



Dave Yost • Auditor of State

Cuyahoga County, Ohio

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cuyahoga County
1219 Ontario Street
Cleveland, Ohio 44113-1657

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cuyahoga County (the County) Ohio, as of and for the year ended December 31, 2011 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, The MetroHealth System. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cuyahoga County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Human Services Fund, Health and Human Services Levy Fund, County Board of Developmental Disabilities Fund and Alcohol, Drug and Mental Health Board Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the County implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the December 31, 2010 fund balances of the Governmental and Proprietary Funds due to a change in fund structure.

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In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit

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

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



Dave Yost
Auditor of State
Columbus, Ohio

July 12, 2013

Cuyahoga County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2011 (Unaudited)

As management of Cuyahoga County, we offer the readers of Cuyahoga County's financial statements the following discussion and analysis of the financial performance as well as an overall review of the County's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key Financial Highlights for 2011 are as follows:

- Cuyahoga County Council is an 11-member body elected by residents of each council district. This form of government for Cuyahoga County was established in January 2010, replacing the three-member Board of County Commissioners, when the Charter form of government adopted by voters went into effect. The Council makes policy decisions for the effective functioning of County government, and is a link between government agencies and citizens. It has legislative and taxing authority for the County, and is a co-equal branch of the County government with the executive branch.
- For 2011, the County implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which recognizes constraints imposed upon the use of the resources in governmental funds and categorizes the constraints into five classifications.
- Construction was started on the County's new convention facility. The facility, known as the Global Center for Health Innovation (GCHI—formerly known as the Medical Mart), is designed to bring buyers and sellers together. GCHI is the world's only facility targeted specifically to the medical and health care industries.
- Overall, expenses increased slightly as management continues to diligently plan expenses staying carefully within the County's revenues. The County actively seeks grants in order to maintain and improve the services the County residents expect while still controlling the costs of those services.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the readers can understand Cuyahoga County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole County, presenting both an aggregate view of the County's financial condition and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column.

Cuyahoga County, Ohio

*Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)*

Reporting on the County as a Whole

Statement of Net Assets and the Statement of Activities

While these documents include the various funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all non-fiduciary *assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the *financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the change in value in the County's tax base, current property tax laws in Ohio restricting revenue growth, and other factors.

In the Statement of Net Assets and the Statement of Activities, the County is divided into three distinct kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here including health and safety services, social services, justice, community development, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-Type Activities – These services are provided on a charge for goods or services basis intended to recover all of the expenses or costs of the goods or services provided.

Component Unit – The County includes financial data of the MetroHealth System (the "System"). The System is a legally separate, non-profit organization, which provides health care and hospitalization to the general public and care for the County's indigents. Under Ohio Revised Code 339.06, the County appoints the majority of the Hospital's Board of Trustees who has certain powers and duties. The component unit is separate and may buy, sell, lease and mortgage property in their own name and can sue or be sued in their own name.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and designates funds into the following three categories: governmental funds, proprietary funds and fiduciary funds.

Cuyahoga County, Ohio

*Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)*

Fund financial statements provide a summary of the County's financial position and activity and focus on short-term flow of financial resources. The statements focus on the following significant governmental funds: the general fund, human services, health and human services levy fund, County Board of Developmental Disabilities and Alcohol, Drug and Mental Health Board special revenue funds and the capital projects and Global Center for Health Innovation (GCHI) capital projects funds.

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

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

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses several enterprise funds to account for various operations. The County's major enterprise fund is the sanitary engineer fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County's fiduciary funds are agency.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Cuyahoga County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2011 (Unaudited)

The County as a Whole

You may recall that the *Statement of Net Assets* provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2011 compared to 2010:

(Table 1)
Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$1,509,187	\$1,487,328	\$59,647	\$51,509	\$1,568,834	\$1,538,837
Capital Assets, Net	918,162	749,751	56,263	58,761	974,425	808,512
<i>Total Assets</i>	<u>2,427,349</u>	<u>2,237,079</u>	<u>115,910</u>	<u>110,270</u>	<u>2,543,259</u>	<u>2,347,349</u>
Liabilities						
Current Liabilities	456,130	475,172	1,672	1,189	457,802	476,361
Long-term Liabilities						
Due within one Year	80,946	71,057	903	1,307	81,849	72,364
Due in More than one Year	866,276	831,601	17,046	13,112	883,322	844,713
<i>Total Liabilities</i>	<u>1,403,352</u>	<u>1,377,830</u>	<u>19,621</u>	<u>15,608</u>	<u>1,422,973</u>	<u>1,393,438</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	490,052	331,271	39,027	34,298	529,079	365,569
Restricted	455,613	366,028	0	0	455,613	366,028
Unrestricted	78,332	161,950	57,262	60,364	135,594	222,314
<i>Total Net Assets</i>	<u>\$1,023,997</u>	<u>859,249</u>	<u>\$96,289</u>	<u>\$94,662</u>	<u>\$1,120,286</u>	<u>\$953,911</u>

As one can see from the increase in overall net assets, the County was able to provide critical services to County residents while diligently streamlining services and facilities to maximize efficiency for taxpayers. The major increase in capital assets is directly related to the County's commitment to undertake major capital projects so that residents can continue to receive high-quality services while positioning the County for future economic growth and prosperity.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for 2011 and 2010.

Cuyahoga County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2011 (Unaudited)

(Table 2)
*Changes in Net Assets
(In Thousands)*

	Governmental Activities		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for Services and Sales	\$95,679	\$89,804	\$29,031	\$24,589	\$124,710	\$114,393
Operating Grants, Contributions and Interest	574,608	523,303	0	0	574,608	523,303
Capital Grants and Contributions	59,350	36,712	144	0	59,494	36,712
<i>Total Program Revenues</i>	<u>729,637</u>	<u>649,819</u>	<u>29,175</u>	<u>24,589</u>	<u>758,812</u>	<u>674,408</u>
General Revenues						
Property Taxes	337,440	346,331	0	0	337,440	346,331
Sales Taxes	242,077	206,418	0	0	242,077	206,418
Bed Taxes	12,391	31,370	0	0	12,391	31,370
Payments in Lieu of Taxes	4,988	0	0	0	4,988	0
Grants and Entitlements	65,990	116,900	0	0	65,990	116,900
Interest	12,812	8,234	15	0	12,827	8,234
Other	27,405	27,619	235	53	27,640	27,672
<i>Total General Revenues</i>	<u>703,103</u>	<u>736,872</u>	<u>250</u>	<u>53</u>	<u>703,353</u>	<u>736,925</u>
<i>Total Revenues</i>	<u>1,432,740</u>	<u>1,386,691</u>	<u>29,425</u>	<u>24,642</u>	<u>1,462,165</u>	<u>1,411,333</u>
Program Expenses						
General Government:						
Legislative and Executive	91,463	80,598	0	0	91,463	80,598
Judicial	323,452	322,180	0	0	323,452	322,180
Public Works	31,655	40,461	0	0	31,655	40,461
Health and Safety Services	230,989	217,531	0	0	230,989	217,531
Social Services	482,462	512,291	0	0	482,462	512,291
Community Development	48,418	49,604	0	0	48,418	49,604
Interest and Fiscal Charges	59,301	23,686	0	0	59,301	23,686
Sanitary Engineer	0	0	20,950	17,056	20,950	17,056
Airport	0	0	1,759	2,026	1,759	2,026
Parking Garage	0	0	3,592	3,697	3,592	3,697
Information Systems	0	0	1,749	1,916	1,749	1,916
<i>Total Program Expenses</i>	<u>1,267,740</u>	<u>1,246,351</u>	<u>28,050</u>	<u>24,695</u>	<u>1,295,790</u>	<u>1,271,046</u>
<i>Increase (Decrease) in Net Assets before Transfers</i>	165,000	140,340	1,375	(53)	166,375	140,287
Transfers	(252)	(451)	252	451	0	0
<i>Change in Net Assets</i>	<u>164,748</u>	<u>139,889</u>	<u>1,627</u>	<u>398</u>	<u>166,375</u>	<u>140,287</u>
Net Assets Beginning of Year - Restated	859,249	719,360	94,662	94,264	953,911	813,624
Net Assets End of Year	<u>\$1,023,997</u>	<u>\$859,249</u>	<u>\$96,289</u>	<u>\$94,662</u>	<u>\$1,120,286</u>	<u>\$953,911</u>

Cuyahoga County, Ohio

*Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)*

The County actively pursues grants and controls expenses while still maintaining the high standards the residents expect of the County. Management continues to diligently plan expenses, staying carefully within the County's revenues.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to demonstrate fiscal accountability and assume financial resources were raised and expended in compliance with budgetary and other legal provisions.

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

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$937,109,414. \$128,464,126 of this total amount constitutes unassigned fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending.

The general fund revenues exceeded expenditures primarily due to reductions in operating expenditures from staff reductions.

Other Governmental Funds had an increase in fund balance as the County continues to obtain grant funds to provide residents with dynamic services in an ever changing world.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The increase in the Sanitary Engineer Fund can be attributed to the increase in charges for services collections out pacing decreases in expenditures, as well as adding districts to the County system.

General Fund Budgeting Highlights

Provisions for budgeting are prescribed by Ohio Revised Code 5705. Essentially, the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Revised Code. During 2011, the County amended its general fund budget as necessary to allow for increases and decreases in contractual agreements, reductions in staff, changes in the anticipated uses of approved funding, etc. Actual revenues received were \$18,740,517 higher than certification primarily due to continues growth in revenue from sales taxes, charges for services and other revenue. Actual expenditures were \$25,119,995 less than appropriations due mainly to staff reductions and the diligence of management to control expenses.

Cuyahoga County, Ohio

*Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)*

2012 – 2013 Revenue Assumptions

The revenues that support County operations are expected to remain flat overall in 2012 with some growth expected in a few key sources such as sales tax. This outlook is based on a realistic assessment of local economic conditions and analysis of current revenue trends.

County sales tax has remained strong and exhibited growth in 2011; some underlying indicators have been less certain. The unemployment rate in the County was 8.6 percent in the fall of 2011 compared to an average rate of 9.5 percent a year ago. The drop in unemployment is a positive sign, but the current rate is still higher than the State rate and unemployment claims filed in the County are still above pre-recessionary levels.

The recovery in the housing market in the County has been slow, average sale prices have not increased since this time period from the prior year and current delinquency rates on property taxes are still running over 8 percent in 2011 with total delinquencies over 16 percent. The rate of price increases has remained low while the median consumer price index has been below 2 percent.

The funds available to finance operations are limited to the revenues the County collects each year. The projected trend of revenue streams is a substantial driver of how the budget process determines what resources are available in the next budget cycle.

The revenue estimates will provide the financial foundation for County operations. There are several perspectives that were considered as part of that process:

- *What is the new normal for growth?* Annual growth rates of 3 percent were considered standard in previous years. The new expectation for growth in sales tax and charges is assumed to be only slightly ahead of inflation in the next three years.
- *How does inflation limit real revenue growth?* Inflation is currently tracking at around 1.8 percent (using median CPI measure) and is below the level associated with strong economic growth. Sustained low levels of inflation will translate into flat tax collections and degrade the real level of growth over time.
- *The trend is more important than the number.* Identifying estimates for key revenue sources is an important part of developing the 2012-2013 budget. The trends associated with these sources are also a very critical part of plotting out the next three years of the County operating plan.
- *Where are the best prospects for revenue growth?* Improvements to the local economy and job creation will have a pronounced effect on sales tax collections. The next two years will be a pivotal time in the County. The undertaking of large local projects could amplify economically sensitive revenue streams.

The County Fiscal Office will be conducting the State mandated sexennial reappraisal of all real property in the County. It is anticipated that total overall real property values will go down after the reappraisal.

Cuyahoga County, Ohio

*Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)*

Capital Assets and Debt Administration

Capital Assets

Table 3 shows 2011 values compared to 2010.

(Table 3)
*Capital Assets at December 31
(Net of Accumulated Depreciation)
(in thousands)*

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$93,222	\$93,222	\$12,266	\$12,266	\$105,488	\$105,488
Construction in Progress	403,292	253,496	120	6,735	403,412	260,231
Land Improvements	6,964	7,517	1,623	1,328	8,587	8,845
Utility Plant	0	0	31,012	26,047	31,012	26,047
Buildings, Structures and Improvements	264,370	271,213	9,272	10,010	273,642	281,223
Furniture, Fixtures and Equipment	16,536	19,973	414	481	16,950	20,454
Vehicles	3,159	2,848	1,556	2,070	4,715	4,918
Infrastructure	130,619	101,482	0	0	130,619	101,482
Total Capital Assets	\$918,162	\$749,751	\$56,263	\$58,937	\$974,425	\$808,688

The governmental activities increases of \$168.4 million were the result primarily of the continued construction on the new Juvenile Justice Center amounting to \$13.2 million, and the Global Center for Health Innovation building construction amounting to \$131.1 million.

The business-type activities decreased by \$2.7 million as depreciation outpaced capital asset additions.

Additional information on Cuyahoga County's capital assets can be found in Note 11 of this report.

Cuyahoga County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2011 (Unaudited)

Debt

Table 4 below summarizes the County's long-term obligations outstanding.

(Table 4)
*Outstanding Long-term Obligations at Year End
(in thousands)*

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$308,739	\$330,207	\$0	\$0	\$308,739	\$330,207
Self-Supported Bonds	0	0	4,195	4,610	4,195	4,610
Revenue Bonds	464,267	475,636	0	0	464,267	475,636
ODOD Loans	2,500	3,000	0	0	2,500	3,000
OPWC Loans	938	1,001	581	686	1,519	1,687
ODOT Loans	4,962	5,808	0	0	4,962	5,808
OWDA Loans	0	0	12,467	8,186	12,467	8,186
Bond Anticipation Notes	9,300	10,150	0	0	9,300	10,150
Capital Leases	120,082	20,851	0	0	120,082	20,851
Compensated Absences	26,830	27,917	651	761	27,481	28,678
Special Termination Benefits	9,604	28,090	56	175	9,660	28,265
Total	\$947,222	\$902,660	\$17,950	\$14,418	\$965,172	\$917,078

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

The County's overall legal debt margin was \$513.9 million at December 31, 2011. This is the additional amount of debt the County could issue. The County continues to monitor its outstanding debt. Information relative to debt is identified in Note 16 to the basic financial statements.

Federal Investigation

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

Cuyahoga County, Ohio

*Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)*

receiving bribes. Several former county employees and public officials including the former County Auditor have pleaded guilty to such charges and have been sentenced or are awaiting sentencing on such charges. A former County Commissioner and two former judges were convicted and sentenced. Additional criminal cases are pending.

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

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

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

Current Issues

Cuyahoga County has continued to maintain the highest standards of services to our communities while diligently managing expenses, to stay within the County's revenues. As with all counties in the State of Ohio, State funding issues are constantly monitored to determine the impact on the County. As the preceding information shows, Cuyahoga County, like most counties in Ohio, is heavily reliant on sales tax and local property taxpayers. Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the life of the various social and health and human services levies and provide future flexibility for the general fund. All of the County's financial abilities will be needed to meet the challenges of the future.

In conclusion, Cuyahoga County is in a period posing both significant challenges and opportunities. Management is committed to working with all stakeholders to craft solutions that will most effectively use the available resources to continue to provide excellent services to the residents of the County.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Fiscal Officer, Cuyahoga County, 1219 Ontario Street, 2nd Floor, Cleveland, Ohio 44113.

Cuyahoga County, Ohio

Statement of Net Assets December 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	MetroHealth System (1)
Assets				
Equity in Pooled Cash and Cash Equivalents	\$516,908,184	\$28,820,723	\$545,728,907	\$7,164,000
Cash and Cash Equivalents:				
In Segregated Accounts	14,360,750	0	14,360,750	0
With Fiscal Agents	314,946,271	0	314,946,271	0
Investments	0	0	0	413,161,000
Materials and Supplies Inventory	57,420	15,178	72,598	9,297,000
Accrued Interest Receivable	2,461,026	0	2,461,026	0
Accounts Receivable	5,126,528	294,444	5,420,972	79,540,000
Other Receivable	0	0	0	23,149,000
Internal Balances	(200,605)	200,605	0	0
Intergovernmental Receivable	94,927,574	78,603	95,006,177	0
Prepaid Items	0	0	0	3,594,000
Sales Taxes Receivable	59,376,415	0	59,376,415	0
Property Taxes Receivable	341,255,779	0	341,255,779	0
Special Assessments Receivable	0	30,229,927	30,229,927	0
Loans Receivable	155,053,854	0	155,053,854	0
Other Assets	0	0	0	10,504,000
Deferred Charges	4,913,474	7,360	4,920,834	0
Nondepreciable Capital Assets	496,514,221	12,385,832	508,900,053	16,401,000
Depreciable Capital Assets, Net	421,648,196	43,876,873	465,525,069	245,261,000
Total Assets	2,427,349,087	115,909,545	2,543,258,632	808,071,000
Liabilities				
Accounts Payable	53,673,789	653,967	54,327,756	31,116,000
Accrued Wages	14,122,727	257,132	14,379,859	34,493,000
Contracts Payable	16,732,161	518,745	17,250,906	0
Other Liabilities	0	0	0	8,987,000
Intergovernmental Payable	8,865,375	39,289	8,904,664	8,504,000
Retainage Payable	2,213,118	92,322	2,305,440	0
Accrued Interest Payable	3,135,109	15,598	3,150,707	3,315,000
Claims Payable	19,633,088	0	19,633,088	0
Unearned Revenue	0	93,935	93,935	0
Deferred Revenue	337,754,245	0	337,754,245	0
Long-Term Liabilities:				
Due Within One Year	80,945,909	903,461	81,849,370	43,475,000
Due In More Than One Year	866,276,203	17,046,098	883,322,301	323,719,000
Total Liabilities	1,403,351,724	19,620,547	1,422,972,271	453,609,000
Net Assets				
Invested in Capital Assets, Net of Related Debt	490,052,134	39,027,092	529,079,226	54,306,000
Restricted for:				
Capital Projects	63,865,390	0	63,865,390	0
Health and Human Services	48,562,052	0	48,562,052	0
Motor Vehicle	49,807,125	0	49,807,125	0
Developmental Disabilities	129,148,297	0	129,148,297	0
Community Development Programs	64,551,876	0	64,551,876	0
Children's Services	41,921,153	0	41,921,153	0
Other Purposes	57,757,294	0	57,757,294	0
MetroHealth System				
Expendable	0	0	0	48,517,000
Nonexpendable	0	0	0	8,998,000
Unrestricted	78,332,042	57,261,906	135,593,948	242,641,000
Total Net Assets	\$1,023,997,363	\$96,288,998	\$1,120,286,361	\$354,462,000

(1) Dollars rounded to the nearest thousands

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

Statement of Activities For the Year Ended December 31, 2011

	Program Revenues			
	Expenses	Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government:				
Legislative and Executive	\$91,462,479	\$20,018,902	\$2,299,931	\$7,012,850
Judicial	323,452,320	64,496,402	54,516,811	0
Public Works	31,655,075	2,308,754	38,373,885	25,982,722
Health and Safety Services	230,988,876	1,809,165	153,283,926	0
Social Services	482,461,722	5,947,689	286,022,645	0
Community Development	48,417,824	1,098,295	40,211,181	26,354,222
Interest and Fiscal Charges	59,301,229	0	0	0
<i>Total Governmental Activities</i>	1,267,739,525	95,679,207	574,708,379	59,349,794
Business-Type Activities:				
Sanitary Engineer	20,949,553	22,809,722	0	0
Airport	1,758,577	685,068	0	144,048
Parking Garage	3,592,320	4,039,055	0	0
Information Systems	1,749,095	1,497,294	0	0
<i>Total Business-Type Activities</i>	28,049,545	29,031,139	0	144,048
<i>Total - Primary Government</i>	\$1,295,789,070	\$124,710,346	\$574,708,379	\$59,493,842
Component Unit				
MetroHealth System (1)	\$768,572,000	\$676,785,000	\$49,269,000	\$680,000
General Revenues				
Property Taxes				
General Purposes				
General Obligation Bond Retirement				
Health & Human Services				
Children's Services				
Developmental Disabilities				
Real Estate Tax Assessment				
Sales Taxes				
General Purposes				
Hotel/Lodging Tax				
Payments in Lieu of Taxes				
Grants and Entitlements not Restricted to Specific Programs				
Interest				
Other				
<i>Total General Revenues</i>				
Transfers				
<i>Total General Revenues and Transfers</i>				
Change in Net Assets				
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>				
<i>Net Assets End of Year</i>				

(1) Dollars rounded to the nearest thousands

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
(\$62,130,796)	\$0	(\$62,130,796)	\$0
(204,439,107)	0	(204,439,107)	0
35,010,286	0	35,010,286	0
(75,895,785)	0	(75,895,785)	0
(190,491,388)	0	(190,491,388)	0
19,245,874	0	19,245,874	0
(59,301,229)	0	(59,301,229)	0
(538,002,145)	0	(538,002,145)	0
0	1,860,169	1,860,169	0
0	(929,461)	(929,461)	0
0	446,735	446,735	0
0	(251,801)	(251,801)	0
0	1,125,642	1,125,642	0
(538,002,145)	1,125,642	(536,876,503)	0
0	0	0	(41,838,000)
14,229,330	0	14,229,330	0
27,897,033	0	27,897,033	0
152,057,954	0	152,057,954	0
37,180,322	0	37,180,322	0
92,243,940	0	92,243,940	0
13,831,361	0	13,831,361	0
242,076,865	0	242,076,865	0
12,391,398	0	12,391,398	0
4,987,506	0	4,987,506	0
65,890,384	0	65,890,384	0
12,812,138	14,729	12,826,867	(5,819,000)
27,404,518	234,593	27,639,111	46,204,000
703,002,749	249,322	703,252,071	40,385,000
(252,071)	252,071	0	0
702,750,678	501,393	703,252,071	40,385,000
164,748,533	1,627,035	166,375,568	(1,453,000)
859,248,830	94,661,963	953,910,793	355,915,000
<u>\$1,023,997,363</u>	<u>\$96,288,998</u>	<u>\$1,120,286,361</u>	<u>\$354,462,000</u>

Cuyahoga County, Ohio

*Balance Sheet
Governmental Funds
December 31, 2011*

	General	Human Services	Health and Human Services Levy	County Board of Developmental Disabilities
Assets				
Equity in Pooled Cash and Cash Equivalents	\$110,997,700	\$1,741,457	\$46,810,758	\$127,075,270
Cash and Cash Equivalents:				
In Segregated Accounts	3,102,779	0	0	103,834
Accrued Interest Receivable	824,043	0	0	0
Accounts Receivable	1,545,868	312,056	77,476	0
Interfund Receivable	75,292,056	0	0	0
Intergovernmental Receivable	17,835,477	16,767,189	3,946,649	10,618,341
Sales Taxes Receivable	59,376,415	0	0	0
Property Taxes Receivable	15,155,751	65,295,036	56,463,254	95,118,158
Loans Receivable	1,250,000	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	7,924,464	0	0	0
Equity in Pooled Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Total Assets	\$293,304,553	\$84,115,738	\$107,298,137	\$232,915,603
Liabilities				
Accounts Payable	\$3,072,841	\$6,678,668	\$2,161,138	\$3,357,090
Accrued Wages	5,623,943	3,072,398	212,408	2,594,930
Contracts Payable	0	0	0	0
Retainage Payable	0	0	0	0
Intergovernmental Payable	874,076	480,156	32,454	633,466
Interfund Payable	1,807,566	911,643	74,917	551,422
Deferred Revenue	50,382,553	81,565,019	60,391,064	101,932,713
Total Liabilities	61,760,979	92,707,884	62,871,981	109,069,621
Fund Balances				
Nonspendable	8,924,464	0	0	0
Restricted	0	0	44,426,156	123,845,982
Assigned	6,929,678	0	0	0
Unassigned (Deficit)	215,689,432	(8,592,146)	0	0
Total Fund Balances (Deficit)	231,543,574	(8,592,146)	44,426,156	123,845,982
Total Liabilities and Fund Balances	\$293,304,553	\$84,115,738	\$107,298,137	\$232,915,603

See accompanying notes to the basic financial statements

Alcohol, Drug and Mental Health Board	Capital Projects	Global Center for Health Innovation	Other Governmental Funds	Total Governmental Funds
\$8,476,295	\$0	\$0	\$157,533,410	\$452,634,890
0	0	0	11,154,137	14,360,750
0	0	0	1,636,983	2,461,026
289,875	17,410	0	2,883,843	5,126,528
0	0	0	0	75,292,056
7,231,474	0	0	37,283,197	93,682,327
0	0	0	0	59,376,415
30,156,173	0	0	79,067,407	341,255,779
0	0	103,833,568	49,970,286	155,053,854
0	0	0	0	7,924,464
0	0	309,711,882	5,234,389	314,946,271
<u>\$46,153,817</u>	<u>\$17,410</u>	<u>\$413,545,450</u>	<u>\$344,763,652</u>	<u>\$1,522,114,360</u>
\$15,721,008	\$401,829	\$0	\$18,069,264	\$49,461,838
98,361	0	0	1,568,182	13,170,222
0	567,653	13,644,181	2,520,327	16,732,161
0	95,014	0	2,118,104	2,213,118
15,029	0	0	459,816	2,494,997
23,363	73,099,821	0	960,017	77,428,749
32,403,121	0	0	96,829,391	423,503,861
<u>48,260,882</u>	<u>74,164,317</u>	<u>13,644,181</u>	<u>122,525,101</u>	<u>585,004,946</u>
0	0	0	0	8,924,464
0	0	399,901,269	224,617,739	792,791,146
0	0	0	0	6,929,678
(2,107,065)	(74,146,907)	0	(2,379,188)	128,464,126
<u>(2,107,065)</u>	<u>(74,146,907)</u>	<u>399,901,269</u>	<u>222,238,551</u>	<u>937,109,414</u>
<u>\$46,153,817</u>	<u>\$17,410</u>	<u>\$413,545,450</u>	<u>\$344,763,652</u>	<u>\$1,522,114,360</u>

Cuyahoga County, Ohio

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities December 31, 2011

Total Governmental Fund Balances	\$937,109,414
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	918,162,417
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	3,501,534
Sales Taxes	23,338,976
Intergovernmental	58,088,179
Charges for Services	13,435
Special Assessments	40,825
Other	766,667
Total	85,749,616
Internal service funds are used by management to charge costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
Net Assets	34,080,633
Internal Balances	(619,178)
Capital Assets	(6,979,475)
Special Termination Benefits	940,785
Compensated Absences	996,898
Total	28,419,663
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	4,913,474
In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.	(3,135,109)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Voted General Obligation Bonds	(11,483,004)
Unvoted General Obligation Bonds	(297,256,552)
Revenue Bonds	(464,266,354)
Loans Payable	(8,400,546)
Capital Lease Payable	(120,082,346)
Notes Payable	(9,300,000)
Special Termination Benefits	(9,603,629)
Compensated Absences	(26,829,681)
Total	(947,222,112)
<i>Net Assets of Governmental Activities</i>	\$1,023,997,363

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011*

	General	Human Services	Health and Human Services Levy	County Board of Developmental Disabilities	Alcohol, Drug and Mental Health Board
Revenues					
Property Taxes	\$14,183,988	\$53,079,964	\$64,926,453	\$92,035,920	\$27,895,114
Sales Tax	218,737,889	0	0	0	0
Hotel/Lodging Tax	0	0	52,760	26,426	0
Payment in Lieu of Taxes	0	0	0	0	0
Charges for Services	60,750,929	408,654	48	3,816,983	18,385
Licenses and Permits	55,100	0	0	0	0
Fines and Forfeitures	10,003,020	0	0	0	0
Intergovernmental	47,085,138	114,012,759	13,645,239	99,926,858	130,428,340
Interest	9,864,848	0	0	518,491	0
Contributions and Donations	0	50,000	0	0	224,869
Other	9,119,484	3,458,899	158,801	2,394,148	4,228,068
<i>Total Revenues</i>	<u>369,800,396</u>	<u>171,010,276</u>	<u>78,783,301</u>	<u>198,718,826</u>	<u>162,794,776</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	55,859,119	0	0	0	0
Judicial	224,586,434	0	23,216,527	0	0
Public Works	0	0	0	0	0
Health and Safety	175,251	0	36,077,021	0	171,946,388
Social Services	6,361,744	191,828,682	5,525,583	195,616,692	0
Community Development	4,801,049	0	1,335,272	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	500,000	4,560,007	0	0	0
Interest and Fiscal Charges	0	2,457,165	0	0	0
Capital Appreciation Bonds Interest	0	0	0	0	0
<i>Total Expenditures</i>	<u>292,283,597</u>	<u>198,845,854</u>	<u>66,154,403</u>	<u>195,616,692</u>	<u>171,946,388</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>77,516,799</u>	<u>(27,835,578)</u>	<u>12,628,898</u>	<u>3,102,134</u>	<u>(9,151,612)</u>
Other Financing Sources (Uses)					
Inception of Capital Lease	0	0	0	0	0
ODOT Loans Issued	0	0	0	0	0
General Obligation Notes Issued	0	0	0	0	0
Transfers In	328,278	175,000	147,001	0	231,738
Transfers Out	(49,047,773)	0	(72,842)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(48,719,495)</u>	<u>175,000</u>	<u>74,159</u>	<u>0</u>	<u>231,738</u>
<i>Net Change in Fund Balances</i>	28,797,304	(27,660,578)	12,703,057	3,102,134	(8,919,874)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>202,746,270</u>	<u>19,068,432</u>	<u>31,723,099</u>	<u>120,743,848</u>	<u>6,812,809</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$231,543,574</u>	<u>(\$8,592,146)</u>	<u>\$44,426,156</u>	<u>\$123,845,982</u>	<u>(\$2,107,065)</u>

(continued)

Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds (continued)
For the Year Ended December 31, 2011*

	Capital Projects	Global Center for Health Innovation	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$0	\$0	\$86,150,295	\$338,271,734
Sales Tax	0	0	0	218,737,889
Hotel/Lodging Tax	0	0	12,312,212	12,391,398
Payment in Lieu of Taxes	0	0	4,987,506	4,987,506
Charges for Services	337	0	15,553,803	80,549,139
Licenses and Permits	0	0	1,777,143	1,832,243
Fines and Forfeitures	0	0	3,240,545	13,243,565
Intergovernmental	7,012,850	0	216,074,064	628,185,248
Interest	108,471	17,854,222	2,400,180	30,746,212
Contributions and Donations	0	0	1,790,060	2,064,929
Other	168,438	279,000	5,631,687	25,438,525
<i>Total Revenues</i>	<u>7,290,096</u>	<u>18,133,222</u>	<u>349,917,495</u>	<u>1,356,448,388</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	0	0	27,086,132	82,945,251
Judicial	0	0	64,441,685	312,244,646
Public Works	0	0	22,868,635	22,868,635
Health and Safety	0	0	17,460,386	225,659,046
Social Services	0	0	76,757,057	476,089,758
Community Development	0	0	42,287,226	48,423,547
Capital Outlay	24,558,156	135,710,964	36,359,917	196,629,037
Debt Service:				
Principal Retirement	0	18,233,215	40,503,784	63,797,006
Interest and Fiscal Charges	0	17,850,403	38,526,709	58,834,277
Capital Appreciation Bonds Interest	0	0	5,156,894	5,156,894
<i>Total Expenditures</i>	<u>24,558,156</u>	<u>171,794,582</u>	<u>371,448,425</u>	<u>1,492,648,097</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(17,268,060)</u>	<u>(153,661,360)</u>	<u>(21,530,930)</u>	<u>(136,199,709)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	122,066,783	0	122,066,783
ODOT Loans Issued	0	0	76,865	76,865
General Obligation Notes Issued	0	0	10,320,000	10,320,000
Transfers In	11,828,903	40,174,080	34,484,530	87,369,530
Transfers Out	0	(19,480,872)	(15,075,352)	(83,676,839)
<i>Total Other Financing Sources (Uses)</i>	<u>11,828,903</u>	<u>142,759,991</u>	<u>29,806,043</u>	<u>136,156,339</u>
<i>Net Change in Fund Balances</i>	(5,439,157)	(10,901,369)	8,275,113	(43,370)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>(68,707,750)</u>	<u>410,802,638</u>	<u>213,963,438</u>	<u>937,152,784</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$74,146,907)</u>	<u>\$399,901,269</u>	<u>\$222,238,551</u>	<u>\$937,109,414</u>

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011*

Net Change in Fund Balances - Total Governmental Funds (\$43,370)

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period:

Capital Asset Additions:		
Capital Outlay	193,226,700	
Capital Contribution	8,500,000	
Depreciation	<u>(31,423,584)</u>	
Total		170,303,116

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (1,891,753)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Property Taxes	(831,794)	
Sales Taxes	23,338,976	
Intergovernmental	43,264,306	
Charges for Services	13,435	
Special Assessments	40,825	
Other	<u>766,667</u>	
Total		66,592,415

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 68,995,653

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Bonds	369,720	
Amortization of Premium	1,158,843	
Amortization of Accretion	(1,827,424)	
Amortization of Issuance Costs	<u>(164,711)</u>	
Total		(463,572)

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(695,524)	
Special Termination Benefits	<u>18,486,688</u>	
Total		17,791,164

Internal service funds used to charge costs to individual funds are not reported in the County-wide statement of activities. Governmental fund expenditures and related internal service funds revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental and business-type activities.

Change in Net Assets	(25,238,128)	
Change in Internal Balance	426,822	
Change in Capital Assets	2,098,870	
Change in Special Termination Benefits	(2,314,182)	
Change in Compensated Absences	996,899	
Principal Retirement on Capital Leases	<u>(41,753)</u>	
Total		<u>(24,071,472)</u>

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.

Loans Issued	(76,865)	
General Obligation Notes Issued	(10,320,000)	
Inception of Capital Lease	<u>(122,066,783)</u>	
Total		<u>(132,463,648)</u>

Change in Net Assets of Governmental Activities \$164,748,533

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General
Budget Basis
For the Year Ended December 31, 2011*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$13,915,788	\$13,915,788	\$14,183,988	\$268,200
Sales Tax	212,493,847	212,493,847	216,589,257	4,095,410
Charges for Services	48,769,895	48,769,895	54,159,650	5,389,755
Licenses and Permits	54,058	54,058	55,100	1,042
Fines and Forfeitures	9,942,265	9,942,265	9,587,386	(354,879)
Intergovernmental	48,126,888	48,126,888	49,060,268	933,380
Interest	12,288,661	12,288,661	12,525,501	236,840
Other	9,669,089	9,669,089	17,839,858	8,170,769
<i>Total Revenues</i>	<u>355,260,491</u>	<u>355,260,491</u>	<u>374,001,008</u>	<u>18,740,517</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	55,337,229	62,883,316	58,385,236	4,498,080
Judicial	204,317,476	244,686,824	231,433,009	13,253,815
Health and Safety	197,129	225,622	208,144	17,478
Social Services	6,670,357	7,797,211	6,451,437	1,345,774
Community Development	30,035,126	34,826,913	28,909,494	5,917,419
Other	537,949	537,949	493,065	44,884
Debt Service:				
Principal Retirement	497,665	542,545	500,000	42,545
<i>Total Expenditures</i>	<u>297,592,931</u>	<u>351,500,380</u>	<u>326,380,385</u>	<u>25,119,995</u>
<i>Excess of Revenues Over Expenditures</i>	<u>57,667,560</u>	<u>3,760,111</u>	<u>47,620,623</u>	<u>43,860,512</u>
Other Financing Sources (Uses)				
Transfers In	180,264	180,264	328,278	148,014
Transfers Out	(24,573,570)	(29,456,174)	(25,750,448)	3,705,726
<i>Total Other Financing Sources (Uses)</i>	<u>(24,393,306)</u>	<u>(29,275,910)</u>	<u>(25,422,170)</u>	<u>3,853,740</u>
<i>Net Change in Fund Balance</i>	33,274,254	(25,515,799)	22,198,453	47,714,252
Fund Balances Beginning of Year	156,456,773	156,456,773	156,456,773	0
Prior Year Encumbrances Appropriated	8,145,086	8,145,086	8,145,086	0
<i>Fund Balances End of Year</i>	<u>\$197,876,113</u>	<u>\$139,086,060</u>	<u>\$186,800,312</u>	<u>\$47,714,252</u>

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Human Services
Budget Basis
For the Year Ended December 31, 2011*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$64,031,319	\$64,031,319	\$53,079,963	(\$10,951,356)
Charges for Services	547,482	547,482	408,654	(138,828)
Intergovernmental	138,061,032	152,538,356	125,757,691	(26,780,665)
Contributions and Donations	48,450	48,450	50,000	1,550
Other	4,397,974	4,397,974	3,132,210	(1,265,764)
<i>Total Revenues</i>	207,086,257	221,563,581	182,428,518	(39,135,063)
Expenditures				
Current:				
Social Services	240,917,048	239,892,039	234,854,218	5,037,821
<i>Excess of Revenues Over (Under) Expenditures</i>	(33,830,791)	(18,328,458)	(52,425,700)	(34,097,242)
Other Financing Sources				
Transfers In	234,451	234,451	175,000	(59,451)
<i>Net Change in Fund Balance</i>	(33,596,340)	(18,094,007)	(52,250,700)	(34,156,693)
Fund Deficit Beginning of Year	(21,339,219)	(21,339,219)	(21,339,219)	0
Prior Year Encumbrances Appropriated	39,907,128	39,907,128	39,907,128	0
<i>Fund Deficit End of Year</i>	(\$15,028,431)	\$473,902	(\$33,682,791)	(\$34,156,693)

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Health and Human Services Levy
Budget Basis
For the Year Ended December 31, 2011*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$94,288,674	\$94,288,674	\$64,930,176	(\$29,358,498)
Hotel/Lodging Tax	52,760	52,760	52,760	0
Charges for Services	56	56	48	(8)
Intergovernmental	19,634,635	19,634,635	13,622,677	(6,011,958)
Other	65,893	65,893	81,325	15,432
<i>Total Revenues</i>	<u>114,042,018</u>	<u>114,042,018</u>	<u>78,686,986</u>	<u>(35,355,032)</u>
Expenditures				
Current:				
General Government:				
Judicial	27,390,121	29,964,897	27,156,601	2,808,296
Health and Safety	41,299,005	68,705,233	36,080,000	32,625,233
Social Services	6,926,567	8,135,912	7,439,228	696,684
Community Development	6,978,038	2,092,420	2,091,849	571
<i>Total Expenditures</i>	<u>82,593,731</u>	<u>108,898,462</u>	<u>72,767,678</u>	<u>36,130,784</u>
<i>Excess of Revenues Over Expenditures</i>	<u>31,448,287</u>	<u>5,143,556</u>	<u>5,919,308</u>	<u>775,752</u>
Other Financing Sources (Uses)				
Transfers In	147,001	147,001	147,001	0
Transfers Out	(80,000)	(80,000)	(72,842)	7,158
<i>Total Other Financing Sources (Uses)</i>	<u>67,001</u>	<u>67,001</u>	<u>74,159</u>	<u>7,158</u>
<i>Net Change in Fund Balance</i>	31,515,288	5,210,557	5,993,467	782,910
Fund Balances Beginning of Year	26,493,877	26,493,877	26,493,877	0
Prior Year Encumbrances Appropriated	7,312,217	7,312,217	7,312,217	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$65,321,382</u>	<u>\$39,016,651</u>	<u>\$39,799,561</u>	<u>\$782,910</u>

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
County Board of Developmental Disabilities
Budget Basis
For the Year Ended December 31, 2011*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$96,754,950	\$96,754,950	\$92,035,920	(\$4,719,030)
Hotel/Lodging Tax	26,426	26,426	26,426	0
Charges for Services	3,903,536	3,903,536	3,713,149	(190,387)
Intergovernmental	106,184,585	106,184,585	101,004,354	(5,180,231)
Interest	545,076	545,076	518,491	(26,585)
Other	2,565,644	2,565,644	2,440,510	(125,134)
<i>Total Revenues</i>	209,980,217	209,980,217	199,738,850	(10,241,367)
Expenditures				
Current:				
Social Services	208,766,045	208,766,045	202,784,596	5,981,449
<i>Net Change in Fund Balance</i>	1,214,172	1,214,172	(3,045,746)	(4,259,918)
Fund Balances Beginning of Year	115,004,162	115,004,162	115,004,162	0
Prior Year Encumbrances Appropriated	7,943,729	7,943,729	7,943,729	0
<i>Fund Balances End of Year</i>	<u>\$124,162,063</u>	<u>\$124,162,063</u>	<u>\$119,902,145</u>	<u>(\$4,259,918)</u>

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Alcohol, Drug and Mental Health Board
Budget Basis
For the Fiscal Year Ended June 30, 2011*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$35,014,112	\$35,014,112	\$34,701,442	(\$312,670)
Intergovernmental	123,520,393	123,520,393	129,637,618	6,117,225
Other	2,898,750	2,898,750	4,646,183	1,747,433
<i>Total Revenues</i>	161,433,255	161,433,255	168,985,243	7,551,988
Expenditures				
Current:				
Health and Safety	168,500,000	168,500,000	168,434,877	65,123
<i>Net Change in Fund Balance</i>	(7,066,745)	(7,066,745)	550,366	7,617,111
Fund Balances Beginning of Year	7,349,431	7,349,431	7,349,431	0
<i>Fund Balances End of Year</i>	<u>\$282,686</u>	<u>\$282,686</u>	<u>\$7,899,797</u>	<u>\$7,617,111</u>

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Statement of Fund Net Assets
Proprietary Funds
December 31, 2011*

	Enterprise Funds			Internal Service
	Sanitary Engineer	All Other Enterprise Funds	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$28,055,471	\$765,252	\$28,820,723	\$56,348,830
Materials and Supplies Inventory	0	15,178	15,178	57,420
Intergovernmental Receivable	0	78,603	78,603	1,245,247
Accounts Receivable	0	294,444	294,444	0
Special Assessments Receivable	30,229,927	0	30,229,927	0
Interfund Receivable	0	15,250	15,250	4,486,423
<i>Total Current Assets</i>	<u>58,285,398</u>	<u>1,168,727</u>	<u>59,454,125</u>	<u>62,137,920</u>
<i>Noncurrent Assets:</i>				
Deferred Charges	7,360	0	7,360	0
<i>Capital Assets:</i>				
Nondepreciable Capital Assets	567,495	11,818,337	12,385,832	0
Depreciable Capital Assets, Net	34,085,979	9,790,894	43,876,873	6,979,475
<i>Total Noncurrent Assets</i>	<u>34,660,834</u>	<u>21,609,231</u>	<u>56,270,065</u>	<u>6,979,475</u>
<i>Total Assets</i>	<u>92,946,232</u>	<u>22,777,958</u>	<u>115,724,190</u>	<u>69,117,395</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	470,441	183,526	653,967	4,211,951
Accrued Wages	199,469	57,663	257,132	952,505
Contracts Payable	518,745	0	518,745	0
Intergovernmental Payable	30,478	8,811	39,289	6,370,378
Retainage Payable	92,322	0	92,322	0
Interfund Payable	105,479	328,344	433,823	1,931,157
Unearned Revenue	0	93,935	93,935	0
Compensated Absences Payable	16,334	6,084	22,418	34,343
Accrued Interest Payable	15,598	0	15,598	0
Special Termination Benefits Payable	0	55,882	55,882	940,785
General Obligation Bonds Payable	430,000	0	430,000	0
OWDA Loans Payable	291,235	0	291,235	0
OPWC Loans Payable	103,926	0	103,926	0
Claims Payable	0	0	0	19,633,088
<i>Total Current Liabilities</i>	<u>2,274,027</u>	<u>734,245</u>	<u>3,008,272</u>	<u>34,074,207</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	457,779	170,507	628,286	962,555
General Obligation Bonds Payable	3,765,000	0	3,765,000	0
OWDA Loans Payable	12,176,181	0	12,176,181	0
OPWC Loans Payable	476,631	0	476,631	0
<i>Total Long-Term Liabilities</i>	<u>16,875,591</u>	<u>170,507</u>	<u>17,046,098</u>	<u>962,555</u>
<i>Total Liabilities</i>	<u>19,149,618</u>	<u>904,752</u>	<u>20,054,370</u>	<u>35,036,762</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt Unrestricted	17,417,861	21,609,231	39,027,092	6,979,475
	56,378,753	263,975	56,642,728	27,101,158
<i>Total Net Assets</i>	<u>\$73,796,614</u>	<u>\$21,873,206</u>	<u>95,669,820</u>	<u>\$34,080,633</u>
Net assets reported for business-type activities in the statement of net assets are different because they include accumulated overpayments to the internal service funds:			<u>619,178</u>	
Net assets of business-type activities			<u>\$96,288,998</u>	

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011*

	Enterprise Funds			Internal Service
	Sanitary Engineer	All Other Enterprise Funds	Total	
Operating Revenues				
Charges for Services	\$22,163,122	\$6,221,417	\$28,384,539	\$146,579,643
Tap-In Fees	646,600	0	646,600	0
Other	145,355	89,238	234,593	1,199,326
<i>Total Operating Revenues</i>	<u>22,955,077</u>	<u>6,310,655</u>	<u>29,265,732</u>	<u>147,778,969</u>
Operating Expenses				
Personal Services	8,084,612	2,630,470	10,715,082	38,674,819
Materials and Supplies	3,089,821	201,862	3,291,683	15,431,230
Contractual Services and Claims	6,803,457	2,404,933	9,208,390	103,682,551
Depreciation	1,969,221	992,671	2,961,892	2,112,036
Other	247,267	667,852	915,119	9,294,899
<i>Total Operating Expenses</i>	<u>20,194,378</u>	<u>6,897,788</u>	<u>27,092,166</u>	<u>169,195,535</u>
<i>Operating Income (Loss)</i>	<u>2,760,699</u>	<u>(587,133)</u>	<u>2,173,566</u>	<u>(21,416,566)</u>
Non-Operating Revenues (Expenses)				
Interest	0	14,729	14,729	0
Interest and Fiscal Charges	(530,557)	0	(530,557)	(3,380)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(530,557)</u>	<u>14,729</u>	<u>(515,828)</u>	<u>(3,380)</u>
<i>Income (Loss) before Transfers and Capital Contributions</i>	2,230,142	(572,404)	1,657,738	(21,419,946)
Capital Contributions	0	270,628	270,628	0
Transfers In	0	918,491	918,491	1,093,547
Transfers Out	(200,000)	(593,000)	(793,000)	(4,911,729)
<i>Change in Net Assets</i>	2,030,142	23,715	2,053,857	(25,238,128)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>71,766,472</u>	<u>21,849,491</u>		<u>59,318,761</u>
<i>Net Assets End of Year</i>	<u>\$73,796,614</u>	<u>\$21,873,206</u>		<u>\$34,080,633</u>

Some amounts reported for business-type activities in the statement of activities are different because a portion of the net expense of the internal service funds is reported with business-type activities.

(426,822)

Change in net assets of business-type activities

\$1,627,035

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

*Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011*

	Enterprise Funds			Internal Service
	Sanitary Engineer	All Other Enterprise Funds	Total	
Increase in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$20,515,050	\$6,208,450	\$26,723,500	\$0
Cash Received from Interfund Transactions	0	0	0	148,742,432
Other Cash Receipts	145,355	89,238	234,593	1,199,326
Cash Payments to Employees for Services	(8,273,127)	(2,606,356)	(10,879,483)	(39,234,060)
Cash Payments for Goods and Services	(8,926,615)	(2,557,813)	(11,484,428)	(116,044,826)
Other Cash Payments	(344,849)	(1,280,693)	(1,625,542)	(12,504,146)
<i>Net Cash Provided by (Used in) Operating Activities</i>	3,115,814	(147,174)	2,968,640	(17,841,274)
Cash Flows from Noncapital Financing Activities				
Advances In	0	312,373	312,373	1,469,746
Advances Out	0	(505,271)	(505,271)	(41,008)
Transfers In	0	918,491	918,491	1,093,547
Transfers Out	(200,000)	(593,000)	(793,000)	(4,911,729)
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	(200,000)	132,593	(67,407)	(2,389,444)
Cash Flows from Capital and Related Financing Activities				
Related Financing Activities				
Capital Grants	0	144,048	144,048	0
Proceeds from OPWC Loans	18,367	0	18,367	0
Proceeds from OWDA Loans	4,868,596	0	4,868,596	0
Principal Paid on General Obligation Bonds	(415,000)	0	(415,000)	0
Interest Paid on General Obligation Bonds	(189,176)	0	(189,176)	0
Principal Paid on OPWC Loans	(123,565)	0	(123,565)	0
Principal Paid on OWDA Loans	(587,553)	0	(587,553)	0
Interest Paid on OWDA Loans	(318,623)	0	(318,623)	0
Principal Paid on Capital Leases	0	0	0	(41,753)
Interest Paid on Capital Leases	0	0	0	(3,380)
Payments for Capital Acquisitions	(161,063)	0	(161,063)	(13,166)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	3,091,983	144,048	3,236,031	(58,299)
Cash Flows from Investing Activities				
Interest on Investments	0	14,729	14,729	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	6,007,797	144,196	6,151,993	(20,289,017)
<i>Cash and Cash Equivalents Beginning of Year</i>	22,047,674	621,056	22,668,730	76,637,847
<i>Cash and Cash Equivalents End of Year</i>	\$28,055,471	\$765,252	\$28,820,723	\$56,348,830

(continued)

Cuyahoga County, Ohio

*Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2011*

	Enterprise Funds			Internal Service
	Sanitary Engineer	All Other Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$2,760,699	(\$587,133)	\$2,173,566	(\$21,416,566)
Adjustments:				
Depreciation	1,969,221	992,671	2,961,892	2,112,036
<i>(Increase) Decrease in Assets:</i>				
Materials and Supplies Inventory	0	1,051	1,051	(27,200)
Intergovernmental Receivable	0	38,272	38,272	(901,288)
Accounts Receivable	0	(129,456)	(129,456)	12,786
Interfund Receivable	0	(10,250)	(10,250)	3,051,291
Special Assessments Receivable	(2,294,672)	0	(2,294,672)	0
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	256,106	(389,010)	(132,904)	(1,479,188)
Accrued Wages	(144,642)	(1,197)	(145,839)	(2,427,180)
Contracts Payable	518,745	0	518,745	0
Intergovernmental Payable	30,478	8,811	39,289	897,232
Retainage Payable	92,322	0	92,322	0
Interfund Payable	7,727	(15,613)	(7,886)	(170,157)
Unearned Revenue	0	93,935	93,935	0
Compensated Absences Payable	(80,170)	(29,861)	(110,031)	996,898
Special Termination Benefits	0	(119,394)	(119,394)	(2,314,181)
Claims Payable	0	0	0	3,824,243
<i>Total Adjustments</i>	355,115	439,959	795,074	3,575,292
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$3,115,814	(\$147,174)	\$2,968,640	(\$17,841,274)

Noncash Capital Financing Activities

During 2011, the capital projects fund paid \$126,580 for HVAC units and runway lighting replacement for the Airport enterprise fund. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

Cuyahoga County, Ohio

Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2011

Assets	
Equity in Pooled Cash and Cash Equivalents	\$187,454,454
Cash and Cash Equivalents in Segregated Accounts	46,334,668
Property Taxes Receivable	1,617,335,837
Special Assessments Receivable	<u>93,206,336</u>
<i>Total Assets</i>	<u><u>\$1,944,331,295</u></u>
Liabilities	
Undistributed Monies	\$1,891,400,800
Deposits Held and Due to Others	<u>52,930,495</u>
<i>Total Liabilities</i>	<u><u>\$1,944,331,295</u></u>

See accompanying notes to the basic financial statements

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Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Note 1 - Description of Cuyahoga County and Reporting Entity

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. On November 3, 2009, the voters of the County-at-large adopted a Charter form of government. The new Charter replaces the Commissioners with an elected County Executive and eleven-member Council. The elected offices of Auditor, Treasurer, Recorder, Clerk of Courts, Engineer, Sheriff and Coroner were replaced by non-elected appointees of the County Executive with approval by Council. The charter provides for the separation of administrative and legislative powers. The effective date of the charter was January 1, 2010. In addition, the new County Executive has created the Office of Inspector General which is responsible for investigation of any allegations of wrongdoing. To read the entire charter, please refer to <http://council.cuyahogacounty.us/en-US/charter-cuyahogacounty.aspx>.

The Prosecutor and the County Judges will remain elected positions. There are 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. Although these elected officials manage the internal operations of their respective departments, the County Council authorizes expenditures as well as serves as the budget and taxing authority, contracting body, and the chief administrators of public services for the County, including each of these departments.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Cuyahoga County, this includes the Children's Services Board, the Board of Developmental Disabilities, the Board of Mental Health and Recovery Services and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes.

The component unit column in the financial statements identifies the financial data of the County's discretely presented component unit, MetroHealth System. It is reported separately to emphasize that it is legally separate from the County.

MetroHealth System (the Hospital) – MetroHealth System is a legally separate, non-profit organization, which provides health care and hospitalization to the general public and care for the County's indigents. The County appoints the majority of the Hospital's Board of Trustees. The Hospital's annual operating budget is approved by the County. The Hospital is included in the County's reporting entity because of the significance of its operational and financial relationships with the County. MetroHealth Systems operates on a year ending December 31. Furthermore, the MetroHealth Foundation (the foundation) and the MHS Holdings LLC (LLC), which are component units of the Hospital, are included in the Hospital's financial statements. The Foundation is a not-for-profit organization supporting the Hospital that acts primarily as a fundraising organization to

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

supplement the resources that are available to the Hospital in support of its programs. Although the Hospital does not control the timing or the amount of receipts from the Foundation, the majority of resources, or incomes thereon, which they hold and invest, are restricted to support the activities of the Hospital. Separately issued financial statements can be obtained from the MetroHealth System, 2500 MetroHealth Drive, Cleveland, Ohio, 44109.

The County participates in the following jointly governed organizations and related organizations. These organizations are presented in Notes 23 and 24 to the Basic Financial Statements and are excluded from the accompanying financial statements.

<u>Jointly Governed Organizations</u>	<u>Related Organizations</u>
Northeast Ohio Areawide Coordinating Agency	Cuyahoga County Public Library
North East Ohio Network	Cleveland Metropolitan Park District
Gateway Economic Development Corporation of Greater Cleveland	Cuyahoga County Arts and Culture District
Western Reserve Area Agency on Aging	Cuyahoga County Land Bank
Cleveland-Cuyahoga County Port Authority	Cuyahoga Community College
Northeast Ohio Regional Sewer District	
Greater Cleveland Regional Transit Authority	

As the custodian of public funds, the County Treasurer invests all public moneys held on deposit in the County Treasury. In the case of the legally separate agencies, boards and commissions listed below, the County Fiscal Officer serves as fiscal agent but the organizations are not considered a part of Cuyahoga County. Accordingly the activity of the following districts is presented as agency funds within Cuyahoga County's financial statements:

Cuyahoga County Health District
Cuyahoga County Soil and Water Conservation District

Information in the following notes to the basic financial statements is applicable to the primary government. Information for the component unit is presented in Note 26.

Note 2 - Summary of Significant Accounting Policies

The financial statements of Cuyahoga County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County’s governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General This fund accounts for and reports all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the charter of Cuyahoga County and/or the general laws of Ohio.

Human Services This fund accounts for and reports property taxes from human services levies as well as revenue from Federal, State and County governments restricted to provide entitlement services, senior and adult programs, children and family services and employment services to eligible county residents.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Health and Human Services Levy This fund accounts for and reports restricted property taxes from health and human services levies to provide public assistance to general relief recipients and certain public social services

County Board of Developmental Disabilities This fund accounts for and reports State grants and property taxes from the special developmental disability levy restricted for the developmentally disabled.

Alcohol, Drug and Mental Health (ADAMH) Board This fund accounts for and reports a County-wide property tax levy as well as grants from Federal, State and County governments restricted for various mental health programs and aid to individuals seeking alcohol and drug services through effective oversight, coordination and planning activities.

Capital Projects This fund accounts for and reports debt proceeds and grants restricted for the acquisition or construction of all County land and buildings, major improvements and road and bridge improvements other than those financed by proprietary funds.

Global Center for Health Innovation (GCHI) This fund accounts for and reports debt proceeds restricted for the construction of the GCHI facility.

The other governmental funds of the County account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the County's major enterprise fund:

Sanitary Engineer This fund is used to account for the maintenance operations of County sewer lines. The office also enforces compliance of County sanitary regulations.

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service funds report on central custodial services, maintenance garage, data processing, general printing reproduction and supplies, postage and on self-insurance programs for employee medical benefits and workers' compensation.

Fiduciary Fund Types Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are agency funds. Agency funds are used to account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments, and State shared resources collected on behalf of and distributed to other local governments.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within ninety days of year-end for all revenues except for property taxes which have an available period of sixty days. Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the sale occurred. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax (see Note 9), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Unearned Revenues On proprietary fund financial statements, revenue received as of December 31, 2011, for 2012 services, has been recorded as unearned revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled in a central bank account. Monies for all funds are maintained in this account or are temporarily used to purchase short term investments. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

The County utilizes a financial institution to service bonded debt as principal and interest payments come due. The balances in these accounts are presented on the statement of fund net assets as "Cash and Cash Equivalents with Fiscal Agents."

Various departments within the County have segregated bank accounts for monies held separate from the County's central bank account. These accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited with the County Treasurer.

During 2011, investments were limited to the federal agriculture mortgage bonds, federal farm credit banks bonds, federal home loan bank bonds, federal home loan mortgage corporation bonds, federal national mortgage association bonds, delinquent tax anticipation notes, Garfield Heights notes, General Electric Capital Corporation notes, State of Israel notes, Shaker Heights notes, money market accounts, mutual funds and STAR Ohio.

Investments are reported at fair value which is based on quoted market prices, with the exception of certificates of deposit, which are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at December 31, 2011.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Investment procedures are restricted by the provisions of the Ohio Revised Code. County policy requires interest earned on investments to be credited to the general fund except where there is a legal requirement or there are bond proceeds for capital improvements. Interest revenue credited to the GCHI capital projects fund during 2011 amounted to \$17,854,222 which includes \$9,262,218 assigned from other County funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside for unclaimed monies. Restricted assets in the community development special revenue fund and bond retirement debt service fund represent money set aside for bond principal and interest payments. Restricted assets in the GCHI capital projects fund represent money set aside for the construction of the Global Center for Health Innovation facility and for bond principal and interest payments.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The County was able to estimate the historical cost for the initial reporting of infrastructure by back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of nine thousand with the exception of land as land is listed regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business Type Activities Estimated Lives
Land Improvements	5 - 20 Years	5 - 20 Years
Utility Plant	N/A	20 - 50 Years
Buildings, Structures and Improvements	5 - 40 Years	5 - 40 Years
Furniture, Fixtures and Equipment	3 - 22 Years	3 - 22 Years
Vehicles	4 - 9 Years	4 - 9 Years
Infrastructure	20 - 69 Years	N/A

Compensated Absences

Vacation, compensatory time and exchange time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for all accumulated unused vacation, compensatory and exchange time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. The straight-line method of amortization is not materially different from the effective-interest method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On governmental fund financial statements, bond premiums are received in the year the bonds are issued.

Issuance Costs

Issuance costs for underwriting fees and bond and note insurance for various debt issues are being amortized using the straight-line method over the life of the issuance on the government-wide statements and in the County's enterprise funds. The straight-line method of amortization is not materially different from the effective-interest method. On the governmental fund statements, issuance costs are expended in the year the bonds and notes are issued. Issuance costs are generally paid from bond and note proceeds.

As permitted by State statute, the County paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability in the fund financial statements when due.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of County Council. Those committed amounts cannot be used for any other purpose unless County Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the County Council. In the general fund, assigned amounts represent intended uses established by County Council or a County official delegated that authority by County Charter or ordinance, or by State Statute. State statute authorizes the County Fiscal Officer to assign fund balance for purchases on order provided amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Budgetary Process

All funds, except agency funds are legally required to be budgeted and appropriated. The Alcohol, Drug and Mental Health Board special revenue is budgeted on a fiscal year ended June 30, 2011. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County may appropriate. The appropriations resolution is Council’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control is at the personnel, capital purchases and other object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of County Council.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Fiscal Officer. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the original and final amended certificate of estimated resources in place when original and final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include the judicial services, legislative and executive operations, County Bureau of Support and Care and custody of delinquent juveniles.

The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for the sanitary engineer, the County airport, the County parking garage, the County information systems, central custodial services, the maintenance garage, data processing, printing, reproduction and supplies, postage, workers' compensation and health insurance. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets from the capital projects governmental fund and from outside contributions of resources restricted to capital acquisition and construction.

Note 3 - Changes in Accounting Principles and Restatements

Changes in Accounting Principles

For 2011, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", Statement No. 59 "Financial Instrument Omnibus" and Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements".

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the County's financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments by updating and improving existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this statement did not result in any change in the County's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the County's financial statements.

Restatement

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	General	Human Services	Health and Human Services Levy	County Board of Developmental Disabilities	Alcohol, Drug and Mental Health Board
Fund Balance at					
December 31, 2010	\$206,791,182	(\$10,498,589)	\$83,800,307	\$120,743,848	\$6,812,809
Change in Fund Structure	<u>(4,044,912)</u>	<u>29,567,021</u>	<u>(52,077,208)</u>	<u>0</u>	<u>0</u>
Adjusted Fund Balance at					
December 31, 2010	<u>\$202,746,270</u>	<u>\$19,068,432</u>	<u>\$31,723,099</u>	<u>\$120,743,848</u>	<u>\$6,812,809</u>

	Capital Projects	Global Center for Health Innovation	Other Governmental Funds	Total Governmental Funds
Fund Balance at				
December 31, 2010	(\$67,681,877)	\$410,802,638	\$177,147,250	\$927,917,568
Change in Fund Structure	<u>(1,025,873)</u>	<u>0</u>	<u>36,816,188</u>	<u>9,235,216</u>
Adjusted Fund Balance at				
December 31, 2010	<u>(\$68,707,750)</u>	<u>\$410,802,638</u>	<u>\$213,963,438</u>	<u>\$937,152,784</u>

The implementation of GASB Statement No. 54 adjusted net assets of governmental funds at December 31, 2010, as they were previously reported, by (\$19,422,576) from \$878,671,406 to \$859,248,830.

The implementation of GASB Statement No. 54 had the following effect on net assets of the major and nonmajor enterprise funds and internal service funds as they were previously reported.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

	Sanitary Engineer	Other Enterprise Funds	Total Business-Type Activities	Internal Service
Net Assets, December 31, 2010	\$70,372,639	\$21,849,491	\$92,222,130	\$59,305,384
Change in Fund Structure	1,393,833	0	1,393,833	13,377
Adjusted Net Assets, December 31, 2010	\$71,766,472	\$21,849,491	93,615,963	\$59,318,761
Internal Balance			1,046,000	
Total Adjusted Net Assets, December 31, 2010			\$94,661,963	

Note 4 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Human Services	Health and Human Services Levy	County Board of Developmental Disabilities
<i>Nonspendable</i>				
Unclaimed Monies	\$7,924,464	\$0	\$0	\$0
Loans Receivable	1,000,000	0	0	0
<i>Total Nonspendable</i>	8,924,464	0	0	0
<i>Restricted for</i>				
Developmental Disabilities	0	0	0	123,845,982
Health and Human Services	0	0	44,426,156	0
Community Development	0	0	0	0
Real Estate Assessment	0	0	0	0
Children Services	0	0	0	0
Judicial	0	0	0	0
Solid Waste	0	0	0	0
Health and Safety	0	0	0	0
Social Services	0	0	0	0
Public Works	0	0	0	0
Other Purposes	0	0	0	0
Debt Service	0	0	0	0
Capital Projects	0	0	0	0
<i>Total Restricted</i>	0	0	44,426,156	123,845,982
<i>Assigned to</i>				
Coroner's Lab	334,647	0	0	0
Purchases on Order	6,595,031	0	0	0
<i>Total Assigned</i>	6,929,678	0	0	0
<i>Unassigned (Deficit)</i>	215,689,432	(8,592,146)	0	0
<i>Total Fund Balances (Deficit)</i>	\$231,543,574	(\$8,592,146)	\$44,426,156	\$123,845,982

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Fund Balances	Alcohol, Drug and Mental Health Board	Capital Projects	Global Center for Health Innovation	Other Governmental Funds	Total
<i>Nonspendable</i>					
Unclaimed Monies	\$0	\$0	\$0	\$0	\$7,924,464
Loans Receivable	0	0	0	0	1,000,000
<i>Total Nonspendable</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,924,464</u>
<i>Restricted for</i>					
Developmental Disabilities	0	0	0	0	123,845,982
Health and Human Services	0	0	0	0	44,426,156
Community Development	0	0	0	65,876,906	65,876,906
Real Estate Assessment	0	0	0	15,799,554	15,799,554
Children Services	0	0	0	33,113,786	33,113,786
Judicial	0	0	0	16,096,428	16,096,428
Solid Waste	0	0	0	3,006,690	3,006,690
Health and Safety	0	0	0	9,063,380	9,063,380
Social Services	0	0	0	4,384,842	4,384,842
Public Works	0	0	0	46,584,237	46,584,237
Other Purposes	0	0	0	8,861,647	8,861,647
Debt Service	0	0	0	21,830,269	21,830,269
Capital Projects	0	0	399,901,269	0	399,901,269
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>399,901,269</u>	<u>224,617,739</u>	<u>792,791,146</u>
<i>Assigned to</i>					
Coroner's Lab	0	0	0	0	334,647
Purchases on Order	0	0	0	0	6,595,031
<i>Total Assigned</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,929,678</u>
<i>Unassigned (Deficit)</i>	<u>(2,107,065)</u>	<u>(74,146,907)</u>	<u>0</u>	<u>(2,379,188)</u>	<u>128,464,126</u>
<i>Total Fund Balances (Deficit)</i>	<u>(\$2,107,065)</u>	<u>(\$74,146,907)</u>	<u>\$399,901,269</u>	<u>\$222,238,551</u>	<u>\$937,109,414</u>

Note 5 – Accountability and Compliance

Accountability

The following funds had deficit fund balances as of December 31, 2011:

<i>Special Revenue Funds</i>		<i>Capital Projects Funds</i>	
Human Services	\$8,592,146	Capital Projects	\$74,146,907
Alcohol, Drug and Mental Health Board	2,107,065	Road Capital Projects	512,133
Support Enforcement	1,746,255		
Victim Assistance	77,343		
Litter	43,457		

The special revenue and the capital projects funds have deficits caused by the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in the funds and provides transfers when cash is required, not when accruals occur.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Compliance

The County had negative cash fund balances in the community development fund, workforce investment fund, capital projects fund, County parking garage enterprise fund and the central custodial service internal service fund of \$1,753,038, \$603,863, \$70,693,739, \$306,904, and \$1,469,745; respectively, indicating that revenue from other sources were used to pay obligations of these funds contrary to Ohio Revised Code Section 5705.10(H).

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

The County filed their original permanent appropriations on January 15, 2011. However, the County Fiscal Officer did not issue a “do not exceed” certificate due to the following funds having appropriations in excess of total estimated resources:

<u>Fund</u>	<u>Original Estimated Resources Plus Carryover Balances</u>	<u>Appropriations</u>	<u>Variance</u>
Human Services	\$225,888,617	\$240,917,048	(\$15,028,431)
Community Development	(8,432,187)	3,034,357	(11,466,544)
Workforce Investment Act Operating	14,477,325	23,518,112	(9,040,787)
Capital Projects	(62,236,030)	0	(62,236,030)
County Parking Garage	3,114,222	4,295,305	(1,181,083)
Data Processing	17,475,386	19,029,898	(1,554,512)
Printing and Reproductions	3,672,339	4,957,040	(1,284,701)

These weaknesses may result in the County spending more than their available resources. Management has indicated that cash balances and appropriations will be closely monitored to ensure no future violations occur.

Note 6 - Budgetary Basis of Accounting

While the County’s reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual are presented in the basic financial statements for the general fund and major special revenue funds. 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).

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures for all funds (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Unrecorded cash represents amounts received but not reported by the County on the operating statements (budget), but which is reported on the GAAP basis operating statements.
5. Investments are reported at cost (budget) rather than at fair value (GAAP).
6. Budgetary revenues and expenditures for the ADAMH Board grants are classified to the ADAMH Board special revenue fund for GAAP reporting.
7. Timing differences in the ADAMH Board special revenue fund resulted from the ADAMH Board adopting a budget covering a fiscal year end (Budget) rather than a calendar year end (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general and major special revenue funds:

	Net Change in Fund Balances				
	General	Human Services	Health and Human Services Levy	County Board of Developmental Disabilities	Alcohol, Drug and Mental Health Board
GAAP Basis	\$28,797,304	(\$27,660,578)	\$12,703,057	\$3,102,134	(\$8,919,874)
Net Adjustment for					
Revenue Accruals	1,431,290	11,418,242	(96,315)	1,020,024	12,278,579
Beginning Fair Value					
Adjustment for Investments	1,869,988	0	0	0	0
Ending Fair Value					
Adjustment for Investments	1,041,943	0	0	0	0
Ending Unrecorded Cash	(142,609)	0	0	0	0
Timing Difference	0	0	0	0	(243,704)
Perspective Difference:					
ADAMH Board Grant Fund	0	0	0	0	13,078
Net Adjustment for					
Expenditure Accruals	(2,486,211)	(584,117)	397,923	5,221	(2,577,713)
Encumbrances	(8,313,252)	(35,424,247)	(7,011,198)	(7,173,125)	0
Budget Basis	<u>\$22,198,453</u>	<u>(\$52,250,700)</u>	<u>\$5,993,467</u>	<u>(\$3,045,746)</u>	<u>\$550,366</u>

Note 7 - Deposits and Investments

Monies held by the County are classified by State Statute two categories, active and inactive. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Monies held by the County, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury Bills, Notes, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States; or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

- established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
- b. Banker's acceptances eligible for purchase by the Federal Reserve System and which mature within 180 days after purchase;
- 10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
 - 11. No-load money market mutual fund rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency of instrumentality, and/or highly rate commercial paper;
 - 12. One percent of the County's average portfolio in debt interest rated at the time of purchase in the three categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$310,573,867 of the County's bank balance of \$430,256,264 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the County's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Investments

Investments are reported at fair value. As of December 31, 2011, the County had the following investments:

	Fair Value	Maturity	Moody Rating	Percent of Total Investments
Federal Agriculture Mortgage Bonds	\$10,657,140	More than Two Years	Aaa	N/A
Federal Farm Credit Bank Bonds	92,385,150	More than Two Years	Aaa	17.62%
Federeal Home Loan Bank Bonds	82,256,000	More than One Year	Aaa	15.69%
Federeal Home Loan Mortgage Corporation Bank Bonds	172,664,650	More than One Year	Aaa	32.94%
Federal National Mortgage Association Bonds	136,288,900	More than Two Years	Aaa	26.00%
Delinquent Tax Anticipation Notes	520,000	Less than One Year	N/A	N/A
City of Garfield Heights Notes	2,021,000	More than Two Years	Baa1	N/A
General Electric Corporation Notes	5,376,950	Less than One Year	Aa3	N/A
State of Israel Notes	5,000,000	More than Two Years	A1	N/A
City of Shaker Heights Notes	250,000	Less than One Year	Baa1	N/A
Money Market Accounts	4,578,581	Less than One Year	A3	N/A
Mutual Funds	8,332,613	More than One Year	A3	N/A
STAR Ohio	3,887,225	Average 57 Days	N/A	N/A
Total Portfolio	<u>\$524,218,209</u>			

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the County's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the County's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. The purchase of any security with a maturity of greater than 5 years must be approved in advance by the Investment Advisory Committee.

Credit Risk The Moody's ratings of the County's investments are listed in the table above. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that addresses credit risk.

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

Foreign Currency Risk Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The County's investment policy states foreign notes must be rated at the time of purchase in one of the three highest categories by two nationally recognized standard rating services. All interest and principal shall be denominated and payable in United States dollars. The notes must be backed by the full faith and credit of the foreign nation and there can be no prior history of default. The maturity of foreign notes cannot exceed five years from purchase and in total, they cannot exceed one percent of the County's total average portfolio. The County's exposure to foreign currency risk is as follows:

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value (in US dollars)</u>
State of Israel Notes	Israeli New Sheqel	4/1/2014	\$5,000,000

Note 8 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statutes permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2011, was \$13.32 per \$1,000 of assessed value. The assessed values of real and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$29,153,170,350
Public Utility Personal Property	<u>673,170,690</u>
Total Assessed Value	<u>\$29,826,341,040</u>

The County Fiscal Officer collects property tax on behalf of all taxing districts in the County. The County Fiscal Officer periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the districts are accounted for in various agency funds of the County. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2011, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

Note 9 - Permissive Sales and Use Tax

In 1969, the County Commissioners by resolution imposed a one-half percent tax on all retail sales made in the County and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax for a continuing period of time. In 1987, the County Commissioners by resolution imposed an additional one-half percent tax for a continuing period of time. In 2007, the County Commissioners by resolution imposed an additional one-quarter percent tax for twenty years.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The State Tax Commissioner's certification must be made within forty-five days after the end of the month. The Office of Budget and Management then has five days in which to draw a warrant payable to the County.

Proceeds of the tax are credited to the general fund. A receivable is recognized at year-end for amounts that will be received from sales which occurred during the prior year.

Note 10 - Receivables

Receivables at December 31, 2011 consisted of taxes, accounts (billings for user charged services, including unbilled utility services), special assessments, accrued interest, loans (community development block grant monies loaned to local businesses), interfund, sales tax, and intergovernmental receivables arising from grants and entitlements. All receivables are considered fully collectible, including accounts receivable which, if delinquent may be certified and collected as a special assessment, subject to foreclosure for nonpayment. All receivables except for loans, special assessments and delinquent property taxes are expected to be collected within one year.

The loans receivable at December 31, 2011, reported in other governmental funds, represent revolving loans made to private enterprises under the United States Department of Housing and Urban Development Community Development Block Grant Program, Section 17 and Home Affordability Act programs. The notes are due on various dates with a large portion not due until the related property is sold or the debtor becomes deceased. Generally the loans are collateralized by the property that is improved with the proceeds of the notes; however, the County's security interest is usually subordinate to that of another creditor. Many notes are non-interest bearing while other notes bear interest at various rates. Loans expected to be collected in more than one year amount to \$46,782,346 in the community development special revenue fund. At December 31, 2011 there were no delinquent loans.

The County entered into a project funding agreement with MMPI Cleveland Development LLC (Developer) to provide funds, through a loan from the County, for the planning, designing, financing and constructing the Global Center for Health Innovation facility. As of December 31, 2011, the Developer has drawn down \$122,066,783 of the available funds. During 2011, the Developer repaid \$18,233,215 leaving an outstanding balance of \$103,833,568. Loans expected to be collected in more than one year amount to \$84,822,805 in the GCHI capital projects fund. At December 31, 2011 there were no delinquent loans. See Note 19 for additional information.

Special assessments expected to be collected in more than one year amount to \$9,325,145 in the sanitary engineer enterprise fund.

Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
General Fund	
Local Government and Revenue Assistance	\$14,796,080
Miscellaneous	2,073,099
Property Tax Rollbacks and Exemptions	955,095
Visiting Municipal Judges	11,203
Total General Fund	<u>17,835,477</u>
Special Revenue Funds	
Human Services	16,767,189
Health and Human Services Levy	3,946,649
County Board of Developmental Disabilities	10,618,341
Alcohol, Drug and Mental Health Board	7,231,474
Motor Vehicle Gas Tax	9,307,542
Children Services	13,075,610
Support Enforcement	228,991
Community Development	6,173,780
Other Community Development	13,374
Treatment Alternative for Safer Community	185,621
Judicial	1,500,011
Health and Safety	1,115,371
Social Services	657,691
Total Special Revenue Funds	<u>70,821,644</u>
Debt Service Fund	
Debt Service	<u>1,903,086</u>
Capital Projects Funds	
Capital Projects	<u>3,122,120</u>
<i>Total Governmental Activities</i>	<u><u>\$93,682,327</u></u>
Enterprise Fund	
Cuyahoga County Information Systems	<u><u>\$78,603</u></u>
Internal Service Funds	
Central Custodial Services	\$1,222,766
Data Processing	22,481
Total Internal Service Funds	<u><u>\$1,245,247</u></u>

Receivables and payables are recorded to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Using this criteria, the County has elected not to record child support arrearages within the special revenue and agency fund types. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance 12/31/10	Additions	Reductions	Balance 12/31/11
Government Activities:				
<i>Nondepreciable Capital Assets</i>				
Land	\$93,222,259	\$0	\$0	\$93,222,259
Construction in Progress	253,496,358	191,609,323	(41,813,719)	403,291,962
<i>Total Nondepreciable Capital Assets</i>	<u>346,718,617</u>	<u>191,609,323</u>	<u>(41,813,719)</u>	<u>496,514,221</u>
<i>Depreciable Capital Assets</i>				
Land Improvements	11,751,000	0	0	11,751,000
Buildings, Structures and Improvements	613,404,437	13,796,003	(3,528,962)	623,671,478
Furniture, Fixtures and Equipment	57,436,000	1,374,467	(418,966)	58,391,501
Vehicles	12,293,000	1,538,794	0	13,831,794
Infrastructure	187,413,000	35,221,832	0	222,634,832
<i>Total Depreciable Capital Assets</i>	<u>882,297,437</u>	<u>51,931,096</u>	<u>(3,947,928)</u>	<u>930,280,605</u>
<i>Less Accumulated Depreciation</i>				
Land Improvements	(4,234,000)	(552,323)	0	(4,786,323)
Buildings, Structures and Improvements	(342,192,000)	(18,803,965)	1,694,595	(359,301,370)
Furniture, Fixtures and Equipment	(37,463,000)	(4,754,723)	361,580	(41,856,143)
Vehicles	(9,445,000)	(1,227,701)	0	(10,672,701)
Infrastructure	(85,931,000)	(6,084,872)	0	(92,015,872)
<i>Total Accumulated Depreciation</i>	<u>(479,265,000)</u>	<u>(31,423,584)</u>	<u>2,056,175</u>	<u>(508,632,409)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>403,032,437</u>	<u>20,507,512</u>	<u>(1,891,753)</u>	<u>421,648,196</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$749,751,054</u>	<u>\$212,116,835</u>	<u>(\$43,705,472)</u>	<u>\$918,162,417</u>

Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$5,296,370
Judicial	7,827,534
Health and Safety	4,765,291
Public Works	7,388,780
Social Services	6,144,337
Development	1,272
Total	<u>\$31,423,584</u>

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

	Balance 12/31/10	Additions	Reductions	Balance 12/31/11
Business Type Activities:				
<i>Nondepreciable Capital Assets</i>				
Land	\$12,265,954	\$0	\$0	\$12,265,954
Construction in Progress	6,734,609	0	(6,614,731)	119,878
<i>Total Nondepreciable Capital Assets</i>	19,000,563	0	(6,614,731)	12,385,832
<i>Depreciable Capital Assets</i>				
Land Improvements	11,077,609	552,458	0	11,630,067
Utility Plant	58,926,319	6,062,273	0	64,988,592
Buildings, Structures and Improvements	22,413,276	126,580	0	22,539,856
Furniture, Fixtures and Equipment	1,720,995	18,893	0	1,739,888
Vehicles	7,335,264	142,170	0	7,477,434
<i>Total Depreciable Capital Assets</i>	101,473,463	6,902,374	0	108,375,837
<i>Less Accumulated Depreciation</i>				
Land Improvements	(9,750,290)	(256,667)	0	(10,006,957)
Utility Plant	(32,878,783)	(1,098,594)	0	(33,977,377)
Buildings, Structures and Improvements	(12,403,022)	(864,938)	0	(13,267,960)
Furniture, Fixtures and Equipment	(1,239,580)	(86,582)	0	(1,326,162)
Vehicles	(5,265,397)	(655,111)	0	(5,920,508)
<i>Total Accumulated Depreciation</i>	(61,537,072)	(2,961,892)	0	(64,498,964)
<i>Total Depreciable Capital Assets, Net</i>	39,936,391	3,940,482	0	43,876,873
<i>Business Type Activities Capital Assets, Net</i>	\$58,936,954	\$3,940,482	(\$6,614,731)	\$56,262,705

Depreciation expense was charged to business-type activities as follows:

Sanitary Engineer	\$1,969,221
County Airport	371,755
County Parking Garage	598,142
County Information Systems	22,774
Total	\$2,961,892

Cuyahoga County, Ohio

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 12 - Interfund Transfers and Balances

Interfund Transfers

Interfund transfers for the year ended December 31, 2011, consisted of the following:

Fund	Transfers In	Transfers Out
<i>Governmental Funds</i>		
General Fund	\$328,278	\$49,047,773
Human Services	175,000	0
Health and Human Services Levy	147,001	72,842
Alcohol, Drug and Mental Health Board	231,738	0
Capital Projects	11,828,903	0
Global Center for Health Innovation	40,174,080	19,480,872
Other Governmental Funds	34,484,530	15,075,352
<i>Total Governmental Funds</i>	87,369,530	83,676,839
<i>Proprietary Funds</i>		
Sanitary Engineer	0	200,000
Other Enterprise Funds	918,491	593,000
Internal Service Funds	1,093,547	4,911,729
<i>Total Proprietary Funds</i>	2,012,038	5,704,729
<i>Total Transfers</i>	\$89,381,568	\$89,381,568

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

Interfund Balances

Interfund balances at December 31, 2011, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, (3) payments between funds are made, and (4) elimination of deficit cash balances. All are expected to be paid within one year.

Cuyahoga County, Ohio

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011*

Fund	Interfund Receivable	Interfund Payable
<i>Governmental Funds</i>		
General Fund	\$75,292,056	\$1,807,566
Human Services	0	911,643
Health and Human Services Levy	0	74,917
County Board of Developmental Disabilities	0	551,422
Alcohol, Drug and Mental Health Board	0	23,363
Capital Projects	0	73,099,821
Other Governmental Funds	0	960,017
<i>Total Governmental Funds</i>	75,292,056	77,428,749
<i>Proprietary Funds</i>		
Sanitary Engineer	0	105,479
Other Enterprise Funds	15,250	328,344
Internal Service Funds	4,486,423	1,931,157
<i>Total Proprietary Funds</i>	4,501,673	2,364,980
<i>Total Interfund Receivable/Payable</i>	\$79,793,729	\$79,793,729

Note 13 - Employee Retirement Systems

Ohio Public Employees Retirement System (OPERS)

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The County's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010 and 2009 were \$38,497,041, \$52,257,193 and \$56.9 million, respectively. For 2011, 97.48 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$925,813 made by the County and \$661,295 made by plan members.

State Teachers Retirement System (STRS)

Plan Description – The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended December 31, 2011, plan members were required to contribute 10 percent of their annual covered salary. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The County's required contributions to STRS Ohio for the fiscal years ended December 31, 2011, 2010 and 2009 were \$1,332,865, \$1,425,180 and \$1.5 million, respectively. The full amount has been contributed for 2011, 2010 and 2009. Contributions made to STRS Ohio for the DC and combined Plans for 2011 were \$73,575 made by the County and \$52,553 made by the plan members.

Note 14 - Postemployment Benefits

Ohio Public Employees Retirement System (OPERS)

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent from 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010 and 2009 were \$15,234,982, \$18,892,874 and \$24.3 million, respectively. For 2011, 97.48 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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

State Teachers Retirement System (STRS)

Plan Description – The County participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The County's contributions for health care for the fiscal years ended December 31, 2011, 2010 and 2009 were \$102,528, \$101,799 and \$.1 million respectively. The full amount has been contributed for 2011, 2010 and 2009.

Cuyahoga County, Ohio

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011*

Note 15 - Other Employee Benefits

Compensated Absences

County employees become eligible to receive one-fourth of their accumulated unpaid sick leave up to a maximum of thirty days upon retirement with a minimum of ten years of service. Certain agencies may have policies that vary with regard to payment of accrued sick leave upon retirement.

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.

Compensatory time (Comp time) and exchange time are accrued for actual time worked. Comp time is granted to non-exempt employees and exchange time is granted to exempt employees. Comp time is earned at 1.5 hours for every hour worked. Exchange time is earned on an hour-for-hour basis. Comp time must be used within 180 days or it will be paid out. Exchange time must be used within six months or it expires. Exchange time is not paid out.

All sick, vacation, compensatory and overtime payments are made at the employee's current wage rate. Balances for compensated absences are kept at various department levels, therefore, the data is only combined annually for reporting purposes.

Retirement Incentive

In May 2008, the Board of County Commissioners authorized the purchase of additional service credit equal to 20 percent of accumulated service time up to a maximum of 3 years under Ohio Public Employee Retirement System for certain employees close to retirement as an incentive to retire early. The Early Retirement Incentive Program was approved for participating departments and agencies of the County by agreement with the previous County Commissioners for a period of 1 year commencing January 15, 2009. As of December 31, 2011, there were 923 employees participating at a cost of \$9.7 million paid over a 2 year period at a rate of 8 percent.

Health Care Benefits

Some County departments provide life and accidental death insurance to their employees through various life insurance companies. During 2011, the County contracted with several insurance companies for employee medical, prescription dental and vision benefits as follows:

<u>Company</u>	<u>Benefit Provided</u>
Kaiser Permanente	Medical
United Healthcare	Medical
Medical Mutual of Ohio	Medical
MetroHealth	Medical and Prescription Drugs
CVS Caremark	Prescription Drugs
Guardian Life Insurance Company	Dental
Union Eye Care	Vision
Northwest Group Services	Flexible Spending Accounts
Mangrove Employer Services	COBRA Services

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Note 16 - Long-Term Debt

The original issue date, interest rate and original issuance amount for each of the County's bonds are as follows:

Debt Issue	Original Issue Date	Interest Rate	Original Issue	Year of Maturity
Governmental Activities				
<i>General Obligation Bonds - Voted:</i>				
1993 Jail Facilities Refunding Bonds	1993	2.20 - 5.25 %	\$48,960,000	2013
<i>General Obligation Bonds - Unvoted:</i>				
1993B Various Purpose Refunding Bonds	1993	2.20 - 5.25	75,395,000	2012
1993 Rock and Roll Hall of Fame Bonds	1993	2.75 - 5.65	12,000,000	2018
2004 Capital Improvement Bonds	2004	2.50 - 5.25	84,490,000	2024
2005 General Obligation Refunding Bonds	2005	3.00 - 5.00	73,970,000	2020
2009 Capital Improvements Bonds	2009	1.62 - 6.03	163,825,000	2034
<i>Revenue Bonds</i>				
1992 Gateway Economic Development	1992	8.63	35,000,000	2022
2004 Gateway Arena Refunding Bonds	2004	1.50 - 4.25	10,750,000	2011
2004 Brownfield Redevelopment Refunding Bonds	2004	1.50 - 5.10	12,880,000	2018
2010 Brownfield Redevelopment Bonds	2010	1.04 - 5.93	17,160,000	2030
2010 Commercial Redevelopment Bonds	2010	1.04 - 5.93	11,105,000	2030
2010 Gateway Arena Refunding Bonds	2010	1.04 - 5.03	42,070,000	2030
2010 Shaker Square Refunding Bonds	2010	1.00 - 4.12	2,800,000	2030
2010 Economic Development - GCHI	2010	1.55 - 6.20	343,350,000	2027
<i>Loans Payable</i>				
1997 Ohio Department of Development - Gateway	1997	0.00	10,000,000	2016
2005 Ohio Department of Transportation - Pleasant	2005	3.00	3,844,791	2011
2006 Ohio Public Works Commission - Schaaf Road Bridge	2006	0.00	1,251,250	2027
2009 Ohio Department of Transportation - Crocker	2009	3.00	5,257,016	2019
<i>Bond Anticipation Notes</i>				
2010 Rock and Roll	2010	1.50	10,150,000	2011
2011 Rock and Roll	2011	1.94	10,320,000	2015
Business-Type Activities				
<i>Self-Supporting Bonds Payable</i>				
2000 Sewer Improvement	2000	4.55 - 5.55	1,040,000	2020
2003 Sewer Improvement	2003	2.00 - 3.55	1,500,000	2012
2005 Sewer Improvement	2005	2.00 - 3.55	4,445,000	2025
<i>OWDA Loans</i>				
Cuyahoga County Lab	2002	4.18	1,487,338	2016
Interceptor Sewer Construction	2002	4.18	270,471	2016
Trunk Sewer Construction	1999	4.04	1,935,141	2019
Scottish Highlands Sewer	1998	4.04	1,225,007	2018

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Debt Issue	Original Issue Date	Interest Rate	Original Issue	Year of Maturity
Business-Type Activities (continued)				
<i>OWDA Loans (continued)</i>				
CSO Improvements	2006	3.35 %	\$333,668	2025
Suffolk Estates Pump Station	2007	3.25	231,368	2026
Woods Pump Station	2008	3.25	612,192	2027
CSO Improvements/E 38th 40th St	2008	3.25	807,805	2027
Fitch Road Sanitary Sewer	2008	3.25	1,558,386	2027
Echo Hills WWTP Elimination	2009	3.36	1,937,877	2028
Stearns & Cook Rds Sanitary Sewer	2010	3.53	513,754	2030
Cook Mackenzie Sanitary Sewer	2010	3.52	683,099	2029
Thornapple Pump Station	2010	3.70	956,072	2029
Sewer Repairs	2011	3.25	2,144,266	2032
Fernhill Sewer Replacement	2011	2.66	1,562,868	2032
North Granger Sewer Replacement	2011	2.62	486,347	2031
Dewey Rd Pump Station	2011	3.28	2,642,665	2032
<i>OPWC Loans</i>				
Sanitary Sewer Improvement	1992	0.00	1,023,209	2012
Sanitary Sewerage Facilities Rehab	1995	0.00	746,824	2015
North County Trunk Sewer Improvement	1999	0.00	453,919	2019
MetroHealth Sanitary Sewer	1997	0.00	130,654	2018
Sanitary Sewer System Improvement	2010	0.00	236,210	2031

Changes in the County's long-term obligations during the year ended December 31, 2011, consist of the following:

	Outstanding 12/31/10	Additions	Reductions	Outstanding 12/31/11	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds - Voted:					
1993 Jail Facilities and Various Purpose Refunding					
Term Bonds	\$3,315,000	\$0	\$1,050,000	\$2,265,000	\$1,105,000
Capital Appreciation Bonds	946,949	0	363,106	583,843	313,197
Accretion on Capital Appreciation Bonds	11,963,631	1,827,424	5,156,894	8,634,161	5,201,803
Total General Obligation Bonds - Voted	\$16,225,580	\$1,827,424	\$6,570,000	\$11,483,004	\$6,620,000

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

	Outstanding 12/31/10	Additions	Reductions	Outstanding 12/31/11	Amounts Due in One Year
Governmental Activities (continued)					
General Obligation Bonds - Unvoted:					
1993B Various Purpose Refunding Term Bonds	\$1,380,000	\$0	\$675,000	\$705,000	\$705,000
1993 Rock and Roll Hall of Fame Serial Bonds	5,625,000	0	575,000	5,050,000	610,000
2004 Capital Improvement Serial Bonds	63,450,000	0	4,110,000	59,340,000	4,310,000
Unamortized Premium	4,673,480	0	302,726	4,370,754	0
2005 General Obligation Refunding Bonds	67,230,000	0	6,075,000	61,155,000	6,760,000
Unamortized Premium	5,499,580	0	496,950	5,002,630	0
2009 Capital Improvement Bonds					
Serial Bonds	73,140,000	0	4,220,000	68,920,000	4,305,000
Building America Bonds - Serial	8,230,000	0	50,000	8,180,000	50,000
Building America Bonds - Term	35,740,000	0	0	35,740,000	0
Recovery Zone Economic Development Bonds - Serial	7,985,000	0	50,000	7,935,000	50,000
Recovery Zone Economic Development Bonds - Term	34,740,000	0	0	34,740,000	0
Unamortized Premium	6,288,122	0	169,954	6,118,168	0
<i>Total General Obligation Bonds - Unvoted</i>	<u>313,981,182</u>	<u>0</u>	<u>16,724,630</u>	<u>297,256,552</u>	<u>16,790,000</u>
Revenue Bonds					
1992 Gateway Economic Development	35,000,000	0	0	35,000,000	0
2004 Gateway Arena Refunding	1,700,000	0	1,700,000	0	0
2004 Brownfield Redevelopment Refunding	8,240,000	0	870,000	7,370,000	910,000
2010 Brownfield Redevelopment Bonds					
Serial Bonds	11,160,000	0	595,000	10,565,000	600,000
Term Bonds	6,000,000	0	0	6,000,000	0
2010 Commercial Redevelopment Bonds					
Serial Bonds	7,250,000	0	385,000	6,865,000	390,000
Term Bonds	3,855,000	0	0	3,855,000	0
2010 Gateway Arena Refunding	42,070,000	0	3,045,000	39,025,000	4,475,000
2010 Shaker Square Refunding					
Serial Bonds	925,000	0	60,000	865,000	65,000
Term Bonds	1,810,000	0	0	1,810,000	0
Unamortized Premium	122,837	0	2,695	120,142	0
2010 Economic Development - GCHI					
Taxable GCHI Revenue Bonds					
Serial Bonds	91,270,000	0	4,525,000	86,745,000	15,620,000
Term Bonds	31,845,000	0	0	31,845,000	0
Tax Exempt GCHI Revenue Bonds					
Recovery Zone Economic Development Bonds - Serial	20,000,000	0	0	20,000,000	0
Recovery Zone Facility Bonds - Serial	174,235,000	0	0	174,235,000	0
Recovery Zone Facility Bonds - Term	26,000,000	0	0	26,000,000	0
Unamortized Premium	14,152,730	0	186,518	13,966,212	0
<i>Total Revenue Bonds</i>	<u>\$475,635,567</u>	<u>\$0</u>	<u>\$11,369,213</u>	<u>\$464,266,354</u>	<u>\$22,060,000</u>

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

	Outstanding 12/31/10	Additions	Reductions	Outstanding 12/31/11	Amounts Due in One Year
Governmental Activities (continued)					
Loans Payable					
Ohio Department of Development - Gateway	\$3,000,000	\$0	\$500,000	\$2,500,000	\$500,000
Ohio Department of Transportation - Pleasant	630,061	0	630,061	0	0
Ohio Public Works Commission - Schaaf Bridge	1,001,000	0	62,562	938,438	62,562
Ohio Department of Transportation - Crocker	5,178,298	76,865	293,055	4,962,108	599,363
<i>Total Loans Payable</i>	<u>9,809,359</u>	<u>76,865</u>	<u>1,485,678</u>	<u>8,400,546</u>	<u>1,161,925</u>
Other Long-Term Obligations:					
Bond Anticipation Notes - 2010 Rock and Roll	10,150,000	0	10,150,000	0	0
Bond Anticipation Notes - 2011 Rock and Roll	0	10,320,000	1,020,000	9,300,000	2,100,000
Compensated Absences	27,917,157	2,312,181	3,399,657	26,829,681	924,312
Capital Lease	20,850,538	122,066,783	22,834,975	120,082,346	21,813,656
Special Termination Benefits	28,090,317	0	18,486,688	9,603,629	9,476,016
<i>Total Other Long-Term Obligations</i>	<u>87,008,012</u>	<u>134,698,964</u>	<u>55,891,320</u>	<u>165,815,656</u>	<u>34,313,984</u>
<i>Total Governmental Activities</i>	<u>\$902,659,700</u>	<u>\$136,603,253</u>	<u>\$92,040,841</u>	<u>\$947,222,112</u>	<u>\$80,945,909</u>
	Outstanding 12/31/10	Additions	Reductions	Outstanding 12/31/11	Amounts Due in One Year
Business Type Activities					
Self-Supported Bonds Payable					
2000 Sewer Improvement - Spec. Assessments	\$645,000	\$0	\$50,000	\$595,000	\$55,000
2003 Sewer Improvement Refunding - Serial	365,000	0	180,000	185,000	185,000
2005 Sewer Improvement	3,600,000	0	185,000	3,415,000	190,000
<i>Total Self-Supported Bonds Payable</i>	<u>4,610,000</u>	<u>0</u>	<u>415,000</u>	<u>4,195,000</u>	<u>430,000</u>
OWDA Loans					
Cuyahoga County Lab	493,803	0	90,763	403,040	94,596
Interceptor Sewer Construction	97,684	0	16,156	81,528	16,835
Trunk Sewer Construction	962,341	0	104,141	858,200	108,390
Scottish Highlands Sewer	543,270	0	68,614	474,656	71,414
CSO Improvements	234,972	0	14,343	220,629	0
Suffolk Estates Pump Station	159,290	0	9,678	149,612	0
Woods Pump Station	467,557	26,592	24,796	469,353	0
CSO Improvements/E 38th 40th St	658,434	0	32,718	625,716	0
Fitch Road Sanitary Sewer	1,326,095	0	63,119	1,262,976	0
Echo Hills WWTP Elimination	1,441,507	54,894	75,338	1,421,063	0
Stearns & Cook Rds Sanitary Sewer	481,483	0	18,371	463,112	0
Cook Mackenzie Sanitary Sewer	550,394	23,637	25,320	548,711	0
Thornapple Pump Station	769,543	32,422	34,868	767,097	0
Sewer Repairs	0	1,837,550	0	1,837,550	0
Fernhill Sewer Replacement	0	1,266,869	0	1,266,869	0
North Granger Sewer Replacement	0	346,938	9,328	337,610	0
Dewey Rd Pump Station	0	1,279,694	0	1,279,694	0
<i>Total OWDA Loans</i>	<u>\$8,186,373</u>	<u>\$4,868,596</u>	<u>\$587,553</u>	<u>\$12,467,416</u>	<u>\$291,235</u>

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

	Outstanding 12/31/10	Additions	Reductions	Outstanding 12/31/11	Amounts Due in One Year
Business Type Activities (continued)					
OPWC Loans					
Sanitary Sewer Improvement	\$76,637	\$0	\$51,091	\$25,546	\$25,546
Sanitary Sewerage Facilities Rehab	149,365	0	37,341	112,024	37,342
North County Trunk Sewer Improvement	192,915	0	22,696	170,219	22,696
MetroHealth Sanitary Sewer	48,995	0	6,532	42,463	6,532
Sanitary Sewer System Improvement	217,843	18,367	5,905	230,305	11,810
<i>Total OPWC Loans</i>	<u>685,755</u>	<u>18,367</u>	<u>123,565</u>	<u>580,557</u>	<u>103,926</u>
Other Long-Term Obligations					
Special Termination Benefits	175,276	0	119,394	55,882	55,882
Compensated Absences	760,735	0	110,031	650,704	22,418
<i>Total Other Long-Term Obligations</i>	<u>936,011</u>	<u>0</u>	<u>229,425</u>	<u>706,586</u>	<u>78,300</u>
<i>Total Business-Type Activities</i>	<u>\$14,418,139</u>	<u>\$4,886,963</u>	<u>\$1,355,543</u>	<u>\$17,949,559</u>	<u>\$903,461</u>

The self-supported bonds payable will be paid from charges for services revenue in the enterprise funds. The business-type activities' OWDA and OPWC loans will be paid from charges for services revenue in the enterprise funds. Self-supporting 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 general obligation and revenue bonds will be paid with property taxes in the debt service fund. The Gateway Ohio Department of Development loan will be paid with non-tax revenue in the general fund. The OPWC loan for Schaaf Bridge will be paid with property taxes in the debt service fund. The Ohio Department of Transportation loans will be paid with motor vehicle license tax in the debt service fund. The Rock and Roll bond anticipation notes will be paid with 1.50 percent lodging tax in the debt service fund.

Compensated absences and special termination benefits will be paid from the fund from which the employee is paid. These funds include the general, alcohol, drug and mental health, community development, County board of developmental disabilities, court, human services, motor vehicle and gas tax, real estate assessment, delinquent real estate assessment, Cuyahoga County support enforcement, victim assistance, other health and safety, other legislative and executive, other judicial, County airport, County information systems, sanitary engineer, County parking garage, maintenance garage, printing, reproduction and supplies, central custodial services, data processing, workers' compensation and health insurance funds. Capital Leases will be paid from the human services and postage funds.

In 1993, the County defeased outstanding debt of \$115.6 million which consisted of \$49.6 million and \$66 million of voted and unvoted debt, respectively in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. On December 31, 2011, \$1,018,197 of the defeased bonds are still outstanding.

In May 2003, the County Commissioners authorized by resolution a loan in the amount of \$10 million from the Ohio Department of Transportation (ODOT) of which a total of \$3.7 million was borrowed. In March 2006, the County Commissioners authorized by resolution a second loan in the amount of \$8.25 million from ODOT of which \$3.6 million was borrowed in 2009, and another \$1.6 million was borrowed in 2010. The

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

loans are provided through the State Infrastructure Bank fund, which are federal funds, to be used for road and bridge improvements. Both loans carry a 0 percent interest rate for the first 12 months and a 3 percent rate thereafter, for 10 years. In August 2005, the County Commissioners by resolution accepted a grant/loan from the Ohio Public Works Commission (Issue I) in the amount of \$2.5 million split evenly between a grant and a loan. This loan carries a 0 percent interest rate for 20 years. The County pledged its motor vehicle license tax as the source of repayment for all loans. In the event that the motor vehicle license tax would fail to pay the loans, payment would be made by any general tax revenues collected in the general fund.

During 2009, the County issued \$163,825,000 in Capital Improvement Bonds. The issue consisted of tax exempt serial bonds, Build America Bonds (BABs) and Recovery Zone Economic Development Bonds (RZEDBs). As part of the American Recovery and Reinvestment Act of 2009, Congress added Sections 54AA and 6431 to the Code, which permit state or local governments to obtain certain tax advantages when they issue BABs and RZEDBs. Under Section 6431 of the Code, the County may elect to receive payments directly from the Secretary of the United States Treasury equal to 35 percent of the corresponding interest payable on this issue.

In May 2010, the County issued \$10,150,000 in one year limited tax general obligation bond anticipation notes with an interest rate of 1.5 percent due May 2011. The notes were issued for use by the Rock and Roll Hall of Fame for its Library and Archives project. The notes were to be repaid from the existing 1.5 percent bed tax once the 1993 County Rock and Roll Hall of Fame bonds had been reimbursed from the same tax. In May 2011, the net proceeds from the Rock and Roll Hall of Fame and Museum Project notes, Series 2011 were used to redeem the Series 2010 notes. The new notes were issued amounting to \$10,320,000 at an interest rate of 1.94 percent with maturity on December 1, 2015. The notes will be repaid from the debt service fund.

In September 2010, the County issued \$73,135,000 in revenue bonds. This bond issuance is comprised of Brownfield and Commercial Redevelopment loan funds amounting to \$17,160,000 and \$11,105,000, respectively, both taxable at the true interest cost of 5.2 percent. The second issuance was to refund outstanding debt for the Gateway Arena and Shaker Square projects at \$42,070,000 taxable and \$2,800,000 tax-exempt, at a true interest cost of 4.4 percent and 3.9 percent, respectively. The bonds are being repaid in the community development special revenue and debt service funds.

In December 2010, the County issued Series 2010 (Global Center for Health Innovation/Convention Center Project) Bonds in three series as follows: \$20,000,000 Recovery Zone Economic Development Revenue Bond Series 2010E, \$200,235,000 Tax-Exempt Recovery Zone Facility Economic Development Revenue Bonds, Series 2010F and \$123,115,000 Taxable Economic Development Revenue Bonds, Series 2010G. The bonds are being repaid in the GCHI capital projects fund.

The County has entered into a contractual agreement for construction loans from the Ohio Water Development Authority (OWDA). Under the terms of this agreement, OWDA will reimburse, advance or directly pay the construction costs of the approved projects. OWDA will capitalize administrative costs and construction interest and then add them to the total amounts of the final loans. These loans will not have an accurate repayment schedule until the loans are finalized and, therefore, are not included in the schedule of future annual debt service requirements. The balances of the loans are as follows:

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

	Outstanding 12/31/11
CSO Improvements	\$220,629
Suffolk Estates Pump Station	149,612
Woods Pump Station	469,353
CSO Improvements/E 38th 40th St	625,716
Fitch Road Sanitary Sewer	1,262,976
Echo Hills WWTP Elimination	1,421,063
Stearns & Cook Rds Sanitary Sewer	463,112
Cook Mackenzie Sanitary Sewer	548,711
Thornapple Pump Station	767,097
Sewer Repairs	1,837,550
Fernhill Sewer Replacement	1,266,869
North Granger Sewer Replacement	337,610
Dewey Rd Pump Station	1,279,694
<i>Totals</i>	<i>\$10,649,992</i>

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of the assessed valuation, plus 1 1/2 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2 1/2 percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2011, are an overall debt margin of \$513,885,986; and an unvoted debt margin of \$148,983,326

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2011 are as follows:

Governmental Activities

	General Obligation Bonds				Revenue Bonds	
	Serial and Term		Capital Appreciation Bonds		Serial and Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$17,795,000	\$9,304,182	\$313,197	\$5,201,803	\$22,060,000	\$10,511,054
2013	16,885,000	8,535,316	270,646	5,249,354	23,185,000	9,952,963
2014	15,485,000	7,814,846	0	0	25,150,000	9,156,924
2015	16,125,000	7,147,187	0	0	25,860,000	8,156,261
2016	15,830,000	6,395,046	0	0	26,910,000	7,033,409
2017 - 2021	80,955,000	19,978,801	0	0	74,835,000	18,228,747
2022 - 2026	34,360,000	3,348,425	0	0	23,430,000	4,493,168
2027 - 2030	0	0	0	0	8,515,000	1,034,532
Total	\$197,435,000	\$62,523,803	\$583,843	\$10,451,157	\$229,945,000	\$68,567,058

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

	Recovery Zone Facility Bonds					
	Serial and Term		Loans		Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$0	9,999,156	\$1,161,925	\$153,853	\$2,100,000	\$180,420
2013	0	9,999,156	1,180,042	129,879	2,100,000	139,680
2014	0	9,999,156	1,198,705	107,622	3,100,000	98,940
2015	0	9,999,156	1,217,931	88,395	2,000,000	38,800
2016	0	9,999,156	1,237,741	68,586	0	0
2017 - 2021	59,750,000	47,335,780	2,091,389	80,831	0	0
2022 - 2026	130,385,000	22,593,780	312,813	0	0	0
2027 - 2030	10,100,000	505,000	0	0	0	0
Total	\$200,235,000	\$120,430,340	\$8,400,546	\$629,166	\$9,300,000	\$457,840

	Recovery Zone Economic Development Bonds (RZEDBs)		Build America Bonds (BABs)			
	Serial and Term		Serial and Term		Subsidy	Total
	Principal	Interest	Principal	Interest		
2012	\$50,000	3,796,238	\$50,000	\$2,556,238	(\$2,599,312)	\$3,853,164
2013	50,000	3,795,172	50,000	2,555,172	(2,598,460)	3,851,884
2014	50,000	3,793,982	50,000	2,553,982	(2,597,507)	3,850,457
2015	50,000	3,792,415	50,000	2,552,415	(2,596,254)	3,848,576
2016	50,000	3,790,774	50,000	2,550,774	(2,594,940)	3,846,608
2017 - 2021	250,000	18,921,201	260,000	12,721,201	(12,948,605)	19,203,797
2022 - 2026	7,435,000	18,664,371	7,670,000	12,464,371	(12,743,612)	33,490,130
2027 - 2031	40,545,000	9,446,089	21,140,000	8,206,089	(7,111,179)	72,225,999
2032 - 2034	14,195,000	1,758,006	14,600,000	1,758,006	(1,403,931)	30,907,081
Total	\$62,675,000	\$67,758,248	\$43,920,000	\$47,918,248	(\$47,193,800)	\$175,077,696

Business-Type Activities

	General Obligation Bonds		OWDA Loans		OPWC
	Principal	Interest	Principal	Interest	Loan
2012	\$430,000	\$174,036	\$291,235	\$54,886	\$103,926
2013	250,000	157,820	303,278	59,095	78,381
2014	265,000	147,998	315,815	46,557	78,380
2015	270,000	136,528	328,871	33,501	41,040
2016	285,000	124,858	220,822	21,058	41,039
2017 - 2021	1,525,000	427,458	357,403	16,431	125,591
2022 - 2026	1,170,000	119,400	0	0	59,052
2027 - 2031	0	0	0	0	53,148
Total	\$4,195,000	\$1,288,098	\$1,817,424	\$231,528	\$580,557

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Note 17 - 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 insurance.

As of December 31, 2011, the aggregate principal amounts outstanding for Industrial Development, Hospital Revenue, and Mortgage Revenue Bonds were approximately \$546 million, \$2 billion, and \$227 million respectively.

Note 18 - Leases

Operating Leases

The County is the lessee in 52 operating lease agreements for various purposes. The aggregate annual rental payments under those agreements for 2011 totaled \$5,151,882. The terms of all of these agreements are for ten years or less. The following is a schedule by years of minimum future rentals on the operating leases as of December 31, 2011:

<u>Year Ending December 31,</u>	<u>Governmental Funds</u>	<u>Internal Service Funds</u>
2012	4,965,398	\$54,288
2013	4,195,986	54,288
2014	3,569,984	49,764
2015	1,695,912	0
2016	1,135,405	0
2017 - 2020	<u>3,343,304</u>	<u>0</u>
Total minimum lease payments	<u>\$18,905,989</u>	<u>\$158,340</u>

Capital Leases

The County has entered into several lease agreements for various purposes. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The leases have been capitalized in the amount of \$58,567,657, the present value of the minimum lease payments at the inception of the lease in governmental activities.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

The assets acquired through capital leases are as follows:

	Governmental Funds
<i>Asset:</i>	
Land	\$7,626,196
Building	50,941,461
Total Original Cost	58,567,657
Less: Accumulated Depreciation	(16,581,073)
Total Book Value as of December 31, 2011	<u>\$41,986,584</u>

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

Year Ending December 31,	Governmental Funds
2012	\$4,765,350
2013	4,313,933
2014	4,139,957
2015	4,152,012
2016	3,957,681
2017 - 2021	983,483
2022 - 2026	64,125
2027 - 2029	34,000
Total	22,410,541
Less: Amount Representing Interest	(6,161,763)
Present Value of Net Minimum Lease Payments	<u>\$16,248,778</u>

The County has entered into a contractual agreement for the construction of the Global Center for Health Innovation facility with MMPI Cleveland Development LLC (Developer). This lease will not have an accurate repayment schedule until the lease is finalized and, therefore, is not included in the schedule of future annual debt service requirements. The County paid \$18,233,215 on the lease during 2011 leaving a remaining balance of \$103,833,568 as December 31, 2011. See Note 19 for additional information on the Global Center for Health Innovation.

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the human services special revenue fund and the GCHI capital projects fund. These expenditures are reflected as program expenditures on a budgetary basis.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Note 19 – Global Center for Health Innovation

During 2009, the County entered into an agreement with Merchandise Mart Properties, Inc. (MMPI), MMPI Cleveland Development LLC (Developer) and Cleveland MMCC LLC (Operator) for the development and operation of the Global Center for Health Innovation (Facility). Global Center for Health Innovation is an integrated facility for a permanent exhibition hall for medical devices and equipment as well as a temporary exhibition, tradeshow and conference facility and back of house functions.

During 2010 the County purchased land for the GCHI site. The County subsequently leased the purchased land to the Developer for \$1 annually. This lease meets the definition of an operating lease under GASB 62 “Codification of Accounting and Financial Report Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” At December 31, 2011, the carrying value of the land is \$37,912,642.

The County entered into a project funding agreement with the Developer to provide funds, through a loan from the County, for the planning, designing, financing and constructing the Facility. The total project budget of \$465,000,000 includes sources of \$343,350,000 in Economic Development Revenue Bond proceeds and a contribution of non-bond proceeds from the County. Under the terms of this agreement, the County will reimburse, advance or directly pay the construction costs of the Facility. The Developer will make monthly payments of \$3,000,000 through 2027. As of December 31, 2011, the Developer has drawn down \$122,066,783 of the available funds. During 2011, the Developer repaid \$18,233,215 leaving an outstanding balance of \$103,833,568.

The County entered into a lease agreement with the Developer for the Facility. This lease meets the definition of a capital lease under GASB 62. The County will make monthly lease payments of \$3,333,333 through 2027. As of December 31, 2011, the book value of the capitalized leased assets was \$122,066,783 which is reported as construction in progress.

Although the Facility remains under construction, the County subleased the Facility to the Operator in exchange for the Operator maintaining the asset in lieu of rental payments. The Operator is to operate the Facility solely as a convention center and medical merchandise showroom, including setting the rates. This operating lease expires in 2027.

Note 20 - Risk Management

Health Insurance

The County has elected to provide medical benefits (with respect to three of its medical plans) and its prescription drug plan through a self insured program. The maintenance of these benefits is accounted for in the self-funded hospitalization internal service fund. The County purchased excess coverage insurance (stop loss) policy with Sun Life Assurance Company of Canada. Incurred but not reported claims of \$10,958,961 have been accrued as a liability based on a review of January 2012 billings provided by the County Fiscal Officer’s Office. The claims liability is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the fund’s claims liability amounts for 2010 and 2011 were:

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2010	\$5,997,000	\$58,447,000	\$58,424,092	\$6,019,908
2011	6,019,908	66,350,750	61,411,697	10,958,961

Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2011, the County contracted with several insurance companies for insurance coverage as follows:

Company/Type of Insurance	Coverage
FMGlobal/Factory Mutual Insurance Company Property Insurance	\$500,000,000
Travelers Casualty & Surety Company of America Crime and Dishonesty	1,000,000
Travelers Indemnity Insurance Company Excess Property Insurance	250,000
US Liberty Insurance Company Workforce Investment Board Directors and Officer	1,000,000
Lloyd's London Force-Placed Builder's Risk Liability	1,000,000
	100,000
Darwin Select Insurance Company Community Based Correctional Facility Governing Board E&O/EPL Professional Liability	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Workers' Compensation

The County participates in the State Workers' Compensation retrospective rating and payment system. Once the County receives notice of the 2011 claims paid by the Bureau of Workers' Compensation, the County will reimburse the State for claims paid on the County's behalf. The payable is reclassified from claims payable to intergovernmental payable. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage in addition to the actual claim costs for employees injured in 2011. The maintenance of these benefits is accounted for in the Workers' Compensation internal service fund.

Incurred but not reported claims and premium of \$8,674,127 have been accrued as a liability at December 31, 2011, based on an estimate by the County Fiscal Officer's Office and the Bureau of Workers' Compensation. The claims liability reported in the workers' compensation internal service fund at December 31, 2011, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the fund's claims liability amounts for 2010 and 2011 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2010	\$11,523,937	\$438,000	\$2,173,000	\$9,788,937
2011	9,788,937	1,609,523	2,724,333	8,674,127

Note 21 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds		
General		\$8,313,252
Human Services		35,424,248
Health and Human Services Levy		7,011,197
County Board of Developmental Disabilities		7,173,125
Alcohol, Drug, and Mental Health		2,697
Capital Projects		13,557,857
Other Governmental Funds		133,892,745
Total Governmental Funds		205,375,121
Proprietary Funds		
Sanitary Sewer		3,115,201
Other Enterprise Funds		532,747
Internal Service Funds		23,150,076
Total Proprietary Funds		26,798,024
Total		\$232,173,145

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Contractual Commitments

At December 31, 2011, the County's significant contractual commitments consisted of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Road and Bridge Projects			
Monticello Boulevard	\$1,484,119	\$1,020,749	\$463,370
Eastland Road and Bridge	18,000,000	16,333,878	1,666,122
Royalton Road/West 130th Street	2,213,352	1,995,259	218,093
Bainbridge Road	11,983,999	10,404,875	1,579,124
Pleasant Valley Road	3,221,336	2,946,253	275,083
Rockside Road	4,344,382	3,869,448	474,934
Bagley Road	3,787,405	3,055,101	732,304
Sprague Road	4,837,942	4,218,255	619,687
Stumph Road	6,696,971	2,848,106	3,848,865
Fitch Road Grade	4,954,904	3,232,286	1,722,618
Tiedeman Road	2,233,539	1,377,302	856,237
Old Mill Road Bridge	1,163,153	741,354	421,799
Columbus Lift Bridge	30,323,619	0	30,323,619
Total Road and Bridge Projects	95,244,721	52,042,866	43,201,855
Sanitary Sewer Projects			
Sewer and Lateral Repair	1,529,060	1,214,556	314,504
Sewer Lining and Rehabilitation	2,085,626	2,038,910	46,716
Dewey Road Pump Station	2,308,050	2,103,909	204,141
North Granger Road	463,115	365,386	97,729
Grannis Thraves	378,993	340,428	38,565
Total Sanitary Sewer Projects	6,764,844	6,063,189	701,655
Total Contractual Commitments	\$102,009,565	\$58,106,055	\$43,903,510

Note 22 - Contingent Liabilities

Grants

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Council believe such disallowances, if any, will be immaterial.

Litigation

The County is party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations. These proceedings are unrelated to any outstanding County debt or the security for any outstanding County debt. The ultimate disposition of these proceedings is not now determinable, but will not, in the opinion of the County Prosecuting Attorney, have a material adverse effect on any outstanding County debt or the security for any outstanding County debt or the operating revenues of the County.

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Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Since 2008, sixteen former County officials and employees have been charged in United States District Court with violations of federal law, including bribery. The charges have stemmed from an FBI investigation into public corruption within the County. Of those charged, eleven, including the former County Auditor, have pleaded guilty. In addition, three former government officials, including a former County Commissioner and one former employee have been convicted of public corruption charges after trials. Finally, two former County employees have been charged and have pleaded guilty in the State criminal justice system. One former County employee has pleaded not guilty and is awaiting trial.

In connection with the foregoing charges, the County has received approximately \$3.6 million in forfeitures paid by the defendants in the various aforementioned criminal cases. In addition, the County received a total of \$2.1 million in restitution payments made directly to the County by individuals convicted in such cases.

In 2009, the County engaged independent counsel to investigate the effect of the investigation and the criminal charges on the County's financial position. That independent counsel issued an initial report in 2009 and an updated report in 2011. Based on the findings of independent counsel set forth in those reports and a review by representatives of the County Prosecutor's office, as of the date of this report, the County does not believe that the investigation, or any criminal charges or convictions resulting from the investigation, will have a material effect on the future financial position of the County.

Note 23 - Related Organizations

Cuyahoga County Public Library (the Library) The Cuyahoga County Executive and the Common Pleas Judges appoint the seven member Board of Trustees for the Library. Appointments are for seven year terms and members serve without compensation. The Library determines and operates its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code. The Library provides no financial benefit to or burden on the County.

Cleveland Metropolitan Park District (the District) The County Probate Court appoints the three member Board of Park Commissioners for the District. Appointments are for three year terms. The District is dedicated to the conservation of natural resources and wildlife, while providing various recreational facilities and services. These activities are directly controlled by the Board of Park Commissioners through the budgetary process. The District provides no financial benefit to or burden on the County.

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

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

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Cuyahoga Community College (the College) The Cuyahoga County Executive appoints the majority of the nine member Board (six Trustees with the remaining three being appointed by the Governor). The College is an institution of higher education and is legally separate and fiscally independent of other State and local governments. The College provides no financial benefit to or burden on the County.

Note 24 - Jointly Governed Organizations

Northeast Ohio Areawide Coordinating Agency

Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Lake, Lorain and Medina Counties and is responsible for transportation and environmental planning in the five county region. NOACA is controlled by 37 members including the three County Commissioners. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. In 2011, the County contributed \$30,014, which represents .52 percent of total contributions.

North East Ohio Network (N.E.O.N.)

N.E.O.N. is a council of governments formed to provide a regional effort in administering, managing and operating programs for certain individuals with developmental disabilities. Participating counties include Cuyahoga, Ashland, Columbiana, Geauga, Lorain, Lake, Mahoning, Medina, Portage, Richland, Stark, Summit, Trumbull and Wayne Counties. N.E.O.N.'s operation is controlled by their board, which is comprised of the superintendents of the Board of Developmental Disabilities of each participating county. N.E.O.N. adopts its own budget, authorized expenditures and hires and fires its own staff. During 2011, N.E.O.N. received sufficient revenues from state grant monies and no additional funds were needed from Cuyahoga County.

Gateway Economic Development Corporation of Greater Cleveland (Gateway)

In 1990, the County, the City of Cleveland and Gateway Economic Development Corporation of Greater Cleveland (Gateway) entered into a three party agreement which authorized Gateway to construct, own and provide for the operation of a sports facility which included a baseball stadium, an arena and a joint development site. Gateway was incorporated on May 31, 1990 and is a not-for-profit corporation legally separate from any other entity. The five-member board consists of two members appointed by the City, two members appointed by the County Executive and one by the President of the County Council with concurrence of the Mayor of the City of Cleveland.

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. In February 2004, the County refinanced the 1992 variable rate Gateway Economic Development Bonds. In 2010, the County refinanced the 1994 Gateway Economic Development Bonds and the variable rate 2004B Gateway Arena Project Series Refunding Bonds.

The County, Gateway and Positively Cleveland (formerly the Convention and Visitors Bureau of Greater Cleveland) entered into a cooperative agreement on September 15, 1992, which included a provision that allowed a credit to be given to Gateway for the incremental amount Positively Cleveland receives from the

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Notes to the Basic Financial Statements For the Year Ended December 31, 2011

County Transient Occupancy Tax to use as payment to the County for the bonds issued. This agreement was amended on December 22, 1998 to redefine the annual incremental credit and to provide for the deposit by Positively Cleveland for the years 1994 through 1998. The County received \$1 million from this agreement during the year ended December 31, 1999. The County received \$.2 million during each subsequent year, until 2008 when it increased to \$1.4 million, subject to certain adjustments.

The County currently guarantees the repayment of \$12.2 million of bonded debt of Gateway. This amount represents the outstanding par amount of Stadium Revenue Bonds, the original outstanding amount of which was \$31 million. As of December 31, 2011, the outstanding balance on this Gateway bond guarantee, including future interest payments, was \$10 million (payable through September 15, 2014). The County has not been required to make any payments on behalf of the Gateway bonds. In September 2004, Gateway refinanced the Stadium Revenue Bonds.

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

Western Reserve Area Agency on Aging (Area Agency)

Area Agency is responsible for planning, coordinating and administering state and federal funded programs and services for older adults. It is one of twelve regional area agencies on aging designated by the Ohio Department of Aging as authorized by the federal Older Americans Act. The eighteen-member board consists of four members appointed by Cuyahoga County, one member apiece appointed by the Counties of Geauga, Medina, Lake and Lorain and ten at large appointees. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board.

Cleveland-Cuyahoga County Port Authority (Port Authority)

The Port Authority was created under the Ohio Revised Code. The Port Authority conducts port operations and economic development activities. The nine-member Board of Directors consists of three appointed by the Cuyahoga County Executive and six appointed by the City of Cleveland. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board.

Greater Cleveland Regional Transit Authority (Authority)

The Authority is an independent, special purpose political subdivision of the State of Ohio with powers derived from Sections 306.30 through 306.71 of the Ohio Revised Code. The Authority has territorial boundaries and jurisdiction coextensive with the territorial boundaries of Cuyahoga County. The Authority was created on December 30, 1974, by ordinance of the Council of the City of Cleveland and by resolution of the Board of County Commissioners of Cuyahoga County, and became operational on September 5, 1975. Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses upon approval by a majority of the electorate residing within the territorial boundaries of the Authority. On July 22, 1975, the voters of the County approved a 1 percent sales and use tax with no limit on its duration. The Authority is managed by a ten-member Board of Trustees and provides directly, or under contract, virtually all mass transportation within the County. Of its ten member board, four of the members are appointed by the Mayor of the City of Cleveland with the consent of City

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Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Council; three members, one of whom must reside in the City of Cleveland, are appointed by the County Executive; the remaining three members are elected by an association of suburban mayors, city managers, and township trustees. None of the participating governments appoints a majority of the Authority's board and none has an ongoing financial interest or responsibility. None of the participating governments provided any significant financial transactions with the Authority during 2011. Each participant's degree of control is limited to its representation on the board.

Northeast Ohio Regional Sewer District (District)

The District, a political subdivision of the State of Ohio, was created by Order of the Cuyahoga County Court of Common Pleas and commenced operations on July 18, 1972, under statutory provisions of the Ohio Revised Code. The District provides wastewater treatment and interceptor sewer facilities for the region comprised of the City of Cleveland and 61 suburban communities. The District is governed by its Board of Trustees. The Board consists of seven members - each of whom serves a five-year term - who are appointed as follows: (i) two by the Mayor of the City of Cleveland; (ii) two by council of governments (the "Suburban Council") comprised of representatives of all the suburban communities served by the system; (iii) one by the Cuyahoga County Executive; (iv) one by the appointing authority of the sub-district with the greatest sewage flow (currently the Mayor of the City of Cleveland); (v) and one by the appointing authority of the sub-district with the greatest population (currently the Suburban Council). Accordingly, the Mayor of the City of Cleveland and Suburban Council each currently appoint three members of the Board. The annual budget is submitted to Cuyahoga County for informational purposes only and does not require its approval. Each participant's degree of control is limited to its representation on the board.

Note 25 – Subsequent Event

Property Tax Levy

On March 6, 2012, the County passed a 4.8 mill operating levy, designated for health and human services. The levy is for four years.

Conduit Debt Issuances

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

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

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County Debt Issuances

On October 23, 2012, Resolution #2012-0196, a resolution providing for the issuance of not-to-exceed \$15,100,000 County of Cuyahoga, Ohio, Economic Development Refunding Revenue Bonds (University School project), in two or more series, for the purpose of refunding the remaining outstanding principal amount of the \$15,845,000 County of Cuyahoga, Ohio, Economic Development Refunding Revenue Bonds, Series 2009 (University School project), which were issued to provide funds to assist University School in the refinancing of costs of a "Project" within the meaning of Chapter 165, Ohio Revised Code; authorizing the execution and delivery of a loan agreement pertaining to the project and a trust indenture securing the payment of the Bonds; authorizing execution and delivery of a bond purchase agreement and authorizing the execution and delivery of certain other documents and actions in connection with the issuance of such Bonds; and declaring the necessity that this resolution become immediately effective.

On October 23, 2012, Resolution #2012-0201, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$39,721,000 to provide funds to pay costs of constructing, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving buildings, facilities and structures for County offices and functions, and improving and equipping sites for such buildings, facilities and structures, in each case together with all necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0202, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$21,350,000 to provide funds to pay costs of constructing, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving County jail, correctional and juvenile detention facilities and improving sites for those facilities, in each case together with all necessary appurtenance and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0203, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$1,205,000 to provide funds to pay costs of acquiring radios and other communications equipment, together with all necessary appurtenances, for use in carrying out functions of the sheriff's department; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0204, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$880,000 to provide funds to pay costs of improving the County fairgrounds by acquiring, constructing and installing a wind turbine and related equipment to provide electric power to the fairgrounds; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0205, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$847,000 to provide funds to pay costs of reconstructing, resurfacing and otherwise improving and equipping runways at the County airport, together with necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0206, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$36,925,000 to advance refund at a lower interest cost all or a portion of the \$36,925,000 of the County's outstanding County building and facilities bonds, series 2004, that are stated to mature on December 1 in each of the years from 2015 through 2024, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as September 15, 2004, to pay costs of acquiring, constructing, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving buildings, facilities and structures for County offices and functions, and acquiring,

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improving and equipping sites for such buildings, facilities and structures, in each case together with all necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0207, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$8,975,000 to advance refund at a lower interest cost all or a portion of the \$8,975,000 of the County's outstanding County correctional and detention facilities improvement bonds, series 2004, that are stated to mature on December 1 in each of the years from 2015 through 2022, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to pay costs of acquiring, constructing, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving County jail, correctional and juvenile detention facilities and acquiring and improving sites for those facilities, in each case together with all necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0208, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$1,065,000 to advance refund at a lower interest cost all or a portion of the \$1,065,000 of the County's outstanding capital improvement bonds, series 2004 (Orange Place Extension Project), that are stated to mature on December 1 in each of the years from 2015 through 2024, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to provide funds to pay the County's portion of the cost of improving Orange Place, in cooperation with the Village of Orange Village, by grading, draining, curbing, paving and constructing sidewalks, storm and sanitary sewers and water lines, in each case together with the necessary appurtenances and work incidental thereto; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0209, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$440,000 to advance refund at a lower interest cost all or a portion of the \$440,000 of the County's outstanding sewer district improvement bonds, series 2004 (County Improvement No. 1460, Phase I), that are stated to mature on December 1 in each of the years from 2015 through 2022, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to provide funds, in anticipation of the collection of special assessments theretofore levied, to pay the property owners' portion of the cost of constructing County Improvement No. 1460, Phase I, being water lines in five roads in County Sewer District No. 14 in Olmsted Township; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0210, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$90,000 to advance refund at a lower interest cost all or a portion of the \$90,000 of the County's outstanding sewer district improvement bonds, series 2004 (County Improvement No. 1460, Phase II), that are stated to mature on December 1 in each of the years from 2015 through 2024, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to provide funds, in anticipation of the collection of special assessments theretofore levied, to pay the property owners' portion of the cost of constructing County Improvement No. 1460, Phase II, a 12-inch waterline and appurtenances in Sharp Road from Sprague Road to Schady Road, in County Sewer District No. 14 in Olmsted Township; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0211, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$110,000 to advance refund at a lower interest cost all or a portion of the \$110,000 of the County's outstanding sewer district improvement bonds, series 2004 (County Water Improvement No. 2300), that are stated to mature on December 1 in each of the years from 2015 through

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2022, all of which were issued as a part of a consolidated issue of capital improvement bonds, series 2004, dated as of September 15, 2004, to provide funds, in anticipation of the collection of special assessments theretofore levied, to pay the property owners' portion of the cost of constructing County Water Improvement No. 2300 in County Sewer District No. 23 in Chagrin Falls Township; and declaring the necessity that this Resolution become immediately effective.

On October 23, 2012, Resolution #2012-0213, a resolution providing for the issuance and sale of bonds in a maximum aggregate principal amount of \$2,020,000 to provide funds for the County's contribution to the acquisition and equipping of the Village of Highland Hills municipal building, and the renovation and construction and reconstruction of improvements thereto, including necessary appurtenances thereto, which building is to be used jointly by the Village and the County as a community center for governmental and civic purposes in accordance with a cooperative agreement between the Village and the County; and declaring the necessity that this Resolution become immediately effective.

Note 26 - The MetroHealth System (Dollars in Thousands)

Significant Accounting Policies

Reporting Entity The MetroHealth System (the System) is the public health care system for Cuyahoga County, Ohio (the County). The financial statements include the MetroHealth Medical Center, a short-term acute care and long-term rehabilitation facility; Broadway Medical Offices, Buckeye Health Center and MetroHealth outpatient community health facilities; MetroHealth Centers for Skilled Nursing Care, consisting of the Old Brooklyn Nursing Facility and the Elisabeth Severance Prentiss Center for Skilled Nursing Care; and several urban and suburban primary care health sites. All significant inter-entity transactions have been eliminated in the financial statements.

The Old Brooklyn Nursing Facility was closed effective December 14, 2011. The bed licenses are still held by the System and the building will be converted for use as a rehabilitation facility.

The System is organized and operated by its board of county hospital trustees (the Board) pursuant to Chapter 339 of the Ohio Revised Code. Until 2010, members of the Board were jointly appointed by the Board of County Commissioners of the County, and the senior judges of the Probate and Common Pleas Courts of the County. Effective January 2011, the County voters have established a new form of government by charter (the Charter). Under the Charter, future members of the Board will be appointed by the senior judges of the Probate and Common Pleas Courts of the County and the County Executive, as provided by law.

Discretely Presented Component Unit The component unit column in the entity-wide financial statements identifies the financial data of the System's component unit, the Metrohealth Foundation, Inc. (Foundation).

Metrohealth Foundation, Inc. The Metrohealth Foundation, Inc. (the "Foundation") is a legally separate entity. The Foundation is a not-for-profit organization supporting the System. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the System in support of its programs. Although the System does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to support the System. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the System, it is considered a component unit of the System. Complete financial statements of the Foundation can be obtained by writing to the MetroHealth Foundation, 2500 MetroHealth Drive, Cleveland, Ohio 44109.

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Notes to the Basic Financial Statements For the Year Ended December 31, 2011

In addition, MHS Holdings LLC is presented as a blended entity component unit whose financial activity is included with the activities of the System.

Basis of Accounting The System is accounted for as a proprietary fund (enterprise fund) using the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of the System are included on the statement of net assets. Revenue is recognized in the period in which it is earned and expenses are recognized in the period in which incurred.

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

Net Patient Service Revenue Net patient service revenue 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, estimated allowances for uncollectible accounts and uncompensated care allowances. 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. Net patient service revenue is reported net of contractual and retroactive adjustments of \$1,067,316 and provisions for uncollectible accounts of \$84,269 in 2011.

The System has agreements with third-party payors that provide for payment at amounts different from established charge rates. A summary of the basis of payment by major third-party payors follows:

Medicare and Medicaid Inpatient acute care services rendered to Medicare and Medicaid program beneficiaries and Medicare capital costs are paid at prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. As an academic medical center, medical education payments in addition to disproportionate share entitlements are received from Medicare and Medicaid. Medicare utilizes a prospective payment system for inpatient rehabilitation services and psychiatric services. Effective October 1, 2010, the System no longer participates in the Medicare Periodic Interim Payment (PIP) system.

Medicare outpatient claims are reimbursed under the Ambulatory Payment Classification based prospective payment system. The payments are based on patient assessment date classifying patients into one of the Medicare Ambulatory Payment Classifications. Inpatient rehabilitation and psychiatric and services are reimbursed at a prospectively determined per diem rate. Certain outpatient services related to Medicare beneficiaries and capital costs for Medicaid beneficiaries are reimbursed based on a cost-based methodology subject to certain limitations. The System is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare and Medicaid fiscal intermediaries. The System's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review. Differences between the estimated amounts accrued at interim and final settlements are reported in the statement of activities in the year of settlement. The System recorded a favorable adjustment of \$3,991 in 2011 due to prior year retroactive adjustments to amounts previously estimated and changes in estimates.

Net revenue from the Medicare and Medicaid programs accounted for approximately 26 percent and 28 percent, respectively, of the System's net patient service revenue for the year ended December 31, 2011. Laws

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Notes to the Basic Financial Statements For the Year Ended December 31, 2011

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 adequate provision has been made in the financial statements for any adjustments that may result from final settlements.

Centers for Medicare and Medicaid Services Recovery Audit Contractor Program Congress passed the Medicare Modernization Act in 2003, which among other things established a three-year demonstration of the Medicare Recovery Audit Contractor (RAC) program. The RAC's identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states by 2010. The Centers for Medicare and Medicaid Services (CMS) is in the process of rolling out this program nationally.

Other payors The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively-determined rates-per-discharge, discounts from established charges and prospectively-determined per diem rates.

Upper payment limit In September 2001, the State of Ohio Supplemental Upper Payment Limit program for Public Systems (UPL) was approved by the CMS. This program provides access to available federal funding up to 100 percent of the Medicare upper payment limits for inpatient hospital services rendered by Ohio Public Hospitals to Ohio Medicaid consumers. The State of Ohio fiscal year 2010/2011 budget also included an expansion of the UPL program to outpatient services for the first time. The System received \$2,367 in outpatient UPL payments in 2011. At December 31, 2011, \$12,496 was due to the System and recorded on the statement of net assets in other receivables. The net amount recorded in net patient service revenue for UPL by the System was \$27,130 and in 2011. The State of Ohio discontinued the Program's required contributing match for participants as of June 30, 2009. Effective July 1, 2009, the State began assessing a franchise fee to hospitals to fund healthcare programs, including the UPL program. The System incurred a franchise fee expense of \$7,363 in 2011 and recorded the amounts as program expenses in the statement of activities. The System's franchise fee liability payable to the State of Ohio at December 31, 2011 was \$2,379 and is recorded on the statement of net assets in other liabilities.

Disproportionate share As a public health care provider, the System renders services to residents of the County and others regardless of ability to pay. The System is classified as a disproportionate share provider by the Medicare and Medicaid programs due to the volume of low-income patients it serves. Accordingly, the System receives additional payments from these programs as a result of this status totaling \$42,203 in 2011 (including Hospital Care Assurance (HCAP) of \$26,747) which are included in net patient service revenue. HCAP amounts are presented net of amounts received and assessments paid by the System. The System received \$30,206 and paid \$3,459 in 2011. The System also provides major trauma services to the region. The ability to continue these levels of service and programs is contingent upon the various continued funding sources.

Charity Care Throughout the admission, billing and collection processes, certain patients are identified by the System as qualifying for charity care. The System provides care to these patients without charge or at amounts less than its established rates. The charges foregone for charity care provided by the System, totaling \$242,823, which represents 12 percent of gross charges in 2011, are not reported as revenue. The System accepts certain indigent Ohio residents and all residents from the County regardless of their ability to pay.

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Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Grants The System receives financial assistance from federal and state agencies in the United States in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Other such audits could be undertaken by federal and state granting agencies and result in the disallowance of claims and expenditures; however, in the opinion of management, any such disallowed claims or expenditures will not have a material effect on the overall financial position of the System.

Pooled Cash and Cash Equivalents The System only considers cash in its commercial checking accounts as “equity in pooled cash and cash equivalents.” Funds in the System’s savings/money market accounts are considered “investments.” Cash and cash equivalents are stated at cost which is equivalent to fair value.

Supplies Medical supplies are stated at the lower of cost or market value on a first-in first-out basis. Pharmaceutical supplies are stated at the lower of cost or market on a first-in first-out basis.

Investments Unrealized gains and losses on investments are included in net investment income in the statement of activities.

The System pools certain of its investments for investment purposes. Investment income for these pooled investments is allocated to the proper investment classification based on each investment’s fair value to the total fair value of all pooled investments.

The net realized (loss) gain on investments of (\$172) in 2011 is the difference between the proceeds received and the amortized cost of investments sold and is included in net investment income (loss) in the statement of activities.

Restricted Assets Restricted assets are cash and cash equivalents and investments whose use is limited by legal requirements. Investments under bond indenture agreements represent amounts required by debt instruments to pay bond principal and interest and approved projects. Restricted cash and cash equivalents and special purpose investments represent monies received from donors or grantors to be used for specific purposes, primarily research. The System has elected to use restricted assets before unrestricted assets when an expense is incurred for a purpose for which both resources are available.

Fundraising Revenues Gifts, grants and program income result from fundraising activities of the Foundation. Though donations are solicited for the Foundation, donors occasionally make their gifts directly to the System.

Contributions The Foundation recognizes contributions as revenue in the period in which the pledge (promise to give) is received. The Foundation recognizes donated services as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Annuity Payment Obligations The Foundation has entered into gift annuity agreements which include provisions requiring the Foundation to pay periodic fixed payments to beneficiaries during their lifetimes. Charitable gift annuities differ from other charitable giving options in that the annuity is a general obligation of the Foundation. Accordingly, if the assets of the gift are exhausted as a result of required payments to beneficiaries, unrestricted assets of the Foundation will be utilized to fund future payments.

Income Taxes The Foundation is an Ohio nonprofit corporation and was granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is exempt from income tax on related income pursuant to Section 501(a) of the Code. The Foundation is required to pay taxes on unrelated business income earned by the Foundation.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Capital Assets Capital assets are stated at cost and contributed capital assets are stated at their fair value at the date of contribution. Expenditures for equipment must exceed \$1 per unit and expenditures for renovations must exceed \$10 in order from them to be capitalized. Expenditures that substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs are expensed as incurred. Depreciation and amortization of assets recorded under capital lease (straight-line method) are provided in amounts sufficient to amortize the cost of the related assets over their estimated useful lives. The following are the most commonly used estimated useful lives:

Buildings	25 - 40 Years
Building Improvements	5 - 20 Years
Equipment	3 - 15 Years
Land Improvements	5 - 15 Years
Vehicles	4 Years

The asset and accumulated depreciation are removed from the related accounts when the asset is disposed. Any income or loss resulting from this disposal is recorded in the statement of activities.

Net Assets The System classifies its net assets into three categories as follows:

Invested In Capital Assets, Net Of Related Debt – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets – result when constraints placed on the net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – consist of all other assets that do not meet the criteria above.

Bond Discounts and Bond Issuance Costs Deferred financing costs represent debt issuance expenditures on long-term debt obligations and are amortized over the period the bonds are outstanding on a straight-line basis. The amortization for deferred bond financing costs was \$169 in 2011. Amortization expense related to bond discounts was \$104 in 2011. These amounts are included in interest expense in the statement of activities. Accounting guidance requires amounts to be amortized utilizing the effective interest method. The difference between the two amortization methods is immaterial to the financial statements.

Cost of Borrowing Interest costs incurred on debt during the construction or acquisition of assets capitalized as a component of the cost of acquiring those assets. Capitalized interest of \$515 was recorded in construction in progress as opposed to interest expense for 2011. Construction in progress is transferred to capital assets when assets are substantially completed and amortization of capitalized interest is accounted for in the same manner as other components of assets cost and included in depreciation expense.

The System has entered into various interest-rate swap agreements. The interest-rate swap agreements are carried at fair value in the balance sheets. These derivative instruments are not effective hedging instruments; therefore, gains and losses are recognized in the statement of activities during the period of change as adjustments to investment income on the related debt.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Concentrations of Credit Risk Financial instruments that potentially subject the System to concentrations of credit risk consist principally of cash and cash equivalents, patient accounts receivable and investments.

The system places its cash and cash equivalents with high credit quality financial institutions. The System's investments include money market funds, U.S. Treasury bills and notes, U.S. agency obligations, commercial paper and corporate bonds.

Concentration of credit risk relating to patient accounts receivable is limited to some extent by the diversity and number of the System's patients and payors. Patient accounts receivable consist of amounts due from government programs, commercial insurance companies, private pay patients and other group insurance programs. Excluding governmental programs, no payor source represents more than 10 percent of the System's patient accounts receivable. The System maintains an allowance for losses based on the expected collectability of patient accounts receivable.

Deposits and Investments

Deposits All monies deposited to the System's banks or trust companies designated by the Board of Trustees. Funds not needed for immediate expenditure may be deposited in interest bearing or non-interest bearing accounts.

Custodial Credit Risk Custodial credit risk is the risk that, in the event of bank failure, the System's deposits might not be recovered. The FDIC increased insurance through December 31, 2013 for funds held in interest bearing accounts from \$100 to \$250 per depositor per category of legal ownership. The System's investment policy does not address custodial credit risk. The System's bank deposits at December 31, 2011 totaled \$72,326 and were subject to the following categories of custodial credit risk:

Uncollateralized	\$72,029
Collateralized with securities held by the pledging institution's trust department, but not in the System's name	<u>47</u>
Total amount subject to custodial risk	72,076
Amount insured	<u>250</u>
Total bank balances	<u><u>\$72,326</u></u>

Investments The System's investment policy authorizes the System to invest in the following investments:

- Securities and obligations of the US Treasury and other federal agencies or instrumentalities.
- Time certificates of deposit or savings accounts and deposit accounts.
- Municipal and state bonds
- No-loan money market mutual funds investing in items listed above.
- Commercial paper that constitutes unsecured short-term debt on an entity defined in Division (D) of Section 1705.01 of the Ohio Revised Code and matures no later than 270 days from purchase date, the aggregate value of the commercial paper does not exceed two percent of the aggregate value of the

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

outstanding paper of the entity, the paper is rated by at least two nationally recognized standard rating services (NRSRS) and is rated in the highest classification and the entity has assets exceeding five hundred million dollars.

- Bankers acceptances that mature no later than 180 days from purchase, the obligations are eligible for purchase by the Federal Reserve System, the issuer has a minimum “AA” long-term debt rating by a majority of NRSRS agencies and any single obligation will not exceed five percent of the System’s total average portfolio.
- Notes issued by corporations incorporated in the United States and operating in the United States and the notes are rated in the second highest or higher category by at least two NRSRS at the time of purchase, mature in two years or less from the date of purchase and cannot exceed 15 percent of the System’s total average portfolio.
- No loan money market mutual funds rated in the highest category at the time of purchase by at least one NRSRS and consisting exclusively of obligations in the US Treasury and other federal agencies or instrumentalities and commercial paper listed above.

Derivative instruments In previous periods, the System entered into two separate and distinct interest rate swap agreements (“Swaps”) with two counter-parties. The Swaps have notional amounts, maturity schedules and other features that match the System’s two series of underlying variable rate demand bonds. The Swaps obligate the System to make fixed rate payments to the counter-parties and obligate the counter-parties to make variable-rate payments to the System. The Swaps are accounted for as “investments” on the System’s financial statements pursuant to GASB 53. However, the Swaps were intended, and in fact function, as risk management instruments for current obligations of the System. Consequently, the System does not consider them to be subject to the requirements of the System’s investment policy.

As of December 31, 2011, the fair values of the System’s investments and their ratings by Standard & poor’s were as follows:

	2011	Investment Maturities		Rating
		Less than 1 year	1 - 5 years	
U. S. Government Agencies	\$237,323	\$40,277	\$197,046	AAA
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (Federal Pools)	62	1	61	AAA
Commercial Paper	58,177	58,177	0	A1
Corporate Bonds	21,341	21,341	0	AAA
Totals	\$316,903	\$119,796	\$197,107	

Deposits totaling \$69,073 are included in investments on the statement of net assets at December 31, 2011.

The System’s carrying amounts of deposits and investments at December 31, 2011 were \$72,459 and \$316,903; respectively. The difference between the bank balances and financial statement carrying amounts represent outstanding checks payable and normal reconciling items.

Interest Rate Risk The System’s investment policies limit investment portfolios to maturities of five years or less.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Credit Risk The collateralized mortgage obligations and federal mortgage pools are investments that were made according to policy at the time. In the wake of the financial crisis, the nature of these investments changed and no longer conforms to policy. However, these investments are currently illiquid and cannot be exited at this time.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy does not address custodial credit risk.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributable to the magnitude of investments in any single issuer. The System holds 5.2 percent of its portfolio in UBS Finance Delaware CP.

The Foundation As of December 31, 2011 the fair values of the Foundation's investments were as follows:

Mutual Funds	\$24,505
Common Stock	26
Limited Partnership Interest	1,698
Premier Purchasing Partners, L.P.	<u>956</u>
Totals	<u><u>\$27,185</u></u>

The Foundation's investments had cumulative unrealized gains of \$604 and cumulative unrealized losses of \$1,727 at December 31, 2011.

Capital Assets

	Balance 12/31/10	Additions	Reductions	Balance 12/31/11
Nondepreciable Capital Assets				
Land	\$9,314	\$0	\$0	\$9,314
Construction in Progress	4,386	27,658	(24,957)	7,087
<i>Total Nondepreciable Capital Assets</i>	<u>13,700</u>	<u>27,658</u>	<u>(24,957)</u>	<u>16,401</u>
Depreciable Capital Assets				
Land Improvements	11,574	45	0	11,619
Buildings and Fixed Equipment	530,980	5,066	(39)	536,007
Equipment	291,186	19,854	(11,121)	299,919
<i>Total Depreciable Capital Assets</i>	<u>833,740</u>	<u>24,965</u>	<u>(11,160)</u>	<u>847,545</u>
Less Accumulated Depreciation				
Land Improvements	(6,921)	(421)	0	(7,342)
Buildings and Fixed Equipment	(344,110)	(16,508)	10	(360,608)
Equipment	(229,952)	(14,599)	10,217	(234,334)
<i>Total Accumulated Depreciation</i>	<u>(580,983)</u>	<u>(31,528)</u>	<u>10,227</u>	<u>(602,284)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>252,757</u>	<u>(6,563)</u>	<u>(933)</u>	<u>245,261</u>
<i>Capital Assets, Net</i>	<u><u>\$266,457</u></u>	<u><u>\$21,095</u></u>	<u><u>(\$25,890)</u></u>	<u><u>\$261,662</u></u>

Total depreciation and amortization expense related to capital assets was \$31,528.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Long-term Debt

Original issue amounts and interest rates of the County's debt issues were as follows:

Debt Issue	Original Issue	Interest Rate	Year of Maturity
1997 Hospital Improvement and Refunding Revenue Bonds	\$70,000	4.6 - 5.6 %	2027
1997A Hospital Refunding Revenue Bonds	77,525	4.1 - 5.5	2019
2003 Hospital Improvement Revenue Bonds	30,545	Variable	2033
2005 Hospital Improvement and Revenue Bonds	74,535	Variable	2035
2009A Hospital Facilities Revenue Bonds	8,466	3.9	2014
2009B Hospital Facilities Revenue Bonds	75,000	8.2	2040
2011 Hospital Refunding Revenue Bonds	67,455	3.2	2019

Changes in the System's long-term obligations during the year ended December 31, 2011, consist of the following:

	Outstanding 12/31/10	Additions	Reductions	Outstanding 12/31/11	Amounts Due in One Year
Revenue Bonds					
1997 Hospital Improvement and Refunding	\$30,155	\$0	\$12,555	\$17,600	\$0
1997A Hospital Refunding	60,605	0	54,875	5,730	5,730
2003 Hospital Improvement	26,185	0	725	25,460	750
2005 Hospital Improvement	72,880	0	375	72,505	390
2009A Hospital Facilities	7,683	0	7,683	0	0
2009B Hospital Facilities	75,000	0	0	75,000	0
2011 Hospital Refunding	0	67,455	0	67,455	8,635
Unamortized discount and loss on refunding	(9,211)	(816)	(888)	(9,139)	0
<i>Total Revenue Bonds</i>	<u>263,297</u>	<u>66,639</u>	<u>75,325</u>	<u>254,611</u>	<u>15,505</u>
Other Long-Term Obligations					
Loan Obligation - Cuyahoga County					
Sanitary Engineering	44	0	4	40	5
Capital Lease	903	0	274	629	262
<i>Total Other Long-Term Obligations</i>	<u>947</u>	<u>0</u>	<u>278</u>	<u>669</u>	<u>267</u>
<i>Total</i>	<u>\$264,244</u>	<u>\$66,639</u>	<u>\$75,603</u>	<u>\$255,280</u>	<u>\$15,772</u>

Effective February 1, 1997, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued \$70,000 of System Improvement and Refunding Revenue Bonds Series 1997 (The MetroHealth System Project) (Series 1997). The proceeds of the Series 1997 Bonds were used to refund \$20,900 of Series 1989 Bonds; to finance the construction of various improvements and additions to The MetroHealth Medical Center; and to pay costs of issuance of the Series 1997 Bonds. On November 22, 2011, the entire principal amounts of the Series 1997 Bonds maturing in years 2012 through 2019 were refunded with proceeds from the County's Series 2011 Hospital Refunding Revenue Bonds. The refunding totaled \$11,440.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Effective November 1, 1997, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued \$77,525 of Hospital Refunding Revenue Bonds, Series 1997A (The MetroHealth System Project) (Series 1997A). On February 15, 1998, the proceeds of the Series 1997A Bonds were used to refund the entire \$73,725 remaining outstanding balance of the Series 1989 Bonds. The 1997 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9,753. The unamortized difference, \$7 at December 31, 2011 is reported in the accompanying financial statements as a reduction from long-term debt and is included as additional interest expense through the year 2012. On November 22, 2011, all outstanding Series 1997A principal amounts maturing on and after February 15, 2012 were refunded or advance refunded using proceeds from the County's Series 2011 Hospital Refunding Revenue Bonds. The Bond refunding totaled \$55,170 of which \$49,440 was immediately refunded and \$5,730 was advance refunded for February 2012.

Effective March 13, 2003, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued \$30,545 of Hospital Improvement Variable Rate Demand Revenue Bonds, Series 2003 (The MetroHealth System Project) (Series 2003 Bonds). The proceeds of the Series 2003 Bonds were used to pay costs of constructing and equipping the Critical Care Pavilion and an administrative building. The bonds bear interest at a variable rate (not to exceed 10.0 percent) determined weekly as established by the Remarketing Agent based on current market values for similar bond offerings and are due at various dates until 2033. The interest rate at December 31, 2011 was 0.07 percent.

In connection with the issuance of the Series 2003 Bonds, the System entered into a Reimbursement Agreement with a bank. Under the terms of the Reimbursement Agreement, the System entered into an Irrevocable Letter of Credit issued by a local bank that expired on March 22, 2010. Effective March 1, 2010, the System entered into a new letter of credit reimbursement agreement ("2003 Letter of Credit") that expires on March 16, 2013.

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

Commencing June 16, 2010, the System is required to pay the Bank a letter of credit fee payable in quarterly installments at variable rates ranging from 95 basis points to 175 basis points depending on the debt rating in effect as of the date the rating report is released. In addition, the System paid to the Bank a closing fee of 20 basis points and to the Remarketing Agent an advisory fee of 7.5 basis points. As of December 31, 2011 the letter of credit fee was 95 basis points. There were no amounts outstanding on the letter of credit as of December 31, 2011.

The 2003 Letter of Credit is subject to various financial covenants for debt service coverage, long-term debt to capitalization, cash to debt and short-term debt to earnings before interest, taxes, depreciation and amortization.

Effective July 1, 2005, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued \$74,535 of Hospital Improvement and Refunding Variable Rate Demand Revenue Bonds, Series 2005 (The MetroHealth System Project) (Series 2005 Bonds). Proceeds from the 2005 Series Bonds were used to advance refund \$56,995 of the outstanding Series 1999 Bonds to pay costs of constructing, renovating, furnishing, equipping, and improving the Old Brooklyn Campus long-term care and skilled

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

nursing facility; and to pay certain costs of issuance of the Series 2005 Bonds. The bonds bear interest at a variable rate (not to exceed 10.0 percent) determined weekly as established by the Remarketing Agent based on current market values for similar bond offerings and are due at various dates until 2035. The interest rate at December 31, 2011 was 0.07 percent.

In connection with the issuance of the Series 2005 Bonds, the System entered into a Reimbursement Agreement with a bank. Under the terms of the Reimbursement Agreement, the System entered into an Irrevocable Letter of Credit issued by a local bank that expires on July 16, 2010. Effective June 1, 2010, the System entered into a new letter of credit reimbursement agreement ("2005 Letter of Credit") that expires on July 16, 2013 with PNC bank (as Administrative Agent) and JPMorgan Chase Bank (collectively referred to as the "Banks"), and PNC Capital Markets as Lead Arranger and Book Runner.

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

Commencing July 16, 2010, the System is required to pay the Banks a letter of credit fee payable in quarterly installments at variable rates ranging from 105 basis points to 185 basis points depending on the debt rating in effect as of the date the rating report is released. In addition, the System paid to the Banks a closing fee of 15 basis points (and an additional \$10 to the Agent Bank), and to the Lead Arranger an arrangement fee of \$75. As of December 31, 2011, the letter of credit fee was 95 basis points, respectively. There were no amounts outstanding on the letters of credit as of December 31, 2011.

The 2005 Letter of Credit is subject to various financial covenants for debt service coverage, long-term debt to capitalization, cash to debt and short-term debt to earnings before interest, taxes, depreciation and amortization.

The July 28, 2005, bond refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,179. The unamortized difference (\$3,764 at December 31, 2011), reported in the accompanying financial statements, as a reduction from long-term debt, is being amortized as an increase to interest expense through the year 2029.

Effective December 1, 2009, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued \$8,466 of Hospital Facilities Revenue Bonds, Series 2009A. The proceeds of the Series 2009A Bonds were used to purchase the Valentine parking garage on the System's main campus. The Bonds carried an interest rate of 3.9 percent and were to mature through 2014. On November 22, 2011, all outstanding Series 2009A Bonds totaling \$7,076 were refunded from proceeds of the County's Series 2011 Hospital Refunding Revenue Bonds.

Effective January 28, 2010, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued \$75,000 of Hospital Revenue Bonds, Taxable Series 2009B, (The MetroHealth System), (Build America Bonds – Direct Payment). Proceeds from the Series 2009B will be used to pay for costs of hospital facilities, including three medical helicopters, the acquisition, construction and equipping of additional multi-specialty ambulatory centers in strategic locations, and additional scheduled equipment purchases and facilities renovations; funding the Bond Reserve Fund for the Series 2009B Bonds; and certain bond issuance costs. The Bonds bear interest at a fixed rate of 8.223 percent per annum and mature at various

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

dates through 2040. As a qualified Build America Bond Issue, per terms of the federal government's American Recovery and Reinvestment Act of 2009, the System will apply to receive direct payments semiannually from the Secretary of the United States Treasury in the amount of 35 percent of the corresponding bond interest paid. Payments received from the Treasury are recorded in other non-operating revenue.

Effective November 8, 2011, Cuyahoga County, acting by and through the Board of Trustees of The MetroHealth System, issued \$67,455 of Hospital Refunding Revenue Bonds, Series 2011, (The MetroHealth System), (Taxable Bonds). Proceeds from the Series 2011 Bonds were used to currently refund the entire principal amount of the Series 1997 Bonds maturing on February 15, 2012 through February 15, 2019; currently refund the outstanding principal amount of the Series 1997A Bonds maturing on and after February 15, 2013; advance refund the principal amount of the Series 1997A Bonds maturing February 15, 2012; currently refund all the outstanding Series 2009A Bonds; and pay certain costs of issuance of the Series 2011 Bonds. The Bonds bear interest at a fixed rate of 3.16 percent per annum and mature at various dates through 2019.

The November 8, 2011 bond refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,187. The unamortized difference (\$5,098 at December 31, 2011) is reported in the accompanying financial statements as a reduction from long-term debt and is being amortized as an increase to interest expense through the year 2019.

The Series 1997, 1997A, 1999, 2003, 2005, 2009A, 2009B and 2011 Bonds were issued pursuant to a master trust bond indenture agreement between the County, acting by and through the System's Board of Trustees, and the bond trustee. The Series 1997, 1997A, 1999, 2003, 2005, 2009B and 2011 Bonds are special obligations issued by the County payable solely from the revenue derived from the operation of the System and other monies available to the System's Board of Trustees. Accordingly, the bond proceeds and indebtedness have been recorded as assets and liabilities of the System.

The terms of the master trust bond indenture agreement provide for the establishment of a depreciation reserve fund and maintenance of certain special funds, which are maintained under the control of the bond trustee, and are used for payment of principal and interest on the bonds when due.

The revenue bonds and lease obligation payment requirements for fiscal years subsequent to December 31, 2011, are as follows:

	Capital Lease & Loan		Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$267	\$15	\$15,505	\$11,272
2013	298	8	8,825	11,314
2014	80	1	9,115	11,036
2015	6	1	9,415	10,750
2016	6	1	9,725	10,454
2017-2021	12	1	46,060	47,644
2022-2026	0	0	43,355	40,673
2027-2031	0	0	40,635	33,247
2032-2036	0	0	40,570	23,790
2037-2040	0	0	40,545	6,889
Total	\$669	\$27	\$263,750	\$207,069

The cost value of Hospital Revenue Bonds was \$263,480 at December 31, 2011.

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

There are no amounts remaining to be paid to bond holders related to defeased debt at December 31, 2011.

Other Long-Term Liabilities

Other long-term liabilities consist of the following at December 31, 2011:

	Balance at 12/31/10	Additions	Deletions	Balance at 12/31/11	Due within One Year
Amounts due to third-party payors	\$10,769	\$1,439	(\$3,340)	\$8,868	\$5,029
Accrued vacation and sick leave	39,900	42,300	(41,762)	40,438	7,419
Derivative instruments - rate swaps	3,421	11,932	0	15,353	0
Totals	\$54,090	\$55,671	(\$45,102)	\$64,659	\$12,448

Amounts Due to Third-Party Payors The System has agreements with third-party payors that provide for payment of amounts different from established rates. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined. See net patient service revenue for additional information.

Accrued Vacation and Sick Leave System employees earn vacation and sick leave at varying rates depending on job classification and years of service. Employees can accumulate up to three years of their earned vacation leave. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the System. There is no limit on the amount of sick time earned. Upon retirement, employees with a minimum of 10 years of service have sick leave balances paid out at 50 percent of eligible hours at their current rate of pay. The maximum payout is 800 hours.

Derivative Instruments The System's objectives of its derivative instruments include managing the risk of increased debt service resulting from rising market interest rates, the risk of decreased surplus returns resulting from falling interest rates, and the management of the risk of an increase in the fair value of outstanding fixed rate obligations resulting from declining market interest rates. Consistent with its interest rate risk management objectives, the System entered into various interest rate swap agreements with a total outstanding notional amount of \$97,965 at December 31, 2011.

The System's swap agreements do not meet the criteria for hedging and are reported as investment derivative instruments. The fair value of the swap agreements based on current settlement prices at December 31, 2011 was (\$15,353). The amounts due to the counterparties are included within long-term liabilities. The fair value decrease of \$11,932 in 2011 is included in net investment income (loss) in the statement of activities. As a result of the agreements, net settlements increased the System's interest expense by \$2,121 in 2011.

The following table describes the terms of the System's two interest rate swap agreements:

	July 28, 2005 Swap Agreement	March 13, 2003 Swap Agreement
Notional Amount	\$72,505	\$25,460
Effective Date	July 28, 2005	March 13, 2003
Termination Date	February 1, 2035	March 1, 2033
Early Termination Option	the System	the System
The System Pays	Fixed 3.3%	Fixed 3.5%
Counterparty Pays*	64.2%	68.9%

* of ISDA 5 Year Swap Rate

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

On July 28, 2005, the System entered into a swap agreement (the Original Agreement) with an initial amortizing notional amount of \$74,535. The notional amount is based on the Series 2005 Bond principal repayment schedule that ends in 2035. Per the terms of an amended agreement effective June 1, 2006, the System pays a fixed rate of 3.3 percent and the counterparty pays 64.2 percent of the International Swaps and Derivatives Association, Inc. (ISDA) USD five-year swap rate. The original agreement previously required the counterparty to pay 70 percent of the 3-month USD LIBOR. In 2011, ISDA five-year interest rates ranged between 1.1 percent and 2.6 percent. The net amount is exchanged monthly between the two parties. The System has an early termination option.

On March 13, 2003, the System entered into a swap agreement (the Original Agreement) with an amortizing notional amount of \$30,545. The amortizing notional amount is based on the Series 2003 Bond principal repayment schedule ending on March 1, 2033. Per terms of an amended agreement effective June 1, 2006, the System pays a fixed rate of 3.5 percent and the counterparty pays 68.9 percent of the ISDA USD five-year swap rate. The original agreement required the counterparty to pay 75 percent of the 3-month USD LIBOR rate. Net settlement amounts are exchanged monthly. The System has an early termination option.

Interest Rate Risk The System is exposed to interest rate risk on its interest rate swaps. On the pay-fixed receive variable swaps, as the ISDA Swap index decreases, the System's net payment on the swaps increase.

Risk Management The System is exposed to various risks of loss related to torts; theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System is self-insured for employee health insurance, workers' compensation and medical malpractice but maintains commercial insurance policies for property and casualty, automobile, aircraft (helicopter and fixed wing) as well as excess coverage for medical malpractice claims. Settled claims for workers' compensation and medical malpractice have not exceeded insurance coverage in any of the past three years.

During the normal course of its operations, the System has become a defendant in various legal actions. In the opinion of legal counsel and the System administration, the disposition of the pending cases will not have a material adverse effect of the financial condition or operations of the System. However, depending on the amount and timing of such resolution, an unfavorable resolution of some or all of these matters could materially affect the System's future results of operations or cash flows in a particular year.

The System is self-insured for employee health insurance, medical malpractice and workers' compensation claims. For the professional and patient care liability, professional actuarial insurance consultants have been retained to determine funding requirements. Amounts funded for professional and patient care have been placed in an irrevocable self-insurance trust account, which is being administered by a trustee. For the employee health insurance, a historical analysis has been performed of incurred but not reported claims to determine the liability at December 31, 2011.

Losses from asserted claims and from unasserted claims identified under the System's incident reporting systems are accrued based on estimates that incorporate the Systems' past experience as well as other considerations including the nature of each claim or incident and relevant trend factors. The liability for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not report for 2011 and 2010 as follows:

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Workers' Compensation

	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance	Due Within One Year
2010	\$8,473	\$3,285	(\$3,034)	\$8,724	\$3,348
2011	8,724	2,823	(2,671)	8,876	3,055

Self-Insurance

	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance	Due Within One Year
2010	\$30,003	\$10,310	(\$11,717)	\$28,596	\$8,606
2011	28,596	15,488	(5,705)	38,379	12,200

Employee Health Insurance

	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance	Due Within One Year
2010	\$1,513	\$15,837	(\$15,833)	\$1,517	\$1,517
2011	1,517	17,484	(17,465)	1,536	1,536

The current portion of employee health insurance liabilities is included in other current liabilities.

The liabilities recorded for workers' compensation and self-insurance at December 31, 2011 are discounted liabilities. The discount rate used was 1.5 percent. The undiscounted liabilities are approximately \$600 and \$2,100 higher for workers' compensation and self-insurance, respectively.

Operating Leases

The System has entered into operating lease agreements for a parking facility, medical space and office space which expires through 2020. Contract terms range between one and fifteen years and contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Rent expense totaled \$2,104 in 2011. Minimum rental commitments under operating leases extending beyond one year at December 31, 2011 are as follows:

2012	\$1,968
2013	1,564
2014	921
2015	607
2016	610
2017 - 2020	1,776
Total	\$7,446

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

Benefit Plans

Pension Like the primary government, the System participates in the Ohio Public Employees Retirement System (OPERS). See Note 13 for additional information on OPERS.

The System's required contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were \$52,482, \$49,988 and \$48,406, respectively, equal to the required contributions for each year.

Postemployment Benefits The System's required contributions to OPERS for 2011, 2010 and 2009 used to fund postemployment healthcare benefits were \$14,994, \$18,149 and \$20,313, respectively, which are included in the System's contractually required contribution of \$52,482, \$49,988 and \$48,406 for the years ended December 31, 2011, 2010, and 2009. See Note 14 for additional information on OPERS postemployment benefits.

Restricted Net Assets, Expendable and Nonexpendable

The System has expendable restricted net assets which have been restricted by the master trust bond indenture and donors to a specific purpose. The Foundation has expendable restricted net assets which have been restricted by the donors or grantors to a specific time or purpose. These net assets are designated for the following purposes at December 31:

	<u>System</u>	<u>Foundation</u>	<u>Total</u>
Debt service payment and reserve funds	\$25,542	\$0	\$25,542
Programmatic activities of The MetroHealth System	0	16,933	16,933
Time restrictions	<u>5,854</u>	<u>188</u>	<u>6,042</u>
Total	<u>\$31,396</u>	<u>\$17,121</u>	<u>\$48,517</u>

The Foundation has restricted net assets, nonexpendable, of \$8,998 at December 31, 2011, that is restricted in perpetuity, the income from which is expendable to support the programmatic activities of The MetroHealth System.

Related Transactions

The System received support from the Foundation in the amount of \$3,933 in 2011 which is recorded as grant revenue on the System's statement of activities. The outstanding receivable from the Foundation was \$1,581. The System provided the Foundation in-kind support totaling \$1,367. This support covered the direct expenses of the Development Department and indirect expenses for the use of space and support departments such as information services and environmental services.

The System has established restricted funds to differentiate resources, the use of which is restricted by donors or grantors, from resources of general funds on which donors place no restrictions or that arise as a result of the operations of the System. A review of these restricted funds is performed annually to determine that funds, related to completed clinical trials and certain donated money, should be transferred to the Foundation. There were no transfers in 2011.

Investment in Blended Component Unit

MHS Holdings LLC (LLC) was formed to acquire and own interests in certain health care businesses. The System is the 99 percent member of the LLC. During 2011, the System's 40 percent equity interest in

Cuyahoga County, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

CCF/MHS Renal Care Company, LTD., joint venture with The Cleveland Clinic Foundation, which provides renal care (dialysis), was transferred to the LLC. Because the LLC is considered to be a blended equity component unit of the System, its financial activity is reflected within the financial activity of the System on these financial statements. In 2011, the System has reflected \$6,633 in other assets on the statement of net assets and \$5,113 in other income on statement of activities related to the activity of the LLC, which essentially represents the LLC's interest in CCF/MHS Renal Care Company, LTD. In addition, prior to the establishment of the LLC, the System received \$2,548 in distributions from CCD/MHS renal Care Company, LTD. in 2011.

Conditional Promises to Give

The Foundation received a conditional pledge of \$10,000 commencing in 2005 payable over the next ten years at \$1,000 per year. The outstanding balance of \$3,415 at December 31, 2011 is not included in these financial statements in accordance with the Accounting Standards Codifications (ASC) 958, "Not for Profit Entities" due to the fact that the conditions of the grant have not been met.

Commitments and Contingencies

As of December 31, 2011, the System had contractual commitments for the construction of various projects totaling approximately \$10,948. Projects with large contractual commitments include \$1,318 for the replacement of MetroHealth Drive, \$891 for elevator modernization, \$755 for parking garage improvements and \$629 for the Neurosurgery renovations. These projects are being funded with operating funds and bond project funds.

Regulatory environment including fraud and abuse matters The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursements for patient services and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the System is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or asserted at this time.

Patient Protection and Affordable Care Reconciliation Act On March 23, 2010, the most sweeping health care legislation since the advent of Medicare was signed into law. The law promises to expand insurance coverage to an additional 32 million Americans, reduce the growth of Medicare expenditures, dramatically reform insurance markets and continue the trend toward value-based payment. The Reconciliation Act amends various provisions of the Patient Protection and Affordable Care Reconciliation Act and adds some new provisions that were not included originally. Several legal challenges have been made against the legislation since it was enacted, and uncertainty exists as to the ultimate impact of the legislation on the health care delivery system. Potential impacts of health care reform include uncertainty and volatility in Medicare and Medicaid reimbursement, fundamental changes in payment systems, increased regulation and significant required investments in health care information technology.

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CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	\$ 20,280
Non-Cash Assistance Subtotal			<u>20,280</u>
Cash Assistance:			
National School Lunch Program	10.555	N/A	535,586
School Breakfast Program	10.553	N/A	304,220
Cash Assistance Subtotal			<u>839,806</u>
Total Child Nutrition Cluster			<u>860,086</u>
Passed Through the Ohio Department of Job and Family Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	G-1011-11-5026 / G-1213-11-0026	16,683,727
Total U.S. Department of Agriculture			<u>17,543,813</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
2010/2011 Improvement of education program	84.215	U215K100112	<u>81,118</u>
<i>Passed Through the Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education--Grants to States (IDEA, Part B):			
CCBDD FY 2011 TITLE VI-B School Age Grant	84.027	066563-6BSF-11	264,243
CCBDD FY 2012 TITLE VI-B School Age Grant	84.027	066563-6BSF-12	149,436
Special Education--Grants to State (IDEA, Part B), Recovery Act:			
ARRA - CCBDD FY 2010 William B Day Early Child Ctr., Recovery Act	84.391	ARRA-066563-CC-2011	249,048
Special Education--Preschool Grants (IDEA Preschool):			
CCBDD FY 2011 Title VI-B Preschool Grant	84.173	066563-PG-S1-2012	9,252
ARRA - FY 2011 Early Childhood Special Education, Recovery Act	84.392	ARRA-066563-PGS1-2011	1,025
Total Special Education Cluster			<u>673,004</u>
<i>Passed Through the Ohio Department of Rehabilitation Services</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States:			
Vocational Rehabilitation Public & Private Partnerships (VRP3) Program			
VRP3 Supportive Employment (CSC)	84.126	N/A	465,324
VRP3 Call Center Program (CSC)	84.126	N/A	542,362
VRP3 Business Enterprise Center (CSC)	84.126	N/A	204,355
Pathways II Vocational Program	84.126	N/A	67,858
Statewide Pathways II Vocational Program	84.126	OAKS ID#102206/33	418,883
Pathways II Cooperative Project	84.126	18-001B-VOCRHB-T-11-11110	277,445
Total CFDA # 84.126			<u>881,714</u>
			<u>2,857,941</u>
<i>Passed Through the Ohio Department of Health:</i>			
Early Intervention Services (IDEA) Cluster:			
Special Education - Grants for Infants and Families:			
Help Me Grow	84.181	N/A	1,411,907
ARRA - Special Education - Grants for Infants and Families, Recovery Act:			
ARRA - Ohio Dept. of Health - Help Me Grow, Recovery Act	84.393	018-0021-HA-0110	926,071
Total Early Intervention Services (IDEA) Cluster			<u>2,337,978</u>
Total U.S. Department of Education			<u>5,950,041</u>
U.S. DEPARTMENT OF ENERGY			
<i>Passed Through the Ohio Department of Development:</i>			
Weatherization Assistance for Low-Income Persons:			
Home Weatherization Assistance Program 2008	81.042	H-05-109	2,027
Home Weatherization Assistance Program 2009	81.042	H-09-109	4,473
Home Weatherization Assistance Program 2011	81.042	H-11-110	94,499
ARRA - Weatherization Assistance for Low-Income Persons 2009-2010, Recovery Act	81.042	ARRA-10-109	4,301,815
Total CFDA # 81.042			<u>4,402,814</u>
Energy Efficiency and Conservation Block Grant Program:			
Fairgrounds Wind Turbine Project	81.128	09EE004049	455,549
ARRA-Energy Conservation Measures, Recovery Act	81.128	DE-EE0000708	1,507,302
ARRA-EECBG Block Grant, Recovery Act	81.128	DE-EE0000708	196,521
Total CFDA # 81.128			<u>2,159,372</u>
Total U.S. Department of Energy			<u>6,562,186</u>

See accompanying notes to this Schedule

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct Programs:</i>			
Great Lakes Program:			
Great Lakes Restoration	66.469	EPA-R5-GL-2010-1	<u>138,215</u>
Brownfields Assessment and Cleanup Cooperative Agreements:			
CPC Brownfield Fund	66.818	BP-985744-01-0	22,436
Brownfield RFL Co-Op Agreement	66.818	623945391	699,585
2008 EPA	66.818	00E63701-0	31,588
US EPA 2008 BROWNFIELD RLF	66.818	BF-00E64101-01-0	811,640
2009 EPA Coalition assessment Grant	66.818	BF-00E95801-0	524,433
ARRA - US EPA 2010 ARRA Supplemental, Recovery Act	66.818	2B-0097301-0	681,287
Total CFDA # 66.818			<u>2,770,969</u>
Total U.S. Environmental Protection Agency			<u>2,909,184</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Programs:</i>			
<i>Healthy Marriage Promotion and Responsible Fatherhood Grants:</i>			
National Fatherhood Initiative	93.086	90FE00520-01	<u>426,478</u>
Substance Abuse and Mental Health Services - Projects of Regional and National Significance:			
CPC Felony Drug Court	93.243	1H79TI023086-01	92,694
Fed Family Drug Court — SAMHSA	93.243	TI 17560-01	(585)
Total CFDA # 93.243			<u>92,109</u>
Child Support Enforcement Research:			
Financial Well-being Demonstration	93.564	90FD0155 / 01	<u>119,831</u>
Voting Access for Individuals with Disabilities -Grants to States:			
US HHS HAVA Grant	93.617	N/A	<u>145</u>
Low-Income Home Energy Assistance:			
HWAP — HHS Administration 2007	93.568	H-05-109	(190)
HWAP — HHS Administration 2008	93.568	H-05-109	(6,050)
HWAP — HHS Administration 2009	93.568	H-09-109	3,993
Home Weatherization Assistance Program 2011	93.568	H-11-110	63
ARRA - HWAP ARRA 2009-2010, Recovery Act	93.568	ARRA-10-109	99,860
Total CFDA # 93.568			<u>97,676</u>
HIV Emergency Relief Project Grants:			
HIV Emergency Relief P.C. Support 07/08	93.914	5-H89-HA-00045-08	(57)
HIV Emergency Relief P.C. Support 09/10	93.914	6H89HA00045-14-01	2,190
HIV Emergency Relief P.C. Support 10/11	93.914	2H89HA00045-15-00	1,538,151
HIV Emergency Relief P.C. Support 11/12	93.914	2H89HA00045-16-00	2,276,880
Minority Aids Initiative Program	93.914	1H3MHA08469-01-00	8,705
Minority Aids Initiative Program	93.914	1H3MHA08459-AO-00	142,898
Total CFDA # 93.914			<u>3,968,767</u>
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Adoption Opportunities Grant	93.652	90CO103401	<u>354,749</u>
Promoting Safe and Stable Families	93.556	G-1011-11-5026 / G-1213-11-0026	<u>1,176,368</u>
Temporary Assistance for Needy Families (TANF) State Programs	93.558	G-1011-11-5026 / G-1213-11-0026	<u>26,120,308</u>
Child Support Enforcement (Title IV-D):			
Program Funding	93.563	G-1011-11-5026 / G-1213-11-0026	18,542,173
Child Support Performance Incentives	93.563	G-1011-11-5026 / G-1213-11-0026	2,691,486
Total CFDA # 93.563			<u>21,233,659</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	G-1011-11-5026 / G-1213-11-0026	<u>380,405</u>
Child Welfare Services - State Grants (Title IV-B):			
Title IV-B Allocation	93.645	G-1011-11-5026 / G-1213-11-0026	605,056
Regional Training Centers	93.645	G-1011-11-5026 / G-1213-11-0026	111,334
Total CFDA # 93.645			<u>716,390</u>
CCDF Cluster:			
Child Care Development Block Grant	93.575	G-1011-11-5026 / G-1213-11-0026	627,357
Child Care Mandatory and Matching Funds of the Child Care and Development Func	93.596	G-1011-11-5026 / G-1213-11-0026	2,265,253
Total CCDF Cluster			<u>2,892,610</u>

See accompanying notes to this Schedule

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<i>Passed Through the Ohio Department of Job and Family Services:(Continued)</i>			
Foster Care (Title IV-E) Administrative and Training	93.658	G-1011-11-5026 / G-1213-11-0026	3,632,672
Foster Care (Title IV-E) Foster Care Maintenance (FCM) and Purchased Administrator	93.658	G-1011-11-5026 / G-1213-11-0026	19,206,393
Foster Care (Title IV-E) Regional Training Centers	93.658	G-1011-11-5026 / G-1213-11-0026	129,483
Foster Care (Title IV-E) Direct contract costs	93.658	G-1011-11-5026 / G-1213-11-0026	505,679
Total CFDA # 93.658			<u>23,474,227</u>
Adoption Assistance (Title IV-E): Administrative and Training	93.659	G-1011-11-5026 / G-1213-11-0026	18,370,470
Adoption Assistance (Title IV-E): Regional Training Centers	93.659	G-1011-11-5026 / G-1213-11-0026	123,594
Adoption Assistance (Title IV-E) Direct contract costs	93.659	G-1011-11-5026 / G-1213-11-0026	505,680
Total CFDA # 93.659			<u>18,999,744</u>
Social Services Block Grant (Title XX)	93.667	G-1011-11-5026 / G-1213-11-0026	<u>24,716,857</u>
Child Abuse and Prevention Month	93.590	G-1011-11-5026 / G-1213-11-0026	<u>1,999</u>
Chafee Foster Care Independence Program	93.674	G-1011-11-5026 / G-1213-11-0026	<u>415,335</u>
Child Support Enforcement Research	93.564	G-1011-11-5026 / G-1213-11-0026	<u>166,147</u>
Children's Justice Grants to States	93.643	G-1011-11-5026 / G-1213-11-0026	<u>3,280</u>
Medical Assistance Program - Medicaid	93.778	G-1011-11-5026 / G-1213-11-0026	9,259,352
Medical Assistance Program (Child Welfare Related)- Medicaid	93.778	G-1011-11-5026 / G-1213-11-0026	230,790
Total CFDA # 93.778			<u>9,490,142</u>
Title IV-E Administration Juvenile Court	93.658	75-5-1545	<u>668,603</u>
<i>Passed Through Ohio Department of Mental Health Services:</i>			
Social Services Block Grant (Title XX)	93.667	MH12	<u>1,131,470</u>
Medical Assistance Program — Title XIX	93.778	N/A	88,284,869
ARRA - Medical Assistance Program ARRA— Title XIX, Recovery Act Fundec	93.778	N/A	3,763,323
Total CFDA # 93.778			<u>92,048,192</u>
Block Grants for Community Mental Health Services	93.958	MH12	<u>816,927</u>
<i>Passed Through the Ohio Department of Mental Retardation and Development Disabilities</i>			
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries: Ticket to Work Program	96.009	N/A	<u>7,670</u>
ARRA - Medical Assistance Program — Title XIX — TCM, Recovery Act Fundec	93.778	N/A	198,225
ARRA - Medical Assistance Program — Day Rehabilitation, Recovery Act Fundec	93.778	N/A	1,226,763
Medical Assistance Program — Waiver Administration	93.778	N/A	9,651,922
Home Care Waiver Program	93.778	N/A	82,839
Total CFDA # 93.778			<u>11,159,749</u>
Social Services Block Grant (Title XX)	93.667	MR-18-01	<u>937,028</u>
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services</i>			
Substance Abuse and Mental Health Services - Access To Recovery	93.275	99-E66F-ATR-T-09-0836	<u>5,000</u>
Block Grants For Prevention and Treatment of Substance Abuse:			
Health Block Grant (Per Capita)	93.959	N/A	6,773,868
UMADOP	93.959	N/A	497,205
Women's 15%	93.959	N/A	1,643,505
Yment	93.959	N/A	164,811
TASC	93.959	N/A	164,643
Community Prevention	93.959	N/A	143,089
Project Safe (new HIV)/OUTREACH	93.959	N/A	99,613
Drug Free Community Coalition	93.959	N/A	80,077
Youth Services DYS Aftercare	93.959	N/A	255,021
Youth-Led Prevention	93.959	N/A	15,363
TASC FY 11	93.959	18-10342-TASC-O-11-9196	335,685
TASC FY 12	93.959	18-10342-TASC-O-11-9196	233,222
TASC FY O5	93.959	18-02962-TASC-T-05-9196	(11,021)
TASC FY O7	93.959	18-02962-TASC-T-07-9196	23,976
TASC FY O8	93.959	18-10342-TASC-T-08-9196	54
TASC FY O10	93.959	18-10342-TASC-T-10-9196	8,313
TASC FY O11	93.959	18-10342-TASC-O-11-9196	(2,218)
Total			<u>10,425,206</u>

See accompanying notes to this Schedule

CUYAHOGA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services (Continued)</i>			
Medical Assistance Program — Title XIX	93.778	N/A	8,836,175
ARRA - Medical Assistance Program ARRA — Title XIX, Recovery Act Fundec	93.778	N/A	400,154
Total CFDA # 93.778			<u>9,236,329</u>
Total U.S. Department of Health and Human Services			<u><u>261,283,400</u></u>
SOCIAL SECURITY ADMINISTRATION			
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Social Security - Disability Insurance	96.001	N/A	79,683
Social Security - Retirement Insurance	96.002	N/A	177,241
Total Social Security Administration			<u><u>256,924</u></u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Direct Programs:</i>			
Port Security Grant Program FY 08/09	97.056	2008-GB-T8-K107	281,070
Port Security Grant Program FY 10/13	97.056	2010-PU-T0-K018	26,473
Total CFDA # 97.056			<u>307,543</u>
<i>Passed Through the Ohio Department of Public Safety:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters):			
Fema Hurricane Katrina Public Assistance	97.036	3250-EM-035-05C44	2,320
Emergency Management Performance Grants:			
Emergency Management	97.042	34-6000.817	231,246
<i>Passed Through the Ohio Department of Emergency Management Assistance:</i>			
Interoperable Emergency Communications FY 2008	97.055	2008-IO-T8-0044	112,534
Interoperable Emergency Communications FY 2009	97.055	2009-IP-T9-0016	116,449
Total CFDA # 97.055			<u>228,983</u>
Homeland Security Grant Program:			
State SHSP-Law Enforcement (SHSPLE) 2008	97.067	2008-GE-T8-0025	901,712
State SHSP-Law Enforcement (SHSPLE) 2009	97.067	2009-SS-T9-0089	5,031
SHSP Exercise FY2008	97.067	2008-HSGEP-08-002	4,242
Urban Area Security Initiative (URSI)	97.067	2006-TU-T6-0051	(2,795)
Urban Area Security Initiative (URSI)	97.067	2007-GE-T7-0030	265,833
Urban Area Security Initiative (URSI)	97.067	2008-GE-T8-0030	3,231,304
Urban Area Security Initiative (URSI)	97.067	2009-SS-T9-0089	406,513
Urban Area Security Initiative (URSI)	97.067	2010-SS-TO-0012	115,802
Community Emergency Response Team Grant	97.067	2008-GE-T8-0025	1,045,160
Community Emergency Response Team Grant	97.067	2009-SS-T9-0089	336,088
Law Enforce Terrorism Prevention Program	97.067	2007-GE-T7-0030	935,911
Total Homeland Security Grant Program			<u>7,244,801</u>
Total U.S. Department of Homeland Security			<u><u>8,014,893</u></u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Programs:</i>			
CDBG - Entitlement Grants Cluster:			
CDBG Rehab Operations FY 08	14.218	B-08-UC-39-0001	38,274
2008 Neighborhood Stabilization Program	14.218	B-08-UC-39-0002	3,941,270
2011 NSP 3 Admin	14.218	B-11-UN-39-0002	6,468
CDBG YR 35 2009	14.218	B-09-UC-39-0001	474,959
CDBG YR 36 2010	14.218	B-10-UC-39-0001	1,945,878
CDBG YR 37 2011	14.218	B-11-UC-39-0001	2,286,004
CDBG Program Loans (FY 2011 Beg Bal Loan Rec)	14.218		13,137,807
ARRA - 2009 CDBG ARRA Entitlement Grants (CDBG-R), Recovery Act Funded	14.253	B-09-UY-39-0001	48,377
Total CDBG - Entitlement Grants Cluster			<u>21,879,037</u>
CDBG / State's Program and Non-Entitlement Grants:			
2009 STATE NSP PROJECT PLAN	14.228	B-Z-08-246-1	152,845
Emergency Shelter Grants Program (ESG) 2010	14.231	S-10-UC-39-0001	170,514
Emergency Shelter Grants Program (ESG) 2011	14.231	S-11-UC-39-0001	3,274
Total CFDA # 14.231			<u>173,788</u>

See accompanying notes to this Schedule

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Grant Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)			
<i>Direct Programs: (Continued)</i>			
Supportive Housing Program:			
SHP-'07- DOMESTIC VIOLENCE CENTER	14.235	OH16B70-2030	51,426
SHP '08 SA Pass Transitional	14.235	OH0053B5E020801	527,499
SHP '09 -SA ZELMA GEORGE	14.235	OH0073B5E020802	155,502
SHP-09 HEP	14.235	OH0070B5E020802	187,118
SHP-10 HEP	14.235	OH0070B5E021003	172,265
SHP -08-PASS Supportive	14.235	OH0052B5E020801	265,549
Total CFDA # 14.235			<u>1,359,359</u>
Shelter Plus Care 2005 — SRA	14.238	OH16C50-2001	690,461
Shelter Plus Care 2005 — TRA	14.238	OH16C50-2003	33,226
Shelter Plus Care 2006 - SRA	14.238	OH16C60-2001	468,969
Shelter & Care '08 Renewal -SRA	14.238	OH0058C5E020801	2,274
Shelter+ Care '09 Renewal -SRA	14.238	OH0278C5E020901	251,358
Shelter+ Care '07 - SRA	14.238	OH16C70-2001	381,929
Shelter+ Care '08 - SRA	14.238	OH0035C5E020800	245,372
Shelter & Care '09 - SRA (6yr)	14.238	OH0310C5E020900	118,531
Shelter & care '09 renewal - SRA	14.238	OH0060C5E020802	10,893,321
Total CFDA # 14.238			<u>13,085,441</u>
Home Investment Partnerships Program (HOME):			
Home 2005	14.239	M-05-DC-39-0216	115,000
Home ADM Operations 2006	14.239	M-03-DC-39-0216	196,970
Home 2007	14.239	M-07-DC-39-0216	181,056
Home 2008	14.239	M-08-DC-39-0216	424,615
Home 2009	14.239	M-09-DC-39-0216	638,590
Home 2010	14.239	M-10-DC-39-0216	1,502,116
Home 2011	14.239	M-11-DC-39-0216	727,724
Home Program Loans (FY 2011 Beg Bal Loans Receivable)	14.239		11,575,659
Total CFDA # 14.239			<u>15,361,730</u>
CDBG / Brownfields Economic Development Initiative:			
HUD Section 108	14.246	B-94-UC-39-0001	638,920
Neighborhood Stabilization (NSP2 - Admin):			
2010 NSP2 admin	14.256	B-09-CN-OH-0032	3,317,874
ARRA - Homelessness Prevention and Rapid Re-Housing Program, Recovery Act Fundec	14.257	S-09-UY-39-0001	576,980
Lead-Based Paint Hazard Control in Privately-Owned Housing			
2007 Lead Hazard Reduction	14.900	623945391	117,601
2007 Lead Hazard Control	14.900	623945391	(3,879)
Total CFDA # 14.900			<u>113,722</u>
<i>Passed Through the State of Ohio:</i>			
ARRA - Homelessness Prevention and Rapid Re-Housing Program, Recovery Act Fundec	14.257	B-A-09-246-1	1,410,271
<i>Passed Through the City of Cleveland:</i>			
ARRA - Homelessness Prevention and Rapid Re-Housing Program, Recovery Act Fundec	14.257	S-09-MY-39-0004	3,504,624
<i>Passed Through the City of Cleveland Heights:</i>			
ARRA - Homelessness Prevention and Rapid Re-Housing Program, Recovery Act Fundec	14.257	S-09-MY-39-0005	319,546
<i>Passed through the Cuyahoga County Board of Health:</i>			
2011 Healthy Homes Initiative Grants	14.901	OHLHD0218-10	13,869
<i>Passed through the Cuyahoga County Board of Health:</i>			
2011 Lead Hazard Reduction Demonstration Grant	14.905	OHLHD0218-10	212,230
Total U.S. Department of Housing and Urban Development			<u><u>62,120,236</u></u>

See accompanying notes to this Schedule

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Grant Expenditures</u>
U.S. DEPARTMENT OF JUSTICE:			
<i>Direct Programs:</i>			
National Institute of Justice Research, Evaluation, and Development Project Grants			
Cold cases using DNA (2010/2011)	16.560	2009-DN-BX-K254	378,070
Northern Border Initiative CY 2010	16.560	2009-NB-BX-08AO	7,212
Total CFDA # 16.560			<u>385,282</u>
Drug Court Discretionary Grant Program:			
Juvenile Drug Court Enhancement - OJJDP	16.585	2005-DC-BX-0060	<u>(32,681)</u>
Residential Substance Abuse Treatment for State Prisoners:			
ADAMHSBCC OCJS - RSAT Residential Correction Program	16.593	2010-RS-SAT-132	<u>41,500</u>
Bulletproof Vest Partnership Program	16.607	N/A	<u>44,723</u>
Reduction and Prevention of Children's Exposure to Violence:			
Child Exposed to Violence Demo PHSI	16.730	2010-MU-MUK-001	<u>143,244</u>
ARRA - Internet Crimes against Children Task Force Program (ICAC), Recovery Act Funded:			
ARRA - Recovery Act ICAC Task Force FY09	16.800	2009-SN-B9-K029	<u>125,811</u>
Supervised Visitation, Safe Havens for Children:			
Safe Havens: SVSE 2007	16.527	2006-CW-AX-0001	<u>2,830</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program:			
Family Justice Center Project - 09/2011	16.590	2009-WE-AX-0043	<u>321,351</u>
DNA Backlog Reduction Program	16.741	2009-DN-BX-K090	15,915
DNA Backlog Reduction Program	16.741	2010-DN-BX-K073	28,431
Total CFDA # 16.741			<u>44,346</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2010-PC-NFS-7807	<u>65,428</u>
Missing Children's Assistance:			
Internet Crimes Against Children FY 09	16.543	2009-MC-CX-K032	368,293
Internet Crimes Against Children FY 11-12	16.543	2011-MC-CX-K026	22,040
Total CFDA # 16.543			<u>390,333</u>
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	<u>46,948</u>
Edward Byrne Memorial Justice Assistance Grant Program:			
JAG Asst Justice 07	16.738	2007-DJ-BX-1355	1
JAG Asst Justice 08	16.738	2008-DJ-BX-0287	19,333
JAG Asst Justice 09-13	16.738	2010-DJ-BX-0251	17,133
Total CFDA # 16.738			<u>36,467</u>
Congressionally Recommended Awards:			
Cuyahoga County Fatherhood Initiative	16.753	2010-DD-BX-0405	295,101
Prisoner Reentry Program - FY 2011	16.753	2010-DD-BX-042	367,382
Total CFDA # 16.753			<u>662,483</u>
Second Chance Act Prisoner Reentry Initiative:			
Modified Therapeutic & Intensive Case Management	16.812	2010-RW-BX-0010	134,077
Project Restore Program 2010/2011	16.812	2010-CZ-BX-0113	82,147
Total CFDA # 16.812			<u>216,224</u>
<i>Passed Through Ohio Office of Justice Assistance:</i>			
Crime Victim Assistance:			
Voca Children Who Witness Violence 2011	16.575	2011-ADSCE471	<u>59,875</u>
<i>Passed Through the Ohio Department of Public Safety:</i>			
Edward Byrne Memorial Justice Assistance Grant Program:			
Cuyahoga Regional TEW	16.738	2006-JG-E01-6562	671
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program, Recovery Act Funded:			
ARRA-S. Tubbs Jones Drug Court 09/10	16.803	2009-RA-01-2153	136,281
ARRA-Apprenticeship Grant 09/10	16.803	2009-RA-CO1-2147	7,603
Total JAG Program Cluster			<u>144,555</u>

See accompanying notes to this Schedule

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Grant Expenditures
U.S. DEPARTMENT OF JUSTICE: (Continued)			
<i>Passed Through the Ohio Department of Public Safety:(Continued)</i>			
ARRA - Edward Byrne Memorial Competitive Grant Program, Recovery Act Funded			
ARRA-Recovery Act Reducing Mortgage Fraud	16.808	2009-SC-B9-0080	26
ARRA-Recovery Act Drug Court Grant FY 2011	16.808	9910342-ARRA-T111101	(10,264)
ARRA-ODADAS STJ Drug Court Expansion	16.808	091B01-ARRA-T111122	96,734
ARRA-Recovery Act Drug Court Grant FY 2011	16.808	9910342-ARRA-T111101	33,567
Total CFDA # 16.808			<u>120,063</u>
Juvenile Justice and Delinquency Prevention Allocation to States:			
JJDP Block Grant FY 2009	16.540	2008-JJ-RPU-0795	11,247
JJDP Block Grant FY 2010	16.540	2009-JJ-RPU-0795	74,892
JJDP Block Grant FY2011	16.540	2010-JJ-RPU-0795	140,029
2010 Cuyahoga JJ Administration	16.540	2009-JJ-ADM-0320	1,661
2011 Cuyahoga JJ Administration	16.540	2010-JJ-ADM-0320	19,500
Total CFDA # 16.540			<u>247,329</u>
<i>Passed Through the Office of Criminal Justice Services:</i>			
<i>Violence Against Women Formula Grants:</i>			
FY 2010 VAWA Block Grant	16.588	2009-WF-RPU-0768	240,004
FY 2011 VAWA Block Grant	16.588	2010-WF-RPU-0769	352,530
FY 2009 VAWA Administration	16.588	2009-WF-ADM-8668	4,549
FY 2010 VAWA Administration	16.588	2010-WF-ADM-8668	11,486
ARRA - FY 09 Recovery Act Stop VAWA, Recovery Act Funded	16.588	2009-AR-RPU-0768	86,643
Total CFDA # 16.588			<u>695,212</u>
<i>Passed Through the Ohio Department of Youth Services:</i>			
<i>Juvenile Accountability Block Grants:</i>			
ODYS Step Down	16.523	2007-JB-01-B068	3,463
2009 JAIBG Block Grant	16.523	2008-JB-RPU-0700	100,371
2010 JAIBG Block Grant	16.523	2009-JB-RPU-0700	129,678
2011 JAIBG Block Grant	16.523	2010-JB-RPU-0700	151,785
Total CFDA # 16.523			<u>385,297</u>
<i>Passed Through the City of Cleveland:</i>			
<i>ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program, Recovery Act Funded:</i>			
ARRA - Recovery Act-Justice Reform 2009/2013	16.804	2009-SC-B9-0367	352,916
Total U.S. Department of Justice			<u>4,499,536</u>
U.S. DEPARTMENT OF LABOR:			
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
<i>WIA Cluster:</i>			
WIA-Adult Programs (SFY 11) (1/11 - 6/11)	17.258	JFSFAP10	936,815
WIA-Adult Programs (SFY 11)-Admin (1/11 - 6/11)	17.258	JFSFAP10	54,100
WIA-Adult Programs (SFY 12) (7/11 - 12/11)	17.258	JFSFAP11	1,296,495
WIA-Adult Programs (SFY 12)-Admin (7/11 - 12/11)	17.258	JFSFAP11	58,886
Total WIA - Adult			<u>2,346,296</u>
WIA-Youth Activities (SFY 11) (1/11 - 6/11)	17.259	JFSFYP10	2,606,097
WIA-Youth Activities (SFY 11)-Admin (1/11 - 6/11)	17.259	JFSFYP10	150,500
WIA-Youth Activities (SFY 12) (7/11 - 12/11)	17.259	JFSFYP11	1,301,777
WIA-Youth Activities (SFY 12)-Admin (7/11 - 12/11)	17.259	JFSFYP11	59,126
Total WIA - Youth Activities			<u>4,117,500</u>
WIA-Dislocated Formula (SFY 11) (1/11 - 6/11)	17.278	JFSFDP10	(810,448)
WIA-Dislocated Formula (SFY 11)-Admin (1/11 - 6/11)	17.278	JFSFDP10	53,555
WIA-Dislocated Formula (SFY 12) (7/11 - 12/11)	17.278	JFSFDP11	781,785
WIA-Dislocated Formula (SFY 12)-Admin (7/11 - 12/11)	17.278	JFSFDP11	35,508
Adult Under Dislocated Worker	17.278	JFSFAP10	1,737,811
Rapid Response	17.278	JFSFDP10,11	765,293
ARRA - Rapid Response, Recovery Act Funded	17.278	JFSDF09S	1,452,115
ARRA - Ohio Learning Account, Recovery Act Funded	17.278	JFSFSW10S	119,114
Total WIA - Dislocated Workers			<u>4,134,733</u>
Total U.S. Department of Labor			<u>10,598,529</u>

See accompanying notes to this Schedule

CUYAHOGA COUNTY, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Grant Expenditures</u>
U.S. DEPARTMENT OF INTERIOR			
<i>Passed Through the Ohio and Erie Canal Association:</i>			
Outdoor Recreation Acquisition, Development, and Planning: Towpath Trail Survey - OECA	15.916	N/A	4,674
Total U.S. Department of Interior			<u>4,674</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
<i>Passed Through the Ohio Department of Transportation:</i>			
<i>Highway Planning and Construction:</i>			
ODOT — LPA/Bagley Road		E080 (859)	1,563,085
ODOT — LPA/Bainbridge Right of Way	20.205	E080 (298)	7,117
ARRA - ODOT — LPA/Bainbridge Road, Recovery Act Funded	20.205	E080 (298)	6,586,020
ODOT — LPA/Eastland Rd and East Land Bridge No. 27	20.205	FAN-E050493	2,368,541
ODOT — LPA/Fitch Road Grade Separation	20.205	E041 (150)	2,786,302
ODOT — LPA/Fitch Road Right of Way	20.205	E041 (150)	423,927
ODOT — LPA/Cuyahoga Fitch Road	20.205	FAN-EO41150	(394,307)
ODOT — LPA/Old Royalton Road Bridge 107	20.205	E80 (140)	770,352
ODOT — LPA/ Rockside Road Bridge # 218	20.205	E050(174)	158,221
ODOT — LPA/ Rockside Road -Broadway to Aurora Rd.	20.205	E090(778)	1,926,239
ODOT — LPA/St. Clair Ave- East 72 st to East 140 st	20.205	E80 (724)	668,466
ODOT — LPA/Stearns Road Project	20.205	E036 (675)	79,508
ODOT — LPA/Sprague Road-York road to State road	20.205	E091 (079)	3,160,926
ODOT — LPA/Tiedman Road-Brookpark to Memphis	20.205	E091 (078)	1,186,381
ODOT — LPA/Towpath Trail Project	20.205	E060(392)	37,211
ODOT — LPA/West 3th Bridge	20.205	E080(918)	232,116
Total Highway Planning and Construction Cluster			<u>21,560,105</u>
<i>Airport Improvement Program:</i>			
Airport - 2009 Rehabilitation Taxiway C	20.106	N/A	571,575
2010 FAA Rehabilitation Taxiway B,A6,U,W & Apron K	20.106	N/A	326,104
Total CFDA # 20.106			<u>897,679</u>
<i>Interagency Hazardous Materials Public Sector Training and Planning Grants</i>			
Hazardous Materials Emergency Preparation Training	20.703	HMEOH8016060	38,789
Total U.S. Department of Transportation			<u>22,496,573</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
<i>Passed Through the Ohio Department of Job and Family Services:</i>			
Training and Technical Assistance	94.009	N/A	84,520
Total Corporation for National and Community Service			<u>84,520</u>
FEDERAL DEPARTMENT OF ARMY U.S. ARMY CORPS OF ENGINEERS			
<i>Direct Program:</i>			
Cuyahoga River Environment Restoration	12.XXX	NA	23,854
Total Federal Department of Army U.S. Army Corps of Engineers			<u>23,854</u>
FEDERAL DEPARTMENT OF COMMERCE			
<i>Direct Program:</i>			
Investments for Public Works and Economic Development Facilities: 2009 Lakefront Connector Bridge	11.300	06-01-05392	89,929
Total Federal Department of Commerce			<u>89,929</u>
FEDERAL DEPARTMENT OF INTERNATIONAL DEVELOPMENT			
<i>Direct Program:</i>			
USAID Foreign Assistance for Programs Overseas: Development of DNA Database for Convicted Offenders in Pakistan	98.001	PGA-P280515	(26,100)
Total Federal Department of International Development			<u>(26,100)</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 402,412,192</u>

See accompanying notes to this Schedule

CUYAHOGA COUNTY, OHIO
NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of the primary government of Cuyahoga County, Ohio, under programs financed by the U.S. government for the year ended December 31, 2011. The Schedule has been prepared using the cash basis of accounting. For purposes of the Schedule, federal awards include the following:

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

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

The County's basic financial statements include the operations of MetroHealth System, a discretely presented component unit, which expended \$7,949,442 in federal awards during the year ended December 31, 2011. These expenditures are not included in the accompanying Schedule for the year ended December 31, 2011, because MetroHealth System had a separate audit performed by other auditors in accordance with OMB Circular A-133.

2. LOANS RECEIVABLE

As shown in the table below, the County had loans receivable outstanding at December 31, 2011, under the Community Development Block Grant (CDBG) Entitlement and Home Investment Partnership programs. All of the loans outstanding at December 31, 2011, pertained to federal awards received by the County, or program income associated with these awards, and provided as loans to eligible recipients in prior years. The loan balances detailed below were included in federal expenditures presented in the accompanying Schedule. The loans outstanding at December 31, 2011, under federal grant programs were as follows:

<u>Program Title</u>	<u>Federal CFDA No.</u>	<u>Loan Amounts Outstanding at December 31, 2011</u>
CDBG — Entitlement and (HUD-Administered) Small Cities Cluster	14.218	\$ 15,076,778
CDBG Home Investment Partnership Program	14.239	<u>11,985,845</u>
Total		<u><u>\$ 27,062,623</u></u>

3. SUBRECIPIENTS

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

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

CUYAHOGA COUNTY, OHIO
NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

4. MATCHING REQUIREMENTS

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

5. DISCRETELY PRESENTED COMPONENT UNITS

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

6. NEGATIVE AMOUNTS

Negative amounts represent adjustments or credits made to amounts reported as expenditures in the current fiscal year or to amounts reported as expenditures in prior years.



Dave Yost • Auditor of State

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

Cuyahoga County
1219 Ontario Street
Cleveland, Ohio 44113-1657

To the Members of Council:

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of Cuyahoga County, Ohio (the County) as of and for the year ended December 31, 2011 which collectively comprise the County's basic financial statements and have issued our report thereon dated July 12, 2013, wherein we noted the County implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the discretely presented component unit, The MetroHealth System, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2011-01 to 2011-04.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated July 12, 2013.

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

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



Dave Yost
Auditor of State
Columbus, Ohio

July 12, 2013



Dave Yost • Auditor of State

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

Cuyahoga County
1219 Ontario Street
Cleveland, Ohio 44113-1657

To the Members of Council:

Compliance

We have audited the compliance of Cuyahoga County, Ohio, (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that directly and materially affect each of its major federal programs for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the MetroHealth System, which expended \$7,949,442 in federal awards which is not included in the County's Federal Awards Expenditure Schedule for the year ended December 31, 2011. Our audit of Federal awards, described below, did not include the operations of the MetroHealth System because the component unit engaged another auditor to audit its Federal award programs in accordance with OMB Circular A-133.

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

As described in findings 2011-05 through 2011-07 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding procurement and suspension and debarment applicable to its Adoption Assistance Grant (Title IV-E) and eligibility applicable to its Temporary Assistance for Needy Families (TANF) major federal programs. Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to these programs.

The results of our auditing procedures also disclosed another instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists this instance as finding 2011-08.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
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In our opinion, except for the noncompliance described in the preceding paragraph, Cuyahoga County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-05 through 2011-08 to be material weaknesses.

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

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



Dave Yost
Auditor of State
Columbus, Ohio

July 12, 2013

CUYAHOGA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified for all major programs except for the Temporary Assistance for Needy Families (TANF) and the Adoption Assistance (Title IV-E) federal programs which were qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Program(list):	<p>Child Nutrition Cluster: School Breakfast Program (SBP), CFDA# 10.553, National School Lunch Program (NSLP), CFDA# 10.555</p> <p>CDBG- Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants, CFDA# 14.218 Community Development Block Grant ARRA Entitlement Grants (CDBG-R), CFDA# 14.253</p> <p>Neighborhood Stabilization Program (NSP2), CFDA# 14.256</p> <p>ARRA- Homelessness Prevention and Rapid Re-Housing Program (HPRP), CFDA# 14.257</p> <p>Congressionally Recommended Awards- Fatherhood Initiative Program/Prisoner Reentry Program, CFDA# 16.753</p> <p>Airport Improvement Program, CFDA# 20.106</p> <p>Highway Planning and Construction (Federal-Aid Highway Program), CFDA# 20.205 and ARRA-Recovery Act</p>

CUYAHOGA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

		<p>Brownfields Assessment and Cleanup Cooperative Agreements, CFDA# 66.818 and ARRA-Recovery Act</p> <p>Weatherization Assistance for Low-Income Persons, CFDA# 81.042 and ARRA-Recovery Act</p> <p>Energy Efficiency and Conservation Block Grant Program, CFDA# 81.128 and ARRA-Recovery Act</p> <p>Special Education Cluster (IDEA): Special Education- Grants to States (IDEA, Part B), CFDA# 84.027, Special Education- Preschool Grants (IDEA Preschool), CFDA# 84.173, ARRA-Special Education-Grants to States (IDEA, Part B, CFDA#84.391, ARRA-Special Education- Preschool Grants (IDEA Preschool), CFDA# 84.392</p> <p>Rehabilitation Services- Vocational Rehabilitation Grants to States, CFDA# 84.126</p> <p>Early Intervention Services (IDEA) Cluster: Special Education- Grants for Infants and Families, CFDA# 84.181, ARRA-Special Education- Grants for Infants and Families, CFDA# 84.393</p> <p>Temporary Assistance For Needy Families (TANF) (Title IV-A), CFDA# 93.558</p> <p>CCDF Cluster: Child Care and Development Block Grant (Title IV-A), CFDA# 93.575, Child Care and Mandatory and Matching Funds of the Child Care and Development Fund, CFDA# 93.596</p> <p>Adoption Assistance (Title IV-E), CFDA# 93.659</p> <p>Medical Assistance Program (Medicaid; Title XIX), CFDA# 93.778 and ARRA-Recovery Act</p> <p>Homeland Security Grant Program, CFDA# 97.067</p>
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 3,000,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

CUYAHOGA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

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

Finding Number	2011-01
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Material Noncompliance Finding – County Financial Reports

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

Ohio Rev. Code §319.11 states in part that the county auditor upon completing the annual financial report shall publish notice that the report has been completed and is available for public inspection at the office of the county auditor. The notice shall be published once in a newspaper of general circulation in the county. If there is no newspaper of general circulation in the county, then publication is required in the newspaper of general circulation in an adjoining county that has the largest circulation in that adjoining county. The report shall contain at least the information required by section 117.38 of the Revised Code, and a copy shall be filed with the auditor of state.

The County filed the 2011 annual financial report with the Auditor of State on June 2, 2013 and it did not publish the required notice. This weakness results in delays in the audit process and hinders the County's ability to analyze financial information and make sound financial decisions.

We recommend the County file the annual report timely and publish the required notice.

County's Response

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

Finding Number	2011-02
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Material Noncompliance Finding – Negative Cash Fund Balances

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

As of December 31, 2011, the following funds had negative cash fund balances:

<u>Fund</u>	<u>Amount</u>
Governmental Funds:	
Community Development	(\$1,753,038)
Workforce Investment Act	(603,863)
Capital Projects	(70,693,739)
Enterprise Funds:	
County Parking Garage	(312,372)
Central Custodial Services	(1,469,745)

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

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

CUYAHOGA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

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

Finding Number	2011-02
-----------------------	----------------

(Continued)

County's Response

We agree with the auditors' comments. However, while the funds appear to have negative cash balances the County maintains sufficient cash balances in the General fund to pay for any and all expenditures at the time the expenditure was made. The Capital Projects fund will be replenished when debt is issued for the various capital projects. The remaining funds will be replenished when funds are received from granting agencies or other county agencies.

Finding Number	2011-03
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Material Noncompliance Finding – Appropriations Exceeded Total Estimated Resources

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

The County filed their original permanent appropriations on January 15, 2011. However, the County Auditor did not issue a "do not exceed" certificate due to the following funds having appropriations in excess of total estimated resources:

<u>Fund Name</u>	<u>Original Estimated Revenues Plus Carryover Balances</u>	<u>Appropriations</u>	<u>Variance</u>
Human Services	\$225,888,617	\$240,917,048	(\$15,028,431)
Community Development	(8,432,187)	3,034,357	(11,466,544)
Workforce Investment Act Operating	14,477,325	23,518,112	(9,040,787)
Capital Projects Fund	(62,236,030)	-	(62,236,030)
County Parking Garage	3,114,222	4,295,305	(1,181,083)
Data Processing	17,475,386	19,029,898	(1,554,512)
Printing and Reproduction	3,672,339	4,957,040	(1,284,701)

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

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

County's Response

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

**CUYAHOGA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

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

Finding Number	2011-04
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Material Noncompliance Finding – Proper Certification of Funds

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

The fiscal officer did not certify there were sufficient funds to meet any obligation during 2011. This weakness may result in obligations being entered into and sufficient funds not being available to pay for it.

We recommend the fiscal officer certify the availability of funds for all transactions prior to entering into the obligation.

County’s Response

We agree with the auditors’ comments. Contracts and purchases were certified during the year; however, they were not certified by the Fiscal officer. Policies and procedures will be modified to ensure the Fiscal Officer certifies the availability of funds prior to entering into the obligation.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2011-05
CFDA Title and Number	Adoption Assistance (Title IV-E), CFDA# 93.659
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

Material Weakness, Material Noncompliance, Procurement and Suspension and Debarment Finding

2 CFR 180.305 states that Non-Federal entities are generally prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

**CUYAHOGA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2011-05
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(Continued)

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

We noted fourteen contractors were paid in excess of \$25,000 in Adoption Assistance federal program monies and they did not verify they were not suspended or debarred. As a result, controls were not in place to ensure that contractors suspended or debarred did not receive federal program monies.

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

County's Response

We agree with the auditors' comments. Policies and procedures have been put in place through the Inspector General's Office to ensure contractors are not suspended or debarred. Agencies will also be made aware of procedures to follow for non-contracting vendors that are paid with federal funds to ensure they are not suspended or debarred.

Finding Number	2011-06
CFDA Title and Number	Temporary Assistance for Needy Families (TANF) (Title IV-A), CFDA# 93.558
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

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

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

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

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

CUYAHOGA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2011-06
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(Continued)

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

- Three instances (7.5%) in which the PRC applications were not maintained in the electronic case files.
- Four instances (10%) in which the “Notice of Decision of Your Application For PRC Benefits” were not maintained in the electronic case files.

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

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

County’s Response

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

Finding Number	2011-07
CFDA Title and Number	Temporary Assistance for Needy Families (TANF) (Title IV-A), CFDA# 93.558
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

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

45 CFR § 260.31(a) states, in pertinent part:

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

CUYAHOGA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2011-07
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(Continued)

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

Cuyahoga County's Prevention Retention Contingency Program Manual, dated November 1, 2011, includes eligibility requirements. In addition, page 6 of the Manual states that "all countable income which is received or expected to be received during the 30 day budget period is considered when determining financial need." The 30-day budget period begins 30 days prior to the date of the PRC application.

A test of 40 cases disclosed an instance (2.5%) in which the Income Eligibility Support was not maintained and scanned into the electronic database. We reviewed the Cash Issuance History Screen (IQCH Report) and noted \$443 in grant funds were used in this instance during 2011. This projects to a questioned cost in excess of \$10,000. Missing case file documentation increases the risk that program funds were used to serve ineligible applicants. Without consistently obtaining, maintaining or reviewing the required documentation on file, the CCDJFS may not be able to fully support or ensure payments were made only to or on behalf of eligible recipients which could and did result in questionable benefit.

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

County's Response

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

Finding Number	2011-08
CFDA Title and Number	Adoption Assistance (Title IV-E), CFDA# 93.659
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

Material Weakness and Material Noncompliance Finding – Adjustments to the Federal Schedule

A-133.300 includes the following auditee responsibilities.

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

CUYAHOGA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

Finding Number	2011-08
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(Continued)

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §___.310.

Management is responsible for developing internal control procedures which provide reasonable assurance the County's Schedule of Expenditures of Federal Awards (the Schedule) is complete and accurate. Sound internal controls require a review of the Schedule be performed and documented to verify the information reported is complete and accurate before finalizing the Schedule.

We noted the County does not have any written policies and procedures to ensure the completeness and accuracy of the amounts reported on the Schedule. We also noted the County did not follow the required guidance maintained in the Auditor of State's website pertaining to reporting Job and Family Services (JFS) program expenditures on the Schedule.

We noted the expenditure amount reported for Adoption Assistance (Title IV-E) was \$910,980 while the correct amount was \$18,999,744, a difference of \$18,088,764. Management made the necessary adjustment to the Schedule.

We also noted similar errors in the following non-major programs and Management made the necessary adjustment to the Schedule:

Federal Program	CFDA #	Amount Reported	Corrected Amount	Difference
Child Support Enforcement (Title IV-D)	93.563	\$18,008,954	\$21,233,659	\$3,224,705
Foster Care (Title IV-E)	93.658	1,294,152	23,474,227	22,180,075

We recommend that written policies and procedures be developed detailing the process to be followed when preparing the Schedule. The procedures should document the names of the employees responsible for calculating and verifying the amounts to be reported on the Schedule by CFDA number. The procedures should also require following the guidance maintained in the Auditor of State website when reporting JFS expenditures and other federal resources.

County's Response:

We agree with the auditors' comments. Procedures will be put in place to ensure staff is trained on the proper methods to compile the Schedule of Expenditures of Federal Awards.

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CUYAHOGA COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
FOR THE YEAR ENDED DECEMBER 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Numerous audit adjustments were made to the financial statements.	Yes	
2010-02	The County filed the 2010 annual financial report on May 27, 2011. However, the report headings, data and information were actually 2009 information. Comparative information provided was a comparison of 2009 to 2008 rather than 2010 compared to 2009. The County also failed to publish the required notice.	No	Partially Corrected, see finding 2011-01
2010-03	Nine funds had negative cash fund balances at year end, contrary to ORC § 5705.10(H),	No	Not Corrected, see finding 2011-02
2010-04	Seven funds had appropriations in excess of total estimated resources, contrary to ORC § 5705.39,	No	Not Corrected, see finding 2011-03
2010-05	A review of all eight Temporary Assistance for Needy Families Summer Youth Subrecipient contracts disclosed the Department of Workforce Development did not disclose the ARRA monies and CFDA# to its subrecipients, contrary to 2 CFR Section 176.210. Furthermore, the Department did not require its subrecipients report ARRA expenditures on their Schedule of Expenditures of Federal Awards.	Yes	
2010-06	A review of the Child Care Cluster and the Adoption Assistance federal programs disclosed the County's administrators of these programs were not aware of the suspension and debarment requirements of 2 CFR 180.300.	No	Not Corrected, see finding 2011-05
2010-07	A test of 25 employees from the Board of Development Disabilities charging the Special Education Cluster federal grant disclosed none of them completed a semi-annual certification that the employee worked solely on this federal program during 2010, as required by 2 CFR Part 225, Appendix B, paragraphs 8.h 3 and 4. As a result, the total amount tested was \$31,341 and was considered a questioned cost.	Yes	

CUYAHOGA COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-08	A test of 40 case files, disclosed four instances (10%) in which the PRC applications were not maintained in the electronic case files and ten instances (25%) in which the "Notice of Decision of Your Application For PRC Benefits" were not maintained in the electronic case files. We also noted six instances (19%) of 31 case files tested in which the PRC Applications containing the supervisory approvals/sign-offs were not maintained in the electronic case files, as required by 45 CFR 206.10, Application, determination of eligibility and furnishing of assistance, (a) State plan requirements.	No	Not Corrected, see finding 2011-06
2010-09	A test of 39 case files disclosed eligibility documentation was not maintained in four instances (10%), as required by 45 CFR § 260.31(a), The errors totaled \$2,163 and were a questioned cost projected to be in excess of \$10,000.	No	Not Corrected, see finding 2011-07
2010-10	45 CFR 206.10(a)(8) states that each decision regarding eligibility or ineligibility will be supported by facts in the applicant's or recipient's case record. A test of 60 case files disclosed several instances in which proper support documentation for eligibility was not maintained. The errors totaled \$2,473 and were a questioned cost projected to be in excess of \$10,000.	Yes	



Dave Yost • Auditor of State

CUYAHOGA COUNTY FINANCIAL CONDITION

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 6, 2013