth System had a separate audit performed by other auditors in accordance with OMB Circular A-133.

**2. LOANS RECEIVABLE**

As shown in the table below, the County had loans receivable outstanding at December 31, 2010, under the Community Development Block Grant (CDBG) Entitlement and Home Investment Partnership programs. All of the loans outstanding at December 31, 2010, 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 included in federal expenditures presented in the accompanying Schedule. The loans outstanding at December 31, 2010, under federal grant programs were as follows:

<u>Program Title</u>	<u>Federal CFDA No.</u>	<u>Loan Amounts Outstanding at December 31, 2010</u>
CDBG — Entitlement and (HUD-Administered) Small Cities Cluster	14.218	\$ 13,137,807
CDBG Home Investment Partnership program	14.239	<u>11,575,659</u> <u>\$ 24,713,466</u>

**3. SUBRECIPIENTS**

Certain funds are passed through to subgrantee organizations by the County. Expenditures incurred by the subgrantees and reimbursed by the County are included in the accompanying Schedule. The County records expenditures of Federal awards to subrecipients when paid in cash on the Schedule.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal programs. Under OMB Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

**CUYAHOGA COUNTY, OHIO**  
**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(Continued)**

**4. IMPACT OF ODJFS JULY 2010 ADJUSTMENTS ON 2009 CALENDAR-YEAR PROGRAM EXPENDITURES**

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Cuyahoga County, Federal funding from the U.S. Department of Health and Human Services. Although these programs were administered at the County level, in July 2010 ODJFS adjusted some of the County's child care expenditures to align them with available funding sources. ODJFS' adjustments were retroactive to the beginning of the grant period (October 1, 2009). Therefore, these July 2010 adjustments affect 2009 calendar-year program expenditures previously reported as follows:

CHILD CARE CLUSTER	CFDA#	PASS THROUGH NUMBER	2009 FEDERAL EXPENDITURES REPORTED	JULY 2010 ADJUSTMENT	ADJUSTED 2009
					FEDERAL EXPENDITURES REPORTED
Child Care and Development Block Grant	93.575	JFSFCD09-3H70	\$ 16,820,569	\$ 0	\$ 16,820,569
		JFSFCD11-3H70	281,491	0	281,491
Total			17,102,060		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	JFSFCD11-3H70	675,025	0	675,025
		JFSFCM11-3H70	2,337,659	0	2,337,659
		JFSFCM10-3H70	(10,275)	0	(10,275)
Total		JFSFCM10-3H70	29,772,847	(16,598,226)	13,174,621
			32,775,256		
ARRA - Child Care and Development Block Grant	93.713	JFSFCD09S-3H70	13,136,052	0	13,136,052
Total			\$ 63,013,368	\$ (16,598,226)	\$ 46,415,142

2009 TANF expenditures were not adjusted.

**5. MATCHING REQUIREMENTS**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the federally funded programs. The expenditures of non-Federal matching funds are not included on the Schedule.

**6. DISCRETELY PRESENTED COMPONENT UNITS**

The accompanying Schedule does not include Federal assistance, if any, provided to the County's discretely presented component units.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Cuyahoga County  
1219 Ontario Street  
Cleveland, Ohio 44113-1657

To the Members of Council:

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of Cuyahoga County, Ohio (the County) as of and for the year ended December 31, 2010 which collectively comprise the County's basic financial statements and have issued our report thereon dated November 28, 2012, wherein we reported the County restated the January 1, 2010 governmental and business type activities net assets and fund balances. Our report refers to 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 the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the discretely presented component unit, The MetroHealth System, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that those auditors separately reported.

### 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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and questioned costs we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

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### Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2010-02 to 2010-04.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated November 28, 2012.

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

We intend this report solely for the information and use of management, the audit committee, Council, and federal awarding agencies and pass-through entities and others within the County. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

November 28, 2012





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Cuyahoga County  
1219 Ontario Street  
Cleveland, Ohio 44113-1657

To the Members of Council:

### 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 directly and materially affect each of its major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the MetroHealth System, which expended \$8,369,230 in federal awards which is not included in the County's Federal Awards Expenditure Schedule for the year ended December 31, 2010. Our audit of Federal awards, described below, did not include the operations of the MetroHealth System because the component unit engaged another auditor to audit its Federal award programs in accordance with OMB Circular A-133.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with these requirements.

As described in findings 2010-05 through 2010-10 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding special tests and provisions and subrecipient monitoring applicable to its Temporary Assistance for Needy Families (TANF) Cluster, procurement and suspension and debarment applicable to its Child Care Cluster, procurement and suspension and debarment applicable to its Adoption Assistance Grant, allowable costs applicable to its Special Education Cluster (IDEA) and eligibility applicable to its Temporary Assistance for Needy Families (TANF) and Child Care Clusters. Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to these programs.

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In our opinion, except for the noncompliance described in the preceding paragraph, Cuyahoga County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

### **Internal Control Over Compliance**

The County's management is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-05 through 2010-10 to be material weaknesses.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated November 28, 2012.

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

We intend this report solely for the information and use of management, the audit committee, Council, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
**Auditor of State**

November 28, 2012

**CUYAHOGA COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A - §133 - §505**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified for all major programs except for the Temporary Assistance for Needy Families (TANF) Cluster, Child Care Cluster: Adoption Assistance (Title IV-E), and the Special Education Cluster federal programs which were qualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Program(list):</b>	<p>Temporary Assistance for Needy Families (TANF) Cluster:  Temporary Assistance for Needy Families (TANF) (Title IV-A), CFDA# 93.558  ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs, CFDA# 93.714</p> <p>ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP), CFDA# 14.257</p> <p>CCDF Cluster:  Child Care and Development Block Grant (Title IV-A), CFDA# 93.575  Child Care and Mandatory and Matching Funds of the Child Care and Development Fund, CFDA# 93.596</p> <p>Adoption Assistance (Title IV-E), CFDA# 93.659</p> <p>Child Support Enforcement (Title IV-D), CFDA# 93.563</p> <p>Special Education Cluster (IDEA):  Special Education - Grants to States (IDEA, Part B), CFDA# 84.027  ARRA - Special Education - Grants to States (IDEA, Part B), CFDA# 84.027</p>

**CUYAHOGA COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A - §133 - §505**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

		<p>Special Education - Preschool Grants (IDEA Preschool), CFDA# 84.173</p> <p>Highway Planning &amp; Construction Cluster:  Highway Planning and Construction  (Federal-Aid Highway Program), CFDA# 20.205</p> <p>Workforce Investment Act (WIA) Cluster:  (Adult), CFDA# 17.258  (Youth), CFDA# 17.259  (Dislocated Worker), CFDA# 17.260</p> <p>HIV Emergency Relief Project Grants,  CFDA# 93.914</p> <p>Shelter Plus Care, CFDA# 14.238</p> <p>Medical Assistance Program (Medicaid, Title XIX),  CFDA# 93.778</p> <p>Edward Byrne Memorial Justice Assistance  Grant Program, CFDA# 16.738  ARRA - Edward Bryne Memorial Justice  Assistance Grant (JAG) Program / Grants to  States &amp; Territories, CFDA# 16.803</p> <p>Energy Efficiency and Conservation Block  Grant Program, CFDA# 81.128</p> <p>Airport Improvement Program, CFDA# 20.106</p> <p>Rehabilitation Services - Vocational Rehabilitation  Grants to States, CFDA# 84.126</p> <p>Early Intervention Services (IDEA) Cluster:  Special Education – Grants for Infants and  Families, CFDA# 84.181  ARRA - Special Education – Grants for Infants  and Families, CFDA# 84.393</p> <p>CDBG – Entitlements Grants Cluster:  Community Development Block  Grants/Entitlement Grants, CFDA# 14.218  ARRA - Community Development Block Grant  ARRA Entitlement Grants (CDBG-R)  CFDA# 14.253</p> <p>Weatherization Assistance for Low-Income  Persons, CFDA# 81.042</p>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 3,000,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**CUYAHOGA COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A - §133 - §505**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2010-01</b>
-----------------------	----------------

**Material Weaknesses in Financial Reporting**

Sound financial reporting is the responsibility of the County Commissioners and the County Auditor and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Financial reports and revenue and expense ledgers should be reviewed to ensure they accurately reflect the financial activity of the County.

During a review of the report the following adjustments were identified:

- \$14,734,735 of accretion on capital appreciation bonds were excluded from the statements.
- \$1,348,222 of unamortized premiums was excluded from the statements.
- \$1,173,030 of unamortized bond issuance costs was overstated.
- Loans receivable was understated by \$1,750,000 in the General Fund.
- \$1,750,000 of loans payable was excluded from the statements.
- Loans payable was understated by \$1,109,194 in the Sanitary Engineer Fund.
- Unclaimed funds balances and activity were reported in an Agency Fund instead of the General Fund. This fund had a beginning balance of \$5,944,147, revenues of \$2,537,581, expenditures of \$2,240,543, and an ending balance of \$6,241,185.
- The County did not offset delinquent property taxes receivable with deferred revenue, as required by GASB 33 (Cod. N. 50). This errors consisted of the following:
  - General Fund - \$110,167.
  - Health and Community Services - \$111,908.
  - County Board of Developmental Disabilities - \$767,962.
  - Health and Human Services - \$1,551,112.
  - Other Governmental Funds - \$241,067.
- Intergovernmental receivables were overstated by \$10,498,589 for the Human Services Fund.
- Intergovernmental receivables were overstated by \$915,183 for the Sanitary Engineer Fund.
- Special assessment receivable was understated by \$78,495,154 in the Agency Fund at year-end.
- Special assessment receivable was understated by \$26,946.601 in the Sanitary Engineer Fund at year-end. In addition, the \$988,684 recorded special assessments receivable was improperly offset with charges for services revenue instead of the deferred revenue, as required.
- Capital assets additions were overstated by \$37,912,642.
- Encumbrances were reported in the budgetary statements but not the GAAP financial statements. The omitted amounts consisted of the following:
  - General Fund - \$38,046,214.
  - Human Services Fund - \$36,104,787.
  - Health and Community Services Fund - \$13,865,441.
  - County Board of Developmental Disabilities - \$6,244,611.
  - Capital Projects Fund - \$50,958,399.
  - Other Governmental Funds - \$39,489,352.

**CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A - §133 - §505  
 FOR THE YEAR ENDED DECEMBER 31, 2010  
 (CONTINUED)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS        REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS        (Continued)</b>
---

<b>Finding Number</b>	<b>2010-01</b>
-----------------------	----------------

**(Continued)**

- For the Medical Mart, a major fund was not established to account for the project’s activity on the fund level financial statements. Therefore, a Medical Mart Fund - Capital Projects Fund was created and the following adjustments were identified:
  - Year-end cash balance of \$410,802,638 was not properly recorded in the fund level financial statements.
  - \$343,350,000 of bond proceeds were not properly recorded in the fund level financial statements.
  - A \$14,152,730 bond premium was not properly recorded in the fund level financial statements.
  - \$2,412,370 of bond issuance expenses were not properly recorded in the fund level financial statements.
  - A \$55,712,278 bank transfer to a Medical Mart account from the General Fund was recorded as a General Fund expenditure rather than as a transfer-out of the General Fund and a corresponding transfer-in to the Medical Mart Fund.

These errors resulted in a restatement of the financial statements as disclosed in Note R, misstatements to government wide and fund financial statements and corrections to Notes to the financial statements. The accompanying financial statements and the County’s accounting records reflect adjustments recording these amounts. We recommend the County develop appropriate monitoring procedures to ensure the financial statements and notes are complete and accurate.

**County’s Response**

We agree with the auditors' comments. We will develop appropriate monitoring procedures to ensure that the financial statements and notes are complete and accurate. Staff will be required to analyze financial reports as well as revenue and expense ledgers on a periodic basis to ensure that County financial activity is accurately reflected and that issues of concern are resolved in a timely manner.

**CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A - §133 - §505  
 FOR THE YEAR ENDED DECEMBER 31, 2010  
 (CONTINUED)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS        REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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(Continued)

<b>Finding Number</b>	<b>2010-02</b>
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**Material Noncompliance Finding – County Financial Reports**

Ohio Rev. Code §117.38 provides that GAAP basis entities must file an annual financial report with the Auditor of State within 150 days of their fiscal year-end.

Ohio Rev. Code §319.11 states in part that the county auditor upon completing the annual financial report shall publish notice that the report has been completed and is available for public inspection at the office of the county auditor. This notice shall be published once in two newspapers of general circulation published in the county; except that if only one newspaper is published in the county, then publication in only one newspaper is required. If there are no newspapers in the county, then publication should be done in the largest circulating newspaper of an adjoining county.

The County filed the 2010 annual financial report with the Auditor of State on May 27, 2011. However, the report headings, data and information were actually 2009 information. Comparative information provided was a comparison of 2009 to 2008 rather than 2010 compared to 2009. The County also failed to publish the required notice. This weakness results in delays in the audit process and hinders the County's ability to analyze financial information and make sound financial decisions.

We recommend the County file complete and accurate annual reports and publish the required notice.

**County's Response**

We agree with the auditors' comments. The County anticipates that we will be up to date on financial statement submissions for 2012. Therefore the comparative analysis and all other information will be relevant.

<b>Finding Number</b>	<b>2010-03</b>
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**Material Noncompliance Finding – Negative Cash Fund Balances**

Ohio Rev. Code § 5705.10(H) provides that money paid into a fund must be used only for the purposes for which such fund has been established. A fund with a negative fund balance signifies that monies from other funds were used to meet their obligations.

**CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A - §133 - §505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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(Continued)

<b>Finding Number</b>	<b>2010-03</b>
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(Continued)

As of December 31, 2010, the following funds had negative cash fund balances:

<u>Fund</u>	<u>Amount</u>
Governmental Funds:	
Community Development – D	(\$5,583,845)
Community Development - A	(4,077,025)
Community Development Stimulus	(1,256,779)
Workforce Investment Act Operating	(1,359,333)
Capital Projects Fund	(62,091,528)
Capital Projects Mixed	(61,135)
Capital Projects ARRA	(83,366)
Proprietary Funds:	
County Parking Garage	(505,270)
Printing and Reproduction	(41,008)

A fund with a negative cash fund balance indicates that money from another fund was used to pay the expenditures of that fund.

We recommend the County consider advancing monies from the General Fund in order ensure negative cash fund balances are eliminated.

**County's Response**

We agree with the auditors' comments. The County is adjusting policies and procedures to better analyze accounts to eliminate instances of negative cash balances. Staff will be required to analyze the general ledger on a periodic basis and make recommendations on issues of concern throughout the year to ensure that funds are used for their intended purposes.

<b>Finding Number</b>	<b>2010-04</b>
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**Material Noncompliance Finding – Appropriations Exceeded Total Estimated Resources**

Ohio Rev. Code § 5705.39 states that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purposes for which such fund is established.



**CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A - §133 - §505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>Finding Number</b>	<b>2010-04</b>
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**(Continued)**

The County filed their original permanent appropriations on January 15, 2010. However, the County Auditor did not issue a “do not exceed” certificate due to the following funds having appropriations in excess of total estimated resources:

<u>Fund Name</u>	<u>Original Estimated Revenues Plus Carryover Balances</u>	<u>Appropriations</u>	<u>Variance</u>
Human Services	\$344,725,975	\$ 367,290,469	(\$22,564,494)
Community Development	(8,011,996)	4,787,201	(12,799,197)
Workforce Investment Act Operating	15,762,500	30,570,048	(14,807,548)
Capital Projects Fund	(26,372,591)		(26,372,591)
County Parking Garage	3,866,590	4,087,928	(221,338)
Information Services Center	17,034,523	17,848,583	(814,060)
Printing & Reproduction	3,916,293	4,982,531	(1,066,238)

These weaknesses may result in the County spending more than their available resources.

We recommend the County establish procedures to ensure total appropriations do not exceed total estimated resources.

**County’s Response**

We agree with the auditors' comments. The Financial Reporting department will be coordinating with the Office of Budget and Management and Budget Commission on a periodic basis, at least quarterly, to review the status of the Certificate and will amend the Certificate when needed to alleviate this problem in the future.

**CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A - §133 - §505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2010-05
<b>CFDA Title and Number</b>	Temporary Assistance for Needy Families (TANF) Cluster: Temporary Assistance for Needy Families (TANF) (Title IV-A), CFDA# 93.558 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs CFDA# 93.714
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services

**Material Weakness, Material Noncompliance, Special Tests and Provisions, Awards with ARRA Funding, Subrecipient Monitoring**

Title 2 CFR Section 176.210 states the following:

Recipients agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental Recovery Act funds from regular subawards under the existing program.

Recipients agree to require their subrecipients to include on their Schedule of Expenditures of Federal Awards (SEFA) information to specifically identify Recovery Act funding similar to the requirements for the recipient SEFA described above. This information is needed to allow the recipient to properly monitor subrecipient expenditure of ARRA funds as well as oversight by the Federal awarding agencies, Offices of Inspector General and the Government Accountability Office.

We reviewed all eight Temporary Assistance for Needy Families (TANF) Summer Youth Subrecipient contracts and noted Department of Workforce Development did not disclose the ARRA monies and CFDA# to its subrecipients. Furthermore, the Department did not require its subrecipients report ARRA expenditures on their Schedule of Expenditures of Federal Awards (SEFA). The eight subrecipients had total contract awards of \$7,156,223.

This resulted in the ARRA monies not being properly reported in the subrecipients' SEFA.

We recommend the Department of Workforce Development develop procedures to communicate to its subrecipients the ARRA monies and CFDA#. The Department should also review the subrecipients SEFA to ensure the ARRA monies are properly reported.

**County's Response**

We agree with the auditors' comments. To ensure future compliance, we will work with the Department of Development to establish written policies and procedures for monitoring subrecipients including but not limited to language indicating the source of funds, the CFDA number, and a requirement that the subrecipient provide the County with copies of their A-133 reports within 30 days of release.

**CUYAHOGA COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A - §133 - §505**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2010-06
<b>CFDA Title and Number</b>	Child Care Cluster: Child Care and Development Block Grant (Title IV-A), CFDA# 93.575 Child Care and Mandatory and Matching Funds of the Child Care and Development Fund, CFDA# 93.596  Adoption Assistance (Title IV-E), CFDA# 93.659
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services

**Material Weakness and Material Noncompliance Finding – Procurement and Suspension and Debarment**

2 CFR 180.300 states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transactions with that entity.

When gaining an understanding of the control environment for the Child Care Cluster and the Adoption Assistance federal programs, we were informed by the County's administrators of these programs they were not aware of the suspension and debarment requirements. As a result, these federal programs did not have controls in place to ensure that contractors suspended or disbarred did not receive federal program monies.

We recommend that procedures be developed for the Child Care Cluster and Adoption Assistance federal programs to ensure that prior to contracting with vendors that will be paid with federal funds they verify the vendor is not suspended or debarred by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor.

**CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A - §133 - §505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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(Continued)

<b>Finding Number</b>	<b>2010-06</b>
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(Continued)

**County's Response**

We agree with the auditors' comments. To ensure future compliance, policies and procedures will be implemented to ensure that vendor suspension/debarment status/history will be verified prior to contracting with vendors that will be paid with federal funds. County Council will craft and adopt a comprehensive debarment (ban) policy and procedure ordinance requiring contractors/vendors to certify that they are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in any contract/subcontract by any federal department or agency.

<b>Finding Number</b>	2010-07
<b>CFDA Title and Number</b>	Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B), CFDA# 84.027 ARRA - Special Education - Grants to States (Idea, Part B), CFDA# 84.027 Special Education - Preschool Grants (IDEA Preschool), CFDA# 84.173
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	U. S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Material Weakness, Material Noncompliance, Questioned Costs, Allowable Costs/Cost Principals**

**2CFR Part 225, Appendix B, paragraphs 8.h 3 and 4** establish the requirements pertaining to allocating payroll expenditures for federal programs. 2 CFR Part 225, Appendix B, paragraphs 8.h 3 requires that employees expected to charge their salaries and wages solely on a single Federal award or cost objective, support with periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. 2 CFR Part 225, Appendix B, paragraphs 8.h 4 requires that employees expected to charge their salaries or wages for work on multiple activities or cost objectives, support their distribution by personnel activity reports or equivalent documentation.

A test of 25 employees from the Board of Development Disabilities charging the Special Education Cluster federal grant disclosed none of them completed a semi-annual certification that the employee worked solely on this federal program during 2010. This weakness may result in employees improperly charging the federal program when they should be charging other programs and/or funds.

The total amount tested was \$31,341 and is considered a questioned cost.

We recommend that employees charging their time solely to the Special Education Cluster federal program support it by completing periodic certifications that the employees worked solely on that program for the period covered by the certification.

**CUYAHOGA COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A - §133 - §505**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
<b>(Continued)</b>

<b>Finding Number</b>	<b>2010-07</b>
<b>(Continued)</b>	

**County's Response**

We agree with the auditors' comments. We will work with the Board of Developmental Disabilities to ensure future compliance, time/effort certifications will be signed by employees paid from/covered by federal programs.

<b>Finding Number</b>	2010-08
<b>CFDA Title and Number</b>	Temporary Assistance for Needy Families (TANF) Cluster: Temporary Assistance for Needy Families (TANF) (Title IV-A), CFDA# 93.558 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs CFDA# 93.714
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services

**Material Weakness, Material Noncompliance, Eligibility - Maintenance of Records Finding**

Maintenance of Eligibility Records – TANF Prevention, Retention, and Contingency (PRC) Program:

45 CFR 206.10, *Application, determination of eligibility and furnishing of assistance, (a) State plan requirements.* A State plan under title I, IV-A, X, XIV, or XVI (AABD), of that Social Security Act shall provide, in part, (8) each decision regarding eligibility or ineligibility will be supported by facts in the applicant's or recipient's case record. The Ohio Department of Job and Family Services passes through TANF (IV-A) assistance to the Cuyahoga County Department of Job and Family Services (CCDJFS) to provide TANF Prevention, Retention, and Contingency (PRC) program benefits.

The CCDJFS is responsible for maintaining case files and all pertinent support documentation to provide evidence that control procedures have been performed by the County over the TANF PRC Program, to provide back-up documentation regarding eligibility and other case activity, and to substantiate the CCDJFS is complying with federal rules and regulations.

During a test of 40 case files, we noted the following:

- Four instances (10%) in which the PRC applications were not maintained in the electronic case files.
- Ten instances (25%) in which the "Notice of Decision of Your Application For PRC Benefits" were not maintained in the electronic case files.

We also noted six instances (19%) of 31 case files tested in which the PRC Applications containing the supervisory approvals/sign-offs were not maintained in the electronic case files.

**CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A - §133 - §505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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(Continued)

<b>Finding Number</b>	<b>2010-08</b>
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(Continued)

These weaknesses may result in applicants receiving federal monies when they are not eligible.

We recommend that all required forms be maintained in the electronic file.

**County's Response**

We agree with the auditors' comments. We will work with the Department of Job and Family Services to ensure that all required forms will be maintained in electronic format. Appropriate training, monitoring and analytical procedures will be implemented to correct the scanning and documentation issues identified.

<b>Finding Number</b>	2010-09
<b>CFDA Title and Number</b>	Temporary Assistance for Needy Families (TANF) Cluster: Temporary Assistance for Needy Families (TANF) (Title IV-A), CFDA# 93.558 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs CFDA# 93.714
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services

**Material Weakness, Material Noncompliance, Questioned Costs, Eligibility - Maintenance of Records Finding**

45 CFR § 260.31(a) states:

- (1) The term "assistance" includes cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).
- (2) It includes such benefits even when they are:
  - (i) Provided in the form of payments by a TANF agency, or other agency on its behalf, to individual recipients; and
  - (ii) Conditioned on participation in work experience or community service (or any other work activity under § 261.30).

As noted in the TANF State Plan effective June 1, 2010 (pages 12-13), the PRC program provides benefits and services to TANF-eligible families who are in need of help with essential support to move out of poverty and achieve self-sufficiency. The program is designed to provide benefits and services that are not considered assistance under 45 CFR § 260.31. The PRC program offers a broad variety of services and short-term benefits for TANF-eligible families that are designed to accomplish one of the four purposes of TANF. Each County Department of Job and Family Services (CDJFS) is required to have a written statement of its PRC program and policy (PRC plan) which among other program requirements should include eligibility requirements for the benefits and services.

**CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A - §133 - §505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

(Continued)

<b>Finding Number</b>	<b>2010-09</b>
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(Continued)

Cuyahoga County’s Prevention Retention Contingency Program Manual, dated November 1, 2010, includes eligibility requirements. In addition, page 6 of the Manual states that “all countable income which is received or expected to be received during the 30 day budget period is considered when determining financial need.” The 30-day budget period begins 30 days prior to the date of the PRC application.

During a test of 39 case files, we noted eligibility documentation was not maintained in four instances (10%). A summary of the results are as follows:

- In one case, (2.5%), the Residency Support, Minor Child Support, Income Eligibility Support and the applicant’s explanation of the specific change that led to the PRC Application was not maintained by CCDJFS in the electronic case file. A review of the Cash Issuance History Screen (IQCH Report) disclosed \$750 in grant funds were used in this instance.
- In one case, (2.5%), the Income Eligibility Support, within the 30-day budget period, was not maintained along with Minor Child Support. A review of the Cash Issuance History Screen (IQCH Report) disclosed \$175 in grant funds were used in this instance.
- In one case, (2.5%), the Income Eligibility Support, within the 30-day budget period, was not maintained. A review of the Cash Issuance History Screen (IQCH Report) disclosed \$650 in grant funds were used in this instance.
- In one case, (2.5 %), the Minor Child Support was not maintained. A review of the Cash Issuance History Screen (IQCH Report) disclosed \$588 in grant funds were used in this instance.

The errors totaled \$2,163 and are a questioned cost. This projects to a questioned cost in excess of \$10,000.

The ODJFS Prevention Retention and Contingency (PRC) Reference Guide, Chapter 3, Section 3030 H. states the application and any other information gathered during the eligibility determination process should be kept in the ongoing Ohio Works First (OWF), Medicaid, and/or food stamp Assistance Group (AG) record. If the AG is not in receipt of ongoing OWF, Medicaid, and/or food stamp assistance, a separate AG folder should be maintained for the PRC application and related verifications. In addition, PRC benefits and services provided to noncustodial parents should be maintained in a separate AG record. The AG record should contain sufficient documentation of the case activity on the PRC application, including an explanation of unexpected or unavoidable delays in processing the application.

Cuyahoga County JFS implemented a scanning system (OnBase) for all case file documentation. As noted above, the eligibility case file documentation was not always scanned and the originals were shredded after a period of time.

Missing case file documentation increases the risk that program funds were used to serve ineligible applicants. Without consistently obtaining, maintaining or reviewing the required documentation on file, the CCDJFS may not be able to fully support or ensure payments were made only to or on behalf of eligible recipients which could and did result in questionable benefit.

We recommend that all documentation supporting eligibility be retained and scanned into the system. A checklist should also be used to ensure the required information is properly maintained.

**CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A - §133 - §505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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(Continued)

<b>Finding Number</b>	<b>2010-09</b>
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(Continued)

**County's Response**

We agree with the auditors' comments. We will work with the Department of Job and Family Services to ensure that all required forms will be maintained in electronic format and a checklist will be developed/used to ensure that required information is properly maintained."

<b>Finding Number</b>	2010-10
<b>CFDA Title and Number</b>	Child Care Cluster: Child Care and Development Block Grant (Title IV-A), CFDA# 93.575 Child Care and Mandatory and Matching Funds of the Child Care and Development Fund, CFDA# 93.596
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services

**Material Weakness, Material Noncompliance, Questioned Cost, Eligibility Finding**

Child Care Cluster Federal Program,

45 CFR 206.10(a)(8) states that each decision regarding eligibility or ineligibility will be supported by facts in the applicant's or recipient's case record. The Cuyahoga County Department of Job & Family Services (CCDJFS) is responsible for maintaining case files and all pertinent support documentation to provide evidence that control procedures have been performed by the County over the Child Care Cluster, to provide back-up documentation regarding eligibility and other case activity, and to substantiate the CCDJFS is complying with federal rules and regulations.

During a test of 60 case files, we noted the following:

- Seven instances (12%) in which the Application for Child Care Benefits was not maintained.
- Seven instances (12%) in which the Application for Child Care Benefits on file was not date stamped.
- Ten instances (17%) in which the earned and/or unearned amounts calculated on the Child care Calculator Application Worksheet and/or Child Care Budget Computation did not agree to the support in the file. However, based on a recalculation of documents maintained in the client files, we were able to determine the recipient was eligible to receive grant benefits during the respective child authorization period.



**CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A - §133 - §505  
 FOR THE YEAR ENDED DECEMBER 31, 2010  
 (CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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(Continued)

<b>Finding Number</b>	<b>2010-10</b>
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(Continued)

- Three instances (5%) in which the file did not include the exact records (earned and/or unearned income records) used in determining income eligibility (calculation date). For example, the file included paystubs and unearned income support that was dated either before or after the calculation date. Instead of current documentation that supports the eligibility calculation during the respective child authorization period.
- One instance (2%) in which the participant was ineligible to receive grant benefits. Based on the Child Roster Inquiry Report, the participant received \$361 in grant funds during the year.
- One instance (2%) in which the file did not include any records supporting the earned income amounts used in determining income eligibility. Based on the Child Roster Inquiry Report, the participant received \$2,112 in grant funds during the year.

Missing case file documentation and case worker notes increases the risk that program funds were used to serve ineligible applicants. Without consistently obtaining, maintaining or reviewing the required documentation on file, the CCDJFS may not be able to fully support or ensure payments were made only on behalf of eligible recipients which could and did result in questionable benefit.

The errors totaled \$2,473 and are a questioned cost. This projects to a questioned cost in excess of \$10,000.

We recommend that all documentation supporting eligibility be retained. A checklist should also be used to ensure the required information is properly maintained.

**County's Response**

We agree with the auditors' comments. County management has implemented a new software system which will allow the Department of Job and Family Services to retain necessary documentation supporting eligibility as well as all other required information.

**CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A - §133 - §505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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(Continued)

<b>Finding Number</b>	<b>2010-10</b>
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(Continued)

- Three instances (5%) in which the file did not include the exact records (earned and/or unearned income records) used in determining income eligibility (calculation date). For example, the file included paystubs and unearned income support that was dated either before or after the calculation date. Instead of current documentation that supports the eligibility calculation during the respective child authorization period.
- One instance (2%) in which the participant was ineligible to receive grant benefits. Based on the Child Roster Inquiry Report, the participant received \$361 in grant funds during the year.
- One instance (2%) in which the file did not include any records supporting the earned income amounts used in determining income eligibility. Based on the Child Roster Inquiry Report, the participant received \$2,112 in grant funds during the year.

Missing case file documentation and case worker notes increases the risk that program funds were used to serve ineligible applicants. Without consistently obtaining, maintaining or reviewing the required documentation on file, the CCDJFS may not be able to fully support or ensure payments were made only on behalf of eligible recipients which could and did result in questionable benefit.

The errors totaled \$2,473 and are a questioned cost. This projects to a questioned cost in excess of \$10,000.

We recommend that all documentation supporting eligibility be retained. A checklist should also be used to ensure the required information is properly maintained.

**County's Response**

We agree with the auditors' comments. County management has implemented a new software system which will allow the Department of Job and Family Services to retain necessary documentation supporting eligibility as well as all other required information.

**CUYAHOGA COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2009-01	Prior to 2008, bridges on the State Highway System within a municipal corporation were reported by the County based on the County's responsibility for their construction and maintenance. Due to statutory revisions in 2008, the responsibility for reporting the construction and major maintenance for all bridges on State highways within municipalities was placed on the State. Restatement made removing the bridges from the County's financial statements.	Yes	
2009-02	Management should conduct a review of each computer platform, on at least an annual basis, to ensure access is commensurate with employee job responsibilities. Additionally, management should continue to work with Human Resource personnel to periodically provide the Information Systems department a listing of employees who have left the Information Services Center or County agencies, in order for Systems Administrators to ensure that the employees' access has been revoked.	No	Not corrected. reported in the 2010 management letter

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# Dave Yost • Auditor of State

## CUYAHOGA COUNTY FINANCIAL CONDITION

### CUYAHOGA COUNTY

#### CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 18, 2012