

CUYAHOGA COUNTY, OHIO

*Single Audit Report
for the Year Ended
December 31, 2001*



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Commissioners
Cuyahoga County
1219 Ontario Street
Cleveland, Ohio 44113-1657

We have reviewed the Independent Auditor's Report of Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

JIM PETRO
Auditor of State

August 22, 2002

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CUYAHOGA COUNTY, OHIO

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FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

June 30, 2002

Dear Users of County's General Purpose Financial Statements:

The accompanying general purpose financial statements of the County as of and for the year ended December 31, 2001 include the financial statements and notes required under accounting principles generally accepted in the United States of America that are essential to fair presentation of the County's financial position and results of operations and of the cash flows of the County's proprietary fund types. Additional information regarding the County's financial activities for 2001 is available in the County's separately issued Comprehensive Annual Financial Report ("CAFR") for the year ended December 31, 2001. Copies of the CAFR can be obtained by contacting me at:

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

Telephone: (216) 443-7022

Sincerely,

Steven C. Letsky, CPA
Director of Accounting

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the County of Cuyahoga, Ohio (the "County") as of December 31, 2001, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the County. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, MetroHealth System. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, MetroHealth System, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, such general purpose financial statements present fairly, in all material respects, the financial position of the County at December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note B to the general purpose financial statements, effective January 1, 2001, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues (an Amendment to GASB Statement No. 33)* and, retroactively restated its fund balances for the change.

As also discussed in Note B to the general purpose financial statements, the County's discretely presented component unit, MetroHealth System, changed its method of accounting for derivative financial instruments to conform to Financial Accounting Standards Board Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the County, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as 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 general purpose financial statements. This schedule is the responsibility of the management of the County. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

June 7, 2002

**COUNTY OF CUYAHOGA, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT**

**DECEMBER 31, 2001
(Amounts in 000's)**

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
ASSETS AND OTHER DEBITS					
Equity in pooled cash and investments.....	\$ 82,644	\$ 79,710	\$	\$ 14,540	\$ 8,170
Cash and investments - segregated accounts			371		
Receivables:					
Taxes	40,664				
Accounts	577	376			889
Special assessments.....					3,285
Accrued interest.....					
Loans	1,000	14,013			
Less: Allowance for doubtful accounts					(284)
Net Receivables	<u>42,241</u>	<u>14,389</u>			<u>3,890</u>
Due from other funds.....	88,485	253,210	21,897	82	42
Due from other governments.....	26,749	123,031	1,283	4,571	444
Inventory of supplies.....					8
Prepaid expenses and other assets					
Board designated investments					
Deferred bond financing cost					38
Restricted assets -					
Cash and investments	37,345				
Fixed assets:					
Land					5,802
Land improvements					10,647
Utility plant					44,950
Buildings, structures and improvements					14,608
Furniture, fixtures and equipment.....					3,228
Vehicles					3,432
Less: Accumulated depreciation					(43,343)
Construction in progress					7,989
Net Fixed Assets					<u>47,313</u>
Amount available for debt service					
Amount to be provided for retirement of general long-term obligations:					
Debt					
Other					
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 277,464</u>	<u>\$ 470,340</u>	<u>\$ 23,551</u>	<u>\$ 19,193</u>	<u>\$ 59,905</u>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		2001 Totals Primary Government (Memorandum Only)	MetroHealth System (Component Unit)	2001 Totals Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
Internal Service	Agency					
\$ 56,840	\$ 156,762	\$	\$	\$ 398,666	\$	\$ 398,666
	39,996			40,367	8,596	48,963
	1,401,368			1,442,032		1,442,032
18				1,860	52,455	54,315
	4,614			3,285		3,285
				4,614		4,614
				15,013		15,013
				(284)	(7,286)	(7,570)
<u>18</u>	<u>1,405,982</u>			<u>1,466,520</u>	<u>45,169</u>	<u>1,511,689</u>
9,140	4,773			377,629		377,629
465				156,543		156,543
45				53	4,648	4,701
					31,219	31,219
					125,800	125,800
				38	5,191	5,229
				37,345	146,259	183,604
		33,472		39,274	8,954	48,228
		2,888		13,535	8,177	21,712
				44,950		44,950
		444,904		459,512	369,451	828,963
25,237		19,400		47,865	178,363	226,228
4,403		12,798		20,633	7,068	27,701
(22,360)		62,417		(65,703)	(361,235)	(426,938)
<u>7,280</u>		<u>575,879</u>		<u>70,406</u>	<u>6,270</u>	<u>76,676</u>
				630,472	217,048	847,520
			8,261	8,261		8,261
			320,232	320,232		320,232
			76,917	76,917		76,917
<u>\$ 73,788</u>	<u>\$ 1,607,513</u>	<u>\$ 575,879</u>	<u>\$ 405,410</u>	<u>\$ 3,513,043</u>	<u>\$ 583,930</u>	<u>\$ 4,096,973</u>

(Continued)

**COUNTY OF CUYAHOGA, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT**

**DECEMBER 31, 2001
(Amounts in 000's)**

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES					
Accounts payable	\$ 6,901	\$ 68,331	\$ 22,876	\$ 5,351	\$ 788
Deferred revenue	50,122	243,379			
Due third-party payors					
Due to other funds	32,193	62,870		1	252
Due to other governments					38
Accrued wages and benefits	6,813	9,910		22	717
Short-term notes payable				2,440	
Other liabilities					367
Payable from restricted assets					
Loans payable					6,357
Matured bonds payable			14		
Accrued self-insurance					
Capital lease obligations					
Special termination benefits					619
Other debt:					
Notes payable					6,105
Bonds payable					2,635
Total Other Debt					8,740
TOTAL LIABILITIES	<u>96,029</u>	<u>384,490</u>	<u>22,890</u>	<u>7,814</u>	<u>17,878</u>
FUND EQUITY AND OTHER CREDITS					
Investment in general fixed assets					
Contributed capital					18,524
Retained earnings:					
Reserved for restricted assets					
Unreserved					23,503
Fund balance:					
Reserved for restricted assets	37,345				
Reserved for loans receivable	1,000	14,013			
Reserved for debt service	7,600		661		
Unreserved:					
Designated for self-insurance	1,139				
Designated for proprietary funds	8,109				
Undesignated	126,242	71,837		11,379	
TOTAL FUND EQUITY AND OTHER CREDITS	<u>181,435</u>	<u>85,850</u>	<u>661</u>	<u>11,379</u>	<u>42,027</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 277,464</u>	<u>\$ 470,340</u>	<u>\$ 23,551</u>	<u>\$ 19,193</u>	<u>\$ 59,905</u>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		2001 Totals Primary Government (Memorandum Only)	MetroHealth System (Component Unit)	2001 Totals Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
Internal Service	Agency					
\$ 2,239	\$	\$	\$	\$ 83,610	\$ 24,422	\$ 108,032
				316,377		316,377
4,147	278,166			377,629	45,404	45,404
18,590	1,285,667			1,304,295		1,304,295
3,592			22,135	43,189	42,348	85,537
				2,440		2,440
	43,680		15,368	59,415	10,816	70,231
					554	554
			3,888	10,245		10,245
				14		14
437			9,611	10,048	29,471	29,471
4,709			25,915	31,243	10,552	20,600
						31,243
				6,105		6,105
			328,493	331,128	183,829	514,957
			328,493	337,233	183,829	521,062
33,714	1,607,513		405,410	2,575,738	347,396	2,923,134
		575,879		575,879		575,879
				18,524		18,524
40,074				63,577	5,159	5,159
					231,375	294,952
				37,345		37,345
				15,013		15,013
				8,261		8,261
				1,139		1,139
				8,109		8,109
				209,458		209,458
40,074		575,879		937,305	236,534	1,173,839
<u>\$ 73,788</u>	<u>\$ 1,607,513</u>	<u>\$ 575,879</u>	<u>\$ 405,410</u>	<u>\$ 3,513,043</u>	<u>\$ 583,930</u>	<u>\$ 4,096,973</u>

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**COUNTY OF CUYAHOGA, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES**

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	Governmental Fund Types		
	General	Special Revenue	Debt Service
REVENUES			
Property taxes.....	\$ 22,646	\$ 217,629	\$ 19,335
Sales and use tax	157,747		
Other tax	13	28,898	9
State local government fund.....	41,050		
Licenses and permits.....	104	985	
Charges for services.....	59,930	16,308	
Fines and forfeitures.....	5,707	413	
Investment earnings	34,284	1,878	1
Other intergovernmental.....	10,151	570,777	3,562
Miscellaneous.....	4,906	6,118	
TOTAL REVENUES	<u>336,538</u>	<u>843,006</u>	<u>22,907</u>
EXPENDITURES			
Current:			
General government.....	51,543	17,020	
Judicial.....	215,898	62,516	
Development.....	3,620	19,658	
Social services.....	11,527	667,354	
Health and safety.....	1,414	129,614	
Public works.....		32,656	
Miscellaneous.....	1,493		
Capital outlay			
Debt service:			
Principal retirement.....			19,232
Interest.....			18,539
TOTAL EXPENDITURES	<u>285,495</u>	<u>928,818</u>	<u>37,771</u>
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	51,043	(85,812)	(14,864)
OTHER FINANCING SOURCES(USES)			
Operating transfers in	6,658	222,543	11,323
Operating transfers out:			
Component unit	(6,835)	(18,215)	
Debt retirement.....	(10,678)		
Other.....	(65,100)	(167,797)	
Capitalized leases		8,520	
NET OTHER FINANCING SOURCES(USES).....	<u>(75,955)</u>	<u>45,051</u>	<u>11,323</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES.....	(24,912)	(40,761)	(3,541)
FUND BALANCE AT BEGINNING OF YEAR (AS RESTATED-SEE NOTE B)..	206,279	126,657	4,202
RESIDUAL EQUITY TRANSFERS IN(OUT)	<u>68</u>	<u>(46)</u>	
FUND BALANCE AT END OF YEAR.....	<u>\$ 181,435</u>	<u>\$ 85,850</u>	<u>\$ 661</u>

See notes to financial statements.



Capital Projects	2001 Totals (Memorandum Only)
-----------------------------	--

\$	\$ 259,610
	157,747
	28,920
	41,050
	1,089
	76,238
	6,120
1,609	37,772
27,203	611,693
969	11,993
<u>29,781</u>	<u>1,232,232</u>

	68,563
	278,414
	23,278
	678,881
	131,028
25,909	58,565
34,392	1,493
	34,392
	19,232
	18,539
<u>60,301</u>	<u>1,312,385</u>

(30,520)	(80,153)
----------	----------

8,584	249,108
	(25,050)
	(10,678)
(6,024)	(238,921)
	8,520
<u>2,560</u>	<u>(17,021)</u>

(27,960)	(97,174)
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39,361	376,499
<u>(22)</u>	<u> </u>

\$ <u>11,379</u>	\$ <u>279,325</u>
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**COUNTY OF CUYAHOGA, OHIO
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 ALL ANNUALLY BUDGETED GOVERNMENTAL FUND TYPES
 (NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	General Fund			Annually Budgeted Special Revenue Funds		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)	Revised Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES						
Property taxes.....	\$ 22,419	\$ 22,571	\$ 152	\$ 219,764	\$ 216,687	\$ (3,077)
Sales and use tax	157,944	158,018	74			
Other tax	74	13	(61)	29,226	28,831	(395)
State local government fund.....	40,837	41,048	211			
Licenses and permits.....	150	104	(46)	1,094	985	(109)
Charges for services.....	54,129	61,163	7,034	18,777	16,406	(2,371)
Fines and forfeitures.....	6,300	6,013	(287)	463	472	9
Investment earnings	25,000	28,750	3,750	4,022	3,570	(452)
Other intergovernmental.....	10,565	10,343	(222)	698,184	554,223	(143,961)
Miscellaneous	9,354	5,286	(4,068)	6,119	3,169	(2,950)
TOTAL REVENUES	326,772	333,309	6,537	977,649	824,343	(153,306)
EXPENDITURES						
Current:						
General government	64,501	50,689	13,812	18,281	16,596	1,685
Judicial.....	225,024	212,289	12,735	45,419	38,995	6,424
Development.....	2,734	2,328	406	5,691	3,341	2,350
Social services.....	12,042	11,167	875	710,593	638,638	71,955
Health and safety.....	1,532	1,368	164	132,704	125,238	7,466
Public works.....				51,304	31,453	19,851
Miscellaneous	5,785	1,438	4,347			
Debt service:						
Principal retirement.....						
Interest.....						
TOTAL EXPENDITURES	311,618	279,279	32,339	963,992	854,261	109,731
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,154	54,030	38,876	13,657	(29,918)	(43,575)
OTHER FINANCING SOURCES(USES)						
Operating transfers in		6,680	6,680	158,676	150,510	(8,166)
Operating transfers out:						
Component unit	(6,835)	(6,835)		(18,215)	(18,215)	
Debt retirement.....	(10,683)	(10,678)	5			
Other	(37,359)	(37,155)	204	(129,233)	(127,994)	1,239
NET OTHER FINANCING SOURCES(USES)....	(54,877)	(47,988)	6,889	11,228	4,301	(6,927)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES.....	(39,723)	6,042	45,765	24,885	(25,617)	(50,502)
FUND BALANCE AT BEGINNING OF YEAR.....	153,003	153,003		41,568	41,568	
RESIDUAL EQUITY TRANSFERS IN		68	68		201	201
FUND BALANCE AT END OF YEAR	\$ 113,280	\$ 159,113	\$ 45,833	\$ 66,453	\$ 16,152	\$ (50,301)

See notes to financial statements.

Debt Service Fund			2001 Totals (Memorandum Only)		
Revised Budget	Actual	Variance-Favorable (Unfavorable)	Revised Budget	Actual	Variance-Favorable (Unfavorable)
\$ 19,044	\$ 19,223	\$ 179	\$ 261,227	\$ 258,481	\$ (2,746)
4	9	5	157,944	158,018	74
			29,304	28,853	(451)
			40,837	41,048	211
			1,244	1,089	(155)
			72,906	77,569	4,663
			6,763	6,485	(278)
1	1		29,023	32,321	3,298
3,100	3,562	462	711,849	568,128	(143,721)
5,029		(5,029)	20,502	8,455	(12,047)
<u>27,178</u>	<u>22,795</u>	<u>(4,383)</u>	<u>1,331,599</u>	<u>1,180,447</u>	<u>(151,152)</u>
			82,782	67,285	15,497
			270,443	251,284	19,159
			8,425	5,669	2,756
			722,635	649,805	72,830
			134,236	126,606	7,630
			51,304	31,453	19,851
			5,785	1,438	4,347
19,252	19,252		19,252	19,252	
<u>18,849</u>	<u>18,540</u>	<u>309</u>	<u>18,849</u>	<u>18,540</u>	<u>309</u>
<u>38,101</u>	<u>37,792</u>	<u>309</u>	<u>1,313,711</u>	<u>1,171,332</u>	<u>142,379</u>
(10,923)	(14,997)	(4,074)	17,888	9,115	(8,773)
11,324	11,324		170,000	168,514	(1,486)
			(25,050)	(25,050)	
			(10,683)	(10,678)	5
			<u>(166,592)</u>	<u>(165,149)</u>	<u>1,443</u>
<u>11,324</u>	<u>11,324</u>		<u>(32,325)</u>	<u>(32,363)</u>	<u>(38)</u>
401	(3,673)	(4,074)	(14,437)	(23,248)	(8,811)
4,044	4,044		198,615	198,615	
				269	269
<u>\$ 4,445</u>	<u>\$ 371</u>	<u>\$ (4,074)</u>	<u>\$ 184,178</u>	<u>\$ 175,636</u>	<u>\$ (8,542)</u>

**COUNTY OF CUYAHOGA, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 AND DISCRETELY PRESENTED COMPONENT UNIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	Proprietary Fund Types		2001 Totals Primary Government (Memorandum Only)
	Enterprise	Internal Service	
OPERATING REVENUES			
Charges for services.....	\$ 14,756	\$ 82,014	\$ 96,770
Patient service revenue-net.....			
Other revenue.....	77	426	503
TOTAL OPERATING REVENUES.....	<u>14,833</u>	<u>82,440</u>	<u>97,273</u>
OPERATING EXPENSES			
Personal services	7,213	40,782	47,995
Contractual services and claims.....	1,312	10,774	12,086
Commodities	814	10,794	11,608
Depreciation.....	2,294	2,840	5,134
Other expenses	4,719	17,680	22,399
TOTAL OPERATING EXPENSES	<u>16,352</u>	<u>82,870</u>	<u>99,222</u>
OPERATING LOSS	(1,519)	(430)	(1,949)
NONOPERATING REVENUES(EXPENSES)			
Investment income			
Interest expense	(388)	(36)	(424)
Grants			
Gain (loss) on disposal of fixed assets.....	23	(8)	15
NET NONOPERATING REVENUES(EXPENSES)	<u>(365)</u>	<u>(44)</u>	<u>(409)</u>
LOSS BEFORE OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS	(1,884)	(474)	(2,358)
Operating transfers in	1,573	214	1,787
Operating transfers in - primary government			
Operating transfers out:			
Debt retirement	(646)		(646)
Other	(50)	(600)	(650)
Capital contributions	5,593		5,593
NET OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>6,470</u>	<u>(386)</u>	<u>6,084</u>
NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	4,586	(860)	3,726
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (Note B).....			
NET INCOME (LOSS)	4,586	(860)	3,726
DEPRECIATION ON FIXED ASSETS ACQUIRED WITH CONTRIBUTED CAPITAL	1,533		1,533
RETAINED EARNINGS AT BEGINNING OF YEAR.....	<u>17,384</u>	<u>40,934</u>	<u>58,318</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 23,503</u>	<u>\$ 40,074</u>	<u>\$ 63,577</u>

See notes to financial statements.



<u>MetroHealth System (Component Unit)</u>	<u>2001 Totals Reporting Entity (Memorandum Only)</u>
\$	\$
414,580	96,770
19,655	414,580
<u>434,235</u>	<u>20,158</u>
	<u>531,508</u>
310,712	358,707
10,302	22,388
52,304	63,912
32,300	37,434
76,652	99,051
<u>482,270</u>	<u>581,492</u>
(48,035)	(49,984)
17,046	17,046
(8,079)	(8,503)
5,829	5,829
<u>14,796</u>	<u>15</u>
	<u>14,387</u>
(33,239)	(35,597)
25,050	1,787
	25,050
	(646)
	(650)
<u>25,050</u>	<u>5,593</u>
	<u>31,134</u>
(8,189)	(4,463)
<u>1,232</u>	<u>1,232</u>
(6,957)	(3,231)
	1,533
<u>243,491</u>	<u>301,809</u>
<u>\$ 236,534</u>	<u>\$ 300,111</u>

**COUNTY OF CUYAHOGA, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 AND DISCRETELY PRESENTED COMPONENT UNIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	Proprietary Fund Types		2001 Totals Primary Government (Memorandum Only)
	Enterprise	Internal Service	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers and others	\$ 15,009	\$ 4,512	\$ 19,521
Cash receipts from quasi-external operating transactions		78,973	78,973
Other operating cash receipts	78		78
Cash payments to suppliers for goods and services.....	(7,472)	(35,727)	(43,199)
Cash payments to employees for services	(7,092)	(40,863)	(47,955)
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	523	6,895	7,418
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers in from other funds	1,573	214	1,787
Operating transfers in from primary government			
Operating transfers out to other funds	(696)	(600)	(1,296)
Receipts from noncapital grants.....			
Proceeds from short-term interfund loan.....	28	1,184	1,212
Repayment of short-term interfund loan.....		(218)	(218)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES.....	905	580	1,485
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Deposits in project fund.....			
Proceeds from notes	6,365		6,365
Contributed capital.....	239		239
Proceeds from sale of capital assets	23	12	35
Acquisition and construction of capital assets	(4,647)	(1,274)	(5,921)
Principal paid on capital leases		(281)	(281)
Interest paid on capital leases.....		(35)	(35)
Principal paid on long-term debt.....			
Interest paid on long-term debt			
Principal paid on notes	(6,080)		(6,080)
Principal paid on loans	(263)		(263)
Interest paid on loans	(179)		(179)
Principal paid on bonds	(130)		(130)
Interest paid on bonds	(165)		(165)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....	(4,837)	(1,578)	(6,415)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments.....	18		18
Change in investments			
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	18		18
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(3,391)	5,897	2,506
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	11,561	50,943	62,504
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 8,170	\$ 56,840	\$ 65,010

See notes to financial statements.

MetroHealth System (Component Unit)	2001 Totals Reporting Entity (Memorandum Only)
\$ 404,876	\$ 424,397
19,655	78,973
(112,904)	19,733
<u>(310,073)</u>	<u>(156,103)</u>
1,554	<u>(358,028)</u>
	8,972
	1,787
25,050	25,050
5,829	(1,296)
	5,829
	1,212
	<u>(218)</u>
<u>30,879</u>	<u>32,364</u>
	3,459
3,459	6,365
	239
	35
(18,991)	(24,912)
	(281)
	(35)
(6,753)	(6,753)
(7,274)	(7,274)
	(6,080)
	(263)
	(179)
	(130)
	<u>(165)</u>
<u>(29,559)</u>	<u>(35,974)</u>
	12,448
12,430	12,448
<u>(18,942)</u>	<u>(18,942)</u>
<u>(6,512)</u>	<u>(6,494)</u>
(3,638)	(1,132)
<u>3,982</u>	<u>66,486</u>
<u>\$ 344</u>	<u>\$ 65,354</u>

(Continued)

**COUNTY OF CUYAHOGA, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 AND DISCRETELY PRESENTED COMPONENT UNIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	<u>Proprietary Fund Types</u>		<u>2001 Totals Primary Government (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating loss	\$ (1,519)	\$ (430)	\$ (1,949)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Depreciation.....	2,294	2,840	5,134
(Increase) decrease in accounts receivable-net	924	(3)	921
(Increase) decrease in due from other funds	(37)	(3,119)	(3,156)
(Increase) decrease in due from other governments	(244)	4,169	3,925
(Increase) decrease in inventory of supplies.....		4	4
(Increase) decrease in other current assets.....			
Increase (decrease) in accounts payable	(1,099)	(1,060)	(2,159)
Increase (decrease) in due to other funds	21	487	508
Increase (decrease) in due to other governments	(509)	(237)	(746)
Increase (decrease) in accrued wages and benefits	73	(465)	(392)
Increase (decrease) in other liabilities.....			
Increase (decrease) in special termination benefits.....	619	4,709	5,328
TOTAL ADJUSTMENTS	<u>2,042</u>	<u>7,325</u>	<u>9,367</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>523</u>	\$ <u>6,895</u>	\$ <u>7,418</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital contributions - fixed assets/special assessments...	\$ 5,357	\$	\$ 5,357
Unrealized appreciation in fair value of investments			
TOTAL NONCASH TRANSACTIONS	\$ <u>5,357</u>	\$ <u>0</u>	\$ <u>5,357</u>



<u>MetroHealth System (Component Unit)</u>	<u>2001 Totals Reporting Entity (Memorandum Only)</u>
\$ (48,035)	\$ (49,984)
32,300	37,434
4,921	5,842
	(3,156)
	3,925
	4
(9,297)	(9,297)
	(2,159)
	508
	(746)
	(392)
21,665	21,665
<u>49,589</u>	<u>5,328</u>
	<u>58,956</u>
<u>\$ 1,554</u>	<u>\$ 8,972</u>
\$	\$ 5,357
5,346	5,346
<u>\$ 5,346</u>	<u>\$ 10,703</u>

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE A - Description of Cuyahoga County and Basis of Presentation

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

The County applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," under which the financial statements include all the organizations, activities, functions and component units for which the County (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the County's ability to impose its will over the component unit, or (2) the possibility that the Component Unit will provide a financial benefit to or impose a financial burden on the County.

Discretely Presented Component Unit Disclosure: In accordance with GASB Statement No. 14, the MetroHealth System (the Hospital or Component Unit) is included as a discretely presented Component Unit in the County's financial statements. The Hospital provides health care and hospitalization to the general public and care for the County's indigents. The County appoints the majority of the Hospital's Board of Trustees. The Hospital's annual operating budget and investment policy are both approved by the County. The Component Unit is included in the County's reporting entity because of the significance of its operational and financial relationships with the County. The financial information of the Hospital is presented in a separate column to emphasize that it is legally separate from the government. Complete financial statements for the Hospital can be requested from the County Auditor.

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

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

The County uses the following fund types and account groups:

Governmental Funds:

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

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

Debt Service Fund: The Debt Service 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.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

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, operating 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 which are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

Internal Service Funds: These funds are used to account for the goods or services provided 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 which have been collected by the County and which will be distributed to other taxing districts located within the County.

Account Groups:

General Fixed Asset Account Group: This account group is used to present the general fixed assets of the County utilized in its general operations, exclusive of those used in Proprietary funds. General fixed assets include land, land improvements, buildings, structures and improvements, furniture, fixtures and equipment and vehicles owned by the County.

General Long-Term Obligations Account Group: This account group is used to record all long-term obligations of the County except for those of Proprietary funds.

NOTE B - Summary of Significant Accounting Policies

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

Basis of Accounting: All financial transactions for Governmental and Fiduciary funds are reported on the modified accrual basis of accounting. Under this accounting method, revenues are recognized when they become susceptible to accrual, that is, when they are measurable and available to finance County operations. Revenues accrued at the end of the year consist of reimbursements from other governments for grant expenditures and amounts receivable from sales and use taxes collected in December and received within sixty days after year-end. Property taxes are recorded as revenue when measurable and available within a period, which does not exceed sixty days after year-end. Governmental fund expenditures are accrued when the related fund liability is incurred, except interest on long-term debt, which is recorded when due. Proprietary fund financial transactions are recorded on the accrual basis of accounting; revenues are recognized when earned and expenses are recognized as incurred.

The County's primary government currently follows GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" using the guidance established in alternative no. 1, which requires the County to comply with all Financial Accounting Standard Board (FASB) standards issued on or before November 30, 1989, unless they conflict with GASB Statements. The County's primary government has chosen not to apply FASB Standards issued after November 30, 1989. The County's Component Unit has elected to apply alternative no. 2 under GASB Statement No. 20, under which it applies all FASB statements and interpretations (even those issued after November 30, 1989), except for those that conflict with or contradict GASB pronouncements.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

Measurement Focus: All Governmental funds are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are included on the balance sheets. Operating statements present increases and decreases in net current assets.

All Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities whether current or long-term are included on the balance sheets. Fund equity is separated into contributed capital and retained earnings and operating statements present increases and decreases in total net assets.

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. Special Revenue funds which are budgeted annually include Human Services, Health and Human Services Levies, Motor Vehicle Gas Tax, County Board of Mental Retardation and Health and Community Services. 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. During 2001, supplemental budgetary appropriations amounted to approximately \$247 million. The County maintains budgetary control within an organizational unit and fund by not permitting expenditures/expenses and encumbrances to exceed appropriations for personnel, capital purchases and other costs. Elected officials and managers may amend the budget without approval of the County Commissioners as long as amendments are within legal categories. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances are closed to unreserved fund balance/retained earnings at year-end and are re-encumbered and reappropriated at the start of the following year.

The accompanying budget basis financial schedules, comparing budget to actual results of operations, are presented to demonstrate the County's compliance with legally adopted budgets and reflect 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 financial schedules.

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, budgetary data is not presented for Proprietary funds due to the nature of the funds where demand for goods and services largely determines the level of revenues and expenses. There is no legal requirement to report on compliance with such budgets.

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

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

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when susceptible to accrual (GAAP).

The actual results of operations compared to the revised appropriation passed by the Board of County Commissioners for all annually budgeted Governmental funds are presented in the Combined Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual (Non-GAAP Budgetary Basis).

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

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

Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (Amounts in 000's)			
	General Fund	Special Revenue Funds	Debt Service Fund
GAAP basis.....	\$ (24,912)	\$ (40,761)	\$ (3,541)
Less: Multi-Year Budgeted.....		(1,058)	
GAAP basis for annually budgeted funds.....	(24,912)	(39,703)	(3,541)
Increase (Decrease):			
Accrued receivables at 12/31/01 not recognized in the 2001 budget	(157,475)	(372,455)	(23,180)
Accrued receivables at 12/31/00 recognized in the 2001 budget	158,987	415,975	21,404
Expenditures accrued as liabilities at 12/31/01 not recognized in the 2001 budget	96,029	317,509	22,890
Expenditures accrued as liabilities at 12/31/00 recognized in the 2001 budget	(67,245)	(346,943)	(21,246)
Other GAAP adjustments ⁽¹⁾	658		
Budget basis	\$ <u>6,042</u>	\$ <u>(25,617)</u>	\$ <u>(3,673)</u>

(1) Change in the amount of short-term interfund loans by the General fund, unrealized gain on investments and net expenses for the Brownfield project.

Statement of Cash Flows: The County utilizes the direct method with respect to the combined statement of cash flows as defined by the GASB Statement No. 9. For purposes of the combined statement of cash flows, the Proprietary funds and Component Unit consider all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. The amount of cash and cash equivalents reported on the accompanying combined statement of cash flows at the end of the year for the Component Unit differs from the amount of cash and investments reported on the accompanying combined balance sheet by \$280.3 million due to certain investments that are not considered to be cash equivalents.

Pooled Cash and Cash Equivalents: 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 cash equivalents accounts consist of U.S. Treasury Notes and other Federal Government securities, certificates of deposit, commercial paper, revenue anticipation bonds and the State Treasurer's Investment Pool.

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

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

Board Designated Investments: Board designated investments are investments of the Hospital set aside by the board of trustees for future capital improvements and for research and development.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

Restricted Assets: The primary government's restricted assets are composed of the unspent proceeds of certain borrowings that are restricted for use in specified economic development activities and capital projects, as well as deposits and investments held at certain financial institutions throughout the County to support the County's Housing Enhancement Loan Program (H.E.L.P.), which allows homeowners in County communities to borrow money from participating financial institutions to repair or remodel their homes or rental property at below market interest rates. Included in the Discretely Presented Component Unit column are restricted assets consisting of investments restricted by donors, assets under the control of the bond trustee that are used for payment of principal and interest on the Hospital's bonds when due and assets administered by a trustee for the Hospital's self-insurance and workers' compensation trust accounts.

Fixed Assets and Depreciation: Fixed assets are stated on the basis of historical cost or, if contributed, at fair market value at the date received. Infrastructure assets are capitalized only if applicable to Proprietary funds. Infrastructure assets including streets, bridges and sidewalks are not capitalized in the General Fixed Assets Account Group. Depreciation is not provided for the General Fixed Assets Account Group. Depreciation for the Proprietary funds and Hospital is determined by allocating the cost of fixed assets over the estimated useful lives of the assets on a straight-line basis.

The estimated useful lives are as follows:

Land improvements	5 to 20 years
Utility plant	20 to 50 years
Buildings, structures and improvements	5 to 40 years
Furniture, fixtures and equipment	6 to 22 years
Vehicles	4 to 9 years

Capitalization of Interest: The County's policy is to capitalize interest on Proprietary fund and Discretely Presented Component Unit construction projects until substantial completion of the project. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. During 2001, the County capitalized interest amounting to \$.2 million.

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 recorded in the General Long-Term Obligations Account Group. The County utilizes the termination payments method to determine the liabilities for compensated absences as defined in GASB Board Statement No. 16.

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

Contributed Capital: Contributed capital represents Federal and State capital grants and other financing resources provided by the County to Proprietary funds. These contributions are not subject to repayment as long as all grant conditions are met. An amount equivalent to depreciation charges for assets acquired with the portion of contributions that was externally restricted for capital acquisitions or construction is transferred annually to retained earnings from contributed capital.

Net Patient Service Revenue: Net patient service revenue of the Hospital is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital recorded unfavorable adjustments to Medicare and Medicaid revenue of \$1.2 million in 2001 due to prior year retroactive adjustments in excess of amounts previously estimated. In addition, management reduced net patient service revenue \$12.1 million in 2001 to provide for estimated third-party settlement uncertainties.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

Net revenue from the Medicare and Medicaid programs accounted for approximately 26% and 33%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2001. 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. Management believes that an adequate provision has been made in the financial statements for any adjustments that may result from final settlements.

Nonexchange Transactions: Effective January 1, 2001, the County implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues (an amendment of GASB Statement No. 33)*. In general, GASB Statement Nos. 33 and 36 establish accounting and financial reporting standards which address when to report the results of nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. These statements require retroactive application and, accordingly, the County's fund balances as of December 31, 2000 have been restated as follows:

	General Fund	Special Revenue Funds	Debt Service Fund
Fund balances, as previously reported	\$ 200,035	\$ 123,619	\$ 4,010
Increases in assets resulting from implementation:			
Receivables.....	15,327		
Due from other funds	229	2,180	192
Due from other governments.....	20,998	20,944	1,171
Increases in liabilities resulting from implementation:			
Deferred revenues	<u>(30,310)</u>	<u>(20,086)</u>	<u>(1,171)</u>
Fund balance as restated.....	<u>\$ 206,279</u>	<u>\$ 126,657</u>	<u>\$ 4,202</u>

Cash received or receivables recognized with respect to income taxes, property taxes, certain grants and other nonexchange transactions that do not meet the revenue recognition criteria under GASB Statement Nos. 33 and 36 are recorded as deferred revenues.

GASB Statement Nos. 33 and 36 also require that the County report capital grants and other capital contributions as revenues rather than contributed capital. Accordingly, during the year ended December 31, 2001, the County reported \$5.5 million of capital contribution revenues in its Enterprise funds rather than crediting the amounts directly to contributed capital. These capital contribution revenues are composed of \$1.6 million of special assessments and \$3.9 million of construction in progress paid for by the Capital Projects funds through the issuance of general obligation debt and contributed to the County's Enterprise funds when the assets were completed.

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/retained earnings 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 operating transfers in the accompanying financial statements. Operating transfers out are further categorized as transfers to the Component Unit, for debt retirement or other purposes. Component unit transfers represent monies transferred to the MetroHealth System. Transfers for debt retirement represent monies transferred to the Debt Service fund and other transfers represent all other operating transfers out. Residual equity transfers are non-routine, non-recurring transfers of fund balances between funds.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

Fund Balance: The County records reservations of portions of fund balances which are legally segregated for specific future uses or which do not represent available, spendable resources and, therefore, cannot be appropriated for expenditures. Designations of fund balance are amounts that have been designated by management for a specific future use, but are not legally segregated. Undesignated fund balance represents the portion of fund equity that is not reserved or designated for a specific purpose.

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

New Accounting Standards Not Yet Implemented: The GASB has issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments: Omnibus an Amendment of GASB Statement Nos. 21 and 34*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units and are effective for the year ending December 31, 2002. The County has not completed an analysis of the impact of these statements on its reported financial condition and results of operations.

During May 2002 the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which clarifies existing accounting guidance and provides greater consistency in accounting for organizations that are closely related to a primary government. The standard, which is effective for fiscal years beginning after June 15, 2003, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a state or local government. The County has not completed an analysis of the impact of this statement on its reported financial condition and results of operations.

Derivative Financial Instruments and Hedging Activities: In 2001, the Hospital adopted the provisions of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which requires the Hospital to recognize all of its derivative instruments as either assets or liabilities in its financial statements. The Hospital entered into an interest rate swap agreement in 1999 to effectively convert a portion of its fixed rate debt to a variable rate basis. This derivative instrument is not designated as a hedging instrument; therefore, gains and losses are recognized for the Component Unit in the accompanying combined statement of revenues, expenses and changes in retained earnings – all proprietary fund types as changes in the fair value of the instrument occur. Net amounts periodically receivable or payable as a result of the swap agreement are accrued as adjustments to interest expense on the related debt. The implementation of FASB Statement No. 133 was recorded as the cumulative effect of an accounting change, which increased the net income of the Component Unit for the year ended December 31, 2001 by \$1.2 million as reported in the accompanying combined statement of revenues, expenses and changes in retained earnings – all proprietary fund types.

NOTE C - Cash and Investments

Cash and Investments:

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

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

DECEMBER 31, 2001

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 combined balance sheet 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, 2001, follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General	\$	\$ 142,509
Due From:		
Special Revenue	56,922	
Enterprise	29	
Internal Service.....	<u>2,914</u>	<u>(59,865)</u>
Net General		82,644
Special Revenue.....		79,710
Capital Projects.....		14,540
Enterprise		8,170
Internal Service.....		56,840
Agency.....		<u>156,762</u>
Total Equity in Pooled Cash and Investments		\$ <u>398,666</u>

Amounts due to other funds by Special Revenue funds will be paid from collection of reimbursements under grant programs from the Federal and State governments. Amounts owed by the Enterprise and 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 \$47.9 million and the bank balances were \$87.9 million. Of the bank balances, \$.3 million was covered by federal depository insurance and \$87.6 million was uncollateralized as defined by the GASB. These deposits were, however, covered by collateral held by the pledging institution's agent in the name of the depository or the Federal Reserve Bank of Cleveland in pooled securities accounts which were not in the County's name, as permitted under Ohio law. The pooled securities serve as collateral for all public deposits held by the banks, including the County's deposits. The Ohio Revised Code requires that the market value of securities held in the pool be at least equal to 105% of the public deposits held by the banks. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. County policy is to utilize federally insured banks and savings institutions located in the County.

Component Unit

Deposits: At December 31, 2001, the financial statement carrying amount of the Hospital's deposits was \$.6 million and the actual bank balances, including accrued interest, totaled \$.5 million. Federal depository insurance covered approximately \$.1 million of the Hospital's deposits at year-end and are thus a category (1) deposit risk in accordance with the provisions of GASB Statement No. 3. The remainder was uncollateralized as defined by the GASB as it was secured by collateral pools of U.S. Government and municipal securities held by the pledging institution's agent or the Federal Reserve Bank of Cleveland in the name of the depository.

COUNTY OF CUYAHOGA, OHIO NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

Primary Government and Component Unit

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 Ohio Revised Code. Eligible investments include U.S. Treasury Bills and Notes, 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 Ohio Revised Code, State Treasurer's Investment Pool, 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 not more than 5 years.

GASB Statement No. 3 "*Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*" requires the County to categorize its deposits and investments into one of three credit risk categories. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Risk category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the County's name.

At December 31, 2001, the County's Primary Government investments were as follows:

Investment Type	(Amounts in 000's)	
	Category 1	Fair Value/Carrying Value
U.S. Treasury Notes	\$ 5,067	\$ 5,067
U.S. Agency Obligations	348,119	348,119
Commercial Paper	17,284	17,284
Municipal Revenue Anticipation Bonds	<u>18,900</u>	<u>18,900</u>
	<u>\$ 389,370</u>	389,370
Star Ohio		<u>39,141</u>
Total Primary Government Investments		<u>\$ 428,511</u>

At December 31, 2001, the County's Component Unit investments were as follows:

Investment Type	(Amounts in 000's)		
	Category 1	Category 3	Fair Value/Carrying Value
U.S. Treasury Notes	\$ 23,446	\$	\$ 23,446
U.S. Agency Obligations	123,362		123,362
Repurchase Agreements		<u>8,693</u>	<u>8,693</u>
	<u>\$ 146,808</u>	<u>\$ 8,693</u>	155,501
Money Market Funds			<u>124,602</u>
Total Hospital Investments			<u>\$ 280,103</u>

Amounts invested in the State Treasurer's Investment Pool (Star Ohio) and money market funds are not classified by risk category because they are not evidenced by securities that exist in physical or book entry form. Star Ohio is rated AAAM by Standard & Poor's. It is the objective of the fund to stabilize the net asset value per unit at \$1.00 for the purpose of sale and redemption of units of the fund, but it is not guaranteed. Star Ohio is not a registered fund subject to regulatory oversight as the fund is only offered to Ohio public subdivisions with investment authority. Star Ohio is authorized under Section 135.45 of the Ohio Revised Code and has been used by Ohio public entities since its inception in 1986 as a short-term investment vehicle to meet daily liquidity needs.

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE D - Interfund Receivables and Payables

Individual interfund receivable and payable balances as of December 31, 2001 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
General Fund.....	\$ 88,485	\$ 32,193
Special Revenue Funds:		
Human Services	14,915	59,104
Health and Human Services Levies.....	123,265	
Motor Vehicle Gas Tax.....	115	644
County Board of Mental Retardation	89,520	1,520
Health and Community Services	25,069	842
Community Development	325	687
Other	<u>1</u>	<u>73</u>
Total Special Revenue Funds.....	253,210	62,870
Debt Service Fund	21,897	
Capital Projects Fund.....	82	1
Enterprise Funds:		
Sanitary Engineer.....	3	200
County Airport.....		34
Huntington Park Garage.....		16
Cuyahoga County Information System	<u>39</u>	<u>2</u>
Total Enterprise Funds.....	42	252
Internal Service Funds:		
Central Custodial Services	32	1,103
Maintenance Garage	134	630
Data Processing Center	61	69
Printing, Reproduction and Supplies	214	17
Communications.....	282	2,328
Self-Funded Workers' Compensation.....	<u>8,417</u>	<u>-----</u>
Total Internal Service Funds.....	9,140	4,147
Agency Funds:		
Payroll	4,773	
Undivided Tax.....		267,643
Other		<u>10,523</u>
Total Agency Funds.....	<u>4,773</u>	<u>278,166</u>
Totals.....	\$ <u>377,629</u>	\$ <u>377,629</u>

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

DECEMBER 31, 2001

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

Fund Types	(Amounts in 000's)	
	Receivables	Payables
Special Revenue Funds:		
Human Services	\$ 56,251	\$ 14,915
Health and Community Services		13,052
Community Development	<u>671</u>	
Total Special Revenue Funds.....	56,922	<u>27,967</u>
Enterprise Funds:		
County Airport.....	29	
Cuyahoga County Information System.....	<u> </u>	<u>29</u>
Total Enterprise Funds.....	29	29
Internal Service Funds:		
Central Custodial Services		32
Maintenance Garage	622	66
Printing, Reproduction and Supplies		123
Communications.....	2,292	189
Self-Funded Workers' Compensation.....	<u> </u>	<u>2,438</u>
Total Internal Service Funds.....	2,914	2,848
Agency Funds:		
Payroll		1,349
Undivided Tax.....	21,471	
Other	<u>7,149</u>	
Total Agency Funds.....	<u>28,620</u>	<u>1,349</u>
Totals.....	\$ <u>88,485</u>	\$ <u>32,193</u>

The receivables from Special Revenue, Enterprise and Internal Service funds represent amounts overdrawn from the pooled cash account which are owed to the General fund. The receivable from the Undivided Tax Agency fund represents property taxes levied in 2001 to be received in the General fund in 2002. The receivable from Other Agency funds represents investment earnings and fees deposited in various outside bank accounts.

The amounts payable to the Human Services and Health and Community Services funds represent additional subsidies due each of the funds. 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, 2001. The amounts payable to the Payroll Agency fund represent current charges for employee medical benefits and the early retirement program (see Note G).

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE E - Contributed Capital - Proprietary Fund Types

A summary of reductions to contributed capital during 2001 for the County's Enterprise funds follows:

Enterprise Funds	(Amounts in 000's)		
	Contributed Capital At Beginning of Year	Less: Depreciation and Disposition of Fixed Assets Acquired with Contributed Capital	Contributed Capital At End of Year
Sanitary Engineer	\$ 9,015	\$ 812	\$ 8,203
County Airport.....	9,770	374	9,396
Huntington Park Garage	<u>1,408</u>	<u>483</u>	<u>925</u>
Total	\$ <u>20,193</u>	\$ <u>1,669</u>	\$ <u>18,524</u>

NOTE F - General Fixed Assets

A summary of changes in general fixed assets follows:

Asset Type	(Amounts in 000's)			Balance December 31, 2001
	Balance January 1, 2001	Additions	Deductions	
Land.....	\$ 29,879	\$ 3,672	\$ 79	\$ 33,472
Land improvements	1,570	1,318		2,888
Buildings, structures and improvements.....	387,745	62,523	5,364	444,904
Furniture, fixtures and equipment.....	18,270	1,421	291	19,400
Vehicles	12,922	299	423	12,798
Construction in progress ⁽¹⁾	<u>100,490</u>	<u>24,196</u>	<u>62,269</u>	<u>62,417</u>
Totals	\$ <u>550,876</u>	\$ <u>93,429</u>	\$ <u>68,426</u>	\$ <u>575,879</u>

(1) Includes \$3.9 million of construction in progress paid for by the Capital Projects fund through the issuance of general obligation debt and contributed to the County's Enterprise funds in 2001 when the assets were completed.

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

DECEMBER 31, 2001

A summary of construction commitments at December 31, 2001 follows:

Function	Authorized Project Amount	(Amounts in 000's)	
		Expended as of December 31, 2001	Future Commitments
General government.....	\$ 10,259	\$ 7,714	\$ 2,545
Judicial.....	124,167	47,519	76,648
Social services.....	15,798	1,329	14,469
Health and safety.....	7,500	5,557	1,943
Public works.....	<u>1,118</u>	<u>298</u>	<u>820</u>
Totals.....	\$ <u>158,842</u>	\$ <u>62,417</u>	\$ <u>96,425</u>

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

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE G - 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, 2001 is provided below:

Year Issued		Interest Rate	Balance January 1	(Amounts in 000's)		Balance December 31
				Additions	Reductions	
Capital Projects Fund:						
2001	Bond Anticipation Notes					
	Orange Place Extension – Due in 2002.....	4.50%	\$ <u>1,820</u>	\$ <u>4,260</u>	\$ <u>3,640</u>	\$ <u>2,440</u>
Enterprise Funds:						
Various	Loans Payable	4.04% - 7.00%	\$ <u>6,818</u>	\$ _____	\$ <u>461</u>	\$ <u>6,357</u>
2001	Special Termination Benefits – Due thru 2006	7.75%	_____	<u>688</u>	<u>69</u>	<u>619</u>
Notes Payable:						
2001	Bond Anticipation Notes					
	Olmsted Township and Shady Road Improvements					
	–Due in 2002.....	3.00%	5,560	5,845	5,560	5,845
2001	Bond Anticipation Notes					
	Chagrin Falls Waterline – Due in 2002	5.00%	<u>260</u>	<u>520</u>	<u>520</u>	<u>260</u>
	Total Notes Payable.....		<u>5,820</u>	<u>6,365</u>	<u>6,080</u>	<u>6,105</u>
Self-Supporting Bonds Payable:						
1992	Sewer Improvement-Due thru 2012.....	3.50%-6.50%	1,725	_____	100	1,625
2000	Sewer Improvement-Due thru 2020.....	4.55%-5.55%	<u>1,040</u>	_____	<u>30</u>	<u>1,010</u>
	Total Self-Supporting Bonds Payable.....		<u>2,765</u>	_____	<u>130</u>	<u>2,635</u>
	Total Enterprise Funds		\$ <u>15,403</u>	\$ <u>7,053</u>	\$ <u>6,740</u>	\$ <u>15,716</u>
Internal Service Funds:						
Various	Equipment Capital Lease Obligation					
	- Due through 2005		\$ 718	\$ _____	\$ 281	\$ 437
2001	Special Termination Benefits – Due thru 2006	7.75%	_____	<u>5,158</u>	<u>449</u>	<u>4,709</u>
	Total Internal Service Funds		\$ <u>718</u>	\$ <u>5,158</u>	\$ <u>730</u>	\$ <u>5,146</u>
General Long-Term Obligations Account Group:						
	Accrued Wages and Benefits.....		\$ <u>21,221</u>	\$ <u>914</u>	\$ _____	\$ <u>22,135</u>
1999	Installment Purchase Agreement – Due thru 2009.....	5.26%-5.46%	<u>16,952</u>	_____	<u>1,584</u>	<u>15,368</u>
Loans Payable:						
1989	Environmental Protection Agency – Due thru 2007	None	165	_____	27	138
1997	Ohio Department of Development Loan – Due thru 2016	None	<u>4,000</u>	_____	<u>250</u>	<u>3,750</u>
	Total Loans Payable		<u>4,165</u>	_____	<u>277</u>	<u>3,888</u>
Various	Capital Lease Obligations					
	-Due thru 2023		<u>2,165</u>	<u>8,520</u>	<u>1,074</u>	<u>9,611</u>
2001	Special Termination Benefits – Due thru 2006	7.75%	_____	<u>28,340</u>	<u>2,425</u>	<u>25,915</u>
General Obligation Bonds - Unvoted:						
1983	Building Improvements-Due thru 2004	9.375%	3,500	_____	875	2,625
1983	Health Service Facilities-Due thru 2004	9.375%	1,480	_____	370	1,110
1983	Auditorium-Due thru 2004	9.375%	700	_____	175	525
1983	Street Improvements-Due thru 2004	9.375%	200	_____	50	150
1983	Sanitary Improvements-Due thru 2004	9.375%	800	_____	200	600
1993	Various Purpose Refunding Bonds-Due thru 2012	2.20%-5.25%	38,015	_____	3,000	35,015
1993	Rock and Roll Hall of Fame-Due thru 2018	2.75%-5.65%	9,970	_____	345	9,625
1995	Various Purpose Improvements-Due thru 2015	3.75%-5.50%	25,410	_____	2,190	23,220
2000	Capital Improvements-Due thru 2020	4.30%-5.75%	<u>96,615</u>	_____	<u>2,555</u>	<u>94,060</u>
	Total General Obligation Bonds - Unvoted.....		<u>176,690</u>	_____	<u>9,760</u>	<u>166,930</u>
General Obligation Bonds - Voted:						
1991	Jail II Series – Due thru 2006.....	6.95%-7.05%	5,086	_____	_____	5,086
1993	Jail Facilities and Various Purpose Refunding Bonds					
	-Due thru 2013	2.20%-5.25%	<u>38,709</u>	_____	<u>5,360</u>	<u>33,349</u>
	Total General Obligation Bonds - Voted.....		<u>43,795</u>	_____	<u>5,360</u>	<u>38,435</u>
	Total Tax Supported Bonds		<u>220,485</u>	_____	<u>15,120</u>	<u>205,365</u>

(CONTINUED)

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

DECEMBER 31, 2001

Year Issued	Interest Rate	Balance January 1	(Amounts in 000's)		Balance December 31
			Additions	Reductions	
General Long-Term Obligations Account Group (Concluded):					
Self-Supporting Bonds:					
1976	6.50%	155	---	155	---
		<u>155</u>	---	<u>155</u>	---
Revenue Bonds:					
1992	Variable	\$ 35,200	\$	\$ 1,600	\$ 33,600
1992	8.625%	35,000			35,000
1994	4.45%-7.60%	38,675		1,270	37,405
1994					
	3.00%	770		627	143
1998					
	5.31%-6.75%	14,585		460	14,125
2000	6.75%	<u>2,855</u>	---	---	<u>2,855</u>
		<u>127,085</u>	---	<u>3,957</u>	<u>123,128</u>
		<u>347,725</u>	---	<u>19,232</u>	<u>328,493</u>
Total General Long-Term Obligations Account Group.....		<u>\$392,228</u>	<u>\$ 37,774</u>	<u>\$24,592</u>	<u>\$ 405,410</u>
Component Unit					
Capital Lease Obligation:					
Various	4.958%-4.96%	\$ <u>12,278</u>	\$ <u>757</u>	\$ <u>2,483</u>	\$ <u>10,552</u>
Bonds:					
1997					
	3.90%-5.80%	62,145	323	3,815	58,653
1997	4.10%-5.50%	68,173	432	220	68,385
1999	6.125%-6.15%	<u>56,783</u>	<u>8</u>	---	<u>56,791</u>
		<u>187,101</u>	<u>763</u>	<u>4,035</u>	<u>183,829</u>
Total Component Unit.....		<u>\$199,379</u>	<u>\$ 1,520</u>	<u>\$ 6,518</u>	<u>\$ 194,381</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, 2001:

Year	(Amounts in 000's)	
	General Long-Term Obligations Account Group	Internal Service funds
2002.....	\$ 1,894	\$ 307
2003.....	1,833	100
2004.....	1,784	33
2005.....	1,714	25
2006.....	1,674	
2007-2011.....	8,320	
2012-2016.....	497	
2017-2021.....	42	
2022-2023.....	<u>4</u>	
Total Minimum Lease Payments.....	17,762	465
Amount Representing Interest.....	<u>(8,151)</u>	<u>(28)</u>
Present Value of Net Minimum Lease Payments.....	<u>\$ 9,611</u>	<u>\$ 437</u>

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

DECEMBER 31, 2001

The following summarizes future minimum payments and the present values of net minimum lease payments for the Component Unit's equipment capital leases at December 31, 2001:

Year	(Amounts in 000's) Equipment Obligation
2002.....	\$ 3,388
2003.....	3,388
2004.....	2,529
2005.....	779
2006.....	779
Thereafter.....	780
Total Minimum Lease Payments.....	<u>11,643</u>
Amount Representing Interest.....	<u>(1,091)</u>
Present Value of Net Minimum Lease Payments.....	\$ <u>10,552</u>

As of December 31, 2001, the carrying value of the fixed assets recorded as capital leases under the General Fixed Assets Account Group, Internal Service funds and Component Unit were \$35.9 million, \$1.4 million and \$14.4 million, respectively.

Future Debt Service Requirements: A summary of the County's future debt service requirements for its outstanding long-term bonds, notes, installment purchase agreement and loans payable at December 31, 2001 are as follows:

Due In	(Amounts in 000's)			
	Enterprise Funds		General Long-Term Obligations Account Group	
	Principal	Interest	Principal	Interest
2002.....	\$ 7,224	\$ 797	\$ 21,757	\$ 20,140
2003.....	470	310	22,502	18,974
2004.....	483	293	21,119	20,064
2005.....	502	275	20,331	19,718
2006.....	521	255	19,496	18,836
2007-2011.....	2,934	954	90,221	83,239
2012-2016.....	2,239	377	71,228	50,398
2017-2021.....	724	59	65,025	17,051
2022-2026.....			15,550	1,496
2027-2030.....			<u>520</u>	<u>82</u>
Totals.....	\$ <u>15,097</u>	\$ <u>3,320</u>	\$ <u>347,749</u>	\$ <u>249,998</u>

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

Due In	(Amounts in 000's) Component Unit Principal and Interest
2002	\$ 14,782
2003	14,770
2004	14,769
2005	14,768
2006	14,746
Thereafter	<u>291,865</u>
Total	365,700
Amount representing interest	(171,530)
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....	(8,226)
Unamortized discount.....	<u>(2,115)</u>
Present value of net minimum payments.....	\$ <u>183,829</u>

Component Unit Swap Agreement: In 1999, the Component Unit entered into a 15 year interest rate swap agreement for a notional amount of \$56 million of its fixed rate general obligation bonds. Based on the swap agreement, the Component Unit makes payments calculated at a variable rate equal to the BMA Swap Index to the counterparty to the swap. In return, the counterparty makes payments to the Component Unit based on the fixed rate of 5.41%. Only the net difference in payments is exchanged with the counterparty. The \$56 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The net interest savings for 2001 was \$1.5 million and was recorded as a reduction in interest expense. At December 31, 2001, the fair value of the swap agreement based on its current settlement value was a positive \$2 million which was recorded as an other asset in the accompanying combined balance sheet. The increase of \$.8 million in the fair value of the swap during 2001 is recorded as an unrealized gain on investments.

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

Under the Uniform Bond Act of the Ohio Revised Code, the County has the capacity to issue approximately \$120 million of additional unvoted general obligation debt.

Accrued Wages and Benefits: County employees become eligible to receive one-fourth of their accumulated unpaid sick leave upon retirement after a minimum of ten years of service. Certain agencies may have policies that vary with regard to payment of accrued sick leave upon retirement. Termination of employment must be by retirement to receive accumulated unpaid sick leave. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Vacation time may not be accumulated for more than three years. Unused vacation time is payable upon termination of employment. In general, employees are eligible to be paid for unpaid overtime and unused compensatory time upon termination of employment. All sick, vacation, compensatory and overtime payments are made at the employee's current wage rate.

COUNTY OF CUYAHOGA, OHIO
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The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$22.1 million liability recorded in the General Long-Term Obligations Account Group at December 31, 2001 was based were as follows:

Type	Hours	Amount (in 000's)
Sick	21,960	\$ 389
Vacation	1,150,997	20,384
Overtime	<u>76,879</u>	<u>1,362</u>
Total	<u>1,249,836</u>	\$ <u>22,135</u>

Special Termination Benefits: In May 2001, the Board of County Commissioners authorized the purchase of additional service credit (equal to 20% of accumulated service time up to a maximum of 5 years) under PERS (see Note H) for certain employees close to retirement as an incentive to retire early. The Early Retirement Incentive Program (ERIP) was approved for participating departments and agencies of the County by agreement with the County Commissioners. Eligible employees have until June 30, 2002 to elect to participate in the program. As of December 31, 2001, 401 employees had accepted the program resulting in a total cost of \$34.2 million payable to PERS. This cost and the related obligation was allocated to the County's funds and General Long-Term Obligations Account Group as follows:

(Amounts in 000's)	
Enterprise Funds	\$ 688
Internal Service Funds	5,158
General Long-Term Obligations Account Group	<u>28,340</u>
Total	\$ <u>34,186</u>

As of December 31, 2001, \$2.4 million of the amount initially credited to the General Long-Term Obligations Account Group had been paid and recognized as an expenditure by the County's Governmental funds. Payments are made to PERS in quarterly installments over the life of the purchased service credit. The following summarizes the future payment requirements to fund the cost of the special termination benefits for the employees who had elected to participate in the plan by December 31, 2001:

Year	Proprietary Funds	General Long-Term Obligations Account Group
2002	\$ 1,446	\$ 6,993
2003	1,428	6,922
2004	1,396	6,787
2005	1,344	6,475
2006	<u>744</u>	<u>3,780</u>
Total Termination Benefit Payments	6,358	30,957
Amount Representing Interest	<u>(1,030)</u>	<u>(5,042)</u>
Net Amount	\$ <u>5,328</u>	\$ <u>25,915</u>

As of December 31, 2001, the County estimated 665 employees would elect to participate in the future (through June 30, 2002). All or a portion of these employees could elect to participate in the future (through June 30, 2002), which would increase the County's cost of the program along with its obligation to PERS.

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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, 2001 is \$3.5 million. The remaining proceeds from the issuance were used to fund various capital projects.

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

Effective November 1, 1997, the County issued \$77.5 million of Hospital Refunding Revenue Bonds, Series 1997A. The proceeds of the Series 1997A Bonds were used to advance refund \$73.7 million of Series 1989 Bonds scheduled to mature on February 15, 2019. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9.8 million. This unamortized difference (\$8.2 million at December 31, 2001) is reported in the accompanying financial statements as a deduction from long-term debt and is being charged to operations through the year 2019 using the effective interest method.

Other Financial Obligations

Operating Leases: During the year 2001, the County had approximately 73 operating leases for office space and equipment. At December 31, 2001, there were 40 remaining with future obligations. The operating lease agreements range in length from one month to ten years. Total rental payments for 2001 amounted to \$5.6 million, of which \$760,000 was expended from proprietary funds. Rental obligations for the years 2002 through 2011 are \$11.8 million of which \$1.3 million represents the amount to be paid from proprietary funds. Rental payments for the years 2002, 2003, 2004, 2005 and 2006 will be \$5.1 million, \$4.0 million, \$1.9 million, \$5 million and \$4.4 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 2011. Certain leases contain rent escalation clauses and renewal options for additional periods ranging from two to five years. Rent expense totaled \$1.2 million in 2001. Minimum rental commitments under operating leases extending beyond one year at December 31, 2001 are as follows: 2002 - \$1.2 million; 2003 - \$1.2 million; 2004 - \$1.1 million; 2005 - \$11.4 million; 2006 - \$.3 million, thereafter - \$.9 million.

Gateway Loan Guarantees: The County currently guarantees the repayment of \$35.5 million of bonded debt of Gateway. This amount represents the outstanding par amount of bonds of two issues, the original outstanding amount of which was \$38.4 million of Subordinate Excise Tax Revenue Bonds and \$31.0 million of Stadium Revenue Bonds. As of December 31, 2001, the outstanding balance on these Gateway bond guarantees, including future interest payments, was \$8.9 million on the Subordinate Excise Tax Revenue Bonds (payable through September 1, 2005), and \$38.1 million on the Stadium Revenue Bonds payable through September 15, 2014). The County has not been required to make any payments on behalf of the Gateway bonds.

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.

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As of December 31, 2001, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were \$218.1 million, \$1.5 billion and \$155.8 million, respectively.

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

Primary Government

PERS PLAN DESCRIPTION: All full-time employees of the County, except teachers employed by the County Board of Mental Retardation, participate in the Public Employees Retirement System of Ohio (PERS). It is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefits to the PERS Board of Trustees. PERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

PERS FUNDING POLICY: The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5% of covered payroll, except for law enforcement employees. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits as follows: (1) The law enforcement classification which consists of sheriffs and deputy sheriffs with an employee contribution rate of 10.1% and (2) all other members of the law enforcement program who were placed in a newly named public safety division and are required to contribute 9%. The employer contribution rate is 13.55% of covered payroll, except for law enforcement which is 16.70%. There was a temporary employer contribution rate rollback effective July 2000 through December 2000. The rates were 8.13% of covered payroll except for law enforcement personnel for which the contribution rate was 14.70%. The total employer contributions from the County to PERS (excluding amounts paid in 2001 for ERIP – See Note G) for the years 2001, 2000 and 1999 were \$51.5 million, \$40.3 million and \$45.2 million, respectively, equal to the required contributions for each year.

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

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The portion of the employer contribution rate used to fund postretirement health care for 2001 and 2000 was 4.3% of covered payroll. During 2001 and 2000, \$16.3 million and \$15.9 million, respectively, of the County's total contribution to PERS was used for postretirement benefits. At December 31, 2001, the County was not responsible for paying premiums, contributions, or claims for OPEB under PERS for any retirees, terminated employees or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions used for the 2000 actuarial computations (latest available) were as follows:

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

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

Investment Return: The investment return assumption for 2000 was 7.75%.

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Active Employee Total Payroll: An annual increase of 4.75%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%.

Health Care: Health care costs were assumed to increase 4.75%.

At December 31, 2000, (latest information available), there were 411,076 active participants contributing to the plan. The County's actuarially required OPEB contribution for 2000 equaled the actual amount contributed to PERS by the County. In addition, at December 31, 2000, the actuarial value of the plan's net assets available for OPEB approximated \$11.8 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were \$14.4 billion and \$2.6 billion, respectively.

The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

STRS PLAN DESCRIPTION: Teachers employed by the County Board of Mental Retardation (CBMR) participate in the State Teachers Retirement System Of Ohio (STRS). It is a cost-sharing multiple-employer defined benefit pension plan. STRS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 3307 of the Ohio Revised Code assigns the authority to establish and amend benefits to the STRS Board of Trustees. STRS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

STRS FUNDING POLICY: The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 9.3% of covered payroll. The employer contribution rate is 14% of annual covered payroll. The employer contributions from the County Board of Mental Retardation to STRS for the years 2001, 2000 and 1999 were \$1.9 million, \$1.9 million and \$1.8 million, respectively, equal to the required contributions for each year.

OPEB: STRS also provides OPEB to plan members. The qualifications required to receive benefits replicate PERS. STRS has established a Health Care Reserve fund to accumulate monies for OPEB. The portion of the employer contribution rate allocated to the Health Care Reserve fund was 4.5% of covered payroll. The County's contributions for OPEB for the years 2001, 2000 and 1999 were \$.6 million, \$.8 million and \$1 million, respectively, equal to the required contributions for each year.

The balance in the Health Care Reserve Fund was \$3.3 billion at June 30, 2001 (latest information available). For the year ended June 30, 2001, the net health care costs paid by STRS were \$300.8 million and there were 102,132 eligible recipients.

Component Unit

Retirement and OPEB benefits for Hospital employees are provided through PERS in the same manner as employees of the County's primary government. The Hospital's total contributions to PERS for the years 2001, 2000 and 1999 were \$32.5 million, \$24.3 million and \$28.8 million, respectively, equal to the required contributions for each year. The portion of the Hospital's total contribution to PERS which was used to fund OPEB for the years 2001 and 2000 was \$10.5 million and \$9.5 million, respectively.

NOTE I - Deficit Balances

At December 31, 2001, the County Airport, Central Custodial Services and Communications funds had retained earnings deficits of \$.8 million, \$4.7 million and \$2.6 million, respectively. The County Airport is an Enterprise fund and the Central Custodial Services and the Communications funds are Internal Service funds. The deficits will be eliminated through adjustment of the related fee schedules.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

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NOTE J - 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 fund equity that includes grants and contributions made to the Hospital (Component Unit) which have been restricted by donors or grantees for specific purposes and assets held by the Hospital in a custodial nature. At December 31, 2001, the balance in this account was \$5.2 million. Earnings on investments of these assets are included in restricted assets unless such earnings are not restricted by donors.

This account also 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, 2001, the balance in this account was \$37.3 million of which \$25.5 million represents the fund equity related to the certificates of deposit and \$11.8 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, 2001, \$15 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, 2001, \$8.3 million has been reserved for debt service.

Designation accounts used by the County include:

Designated for Self-Insurance: This account is used to designate resources which management has earmarked to fund any claims or judgements against the County which are not covered by insurance. At December 31, 2001, \$1.1 million has been designated for self-insurance.

Designated for Proprietary Funds: This account is used to designate resources which management has earmarked to retire outstanding Enterprise and Internal Service funds' deficits. At December 31, 2001, \$8.2 million has been designated for future Enterprise and Internal Service funds' subsidies.

NOTE K - 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.

COUNTY OF CUYAHOGA, OHIO
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Self-Insurance: The County has designated \$1.1 million of the fund balance of the General fund, pursuant to Ohio law, to provide monies for claims and judgements not covered by the various County insurance policies. Settled claims from risks covered by the County's insurance policies have not exceeded the insurance coverage for the past three fiscal years. Actual expenditures for claims and judgements against the County in 2001 and estimates for unsettled claims at December 31, 2001, including those incurred but not reported, were immaterial. The County is also self-insured with respect to unemployment and workers' compensation benefits. Self-insurance expenditures were immaterial for unemployment compensation in 2001. 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 Workers' Compensation fund and are based on estimates needed to pay current claims and establish a reserve for claims incurred but not reported. Changes to the estimated claims payable recorded in the Self-Funded Workers' Compensation fund during the years ended December 31, 2001 and 2000 were:

	(Amounts in 000's)	
Estimated Claims Payable	2001	2000
Estimated claims payable beginning of year.....	\$ 18,827	\$ 33,252
Plus: Current year claims and changes in estimates	4,833	(13,047)
Less: Claim payments ⁽¹⁾	<u>5,070</u>	<u>1,378</u>
Estimated claims payable end of year	<u>\$ 18,590</u>	<u>\$ 18,827</u>

(1) The 2000 amount is net of a \$2 million one-time, state-wide dividend credit the Ohio Bureau of Workers' Compensation allowed the County to offset against its claim payments during that year only.

Uncertainties associated with estimates of workers' compensation liabilities can often result in wide ranges of reasonably possible estimates. Estimates developed in the year a claim occurs can vary significantly. Normally, a finite estimate of cost for a specific claim does not become fixed and determinable until a determination of the benefit award is made by the Ohio Bureau of Workers' Compensation. This can occur several years after an injury occurs and a claim is filed. During 2000, the County reduced its estimated workers' compensation liability recorded in prior years by approximately \$17.6 million based on the recommendation of an independent actuary. Since the County entered the retrospective rating program in 1992, it had recorded its best estimate of the liability each year without the assistance of an actuary. The passage of time since the County's entry into the retrospective program has provided sufficient historical information to enable the County's previous liability estimates to be refined and an actuary was consulted to assist in this process. Nevertheless, there is no assurance that additional costs greater than the amount accrued at December 31, 2001 will not be incurred or that changes in workers' compensation laws or their interpretation will not require that additional amounts be spent.

Special Termination Benefits: The State of Ohio has granted statutory authority enabling Ohio public employers to establish early retirement incentive programs. In conjunction with this program, the County Board of Mental Retardation (CBMR) adopted a plan in 1999, which allows for participation by eligible CBMR employees in such a program. The plan is in effect for the period July 1, 2000 through June 30, 2002 during which time eligible employees may elect to retire in exchange for the County paying the necessary amount to PERS and STRS (see Note H) to enable the individuals to receive full retirement benefits under these plans. In 2001, \$.7 million was paid to PERS and STRS under the program. Because CBMR pays these costs when employees elect to participate in the program, there are no amounts recorded as a liability in the accompanying combined balance sheet.

Component Unit

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

COUNTY OF CUYAHOGA, OHIO
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Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The reserve for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, discounted at a rate of 6%. The changes in the reserve were as follows during the years ended December 31, 2001 and 2000:

	(Amounts in 000's)	
Estimated Claims Payable	2001	2000
Estimated claims payable beginning of year.....	\$ 29,685	\$ 24,987
Plus: Current year claims and changes in estimates	18,169	16,577
Less: Claim payments	<u>18,383</u>	<u>11,879</u>
Estimated claims payable end of year	<u>\$ 29,471</u>	<u>\$ 29,685</u>

NOTE L - Encumbrances

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

At December 31, 2001, encumbrances outstanding in Governmental funds and Proprietary funds which were reappropriated in the 2002 budget were:

Fund Type	(Amounts in 000's)
General fund	\$ 31,426
Special Revenue funds	123,355
Capital Projects fund	68,369
Enterprise funds	3,461
Internal Service funds.....	<u>13,724</u>
Total	<u>\$ 240,335</u>

On a GAAP basis, a portion of these encumbrances represented liabilities of the County. At December 31, 2001, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)
General fund	\$ 3,265
Special Revenue funds	33,638
Capital Projects fund	5,335
Enterprise funds	389
Internal Service funds.....	<u>1,628</u>
Total	<u>\$ 44,255</u>

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

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NOTE M - Property Tax Revenues

Property taxes include amounts levied against real, tangible (used in business) and public utility property. The assessed value upon which the 2001 tax collection was based follows:

Property Type	(Amounts in 000's)
Real property	\$ 24,341,838
Personal tangible property.....	3,011,512
Tangible public utility property	<u>1,218,900</u>
Total assessed value	\$ <u>28,572,250</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 .52 is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 10.27 voted mills have been levied for debt service, mental retardation, health and human services and health and welfare. A summary of voted millage follows:

Purpose	Voter Authorized Rate (1)	Rates Levied for Current Year Collection (2)		Final Collection Year
		Agricultural/ Residential	Commercial/ Industrial	
Debt service	\$.27	\$.27	\$.27	2013
Mental retardation	3.90	3.48	3.42	2005
Health and human services.....	3.00	1.82	2.14	2004
Health and welfare	<u>3.10</u>	<u>2.76</u>	<u>2.71</u>	2003
Total voted millage.....	\$ <u>10.27</u>	\$ <u>8.33</u>	\$ <u>8.54</u>	

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

Real property taxes are levied each December on the assessed values as of the preceding January 1st, the lien date. Assessed values are established the preceding year by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in 2000. Public utility property taxes are assessed on tangible personal property, as well as land and land improvements at true value, which is, in general, net book value. Tangible property is assessed at 25% of true value except for inventories which are assessed at 25% of average value. Personal property (other than public utility property) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Under Ohio law, personal property taxes do not attach as a lien on the personal property. Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date.

The County Treasurer bills and collects property taxes on behalf of all taxing districts in Cuyahoga County including the County. Taxes are payable semi-annually. The County's practice is to extend the statutory due dates to January and July. Unpaid taxes become delinquent after December 31 of the year they are due. Foreclosure proceedings may be initiated by the County Prosecutor if delinquent taxes are not paid within one year.

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

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The County accrues property taxes as receivables since they can be measured and recorded when an enforceable legal claim exists. The receivables are also recorded as deferred revenue since they are recorded in advance of the year for which they are levied. Property taxes are recognized as revenue in the year for which they are levied.

Property tax revenues were recorded in the following funds in 2001:

Fund Type	(Amounts in 000's)
General fund.....	\$ 22,646
Special Revenue funds	217,629
Debt Service fund.....	<u>19,335</u>
Total property tax revenues.....	\$ <u>259,610</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2001 for Cuyahoga County was \$33.0 million. The delinquent property tax revenue was not recorded in the financial statements due to the uncertainty of collection. Recording the delinquency would not have an impact on the fund balances of the County since it would be offset by a reserve for doubtful accounts.

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

**COUNTY OF CUYAHOGA, OHIO
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NOTE N - Segment Information for Enterprise Funds and Component Unit

The County maintains four Enterprise funds which provide sanitary sewer, airport, parking, and regional crime information services. The County also has a component unit which operates as a hospital (see Note A). Segment information as of and for the year ended December 31, 2001, follows:

	(Amounts in 000's)					
	Sanitary Engineer	County Airport	Huntington Park Garage	Cuyahoga County Information System	Total Enterprise Funds	Component Unit
Operating revenues	\$ 9,065	\$ 678	\$ 2,543	\$ 2,547	\$ 14,833	\$ 434,235
Operating expenses						
before depreciation	9,230	842	1,476	2,510	14,058	449,970
Depreciation.....	<u>1,340</u>	<u>420</u>	<u>533</u>	<u>1</u>	<u>2,294</u>	<u>32,300</u>
Operating income(loss)	(1,505)	(584)	534	36	(1,519)	(48,035)
Nonoperating revenues(expenses)						
other than grants-net.....	(365)				(365)	8,967
Operating grants						5,829
Operating transfers in		158		1,415	1,573	25,050
Operating transfers out.....			(646)	(50)	(696)	
Current capital contributions.....	1,859	137	3,597		5,593	
Cumulative effect of change in accounting principle.....	-----	-----	-----	-----	-----	<u>1,232</u>
Net income(loss).....	(11)	(289)	3,485	1,401	4,586	(6,957)
Property, plant and equipment:						
Additions	4,313	220	3,597		8,130	20,471
Dispositions.....	1,957				1,957	487
Net working capital	1,706	(90)	767	1,322	3,705	6,083
Total assets	43,868	8,810	5,716	1,511	59,905	583,930
Bonds and other long-term liabilities:						
Payable from operating revenues.....	9,007			19	9,026	250,959
Total fund equity	26,511	8,644	5,565	1,307	42,027	236,534

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE O – Other Intergovernmental Revenue

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2001 follows:

Fund Type	(Amounts in 000's)
General fund:	
State Public Defender reimbursement	\$ 5,999
State property tax reimbursement.....	3,431
Other.....	<u>721</u>
Total General fund.....	\$ <u>10,151</u>
Special Revenue funds:	
U.S. Department of Housing and Urban Development	\$ 15,328
U.S. Department of Justice.....	15,879
Federal and State mental health and retardation.....	159,379
Ohio Department of Alcohol and Drug	
Addiction Services	20,697
Ohio Department of Job and Family Services.....	333,747
Ohio Department of Rehabilitation and Corrections.....	4,051
Ohio Department of Transportation	476
Ohio Department of Youth Services	1,186
State property tax reimbursement.....	14,660
Other.....	<u>5,374</u>
Total Special Revenue funds.....	\$ <u>570,777</u>
Debt Service fund:	
State property tax reimbursement.....	\$ <u>3,562</u>
Capital Projects fund:	
Ohio Department of Job and Family Services.....	\$ 2,404
Ohio Department of Mental Retardation	93
Ohio Department of Transportation	18,778
Other	<u>5,928</u>
Total Capital Projects fund	\$ <u>27,203</u>

NOTE P - Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds which include operating and residual equity transfers. Operating transfers are transfers of resources from a fund receiving revenue to a fund through which those resources will be expended. Residual equity transfers are non-routine, non-recurring transfers of equity between funds, usually transfers of residual balances of discontinued funds.

Operating transfers are recorded as other financing sources (uses) in Governmental funds and as nonoperating revenues (expenses) in Proprietary funds. Residual equity transfers are recorded separately as an adjustment to beginning fund balance in Governmental funds and as an adjustment to contributed capital or retained earnings, as appropriate, for Proprietary funds.

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

DECEMBER 31, 2001

A summary of interfund transfers by fund type follows for the year ended December 31, 2001:

Fund Type Transfer To	(Amounts in 000's) Transfer From					Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Services	
Operating Transfers:						
General	\$	\$ 658	\$ 6,000	\$	\$	\$ 6,658
Special Revenue	61,906	160,563	24	50		222,543
Debt Service	10,677			646		11,323
Capital Projects	1,408	6,576			600	8,584
Enterprise	1,573					1,573
Internal Service	214					214
Component Unit	<u>6,835</u>	<u>18,215</u>	---	---	---	<u>25,050</u>
Total Operating Transfers	\$ <u>82,613</u>	\$ <u>186,012</u>	\$ <u>6,024</u>	\$ <u>696</u>	\$ <u>600</u>	\$ <u>275,945</u>
Residual Equity Transfers:						
General	\$	\$ 68	\$	\$	\$	\$ 68
Special Revenue	--	<u>28</u>	<u>22</u>	--	--	<u>50</u>
Total Residual Equity Transfers	\$ <u>0</u>	\$ <u>96</u>	\$ <u>22</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>118</u>

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE Q - 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 governmental 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, 2001, the County has \$106 million of debt outstanding relating to these bond issues (See Note G).

The amount due from Gateway under the revolving loan agreement is \$170.3 million at December 31, 2001, including unpaid accrued interest. During 2001, Gateway repaid the County over \$2 million and the remaining amount is fully reserved due to the uncertainty of the repayment from Gateway.

The County, Gateway and the Convention and Visitors Bureau of Greater Cleveland (the Bureau) entered into a cooperative agreement on September 15, 1992, which included a provision that allowed a credit to be given to Gateway for the incremental amount the Bureau receives from the County Transient Occupancy Tax to use as payment to the County for the bonds issued. This agreement was amended on December 22, 1998 to redefine the annual incremental credit and to provide for the deposit by the Bureau for the years 1994 through 1998. The County received \$1 million from this agreement during the year ended December 31, 1999. The County will receive \$.2 million during each subsequent year, subject to certain adjustments. The County received \$.2 million for the year ended December 31, 2001.

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

NOTE R – Loans

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

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education:</i>			
Food Distribution	10.550	N/A	\$ 7,333
National School Lunch Program	10.555	IRN66563	519,945
National School Lunch Program	10.555	IRN66597	135,327
Total Child Nutrition Cluster			<u>662,605</u>
Total U.S. Department of Agriculture			<u>662,605</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education:</i>			
CCBMR Title VI-B School Age Grant	84.027	066563-6B-SF-01P	259,365
CCBMR Title VI-B School Age Grant	84.027	066563-6B-SF-02P	203,076
Total			<u>462,441</u>
CCBMR Title VI-B Preschool Grant	84.173	066563-PG-S1-01P	62,885
CCBMR Title VI-B Preschool Grant	84.173	066563-PG-S1-02P	54,703
Total			<u>117,588</u>
Total Special Education Cluster			<u>580,029</u>
<i>Passed Through the Ohio Department of Rehabilitation Services Commission:</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Title I	760,050
Total			<u>760,050</u>
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Drug Free Schools	84.186	N/A	225,000
Total			<u>225,000</u>
Total U.S. Department of Education			<u>1,565,079</u>
U.S. DEPARTMENT OF ENERGY			
<i>Passed Through the Ohio Department of Development:</i>			
Home Weatherization Assistance Program	81.042	D-98-109	37
Home Weatherization Assistance Program	81.042	D-99-109	(37)
Home Weatherization Assistance Program	81.042	D-00-109	90,270
Home Weatherization Assistance Program	81.042	D-01-109	193,605
Total			<u>283,875</u>
Stripper	(1)	MDL-378	37
Stripper	(1)	MDL-378	(37)
Exxon	(1)	MDL-378	140,544
Exxon	(1)	MDL-378	1,739
Total			<u>142,283</u>
Total U.S. Department of Energy			<u>426,158</u>

(1) Federal CFDA number could not be identified.

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>Passed Through the Ohio Disaster Services:</i>			
Emergency Management	83.530	34 - 6000.817	88,809
Total			<u>88,809</u>
<i>Passed Through the Ohio Department of Public Safety:</i>			
ODPP Training Aids 2001	83.552	H-536	4,694
Total			<u>4,694</u>
Total Federal Emergency Management Agency			<u>93,503</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Programs:</i>			
Post TANF Tracking Grant	93.239	98ASPE-305A	22,438
Ryan White HIV Emergency Relief Project	93.914	BRH-890045-03-0	(33)
Ryan White HIV Emergency Relief Project	93.914	2H89HA00045-06	1,784,460
Ryan White HIV Emergency Relief Project	93.914	H89-HA-00045-04	3,327
Ryan White HIV Emergency Relief Project	93.914	6H89HA00045-03-1	1,231,697
Total HIV Cluster			<u>3,019,451</u>
Total			<u>3,041,889</u>
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Treatment Services PRC	93.558	N/A	27,948
Out of School Initiative	93.558	N/A	398,487
Total			<u>426,435</u>
<i>Passed Through the Ohio Department of Development:</i>			
Home Energy Assistance Program	93.568	H-98-109	37
Home Energy Assistance Program	93.568	H-99-109	(37)
Home Energy Assistance Program	93.568	H-00-109	109,907
Home Energy Assistance Program	93.568	H-01-109	403,315
Total			<u>513,222</u>
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Prevention & Treatment of Substance Abuse Block Grant	93.959	N/A	9,524,133
TASC FY'01	93.959	18-2962-00-TASC-T-01-9196	496,445
TASC FY'02	93.959	18-2962-00-TASC-T-02-9196	367,453
Total			<u>10,388,031</u>
Medicaid Assistance Program - Title XIX	93.778	N/A	4,012,690
Total			<u>14,400,721</u>
<i>Passed Through the Ohio Department of Mental Health Services:</i>			
Social Services Block Grant - Title XX	93.667	MH12	1,268,854
Medicaid Assistance Program - Title XIX	93.778	N/A	32,601,724
Community Mental Health Services Block Grant	93.958	MH12	399,280
Total			<u>34,269,858</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Services Block Grant - Title XX	93.667	MR-18-01	1,235,075
Medicaid Assistance Program - Title XIX	93.778	N/A	<u>13,729,299</u>
Total			<u>14,964,374</u>
Total U.S. Department of Health and Human Services			<u>67,616,499</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Programs:</i>			
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster	14.218	N/A	5,225,389
Emergency Shelter	14.231	N/A	125,537
Supportive Housing Program	14.235	N/A	3,677,358
Shelter Plus Care Program	14.238	N/A	4,438,250
CDBG Home Investment Partnership Program	14.239	N/A	2,076,900
Youthbuild Grant Program	14.243	N/A	54,096
Special Initiative Grant - Project East	14.246	N/A	177,246
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	<u>981,456</u>
Total U.S. Department of Housing and Urban Development			<u>16,756,232</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through the Office of Criminal Justice Services:</i>			
State Criminal Alien Assistance Program	16.606	2001-AP-DX-1157	<u>438,023</u>
Ohio Juvenile Accountability Incentive Block Grant	16.523	98-JB-D13-A053	(17)
Juvenile Accountability Incentive Block Grant	16.523	1999-JB-013-0789	116,063
Juvenile Accountability Incentive Block Grant	16.523	2000-JB-RPU-0700	54,822
Vertical Prosecution - JAIBG FY2001	16.523	99-JB-004-A107	29,196
Vertical Prosecution - JAIBG FY2002	16.523	00-JB-004-A107	46,802
Evening Reporting Program	16.523	1999-JB-002-A122	<u>43,204</u>
Total			<u>290,070</u>
Juvenile Accountability Incentive Block Grant Administration	16.540	1999-JB-RPU-0709	98,434
Juvenile Justice and Delinquency Prevention FY '98 Admin	16.540	98-JJ-ADM-0320	15,000
Juvenile Justice and Delinquency Prevention Block Grant FY '98	16.540	98-JJ-RPU-0785	89,315
Juvenile Justice and Delinquency Prevention Title V Block Subgrant FY'98	16.540	98-JV-RPU-0786	12,341
Juvenile Justice and Delinquency Prevention Title V Block Subgrant FY'99	16.540	1999-JV-RPU-0796	77,349
Juvenile Justice and Delinquency Prevention Title II Block Subgrant FY'99	16.540	99-JJ-RPU-0795	<u>67,013</u>
Total			<u>359,452</u>
Internet Crimes	16.542	2000MCCXK016	<u>67,514</u>
Total			<u>1,155,059</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
<i>Passed Through the Office of Criminal Justice Services:</i>			
Aggression Control Training Program FY '99	16.579	98-DG-FO2-7467	63
Education and Employment Grant FY '99	16.579	98-DG-FO2-7407	26
Education and Employment Grant FY '98	16.579	97-DG-FO2-7407	(12,172)
Byrne Memorial Block Grant FY'97	16.579	97-DG-RPU-0777	437
2000 Youth Violence Therapy	16.579	99-DG-FO2-7429	2,348
2000 DV Survivors Project	16.579	99-DG-DO2-7426	(9,078)
FY'99 Byrne Administration	16.579	99-DG-ADM-7431	28,338
Narcotics Control Block Grant FY '98	16.579	98-DG-RPU-0787	53,240
Narcotics Control Block Grant FY '99	16.579	98-DG-RPU-0797	111,548
2000 Aggression Control Program	16.579	99-DG-DO2-7467	(8,873)
2000 Education and Employment	16.579	99-DG-DO2-7407	362
Forensic Training FY '99	16.579	98-DG-GO3-7455	171
Cognitive Education Project FY '00	16.579	98-DG-GO2-7400	7,942
Cuyahoga AFIS Upgrade	16.579	98-DG-GO1-7172	276,241
Youth Violence Therapy FY'01	16.579	00-DG-FO2-7429	43,622
Community Prosecution FY'01	16.579	00-DG-BO1-7415	91,685
DV Survivors Project FY'01	16.579	00-DG-DO2-7426	57,719
Polygraphing Sex Offenders FY'01	16.579	00-DG-FO2-7432	41,281
Gang Awareness FY'01	16.579	00-DG-GO3-7413	2,370
Byrne Administration FY'01	16.579	00-DG-ADM-7431	48,006
Narcotics Control Block Sub-Grant FY'00	16.579	00-DG-RPU-0707	438,290
RSAT Therapeutic Community	16.579	99-RS-SAT-120	87,184
Children Who Witness Violence FY'01	16.579	00-DG-DO2-7472	14,405
2001 Aggression Control Program	16.579	00-DG-FO2-7467	59,892
2001 Education and Employment	16.579	00-DG-DO2-7407	67,556
Trace Evidence Study - FY'01	16.579	00-DG-GO2-7411	14,815
Cognitive Education Project FY'01	16.579	00-DG-GO2-7400	27,779
Unified Criminal History Project	16.579	99-DG-GO1-9071	109,591
C3JIS Planning Grant FY'01	16.579	98-DG-GO1-7471	157,039
Domestic Violence Tracking FY'01	16.579	00-DG-FO2-7469	76,340
Gang Awareness FY'00	16.579	99-DG-G03-7413	548
Trace Evidence Study FY'99	16.579	99-DG-G02-7411	622
Sex Offender Grant Management	16.579	99-WP-VX-0007	6,894
Total Byrne Memorial Programs			<u>1,796,231</u>
Violence Against Women Act (VAWA)	16.588	96-WF-VA7-8673	298
Cleveland Prosecutor Violence Against Women Project	16.588	96-WF-VA2-8670	169
VAWA Block Subgrant FY '97	16.588	97-WF-RPU-0778	102,660
VAWA Block Subgrant FY '98	16.588	98-WF-RPU-0788	19,685
VAWA Coordinated Response - Cleveland Rape Crisis	16.588	96-WF-VA5-8676	107
VAWA Inter-Jurisdictional	16.588	99-WF-VA1-8677	19,751
VAWA Inter-Jurisdictional FY'01	16.588	00-WF-VA1-8677	27,784
VAWA Block Subgrant FY '99	16.588	99-WF-RPU-0798	381,064
VAWA Administration Funds FY'99	16.588	99-WF-VAW-8668	16,322

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
VAWA Block Subgrant FY '00	16.588	00-WF-RPU-0708	53,217
VAWA Administration Funds	16.588	00-WF-ADM-8668	1,486
Total Violence Against Women Programs			<u>622,543</u>
<i>Direct Programs:</i>			
Domestic Preparedness Program	16.007	00-TE-CX-0091	<u>299,526</u>
Planning and Implementing Strategies in Community Prosecution	16.580	00-PP-CX-0030	<u>188,176</u>
Federal Drug Court - Juvenile	16.585	99-DC-VX-0060	168,828
Greater Cleveland Drug Court Implementation	16.585	97-DC-VX--0106	21,067
Total			<u>189,895</u>
Local Law Enforcement Block Grant FY'98	16.592	1999-LBVX-6867	765
Local Law Enforcement Block Grant FY'99	16.592	1999-LBVX-8228	179,806
Total			<u>180,571</u>
Protection Order Registry	16.858	97-WE-VX-0101	174,845
Total			<u>1,033,013</u>
Total U.S. Department of Justice			<u>4,606,846</u>
U.S. DEPARTMENT OF LABOR			
<i>Workforce Investment Act of 1998 Passed Through the Ohio Department of Job and Family Services:</i>			
WIA Administration	17.258	None	59,283
WIA Adult	17.258	None	617,148
Total			<u>676,431</u>
WIA Administration	17.259	None	61,654
WIA Youth	17.259	None	651,497
Total			<u>713,151</u>
WIA Administration	17.260	None	116,194
WIA Dislocated Worker	17.260	None	1,128,231
WIA Rapid Response	17.260	None	88,696
Total			<u>1,333,121</u>
<i>Passed Through the Ohio Department of Youth Services:</i>			
Youthful Offender Education and Training	17.249	F-7542-9-00-50-60	295,506
			<u>295,506</u>
Total U.S. Department of Labor			<u>3,018,209</u>

(Continued)

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through the Ohio Environmental Protection Agency</i>			
Brownfield's Reclamation	66.802	V005944-01-9	<u>15,607</u>
Total U.S. Environmental Protection Agency			<u>15,607</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Direct Program:</i>			
County Airport - Airport Improvement Program	20.106	3-39-0021-1201	<u>2,667</u>
<i>Passed Through the Ohio Department of Transportation:</i>			
ODOT - LPA/Chagrin River Bridge	20.205	G000414	613,214
ODOT - LPA/Cedar Road	20.205	G990529	700,550
ODOT - LPA/Cochran Road Relocation	20.205	G990326	397,870
ODOT - LPA/East 200th Street	20.205	G990484	279,992
ODOT - LPA/East 71st Street #212	20.205	G990653	173,578
ODOT - LPA/Hilliard Road	20.205	G000617	185,190
ODOT - LPA/Lakewood Heights Boulevard	20.205	G000194-95	3,218,157
ODOT - LPA/Lee Road	20.205	G010(127)	111,888
ODOT - LPA/Richmond Road Bridge #136	20.205	G990427	19,335
ODOT - LPA/Smith Road	20.205	G010(039)	966,876
ODOT - LPA/Turney Road Reconstruction	20.205	G000190	5,055,715
ODOT - LPA/West 220th Street	20.205	F973(124)	263,650
ODOT - LPA/West 117th Street Project	20.205	G000015	<u>8,061,696</u>
Total Highway Planning and Construction Cluster			<u>20,047,711</u>
			<u>20,050,378</u>
<i>Passed Through the Ohio Environmental Protection Agency:</i>			
Hazardous Materials Emergency Preparation Training	20.703	HMEOH8016060	<u>22,296</u>
Total U.S. Department of Transportation			<u>20,072,674</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 114,833,412</u>

See notes to Schedule of Expenditures of Federal Awards.

(Concluded)

CUYAHOGA COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2001

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, (as defined by GASB Statement No. 14, *The Financial Reporting Entity*) under programs financed by the U.S. government for the year ended December 31, 2001. The Schedule has been prepared using the cash basis of accounting. For purposes of the Schedule, federal awards include the following:

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

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

The County's general-purpose financial statements include the operations of MetroHealth System, a discretely presented component unit, which expended \$6,790,082 in federal awards during the year ended December 31, 2001. These expenditures are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2001 because MetroHealth System had a separate audit performed in accordance with OMB Circular A-133.

2. LOANS RECEIVABLE

As shown in the table below, the County had loans receivable outstanding at December 31, 2001 under the Community Development Block Grant ("CDBG") Entitlement and Home Investment Partnership programs. All of the loans outstanding at December 31, 2001 pertained to federal awards received by the County, or program income associated with these awards, and provided as loans to eligible recipients in prior years. The loan balances detailed below were not included in federal expenditures presented in the accompanying Schedule because the provisions of the grant agreements pertaining to such loans do not require the repayment of the grant monies to the federal government. The loans outstanding at December 31, 2001 under federal grant programs were as follows:

Program Title	Federal CFDA No.	Loan Amounts Outstanding at December 31, 2001
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster	14.218	\$ 10,429,881
CDBG Home Investment Partnership program	14.239	<u>3,779,646</u>
		<u>\$ 14,209,527</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 of Expenditures of Federal Awards.

CUYAHOGA COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2001

4. MEDICAID ASSISTANCE PROGRAM - TITLE XIX

The total amount expended by the County during 2001 under the Title XIX Medicaid Assistance Program (CFDA No. 93.778) is summarized as follows:

Passed Through From	Amount Expended
Ohio Department of Alcohol and Drug Addiction Services	\$ 4,012,690
Ohio Department of Mental Health Services	32,601,724
Ohio Department of Mental Retardation and Developmental Disabilities	<u>13,729,299</u>
Total	<u>\$ 50,343,713</u>

5. TITLE XX SOCIAL SERVICES BLOCK GRANT

The total amount expended by the County during 2001 under the Title XX Social Services Block Grant (CFDA No. 93.667) is summarized as follows:

Passed Through From	Amount Expended
Ohio Department of Mental Health Services	\$ 1,268,854
Ohio Department of Mental Retardation and Developmental Disabilities	<u>1,235,075</u>
Total	<u>\$ 2,503,929</u>

* * * * *

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE AUDIT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of Cuyahoga County, Ohio (the "County") as of and for the year ended December 31, 2001, and have issued our report thereon dated June 7, 2002, which contained explanatory paragraphs describing the implementation of new accounting pronouncements by the County and its discretely presented component unit, MetroHealth System. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, MetroHealth System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the County in the accompanying Schedule of Findings and Questioned Costs, Status of Prior Year Comments on Internal Control and Legal Compliance, Summary of Other Report, and a separate letter dated June 7, 2002.

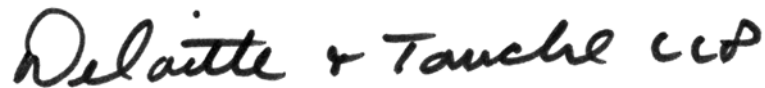
Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the County in the accompanying Schedule of Findings and Questioned Costs, Status of Prior Year Comments on Internal Control and Legal Compliance, Summary of Other Report and a separate letter dated June 7, 2002.

The comments and conclusions included in this report relate solely to the County's primary government (as defined by Government Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*). We understand that the comments and conclusions of the other auditors pertaining to the County's discretely presented component unit, MetroHealth System, regarding compliance and internal control over financial reporting have been separately communicated to you.

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

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

June 7, 2002

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

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

Compliance

We have audited the compliance of Cuyahoga County, Ohio (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's general-purpose financial statements include the operations of MetroHealth System, a discretely presented component unit, which expended \$6,790,082 in federal awards during the year ended December 31, 2001. These expenditures are not included in the County's Schedule of Expenditures of Federal Awards for the year ended December 31, 2001. Our audit, described below, did not include the operations of MetroHealth System because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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

As described in finding 00-1 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with the Davis-Bacon Act requirements that are applicable to its Highway Planning & Construction Cluster. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 99-1 and 01-1.

Internal Control Over Compliance

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

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding 00-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider finding 00-1 to be a material weakness.

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

Deloitte & Touche LLP

June 7, 2002

CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2001

Summary of Auditors' Results

- Type of Report Issued on the Financial Statements as of and for the Year Ended December 31, 2001 - Unqualified.
- Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements - N/A (none reported).
- Noncompliance Noted that is Material to the Financial Statements - N/A (none reported).
- A Reportable Condition in Internal Control Over Major Federal Award Programs was Disclosed by the Audit of the Financial Statements - see Finding 00-1, which was also considered to be a material weakness in internal control.
- Type of Report Issued on Compliance with Requirements Applicable to Major Federal Award Programs - Qualified.
- The audit disclosed three audit findings which are required to be reported under Section .510(a) of OMB Circular A-133.
- Major Federal Award Programs Identified for the Year Ended December 31, 2001:
 - CFDA #14.235 Supportive Housing Program
 - CFDA #14.238 Shelter Plus Care Program
 - CFDA #16.579 Byrne Memorial Programs
 - CFDA #20.205 Highway Planning and Construction Cluster
 - CFDA #93.667 Social Services Block Grant
 - CFDA #93.778 Medicaid Assistance Program
 - CFDA #93.914 Ryan White HIV Emergency Relief Project
 - CFDA #93.959 Prevention and Treatment of Substance Abuse Block Grant
- Dollar Threshold Used to Distinguish Between Type A and Type B Programs - \$3,000,000.
- The County was not considered to be a Low Risk Auditee as defined under OMB Circular A-133.

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

None

CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2001

Findings and Questioned Costs Relating to Federal Awards

Finding No: 99-1

Program Name: Byrne Formula Grant
Title XX Social Services Block Grant

CFDA #: 16.579
93.667

Compliance Area: Monitoring Subrecipients

Condition: During all or a portion of 2001, the subrecipients of the Department of Justice Affairs and the Cuyahoga County Mental Health Board (“CCMHB”) were not submitting their monthly reports timely to the respective agencies.

Criteria: As stipulated in the Fiscal Guidelines of the Byrne Formula Grant and the Title XX Social Services Block Grant, all monthly reports are to be received by the 10th day of the following month to enable the Department of Justice Affairs and CCMHB to prepare an accurate quarterly report by the 15th day following the end of the quarter. According to the Title XX Social Services Block Grant requirements, subrecipients’ Single Audit Reports are to be received by the granting agency within six months of year-end for proper monitoring of the subrecipients’ activities. Additionally, OMB Circular A-133 specifies that the primary recipient is responsible for determining whether a subrecipient expends the federal award in accordance with the applicable federal laws and regulations. Additionally, the primary recipient is responsible for ensuring audits are performed and prompt corrective action is taken on any audit findings.

Cause and Effect: During all or a portion of 2001, there was no effective monitoring of the submission of monthly reports of the subrecipients. Failure to receive these reports resulted in insufficient monitoring of the subrecipients.

Questioned Costs: None

Recommendation: The Department of Justice Affairs and the CCMHB need to promptly follow-up delinquent submissions to ensure that all reports are received according to the guidelines.

CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2001

Management's Response and Corrective Action Plan:

Cuyahoga County Mental Health Board - During the second half of 2001, the CCMHB implemented the following:

- The provider agency contract now requires that the audit report be submitted 30 days after completion or five months after the end of the contract service provider's fiscal year being reported, whichever is sooner.
- The CCMHB has established a Quality Improvement and Monitoring Committee. This committee is made up of a group of the Board of Trustees. Contract service providers that are delinquent must come before this committee to present the reasons for their delinquent submission. The Quality Improvement and Monitoring Committee meets the second Monday of each month.
- The CCMHB also reserves the right via its service provider contract to suspend agency funds based upon the contract service provider's failure to submit the required audit within the required timelines.
- The CCMHB notifies agencies 30 days before their audit report is due as a reminder of the due date and what they are required to submit.

As a result of the corrective actions noted above, only one agency continues to be delinquent in providing the audit within the required time frame. This agency has been presented to the CCMHB's Quality Improvement and Monitoring Committee for review and follow up.

County Contact Person: Mark Jones, Finance Director

Anticipated Completion Date: July 31, 2002

Department of Justice Affairs - Effective January 1, 2002, the Department of Justice Affairs will continue to send certified late notification letters to subrecipients who have failed to submit their monthly financial reports by the 10th day of each month. These letters stress the importance of maintaining fiscal compliance, that reimbursement will not be released without the submission of outstanding monthly financial reports, and that failure to comply could jeopardize future funding. The Cuyahoga County Criminal Justice Services Supervisory Board will continue to support holding reimbursements as delays harm the subrecipients cash position under the reimbursement process. Additionally, the Byrne Formula Grant Committee will be advised of all projects that have demonstrated continual non-compliance. Another alternative being considered is developing a scoring component which could be utilized during the application review process to penalize subrecipients who have demonstrated continual non-compliance.

County Contact Person: Greg Dickerhoof, Business Services Manager

Anticipated Completion Date: July 31, 2002

CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2001

Finding No: 00-1
Program Name: Highway Planning and Construction Cluster
CFDA No: 20.205
Compliance Area: Davis-Bacon Act

Condition: During the first half of 2001, the County Engineer's Department ("County Engineer") did not request payrolls from contractors to determine if contractors are paying prevailing wages.

Criteria: In accordance with 40 USC 276a through 276a-7, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid prevailing wage rates.

Cause and Effect: Even though the County Engineer included a prevailing wage rate clause and the prevailing wage rates for laborers and mechanics in construction contracts, the County Engineer did not request payroll submissions from contractors during the first half of 2001 to ensure that prevailing wages were being paid.

Questioned Costs: None

Recommendation: For appropriate monitoring, the County Engineer should request contractors to submit payroll records for construction projects. The County Engineer should designate appropriate personnel to review the payroll submissions and compare the contractor wage rates to prevailing wage rates.

Management's Response and Corrective Action Plan: During the second half of 2001, the County Engineer designated two individuals to be responsible for compliance with the Davis-Bacon Act. The current process includes organizing and maintaining a file of contractor payroll registers for each project. From this file, random samples are selected to ensure compliance with the Davis-Bacon Act. The random samples are compared to current prevailing wage reports issued by the State of Ohio for accuracy. The chosen samples are clearly marked with a unique stamp. Additionally, a Project Bid Manual was issued by the Prevailing Wage department, which indicates the contractor responsibility for the payroll reports.

Finally, the County Engineer has been reviewing various types of software used to track and monitor contractor payrolls. Within the next two years, the County Engineer intends to implement a tracking software to ensure contractor payrolls are in compliance with the Davis-Bacon Act.

County Contact Person: Mike Bryne, Prevailing Wage Coordinator

Anticipated Completion Date: December 31, 2003

CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2001

Finding No: 01-1

Program Name: Prevention and Treatment of Substance Abuse Block Grant
Medicaid Assistance Program - Title XIX

CFDA No: 93.959
93.778

Compliance Area: Monitoring Subrecipients

Condition: The Alcohol & Drug Addiction Services Board (“ADASB”) and the Cuyahoga County Mental Health Board (“CCMHB”) are not receiving certain subrecipient Single Audit reports within six months after year-end.

Additionally, the ADASB has not completed the Ohio Department of Alcohol & Drug Addiction Services (“ODADAS”) Provider Audit Review Checklist for subrecipients with a year end of June 30, October 31, or December 31, during 2001.

Criteria: Circular A-133 states that grantees and subgrantees that expend \$300,000 or more federal funds shall have audits made by an independent auditor in accordance with *Government Auditing Standards*. Audit reports are to be received by the granting agency within six months of year-end for proper monitoring of the subrecipients’ activities. Additionally, OMB Circular A-133 specifies that the primary recipient is responsible for determining whether a subrecipient expends the federal award in accordance with the applicable federal laws and regulations. Additionally, the primary recipient is responsible for ensuring audits are performed and prompt corrective action is taken on any audit findings.

ODADAS Compliance Audit Guidelines require each agency receiving ODADAS funds to have a complete and signed Provider Audit Review Checklist filed with ODADAS.

Cause and Effect: There is ineffective monitoring of subrecipients through inconsistent receipt of Single Audit reports and the failure to complete the Provider Audit Review Checklist.

Questioned Costs: None

Recommendation: ADASB and CCMHB should consider steps to enforce the timely submission of the required audit reports by subrecipients.

ADASB should complete the Provider Audit Review Checklist and file the checklist with ODADAS within 30 days of receipt of the subrecipient audit report.

CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2001

Management's Response and Corrective Action Plan:

Alcohol & Drug Addiction Services Board - ADASB has been unable to follow-up on subrecipient Single Audit reports and complete Provider Audit Review Checklists due to the transition of Bill Tobin into his new position as Director of Finance. Follow-up and review procedures will be implemented during 2002.

County Contact Person: Bill Tobin, Director of Finance

Anticipated Completion Date: July 31, 2002

Cuyahoga County Board of Mental Health - The CCMHB has identified the contract agencies that continue to be delinquent in submitting their audit reports by the due date. CCMHB staff have implemented a process of providing agencies 30 days before their audit report is due a reminder of the due date and what they are required to submit. It also has established a Quality Improvement and Monitoring Committee (the "Committee") which receives monthly updates. Contract service providers that are delinquent must come before the Committee to present the reasons for their delinquent submission. The Committee meets the first Wednesday of each month.

County Contact Person: Ralph Pietak, Accountant

Date Completed: June 30, 2002

CUYAHOGA COUNTY, OHIO

STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE

INTERNAL CONTROL AND LEGAL COMPLIANCE

Prior Year Finding (99-1) - Under the Byrne Formula Grant and the Title XX Social Services Block Grant programs, the subrecipients of grants provided by the Department of Justice Affairs and the Board of Mental Health, respectively, are not submitting their monthly reports timely to the respective agencies. The Board of Mental Health is also not receiving the yearly Single Audit Reports from subrecipients within six months after year-end.

Current Year Status - During 2001, the Department of Justice Affairs sent letters by certified mail to subrecipients who had not submitted their monthly financial reports to the agency; however, certain subrecipients are still failing to submit monthly reports on a timely basis. Subrecipients that fail to submit their monthly financial reports will not be reimbursed until the monthly financial report is received. The Board of Mental Health revised its subrecipient contract to require audit reports to be received within 30 days of completion or five months after the subrecipient's year-end, whichever is earlier. The Board of Mental Health is not receiving certain subrecipient audit reports within this timeframe. This finding is repeated in this Single Audit Report.

Prior Year Finding (99-2) - Work and Training Rehabilitation Services does not maintain a fixed asset inventory listing for items purchased by the subrecipients of the grant funds. In addition, no site visits occur to test the existence of these assets.

Current Year Status - Work and Training Rehabilitation Services performed site visits in July 2001 for all subrecipients and a complete physical inventory of equipment was conducted. Furthermore, a reconciliation of equipment records to the physical inventory was completed.

Prior Year Finding (00-1) - The County Engineer's Department does not request payroll records from contractors to determine if contractors are paying prevailing wages.

Current Year Status - During the second half of 2001, the County designated two individuals to be responsible for ensuring compliance with the Davis-Bacon Act. Payroll records received from contractors are maintained in a file and are randomly sampled to ensure compliance with the prevailing wage laws. Because these new procedures were not in place during a significant portion of 2001, this finding is repeated in this Single Audit Report.

CUYAHOGA COUNTY, OHIO

SUMMARY OF OTHER REPORT

CUYAHOGA COUNTY VETERANS SERVICE COMMISSION PERFORMANCE AUDIT FINDINGS

During March 2002, the Auditor of the State of Ohio issued a report detailing the observations and recommendations resulting from its performance audit of the Cuyahoga County Veterans Service Commission. The principal findings resulting from the performance audit relating to internal control and legal compliance matters were as follows:

Burial for Veterans Program

Observation - The Veterans Service Commission (the "Commission") offers a \$1,000 burial benefit in lieu of a free grave program that does not fall within the guidelines of Section 5901 of the Ohio Revised Code ("ORC"). The ORC permits the Commission to provide an amount, not to exceed \$1,000, for the funeral and burial of indigent, honorably discharged veterans that are residents of the County, in lieu of the deceased being buried in a County-maintained site set aside for veterans. However, the Commission's program grants \$1,000 to every honorably discharged veteran, regardless of indigence, and is given without regard to the actual cost of the funeral and burial.

Auditor of State's Recommended Corrective Action - The Commission should revise its policies and procedures in this area to comply with the ORC.

Compensation Increases For Commission Members

Observation - Commission members were granted compensation increases while being in office. The Ohio Attorney General and the County prosecutor have both issued opinions indicating that this is a violation of the ORC.

Auditor of State's Recommended Corrective Action - The Commission members should not seek further increases in their compensation during their term of office. The raises that were given in 2001 should be repaid by the Commission members who received them. The Commission should request an opinion from the County Prosecutor's office as to whether raises granted in years prior to 2001 should also be repaid.

Monitoring of Budgets

Observation - The Commission does not have a formal method in place to develop, review or manage a budget. The budget that the Commission presents to the Board of County Commissioners does not contain adequate details to justify requests. In each of the last four years, the Commission has exceeded its annual appropriation. In 2001, the actual spending exceeded the original budget appropriation by 53 percent.

Auditor of State's Recommended Corrective Action - The Commission should develop and utilize a budget as a primary management tool. In addition, the Commission should develop a budget planning process that ultimately is linked to a strategic plan. Once a budget has been developed and adopted, the Commission members should make every effort to monitor spending and remain within the original budget.

CUYAHOGA COUNTY, OHIO

SUMMARY OF OTHER REPORT

CUYAHOGA COUNTY VETERANS SERVICE COMMISSION PERFORMANCE AUDIT FINDINGS (CONT.)

Hiring of an Executive Director

Observation - The position titles of the Commission are not in alignment with the ORC. ORC 5901.06 specifies that the Commission should hire an executive director to manage the day-to-day operations of the Commission. Currently, the Commission members manage the day-to-day operations of the Commission since the Commission does not have an executive director.

Auditor of State's Recommended Corrective Action - The Commission should hire an executive director to remove the Commission members from the day-to-day operations of the Commission.

County of Cuyahoga, Ohio

Comprehensive Annual Financial Report for the Year Ended December 31, 2001



Frank Russo
Cuyahoga County Auditor

COUNTY OF CUYAHOGA,
OHIO

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2001**



FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

Prepared by:

Steven C. Letsky, CPA
Director of Accounting

Cheryl A. Arslanian, CPA
Manager-Financial Reporting

**COUNTY OF CUYAHOGA, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2001**

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**COUNTY OF CUYAHOGA, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2001**

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FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

June 12, 2002

TO: The Citizens Of The County Of Cuyahoga

We are pleased to present the 2001 Comprehensive Annual Financial Report of the County of Cuyahoga. This report provides a full and complete disclosure of the financial position and operations of the County for the year ended December 31, 2001. My office believes that the data herein is accurate in all respects and that all disclosures necessary to enable the reader to gain a maximum understanding of the County's financial affairs have been included.

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

We are proud that Cuyahoga County has received the Certificate of Achievement for Excellence in Financial Reporting 17 times from the Government Finance Officers Association. Attainment of this prestigious award is an annual goal of our office.

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

Respectfully submitted,

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

Frank Russo
Cuyahoga County Auditor



FRANK RUSSO
CUYAHOGA COUNTY AUDITOR

June 12, 2002

Honorable Frank Russo
Cuyahoga County Auditor

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

Honorable James Rokakis
Cuyahoga County Treasurer

We are pleased to present the Comprehensive Annual Financial Report of the County of Cuyahoga for the year ended December 31, 2001. This report contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the County. The responsibility for the accuracy of all data presented, its completeness and fairness of presentation rests with the County Auditor's Office (specifically the Financial Reporting Section), the Board of County Commissioners and the County Treasurer's Office.

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

The CAFR is organized in three sections: The Introductory Section, the Financial Section and the Statistical Section. The Introductory Section contains a table of contents, letters of transmittal, the Certificate of Achievement for Excellence in Financial Reporting for 2000, a list of elected officials and an organization chart. The Financial Section is subdivided in two parts. The first part is the General Purpose Financial Statements (GPFS). The GPFS include the Auditor's opinion letter, the combined financial statements and the notes to these statements. The second part of the Financial Section contains supplemental financial statements and schedules for the various funds of the County. The Statistical Section provides selected financial, economic and demographic information, which may be used to indicate trends for comparative fiscal periods.

REPORTING ENTITY

The County of Cuyahoga is a political subdivision of the State of Ohio. It encompasses 59 municipalities, villages and townships, of which Cleveland is the largest. The County includes 459 square miles and has an estimated population of 1,380,421, making it one of the largest counties in the United States. The County provides general governmental services to its citizens which include: Social services including drug and alcohol abuse programs and programs for the mentally retarded, health and community assistance related services, civil and criminal justice system services, road and bridge maintenance and other general administrative support services. The County operates

several enterprise activities including a sewer system, an airport, a parking garage and a crime information system. The County also operates a hospital, which is presented in the financial statements as a Discretely Presented Component Unit.

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

ECONOMIC OUTLOOK

In 2000, Cuyahoga County Auditor Frank Russo performed his state mandated sexennial role as assessor of all county properties. Owners of commercial and industrial properties saw their market value for tax purposes jump an average of 20%. Market values for commercial properties rose an average of 26% while industrial properties rose 14%. Overall, values for all properties including residential increased 11.5%. Property owners could appeal tax values to the Board of Revision from mid December 2000 through March 31, 2001. Of 38,000 commercial and industrial parcels in the County, 8,000 complaints were filed. Taxes levied on property assessed in 2000 were collected in 2001.

An examination of the job market for businesses in Cuyahoga County was not as encouraging. Employment for the 2nd quarter 2001 compared to the 2nd quarter 2000 showed a reduction of 7.6%. Over the seven county region employment dropped 6.9%. Initial claims for unemployment which peaked following September 11 have steadily declined. Plant and office vacancies grew in 2001. A year of manufacturing layoffs led to an increase in vacancies in the industrial market of 18.5%. The vacancy rate in office space rose 3.2% with all areas of the County affected. The overall industrial and office vacancy rate was 11.4% and 16%, respectively. Hotels were also hit with an increase in their vacancy rate. The drop was 3.8%. The overall hotel occupancy rate was 58.1%. Despite the economic downturn, MBNA Corp., the credit card company, started to construct a 190,000 square foot building at its current complex. The building will be four stories and house 900 employees. Its current three building complex which employs 2,200 people is nearing capacity. It is estimated the building will cost \$25 million.

The Rock and Roll Hall of Fame and Museum, which opened in 1995, is proposing a new library and archives as the centerpiece of an expansion which would connect the Rock Hall to the Great Lakes Science Center. The 40,000 square foot expansion would include public spaces, classrooms, a restaurant and a multipurpose area. The original area slated to house a library was taken over by the special events, marketing and accounting departments. Groundbreaking dates have not been determined nor have costs. The New York based Rock and Roll Hall of Fame Foundation, which oversees the museum in conjunction with the Cleveland Board, has raised unspecified funds for the library and archives. Additional funding is expected to be both private and public with the hall likely to seek state monies. The goal is to not incur additional debt. The overall economic news at the Rock Hall was mixed. Operating revenues grew 2.4% while attendance rose 9.5%. However, failure to secure foundation and sponsorship funding has resulted in layoffs of staff.

The Civic Vision 2000 and Beyond report, a comprehensive plan that will serve as a blueprint for transforming downtown Cleveland in the 21st century was completed in 1996. The Steering Committee, consisting of over 20 community leaders, met over 15 months starting in December 1996. The report calls for spending upwards of \$2.7 billion in public and private funds over 10 years on 5 initiatives of major importance. Dramatically change the lakefront, develop a new and competitive downtown convention center, restore and beautify Euclid Avenue, double the number of

downtown residents and develop attractive and user-friendly systems of connectivity. In addition, the Steering Committee recommended supporting the Greater Cleveland Growth Association task force review of Northeast Ohio's required air service needs, improving the Cleveland public schools and building inter-relationships with adjoining neighborhoods. Most of the Euclid Avenue projects are under construction. Civic Vision's goal is 3,000 new housing units with 1,200 having already been added and 7,000 new downtown hotel rooms with 617 currently in place. The Old Arcade linking Euclid and Superior avenues reopened May 2001 with a new Hyatt Hotel and retail stores. One proposal being considered for the lakefront is the shifting of the shoreway, a main freeway connecting downtown with the east and west side of the County, which runs along Lake Erie. Parts of the shoreway would become a tree-lined boulevard and an eight mile lakefront bike path would be created. It is felt this proposal would facilitate development along the lakeshore. The project could cost over \$1 billion and the source has not been identified.

In 1999, former Cleveland Mayor Michael R. White picked 30 business leaders and politicians to find a location for a new downtown convention center and develop a funding plan. The proposal was delivered in April 2000 which calls for spending \$560 million for a convention center with up to 550,000 square feet of exhibit space and a 600 room hotel. Funding is to be provided by the State, the City and the County as well as private sources. A county-wide restaurant meal tax and an increased or reallocated hotel tax would be the main sources. The facility would be built on the current site expanding north and west, take 4 years to complete and would include a walkway to lakefront museums. It also calls for a new transit center for buses and light rail. A consensus with the County Commissioners and City Council could not be reached with the Mayor's proposal. The Port Authority commissioned another study to radically alter the lakefront and pave the way for a separate proposal to build a convention center next to the Cleveland Browns Stadium. The \$658 million proposal would raise a mile-long man-made island in Lake Erie and move much of Cleveland's port to it. A causeway with a road would connect the island to the mainland. Funding has not been identified for the project and the former Mayor of Cleveland has stated neighborhoods and dilapidated city schools are a higher priority. The slow economy and other priorities have placed the convention center on the back burner. Current Mayor Jane Campbell said the convention center remains on the City's economic radar screen, albeit as a blip.

The expansion of Cleveland Hopkins International Airport has been debated and disputed for over 10 years. The cities of Cleveland and Brook Park have disagreed on the direction of the expansion and whether the I-X Center, an exposition hall, needs to be demolished in order to accommodate future airport runway expansion. In 1999, the city of Cleveland paid \$66.5 million for the I-X Center and Brook Park filed suit in Probate Court to acquire the I-X Center by eminent domain. The cities of Cleveland and Brook Park ended their long dispute concerning the Airport and the I-X Center in February 2001. Under the settlement, the city of Cleveland would receive the I-X Center and 90 acres of neighboring land. The I-X Center would continue to remain open for trade shows until a third runway is needed in 15 years. The city of Brook Park will receive NASA Glenn Research Center and two tracts of land, one 11 acres and the other 34 acres and will receive one-half of the revenues of the Emerald Corporate Park, a Cleveland industrial park north of the airport. Cleveland will purchase up to 300 homes in Brook Park to make way for the new runway. The deal is subject to approval by the city councils of Cleveland and Brook Park. While the dispute continued, a second runway was planned with a third to follow later. Former Mayor White proposed a plan to issue \$750 million in airport bonds to be repaid over 30 years with airport revenue. The City will use \$75 million to reduce current debt and the remaining \$675 million would go to runway projects. Cleveland City Council has proposed breaking the project up into individual projects. The City received the necessary permits to begin the second runway in 2001 and it is currently under construction.

In March 1999, Primary Health Systems, Inc. (PHS), the parent of three Cleveland hospitals and one suburban hospital, filed for Chapter 11 bankruptcy. In February 2000, one of the three hospitals, Mt. Sinai Medical Center, was closed and there was a proposed sale of St. Michael's and Mt. Sinai East to the Cleveland Clinic for the purpose of closing the facilities. The Clinic also proposed to purchase a medical campus which it intended to operate. Public outcry over the closing of St. Michael's along

with local congressional and Cleveland City Council support helped convince the bankruptcy judge to rescind the proposed sale. A public auction led to the sale of St. Michael's and Mt. Sinai East to University Hospitals for the purpose of remaining open as functional facilities and to the Cleveland Clinic purchasing the medical campus. UHHS St. Michael Hospital was in the midst of a \$2.2 million expansion of its emergency room. The expansion allowed the hospital to increase patient capacity to 30,000 annually and create more treatment areas for trauma patients. Construction was completed in 2001. An additional \$500,000 project renovating the lobby and main entrance began in 2001. In December 2000, the hospital opened a 20 bed inpatient gero-psychiatric unit for seniors.

Tyco International Ltd. (formerly Scott Technologies Inc. and Figgie International Incorporated) agreed in 1989 to relocate its headquarters from Richmond, Virginia to an area known as Chagrin Highlands on land owned by the city of Cleveland. A number of financial and procedural problems kept the project from moving forward. There were legal disputes between the city of Cleveland and Scott over this project which delayed development. A trial date of Spring 1996 had been set, but an out of court settlement was reached and construction was to begin once an interchange was completed off the freeway. Financing for the interchange was in dispute, but an agreement was reached between the City and the developer to fund their respective shares of the exit as required by the Ohio Department of Transportation (ODOT). ODOT awarded contracts for the interchange and work was completed in Summer 2000 at a cost of \$9 million. The development on 650 acres will include a 3.5 million square foot office complex and 250,000 square feet of retail space as well as 1,000 hotel rooms. Developers expect six hotels with one 300 room full service inn and the rest in the 80 to 120 room range to be constructed. The project is expected to take 15 to 20 years to complete and will provide 16,000 to 20,000 permanent jobs when completed, generating \$44 million yearly in income taxes among five communities and \$8 million in income taxes from construction jobs over the project life. Ground was broken in June 1998 on the \$14 million four story 110,000 square foot office building and was completed in Fall 1999. Scott occupies 15,000 square feet of the multi-tenant building which is 83% leased. University Hospitals Health System constructed a 100,000 square foot, 4 story technology advanced outpatient specialty medical center in the Chagrin Highlands at an estimated cost of \$29.2 million which opened in February 2001. A complex of 3 restaurants with a total of 810 seats has been proposed for the project. A controversy has developed over the use of the Chagrin Highlands' land. Although the developers promised to build a campus for corporate headquarters, a plan was also formulated to include a mall. Expansion by a nearby mall killed the mall plan, but a new proposal calls for a "big-box" store on the land. While Cleveland City Council was reviewing the proposed amendment to the development contract, the former Mayor of Cleveland, Michael White, vowed to veto such a proposal. It is also opposed by the mayors of Beachwood, Orange, Warrensville Heights and the Trustees of Highland Hills on whose land the development is located.

The Greater Cleveland Regional Transit Authority (RTA) proposed a scaled down version of an earlier rejected transportation system now called the Euclid Corridor Improvement Project. The Euclid Corridor Improvement Project would consist of a dedicated electric trolley bus line between Tower City and University Circle and would relocate 3 stations and renovate 3 others to be completed in 2006. A preliminary engineering study began during the first quarter of 1997 and is in the final stages of completion. The RTA hopes to obtain \$135 million of the cost of the Euclid Corridor makeover from the Federal government with \$50 million from the State and \$35.3 million from RTA and the City. Final design began in late 2000. The RTA switched from wire-guided, trolley-style coaches to a wire-free hybrid system using aerodynamic diesel/electrical powered vehicles which saved \$53 million. Mayor Jane Campbell wants to lower the City's \$17 million previous commitment. The Federal government has guaranteed \$6 million and will decide by the end of 2002 whether to commit its full share. Construction would begin in 2003.

A downturn in the economy and competition from imported steel led LTV Corporation to shut down its west-side steel making and rolling operations and reduce employment by 900. The steelmaker was forced to operate under Chapter 11 bankruptcy. Management originally decided to shut down operations and liquidate the assets. Through a concerted effort by some employees, elected

officials and community leaders, a bankruptcy judge agreed to allow its sale. The plant was sold in 2002 to ISG and currently is back in operation.

The largest development in the greater downtown area concerns a baseball stadium, basketball arena and private development of land surrounding the area called the Gateway project. Gateway is a private nonprofit entity formed by an agreement between the city of Cleveland and Cuyahoga County for the purpose of constructing and operating the baseball and arena facilities. The County Commissioners authorized by resolution a public vote on an excise tax on liquor, beer, wine and cigarettes. The tax amounts to 16¢ on a gallon of beer, 32¢ on a gallon of wine, \$3 on a gallon of liquor and 4.5¢ on a pack of cigarettes imposed at the wholesale level throughout the County. The tax will remain in existence for a period of 15 years. The citizens passed the tax ordinance in the May 1990 primary election. Upon completion of the facilities, Gateway revealed a cost overrun of \$21.5 million. The cost overruns represented monies owed to contractors. Cuyahoga County agreed to loan Gateway \$11.5 million to pay contractor claims. The \$11.5 million interest free loan was to be repaid with 10 year commitments from the city of Cleveland for \$250,000 per year, the Convention and Visitor's Bureau for \$500,000 per year and Gateway for \$400,000 per year. None of the proposed repayment sources have agreed to their respective contributions except the city of Cleveland which has agreed to repay the County with interest earned on future sin tax monies, if any, supporting debt for the new Cleveland Browns stadium beginning in the year 2006. The remaining \$10 million was loaned to Gateway by a local bank. Repayment was to come from a grant from the State of Ohio capital budget. However, the state legislature agreed to provide a \$10 million interest free loan to be repaid by both the County and the city of Cleveland equally over 20 years from State Local Government monies. Also, the owner of the Cleveland Indians, Richard Jacobs, announced in May 1999 his intent to sell the Cleveland Indians. He vowed to sell to an owner who would maintain the team in Cleveland. The lease between the team and Gateway has 13 years remaining. He stated the team would not be sold in the event a suitable owner could not be found. Lawrence Dolan, a local lawyer and businessman, finalized the purchase of the Cleveland Indians in February 2000 for \$323 million. The sale had no financial impact on the operations of Gateway.

In December 1991, a lawsuit was filed in Perry County seeking a determination that the current method of funding public education was unconstitutional. The local court found for the plaintiffs. The trial court ordered the Superintendent of Public Instruction and the State Board of Education to prepare proposals for the General Assembly to eliminate disparities among Ohio's public school districts. The Ohio Attorney General appealed the decision to the Fifth District Court of Appeals. The Court of Appeals reversed the trial court and determined the current system of school funding was constitutional. The decision of the Appeals Court was appealed by the plaintiffs to the Ohio Supreme Court. In March 1997, the Supreme Court ruled for the plaintiffs and overturned the Court of Appeals. While the Supreme Court found the funding system to be unconstitutional, the court gave no specific instructions on remedy. Instead, the court instructed the General Assembly to enact legislation to correct the funding disparity and submit it to the original trial court judge for approval consistent with the court's decision. Due to the complexity of the issue, a stay of twelve months was granted the General Assembly in order to allow adequate study and drafting of the legislation. The General Assembly placed a 1% sales tax on the ballot to raise over \$1 billion of which approximately \$500 million was to be earmarked for property tax relief and the remaining for public education. The ballot issue was overwhelmingly defeated 80% to 20% in the May 1998 primary. The issue was back in the hands of the trial court judge to determine if the State was in compliance with the court decision and, if not, what the remedies are. The trial court judge ruled the State was not in compliance and required the Superintendent of Public Instruction and the State Board of Education to prepare a report setting forth steps for compliance with previous orders of the Court. The proposals were to be presented to the State Legislature after the 1999 session, setting steps to resolve the issue. The Ohio Supreme Court on a vote of 5-4 ordered the state to change the school funding formula to rely less on property taxes. The Court gave the General Assembly until June 2001 to craft a new funding system. In August 2001 the Supreme Court of the State of Ohio agreed the school funding system approved by the state legislature was constitutional with conditions which include spending more on parity aid to poorer school districts.

In Summer 1995, the city of Cleveland passed a council resolution authorizing the imposition and collection of an 8% parking tax on all public parking in Cleveland and a 2% admission tax on all entertainment events. The County agreed to fund a portion of the cost of the project by extending the excise tax on beer, wine, alcohol and tobacco (sin tax) from the year 2005 through 2015. The sin tax was originally approved to repay bonds used to build the baseball stadium. Its life would have expired in the year 2005, when the sin tax bonds are retired. The County Commissioners placed the 10 year tax extension on the ballot. During the fall campaign to pass the tax, the owner of the Cleveland Browns, Art Modell, announced he was moving the team to Baltimore. The tax passed with 75% of the vote in favor as a show of fan support for keeping the Browns in Cleveland. The City sued Art Modell over a specific performance clause in the stadium lease, which required the Browns to play in the stadium during the life of the lease which expired after the 1998 season. In January 1996, during National Football League (NFL) meetings in Chicago, a compromise was reached whereby Art Modell was allowed to take his team to Baltimore but the team name and colors would remain in Cleveland with a promise from the NFL that a new or existing team would be located in Cleveland by the year 1999, and Modell would be required to pay \$9.3 million in damages. In return, the City agreed to build a new stadium with city and county taxes passed for this purpose. Since the county and city taxes would not support the full cost of a new stadium, the NFL agreed to loan up to \$48 million to the project with repayment to come from the sale of private seat licenses. A 30-year lease between the city of Cleveland and the NFL was negotiated which gave the NFL the right to assign the lease to the new team. The NFL owners agreed that an expansion team would be granted to the City. An ownership group headed by local billionaire Al Lerner was granted the expansion franchise at a fee of \$530 million. A plan for the dispersal of players from the other 30 teams was established as well as additional choices in the college player draft. Demolition of Municipal Stadium began in fall 1996. Groundbreaking on the new stadium commenced in May 1997 with the project originally estimated to cost \$247 million. The stadium opened in August 1999 but cost overruns increased the price to almost \$300 million. The NFL agreed to provide an additional \$15 million toward any overruns and the City has stated it has sufficient funding to cover the remainder.

CURRENT YEAR REVIEW

The County began renovating and adding additional elevators to the Justice Center, the County Courthouse, Huntington Park Garage and the County Administration Building Annex to be completed in phases at a cost of \$20.9 million to be funded with bonded debt. Phase I, which is complete, cost \$3 million while Phase II estimated at \$13 million began in 2001 and is 46% complete while Phase III, which includes elevator improvements to Jail II, the annex and juvenile court, has not begun.

The County is addressing state mandates in the area of solid waste management. The Cuyahoga County Solid Waste Management Plan Update was prepared by the Cuyahoga County Solid Waste District, approved by the Ohio Environmental Protection Agency and ratified by local governments in 2000. This plan is now being implemented by the Solid Waste District which was created in 1994 and is controlled by the County Commissioners as trustees, with the County Auditor as fiscal officer and the County Treasurer as treasurer.

The plan implementation activities, which include assuring adequate landfill disposal capacity and conducting recycling awareness and collections activities, are paid for by a \$1 per ton waste generation fee. Cuyahoga County is currently in compliance with Ohio EPA's recycling requirements by recycling 25.3% of its residential, commercial and institutional waste and 65.3% of its industrial waste.

The Solid Waste District provided recycling education resources to county residents through its web site, publications and speakers bureau. In 2001, the District received over 56,000 visitors to its web site, distributed 63,000 publications, and responded to 4,122 information requests from the public. The District also implemented collection programs for materials that are difficult to manage through

community recycling programs. As a result, in 2001, the District collected 428 tons of telephone books, 611 tons of hazardous household waste, 292,000 tons of scrap tires, 160 tons of computers and 19,954 bags of litter.

Other major initiatives include funding of a Brownfield Redevelopment Fund, an energy savings program and setting up neighborhood service centers for the Ohio Works First program. The Brownfield Redevelopment Fund consists of \$22 million, of which the County contributed \$15.5 million and the private sector has committed \$6.5 million, for the purpose of loaning the proceeds to municipalities and private entities for environmental cleanup. The County issued \$15.5 million in economic redevelopment revenue bonds for this purpose to be repaid by the borrowers and county non-tax revenues. The County has reserved a portion of fund balance for the purpose of future loans from bond proceeds. As of December 31, 2001, the County has distributed \$5.7 million. The energy saving program is a result of State of Ohio House Bill 300. The County spent \$23.6 million in 15 county owned buildings for the program with the money to be recovered over 11 years through energy cost savings. The eleven neighborhood service centers were an attempt to bring job training closer to the clients they service in an effort to reduce entitlement programs and move the clients into the work force. The program will be funded by bonded debt. Seven of the sites were under various stages of renovation while some of the others may no longer go forward.

A number of County projects had activity during the year. The Chicago Title Building renovations Phase II began in October 2001 with an estimated cost of \$1.5 million to be completed by June 2002. The County completed some correction center renovations costing \$5.6 million which include renovation of administrative offices and re-programming of lunchroom, training and sub-kitchen areas to provide space for an additional 120 inmates at year end 2001. Phase II renovations estimated to cost \$1.2 million will begin in 2002. The County also constructed a new County Kennel located in Valley View at a cost of \$7.1 million with work completed in 2nd quarter 2002. Among the various projects under construction in 2001 are renovations of the courtrooms for Common Pleas and Domestic Relations courts at a cost of \$4.9 million, Juvenile Court roof replacement estimated to cost \$5.3 million and projected to be completed in mid-year 2003.

Concerns about the integrity of the voting system has led the County to look at technology for solutions. It is estimated to cost \$20 million to put electronic voting in place throughout the County. During the year touch screen machines were tested in various voting locations. The County is looking to buy or lease 8,000 machines.

The County Commissioners implemented an Early Retirement Incentive Program effective July 1, 2001 and ending June 30, 2002. The County agreed to purchase an additional 20% of an employee's years of service up to a maximum of 5 years for eligible employees. In return, county agencies agreed to limit replacement up to 40% of the wages and benefits of the bought-out employee and agreed not to rehire the employee during the period the County was making payment to the Public Employees Retirement System. Certain county agencies including the Common Pleas Court divisions, the Coroner and the Clerk of Courts declined to participate. The goal is to save money and reduce the number of full-time equivalents. It is estimated that 1,065 employees will retire with 400 having already retired under the program as of December 31, 2001.

Due to significant cuts in funding for human service programs from the State of Ohio and reductions in sales tax collection and investment earnings, the County Commissioners, imposed budget cuts of 10% for all County General fund departments. The operating deficit for 2002 was forecast at \$56 million with expenditures to exceed the budget by \$38.8 million based on a 1st quarter review. All agencies have been advised that additional appropriations to cover overspending will not be forthcoming. The County is also pursuing a legal option against the State of Ohio for diverting

Federal dollars from the local governments in order to plug its own budget shortfall. A legal resolution is not expected in 2002.

FUTURE PROJECTS

An agreement has been reached between the Juvenile Corrections Advisory Committee, the Board of County Commissioners and Juvenile Court to construct a new Youth Intervention Center to replace the existing Detention Center. The new facility will house 120 youths in the detention center with an additional 180 beds in the new shelter care and assessment center. A Youth Intervention Center would cost an estimated \$60 million and be completed in 3 to 4 years. A site for the Intervention Center has been chosen and an environmental assessment of the property is underway. Some of the site is contaminated with lead and arsenic and other chemicals. The cost of cleaning up the environment is not yet known. The campus style facility will consist of 3 programs. Level I will be for shelter care and assessment housing, Level II will be for medium secure housing and Level III will consist of maximum secure housing. A number of functional program areas will be shared by each of the housing facilities such as recreation, food service, laundry, storage and housekeeping/trades workspace. The Ohio Youth Services Department has committed \$13.5 million and the County will fund its portion from a bond issue. The center is expected to open in late 2005 or early 2006. Also, currently under review is the Jail III facility. Jail III would be a 200 bed community based corrections facility of which 40 beds would be set aside for female nonviolent felons and a 500 bed misdemeanor facility. The Ohio Department of Rehabilitation has pledged a \$9.6 million grant and the County would be responsible for the cost of the site acquisition. Total estimated cost of the project is \$20.7 million. A new proposal for the jail is to convert the Cleveland police headquarters into a jail. The proposal is currently under review. Site evaluations for the jail are currently in progress.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

GENERAL GOVERNMENT REVIEW

General Government Review highlights the revenues and expenditures in numeric and narrative form for all Governmental funds including the General fund, Special Revenue funds, Debt Service fund and Capital Projects fund.

Financial Highlights/Revenues

	Revenues (in 000's)	Percentage of Total	Increase (Decrease) From Prior Year (in 000's)	Percentage of Increase (Decrease)
Property taxes	\$ 259,810	21.1%	\$26,926	11.6%
Sales and use tax	157,747	12.8	(4,163)	(2.6)
Other tax	28,920	2.3	(210)	(.7)
State local government fund	41,050	3.3	83	.2
Licenses and permits	1,089	.1	(492)	(31.1)
Charges for services	76,238	6.2	3,872	5.4
Fines and forfeitures	6,120	.5	(191)	(3.0)
Investment earnings	37,772	3.1	(3,795)	(9.1)
Other intergovernmental	611,693	49.6	(15,164)	(2.4)
Miscellaneous	11,993	1.0	(2,021)	(14.4)
Total Revenues	<u>\$1,232,232</u>	<u>100.0%</u>	<u>\$ 4,845</u>	<u>.4%</u>

Revenues increased \$4.8 million with most of the increase related to property taxes netted against decreases in sales and use tax, investment earnings and other intergovernmental revenue. The increase in property taxes of \$26.9 million resulted from a new mental retardation levy and the effect of the 2000 reappraisal. In 2000, voters approved a replacement levy for mental retardation. The former levy was 3 mills with an effective rate of 2.76 mills for residential property and 2.91 mills for commercial and industrial property. The replacement levy was 3.9 mills to begin collection in 2001 at the new 2000 property valuation. The impact of the state mandated reappraisal in 2000 was felt in 2001 as collections of additional property tax resulting from the reappraisal (primarily related to the new levy) commenced. The sales tax decrease of \$4.2 million was a direct result of the sluggish economy in this region. The increase in joblessness and uncertainty created by the events on September 11, eroded consumer confidence and led to a reduction in spending. The decrease in investment earnings of \$3.8 million becomes more significant when you factor in the unrealized gain in 2001 was \$8.9 million while it was only \$2.9 million in 2000. The decrease in other intergovernmental revenue was \$15.2 million. There was a drop in intergovernmental revenue from the State of over \$40 million. The State's fiscal year begins July 1 and during the second half of 2001, the State began cutting funding to local governments and diverting monies to cover internal budget deficits. However, the Board of Mental Retardation and the Capital Projects funds saw increases from State funding. The Board of Mental Retardation increased its intergovernmental revenue by \$10.6 million primarily due to an increase in funding as a result of the Early Start program and additional monies for homestead exemption which is a program that reimburses local governments for homestead exemptions of property tax by the State. The increase in the levy had a direct impact on the homestead exemptions. The Capital Projects fund increase of \$14.7 million resulted from some major road projects under construction in 2001.

Financial Highlights/Expenditures

	Expenditures (in 000's)	Percentage of Total	Increase (Decrease) From Prior Year (in 000's)	Percentage of Increase (Decrease)
General government	\$ 68,563	5.2%	\$ 2,677	4.1%
Judicial	278,414	21.2	14,795	5.6
Development	23,278	1.8	(6,632)	(22.2)
Social services	678,881	51.7	90,918	15.5
Health and safety	131,028	10.0	9,051	7.4
Public works	58,565	4.5	12,542	27.3
Miscellaneous	1,493	.1	258	20.9
Capital outlay	34,392	2.6	360	1.1
Principal retirement	19,232	1.5	1,323	7.4
Interest	18,539	1.4	6,011	48.0
Total Expenditures	<u>\$ 1,312,385</u>	<u>100.0%</u>	<u>\$ 131,303</u>	11.1%

Governmental expenditures increased 11.1% with most of the increase due to judicial, social services, health and safety and public works. Judicial spending growth was related to a variety of programs from an increase in assigned counsel, greater number of cases being prosecuted versus plea bargained and an increase in housing of juveniles in shelter care. Social Services increases were due primarily to work and training and children and family programs. The State mandates on 'welfare to work' require additional training and day care programs to enable able bodied adults to work. Spending in human services was up \$55.5 million. At December 2000 5,600 children were in placement but by December 2001, the number of children in placement grew to almost 6,300. The County increased staffing in order to deal with the increase in workload. There was an increase in the rate given to daycare providers in 2001 as well as continued growth of the number of service providers to allow clients to work while providing childcare. Also, the number of children in County custody rose again which resulted in an increase in spending of \$22.6 million in health and community services. The increase in health and safety was related primarily to increases in spending by the Mental Health Board and to a new payment mechanism enacted in 2001. The public works increase in the Capital Projects fund was due to major construction projects on roads and bridges in the County.

Results of operations for governmental funds during 2001 revealed a decrease in fund balance of \$97.2 million with much of the decrease related to cuts in funding by the State of Ohio and planned spending on major County capital projects.

PROPRIETARY AND DISCRETELY PRESENTED COMPONENT UNIT REVIEW

A review of Proprietary funds and the Discretely Presented Component Unit financial data reveals operating revenues and expenses increased \$23.1 million and \$40.4 million, respectively. Enterprise funds experienced gains of \$4.6 million. Internal Service fund revenue decreased \$5.9 million while expenses grew almost \$19 million and had a net decrease of \$9 million. The decrease in earnings among all internal service funds was offset by earnings in the workers' compensation fund. Much of the losses in 2001 resulted from the early retirement incentive program. The program began in July 2001. Because employees left in the second half of the year and the County had to payout accrued sick, vacation and compensatory time as well as fund ERIP payments, there was no savings from the reduction of employees during 2001. Also, a review of the rate structures is under way to determine if costs are being properly recovered. The Self-Funded Workers' Compensation fund had an actuary review and analyze the workers' compensation claims liability for all open claim

years to assure management that major fluctuations in claims liabilities which resulted in a substantially reduced liability was accurate. The Hospital had a net loss of almost \$7 million due in part to an unfavorable adjustment of \$1.2 million from prior estimates of medicare and medicaid reimbursements and a \$12.1 million reduction in net patient service revenue to provide for estimated third-party settlement uncertainties. Combined net loss for all Proprietary funds and the Discretely Presented Component Unit was \$3.2 million.

DEBT ADMINISTRATION

Certain debt related ratios and information are useful indicators of the County's debt position. Data for the County at December 31, 2001 follows:

Bond Rating - General Obligations Bonds	
Moody's Investors Service	Aa1 (October 2000)
Bond Rating - General Obligations Bonds	
Standard & Poor's	AA+ (October 2000)
Bond Rating - General Obligations Bonds	
Fitch IBCA	AAA (October 2000)
Bond Rating - Economic Development Revenue Bonds	
Moody's Investors Service	
Variable rate	Aa3/VMIG 1 (August 2000)
Fixed rate	Aa3 (August 2000)
Note Rating - Bond Anticipation Notes	
Moody's Investors Service	MIG 1(March 2001)
Net general bonded debt	\$204.7 million
Ratio of net debt to assessed value	.71%
Net direct bonded debt per capita	\$148.29

CASH MANAGEMENT

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

The County Treasurer, through a change in State statute, contracted for the sale of delinquent property tax receivables. A portion of the receivables for tax years 1996 and prior were sold at a discount, and the buyer agreed to purchase future delinquencies on the same parcels at full value for tax years 1997-2000 and also purchase new qualified delinquencies on other parcels for the years 1997-1999. The contract was subsequently amended to remove the requirement to purchase future tax delinquencies on specific parcels when the total investment in tax certificates exceeded 40% of the market value of the property. The delinquent sale which occurred in 2001 resulted in an additional \$8.6 million of delinquent tax collection. In addition, there was an increase in collections of prior tax delinquencies because taxpayers wished to settle past due taxes with the County rather than deal with a private owner of the receivable. The County Treasurer intends to continue to sell tax certificates in future years.

The County Treasurer has established a linked deposit loan program for the purpose of enhancing housing in participating cities. The County has entered into agreements with certain eligible lending institutions and local communities to provide loans at below market interest rates to owners of real property located in the contracting community for certain housing repairs and improvements. After a linked deposit loan is made to an eligible borrower, the Treasurer will use monies from the County's

portfolio of inactive funds to place a certificate of deposit with the lending institution at below market rates. The contracting community is responsible for inspecting the improvements to ensure their compliance with local building codes. More than 3,600 homeowners have borrowed over \$42 million since the program's inception in July 1999. The County feels increases in property values resulting from the loan program will eventually bring additional revenues to the County.

A similar linked deposit program was established in 2002 to provide low interest home improvement loans to owners of older and historic properties. The Preservation Resource Center of the Cleveland Restoration Society provides assistance to property owners and monitors home improvements completed through this program.

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

RISK MANAGEMENT

The County has designated \$1.1 million of General fund balance to provide reserves for claims and judgements not covered by various County insurance policies. Settled claims from risks covered by the County's insurance policies have not exceeded the insurance coverage for the past three fiscal years. Actual expenditures for claims and judgements against the County and estimates for claims including those incurred but not reported, were immaterial in 2001. The County is also self-insured with respect to the Ohio Unemployment Compensation program. Self-insurance expenditures for unemployment compensation were not material in 2001. The County maintains an Internal Service fund for the self-insurance of workers compensation through a retrospective rating plan with the State of Ohio. All payroll funds in the County contribute to the Self-Funded Workers' Compensation fund based on estimates needed to pay claims and to establish a reserve for claims incurred but not reported. A change in estimates provided by an actuary has substantially reduced the County's liability during 2000 (see Note K to the general purpose financial statements for details).

THE INDEPENDENT AUDIT

Included in this report is an unqualified audit opinion rendered on the County's financial operations as well as its assets and liabilities at year-end 2001 by our independent auditors, Deloitte & Touche LLP. County management will continue to subject the financial statements to an annual independent audit as part of the preparation of the CAFR. An annual audit serves to help maintain and strengthen the County's accounting and budgetary controls.

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

GFOA CERTIFICATE OF ACHIEVEMENT

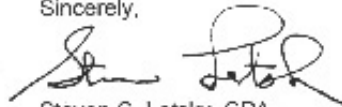
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cuyahoga, Ohio for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2000. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Sincerely,



Steven C. Letsky, CPA
Director of Accounting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Cuyahoga,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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



Imuthy Arue
President

Jeffrey L. Esser
Executive Director

COUNTY OF CUYAHOGA, OHIO
ELECTED OFFICIALS
DECEMBER 31, 2001

Board of County Commissioners

Jimmy Dimora, President
Jane L. Campbell
Tim McCormack

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

Auditor
Clerk of Courts
Coroner
Engineer
Prosecutor
Recorder
Sheriff
Treasurer

Common Pleas Court Judges

General Division

Richard J. McMonagle, Presiding Judge
Christopher A. Boyko
Mary Jane Boyle
Janet R. Burnside
Anthony O. Calabrese, Jr.
Kenneth R. Callahan
Brian J. Corrigan
Daniel O. Corrigan
William J. Coyne
Carolyn B. Friedland
Stuart A. Friedman
Nancy A. Fuerst
Eileen Gallagher
Daniel Gaul
Robert T. Glickman
Lillian J. Greene
Burt W. Griffin

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

Domestic Relations Division

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

Kathleen O'Malley
Anthony J. Russo

Probate Court Division

John J. Donnelly, Presiding Judge

John E. Corrigan

Juvenile Court Division

Peter M. Sikora, Administrative Judge
Janet Burney
Patrick F. Corrigan

Alison L. Floyd
John W. Gallagher
Joseph Russo

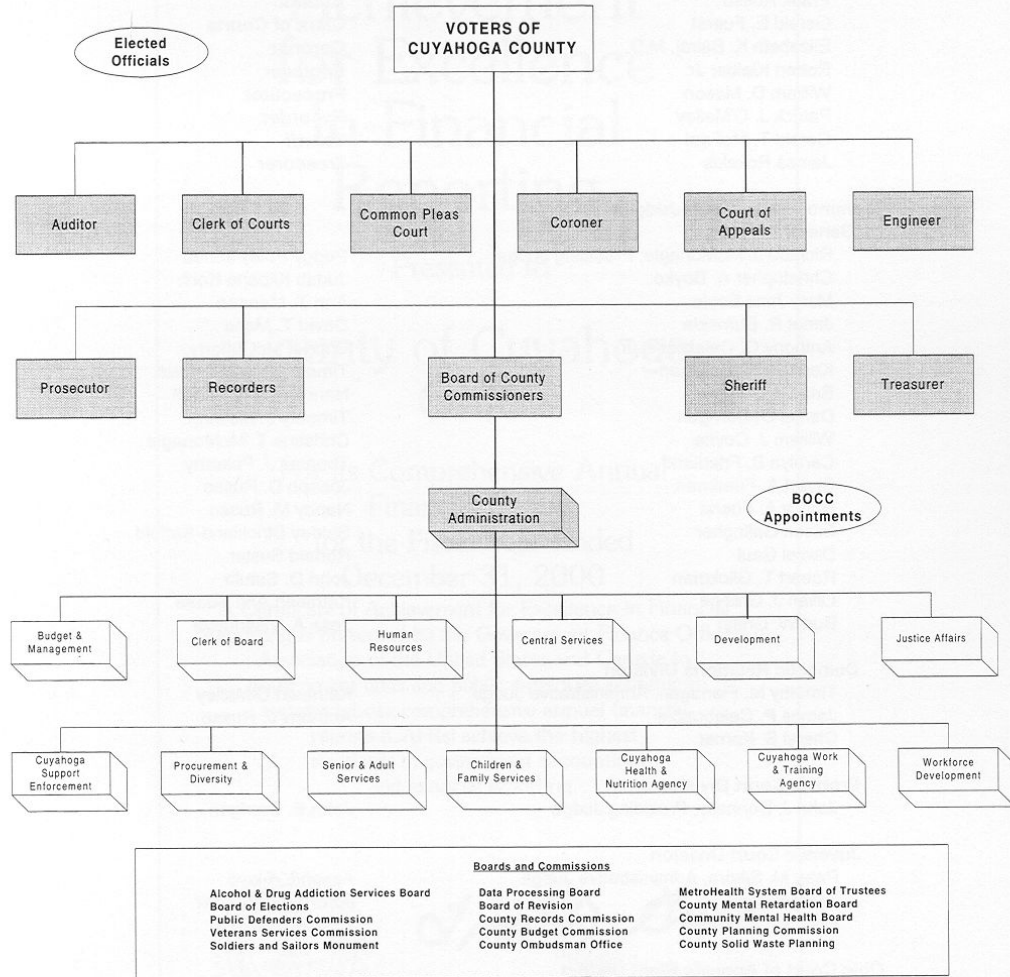
Ohio Court of Appeals Eight District

Diane Karpinski, Chief Justice
Patricia Blackmon
Frank D. Celebrezze Jr.
Colleen Conway Cooney
Michael J. Corrigan
Ann Dyke

Ann L. Kilbane
Timothy E. McMonagle
Terrence O'Donnell
Kenneth A. Rocco
James D. Sweeney
James J. Sweeney

COUNTY OF CUYAHOGA, OHIO ORGANIZATION CHART

DECEMBER, 2001



Financial Section

PART I

GENERAL PURPOSE FINANCIAL STATEMENTS AND NOTES

The general purpose financial statements (GPFS) provide the combined overview of the financial position of all funds, account groups and the discretely presented component unit and of the operating results of all funds and the discretely presented component unit. Notes to the financial statements provide disclosures essential to the fair presentation of the GPFS. The independent audit opinion is rendered on the GPFS and accompanying notes.



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of County of Cuyahoga, Ohio (the "County") as of December 31, 2001 and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the County. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, MetroHealth System. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, MetroHealth System, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, such general purpose financial statements present fairly, in all material respects, the financial position of County at December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note B to the general purpose financial statements, effective January 1, 2001, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues (an Amendment of GASB Statement No. 33)* and, retroactively restated its fund balances for the change.

As also discussed in Note B to the general purpose financial statements, the County's discretely presented component unit, MetroHealth System, changed its method of accounting for derivative financial instruments to conform to Financial Accounting Standards Board Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the County. These financial statements and schedules are also the responsibility of the management of County. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, based upon our audit and the report of other auditors, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

The statistical schedules on pages 102 through 125 are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the County. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on it.

Deloitte & Touche LLP

June 7, 2002

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**COUNTY OF CUYAHOGA, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT**

**DECEMBER 31, 2001
(Amounts in 000's)**

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
ASSETS AND OTHER DEBITS					
Equity in pooled cash and investments.....	\$ 82,644	\$ 79,710	\$	\$ 14,540	\$ 8,170
Cash and investments - segregated accounts			371		
Receivables:					
Taxes	40,664				
Accounts	577	376			889
Special assessments					3,285
Accrued interest.....					
Loans	1,000	14,013			
Less: Allowance for doubtful accounts					(284)
Net Receivables	<u>42,241</u>	<u>14,389</u>	<u> </u>	<u> </u>	<u>3,890</u>
Due from other funds.....	88,485	253,210	21,897	82	42
Due from other governments.....	26,749	123,031	1,283	4,571	444
Inventory of supplies.....					8
Prepaid expenses and other assets					
Board designated investments					
Deferred bond financing cost					38
Restricted assets -					
Cash and investments	37,345				
Fixed assets:					
Land					5,802
Land improvements					10,647
Utility plant					44,950
Buildings, structures and improvements					14,608
Furniture, fixtures and equipment.....					3,228
Vehicles					3,432
Less: Accumulated depreciation					(43,343)
Construction in progress					7,989
Net Fixed Assets	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>47,313</u>
Amount available for debt service					
Amount to be provided for retirement of general long-term obligations:					
Debt					
Other					
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 277,464</u>	<u>\$ 470,340</u>	<u>\$ 23,551</u>	<u>\$ 19,193</u>	<u>\$ 59,905</u>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		2001 Totals Primary Government (Memorandum Only)	MetroHealth System (Component Unit)	2001 Totals Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
Internal Service	Agency					
\$ 56,840	\$ 156,762	\$	\$	\$ 398,666	\$	\$ 398,666
	39,996			40,367	8,596	48,963
	1,401,368			1,442,032		1,442,032
18				1,860	52,455	54,315
	4,614			3,285		3,285
				4,614		4,614
				15,013		15,013
				(284)	(7,286)	(7,570)
18	1,405,982			1,466,520	45,169	1,511,689
9,140	4,773			377,629		377,629
465				156,543		156,543
45				53	4,648	4,701
					31,219	31,219
					125,800	125,800
				38	5,191	5,229
				37,345	146,259	183,604
		33,472		39,274	8,954	48,228
		2,888		13,535	8,177	21,712
				44,950		44,950
		444,904		459,512	369,451	828,963
25,237		19,400		47,865	178,363	226,228
4,403		12,798		20,633	7,068	27,701
(22,360)		62,417		(65,703)	(361,235)	(426,938)
		575,879		70,406	6,270	76,676
7,280				630,472	217,048	847,520
			8,261	8,261		8,261
			320,232	320,232		320,232
			76,917	76,917		76,917
<u>\$ 73,788</u>	<u>\$ 1,607,513</u>	<u>\$ 575,879</u>	<u>\$ 405,410</u>	<u>\$ 3,513,043</u>	<u>\$ 583,930</u>	<u>\$ 4,096,973</u>

(Continued)

**COUNTY OF CUYAHOGA, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT**

**DECEMBER 31, 2001
(Amounts in 000's)**

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES					
Accounts payable	\$ 6,901	\$ 68,331	\$	\$ 5,351	\$ 788
Deferred revenue	50,122	243,379	22,876		
Due third-party payors					
Due to other funds	32,193	62,870		1	252
Due to other governments					38
Accrued wages and benefits	6,813	9,910		22	717
Short-term notes payable				2,440	
Other liabilities					367
Payable from restricted assets					
Loans payable					6,357
Matured bonds payable			14		
Accrued self-insurance					
Capital lease obligations					
Special termination benefits					619
Other debt:					
Notes payable					6,105
Bonds payable					2,635
Total Other Debt					8,740
TOTAL LIABILITIES	<u>96,029</u>	<u>384,490</u>	<u>22,890</u>	<u>7,814</u>	<u>17,878</u>
FUND EQUITY AND OTHER CREDITS					
Investment in general fixed assets					
Contributed capital					18,524
Retained earnings:					
Reserved for restricted assets					
Unreserved					23,503
Fund balance:					
Reserved for restricted assets	37,345				
Reserved for loans receivable	1,000	14,013			
Reserved for debt service	7,600		661		
Unreserved:					
Designated for self-insurance	1,139				
Designated for proprietary funds	8,109				
Undesignated	126,242	71,837		11,379	
TOTAL FUND EQUITY AND OTHER CREDITS	<u>181,435</u>	<u>85,850</u>	<u>661</u>	<u>11,379</u>	<u>42,027</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 277,464</u>	<u>\$ 470,340</u>	<u>\$ 23,551</u>	<u>\$ 19,193</u>	<u>\$ 59,905</u>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		2001 Totals Primary Government (Memorandum Only)	MetroHealth System (Component Unit)	2001 Totals Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
Internal Service	Agency					
\$ 2,239	\$	\$	\$	\$ 83,610	\$ 24,422	\$ 108,032
				316,377		316,377
4,147	278,166			377,629	45,404	45,404
18,590	1,285,667			1,304,295		1,304,295
3,592			22,135	43,189	42,348	85,537
				2,440		2,440
	43,680		15,368	59,415	10,816	70,231
					554	554
			3,888	10,245		10,245
				14		14
437			9,611	10,048	29,471	29,471
4,709			25,915	31,243	10,552	20,600
						31,243
				6,105		6,105
			328,493	331,128	183,829	514,957
			328,493	337,233	183,829	521,062
<u>33,714</u>	<u>1,607,513</u>		<u>405,410</u>	<u>2,575,738</u>	<u>347,396</u>	<u>2,923,134</u>
		575,879		575,879		575,879
				18,524		18,524
40,074				63,577	5,159	5,159
					231,375	294,952
				37,345		37,345
				15,013		15,013
				8,261		8,261
				1,139		1,139
				8,109		8,109
				209,458		209,458
<u>40,074</u>		<u>575,879</u>		<u>937,305</u>	<u>236,534</u>	<u>1,173,839</u>
<u>\$ 73,788</u>	<u>\$ 1,607,513</u>	<u>\$ 575,879</u>	<u>\$ 405,410</u>	<u>\$ 3,513,043</u>	<u>\$ 583,930</u>	<u>\$ 4,096,973</u>

(Continued)

**COUNTY OF CUYAHOGA, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	Governmental Fund Types		
	General	Special Revenue	Debt Service
REVENUES			
Property taxes.....	\$ 22,646	\$ 217,629	\$ 19,335
Sales and use tax	157,747		
Other tax	13	28,898	9
State local government fund.....	41,050		
Licenses and permits.....	104	985	
Charges for services.....	59,930	16,308	
Fines and forfeitures.....	5,707	413	
Investment earnings	34,284	1,878	1
Other intergovernmental.....	10,151	570,777	3,562
Miscellaneous.....	4,906	6,118	
TOTAL REVENUES	<u>336,538</u>	<u>843,006</u>	<u>22,907</u>
EXPENDITURES			
Current:			
General government.....	51,543	17,020	
Judicial.....	215,898	62,516	
Development.....	3,620	19,658	
Social services.....	11,527	667,354	
Health and safety.....	1,414	129,614	
Public works.....		32,656	
Miscellaneous	1,493		
Capital outlay			
Debt service:			
Principal retirement.....			19,232
Interest.....			18,539
TOTAL EXPENDITURES	<u>285,495</u>	<u>928,818</u>	<u>37,771</u>
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	51,043	(85,812)	(14,864)
OTHER FINANCING SOURCES(USES)			
Operating transfers in	6,658	222,543	11,323
Operating transfers out:			
Component unit	(6,835)	(18,215)	
Debt retirement.....	(10,678)		
Other.....	(65,100)	(167,797)	
Capitalized leases		8,520	
NET OTHER FINANCING SOURCES(USES).....	<u>(75,955)</u>	<u>45,051</u>	<u>11,323</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES.....	(24,912)	(40,761)	(3,541)
FUND BALANCE AT BEGINNING OF YEAR (AS RESTATED-SEE NOTE B)..	206,279	126,657	4,202
RESIDUAL EQUITY TRANSFERS IN(OUT)	<u>68</u>	<u>(46)</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 181,435</u>	<u>\$ 85,850</u>	<u>\$ 661</u>

See notes to financial statements.



Capital Projects	2001 Totals (Memorandum Only)
-----------------------------	--

\$	\$ 259,610
	157,747
	28,920
	41,050
	1,089
	76,238
	6,120
1,609	37,772
27,203	611,693
969	11,993
<u>29,781</u>	<u>1,232,232</u>
	68,563
	278,414
	23,278
	678,881
	131,028
25,909	58,565
34,392	1,493
	34,392
	19,232
	18,539
<u>60,301</u>	<u>1,312,385</u>
(30,520)	(80,153)
8,584	249,108
	(25,050)
	(10,678)
(6,024)	(238,921)
	8,520
<u>2,560</u>	<u>(17,021)</u>
(27,960)	(97,174)
39,361	376,499
<u>(22)</u>	<u> </u>
\$ <u>11,379</u>	\$ <u>279,325</u>

**COUNTY OF CUYAHOGA, OHIO
COMBINED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
ALL ANNUALLY BUDGETED GOVERNMENTAL FUND TYPES
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	General Fund			Annually Budgeted Special Revenue Funds		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)	Revised Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES						
Property taxes.....	\$ 22,419	\$ 22,571	\$ 152	\$ 219,764	\$ 216,687	\$ (3,077)
Sales and use tax	157,944	158,018	74			
Other tax	74	13	(61)	29,226	28,831	(395)
State local government fund.....	40,837	41,048	211			
Licenses and permits.....	150	104	(46)	1,094	985	(109)
Charges for services.....	54,129	61,163	7,034	18,777	16,406	(2,371)
Fines and forfeitures.....	6,300	6,013	(287)	463	472	9
Investment earnings	25,000	28,750	3,750	4,022	3,570	(452)
Other intergovernmental.....	10,565	10,343	(222)	698,184	554,223	(143,961)
Miscellaneous	9,354	5,286	(4,068)	6,119	3,169	(2,950)
TOTAL REVENUES	326,772	333,309	6,537	977,649	824,343	(153,306)
EXPENDITURES						
Current:						
General government.....	64,501	50,689	13,812	18,281	16,596	1,685
Judicial.....	225,024	212,289	12,735	45,419	38,995	6,424
Development.....	2,734	2,328	406	5,691	3,341	2,350
Social services.....	12,042	11,167	875	710,593	638,638	71,955
Health and safety.....	1,532	1,368	164	132,704	125,238	7,466
Public works.....				51,304	31,453	19,851
Miscellaneous	5,785	1,438	4,347			
Debt service:						
Principal retirement.....						
Interest.....						
TOTAL EXPENDITURES	311,618	279,279	32,339	963,992	854,261	109,731
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,154	54,030	38,876	13,657	(29,918)	(43,575)
OTHER FINANCING SOURCES(USES)						
Operating transfers in		6,680	6,680	158,676	150,510	(8,166)
Operating transfers out:						
Component unit	(6,835)	(6,835)		(18,215)	(18,215)	
Debt retirement.....	(10,683)	(10,678)	5			
Other.....	(37,359)	(37,155)	204	(129,233)	(127,994)	1,239
NET OTHER FINANCING SOURCES(USES)....	(54,877)	(47,988)	6,889	11,228	4,301	(6,927)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES.....	(39,723)	6,042	45,765	24,885	(25,617)	(50,502)
FUND BALANCE AT BEGINNING OF YEAR.....	153,003	153,003		41,568	41,568	
RESIDUAL EQUITY TRANSFERS IN		68	68		201	201
FUND BALANCE AT END OF YEAR	\$ 113,280	\$ 159,113	\$ 45,833	\$ 66,453	\$ 16,152	\$ (50,301)

See notes to financial statements.

Debt Service Fund			2001 Totals (Memorandum Only)		
Revised Budget	Actual	Variance-Favorable (Unfavorable)	Revised Budget	Actual	Variance-Favorable (Unfavorable)
\$ 19,044	\$ 19,223	\$ 179	\$ 261,227	\$ 258,481	\$ (2,746)
4	9	5	157,944	158,018	74
			29,304	28,853	(451)
			40,837	41,048	211
			1,244	1,089	(155)
			72,906	77,569	4,663
			6,763	6,485	(278)
1	1		29,023	32,321	3,298
3,100	3,562	462	711,849	568,128	(143,721)
5,029		(5,029)	20,502	8,455	(12,047)
<u>27,178</u>	<u>22,795</u>	<u>(4,383)</u>	<u>1,331,599</u>	<u>1,180,447</u>	<u>(151,152)</u>
			82,782	67,285	15,497
			270,443	251,284	19,159
			8,425	5,669	2,756
			722,635	649,805	72,830
			134,236	126,606	7,630
			51,304	31,453	19,851
			5,785	1,438	4,347
19,252	19,252		19,252	19,252	
<u>18,849</u>	<u>18,540</u>	<u>309</u>	<u>18,849</u>	<u>18,540</u>	<u>309</u>
<u>38,101</u>	<u>37,792</u>	<u>309</u>	<u>1,313,711</u>	<u>1,171,332</u>	<u>142,379</u>
(10,923)	(14,997)	(4,074)	17,888	9,115	(8,773)
11,324	11,324		170,000	168,514	(1,486)
			(25,050)	(25,050)	
			(10,683)	(10,678)	5
			<u>(166,592)</u>	<u>(165,149)</u>	<u>1,443</u>
<u>11,324</u>	<u>11,324</u>		<u>(32,325)</u>	<u>(32,363)</u>	<u>(38)</u>
401	(3,673)	(4,074)	(14,437)	(23,248)	(8,811)
4,044	4,044		198,615	198,615	
				269	269
<u>\$ 4,445</u>	<u>\$ 371</u>	<u>\$ (4,074)</u>	<u>\$ 184,178</u>	<u>\$ 175,636</u>	<u>\$ (8,542)</u>

**COUNTY OF CUYAHOGA, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 AND DISCRETELY PRESENTED COMPONENT UNIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	Proprietary Fund Types		2001 Totals Primary Government (Memorandum Only)
	Enterprise	Internal Service	
OPERATING REVENUES			
Charges for services.....	\$ 14,756	\$ 82,014	\$ 96,770
Patient service revenue-net.....			
Other revenue.....	77	426	503
TOTAL OPERATING REVENUES.....	<u>14,833</u>	<u>82,440</u>	<u>97,273</u>
OPERATING EXPENSES			
Personal services	7,213	40,782	47,995
Contractual services and claims.....	1,312	10,774	12,086
Commodities	814	10,794	11,608
Depreciation.....	2,294	2,840	5,134
Other expenses	4,719	17,680	22,399
TOTAL OPERATING EXPENSES	<u>16,352</u>	<u>82,870</u>	<u>99,222</u>
OPERATING LOSS.....	(1,519)	(430)	(1,949)
NONOPERATING REVENUES(EXPENSES)			
Investment income			
Interest expense	(388)	(36)	(424)
Grants			
Gain (loss) on disposal of fixed assets.....	23	(8)	15
NET NONOPERATING REVENUES(EXPENSES)	<u>(365)</u>	<u>(44)</u>	<u>(409)</u>
LOSS BEFORE OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS	(1,884)	(474)	(2,358)
Operating transfers in	1,573	214	1,787
Operating transfers in - primary government			
Operating transfers out:			
Debt retirement.....	(646)		(646)
Other.....	(50)	(600)	(650)
Capital contributions	5,593		5,593
NET OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>6,470</u>	<u>(386)</u>	<u>6,084</u>
NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE.....	4,586	(860)	3,726
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (Note B).....			
NET INCOME (LOSS)	4,586	(860)	3,726
DEPRECIATION ON FIXED ASSETS ACQUIRED WITH CONTRIBUTED CAPITAL.....	1,533		1,533
RETAINED EARNINGS AT BEGINNING OF YEAR.....	<u>17,384</u>	<u>40,934</u>	<u>58,318</u>
RETAINED EARNINGS AT END OF YEAR.....	<u>\$ 23,503</u>	<u>\$ 40,074</u>	<u>\$ 63,577</u>

See notes to financial statements.



<u>MetroHealth System (Component Unit)</u>	<u>2001 Totals Reporting Entity (Memorandum Only)</u>
\$	\$
414,580	96,770
19,655	414,580
<u>434,235</u>	<u>20,158</u>
	<u>531,508</u>
310,712	358,707
10,302	22,388
52,304	63,912
32,300	37,434
76,652	99,051
<u>482,270</u>	<u>581,492</u>
(48,035)	(49,984)
17,046	17,046
(8,079)	(8,503)
5,829	5,829
<u>14,796</u>	<u>15</u>
	<u>14,387</u>
(33,239)	(35,597)
25,050	1,787
	25,050
	(646)
	(650)
	<u>5,593</u>
<u>25,050</u>	<u>31,134</u>
(8,189)	(4,463)
<u>1,232</u>	<u>1,232</u>
(6,957)	(3,231)
	1,533
<u>243,491</u>	<u>301,809</u>
<u>\$ 236,534</u>	<u>\$ 300,111</u>

**COUNTY OF CUYAHOGA, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 AND DISCRETELY PRESENTED COMPONENT UNIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	Proprietary Fund Types		2001 Totals Primary Government (Memorandum Only)
	Enterprise	Internal Service	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers and others	\$ 15,009	\$ 4,512	\$ 19,521
Cash receipts from quasi-external operating transactions		78,973	78,973
Other operating cash receipts	78		78
Cash payments to suppliers for goods and services.....	(7,472)	(35,727)	(43,199)
Cash payments to employees for services	(7,092)	(40,863)	(47,955)
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	523	6,895	7,418
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers in from other funds	1,573	214	1,787
Operating transfers in from primary government			
Operating transfers out to other funds	(696)	(600)	(1,296)
Receipts from noncapital grants.....			
Proceeds from short-term interfund loan.....	28	1,184	1,212
Repayment of short-term interfund loan.....		(218)	(218)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES.....	905	580	1,485
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Deposits in project fund.....			
Proceeds from notes	6,365		6,365
Contributed capital.....	239		239
Proceeds from sale of capital assets	23	12	35
Acquisition and construction of capital assets	(4,647)	(1,274)	(5,921)
Principal paid on capital leases		(281)	(281)
Interest paid on capital leases.....		(35)	(35)
Principal paid on long-term debt.....			
Interest paid on long-term debt			
Principal paid on notes	(6,080)		(6,080)
Principal paid on loans	(263)		(263)
Interest paid on loans	(179)		(179)
Principal paid on bonds	(130)		(130)
Interest paid on bonds	(165)		(165)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES.....	(4,837)	(1,578)	(6,415)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments.....	18		18
Change in investments			
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	18		18
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(3,391)	5,897	2,506
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	11,561	50,943	62,504
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 8,170	\$ 56,840	\$ 65,010

See notes to financial statements.

MetroHealth System (Component Unit)	2001 Totals Reporting Entity (Memorandum Only)
\$ 404,876	\$ 424,397
19,655	78,973
(112,904)	19,733
<u>(310,073)</u>	<u>(156,103)</u>
1,554	<u>(358,028)</u>
	8,972
	1,787
25,050	25,050
5,829	(1,296)
	5,829
	1,212
	<u>(218)</u>
<u>30,879</u>	<u>32,364</u>
3,459	3,459
	6,365
	239
	35
(18,991)	(24,912)
	(281)
	(35)
(6,753)	(6,753)
(7,274)	(7,274)
	(6,080)
	(263)
	(179)
	(130)
	<u>(165)</u>
<u>(29,559)</u>	<u>(35,974)</u>
12,430	12,448
<u>(18,942)</u>	<u>(18,942)</u>
<u>(6,512)</u>	<u>(6,494)</u>
(3,638)	(1,132)
<u>3,982</u>	<u>66,486</u>
<u>\$ 344</u>	<u>\$ 65,354</u>

(Continued)

**COUNTY OF CUYAHOGA, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 AND DISCRETELY PRESENTED COMPONENT UNIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	<u>Proprietary Fund Types</u>		<u>2001 Totals Primary Government (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating loss	\$ (1,519)	\$ (430)	\$ (1,949)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Depreciation.....	2,294	2,840	5,134
(Increase) decrease in accounts receivable-net	924	(3)	921
(Increase) decrease in due from other funds	(37)	(3,119)	(3,156)
(Increase) decrease in due from other governments	(244)	4,169	3,925
(Increase) decrease in inventory of supplies.....		4	4
(Increase) decrease in other current assets.....			
Increase (decrease) in accounts payable	(1,099)	(1,060)	(2,159)
Increase (decrease) in due to other funds	21	487	508
Increase (decrease) in due to other governments	(509)	(237)	(746)
Increase (decrease) in accrued wages and benefits	73	(465)	(392)
Increase (decrease) in other liabilities.....			
Increase (decrease) in special termination benefits.....	619	4,709	5,328
TOTAL ADJUSTMENTS	<u>2,042</u>	<u>7,325</u>	<u>9,367</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>523</u>	\$ <u>6,895</u>	\$ <u>7,418</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital contributions - fixed assets/special assessments...	\$ 5,357	\$	\$ 5,357
Unrealized appreciation in fair value of investments			
TOTAL NONCASH TRANSACTIONS	\$ <u>5,357</u>	\$ <u>0</u>	\$ <u>5,357</u>



<u>MetroHealth System (Component Unit)</u>	<u>2001 Totals Reporting Entity (Memorandum Only)</u>
\$ (48,035)	\$ (49,984)
32,300	37,434
4,921	5,842
	(3,156)
	3,925
	4
(9,297)	(9,297)
	(2,159)
	508
	(746)
	(392)
21,665	21,665
<u>49,589</u>	<u>5,328</u>
	<u>58,956</u>
<u>\$ 1,554</u>	<u>\$ 8,972</u>
\$ 5,346	\$ 5,357
<u>\$ 5,346</u>	<u>5,346</u>
	<u>\$ 10,703</u>

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE A - Description of Cuyahoga County and Basis of Presentation

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

The County applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," under which the financial statements include all the organizations, activities, functions and component units for which the County (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the County's ability to impose its will over the component unit, or (2) the possibility that the Component Unit will provide a financial benefit to or impose a financial burden on the County.

Discretely Presented Component Unit Disclosure: In accordance with GASB Statement No. 14, the MetroHealth System (the Hospital or Component Unit) is included as a discretely presented Component Unit in the County's financial statements. The Hospital provides health care and hospitalization to the general public and care for the County's indigents. The County appoints the majority of the Hospital's Board of Trustees. The Hospital's annual operating budget and investment policy are both approved by the County. The Component Unit is included in the County's reporting entity because of the significance of its operational and financial relationships with the County. The financial information of the Hospital is presented in a separate column to emphasize that it is legally separate from the government. Complete financial statements for the Hospital can be requested from the County Auditor.

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

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

The County uses the following fund types and account groups:

Governmental Funds:

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

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

Debt Service Fund: The Debt Service 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.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

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, operating 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 which are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

Internal Service Funds: These funds are used to account for the goods or services provided 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 which have been collected by the County and which will be distributed to other taxing districts located within the County.

Account Groups:

General Fixed Asset Account Group: This account group is used to present the general fixed assets of the County utilized in its general operations, exclusive of those used in Proprietary funds. General fixed assets include land, land improvements, buildings, structures and improvements, furniture, fixtures and equipment and vehicles owned by the County.

General Long-Term Obligations Account Group: This account group is used to record all long-term obligations of the County except for those of Proprietary funds.

NOTE B - Summary of Significant Accounting Policies

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

Basis of Accounting: All financial transactions for Governmental and Fiduciary funds are reported on the modified accrual basis of accounting. Under this accounting method, revenues are recognized when they become susceptible to accrual, that is, when they are measurable and available to finance County operations. Revenues accrued at the end of the year consist of reimbursements from other governments for grant expenditures and amounts receivable from sales and use taxes collected in December and received within sixty days after year-end. Property taxes are recorded as revenue when measurable and available within a period, which does not exceed sixty days after year-end. Governmental fund expenditures are accrued when the related fund liability is incurred, except interest on long-term debt, which is recorded when due. Proprietary fund financial transactions are recorded on the accrual basis of accounting; revenues are recognized when earned and expenses are recognized as incurred.

The County's primary government currently follows GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" using the guidance established in alternative no. 1, which requires the County to comply with all Financial Accounting Standard Board (FASB) standards issued on or before November 30, 1989, unless they conflict with GASB Statements. The County's primary government has chosen not to apply FASB Standards issued after November 30, 1989. The County's Component Unit has elected to apply alternative no. 2 under GASB Statement No. 20, under which it applies all FASB statements and interpretations (even those issued after November 30, 1989), except for those that conflict with or contradict GASB pronouncements.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

Measurement Focus: All Governmental funds are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are included on the balance sheets. Operating statements present increases and decreases in net current assets.

All Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities whether current or long-term are included on the balance sheets. Fund equity is separated into contributed capital and retained earnings and operating statements present increases and decreases in total net assets.

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. Special Revenue funds which are budgeted annually include Human Services, Health and Human Services Levies, Motor Vehicle Gas Tax, County Board of Mental Retardation and Health and Community Services. 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. During 2001, supplemental budgetary appropriations amounted to approximately \$247 million. The County maintains budgetary control within an organizational unit and fund by not permitting expenditures/expenses and encumbrances to exceed appropriations for personnel, capital purchases and other costs. Elected officials and managers may amend the budget without approval of the County Commissioners as long as amendments are within legal categories. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances are closed to unreserved fund balance/retained earnings at year-end and are re-encumbered and reappropriated at the start of the following year.

The accompanying budget basis financial schedules, comparing budget to actual results of operations, are presented to demonstrate the County's compliance with legally adopted budgets and reflect 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 financial schedules.

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, budgetary data is not presented for Proprietary funds due to the nature of the funds where demand for goods and services largely determines the level of revenues and expenses. There is no legal requirement to report on compliance with such budgets.

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

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

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when susceptible to accrual (GAAP).

The actual results of operations compared to the revised appropriation passed by the Board of County Commissioners for all annually budgeted Governmental funds are presented in the Combined Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual (Non-GAAP Budgetary Basis).

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

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

Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (Amounts in 000's)			
	General Fund	Special Revenue Funds	Debt Service Fund
GAAP basis.....	\$ (24,912)	\$ (40,761)	\$ (3,541)
Less: Multi-Year Budgeted.....		<u>(1,058)</u>	
GAAP basis for annually budgeted funds.....	<u>(24,912)</u>	<u>(39,703)</u>	<u>(3,541)</u>
Increase (Decrease):			
Accrued receivables at 12/31/01 not recognized in the 2001 budget	(157,475)	(372,455)	(23,180)
Accrued receivables at 12/31/00 recognized in the 2001 budget	158,987	415,975	21,404
Expenditures accrued as liabilities at 12/31/01 not recognized in the 2001 budget	96,029	317,509	22,890
Expenditures accrued as liabilities at 12/31/00 recognized in the 2001 budget	(67,245)	(346,943)	(21,246)
Other GAAP adjustments ⁽¹⁾	<u>658</u>		
Budget basis	\$ <u>6,042</u>	\$ <u>(25,617)</u>	\$ <u>(3,673)</u>

(1) Change in the amount of short-term interfund loans by the General fund, unrealized gain on investments and net expenses for the Brownfield project.

Statement of Cash Flows: The County utilizes the direct method with respect to the combined statement of cash flows as defined by the GASB Statement No. 9. For purposes of the combined statement of cash flows, the Proprietary funds and Component Unit consider all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. The amount of cash and cash equivalents reported on the accompanying combined statement of cash flows at the end of the year for the Component Unit differs from the amount of cash and investments reported on the accompanying combined balance sheet by \$280.3 million due to certain investments that are not considered to be cash equivalents.

Pooled Cash and Cash Equivalents: 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 cash equivalents accounts consist of U.S. Treasury Notes and other Federal Government securities, certificates of deposit, commercial paper, revenue anticipation bonds and the State Treasurer's Investment Pool.

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

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

Board Designated Investments: Board designated investments are investments of the Hospital set aside by the board of trustees for future capital improvements and for research and development.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

Restricted Assets: The primary government's restricted assets are composed of the unspent proceeds of certain borrowings that are restricted for use in specified economic development activities and capital projects, as well as deposits and investments held at certain financial institutions throughout the County to support the County's Housing Enhancement Loan Program (H.E.L.P.), which allows homeowners in County communities to borrow money from participating financial institutions to repair or remodel their homes or rental property at below market interest rates. Included in the Discretely Presented Component Unit column are restricted assets consisting of investments restricted by donors, assets under the control of the bond trustee that are used for payment of principal and interest on the Hospital's bonds when due and assets administered by a trustee for the Hospital's self-insurance and workers' compensation trust accounts.

Fixed Assets and Depreciation: Fixed assets are stated on the basis of historical cost or, if contributed, at fair market value at the date received. Infrastructure assets are capitalized only if applicable to Proprietary funds. Infrastructure assets including streets, bridges and sidewalks are not capitalized in the General Fixed Assets Account Group. Depreciation is not provided for the General Fixed Assets Account Group. Depreciation for the Proprietary funds and Hospital is determined by allocating the cost of fixed assets over the estimated useful lives of the assets on a straight-line basis.

The estimated useful lives are as follows:

Land improvements	5 to 20 years
Utility plant	20 to 50 years
Buildings, structures and improvements	5 to 40 years
Furniture, fixtures and equipment	6 to 22 years
Vehicles	4 to 9 years

Capitalization of Interest: The County's policy is to capitalize interest on Proprietary fund and Discretely Presented Component Unit construction projects until substantial completion of the project. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. During 2001, the County capitalized interest amounting to \$.2 million.

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 recorded in the General Long-Term Obligations Account Group. The County utilizes the termination payments method to determine the liabilities for compensated absences as defined in GASB Board Statement No. 16.

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

Contributed Capital: Contributed capital represents Federal and State capital grants and other financing resources provided by the County to Proprietary funds. These contributions are not subject to repayment as long as all grant conditions are met. An amount equivalent to depreciation charges for assets acquired with the portion of contributions that was externally restricted for capital acquisitions or construction is transferred annually to retained earnings from contributed capital.

Net Patient Service Revenue: Net patient service revenue of the Hospital is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital recorded unfavorable adjustments to Medicare and Medicaid revenue of \$1.2 million in 2001 due to prior year retroactive adjustments in excess of amounts previously estimated. In addition, management reduced net patient service revenue \$12.1 million in 2001 to provide for estimated third-party settlement uncertainties.

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Net revenue from the Medicare and Medicaid programs accounted for approximately 26% and 33%, respectively, of the Hospital's net patient service revenue for the year ended December 31, 2001. 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. Management believes that an adequate provision has been made in the financial statements for any adjustments that may result from final settlements.

Nonexchange Transactions: Effective January 1, 2001, the County implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues (an amendment of GASB Statement No. 33)*. In general, GASB Statement Nos. 33 and 36 establish accounting and financial reporting standards which address when to report the results of nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. These statements require retroactive application and, accordingly, the County's fund balances as of December 31, 2000 have been restated as follows:

	General Fund	Special Revenue Funds	Debt Service Fund
Fund balances, as previously reported	\$ 200,035	\$ 123,619	\$ 4,010
Increases in assets resulting from implementation:			
Receivables.....	15,327		
Due from other funds	229	2,180	192
Due from other governments.....	20,998	20,944	1,171
Increases in liabilities resulting from implementation:			
Deferred revenues	<u>(30,310)</u>	<u>(20,086)</u>	<u>(1,171)</u>
Fund balance as restated.....	<u>\$ 206,279</u>	<u>\$ 126,657</u>	<u>\$ 4,202</u>

Cash received or receivables recognized with respect to income taxes, property taxes, certain grants and other nonexchange transactions that do not meet the revenue recognition criteria under GASB Statement Nos. 33 and 36 are recorded as deferred revenues.

GASB Statement Nos. 33 and 36 also require that the County report capital grants and other capital contributions as revenues rather than contributed capital. Accordingly, during the year ended December 31, 2001, the County reported \$5.5 million of capital contribution revenues in its Enterprise funds rather than crediting the amounts directly to contributed capital. These capital contribution revenues are composed of \$1.6 million of special assessments and \$3.9 million of construction in progress paid for by the Capital Projects funds through the issuance of general obligation debt and contributed to the County's Enterprise funds when the assets were completed.

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/retained earnings 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 operating transfers in the accompanying financial statements. Operating transfers out are further categorized as transfers to the Component Unit, for debt retirement or other purposes. Component unit transfers represent monies transferred to the MetroHealth System. Transfers for debt retirement represent monies transferred to the Debt Service fund and other transfers represent all other operating transfers out. Residual equity transfers are non-routine, non-recurring transfers of fund balances between funds.

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Fund Balance: The County records reservations of portions of fund balances which are legally segregated for specific future uses or which do not represent available, spendable resources and, therefore, cannot be appropriated for expenditures. Designations of fund balance are amounts that have been designated by management for a specific future use, but are not legally segregated. Undesignated fund balance represents the portion of fund equity that is not reserved or designated for a specific purpose.

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

New Accounting Standards Not Yet Implemented: The GASB has issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments: Omnibus an Amendment of GASB Statement Nos. 21 and 34*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units and are effective for the year ending December 31, 2002. The County has not completed an analysis of the impact of these statements on its reported financial condition and results of operations.

During May 2002 the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which clarifies existing accounting guidance and provides greater consistency in accounting for organizations that are closely related to a primary government. The standard, which is effective for fiscal years beginning after June 15, 2003, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a state or local government. The County has not completed an analysis of the impact of this statement on its reported financial condition and results of operations.

Derivative Financial Instruments and Hedging Activities: In 2001, the Hospital adopted the provisions of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which requires the Hospital to recognize all of its derivative instruments as either assets or liabilities in its financial statements. The Hospital entered into an interest rate swap agreement in 1999 to effectively convert a portion of its fixed rate debt to a variable rate basis. This derivative instrument is not designated as a hedging instrument; therefore, gains and losses are recognized for the Component Unit in the accompanying combined statement of revenues, expenses and changes in retained earnings – all proprietary fund types as changes in the fair value of the instrument occur. Net amounts periodically receivable or payable as a result of the swap agreement are accrued as adjustments to interest expense on the related debt. The implementation of FASB Statement No. 133 was recorded as the cumulative effect of an accounting change, which increased the net income of the Component Unit for the year ended December 31, 2001 by \$1.2 million as reported in the accompanying combined statement of revenues, expenses and changes in retained earnings – all proprietary fund types.

NOTE C - Cash and Investments

Cash and Investments:

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

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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 combined balance sheet 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, 2001, follows:

Fund Type	(Amounts in 000's)	
	Due To	Equity In
General	\$	\$ 142,509
Due From:		
Special Revenue	56,922	
Enterprise	29	
Internal Service.....	<u>2,914</u>	<u>(59,865)</u>
Net General		82,644
Special Revenue.....		79,710
Capital Projects.....		14,540
Enterprise		8,170
Internal Service.....		56,840
Agency.....		<u>156,762</u>
Total Equity in Pooled Cash and Investments		\$ <u>398,666</u>

Amounts due to other funds by Special Revenue funds will be paid from collection of reimbursements under grant programs from the Federal and State governments. Amounts owed by the Enterprise and 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 \$47.9 million and the bank balances were \$87.9 million. Of the bank balances, \$.3 million was covered by federal depository insurance and \$87.6 million was uncollateralized as defined by the GASB. These deposits were, however, covered by collateral held by the pledging institution's agent in the name of the depository or the Federal Reserve Bank of Cleveland in pooled securities accounts which were not in the County's name, as permitted under Ohio law. The pooled securities serve as collateral for all public deposits held by the banks, including the County's deposits. The Ohio Revised Code requires that the market value of securities held in the pool be at least equal to 105% of the public deposits held by the banks. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. County policy is to utilize federally insured banks and savings institutions located in the County.

Component Unit

Deposits: At December 31, 2001, the financial statement carrying amount of the Hospital's deposits was \$.6 million and the actual bank balances, including accrued interest, totaled \$.5 million. Federal depository insurance covered approximately \$.1 million of the Hospital's deposits at year-end and are thus a category (1) deposit risk in accordance with the provisions of GASB Statement No. 3. The remainder was uncollateralized as defined by the GASB as it was secured by collateral pools of U.S. Government and municipal securities held by the pledging institution's agent or the Federal Reserve Bank of Cleveland in the name of the depository.

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Primary Government and Component Unit

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 Ohio Revised Code. Eligible investments include U.S. Treasury Bills and Notes, 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 Ohio Revised Code, State Treasurer's Investment Pool, 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 not more than 5 years.

GASB Statement No. 3 "*Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*" requires the County to categorize its deposits and investments into one of three credit risk categories. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Risk category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the County's name.

At December 31, 2001, the County's Primary Government investments were as follows:

Investment Type	(Amounts in 000's)	
	Category 1	Fair Value/Carrying Value
U.S. Treasury Notes	\$ 5,067	\$ 5,067
U.S. Agency Obligations	348,119	348,119
Commercial Paper	17,284	17,284
Municipal Revenue Anticipation Bonds	<u>18,900</u>	<u>18,900</u>
	<u>\$ 389,370</u>	389,370
Star Ohio		<u>39,141</u>
Total Primary Government Investments		<u>\$ 428,511</u>

At December 31, 2001, the County's Component Unit investments were as follows:

Investment Type	(Amounts in 000's)		
	Category 1	Category 3	Fair Value/Carrying Value
U.S. Treasury Notes	\$ 23,446	\$	\$ 23,446
U.S. Agency Obligations	123,362		123,362
Repurchase Agreements		<u>8,693</u>	<u>8,693</u>
	<u>\$ 146,808</u>	<u>\$ 8,693</u>	155,501
Money Market Funds			<u>124,602</u>
Total Hospital Investments			<u>\$ 280,103</u>

Amounts invested in the State Treasurer's Investment Pool (Star Ohio) and money market funds are not classified by risk category because they are not evidenced by securities that exist in physical or book entry form. Star Ohio is rated AAAM by Standard & Poor's. It is the objective of the fund to stabilize the net asset value per unit at \$1.00 for the purpose of sale and redemption of units of the fund, but it is not guaranteed. Star Ohio is not a registered fund subject to regulatory oversight as the fund is only offered to Ohio public subdivisions with investment authority. Star Ohio is authorized under Section 135.45 of the Ohio Revised Code and has been used by Ohio public entities since its inception in 1986 as a short-term investment vehicle to meet daily liquidity needs.

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NOTE D - Interfund Receivables and Payables

Individual interfund receivable and payable balances as of December 31, 2001 follow:

Fund Types	(Amounts in 000's)	
	Interfund Receivables	Interfund Payables
General Fund.....	\$ 88,485	\$ 32,193
Special Revenue Funds:		
Human Services	14,915	59,104
Health and Human Services Levies.....	123,265	
Motor Vehicle Gas Tax.....	115	644
County Board of Mental Retardation	89,520	1,520
Health and Community Services	25,069	842
Community Development	325	687
Other	<u>1</u>	<u>73</u>
Total Special Revenue Funds.....	253,210	62,870
Debt Service Fund	21,897	
Capital Projects Fund.....	82	1
Enterprise Funds:		
Sanitary Engineer.....	3	200
County Airport.....		34
Huntington Park Garage.....		16
Cuyahoga County Information System	<u>39</u>	<u>2</u>
Total Enterprise Funds.....	42	252
Internal Service Funds:		
Central Custodial Services	32	1,103
Maintenance Garage	134	630
Data Processing Center	61	69
Printing, Reproduction and Supplies	214	17
Communications.....	282	2,328
Self-Funded Workers' Compensation.....	<u>8,417</u>	
Total Internal Service Funds.....	9,140	4,147
Agency Funds:		
Payroll	4,773	
Undivided Tax.....		267,643
Other		<u>10,523</u>
Total Agency Funds.....	<u>4,773</u>	<u>278,166</u>
Totals.....	\$ <u>377,629</u>	\$ <u>377,629</u>

**COUNTY OF CUYAHOGA, OHIO
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A summary of interfund receivables/payables of the General fund follows:

Fund Types	(Amounts in 000's)	
	Receivables	Payables
Special Revenue Funds:		
Human Services	\$ 56,251	\$ 14,915
Health and Community Services		13,052
Community Development	<u>671</u>	
Total Special Revenue Funds.....	56,922	<u>27,967</u>
Enterprise Funds:		
County Airport.....	29	
Cuyahoga County Information System.....		<u>29</u>
Total Enterprise Funds.....	29	29
Internal Service Funds:		
Central Custodial Services		32
Maintenance Garage	622	66
Printing, Reproduction and Supplies		123
Communications.....	2,292	189
Self-Funded Workers' Compensation.....		<u>2,438</u>
Total Internal Service Funds.....	2,914	2,848
Agency Funds:		
Payroll		1,349
Undivided Tax.....	21,471	
Other	<u>7,149</u>	
Total Agency Funds.....	<u>28,620</u>	<u>1,349</u>
Totals.....	\$ <u>88,485</u>	\$ <u>32,193</u>

The receivables from Special Revenue, Enterprise and Internal Service funds represent amounts overdrawn from the pooled cash account which are owed to the General fund. The receivable from the Undivided Tax Agency fund represents property taxes levied in 2001 to be received in the General fund in 2002. The receivable from Other Agency funds represents investment earnings and fees deposited in various outside bank accounts.

The amounts payable to the Human Services and Health and Community Services funds represent additional subsidies due each of the funds. 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, 2001. The amounts payable to the Payroll Agency fund represent current charges for employee medical benefits and the early retirement program (see Note G).

**COUNTY OF CUYAHOGA, OHIO
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NOTE E - Contributed Capital - Proprietary Fund Types

A summary of reductions to contributed capital during 2001 for the County's Enterprise funds follows:

Enterprise Funds	(Amounts in 000's)		
	Contributed Capital At Beginning of Year	Less: Depreciation and Disposition of Fixed Assets Acquired with Contributed Capital	Contributed Capital At End of Year
Sanitary Engineer	\$ 9,015	\$ 812	\$ 8,203
County Airport.....	9,770	374	9,396
Huntington Park Garage	<u>1,408</u>	<u>483</u>	<u>925</u>
Total	\$ <u>20,193</u>	\$ <u>1,669</u>	\$ <u>18,524</u>

NOTE F - General Fixed Assets

A summary of changes in general fixed assets follows:

Asset Type	(Amounts in 000's)			Balance December 31, 2001
	Balance January 1, 2001	Additions	Deductions	
Land.....	\$ 29,879	\$ 3,672	\$ 79	\$ 33,472
Land improvements	1,570	1,318		2,888
Buildings, structures and improvements.....	387,745	62,523	5,364	444,904
Furniture, fixtures and equipment.....	18,270	1,421	291	19,400
Vehicles	12,922	299	423	12,798
Construction in progress ⁽¹⁾	<u>100,490</u>	<u>24,196</u>	<u>62,269</u>	<u>62,417</u>
Totals	\$ <u>550,876</u>	\$ <u>93,429</u>	\$ <u>68,426</u>	\$ <u>575,879</u>

(1) Includes \$3.9 million of construction in progress paid for by the Capital Projects fund through the issuance of general obligation debt and contributed to the County's Enterprise funds in 2001 when the assets were completed.

**COUNTY OF CUYAHOGA, OHIO
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A summary of construction commitments at December 31, 2001 follows:

Function	Authorized Project Amount	(Amounts in 000's)	
		Expended as of December 31, 2001	Future Commitments
General government.....	\$ 10,259	\$ 7,714	\$ 2,545
Judicial.....	124,167	47,519	76,648
Social services.....	15,798	1,329	14,469
Health and safety.....	7,500	5,557	1,943
Public works.....	<u>1,118</u>	<u>298</u>	<u>820</u>
Totals.....	\$ <u>158,842</u>	\$ <u>62,417</u>	\$ <u>96,425</u>

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

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

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NOTE G - 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, 2001 is provided below:

Year Issued	Interest Rate	Balance January 1	(Amounts in 000's)		Balance December 31	
			Additions	Reductions		
Capital Projects Fund:						
2001	Bond Anticipation Notes Orange Place Extension – Due in 2002.....	4.50%	\$ <u>1,820</u>	\$ <u>4,260</u>	\$ <u>3,640</u>	\$ <u>2,440</u>
Enterprise Funds:						
Various	Loans Payable	4.04% - 7.00%	\$ <u>6,818</u>	\$ _____	\$ <u>461</u>	\$ <u>6,357</u>
2001	Special Termination Benefits – Due thru 2006.....	7.75%	_____	<u>688</u>	<u>69</u>	<u>619</u>
Notes Payable:						
2001	Bond Anticipation Notes Olmsted Township and Shady Road Improvements –Due in 2002.....	3.00%	5,560	5,845	5,560	5,845
2001	Bond Anticipation Notes Chagrin Falls Waterline – Due in 2002.....	5.00%	<u>260</u>	<u>520</u>	<u>520</u>	<u>260</u>
	Total Notes Payable.....		<u>5,820</u>	<u>6,365</u>	<u>6,080</u>	<u>6,105</u>
Self-Supporting Bonds Payable:						
1992	Sewer Improvement-Due thru 2012.....	3.50%-6.50%	1,725		100	1,625
2000	Sewer Improvement-Due thru 2020.....	4.55%-5.55%	<u>1,040</u>	_____	<u>30</u>	<u>1,010</u>
	Total Self-Supporting Bonds Payable.....		<u>2,765</u>	_____	<u>130</u>	<u>2,635</u>
	Total Enterprise Funds.....		\$ <u>15,403</u>	\$ <u>7,053</u>	\$ <u>6,740</u>	\$ <u>15,716</u>
Internal Service Funds:						
Various	Equipment Capital Lease Obligation - Due through 2005.....		\$ 718	\$ _____	\$ 281	\$ 437
2001	Special Termination Benefits – Due thru 2006.....	7.75%	_____	<u>5,158</u>	<u>449</u>	<u>4,709</u>
	Total Internal Service Funds.....		\$ <u>718</u>	\$ <u>5,158</u>	\$ <u>730</u>	\$ <u>5,146</u>
General Long-Term Obligations Account Group:						
	Accrued Wages and Benefits.....		\$ <u>21,221</u>	\$ <u>914</u>	\$ _____	\$ <u>22,135</u>
1999	Installment Purchase Agreement – Due thru 2009.....	5.26%-5.46%	<u>16,952</u>	_____	<u>1,584</u>	<u>15,368</u>
Loans Payable:						
1989	Environmental Protection Agency – Due thru 2007.....	None	165		27	138
1997	Ohio Department of Development Loan – Due thru 2016.....	None	<u>4,000</u>	_____	<u>250</u>	<u>3,750</u>
	Total Loans Payable.....		<u>4,165</u>	_____	<u>277</u>	<u>3,888</u>
Various	Capital Lease Obligations -Due thru 2023.....		<u>2,165</u>	<u>8,520</u>	<u>1,074</u>	<u>9,611</u>
2001	Special Termination Benefits – Due thru 2006.....	7.75%	_____	<u>28,340</u>	<u>2,425</u>	<u>25,915</u>
General Obligation Bonds - Unvoted:						
1983	Building Improvements-Due thru 2004.....	9.375%	3,500		875	2,625
1983	Health Service Facilities-Due thru 2004.....	9.375%	1,480		370	1,110
1983	Auditorium-Due thru 2004.....	9.375%	700		175	525
1983	Street Improvements-Due thru 2004.....	9.375%	200		50	150
1983	Sanitary Improvements-Due thru 2004.....	9.375%	800		200	600
1993	Various Purpose Refunding Bonds-Due thru 2012.....	2.20%-5.25%	38,015		3,000	35,015
1993	Rock and Roll Hall of Fame-Due thru 2018.....	2.75%-5.65%	9,970		345	9,625
1995	Various Purpose Improvements-Due thru 2015.....	3.75%-5.50%	25,410		2,190	23,220
2000	Capital Improvements-Due thru 2020.....	4.30%-5.75%	<u>96,615</u>	_____	<u>2,555</u>	<u>94,060</u>
	Total General Obligation Bonds - Unvoted.....		<u>176,690</u>	_____	<u>9,760</u>	<u>166,930</u>
General Obligation Bonds - Voted:						
1991	Jail II Series – Due thru 2006.....	6.95%-7.05%	5,086			5,086
1993	Jail Facilities and Various Purpose Refunding Bonds -Due thru 2013.....	2.20%-5.25%	<u>38,709</u>	_____	<u>5,360</u>	<u>33,349</u>
	Total General Obligation Bonds - Voted.....		<u>43,795</u>	_____	<u>5,360</u>	<u>38,435</u>
	Total Tax Supported Bonds.....		<u>220,485</u>	_____	<u>15,120</u>	<u>205,365</u>

(CONTINUED)

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Year Issued	Interest Rate	Balance January 1	(Amounts in 000's)		Balance December 31
			Additions	Reductions	
General Long-Term Obligations Account Group (Concluded):					
Self-Supporting Bonds:					
1976	6.50%	155	—	155	—
		<u>155</u>	<u>—</u>	<u>155</u>	<u>—</u>
Revenue Bonds:					
1992	Variable	\$ 35,200	\$	\$ 1,600	\$ 33,600
1992	8.625%	35,000			35,000
1994	4.45%-7.60%	38,675		1,270	37,405
1994					
	3.00%	770		627	143
1998					
	5.31%-6.75%	14,585		460	14,125
2000	6.75%	<u>2,855</u>	<u>—</u>	<u>—</u>	<u>2,855</u>
		<u>127,085</u>	<u>—</u>	<u>3,957</u>	<u>123,128</u>
		<u>347,725</u>	<u>—</u>	<u>19,232</u>	<u>328,493</u>
Total General Long-Term Obligations Account Group.....		<u>\$392,228</u>	<u>\$ 37,774</u>	<u>\$24,592</u>	<u>\$ 405,410</u>
Component Unit					
Capital Lease Obligation:					
Various	4.958%-4.96%	\$ <u>12,278</u>	\$ <u>757</u>	\$ <u>2,483</u>	\$ <u>10,552</u>
Bonds:					
1997					
	3.90%-5.80%	62,145	323	3,815	58,653
1997	4.10%-5.50%	68,173	432	220	68,385
1999	6.125%-6.15%	<u>56,783</u>	<u>8</u>	<u>—</u>	<u>56,791</u>
		<u>187,101</u>	<u>763</u>	<u>4,035</u>	<u>183,829</u>
Total Component Unit.....		<u>\$199,379</u>	<u>\$ 1,520</u>	<u>\$ 6,518</u>	<u>\$ 194,381</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, 2001:

Year	(Amounts in 000's)	
	General Long-Term Obligations Account Group	Internal Service funds
2002.....	\$ 1,894	\$ 307
2003.....	1,833	100
2004.....	1,784	33
2005.....	1,714	25
2006.....	1,674	
2007-2011.....	8,320	
2012-2016.....	497	
2017-2021.....	42	
2022-2023.....	<u>4</u>	
Total Minimum Lease Payments.....	17,762	465
Amount Representing Interest.....	<u>(8,151)</u>	<u>(28)</u>
Present Value of Net Minimum Lease Payments.....	<u>\$ 9,611</u>	<u>\$ 437</u>

**COUNTY OF CUYAHOGA, OHIO
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The following summarizes future minimum payments and the present values of net minimum lease payments for the Component Unit's equipment capital leases at December 31, 2001:

Year	(Amounts in 000's) Equipment Obligation
2002.....	\$ 3,388
2003.....	3,388
2004.....	2,529
2005.....	779
2006.....	779
Thereafter.....	780
Total Minimum Lease Payments.....	<u>11,643</u>
Amount Representing Interest.....	<u>(1,091)</u>
Present Value of Net Minimum Lease Payments.....	\$ <u>10,552</u>

As of December 31, 2001, the carrying value of the fixed assets recorded as capital leases under the General Fixed Assets Account Group, Internal Service funds and Component Unit were \$35.9 million, \$1.4 million and \$14.4 million, respectively.

Future Debt Service Requirements: A summary of the County's future debt service requirements for its outstanding long-term bonds, notes, installment purchase agreement and loans payable at December 31, 2001 are as follows:

Due In	(Amounts in 000's)			
	Enterprise Funds		General Long-Term Obligations Account Group	
	Principal	Interest	Principal	Interest
2002.....	\$ 7,224	\$ 797	\$ 21,757	\$ 20,140
2003.....	470	310	22,502	18,974
2004.....	483	293	21,119	20,064
2005.....	502	275	20,331	19,718
2006.....	521	255	19,496	18,836
2007-2011	2,934	954	90,221	83,239
2012-2016	2,239	377	71,228	50,398
2017-2021	724	59	65,025	17,051
2022-2026			15,550	1,496
2027-2030			<u>520</u>	<u>82</u>
Totals.....	\$ <u>15,097</u>	\$ <u>3,320</u>	\$ <u>347,749</u>	\$ <u>249,998</u>

**COUNTY OF CUYAHOGA, OHIO
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Due In	(Amounts in 000's) Component Unit Principal and Interest
2002	\$ 14,782
2003	14,770
2004	14,769
2005	14,768
2006	14,746
Thereafter	<u>291,865</u>
Total	365,700
Amount representing interest	(171,530)
Unamortized difference between reacquisition price and the net carrying amount of previously defeased debt.....	(8,226)
Unamortized discount.....	<u>(2,115)</u>
Present value of net minimum payments.....	\$ <u>183,829</u>

Component Unit Swap Agreement: In 1999, the Component Unit entered into a 15 year interest rate swap agreement for a notional amount of \$56 million of its fixed rate general obligation bonds. Based on the swap agreement, the Component Unit makes payments calculated at a variable rate equal to the BMA Swap Index to the counterparty to the swap. In return, the counterparty makes payments to the Component Unit based on the fixed rate of 5.41%. Only the net difference in payments is exchanged with the counterparty. The \$56 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The net interest savings for 2001 was \$1.5 million and was recorded as a reduction in interest expense. At December 31, 2001, the fair value of the swap agreement based on its current settlement value was a positive \$2 million which was recorded as an other asset in the accompanying combined balance sheet. The increase of \$.8 million in the fair value of the swap during 2001 is recorded as an unrealized gain on investments.

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

Under the Uniform Bond Act of the Ohio Revised Code, the County has the capacity to issue approximately \$120 million of additional unvoted general obligation debt.

Accrued Wages and Benefits: County employees become eligible to receive one-fourth of their accumulated unpaid sick leave upon retirement after a minimum of ten years of service. Certain agencies may have policies that vary with regard to payment of accrued sick leave upon retirement. Termination of employment must be by retirement to receive accumulated unpaid sick leave. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Vacation time may not be accumulated for more than three years. Unused vacation time is payable upon termination of employment. In general, employees are eligible to be paid for unpaid overtime and unused compensatory time upon termination of employment. All sick, vacation, compensatory and overtime payments are made at the employee's current wage rate.

**COUNTY OF CUYAHOGA, OHIO
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The accumulated unpaid sick, vacation, compensatory and overtime hours for which the \$22.1 million liability recorded in the General Long-Term Obligations Account Group at December 31, 2001 was based were as follows:

Type	Hours	Amount (in 000's)
Sick	21,960	\$ 389
Vacation	1,150,997	20,384
Overtime	<u>76,879</u>	<u>1,362</u>
Total	<u>1,249,836</u>	\$ <u>22,135</u>

Special Termination Benefits: In May 2001, the Board of County Commissioners authorized the purchase of additional service credit (equal to 20% of accumulated service time up to a maximum of 5 years) under PERS (see Note H) for certain employees close to retirement as an incentive to retire early. The Early Retirement Incentive Program (ERIP) was approved for participating departments and agencies of the County by agreement with the County Commissioners. Eligible employees have until June 30, 2002 to elect to participate in the program. As of December 31, 2001, 401 employees had accepted the program resulting in a total cost of \$34.2 million payable to PERS. This cost and the related obligation was allocated to the County's funds and General Long-Term Obligations Account Group as follows:

(Amounts in 000's)	
Enterprise Funds	\$ 688
Internal Service Funds	5,158
General Long-Term Obligations Account Group	<u>28,340</u>
Total	\$ <u>34,186</u>

As of December 31, 2001, \$2.4 million of the amount initially credited to the General Long-Term Obligations Account Group had been paid and recognized as an expenditure by the County's Governmental funds. Payments are made to PERS in quarterly installments over the life of the purchased service credit. The following summarizes the future payment requirements to fund the cost of the special termination benefits for the employees who had elected to participate in the plan by December 31, 2001:

Year	Proprietary Funds	General Long-Term Obligations Account Group
2002	\$ 1,446	\$ 6,993
2003	1,428	6,922
2004	1,396	6,787
2005	1,344	6,475
2006	<u>744</u>	<u>3,780</u>
Total Termination Benefit Payments	6,358	30,957
Amount Representing Interest	<u>(1,030)</u>	<u>(5,042)</u>
Net Amount	\$ <u>5,328</u>	\$ <u>25,915</u>

As of December 31, 2001, the County estimated 665 employees would elect to participate in the future (through June 30, 2002). All or a portion of these employees could elect to participate in the future (through June 30, 2002), which would increase the County's cost of the program along with its obligation to PERS.

COUNTY OF CUYAHOGA, OHIO

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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, 2001 is \$3.5 million. The remaining proceeds from the issuance were used to fund various capital projects.

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

Effective November 1, 1997, the County issued \$77.5 million of Hospital Refunding Revenue Bonds, Series 1997A. The proceeds of the Series 1997A Bonds were used to advance refund \$73.7 million of Series 1989 Bonds scheduled to mature on February 15, 2019. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9.8 million. This unamortized difference (\$8.2 million at December 31, 2001) is reported in the accompanying financial statements as a deduction from long-term debt and is being charged to operations through the year 2019 using the effective interest method.

Other Financial Obligations

Operating Leases: During the year 2001, the County had approximately 73 operating leases for office space and equipment. At December 31, 2001, there were 40 remaining with future obligations. The operating lease agreements range in length from one month to ten years. Total rental payments for 2001 amounted to \$5.6 million, of which \$760,000 was expended from proprietary funds. Rental obligations for the years 2002 through 2011 are \$11.8 million of which \$1.3 million represents the amount to be paid from proprietary funds. Rental payments for the years 2002, 2003, 2004, 2005 and 2006 will be \$5.1 million, \$4.0 million, \$1.9 million, \$5 million and \$4.4 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 2011. Certain leases contain rent escalation clauses and renewal options for additional periods ranging from two to five years. Rent expense totaled \$1.2 million in 2001. Minimum rental commitments under operating leases extending beyond one year at December 31, 2001 are as follows: 2002 - \$1.2 million; 2003 - \$1.2 million; 2004 - \$1.1 million; 2005 - \$11.4 million; 2006 - \$.3 million, thereafter - \$.9 million.

Gateway Loan Guarantees: The County currently guarantees the repayment of \$35.5 million of bonded debt of Gateway. This amount represents the outstanding par amount of bonds of two issues, the original outstanding amount of which was \$38.4 million of Subordinate Excise Tax Revenue Bonds and \$31.0 million of Stadium Revenue Bonds. As of December 31, 2001, the outstanding balance on these Gateway bond guarantees, including future interest payments, was \$8.9 million on the Subordinate Excise Tax Revenue Bonds (payable through September 1, 2005), and \$38.1 million on the Stadium Revenue Bonds payable through September 15, 2014). The County has not been required to make any payments on behalf of the Gateway bonds.

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.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

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As of December 31, 2001, the aggregate principal amounts outstanding for the Industrial Development, Hospital Revenue and Mortgage Revenue Bonds were \$218.1 million, \$1.5 billion and \$155.8 million, respectively.

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

Primary Government

PERS PLAN DESCRIPTION: All full-time employees of the County, except teachers employed by the County Board of Mental Retardation, participate in the Public Employees Retirement System of Ohio (PERS). It is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefits to the PERS Board of Trustees. PERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

PERS FUNDING POLICY: The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5% of covered payroll, except for law enforcement employees. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits as follows: (1) The law enforcement classification which consists of sheriffs and deputy sheriffs with an employee contribution rate of 10.1% and (2) all other members of the law enforcement program who were placed in a newly named public safety division and are required to contribute 9%. The employer contribution rate is 13.55% of covered payroll, except for law enforcement which is 16.70%. There was a temporary employer contribution rate rollback effective July 2000 through December 2000. The rates were 8.13% of covered payroll except for law enforcement personnel for which the contribution rate was 14.70%. The total employer contributions from the County to PERS (excluding amounts paid in 2001 for ERIP – See Note G) for the years 2001, 2000 and 1999 were \$51.5 million, \$40.3 million and \$45.2 million, respectively, equal to the required contributions for each year.

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

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The portion of the employer contribution rate used to fund postretirement health care for 2001 and 2000 was 4.3% of covered payroll. During 2001 and 2000, \$16.3 million and \$15.9 million, respectively, of the County's total contribution to PERS was used for postretirement benefits. At December 31, 2001, the County was not responsible for paying premiums, contributions, or claims for OPEB under PERS for any retirees, terminated employees or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions used for the 2000 actuarial computations (latest available) were as follows:

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

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

Investment Return: The investment return assumption for 2000 was 7.75%.

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Active Employee Total Payroll: An annual increase of 4.75%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%.

Health Care: Health care costs were assumed to increase 4.75%.

At December 31, 2000, (latest information available), there were 411,076 active participants contributing to the plan. The County's actuarially required OPEB contribution for 2000 equaled the actual amount contributed to PERS by the County. In addition, at December 31, 2000, the actuarial value of the plan's net assets available for OPEB approximated \$11.8 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were \$14.4 billion and \$2.6 billion, respectively.

The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

STRS PLAN DESCRIPTION: Teachers employed by the County Board of Mental Retardation (CBMR) participate in the State Teachers Retirement System Of Ohio (STRS). It is a cost-sharing multiple-employer defined benefit pension plan. STRS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 3307 of the Ohio Revised Code assigns the authority to establish and amend benefits to the STRS Board of Trustees. STRS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

STRS FUNDING POLICY: The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 9.3% of covered payroll. The employer contribution rate is 14% of annual covered payroll. The employer contributions from the County Board of Mental Retardation to STRS for the years 2001, 2000 and 1999 were \$1.9 million, \$1.9 million and \$1.8 million, respectively, equal to the required contributions for each year.

OPEB: STRS also provides OPEB to plan members. The qualifications required to receive benefits replicate PERS. STRS has established a Health Care Reserve fund to accumulate monies for OPEB. The portion of the employer contribution rate allocated to the Health Care Reserve fund was 4.5% of covered payroll. The County's contributions for OPEB for the years 2001, 2000 and 1999 were \$.6 million, \$.8 million and \$1 million, respectively, equal to the required contributions for each year.

The balance in the Health Care Reserve Fund was \$3.3 billion at June 30, 2001 (latest information available). For the year ended June 30, 2001, the net health care costs paid by STRS were \$300.8 million and there were 102,132 eligible recipients.

Component Unit

Retirement and OPEB benefits for Hospital employees are provided through PERS in the same manner as employees of the County's primary government. The Hospital's total contributions to PERS for the years 2001, 2000 and 1999 were \$32.5 million, \$24.3 million and \$28.8 million, respectively, equal to the required contributions for each year. The portion of the Hospital's total contribution to PERS which was used to fund OPEB for the years 2001 and 2000 was \$10.5 million and \$9.5 million, respectively.

NOTE I - Deficit Balances

At December 31, 2001, the County Airport, Central Custodial Services and Communications funds had retained earnings deficits of \$.8 million, \$.47 million and \$.26 million, respectively. The County Airport is an Enterprise fund and the Central Custodial Services and the Communications funds are Internal Service funds. The deficits will be eliminated through adjustment of the related fee schedules.

COUNTY OF CUYAHOGA, OHIO

NOTES TO FINANCIAL STATEMENTS

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NOTE J - 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 fund equity that includes grants and contributions made to the Hospital (Component Unit) which have been restricted by donors or grantees for specific purposes and assets held by the Hospital in a custodial nature. At December 31, 2001, the balance in this account was \$5.2 million. Earnings on investments of these assets are included in restricted assets unless such earnings are not restricted by donors.

This account also 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, 2001, the balance in this account was \$37.3 million of which \$25.5 million represents the fund equity related to the certificates of deposit and \$11.8 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, 2001, \$15 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, 2001, \$8.3 million has been reserved for debt service.

Designation accounts used by the County include:

Designated for Self-Insurance: This account is used to designate resources which management has earmarked to fund any claims or judgements against the County which are not covered by insurance. At December 31, 2001, \$1.1 million has been designated for self-insurance.

Designated for Proprietary Funds: This account is used to designate resources which management has earmarked to retire outstanding Enterprise and Internal Service funds' deficits. At December 31, 2001, \$8.2 million has been designated for future Enterprise and Internal Service funds' subsidies.

NOTE K - Risk Management and Other Contingencies

Primary Government

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

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

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Self-Insurance: The County has designated \$1.1 million of the fund balance of the General fund, pursuant to Ohio law, to provide monies for claims and judgements not covered by the various County insurance policies. Settled claims from risks covered by the County's insurance policies have not exceeded the insurance coverage for the past three fiscal years. Actual expenditures for claims and judgements against the County in 2001 and estimates for unsettled claims at December 31, 2001, including those incurred but not reported, were immaterial. The County is also self-insured with respect to unemployment and workers' compensation benefits. Self-insurance expenditures were immaterial for unemployment compensation in 2001. 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 Workers' Compensation fund and are based on estimates needed to pay current claims and establish a reserve for claims incurred but not reported. Changes to the estimated claims payable recorded in the Self-Funded Workers' Compensation fund during the years ended December 31, 2001 and 2000 were:

	(Amounts in 000's)	
Estimated Claims Payable	2001	2000
Estimated claims payable beginning of year.....	\$ 18,827	\$ 33,252
Plus: Current year claims and changes in estimates	4,833	(13,047)
Less: Claim payments ⁽¹⁾	<u>5,070</u>	<u>1,378</u>
Estimated claims payable end of year	<u>\$ 18,590</u>	<u>\$ 18,827</u>

(1) The 2000 amount is net of a \$2 million one-time, state-wide dividend credit the Ohio Bureau of Workers' Compensation allowed the County to offset against its claim payments during that year only.

Uncertainties associated with estimates of workers' compensation liabilities can often result in wide ranges of reasonably possible estimates. Estimates developed in the year a claim occurs can vary significantly. Normally, a finite estimate of cost for a specific claim does not become fixed and determinable until a determination of the benefit award is made by the Ohio Bureau of Workers' Compensation. This can occur several years after an injury occurs and a claim is filed. During 2000, the County reduced its estimated workers' compensation liability recorded in prior years by approximately \$17.6 million based on the recommendation of an independent actuary. Since the County entered the retrospective rating program in 1992, it had recorded its best estimate of the liability each year without the assistance of an actuary. The passage of time since the County's entry into the retrospective program has provided sufficient historical information to enable the County's previous liability estimates to be refined and an actuary was consulted to assist in this process. Nevertheless, there is no assurance that additional costs greater than the amount accrued at December 31, 2001 will not be incurred or that changes in workers' compensation laws or their interpretation will not require that additional amounts be spent.

Special Termination Benefits: The State of Ohio has granted statutory authority enabling Ohio public employers to establish early retirement incentive programs. In conjunction with this program, the County Board of Mental Retardation (CBMR) adopted a plan in 1999, which allows for participation by eligible CBMR employees in such a program. The plan is in effect for the period July 1, 2000 through June 30, 2002 during which time eligible employees may elect to retire in exchange for the County paying the necessary amount to PERS and STRS (see Note H) to enable the individuals to receive full retirement benefits under these plans. In 2001, \$.7 million was paid to PERS and STRS under the program. Because CBMR pays these costs when employees elect to participate in the program, there are no amounts recorded as a liability in the accompanying combined balance sheet.

Component Unit

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

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Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The reserve for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, discounted at a rate of 6%. The changes in the reserve were as follows during the years ended December 31, 2001 and 2000:

	(Amounts in 000's)	
Estimated Claims Payable	2001	2000
Estimated claims payable beginning of year.....	\$ 29,685	\$ 24,987
Plus: Current year claims and changes in estimates	18,169	16,577
Less: Claim payments	<u>18,383</u>	<u>11,879</u>
Estimated claims payable end of year	<u>\$ 29,471</u>	<u>\$ 29,685</u>

NOTE L - Encumbrances

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

At December 31, 2001, encumbrances outstanding in Governmental funds and Proprietary funds which were reappropriated in the 2002 budget were:

Fund Type	(Amounts in 000's)
General fund	\$ 31,426
Special Revenue funds	123,355
Capital Projects fund	68,369
Enterprise funds	3,461
Internal Service funds.....	<u>13,724</u>
Total	<u>\$ 240,335</u>

On a GAAP basis, a portion of these encumbrances represented liabilities of the County. At December 31, 2001, encumbrances recorded as liabilities were:

Fund Type	(Amounts in 000's)
General fund	\$ 3,265
Special Revenue funds	33,638
Capital Projects fund	5,335
Enterprise funds	389
Internal Service funds.....	<u>1,628</u>
Total	<u>\$ 44,255</u>

COUNTY OF CUYAHOGA, OHIO
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NOTE M - Property Tax Revenues

Property taxes include amounts levied against real, tangible (used in business) and public utility property. The assessed value upon which the 2001 tax collection was based follows:

Property Type	(Amounts in 000's)	
Real property	\$	24,341,838
Personal tangible property.....		3,011,512
Tangible public utility property		<u>1,218,900</u>
Total assessed value	\$	<u>28,572,250</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 .52 is designated for debt service and the remainder is credited to the County's General fund. In addition to the 1.45 mills, 10.27 voted mills have been levied for debt service, mental retardation, health and human services and health and welfare. A summary of voted millage follows:

Purpose	Voter Authorized Rate (1)	Rates Levied for Current Year Collection (2)		Final Collection Year
		Agricultural/ Residential	Commercial/ Industrial	
Debt service	\$.27	\$.27	\$.27	2013
Mental retardation	3.90	3.48	3.42	2005
Health and human services.....	3.00	1.82	2.14	2004
Health and welfare	<u>3.10</u>	<u>2.76</u>	<u>2.71</u>	2003
Total voted millage.....	\$ <u>10.27</u>	\$ <u>8.33</u>	\$ <u>8.54</u>	

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

Real property taxes are levied each December on the assessed values as of the preceding January 1st, the lien date. Assessed values are established the preceding year by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in 2000. Public utility property taxes are assessed on tangible personal property, as well as land and land improvements at true value, which is, in general, net book value. Tangible property is assessed at 25% of true value except for inventories which are assessed at 25% of average value. Personal property (other than public utility property) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Under Ohio law, personal property taxes do not attach as a lien on the personal property. Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date.

The County Treasurer bills and collects property taxes on behalf of all taxing districts in Cuyahoga County including the County. Taxes are payable semi-annually. The County's practice is to extend the statutory due dates to January and July. Unpaid taxes become delinquent after December 31 of the year they are due. Foreclosure proceedings may be initiated by the County Prosecutor if delinquent taxes are not paid within one year.

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

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

The County accrues property taxes as receivables since they can be measured and recorded when an enforceable legal claim exists. The receivables are also recorded as deferred revenue since they are recorded in advance of the year for which they are levied. Property taxes are recognized as revenue in the year for which they are levied.

Property tax revenues were recorded in the following funds in 2001:

Fund Type	(Amounts in 000's)
General fund.....	\$ 22,646
Special Revenue funds	217,629
Debt Service fund.....	<u>19,335</u>
Total property tax revenues.....	\$ <u>259,610</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2001 for Cuyahoga County was \$33.0 million. The delinquent property tax revenue was not recorded in the financial statements due to the uncertainty of collection. Recording the delinquency would not have an impact on the fund balances of the County since it would be offset by a reserve for doubtful accounts.

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

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

DECEMBER 31, 2001

NOTE N - Segment Information for Enterprise Funds and Component Unit

The County maintains four Enterprise funds which provide sanitary sewer, airport, parking, and regional crime information services. The County also has a component unit which operates as a hospital (see Note A). Segment information as of and for the year ended December 31, 2001, follows:

	(Amounts in 000's)					
	Sanitary Engineer	County Airport	Huntington Park Garage	Cuyahoga County Information System	Total Enterprise Funds	Component Unit
Operating revenues	\$ 9,065	\$ 678	\$ 2,543	\$ 2,547	\$ 14,833	\$ 434,235
Operating expenses						
before depreciation	9,230	842	1,476	2,510	14,058	449,970
Depreciation.....	<u>1,340</u>	<u>420</u>	<u>533</u>	<u>1</u>	<u>2,294</u>	<u>32,300</u>
Operating income(loss)	(1,505)	(584)	534	36	(1,519)	(48,035)
Nonoperating revenues(expenses)						
other than grants-net.....	(365)				(365)	8,967
Operating grants.....						5,829
Operating transfers in.....		158		1,415	1,573	25,050
Operating transfers out.....			(646)	(50)	(696)	
Current capital contributions.....	1,859	137	3,597		5,593	
Cumulative effect of change in accounting principle.....	—	—	—	—	—	<u>1,232</u>
Net income(loss).....	(11)	(289)	3,485	1,401	4,586	(6,957)
Property, plant and equipment:						
Additions	4,313	220	3,597		8,130	20,471
Dispositions.....	1,957				1,957	487
Net working capital	1,706	(90)	767	1,322	3,705	6,083
Total assets	43,868	8,810	5,716	1,511	59,905	583,930
Bonds and other long-term liabilities:						
Payable from operating revenues.....	9,007			19	9,026	250,959
Total fund equity	26,511	8,644	5,565	1,307	42,027	236,534

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

DECEMBER 31, 2001

NOTE O – Other Intergovernmental Revenue

A summary of the principal components of other intergovernmental revenue for the year ended December 31, 2001 follows:

Fund Type	(Amounts in 000's)
General fund:	
State Public Defender reimbursement	\$ 5,999
State property tax reimbursement.....	3,431
Other.....	<u>721</u>
Total General fund.....	\$ <u>10,151</u>
Special Revenue funds:	
U.S. Department of Housing and Urban Development	\$ 15,328
U.S. Department of Justice	15,879
Federal and State mental health and retardation.....	159,379
Ohio Department of Alcohol and Drug	
Addiction Services	20,697
Ohio Department of Job and Family Services.....	333,747
Ohio Department of Rehabilitation and Corrections.....	4,051
Ohio Department of Transportation	476
Ohio Department of Youth Services	1,186
State property tax reimbursement.....	14,660
Other.....	<u>5,374</u>
Total Special Revenue funds.....	\$ <u>570,777</u>
Debt Service fund:	
State property tax reimbursement.....	\$ <u>3,562</u>
Capital Projects fund:	
Ohio Department of Job and Family Services.....	\$ 2,404
Ohio Department of Mental Retardation	93
Ohio Department of Transportation	18,778
Other	<u>5,928</u>
Total Capital Projects fund	\$ <u>27,203</u>

NOTE P - Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds which include operating and residual equity transfers. Operating transfers are transfers of resources from a fund receiving revenue to a fund through which those resources will be expended. Residual equity transfers are non-routine, non-recurring transfers of equity between funds, usually transfers of residual balances of discontinued funds.

Operating transfers are recorded as other financing sources (uses) in Governmental funds and as nonoperating revenues (expenses) in Proprietary funds. Residual equity transfers are recorded separately as an adjustment to beginning fund balance in Governmental funds and as an adjustment to contributed capital or retained earnings, as appropriate, for Proprietary funds.

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

DECEMBER 31, 2001

A summary of interfund transfers by fund type follows for the year ended December 31, 2001:

Fund Type Transfer To	(Amounts in 000's) Transfer From					Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Services	
Operating Transfers:						
General	\$	\$ 658	\$ 6,000	\$	\$	\$ 6,658
Special Revenue	61,906	160,563	24	50		222,543
Debt Service	10,677			646		11,323
Capital Projects	1,408	6,576			600	8,584
Enterprise	1,573					1,573
Internal Service	214					214
Component Unit	<u>6,835</u>	<u>18,215</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25,050</u>
Total Operating Transfers	\$ <u>82,613</u>	\$ <u>186,012</u>	\$ <u>6,024</u>	\$ <u>696</u>	\$ <u>600</u>	\$ <u>275,945</u>
Residual Equity Transfers:						
General	\$	\$ 68	\$	\$	\$	\$ 68
Special Revenue	—	<u>28</u>	<u>22</u>	—	—	<u>50</u>
Total Residual Equity Transfers	\$ <u>0</u>	\$ <u>96</u>	\$ <u>22</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>118</u>

COUNTY OF CUYAHOGA, OHIO
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE Q - 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 governmental 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, 2001, the County has \$106 million of debt outstanding relating to these bond issues (See Note G).

The amount due from Gateway under the revolving loan agreement is \$170.3 million at December 31, 2001, including unpaid accrued interest. During 2001, Gateway repaid the County over \$2 million and the remaining amount is fully reserved due to the uncertainty of the repayment from Gateway.

The County, Gateway and the Convention and Visitors Bureau of Greater Cleveland (the Bureau) entered into a cooperative agreement on September 15, 1992, which included a provision that allowed a credit to be given to Gateway for the incremental amount the Bureau receives from the County Transient Occupancy Tax to use as payment to the County for the bonds issued. This agreement was amended on December 22, 1998 to redefine the annual incremental credit and to provide for the deposit by the Bureau for the years 1994 through 1998. The County received \$1 million from this agreement during the year ended December 31, 1999. The County will receive \$.2 million during each subsequent year, subject to certain adjustments. The County received \$.2 million for the year ended December 31, 2001.

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

NOTE R – Loans

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

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Financial Section

PART II

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

Combining financial statements are presented for individual funds within the Special Revenue, Enterprise, Internal Service and Agency funds. Schedules of financial activity are also presented for the General Fixed Asset Account Group.

The General fund, Debt Service fund and Capital Projects fund are each reported in a single fund and, therefore, do not require presentation of financial statements below the combined level. However, the General fund is presented on a Non-GAAP budgetary basis reflecting the legal level of control.



**COUNTY OF CUYAHOGA, OHIO
GENERAL FUND**

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

COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 22,419	\$ 22,571	\$ 152
Sales and use tax.....	157,944	158,018	74
Other tax	74	13	(61)
State local government fund	40,837	41,048	211
Licenses and permits	150	104	(46)
Charges for services	54,129	61,163	7,034
Fines and forfeitures	6,300	6,013	(287)
Investment earnings.....	25,000	28,750	3,750
Other intergovernmental	10,565	10,343	(222)
Miscellaneous	9,354	5,286	(4,068)
TOTAL REVENUES.....	326,772	333,309	6,537
EXPENDITURES			
Current:			
GENERAL GOVERNMENT			
Vital Statistics			
Other	24	21	3
Total Vital Statistics.....	24	21	3
Bureau of Inspection			
Other	528	483	45
Total Bureau of Inspection	528	483	45
Auditor			
Personnel.....	5,400	5,380	20
Other	4,900	4,069	831
Capital.....	73	6	67
Total Auditor.....	10,373	9,455	918
Board of Elections			
Personnel.....	6,129	6,010	119
Other	5,547	5,122	425
Capital.....	251	40	211
Total Board of Elections	11,927	11,172	755
Board of Revision			
Personnel	276	275	1
Total Board of Revision.....	276	275	1

(Continued)

COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
County Commissioners			
Personnel.....	1,034	1,032	2
Other	486	459	27
Capital.....	3	3	
Total County Commissioners	1,523	1,494	29
County Administrator			
Personnel.....	733	706	27
Other	897	721	176
Capital.....	8	8	
Total County Administrator.....	1,638	1,435	203
Human Resources			
Personnel.....	1,980	1,960	20
Other	3,178	2,915	263
Capital.....	41	34	7
Total Human Resources	5,199	4,909	290
Employment Relations			
Personnel.....	744	739	5
Other	502	370	132
Capital.....	4	3	1
Total Employment Relations	1,250	1,112	138
Benefits			
Personnel.....	450	439	11
Other	370	180	190
Capital.....	2	2	
Total Benefits	822	619	203
Labor Relations			
Personnel.....	405	395	10
Other	39	36	3
Capital.....	2	2	
Total Labor Relations	446	433	13
Office of Budget and Management			
Personnel.....	1,049	1,033	16
Other	2,523	1,222	1,301
Capital.....	4	2	2
Total Office of Budget and Management.....	3,576	2,257	1,319

(Continued)

COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
Clerk of the Board			
Personnel.....	404	394	10
Other	101	100	1
Capital.....	<u>2</u>	<u>1</u>	<u>1</u>
Total Clerk of the Board	507	495	12
Procurement and Diversity			
Personnel.....	887	833	54
Other	1,007	773	234
Capital.....	<u>4</u>	<u>1</u>	<u>3</u>
Total Procurement and Diversity.....	1,898	1,607	291
Risk and Property Management			
Personnel.....	594	482	112
Other	2,864	2,174	690
Capital.....	<u>24</u>	<u>16</u>	<u>8</u>
Total Risk and Property Management.....	3,482	2,672	810
Archives			
Personnel.....	175	173	2
Other	732	620	112
Capital.....	<u>9</u>	<u>8</u>	<u>1</u>
Total Archives	916	801	115
Recorder			
Personnel.....	4,114	4,110	4
Other	2,403	1,497	906
Capital.....	<u>149</u>	<u>33</u>	<u>116</u>
Total Recorder	6,666	5,640	1,026
Treasurer			
Personnel.....	3,721	3,696	25
Other	2,569	2,112	457
Capital.....	<u>4</u>	<u>1</u>	<u>3</u>
Total Treasurer.....	6,294	5,809	485
Reserve/Contingencies			
Other	<u>7,156</u>	<u>7,156</u>	<u>7,156</u>
Total Reserve/Contingencies	7,156	7,156	7,156
TOTAL GENERAL GOVERNMENT.....	64,501	50,689	13,812

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
JUDICIAL			
Board & Care of Prisoners			
Other	2,967	2,777	190
Total Board & Care of Prisoners	2,967	2,777	190
Court of Appeals			
Personnel	1,279	1,277	2
Other	1,231	707	524
Capital	33	33	
Total Court of Appeals	2,543	2,017	526
Clerk of Courts			
Personnel	5,817	5,798	19
Other	3,925	3,576	349
Capital	118	104	14
Total Clerk of Courts	9,860	9,478	382
Court of Common Pleas - Law Library			
Personnel	186	186	
Other	2		2
Capital	2		2
Total Court of Common Pleas - Law Library	190	186	4
Common Pleas Legal Research			
Other	208	111	97
Total Common Pleas Legal Research	208	111	97
Common Pleas-Judicial Administration			
Personnel	5,834	5,826	8
Other	15,585	15,088	497
Capital	22	14	8
Total Common Pleas-Judicial Administration	21,441	20,928	513
Common Pleas-Referees			
Personnel	701	700	1
Other	204	195	9
Capital	13	13	
Total Common Pleas-Referees	918	908	10

(Continued)

COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
Common Pleas-Court Services			
Personnel	6,088	6,078	10
Other	714	714	
Capital	42	9	33
Total Common Pleas-Court Services	6,844	6,801	43
Common Pleas-Probation/Psychiatric			
Personnel	7,340	7,324	16
Other	3,565	2,151	1,414
Capital	68	29	39
Total Common Pleas-Probation/Psychiatric	10,973	9,504	1,469
Coroner			
Personnel	4,245	4,220	25
Other	2,117	1,829	288
Capital	14	14	
Total Coroner	6,376	6,063	313
Domestic Relations Court			
Personnel	2,605	2,580	25
Other	1,310	1,165	145
Capital	120	31	89
Total Domestic Relations Court	4,035	3,776	259
Domestic Relations-Bureau of Support			
Personnel	2,759	2,721	38
Other	806	723	83
Capital	75	75	
Total Domestic Relations-Bureau of Support	3,640	3,519	121
Justice Affairs Administration			
Personnel	436	429	7
Other	371	288	83
Capital	2	2	
Total Justice Affairs Administration	809	719	90
Justice Affairs-Criminal Justice			
Personnel	485	435	50
Other	180	34	146
Capital	4	4	
Total Justice Affairs-Criminal Justice	669	473	196

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
Witness Victim Services			
Personnel.....	583	583	
Other	225	181	44
Capital.....	4	4	
Total Witness Victim Services.....	<u>812</u>	<u>768</u>	<u>44</u>
Criminal Justice Intervention Services			
Personnel.....	53	52	1
Other	83	68	15
Capital.....	4	4	
Total Criminal Justice Intervention Services.....	<u>140</u>	<u>124</u>	<u>16</u>
Domestic Violence One-Stop Program			
Personnel.....	96	11	85
Other	599		599
Capital.....	5	3	2
Total Domestic Violence One-Stop Program.....	<u>700</u>	<u>14</u>	<u>686</u>
Juvenile Court-Administration			
Personnel.....	2,467	2,374	93
Other	7,101	6,147	954
Capital.....	11	10	1
Total Juvenile Court-Administration	<u>9,579</u>	<u>8,531</u>	<u>1,048</u>
Juvenile Court-Legal			
Personnel.....	6,209	6,176	33
Other	5,062	3,789	1,273
Capital.....	11	11	
Total Juvenile Court-Legal	<u>11,282</u>	<u>9,976</u>	<u>1,306</u>
Juvenile Court-Probation			
Personnel.....	5,747	5,733	14
Other	4,592	4,384	208
Capital.....	8	7	1
Total Juvenile Court-Probation.....	<u>10,347</u>	<u>10,124</u>	<u>223</u>
Juvenile Court-Child Support			
Personnel.....	2,582	2,547	35
Other	389	344	45
Capital	11	3	8
Total Juvenile Court-Child Support	<u>2,982</u>	<u>2,894</u>	<u>88</u>

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
Juvenile Court-Detention Home			
Personnel	7,815	7,801	14
Other	4,377	4,272	105
Capital	44	38	6
Total Juvenile Court-Detention Home	<u>12,236</u>	<u>12,111</u>	<u>125</u>
Municipal Judicial Costs			
Personnel	2,476	2,476	
Other	511	496	15
Total Municipal Judicial Costs	<u>2,987</u>	<u>2,972</u>	<u>15</u>
Village and Township Costs			
Other	5	5	
Total Village and Township Costs	<u>5</u>	<u>5</u>	
Probate Court			
Personnel	4,824	4,562	262
Other	1,602	1,539	63
Capital	58	40	18
Total Probate Court	<u>6,484</u>	<u>6,141</u>	<u>343</u>
Public Defender			
Personnel	4,975	4,963	12
Other	2,136	853	1,283
Capital	37	37	37
Total Public Defender	<u>7,148</u>	<u>5,816</u>	<u>1,332</u>
Prosecutor-General Office			
Personnel	12,681	12,640	41
Other	2,522	1,888	634
Capital	40	34	6
Total Prosecutor-General Office	<u>15,243</u>	<u>14,562</u>	<u>681</u>
Prosecutor-Child Support			
Personnel	2,462	2,453	9
Other	152	151	1
Capital	9	9	
Total Prosecutor-Child Support	<u>2,623</u>	<u>2,613</u>	<u>10</u>
Prosecutor-Children and Family Services			
Personnel	2,342	2,331	11
Other	91	75	16
Capital	9	9	
Total Prosecutor-Children and Family Services	<u>2,442</u>	<u>2,415</u>	<u>27</u>

(Continued)

COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
Sheriff			
Personnel.....	48,172	48,073	99
Other	13,257	11,388	1,869
Capital.....	211	139	72
Total Sheriff.....	<u>61,640</u>	<u>59,600</u>	<u>2,040</u>
Sheriff-Inmate Services			
Personnel.....	3,275	3,274	1
Other	3,597	3,071	526
Capital.....	29	18	11
Total Sheriff-Inmate Services.....	<u>6,901</u>	<u>6,363</u>	<u>538</u>
TOTAL JUDICIAL.....	225,024	212,289	12,735
DEVELOPMENT			
Development-Administration			
Personnel.....	114	113	1
Capital.....	2	2	2
Total Development-Administration	<u>116</u>	<u>113</u>	<u>3</u>
Economic Development			
Personnel.....	649	575	74
Other	1,707	1,379	328
Capital.....	6	6	6
Total Economic Development	<u>2,362</u>	<u>1,960</u>	<u>402</u>
NOACA			
Other	149	149	0
Total NOACA	<u>149</u>	<u>149</u>	<u>0</u>
Soil Conservation			
Other	107	106	1
Total Soil Conservation	<u>107</u>	<u>106</u>	<u>1</u>
TOTAL DEVELOPMENT	2,734	2,328	406
SOCIAL SERVICES			
Cooperative Extension			
Other	363	363	0
Total Cooperative Extension	<u>363</u>	<u>363</u>	<u>0</u>

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
Graves for Indigents			
Other	8	7	1
Total Graves for Indigents	<u>8</u>	<u>7</u>	<u>1</u>
Children Who Witness Violence			
Personnel	214	205	9
Other	783	370	413
Capital	2	2	2
Total Children Who Witness Violence	<u>999</u>	<u>575</u>	<u>424</u>
Ombudsman Program			
Other	244	244	—
Total Ombudsman Program	<u>244</u>	<u>244</u>	<u>—</u>
Veterans Service Commission			
Personnel	1,443	1,435	8
Other	8,975	8,541	434
Capital	10	2	8
Total Veterans Service Commission	<u>10,428</u>	<u>9,978</u>	<u>450</u>
TOTAL SOCIAL SERVICES	12,042	11,167	875
HEALTH AND SAFETY			
Agriculture and Apiary Inspection			
Other	1	—	1
Total Agriculture and Apiary Inspection	<u>1</u>	<u>—</u>	<u>1</u>
Treatment Service Division			
Personnel	143	143	—
Other	183	163	20
Total Treatment Service Division	<u>326</u>	<u>306</u>	<u>20</u>
CECOMS Center			
Personnel	600	597	3
Other	416	278	138
Capital	3	1	2
Total CECOMS Center	<u>1,019</u>	<u>876</u>	<u>143</u>
Hospital Operations			
Other	186	186	—
Total Hospital Operations	<u>186</u>	<u>186</u>	<u>—</u>
TOTAL HEALTH AND SAFETY	1,532	1,368	164

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
MISCELLANEOUS			
Agricultural Society			
Other	3	3	
Total Agricultural Society	3	3	
Memorial Day Allowances			
Other	52	51	1
Total Memorial Day Allowances	52	51	1
Soldiers and Sailors Monument			
Personnel	71	70	1
Other	46	42	4
Capital	2		2
Total Soldiers and Sailors Monument	119	112	7
Cuyahoga County School District			
Other	104	96	8
Total Cuyahoga County School District	104	96	8
Self Insurance			
Other	1,000	491	509
Total Self Insurance	1,000	491	509
Miscellaneous			
Personnel	2,443		2,443
Other	1,085	685	400
Total Miscellaneous	3,528	685	2,843
Data Systems Development			
Other	479		479
Total Data Systems Development	479		479
Capital Improvement G/F Subsidy			
Other	500		500
Total Capital Improvement G/F Subsidy	500		500
TOTAL MISCELLANEOUS	5,785	1,438	4,347
TOTAL EXPENDITURES	311,618	279,279	32,339
EXCESS OF REVENUES OVER EXPENDITURES	15,154	54,030	38,876

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
(NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	General Fund		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)			
Operating transfers in.....		6,680	6,680
Operating transfers out:			
Component unit.....	(6,835)	(6,835)	
Debt retirement	(10,683)	(10,678)	5
Other	(37,359)	(37,155)	204
NET OTHER FINANCING USES	<u>(54,877)</u>	<u>(47,988)</u>	<u>6,889</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES.....	(39,723)	6,042	45,765
FUND BALANCE AT BEGINNING OF YEAR	153,003	153,003	
RESIDUAL EQUITY TRANSFERS IN.....	<u> </u>	<u>68</u>	<u>68</u>
FUND BALANCE AT END OF YEAR	<u>\$ 113,280</u>	<u>\$ 159,113</u>	<u>\$ 45,833</u>

(Continued)

**COUNTY OF CUYAHOGA, OHIO
SPECIAL REVENUE FUNDS
COMBINING FINANCIAL STATEMENTS**

SPECIAL REVENUE FUNDS ARE USED TO ACCOUNT FOR SPECIFIC GOVERNMENTAL REVENUES (OTHER THAN MAJOR CAPITAL PROJECTS) REQUIRING SEPARATE ACCOUNTING BECAUSE OF LEGAL OR REGULATORY PROVISIONS OR ADMINISTRATIVE ACTION AND EXPENDITURES FOR SPECIFIED PURPOSES.

Human Services	To account for revenue from the Federal, State and County governments and expenditures used to provide entitlement services, senior and adult programs, children and family services and employment services to eligible county residents.
Health and Human Services Levies	To account for revenue from Health and Human Service Levies. Levies and expenditures are determined by policies of the Board of County Commissioners.
Motor Vehicle Gas Tax	To account for Motor Vehicle Gas Tax federal and state revenues which are distributed to various municipalities and townships for repair and building of streets and bridges.
County Board of Mental Retardation	To account for revenues primarily from the State and the special mental retardation levy and expenditures thereof which are used for the benefit of the mentally retarded and developmentally disabled.
Health and Community Services	To account for revenues from the 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.
Community Development	To account for revenue from the Federal government and expenditures as prescribed under the Community Development Block Grant Program and Housing and Urban Development Programs (HUD).
Other	To account for miscellaneous special revenue grants received by the county. Health and Community Services Grants have been combined with this special revenue fund.

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**COUNTY OF CUYAHOGA, OHIO
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS**

**DECEMBER 31, 2001
(Amounts in 000's)**

	Budgeted Annually					
	Human Services	Health and Human Services Levies	Motor Vehicle Gas Tax	County Board of Mental Retardation	Health and Community Services	Total Annually Budgeted Funds
ASSETS						
Equity in pooled cash and investments.....	\$	\$ 229	\$ 30,874	\$ 11,300	\$ 30,000	\$ 72,403
Accounts receivable					376	376
Loans receivable						
Due from other funds.....	14,915	123,265	115	89,520	25,069	252,884
Due from other governments.....	69,177	6,935	10,764	8,369	23,950	119,195
TOTAL ASSETS	\$ 84,092	\$ 130,429	\$ 41,753	\$ 109,189	\$ 79,395	\$ 444,858
LIABILITIES						
Accounts payable	\$ 20,422	\$ 12	\$ 1,486	\$ 4,066	\$ 35,260	\$ 61,246
Deferred revenue.....		128,476	7,480	92,987	11,800	240,743
Due to other funds.....	59,104		644	1,520	842	62,110
Accrued wages and benefits	4,566		538	2,964	1,593	9,661
TOTAL LIABILITIES	84,092	128,488	10,148	101,537	49,495	373,760
FUND BALANCE						
Reserved for loans receivable						
Unreserved:						
Undesignated.....		1,941	31,605	7,652	29,900	71,098
TOTAL FUND BALANCE		1,941	31,605	7,652	29,900	71,098
TOTAL LIABILITIES AND FUND EQUITY	\$ 84,092	\$ 130,429	\$ 41,753	\$ 109,189	\$ 79,395	\$ 444,858

Multi-Year Budgeted

Community Development	Other	Total Multi-Year Budgeted Funds	2001 Totals
\$	\$ 7,307	\$ 7,307	\$ 79,710
14,013		14,013	376
325	1	326	14,013
3,836		3,836	253,210
<u>\$ 18,174</u>	<u>\$ 7,308</u>	<u>\$ 25,482</u>	<u>123,031</u>
\$ 2,880	\$ 4,205	\$ 7,085	\$ 68,331
687	2,636	2,636	243,379
62	73	760	62,870
<u>3,629</u>	<u>7,101</u>	<u>10,730</u>	<u>9,910</u>
14,013		14,013	14,013
532	207	739	71,837
<u>14,545</u>	<u>207</u>	<u>14,752</u>	<u>85,850</u>
<u>\$ 18,174</u>	<u>\$ 7,308</u>	<u>\$ 25,482</u>	<u>\$ 470,340</u>

COUNTY OF CUYAHOGA, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)

	Budgeted Annually					
	Human Services	Health and Human Services Levies	Motor Vehicle Gas Tax	County Board of Mental Retardation	Health and Community Services	Total Annually Budgeted Funds
REVENUES						
Property taxes.....	\$	\$ 119,412	\$	\$ 86,163	\$ 12,054	\$ 217,629
Other tax		61	28,797	40		28,898
Licenses and permits.....					985	985
Charges for services.....	668				15,640	16,308
Fines and forfeitures.....			241		172	413
Investment earnings.....			1,262	80	536	1,878
Other intergovernmental.....	273,101	14,660	3,896	78,965	158,946	529,568
Miscellaneous.....	1,414		(21)	823	959	3,175
TOTAL REVENUES	275,183	134,133	34,175	166,071	189,292	798,854
EXPENDITURES						
Current:						
General government.....					17,020	17,020
Judicial.....					40,235	40,235
Development.....					3,374	3,374
Social services.....	387,152			160,496	112,145	659,793
Health and safety.....		60			126,330	126,390
Public works.....			30,004		2,529	32,533
TOTAL EXPENDITURES	387,152	60	30,004	160,496	301,633	879,345
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(111,969)	134,073	4,171	5,575	(112,341)	(80,491)
OTHER FINANCING SOURCES(USES)						
Operating transfers in.....	105,960		665	219	110,671	217,515
Operating transfers out:						
Component unit.....		(18,215)				(18,215)
Other.....	(2,511)	(154,005)	(2,739)	(3,066)	(4,711)	(167,032)
Capitalized leases	8,520					8,520
NET OTHER FINANCING SOURCES(USES).....	111,969	(172,220)	(2,074)	(2,847)	105,960	40,788
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES.....		(38,147)	2,097	2,728	(6,381)	(39,703)
FUND BALANCE AT BEGINNING OF YEAR.....		40,088	29,508	4,902	36,253	110,751
RESIDUAL EQUITY TRANSFERS IN(OUT)				22	28	50
FUND BALANCE AT END OF YEAR	\$ 0	\$ 1,941	\$ 31,605	\$ 7,652	\$ 29,900	\$ 71,098

Multi-Year Budgeted

Community Development	Other	Total Multi-Year Budgeted Funds	2001 Totals
\$	\$	\$	\$ 217,629
			28,898
			985
			16,308
			413
			1,878
15,328	25,881	41,209	570,777
18	2,925	2,943	6,118
<u>15,346</u>	<u>28,806</u>	<u>44,152</u>	<u>843,006</u>
			17,020
	22,281	22,281	62,516
16,152	132	16,284	19,658
	7,561	7,561	667,354
	3,224	3,224	129,614
	123	123	32,656
<u>16,152</u>	<u>33,321</u>	<u>49,473</u>	<u>928,818</u>
(806)	(4,515)	(5,321)	(85,812)
	5,028	5,028	222,543
	(765)	(765)	(18,215)
			(167,797)
			8,520
	<u>4,263</u>	<u>4,263</u>	<u>45,051</u>
(806)	(252)	(1,058)	(40,761)
15,351	555	15,906	126,657
	(96)	(96)	(46)
<u>\$ 14,545</u>	<u>\$ 207</u>	<u>\$ 14,752</u>	<u>\$ 85,850</u>

COUNTY OF CUYAHOGA, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
ALL ANNUALLY BUDGETED SPECIAL REVENUE FUNDS
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)

	Human Services		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Property taxes	\$	\$	\$
Other tax			
Licenses and permits			
Charges for services	2,327	668	(1,659)
Fines and forfeitures			
Investment earnings			
Other intergovernmental	400,788	304,930	(95,858)
Miscellaneous	2,179	1,414	(765)
TOTAL REVENUES	405,294	307,012	(98,282)
EXPENDITURES			
Current:			
GENERAL GOVERNMENT			
Personnel			
Other			
Capital			
TOTAL GENERAL GOVERNMENT			
JUDICIAL			
Personnel			
Other			
Capital			
TOTAL JUDICIAL			
DEVELOPMENT			
Personnel			
Other			
Capital			
TOTAL DEVELOPMENT			
SOCIAL SERVICES			
Personnel	132,014	129,441	2,573
Other	288,184	244,899	43,285
Capital	1,652	986	666
TOTAL SOCIAL SERVICES	421,850	375,326	46,524
HEALTH AND SAFETY			
Personnel			
Other			
Capital			
TOTAL HEALTH AND SAFETY			
PUBLIC WORKS			
Personnel			
Other			
Capital			
TOTAL PUBLIC WORKS			
TOTAL EXPENDITURES	421,850	375,326	46,524
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,556)	(68,314)	(51,758)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	67,568	62,918	(4,650)
Operating transfers out:			
Component unit			
Other	(2,511)	(2,511)	
NET OTHER FINANCING SOURCES(USES)	65,057	60,407	(4,650)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	48,501	(7,907)	(56,408)
FUND BALANCE (DEFICIT) BEGINNING OF YEAR	(48,495)	(48,495)	
RESIDUAL EQUITY TRANSFERS IN		151	151
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 6	\$ (56,251)	\$ (56,257)

**COUNTY OF CUYAHOGA, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 ALL ANNUALLY BUDGETED SPECIAL REVENUE FUNDS
 (NON-GAAP BUDGETARY BASIS)**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	County Board of Mental Retardation		
	Revised Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 86,537	\$ 85,798	\$ (739)
Other tax	26	40	14
Licenses and permits			
Charges for services			
Fines and forfeitures			
Investment earnings.....	120	79	(41)
Other intergovernmental	79,616	79,176	(440)
Miscellaneous	500	823	323
TOTAL REVENUES.....	166,799	165,916	(883)
EXPENDITURES			
Current:			
GENERAL GOVERNMENT			
Personnel.....			
Other.....			
Capital.....			
TOTAL GENERAL GOVERNMENT.....	_____	_____	_____
JUDICIAL			
Personnel.....			
Other.....			
Capital.....			
TOTAL JUDICIAL.....	_____	_____	_____
DEVELOPMENT			
Personnel.....			
Other.....			
Capital.....			
TOTAL DEVELOPMENT.....	_____	_____	_____
SOCIAL SERVICES			
Personnel.....	80,129	77,644	2,485
Other.....	85,466	77,972	7,494
Capital.....	5,802	3,119	2,683
TOTAL SOCIAL SERVICES.....	171,397	158,735	12,662
HEALTH AND SAFETY			
Personnel.....			
Other.....			
Capital.....			
TOTAL HEALTH AND SAFETY.....	_____	_____	_____
PUBLIC WORKS			
Personnel.....			
Other.....			
Capital.....			
TOTAL PUBLIC WORKS.....	_____	_____	_____
TOTAL EXPENDITURES.....	171,397	158,735	12,662
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(4,598)	7,181	11,779
OTHER FINANCING SOURCES (USES)			
Operating transfers in	2,434	219	(2,215)
Operating transfers out:			
Component unit			
Other	(3,500)	(3,066)	434
NET OTHER FINANCING SOURCES(USES).....	(1,066)	(2,847)	(1,781)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES.....	(5,664)	4,334	9,998
FUND BALANCE (DEFICIT) BEGINNING OF YEAR.....	6,944	6,944	
RESIDUAL EQUITY TRANSFERS IN(OUT).....		22	22
FUND BALANCE (DEFICIT) AT END OF YEAR.....	\$ 1,280	\$ 11,300	\$ 10,020

Health and Community Services			2001 Totals		
Revised Budget	Actual	Variance-Favorable (Unfavorable)	Revised Budget	Actual	Variance-Favorable (Unfavorable)
\$ 12,000	\$ 12,015	\$ 15	\$ 219,764	\$ 216,687	\$ (3,077)
1,094	985	(109)	29,226	28,831	(395)
16,446	15,738	(708)	1,094	985	(109)
185	172	(13)	18,777	16,406	(2,371)
525	563	38	463	472	9
201,141	151,694	(49,447)	4,022	3,570	(452)
3,132	832	(2,300)	698,184	554,223	(143,961)
<u>234,523</u>	<u>181,999</u>	<u>(52,524)</u>	<u>6,119</u>	<u>3,169</u>	<u>(2,950)</u>
			977,649	824,343	(153,306)
10,617	10,612	5	10,617	10,612	5
7,569	5,956	1,613	7,569	5,956	1,613
<u>95</u>	<u>28</u>	<u>67</u>	<u>95</u>	<u>28</u>	<u>67</u>
18,281	16,596	1,685	18,281	16,596	1,685
24,258	23,829	429	24,258	23,829	429
20,504	14,814	5,690	20,504	14,814	5,690
<u>657</u>	<u>352</u>	<u>305</u>	<u>657</u>	<u>352</u>	<u>305</u>
45,419	38,995	6,424	45,419	38,995	6,424
2,022	1,851	171	2,022	1,851	171
3,662	1,488	2,174	3,662	1,488	2,174
<u>7</u>	<u>2</u>	<u>5</u>	<u>7</u>	<u>2</u>	<u>5</u>
5,691	3,341	2,350	5,691	3,341	2,350
425	425		212,568	207,510	5,058
116,919	104,151	12,768	490,569	427,022	63,547
<u>2</u>	<u>1</u>	<u>1</u>	<u>7,456</u>	<u>4,106</u>	<u>3,350</u>
117,346	104,577	12,769	710,593	638,638	71,955
6,873	6,456	417	6,873	6,456	417
123,847	118,514	5,333	125,505	118,562	6,943
<u>326</u>	<u>220</u>	<u>106</u>	<u>326</u>	<u>220</u>	<u>106</u>
131,046	125,190	5,856	132,704	125,238	7,466
311	293	18	15,857	15,131	726
2,614	1,963	651	6,952	4,298	2,654
<u>2</u>	<u>1</u>	<u>1</u>	<u>28,495</u>	<u>12,024</u>	<u>16,471</u>
2,927	2,257	670	51,304	31,453	19,851
<u>320,710</u>	<u>290,956</u>	<u>29,754</u>	<u>963,992</u>	<u>854,261</u>	<u>109,731</u>
(86,187)	(108,957)	(22,770)	13,657	(29,918)	(43,575)
88,033	86,708	(1,325)	158,676	150,510	(8,166)
(4,711)	(4,711)		(18,215)	(18,215)	
<u>83,322</u>	<u>81,997</u>	<u>(1,325)</u>	<u>(129,233)</u>	<u>(127,994)</u>	<u>1,239</u>
(2,865)	(26,960)	(24,095)	11,228	4,301	(6,927)
56,932	56,932		24,885	(25,617)	(50,502)
	28	28	41,568	41,568	
				201	201
<u>\$ 54,067</u>	<u>\$ 30,000</u>	<u>\$ (24,067)</u>	<u>\$ 66,453</u>	<u>\$ 16,152</u>	<u>\$ (50,301)</u>

(Continued)

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**COUNTY OF CUYAHOGA, OHIO
ENTERPRISE FUNDS
COMBINING FINANCIAL STATEMENTS**

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

Sanitary Engineer

The Sanitary Engineer's primary operating function is the maintenance of county sewer lines. The office also enforces compliance of county sanitary regulations.

County Airport

The airport provides landing and storage facilities for commercial flights, private business aircraft and recreational aircraft for the general public.

Huntington Park Garage

The garage provides parking facilities to nearby County Administration, Courthouse and Justice Center buildings for the general public.

Cuyahoga County Information System

The system provides computerized information on criminal records and court cases to communities within the county.

**COUNTY OF CUYAHOGA, OHIO
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS**

**DECEMBER 31, 2001
(Amounts in 000's)**

	Sanitary Engineer	County Airport	Huntington Park Garage
ASSETS			
Equity in pooled cash and investments.....	\$ 6,154	\$	\$ 918
Receivables:			
Accounts.....	483	198	
Special assessments.....	3,285		
Less: Allowance for doubtful accounts.....	(3)	(130)	
Net Receivables.....	3,765	68	
Due from other funds.....	3		
Due from other governments.....	131		
Inventory of supplies.....		8	
Deferred bond financing cost.....	38		
Fixed assets:			
Land.....	522	5,280	
Land improvements.....	592	10,055	
Utility plant.....	44,950		
Buildings, structures and improvements.....	4,249	2,518	7,841
Furniture, fixtures and equipment.....	2,153	218	108
Vehicles.....	2,522	803	107
Less: Accumulated depreciation.....	(29,194)	(10,146)	(3,258)
Construction in progress.....	7,983	6	
Net Fixed Assets.....	33,777	8,734	4,798
TOTAL ASSETS.....	\$ 43,868	\$ 8,810	\$ 5,716
LIABILITIES			
Accounts payable.....	\$ 492	\$ 61	\$ 77
Due to other funds.....	200	34	16
Due to other governments.....	38		
Accrued wages and benefits.....	575	71	58
Other liabilities.....	367		
Loans payable.....	6,357		
Special termination benefits.....	588		
Other debt:			
Notes payable.....	6,105		
Bonds payable.....	2,635		
TOTAL LIABILITIES.....	17,357	166	151
CONTRIBUTED CAPITAL AND RETAINED EARNINGS			
Contributed capital.....	8,203	9,396	925
Retained earnings:			
Unreserved(deficit).....	18,308	(752)	4,640
TOTAL FUND EQUITY.....	26,511	8,644	5,565
TOTAL LIABILITIES AND FUND EQUITY.....	\$ 43,868	\$ 8,810	\$ 5,716

Cuyahoga County Information System	2001 Totals
---------------------------------------	----------------

\$ 1,098	\$ 8,170
208	889
(151)	3,285
<u>57</u>	<u>(284)</u>
	3,890
39	42
313	444
	8
	38
	5,802
	10,647
	44,950
749	14,608
	3,228
(745)	3,432
	(43,343)
	<u>7,989</u>
<u>4</u>	<u>47,313</u>
<u>\$ 1,511</u>	<u>\$ 59,905</u>

\$ 158	\$ 788
2	252
	38
13	717
	367
	6,357
31	619
	6,105
	<u>2,635</u>
<u>204</u>	<u>17,878</u>
	18,524
<u>1,307</u>	<u>23,503</u>
<u>1,307</u>	<u>42,027</u>
<u>\$ 1,511</u>	<u>\$ 59,905</u>

**COUNTY OF CUYAHOGA, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL ENTERPRISE FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	Sanitary Engineer	County Airport	Huntington Park Garage
OPERATING REVENUES			
Charges for services.....	\$ 9,014	\$ 653	\$ 2,543
Other revenue.....	51	25	
TOTAL OPERATING REVENUES.....	<u>9,065</u>	<u>678</u>	<u>2,543</u>
OPERATING EXPENSES			
Personal services	5,815	523	602
Contractual services	199	23	120
Commodities	667	114	31
Depreciation	1,340	420	533
Other expenses	2,549	182	723
TOTAL OPERATING EXPENSES	<u>10,570</u>	<u>1,262</u>	<u>2,009</u>
OPERATING INCOME(LOSS).....	<u>(1,505)</u>	<u>(584)</u>	<u>534</u>
NONOPERATING REVENUES(EXPENSES)			
Interest expense	(388)		
Gain on disposal of fixed assets	23		
NET NONOPERATING EXPENSES	<u>(365)</u>		
INCOME(LOSS) BEFORE OPERATING TRANSFERS	<u>(1,870)</u>	<u>(584)</u>	<u>534</u>
Operating transfers in		158	
Operating transfers out:			
Debt retirement.....			(646)
Other			
Capital contributions	1,859	137	3,597
NET OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>1,859</u>	<u>295</u>	<u>2,951</u>
NET INCOME(LOSS)	<u>(11)</u>	<u>(289)</u>	<u>3,485</u>
DEPRECIATION ON FIXED ASSETS ACQUIRED WITH CONTRIBUTED CAPITAL.....	<u>676</u>	<u>374</u>	<u>483</u>
RETAINED EARNINGS(DEFICIT) AT BEGINNING OF YEAR.....	<u>17,643</u>	<u>(837)</u>	<u>672</u>
RETAINED EARNINGS(DEFICIT) AT END OF YEAR	<u>\$ 18,308</u>	<u>\$ (752)</u>	<u>\$ 4,640</u>

**Cuyahoga County
Information System****2001
Totals**

\$ 2,546	\$ 14,756
<u>1</u>	<u>77</u>
2,547	14,833
273	7,213
970	1,312
2	814
1	2,294
<u>1,265</u>	<u>4,719</u>
<u>2,511</u>	<u>16,352</u>
36	(1,519)
	(388)
	<u>23</u>
	(365)
36	(1,884)
1,415	1,573
	(646)
(50)	(50)
	<u>5,593</u>
<u>1,365</u>	<u>6,470</u>
1,401	4,586
	1,533
<u>(94)</u>	<u>17,384</u>
<u>\$ 1,307</u>	<u>\$ 23,503</u>

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

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	Sanitary Engineer	County Airport	Huntington Park Garage
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers.....	\$ 9,339	\$ 666	\$ 2,543
Other operating cash receipts	51	26	
Cash payments to suppliers for goods and services.....	(3,510)	(517)	(872)
Cash payments to employees for services	(5,723)	(514)	(581)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	157	(339)	1,090
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers in from other funds		158	
Operating transfers out to other funds			(646)
Proceeds from short-term interfund loan.....		28	
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES		186	(646)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from notes	6,365		
Contributed capital.....	239		
Proceeds from sale of capital assets	23		
Acquisition and construction of capital assets	(4,564)	(83)	
Principal paid on notes	(6,080)		
Principal paid on loans	(263)		
Interest paid on loans	(179)		
Principal paid on bonds	(130)		
Interest paid on bonds	(165)		
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(4,754)	(83)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments.....	18		
NET CASH PROVIDED BY INVESTING ACTIVITIES	18		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(4,579)	(236)	444
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	10,733	236	474
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 6,154	\$ 0	\$ 918

**Cuyahoga County
Information System****2001
Totals**

\$ 2,461	\$ 15,009
1	78
(2,573)	(7,472)
<u>(274)</u>	<u>(7,092)</u>
(385)	523
1,415	1,573
(50)	(696)
<u>1,365</u>	<u>28</u>
	905
	6,365
	239
	23
	(4,647)
	(6,080)
	(263)
	(179)
	(130)
	<u>(165)</u>
	(4,837)
	18
	<u>18</u>
980	(3,391)
<u>118</u>	<u>11,561</u>
<u>\$ 1,098</u>	<u>\$ 8,170</u>

(Continued)

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

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	<u>Sanitary Engineer</u>	<u>County Airport</u>	<u>Huntington Park Garage</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,505)	\$ (584)	\$ 534
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Depreciation	1,340	420	533
(Increase) decrease in accounts receivable-net	987	(54)	
(Increase) decrease in due from other funds			
(Increase) decrease in due from other governments			
Increase (decrease) in accounts payable	(837)	(130)	4
Increase (decrease) in due to other funds	40	2	6
Increase (decrease) in due to other governments	(509)		
Increase (decrease) in accrued wages and benefits	53	7	13
Increase (decrease) in special termination benefits.....	588		
TOTAL ADJUSTMENTS	<u>1,662</u>	<u>245</u>	<u>556</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 157</u>	<u>\$ (339)</u>	<u>\$ 1,090</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital contributions - fixed assets/special assessments	\$ 1,623	\$ 137	\$ 3,597
TOTAL NONCASH TRANSACTIONS	<u>\$ 1,623</u>	<u>\$ 137</u>	<u>\$ 3,597</u>

**Cuyahoga County
Information System****2001
Totals**

\$ 36	\$ (1,519)
1	2,294
(9)	924
(37)	(37)
(244)	(244)
(136)	(1,099)
(27)	21
	(509)
	73
<u>31</u>	<u>619</u>
<u>(421)</u>	<u>2,042</u>
\$ <u>(385)</u>	\$ <u>523</u>
\$ <u>0</u>	\$ <u>5,357</u>
\$ <u>0</u>	\$ <u>5,357</u>

(Continued)

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**COUNTY OF CUYAHOGA, OHIO
INTERNAL SERVICE FUNDS
COMBINING FINANCIAL STATEMENTS**

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

Central Custodial Services

The Central Custodial Services division is responsible for all maintenance, cleaning and upkeep of county buildings and offices. It also bills all rents to county offices and agencies.

Maintenance Garage

The Maintenance Garage is responsible for the upkeep of all county owned vehicles and equipment.

Data Processing Center

The Data Processing Center provides centralized data processing for the entire county.

Printing, Reproduction and Supplies

The Printing, Reproduction and Supplies division provides the county with all printing and reproduction services and central purchasing of supplies.

Communications

The Communications division provides all telephone service in addition to mail and delivery services for the county.

Self-Funded Workers' Compensation

The Self-Funded Workers' Compensation fund provides self-insurance to the County through a retrospective rating plan with the State of Ohio for workers' compensation.

**COUNTY OF CUYAHOGA, OHIO
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS**

**DECEMBER 31, 2001
(Amounts in 000's)**

	Central Custodial Services	Maintenance Garage	Data Processing Center
ASSETS			
Equity in pooled cash and investments	\$ 2,003	\$	\$ 2,640
Accounts receivable			18
Due from other funds	32	134	61
Due from other governments	418		
Inventory of supplies		18	
Fixed assets:			
Furniture, fixtures and equipment.....	425	42	21,660
Vehicles	260	4,143	
Less: Accumulated depreciation	(493)	(2,890)	(16,529)
Net Fixed Assets	192	1,295	5,131
TOTAL ASSETS	\$ 2,645	\$ 1,447	\$ 7,850
LIABILITIES			
Accounts payable.....	\$ 678	\$ 10	\$ 1,086
Due to other funds.....	1,103	630	69
Due to other governments.....			
Accrued wages and benefits	2,584	22	806
Capital lease obligations			269
Special termination benefits	3,014		1,146
TOTAL LIABILITIES	7,379	662	3,376
RETAINED EARNINGS			
Unreserved(deficit).....	(4,734)	785	4,474
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,645	\$ 1,447	\$ 7,850

Printing, Reproduction and Supplies	Communications	Self-Funded Workers' Compensation	2001 Totals
\$ 3,568	\$	\$ 48,629	\$ 56,840
214	282	8,417	18
27		47	9,140
			465
2,854	247	9	45
			25,237
			4,403
<u>(2,348)</u>	<u>(94)</u>	<u>(6)</u>	<u>(22,360)</u>
<u>506</u>	<u>153</u>	<u>3</u>	<u>7,280</u>
<u>\$ 4,315</u>	<u>\$ 435</u>	<u>\$ 57,096</u>	<u>\$ 73,788</u>
\$ 288	\$ 167	\$ 10	\$ 2,239
17	2,328		4,147
		18,590	18,590
31	137	12	3,592
60	108		437
<u>231</u>	<u>318</u>		<u>4,709</u>
627	3,058	18,612	33,714
<u>3,688</u>	<u>(2,623)</u>	<u>38,484</u>	<u>40,074</u>
<u>\$ 4,315</u>	<u>\$ 435</u>	<u>\$ 57,096</u>	<u>\$ 73,788</u>

**COUNTY OF CUYAHOGA, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	Central Custodial Services	Maintenance Garage	Data Processing Center
OPERATING REVENUES			
Charges for services	\$ 42,902	\$ 1,327	\$ 19,177
Other revenue	118	17	7
TOTAL OPERATING REVENUES.....	43,020	1,344	19,184
OPERATING EXPENSES			
Personal services.....	31,452	246	7,153
Contractual services and claims	1,316		3,605
Commodities	8,462	340	298
Depreciation.....	37	574	1,946
Other expenses.....	6,891	381	6,445
TOTAL OPERATING EXPENSES	48,158	1,541	19,447
OPERATING INCOME(LOSS).....	(5,138)	(197)	(263)
NONOPERATING REVENUES(EXPENSES)			
Interest expense.....			(22)
Loss on disposal of fixed assets		(6)	(2)
TOTAL NONOPERATING EXPENSES.....		(6)	(24)
INCOME(LOSS) BEFORE OPERATING TRANSFERS	(5,138)	(203)	(287)
Operating transfers in.....	214		
Operating transfers out:			
Other	(600)		
NET OPERATING TRANSFERS	(386)		
NET INCOME(LOSS).....	(5,524)	(203)	(287)
RETAINED EARNINGS(DEFICIT) AT BEGINNING OF YEAR	790	988	4,761
RETAINED EARNINGS(DEFICIT) AT END OF YEAR.....	\$ (4,734)	\$ 785	\$ 4,474

Printing, Reproduction and Supplies	Communications	Self-Funded Workers' Compensation	2001 Totals
\$ 3,288	\$ 3,195	\$ 12,125	\$ 82,014
16	5	263	426
<u>3.304</u>	<u>3.200</u>	<u>12.388</u>	<u>82.440</u>
566	1,251	114	40,782
1,036	17	4,800	10,774
1,688	5	1	10,794
261	21	1	2,840
479	3,453	31	17,680
<u>4.030</u>	<u>4.747</u>	<u>4.947</u>	<u>82.870</u>
(726)	(1,547)	7,441	(430)
(5)	(9)		(36)
<u>(5)</u>	<u>(9)</u>		<u>(8)</u>
(731)	(1,556)	7,441	(474)
			214
			<u>(600)</u>
			(386)
(731)	(1,556)	7,441	(860)
4,419	(1,067)	31,043	40,934
<u>\$ 3,688</u>	<u>\$ (2,623)</u>	<u>\$ 38,484</u>	<u>\$ 40,074</u>

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

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	Central Custodial Services	Maintenance Garage	Data Processing Center
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers and others	\$ 118	\$ 17	\$ 7
Cash receipts from quasi-external operating transactions	43,062	1,296	19,278
Cash payments to suppliers for goods and services.....	(13,517)	(716)	(10,373)
Cash payments to employees for services	<u>(31,349)</u>	<u>(242)</u>	<u>(7,343)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	(1,686)	355	1,569
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers in from other funds	214		
Operating transfers out to other funds	(600)		
Proceeds from short-term interfund loan.....			
Repayment of short-term interfund loan.....		<u>(218)</u>	
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(386)	(218)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets		12	
Acquisition and construction of capital assets	(59)	(149)	(1,066)
Principal paid on capital leases			(223)
Interest paid on capital leases			<u>(22)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(59)	(137)	(1,311)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(2,131)		258
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>4,134</u>		<u>2,382</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 2,003</u>	<u>\$ 0</u>	<u>\$ 2,640</u>

Printing, Reproduction and Supplies	Communications	Self-Funded Workers' Compensation	2001 Totals
\$ 16	\$ 5	\$ 4,349	\$ 4,512
3,630	3,244	8,463	78,973
(2,891)	(3,164)	(5,066)	(35,727)
<u>(578)</u>	<u>(1,236)</u>	<u>(115)</u>	<u>(40,863)</u>
177	(1,151)	7,631	6,895
			214
	1,184		(600)
			1,184
			<u>(218)</u>
	1,184		580
			12
(34)	(24)		(1,274)
<u>(4)</u>	<u>(9)</u>		<u>(281)</u>
			<u>(35)</u>
<u>(38)</u>	<u>(33)</u>		<u>(1,578)</u>
139		7,631	5,897
<u>3,429</u>		<u>40,998</u>	<u>50,943</u>
\$ <u>3,568</u>	\$ <u>0</u>	\$ <u>48,629</u>	\$ <u>56,840</u>

(Continued)

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

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

	Central Custodial Services	Maintenance Garage	Data Processing Center
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (5,138)	\$ (197)	\$ (263)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Depreciation.....	37	574	1,946
(Increase) decrease in accounts receivable-net			(3)
(Increase) decrease in due from other funds	55	(31)	104
(Increase) decrease in due from other governments	106		
(Increase) decrease in inventory of supplies.....		2	
Increase (decrease) in accounts payable	(56)	2	(1,169)
Increase (decrease) in due to other funds	520	4	25
Increase (decrease) in due to other governments			
Increase (decrease) in accrued wages and benefits	(224)	1	(217)
Increase (decrease) in special termination benefits.....	3,014		1,146
TOTAL ADJUSTMENTS	<u>3,452</u>	<u>552</u>	<u>1,832</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (1,686)</u>	<u>\$ 355</u>	<u>\$ 1,569</u>

Printing, Reproduction and Supplies	Communications	Self-Funded Workers' Compensation	2001 Totals
\$ (726)	\$ (1,547)	\$ 7,441	\$ (430)
261	21	1	2,840
341	50	(3,638)	(3)
2		4,063	(3,119)
80	81		4,169
9	(71)	2	4
(21)	(3)	(237)	(1,060)
231	318	(1)	487
<u>903</u>	<u>396</u>	<u>190</u>	<u>7,325</u>
\$ <u>177</u>	\$ <u>(1,151)</u>	\$ <u>7,631</u>	\$ <u>6,895</u>

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**COUNTY OF CUYAHOGA, OHIO
AGENCY FUNDS
COMBINING FINANCIAL STATEMENTS**

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

Payroll Agency Fund

To account for payroll taxes and other related payroll deductions collected for other governmental units or funds.

Undivided Tax Agency Fund

To account for all undivided taxes collected by the county and their distribution to the proper beneficiaries.

Other Agency Fund

To account for all other monies held by the county as custodian.

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

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

PAYROLL				
	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
ASSETS				
Equity in pooled cash and cash equivalents	\$ 10,089	\$ 554,195	\$ 552,549	\$ 11,735
Due from other funds	843	4,895	965	4,773
TOTAL ASSETS	<u>\$ 10,932</u>	<u>\$ 559,090</u>	<u>\$ 553,514</u>	<u>\$ 16,508</u>
LIABILITIES				
Due to other funds.....	\$ 10,895	\$ 96	\$ 96	\$ 16,446
Due to other governments.....	37	97,294	91,743	62
Other liabilities.....	37	461,700	461,675	62
TOTAL LIABILITIES	<u>\$ 10,932</u>	<u>\$ 559,090</u>	<u>\$ 553,514</u>	<u>\$ 16,508</u>

(Continued)

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

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	UNDIVIDED TAX			
	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
ASSETS				
Equity in pooled cash and investments.....	\$ 104,724	\$ 2,199,950	\$ 2,179,667	\$ 125,007
Taxes receivable.....	1,377,979	1,401,368	1,377,979	1,401,368
TOTAL ASSETS.....	<u>\$ 1,482,703</u>	<u>\$ 3,601,318</u>	<u>\$ 3,557,646</u>	<u>\$ 1,526,375</u>
LIABILITIES				
Due to other funds.....	\$ 271,481	\$ 297,102	\$ 300,940	\$ 267,643
Due to other governments.....	1,210,596	3,287,371	3,239,851	1,258,116
Other liabilities.....	626	16,845	16,855	616
TOTAL LIABILITIES.....	<u>\$ 1,482,703</u>	<u>\$ 3,601,318</u>	<u>\$ 3,557,646</u>	<u>\$ 1,526,375</u>

(Continued)

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

**FOR THE YEAR ENDED DECEMBER 31, 2001
 (Amounts in 000's)**

	OTHER			
	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
ASSETS				
Equity in pooled cash and investments	\$ 21,814	\$ 73,331	\$ 75,125	\$ 20,020
Cash and investments- segregated accounts	37,951	394,324	392,279	39,996
Accrued interest	7,326	4,614	7,326	4,614
Due from other funds	<u>2</u>		<u>2</u>	
TOTAL ASSETS	<u>\$ 67.093</u>	<u>\$ 472.269</u>	<u>\$ 474.732</u>	<u>\$ 64.630</u>
LIABILITIES				
Due to other funds	\$ 12,634	\$ 121,430	\$ 123,541	\$ 10,523
Due to other governments	11,759	224,751	225,405	11,105
Other liabilities	<u>42,700</u>	<u>126,088</u>	<u>125,786</u>	<u>43,002</u>
TOTAL LIABILITIES	<u>\$ 67.093</u>	<u>\$ 472.269</u>	<u>\$ 474.732</u>	<u>\$ 64.630</u>

(Continued)

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

**FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)**

TOTALS				
	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
ASSETS				
Equity in pooled cash and investments.....	\$ 136,627	\$ 2,827,476	\$ 2,807,341	\$ 156,762
Cash and investments-segregated accounts.....	37,951	394,324	392,279	39,996
Taxes receivable.....	1,377,979	1,401,368	1,377,979	1,401,368
Accrued interest.....	7,326	4,614	7,326	4,614
Due from other funds.....	845	4,895	967	4,773
TOTAL ASSETS.....	<u>\$ 1,560,728</u>	<u>\$ 4,632,677</u>	<u>\$ 4,585,892</u>	<u>\$ 1,607,513</u>
LIABILITIES				
Due to other funds.....	\$ 284,115	\$ 418,628	\$ 424,577	\$ 278,166
Due to other governments.....	1,233,250	3,609,416	3,556,999	1,285,667
Other liabilities.....	43,363	604,633	604,316	43,680
TOTAL LIABILITIES.....	<u>\$ 1,560,728</u>	<u>\$ 4,632,677</u>	<u>\$ 4,585,892</u>	<u>\$ 1,607,513</u>

(Continued)

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**COUNTY OF CUYAHOGA, OHIO
GENERAL FIXED ASSETS
ACCOUNT GROUP**

THIS ACCOUNT GROUP IS USED TO PRESENT THE GENERAL FIXED ASSETS OF THE COUNTY UTILIZED IN ITS GENERAL OPERATIONS, EXCLUSIVE OF THOSE USED IN THE ENTERPRISE AND INTERNAL SERVICE FUNDS. GENERAL FIXED ASSETS INCLUDE LAND, LAND IMPROVEMENTS, BUILDINGS, STRUCTURES AND IMPROVEMENTS, FURNITURE, FIXTURES AND EQUIPMENT AND VEHICLES OWNED BY THE COUNTY.

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE**

**DECEMBER 31, 2001
(Amounts in 000's)**

GENERAL FIXED ASSETS

Land.....	\$ 33,472
Land improvements	2,888
Buildings, structures and improvements	444,904
Furniture, fixtures and equipment	19,400
Vehicles	12,798
Construction in progress.....	<u>62,417</u>
TOTAL GENERAL FIXED ASSETS	\$ <u>575,879</u>

INVESTMENT IN GENERAL
FIXED ASSETS FROM

General fund revenues	\$ 107,842
Special revenue fund revenues	94,666
Capital projects:	
General obligation bonds.....	317,660
Federal and state grants.....	55,696
Donations	<u>15</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS.....	\$ <u>575,879</u>

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY**

**DECEMBER 31, 2001
(Amounts in 000's)**

Function and Activity	Land	Land Improvements	Buildings, Structures and Improvements	Furniture, Fixtures and Equipment	Vehicles	Totals
GENERAL GOVERNMENT:						
Administration	\$ 2,903	\$ 422	\$ 78,139	\$ 62	\$ 19	\$ 81,545
Fiscal management			965	964		1,929
Records and elections	450	200	4,753	2,473		7,876
Supportive services	424	138	3,022	23		3,607
TOTAL GENERAL GOVERNMENT	3,777	760	86,879	3,522	19	94,957
JUDICIAL:						
Adjudication	10,688	165	106,662	1,411		118,926
Legal services			17,721	2,210		19,931
Adult offender management	1,333		85,391	1,867	13	88,604
Juvenile offender management	4,290	1,359	16,483	241		22,373
Support enforcement			10	148		158
TOTAL JUDICIAL	16,311	1,524	226,267	5,877	13	249,992
DEVELOPMENT:						
Economic			30	6		36
Community	443			14		457
TOTAL DEVELOPMENT	443		30	20		493
SOCIAL SERVICES:						
Financial assistance	1,521	9	42,545	1,124		45,199
Protective services	106	39	2,736	425		3,306
Support services	9,404	556	76,756	4,208	6,618	97,542
Employment and training	337		8,537	227	54	9,155
TOTAL SOCIAL SERVICES	11,368	604	130,574	5,984	6,672	155,202
HEALTH AND SAFETY:						
Mental health	94		379	541		1,014
Emergency assistance				1,249	258	1,507
Alcohol and drug abuse				125		125
Animal control	356			6	146	508
TOTAL HEALTH AND SAFETY	450		379	1,921	404	3,154
PUBLIC WORKS:						
Public works	1,123		775	2,076	5,690	9,664
TOTAL PUBLIC WORKS	1,123		775	2,076	5,690	9,664
CONSTRUCTION IN PROGRESS			62,417			62,417
TOTAL GENERAL FIXED ASSETS	\$ 33,472	\$ 2,888	\$ 507,321	\$ 19,400	\$ 12,798	\$ 575,879

COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED DECEMBER 31, 2001
(Amounts in 000's)

Function and Activity	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
GENERAL GOVERNMENT:				
Administration.....	\$ 78,896	\$ 2,649	\$	\$ 81,545
Fiscal management.....	1,787	142		1,929
Records and elections.....	7,599	277		7,876
Supportive services.....	<u>3,297</u>	<u>310</u>		<u>3,607</u>
TOTAL GENERAL GOVERNMENT.....	91,579	3,378		94,957
JUDICIAL:				
Adjudication.....	113,714	5,324	112	118,926
Legal services.....	2,517	17,414		19,931
Adult offender management.....	73,599	16,486	1,481	88,604
Juvenile offender management.....	16,018	10,241	3,886	22,373
Support enforcement.....	<u>175</u>	<u>19</u>	<u>36</u>	<u>158</u>
TOTAL JUDICIAL.....	206,023	49,484	5,515	249,992
DEVELOPMENT:				
Economic.....	36			36
Community.....	<u>457</u>			<u>457</u>
TOTAL DEVELOPMENT.....	493			493
SOCIAL SERVICES:				
Financial assistance.....	44,737	465	3	45,199
Protective services.....	2,877	429		3,306
Support services.....	91,892	5,840	190	97,542
Employment and training.....	<u>617</u>	<u>8,538</u>		<u>9,155</u>
TOTAL SOCIAL SERVICES.....	140,123	15,272	193	155,202
HEALTH AND SAFETY:				
Mental health.....	1,008	6		1,014
Emergency assistance.....	1,469	38		1,507
Alcohol and drug abuse.....	125			125
Animal control.....	<u>493</u>	<u>15</u>		<u>508</u>
TOTAL HEALTH AND SAFETY.....	3,095	59		3,154
PUBLIC WORKS:				
Public works.....	<u>9,073</u>	<u>1,040</u>	<u>449</u>	<u>9,664</u>
TOTAL PUBLIC WORKS.....	9,073	1,040	449	9,664
CONSTRUCTION IN PROGRESS.....	100,490	24,196	62,269	62,417
TOTAL GENERAL FIXED ASSETS.....	\$ 550,876	\$ 93,429	\$ 68,426	\$ 575,879

Statistical Section

The information presented in the schedules and tables in this section is provided to reflect social and economic data, financial trends and the general fiscal capacity of the County.



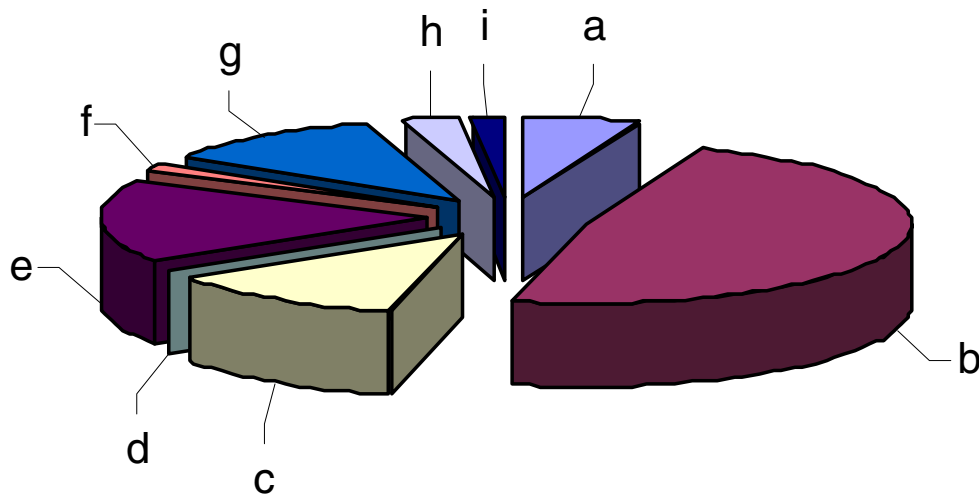
**COUNTY OF CUYAHOGA, OHIO
STATISTICAL SECTION
STATISTICAL DATA TABLES**

THE STATISTICAL SECTION PROVIDES SELECTED
FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION
WHICH MAY BE USED TO INDICATE TRENDS
FOR COMPARATIVE FISCAL PERIODS.
THE STATISTICAL TABLES INCLUDE INFORMATION
ON GENERAL FUND RATIOS AND TRENDS,
ASSESSMENTS AND TAXES, LONG-TERM DEBT
AND MISCELLANEOUS DATA.

**COUNTY OF CUYAHOGA, OHIO
SCHEDULE OF STATISTICS-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

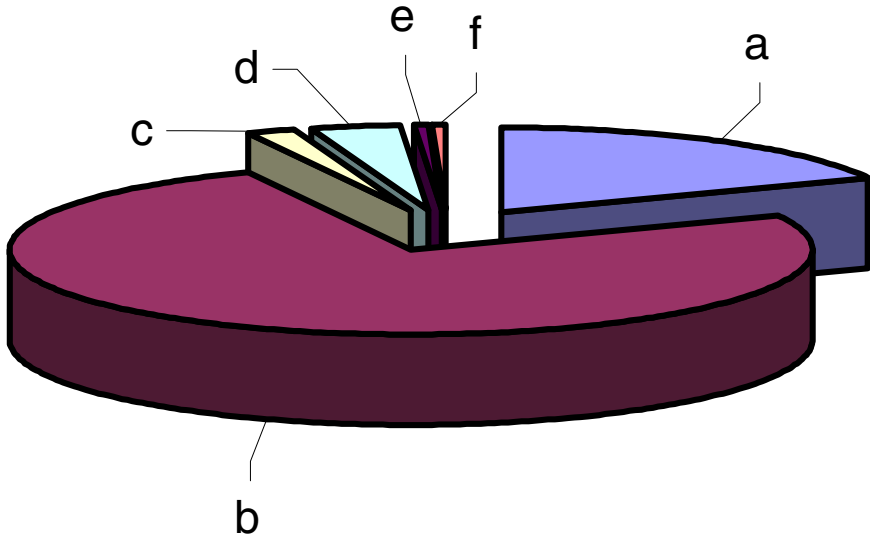
**OPERATING RATIOS-GENERAL FUND-GAAP BASIS
FOR 2001**

REVENUE DOLLAR BY SOURCE



Where the money came from:		%
a.	Property taxes.....	6.7
b.	Sales, use and other tax	46.9
c.	State local government fund	12.2
d.	Licenses and permits.....	.1
e.	Charges for services.....	17.8
f.	Fines and forfeitures	1.7
g.	Investment earnings	10.2
h.	Other intergovernmental	3.0
i.	Miscellaneous	1.4
	Total	<u>100.0</u>

EXPENDITURE DOLLAR BY FUNCTION



Where the money was spent:		%
a.	General government.....	18.1
b.	Judicial	75.6
c.	Development	1.3
d.	Social services	4.0
e.	Health and safety5
f.	Miscellaneous.....	.5
	Total.....	<u>100.0</u>

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**COUNTY OF CUYAHOGA, OHIO
GENERAL FUND CASH RECEIPTS BY SOURCE AND
CASH DISBURSEMENTS BY FUNCTION**

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

RECEIPTS:	<u>1992</u>	<u>1993</u>	<u>1994</u>
Property taxes	\$ 16,486	\$ 18,121	\$ 18,826
Sales and use tax.....	101,750	104,589	117,698
Other tax	10	7	19
State local government fund	25,229	27,190	29,593
Licenses and permits	184	158	155
Charges for services	36,978	39,553	41,745
Fines and forfeitures	3,219	4,006	4,400
Investment earnings.....	24,508	23,368	28,833
Other intergovernmental	6,078	10,812	12,200
Miscellaneous	3,563	4,800	3,078
Proceeds from loan			
Proceeds from notes		39,690	82,117
Operating transfers in.....	14,700	1,980	16,553
Residual equity transfers in			
TOTAL RECEIPTS	\$ <u>232,705</u>	\$ <u>274,274</u>	\$ <u>355,217</u>

DISBURSEMENTS:			
General government	\$ 35,865	\$ 34,124	\$ 36,797
Judicial	142,162	139,209	143,343
Development.....	1,018	1,099	1,120
Social services	1,728	3,996	3,756
Health and safety	5,378	5,342	1,035
Miscellaneous	2,239	2,608	44,231
Debt retirement			
Operating transfers out	51,792	83,105	136,375
Residual equity transfers out.....			
TOTAL DISBURSEMENTS	\$ <u>240,182</u>	\$ <u>269,483</u>	\$ <u>366,657</u>

Source: Cuyahoga County Auditor's Office, Financial Reporting Section. Budgetary basis.

1995	1996	1997	1998	1999	2000	2001
\$ 19,065	\$ 16,952	\$ 16,531	\$ 24,094	\$ 22,064	\$ 19,328	\$ 22,571
126,790	130,830	137,113	144,339	151,168	160,664	158,018
14	15	13	16	12	10	13
31,794	33,432	35,559	37,530	39,800	40,922	41,048
146	130	129	130	128	124	104
36,075	42,529	44,684	46,919	47,564	55,070	61,163
5,166	4,731	5,840	5,896	6,075	5,458	6,013
39,584	22,682	23,106	28,157	26,549	26,325	28,750
7,370	7,073	7,531	9,421	8,010	10,257	10,343
1,333	6,864	13,179	2,357	1,890	3,783	5,286
	5,000					
2,707	20	195	579	10,894	938	6,680
			7			68
\$ <u>270,044</u>	\$ <u>270,258</u>	\$ <u>283,880</u>	\$ <u>299,445</u>	\$ <u>314,154</u>	\$ <u>322,879</u>	\$ <u>340,057</u>

\$ 38,604	\$ 34,224	\$ 40,621	\$ 40,732	\$ 43,118	\$ 49,100	\$ 50,689
133,474	140,267	159,080	177,836	190,004	199,371	212,289
1,038	941	1,019	4,245	1,659	2,169	2,328
3,793	4,325	3,990	4,080	5,836	9,473	11,167
827	945	880	1,033	796	1,376	1,368
2,922	23,180	5,874	2,656	1,289	978	1,438
56,615	25,449	34,405	78,678	42,162	55,210	54,668
		298			245	
\$ <u>237,273</u>	\$ <u>229,331</u>	\$ <u>246,167</u>	\$ <u>309,260</u>	\$ <u>284,864</u>	\$ <u>317,922</u>	\$ <u>333,947</u>

**COUNTY OF CUYAHOGA, OHIO
GENERAL GOVERNMENTAL REVENUES BY
SOURCE AND EXPENDITURES BY FUNCTION**

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

	1992	1993	1994
REVENUES			
Property taxes	\$ 184,459	\$ 183,670	\$ 185,102
Sales and use tax.....	101,882	108,060	117,931
Other tax	24,638	25,313	26,238
State local government fund	25,228	27,479	29,739
Licenses and permits	913	985	1,107
Charges for services	42,572	47,283	49,826
Fines and forfeitures	3,415	4,276	4,860
Investment earnings.....	28,405	26,767	44,268
Other intergovernmental	264,522	279,435	292,575
Miscellaneous	<u>9,365</u>	<u>9,804</u>	<u>9,180</u>
TOTAL REVENUES	\$ <u>685,399</u>	\$ <u>713,072</u>	\$ <u>760,826</u>
EXPENDITURES			
General government	\$ 46,060	\$ 43,561	\$ 54,105
Judicial	170,704	159,482	180,528
Development.....	7,633	9,446	12,186
Social services	312,792	308,615	336,488
Health and safety	63,213	95,698	82,371
Public works.....	32,539	39,358	39,180
Miscellaneous	2,285	3,054	56,227
Capital outlay	49,667	46,819	71,651
Debt service:			
Principal retirement	7,645	12,680	10,620
Interest	<u>12,611</u>	<u>13,793</u>	<u>19,012</u>
TOTAL EXPENDITURES	\$ <u>705,149</u>	\$ <u>732,506</u>	\$ <u>862,368</u>

Note: Includes all governmental fund types on a GAAP basis.

	1995	1996	1997	1998	1999	2000	2001
\$	190,172	\$ 199,469	\$ 201,941	\$ 206,595	\$ 231,433	\$ 232,684	\$ 259,610
	127,585	131,551	138,519	146,123	151,304	161,910	157,747
	26,562	26,950	27,452	28,346	29,334	29,130	28,920
	31,804	33,723	35,791	37,607	39,841	40,967	41,050
	1,454	1,352	1,318	1,297	1,199	1,581	1,089
	48,861	55,595	59,056	62,241	62,272	72,366	76,238
	5,606	5,224	6,416	6,330	6,535	6,311	6,120
	26,783	24,771	26,647	34,219	20,583	41,567	37,772
	318,497	338,396	356,972	392,280	495,421	626,857	611,693
	5,869	13,517	17,069	6,070	8,351	14,014	11,993
\$	<u>783,193</u>	<u>\$ 830,548</u>	<u>\$ 871,181</u>	<u>\$ 921,108</u>	<u>\$1,046,273</u>	<u>\$1,227,387</u>	<u>\$1,232,232</u>

\$	49,704	\$ 41,936	\$ 50,363	\$ 53,826	\$ 58,923	\$ 65,886	\$ 68,563
	168,323	179,380	205,085	226,932	245,738	263,619	278,414
	11,815	11,801	15,099	37,321	23,155	29,910	23,278
	335,864	351,515	380,983	422,274	467,961	587,963	678,881
	83,779	87,282	96,225	100,445	102,427	121,977	131,028
	28,256	35,625	35,533	35,100	36,800	46,023	58,565
	3,130	24,093	5,864	2,522	1,550	1,235	1,493
	10,065	11,327	15,339	39,624	38,589	34,032	34,392
	11,450	13,320	13,468	14,885	16,251	17,909	19,232
	14,818	16,870	14,696	13,693	13,937	12,528	18,539
\$	<u>717,204</u>	<u>\$ 773,149</u>	<u>\$ 832,655</u>	<u>\$ 946,622</u>	<u>\$1,005,331</u>	<u>\$1,181,082</u>	<u>\$1,312,385</u>

**COUNTY OF CUYAHOGA, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
REAL, UTILITY AND TANGIBLE TAXES**

LAST TEN YEARS

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection
1991/1992	\$ 268,521,712	\$ 28,330,218	\$ 296,851,930	\$ 258,619,140
1992/1993	268,786,789	28,349,555	297,136,344	258,841,389
1993/1994	270,428,700	29,171,681	299,600,381	259,797,166
1994/1995	274,774,712	25,601,379	300,376,091	264,518,998
1995/1996	297,638,447	25,611,370	323,249,817	287,496,258
1996/1997	301,687,315	31,450,099	333,137,414	289,324,803
1997/1998	313,161,002	30,893,055	344,054,057	299,707,825
1998/1999	342,827,633	30,486,779	373,314,412	328,339,476
1999/2000	346,727,681	30,840,744	377,568,425	330,024,233
2000/2001	380,845,885	36,977,909	417,823,794	356,858,712

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

Current Levy Collected	Delinquent Collection	Total Collections	Total Collections As A Percent Of Current Levy	Cumulative Delinquency
96.3%	\$ 7,802,745	\$ 266,421,885	99.2%	\$ 25,879,345
96.3%	7,324,031	266,165,420	99.0%	27,381,660
96.1%	7,770,629	267,567,795	98.9%	24,211,070
96.3%	7,242,257	271,761,255	98.9%	23,173,179
96.6%	7,571,570	295,067,828	99.1%	25,477,278
95.9%	8,003,728	297,328,531	98.6%	28,804,510
95.7%	9,084,528	308,792,353	98.6%	30,524,427
95.8%	12,015,150	340,354,626	99.3%	28,126,723
95.2%	12,083,354	342,107,587	98.7%	35,029,786
93.7%	13,366,910	370,225,622	97.2%	43,663,793

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

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

Tax Year/ Collection Year	REAL PROPERTY		PERSONAL PROPERTY	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1992/1993	\$ 16,760,649	\$ 47,887,568	\$ 2,532,365	\$ 10,129,460
1993/1994	16,923,520	48,352,914	2,529,616	10,118,464
1994/1995	18,770,759	53,630,740	2,541,031	10,164,124
1995/1996	18,983,267	54,237,906	2,603,148	10,412,592
1996/1997	19,291,442	55,118,406	2,728,871	10,915,484
1997/1998	20,838,304	59,538,011	2,791,334	11,165,336
1998/1999	21,173,385	60,495,385	2,855,467	11,421,868
1999/2000	21,493,369	61,409,625	2,916,480	11,665,920
2000/2001	24,341,838	69,548,110	3,011,512	12,046,046
2001/2002	24,689,595	70,541,702	3,032,064	12,128,255

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

(1) Beginning in tax year 1990, percentages for valuing the estimated actual value of Public Utility properties vary by class, type and age.

PUBLIC UTILITY		TOTAL		Ratio of Assessed To Estimated Actual Value
Assessed Value	Estimated Actual Value(1)	Assessed Value	Estimated Actual Value	
\$ 1,447,110	\$ 2,894,220	\$ 20,740,124	\$ 60,911,248	34.0%
1,446,154	2,892,306	20,899,290	61,363,684	34.1%
1,468,399	2,936,796	22,780,189	66,731,660	34.1%
1,355,615	2,711,230	22,942,030	67,361,728	34.1%
1,337,936	2,675,872	23,358,249	68,709,762	34.0%
1,323,512	2,647,024	24,953,150	73,350,371	34.0%
1,326,935	2,653,870	25,355,787	74,571,123	34.0%
1,223,332	2,446,664	25,633,181	75,522,209	33.9%
1,218,900	2,437,800	28,572,250	84,031,956	34.0%
977,713	1,955,426	28,699,372	84,625,383	33.9%

**COUNTY OF CUYAHOGA, OHIO
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS**

**LAST TEN YEARS
(Per \$1,000 of Assessed Valuation)**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
CUYAHOGA COUNTY:										
General operating.....	1.01	1.04	0.96	0.85	0.82	1.12	1.00	0.87	0.93	0.86
Debt (bond retirement).....	0.71	0.68	0.76	0.87	0.90	0.60	0.72	0.85	0.79	0.86
Mental retardation.....	3.20	3.20	3.20	3.00	3.00	3.00	3.00	3.00	3.90	3.90
Health and human services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Health and welfare.....	4.40	4.40	4.40	4.40	4.40	4.40	3.10	3.10	3.10	3.10
SUB-TOTAL	12.32	12.32	12.32	12.12	12.12	12.12	10.82	10.82	11.72	11.72
METROPARKS	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
CUYAHOGA COMMUNITY COLLEGE.....	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
PORT AUTHORITY	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
TOTAL	16.80	16.80	16.80	16.60	16.60	16.60	15.30	15.30	16.20	16.20

Source: Cuyahoga County Auditor's Office, Budget Commission-tax year data.

**COUNTY OF CUYAHOGA, OHIO
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND
NET BONDED DEBT PER CAPITA**

LAST TEN YEARS

Tax Year	Population⁽¹⁾	Assessed Value⁽²⁾ (Amounts in 000's)	Gross General Bonded Debt⁽³⁾	Less: Balance Debt Service Fund⁽⁴⁾	Net General Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Debt Per Capita
1992	1,414,041	\$ 20,740,124	\$ 147,950,000	\$ 3,724,485	\$ 144,225,515	0.70%	\$ 102.00
1993	1,414,041	20,899,290	172,409,636	4,951,629	167,458,007	0.80%	118.43
1994	1,403,239	22,780,189	161,979,636	919,162	161,060,474	0.71%	114.78
1995	1,396,169	22,942,030	186,799,636	1,069,858	185,729,778	0.81%	133.03
1996	1,401,552	23,358,249	174,639,636	659,673	173,979,963	0.74%	124.13
1997	1,386,803	24,953,150	162,384,636	5,502,241	156,882,395	0.63%	113.13
1998	1,380,696	25,355,787	150,324,636	1,658,942	148,665,694	0.59%	107.67
1999	1,371,717	25,633,181	137,774,636	968,193	136,806,443	0.53%	99.73
2000	1,393,978	28,572,250	220,639,636	4,009,551	216,630,085	0.76%	155.40
2001	1,380,421	28,699,372	205,364,636	661,473	204,703,163	0.71%	148.29

(1) Estimates - Various sources. 2000 population figure based on actual United States Department of Commerce, Bureau of Census.

(2) Cuyahoga County Auditor's Office, Budget Commission-tax year data.

(3) Tax supported debt outstanding December 31.

(4) Balance outstanding December 31, Financial Reporting Section.

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

DECEMBER 31, 2001

Total of all County Debt Outstanding		\$ 331,127,831
Debt Exempt from Computation:		
Sewer Improvement Bonds.....	\$	2,635,000
County Jail Facilities General Obligation Bonds		32,669,506
Gateway Economic Development Bonds.....		106,148,000
Brownfield Economic Redevelopment Bonds		14,125,000
Shaker Square Redevelopment Bonds.....		<u>2,855,000</u>
Total Exempt Debt		<u>158,432,506</u>
Net Indebtedness(Voted and Unvoted)		172,695,325
Less: Available funds in Debt Service fund as of December 31, 2001 ⁽¹⁾		<u>661,473</u>
Total Net Indebtedness Subject to Direct Debt Limitation.....		\$ <u>172,033,852</u>
Assessed Valuation of County(2001 tax year)	\$ 28,699,372,169	
Direct Debt Limitation-ORC 133.02 and ORC 133.05 (3% of first \$100,000,000 assessed valuation; 1 1/2% amount in excess of \$100,000,000 not in excess of \$300,000,000; 2 1/2% of amount in excess of \$300,000,000)		\$ 715,984,304
Total Net Indebtedness(Voted and Unvoted)		<u>172,033,852</u>
DIRECT DEBT MARGIN.....		\$ <u>543,950,452</u>
Unvoted Debt Limitation(1% of County Assessed Valuation).....		\$ 286,993,722
Total Unvoted Net Indebtedness Subject to 1% Debt Limitation		<u>166,930,000</u>
UNVOTED DEBT MARGIN		\$ <u>120,063,722</u>

(1) GAAP basis.

**COUNTY OF CUYAHOGA, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

DECEMBER 31, 2001

	Gross Debt	Debt Service Fund	Net Debt	Percent Applicable	County Share ⁽³⁾
County of Cuyahoga ⁽¹⁾	\$ 216,544,636	\$ 371,048	\$ 216,173,588	100%	\$ <u>216,173,588</u>
Total Net Direct Debt					216,173,588
Cuyahoga County Cities, Villages, Townships ⁽¹⁾	911,645,557	33,092,896	878,552,661	100%	878,552,661
Cuyahoga County School Districts ⁽²⁾	569,376,744	105,142,233	<u>464,234,511</u>	100%	<u>464,234,511</u>
Total Net Overlapping Debt					1,342,787,172
Total Net Direct and Overlapping Debt.....			\$ <u>1,558,960,760</u>		<u>\$1,558,960,760</u>

(1) 2002 Tax Budgets filed in July, 2001 and certified unencumbered 2002 balances filed in January, 2002 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ending June 30, 2001. Budgetary basis.

(3) Percent applicable to the County of Cuyahoga calculated using assessed valuation of County divided by assessed valuation of taxing district. Assessed valuation of taxing districts furnished by Cuyahoga County Budget Commission.

**COUNTY OF CUYAHOGA, OHIO
RATIO OF ANNUAL DEBT SERVICE
FOR GENERAL BONDED DEBT TO TOTAL
GENERAL EXPENDITURES**

LAST TEN YEARS

Year	Debt Service on General Tax Supported Debt	Debt Service on Self-Supporting Debt	General Expenditures (in 000's)⁽¹⁾	Ratio of Tax Supported Debt Service to General Expenditures	Ratio of Self-Supported Debt Service To General Expenditures
1992	\$ 18,380,831	\$ 1,874,745	\$ 705,149	2.61%	0.27%
1993	17,750,996	6,382,925	732,506	2.42%	0.87%
1994	18,985,550	487,425	862,368	2.20%	0.06%
1995	18,522,334	7,746,544	717,204	2.58%	1.08%
1996	21,646,664	8,543,700	773,149	2.80%	1.11%
1997	20,911,716	7,251,900	832,655	2.51%	0.87%
1998	20,132,392	8,445,300	946,622	2.13%	0.89%
1999	21,502,862	8,685,224	1,005,331	2.14%	0.86%
2000	22,082,794	8,354,269	1,181,082	1.87%	0.71%
2001	27,093,577	10,677,309	1,312,385	2.06%	0.81%

(1) GAAP basis. Includes all governmental fund types.

Source: Cuyahoga County Auditor's Office, Financial Reporting Section.

**COUNTY OF CUYAHOGA, OHIO
REVENUE BOND COVERAGE - HOSPITAL BONDS**

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

Year	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal ⁽³⁾	Interest	Total	
1992	\$ 344,438	\$ 302,087	\$ 42,351	\$	\$ 7,143	\$ 7,143	5.93
1993	353,782	328,705	25,077	1,650	7,090	8,740	2.87
1994	329,922	317,136	12,786	1,755	6,981	8,736	1.46
1995	320,124	302,279	17,845	1,870	6,863	8,733	2.04
1996	327,711	308,873	18,838	1,990	6,737	8,727	2.16
1997	367,125	334,816	32,309	2,120	8,805	10,925	2.96
1998	387,220	360,642	26,578	4,982	6,863	11,845	2.24
1999	423,981	407,070	16,911	1,955	8,702	10,657	1.59
2000	448,458	434,191	14,267	3,850	10,861	14,711	.97
2001	476,331	449,970	26,361	4,035	10,664	14,699	1.79

(1) Gross revenue is total operating revenue plus interest income and operating transfers.

(2) Operating expenses is exclusive of depreciation and bond interest expense.

(3) 1997 principal payment exclusive of refunded bonds.

Source: MetroHealth System. GAAP basis.

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

LAST TEN YEARS

Year	Assessed Value⁽¹⁾ (Amounts in 000's)	Bank Deposits At December 31⁽²⁾ (Amounts in 000's)	Building Permits Issued⁽³⁾
1992	\$ 20,740,124	\$ 19,379,280	21,724
1993	20,899,290	21,009,421	19,795
1994	22,780,189	20,885,453	21,480
1995	22,942,030	22,458,573	23,585
1996	23,358,249	27,068,211	21,700
1997	24,953,150	53,941,971	20,612
1998	25,355,787	58,904,596	24,244
1999	25,633,181	57,816,942	23,428
2000	28,572,250	61,942,764	24,272
2001	28,699,372	63,893,769	22,827

Sources: (1) Cuyahoga County Auditor's Office, Budget Commission-tax year data for real, personal and public utility property.

(2) Banks deposits at year-end for banks headquartered in City of Cleveland-Federal Reserve Bank of Cleveland (Total demand, time and savings deposits). Federal Reserve Bank of Cleveland.

(3) Cuyahoga County Auditor's Office, Real Estate Assessment Division.

COUNTY OF CUYAHOGA, OHIO DEMOGRAPHIC STATISTICS

POPULATION ⁽¹⁾	<u>County</u>	<u>MSA</u>
1940.....	1,217,250	1,319,734
1950.....	1,389,532	1,532,574
1960.....	1,647,895	1,909,483
1970.....	1,721,300	2,063,729
1980.....	1,498,400	1,898,825
1990.....	1,412,140	1,831,122
2001.....	1,380,421	1,856,399

AGE DISTRIBUTION ⁽²⁾	2000	
	<u>Number</u>	<u>Percentage</u>
Under 5 yrs.....	90,996	6.5
5 - 9 yrs.....	101,372	7.3
10 - 14 yrs.....	99,235	7.1
15 - 19 yrs.....	89,960	6.5
20 - 24 yrs.....	77,515	5.6
25 - 34 yrs.....	188,873	13.5
35 - 44 yrs.....	219,449	15.7
45 - 54 yrs.....	187,601	13.5
55 - 59 yrs.....	65,599	4.7
60 - 64 yrs.....	56,217	4.0
65 - 74 yrs.....	107,327	7.7
75 - 84 yrs.....	82,469	5.9
85 yrs and over.....	<u>27,365</u>	<u>2.0</u>
TOTAL	1,393,978	100.00
Median age.....	37.3	
Males.....	658,481	
Females.....	735,497	

DISTRIBUTION OF FAMILIES BY INCOME BRACKET ⁽³⁾	2000	
	(Average 3.06 persons)	
	<u>Number</u>	<u>Percentage</u>
\$0 - 10,000.....	25,261	7.1
\$10,000 - 14,999.....	15,018	4.2
\$15,000 - 24,999.....	38,075	10.7
\$25,000 - 34,999.....	41,222	11.5
\$35,000 - 49,999.....	60,077	16.9
\$50,000 - 74,999.....	78,607	22.1
\$75,000 - 99,999.....	45,341	12.7
\$100,000 - 149,999.....	32,877	9.2
\$150,000 - 199,000.....	8,824	2.5
Over \$200,000.....	<u>10,919</u>	<u>3.1</u>
TOTAL	356,221	100.00
Median Family Income.....	\$ 49,559	
Per Capita Income.....	\$ 22,272	

Source: (1) Ohio Department of Development-The Metropolitan Statistical Area (MSA), as defined by the Department of Development, includes Cuyahoga, Geauga, Lake and Medina Counties. Population totals for 2001 are estimates provided by the U.S. Census Bureau.

(2) U.S. Census Bureau, Census 2000.

(3) U.S. Census Bureau, Census 2000

COUNTY OF CUYAHOGA, OHIO DEMOGRAPHIC STATISTICS

LAST TEN YEARS

Employment - Annual Average ⁽¹⁾	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Total Civilian Labor Force	678,000	673,900	675,600	676,600
Total Employed*	629,200	627,900	636,300	644,200
Total Unemployed	48,800	46,000	39,300	32,400
Unemployment Rate	7.2%	6.8%	5.8%	4.8%

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

	Manufacturing		Wholesale Retail Trade		Professional and Related Services		State and Local Government	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
1992	147.3	20.4	176.6	24.4	210.1	29.0	82.1	11.3
1993	140.9	19.1	176.4	24.3	219.8	29.9	82.2	11.1
1994	139.5	18.6	181.0	24.1	227.3	30.2	83.6	11.1
1995	140.0	18.3	187.7	24.5	236.3	30.8	80.1	10.5
1996	137.1	17.8	188.8	24.5	236.8	30.7	81.1	10.5
1997	136.3	17.3	192.9	24.5	242.8	30.9	84.1	10.7
1998	136.5	17.0	195.1	24.4	252.9	31.6	84.8	10.6
1999	133.3	16.5	195.5	24.2	259.6	32.2	83.3	10.3
2000	128.8	16.0	189.3	23.6	264.4	32.9	83.9	10.4
2001	121.4	15.3	182.4	23.0	262.3	33.0	88.4	11.1

Source: (1) Ohio Bureau of Employment Services.

* Difference due to non-county residents employed in county.

<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
678,800	676,800	699,200	681,200	691,000	692,600
643,800	637,400	668,500	649,900	659,900	661,700
35,000	39,400	30,700	31,300	31,100	30,900
5.2%	5.8%	4.4%	4.6%	4.5%	4.5%

Finance, Insurance, Real Estate		Transportation and Public Utilities		Other		TOTAL*	
<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
53.1	7.3	32.4	4.5	22.4	3.1	724.0	100.0
53.7	7.3	31.8	4.3	30.2	4.0	735.0	100.0
56.7	7.5	33.1	4.4	30.5	4.1	751.7	100.0
57.6	7.5	33.2	4.3	31.2	4.1	766.1	100.0
59.8	7.8	33.8	4.4	32.8	4.3	770.2	100.0
62.2	7.9	34.4	4.4	33.4	4.3	786.1	100.0
63.7	7.9	34.9	4.4	32.9	4.1	800.8	100.0
67.9	8.4	34.7	4.3	33.1	4.1	807.4	100.0
68.4	8.5	34.8	4.3	34.7	4.3	804.3	100.0
70.3	8.9	35.8	4.5	33.1	4.2	793.7	100.0

COUNTY OF CUYAHOGA, OHIO SCHEDULE OF INSURANCE COVERAGE

DECEMBER 31, 2001

Name of Carrier/ Type of Coverage	Policy Number	Policy Period	Annual Premium	Details of Coverage	Liability Limit
Coregis Insurance Company Auto Liability Insurance	651011669	07/01/01 - 07/01/02	\$257,700	Motor vehicle liability insurance covering licensed and unlicensed county vehicles.	\$1,000,000 combined single limit per occurrence bodily injury and property damage.
Auto Physical Damage Insurance				Automobile physical damage coverage for certain limited county vehicles.	Actual Cash Value- \$1,000 comprehensive deductible \$250, \$500 and \$1,000 collision deductible.
FM Global Insurance Company	NB369	07/01/01 - 07/01/02	\$478,428	All risk coverage on county owned properties, boilers and machinery and data processing equipment.	\$1,509,367,050 blanket. Replacement cost limit \$50,000 deductible.
Western Heritage	SCP0287812	02/06/01 - 02/06/02	\$6,195	Liability insurance for private voting places for the Board of Elections.	\$1,000,000 combined single limit per occurrence bodily injury and property damage and \$2,000,000 aggregate.
Fidelity and Deposit Insurance Company of Maryland Blanket Bond	CPP0034534-04	07/01/99 - till canceled	\$12,054	Blanket Bond-Form P including faithful performance. Covers all employees except public officials who require individual bonds, treasurers, and tax collectors by whatever title known.	\$250,000 per person \$500 deductible limit of coverage per person.
Excess Blanket Bond				Excess Blanket Bond – Form O Covers Treasurers' Department and Human Services.	\$100,000 per loss.
Money and Securities				Monies and Securities all departments.	\$400,000 limit Form C all departments except Treasurer at \$1,000,000.
Western World Insurance Company	NPP717202	01/12/01- 07/01/01 07/01/01- 07/01/02	\$1,932 \$3,120	Liability insurance for Home Health and Nurses Assistance Training.	\$1,000,000 combined single limit per occurrence bodily injury and property damage and \$1,000,000 aggregate.

Source: Department of Central Services, Risk and Property Management.

**COUNTY OF CUYAHOGA, OHIO
PRINCIPAL TAXPAYERS**

DECEMBER 31, 2001

Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Assessed Valuation
Cleveland Electric Illuminating Company	Electric Utility	\$ 462,063,650	1.61%
Ohio Bell Telephone Company	Telephone Utility	221,755,000	0.77%
Ford Motor Company	Automotive Manufacturing	132,877,650	0.46%
L T V Steel Corporation	Steel Manufacturing	123,261,260	0.43%
City of Cleveland	Enterprise Activities	106,960,940	0.37%
ZML-Cleveland Public Square	Real Estate Investor	56,305,130	0.20%
Cablevision	Cable Television	45,987,090	0.16%
Plain Dealer Publishing Company	Daily News Publishing	42,564,900	0.15%
Cleveland Clinic Foundation	Hospital	42,395,980	0.15%
LTV Steel Products LLC	Steel Products	<u>40,311,640</u>	<u>0.14%</u>
		\$ <u>1,274,483,240</u>	<u>4.44%</u>

These taxpayers were selected based solely upon a review of the 200 taxable parcels of real, personal and public utility property with the highest assessed valuation. A taxpayer owning many smaller parcels would not be included in this list even if the aggregate assessed valuation of such parcels exceeded that of one or more taxpayers on the list.

Source: Cuyahoga County Auditor's Office, IST Division-tax year data.

COUNTY OF CUYAHOGA, OHIO MISCELLANEOUS STATISTICS

DECEMBER 31, 2001

Date of Incorporation.....	1810
Twenty-third most populous County in the United States ⁽¹⁾	
Form of Government: Three member elected Board of County Commissioners with legislative and executive powers. Eight other elected officials with administrative powers.	
Area-Square Miles	459
Number of Political Subdivisions Located in the County	
Municipalities.....	57
Townships	2
School Districts.....	33
Special Districts	13
Total Number of County Employees	10,756
Voter Statistics, Election of November, 2001 ⁽²⁾	
Number of Registered Voters	932,335
Number of Voters-Last General Election	349,663
Percentage of Registered Voters Voting	37.5%
MetroHealth System	
Total Patient Days-2001	289,730
Total Number of Beds-2001.....	1,169
Average Percent Occupancy-2001	68%
Sanitary Engineer	
Miles of Sewer Line Operated	600
Wastewater Treatment Plants Operated	6
Pump Stations Operated	43
Airport	
Hangars.....	16
Aircraft.....	205
Traffic(Takeoffs and Landings).....	65,500
Office Buildings.....	8
Other	
Number of Colleges and Universities in County	8

Source: (1) U.S. Department of Commerce, Bureau of Census, 2000.
(2) Cuyahoga County Board of Elections.

COUNTY OF CUYAHOGA, OHIO ACKNOWLEDGEMENTS

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

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FINANCIAL CONDITION

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 5, 2002