

**Mary Taylor, CPA**  
Auditor of State



CITY OF CLEVELAND  
CUYAHOGA COUNTY

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**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2009**

<b>Federal Grant/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Federal Expenditures</b>
<b>Department of Agriculture</b>			
Direct Programs:			
Summer Food Service Program for Children 2007	10.559		45,139
Summer Food Service Program for Children 2008	10.559		64,766
Summer Food Service Program for Children 2009	10.559		177,354
			<u>287,259</u>
<b>Total Department of Agriculture</b>			<u><u>287,259</u></u>
<b>Department of Energy</b>			
Pass Through Programs:			
Ohio Department of Development:			
Weatherization Assistance for Low-Income Persons 2008	81.042		387,026
Weatherization Assistance for Low-Income Persons 2009	81.042		738,910
ARRA-Weatherization Assistance for Low-Income Persons 2009	81.042		4,605,074
			<u>5,731,010</u>
<b>Total Department of Energy</b>			<u><u>5,731,010</u></u>
<b>Department of Health and Human Services</b>			
Direct Programs:			
Healthy Start Initiative Yr 7	93.926		2,951
Healthy Start Initiative Yr 8	93.926		1,135,467
Healthy Start Initiative Yr 9	93.926		917,707
Healthy Start Initiative Yr 9	93.926		510,025
<b>Subtotal</b>			<u>2,566,150</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance:			
Steps To A Healthier U.S. year 4	93.283		167,893
Steps To A Healthier U.S. year 5	93.283		946,903
<b>Subtotal</b>			<u>1,114,796</u>
Pass Through Programs:			
Cuyahoga County Board of Health:			
Immunization Grants 2007	93.268	18-100-1-2-IM-0107	880
Immunization Grants 2008	93.268	18-100-1-2-IM-0108	5,639
Immunization Grants 2009	93.268	18-100-1-2-IM-0109	71,813
<b>Subtotal</b>			<u>78,332</u>
Ohio Department of Health:			
Childhood Lead Poisoning Prevention 2009	93.197	18-2-001-1-BD-09	135,208
Childhood Lead Poisoning Prevention 2010	93.197	18-2-001-1-BD-10	142,519
<b>Subtotal</b>			<u>277,727</u>

(Continued)

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2009**

<b>Federal Grant/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Federal Expenditures</b>
<b>Department of Health and Human Services-continued</b>			
Pass Through Programs:			
Cuyahoga County Board of Health (continued):			
Centers for Disease Control and Prevention - Investigations and Technical Assistance:			
City Readiness Initiative 08	93.069	18-200-1-1-LD-0108	8,113
City Readiness Initiative 09	93.069	18-200-1-2-PI-0109	768,297
City Readiness Initiative 2010	93.069	18-200-1-2-PI-0210	68,243
<b>Subtotal</b>			<u>844,653</u>
Preventive Health Services-Sexually Transmitted Diseases:			
Sexually Transmitted Diseases Diagnosis & Treatment 2007	93.977	18-2-001-2-BX-07	722
Sexually Transmitted Diseases Diagnosis & Treatment 2008	93.977	18-2-001-2-BX-08	5,485
Sexually Transmitted Diseases Diagnosis & Treatment 2009	93.977	18-2-001-2-BX-09	85,239
<b>Subtotal</b>			<u>91,446</u>
HIV Prevention 2007	93.940	18-2-001-2-AS-07	1,655
HIV Prevention 2008	93.940	18-2-001-2-AS-08	100,175
HIV Prevention 2009	93.940	18-2-001-2-AS-09	672,357
<b>Subtotal</b>			<u>774,187</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance:			
Public Health Collaborative 08	93.069	18-1-001-2-BI-08	2,302
Public Health Collaborative 09	93.069	18-1-001-2-BI-09	100,011
Public Health Collaborative 10	93.069	18-1-001-2-BI-10	92,339
<b>Subtotal</b>			<u>194,652</u>
Ohio Department of Alcohol and Drug Addiction Services:			
Block Grants for Prevention and Treatment of Substance Abuse:			
Centerpoint 2007	93.959		1,665
Centerpoint 2008	93.959		12,944
Centerpoint 2009	93.959		115,697
Centerpoint 2010	93.959		156,009
Student Assistance 2008	93.959		3,289
Student Assistance 2009	93.959		32,641
Student Assistance 2010	93.959		44,619
<b>Subtotal</b>			<u>366,864</u>
Ohio Department of Development:			
Low-Income Home Energy Assistance-HHS 2008	93.568	08-111	472,594
Low-Income Home Energy Assistance-HHS 2009	93.568	09-111	761,835
ARRA-Low-Income Home Energy Assistance-HHS 2009	93.568	ARRA-10-111	29,944
<b>Subtotal</b>			<u>1,264,373</u>
<b>Total Department of Health and Human Services</b>			<u><u>7,573,180</u></u>

(Continued)

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2009**

<b>Federal Grant/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Federal Expenditures</b>
<b>Department of Housing &amp; Urban Development</b>			
Direct Programs:			
Community Development Block Grant Entitlement Grants (CDBG) Cluster:			
CDBG Yr 30	14.218		5,683,755
CDBG Yr 31	14.218		610,404
CDBG Yr 32	14.218		1,317,277
CDBG Yr 33	14.218		1,174,024
CDBG Yr 34	14.218		10,693,273
CDBG Yr 35	14.218		9,615,694
CDBG Float Loan	14.218		3,667,963
CDBG Neighborhood Stabilization Program	14.218		2,358,263
ARRA-Community Development Block Grant ARRA- Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253		<u>105,004</u>
<b>Subtotal</b>			<u><u>35,225,657</u></u>
HOME Investment Partnerships Program 1992	14.239		509,839
HOME Investment Partnerships Program 2001	14.239		914,187
HOME Investment Partnerships Program 2002	14.239		315,566
HOME Investment Partnerships Program 2003	14.239		160,000
HOME Investment Partnerships Program 2004	14.239		230,427
HOME Investment Partnerships Program 2005	14.239		480,374
HOME Investment Partnerships Program 2006	14.239		129,185
HOME Investment Partnerships Program 2007	14.239		2,124,688
HOME Investment Partnerships Program 2008	14.239		2,426,866
HOME Investment Partnerships Program 2009	14.239		<u>311,448</u>
<b>Subtotal</b>			<u><u>7,602,580</u></u>
Emergency Shelter Grants Program 2007	14.231		108,827
Emergency Shelter Grants Program 2008	14.231		<u>1,042,259</u>
<b>Subtotal</b>			<u><u>1,151,086</u></u>
Housing Opportunities for Persons With Aids 2007	14.241		6,820
Housing Opportunities for Persons With Aids 2008	14.241		<u>559,314</u>
<b>Subtotal</b>			<u><u>566,134</u></u>
Empowerment Zones Program	14.244		<u>1,621,009</u>
<b>Subtotal</b>			<u><u>1,621,009</u></u>
Pass Through Programs:			
Ohio Department of Development:			
CDBG - Neighborhood Stabilization Program	14.218	A-Z-08-264-1	<u>2,417,837</u>
<b>Total Department of Housing &amp; Urban Development</b>			<u><u>48,584,303</u></u>
			(Continued)

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2009**

<b>Federal Grant/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Federal Expenditures</b>
<b>Department of Justice</b>			
Direct Programs:			
Public Safety Partnership and Community Policing Grants:			
Cleveland Universal Hiring II	16.710		1,368,949
Cops in School	16.710		464,575
Federal DOJ-COPS Technology GR	16.710		42,922
Federal DOJ-COPS Technology GR	16.710		14,423
<b>Subtotal</b>			<u>1,890,869</u>
Gang Resistance Education and Training 2007	16.737	2007-JV-FX-0253	16,112
<b>Subtotal</b>			<u>16,112</u>
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program	16.580	2007-DD-BX-0650	3,529,257
<b>Subtotal</b>			<u>3,529,257</u>
ARRA-Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Local Program - Grants to Units of Local Government	16.804	2009-SB-B9-0367	3,046,084
Pass Through Programs:			
State of Ohio - Office of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Programs (JAG):			
2007-Edward Byrne Memorial-JAG	16.738	2007-JG-A02-6585	36,505
2007-Edward Byrne Memorial-NOLETF	16.738	2006-JG-A01-6444	34,357
2008-Edward Byrne Memorial-NOLETF	16.738	2007-JG-A01-6444	54,630
2009-Edward Byrne Memorial-NOLETF	16.738	2008-JG-A01-6444	100,894
Cuyahoga County - Department of Justice Affairs:			
Edward Byrne Memorial Justice Assistance Grant Programs (JAG):			
2005 Edwards Byrne Memorial-JAG	16.738	05-DG-B-00A	290
2006-Edward Byrne Memorial-JAG	16.738	06-JAG-MUN-01	62,250
2007-Edward Byrne Memorial-JAG	16.738	07-JAG-MUN-01	274,411
2008-Edward Byrne Memorial-JAG	16.738	08-JAG-MUN-01	62,530
<b>Subtotal</b>			<u>3,671,951</u>
Pass Through Programs:			
State of Ohio - Office of Criminal Justice Services:			
Violence Against Women Formula Grants :			
VAWA Team Approach 2008 Law	16.588		11,401
VAWA Team Approach 2009 Law	16.588		79,037
VAWA Team Approach 2008 Safety	16.588	2008-VP-VA2-V042	19,358
VAWA Team Approach Safety	16.588		151,920
<b>Subtotal</b>			<u>261,716</u>

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**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2009**

<b>Federal Grant/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Federal Expenditures</b>
<b>Department of Justice (continued)</b>			
Pass Through Programs:			
State of Ohio - Office of Criminal Justice Services (continued):			
Juvenile Accountability Incentive Block Grants 2008	16.523		5,943
Juvenile Accountability Incentive Block Grants 2009	16.523		54,097
<b>Subtotal</b>			<u>60,040</u>
Paul Coverdell Forensic Science Improvement Grant Program 2007	16.742	2007-CD-BX-0014	90,797
<b>Subtotal</b>			<u>90,797</u>
Anti-Gang Initiative 2006	16.744	2006-PS-CAG-372	11,791
Anti-Gang Initiative 2006	16.744	2006-PS-CAG-379	481
<b>Subtotal</b>			<u>12,272</u>
<b>Total Department of Justice</b>			<u><u>9,533,014</u></u>
<b>Department of Commerce-Economic Development Administration:</b>			
Direct Programs:			
U S Department of Commerce, Economic Development Administration:			
Revolving Loan Fund Grant - Economic Adjustment Assistance	11.307	See Footnote 2	3,097,771
<b>Subtotal</b>			<u>3,097,771</u>
<b>Total Department of Commerce</b>			<u><u>3,097,771</u></u>
<b>Department of Labor</b>			
Pass Through Programs:			
Ohio Department of Jobs and Family Services:			
WIA Adult Program	17.258	G-1011-15-0258	3,376,258
WIA Youth Program	17.259	G-1011-15-0258	2,311,053
WIA Dislocated Worker Program	17.260	G-1011-15-0258	1,222,167
<b>Subtotal</b>			<u>6,909,478</u>
<b>Total Department of Labor</b>			<u><u>6,909,478</u></u>
<b>Department of Transportation</b>			
Direct Programs:			
Airport Improvement Program	20.106		7,623,338
ARRA-Airport Improvement Program	20.106		836,873
<b>Subtotal</b>			<u>8,460,211</u>
Highway Planning and Construction:			
Safe Routes to School	20.205		35,110
Federal- Department of Commerce	20.205		5,060
Federal- Flats East Bank	20.205		756,235
<b>Subtotal</b>			<u>796,405</u>
<b>Total Department of Transportation</b>			<u><u>9,256,616</u></u>

(Continued)

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2009**

<b>Federal Grant/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Federal Expenditures</b>
<b>Environmental Protection Agency</b>			
Direct Programs:			
Air Pollution Control Program Support 2008	66.001		210,434
Air Pollution Control Program Support 2009	66.001		2,031,454
Air Pollution Control Program Support 2010	66.001		423,720
<b>Subtotal</b>			<u>2,665,608</u>
Brownfields Assessment and Cleanup Cooperative Agreements:			
Brownsfield Job Training	66.818		42,493
Lower Woolen Mills	66.818		15,959
Morgana Run	66.818		29,819
<b>Subtotal</b>			<u>88,271</u>
Chemical Emergency Preparedness and Prevention:			
Bio-Watch Program 2009	66.810		252,446
Bio-Watch Program 2010	66.810		75,256
<b>Subtotal</b>			<u>327,702</u>
<b>Total Environmental Protection Agency</b>			<u><u>3,081,581</u></u>
<b>Department of Homeland Security</b>			
Direct Programs:			
Metropolitan Medical Response System 2005/2006	97.071		120,770
Metropolitan Medical Response System 2007	97.071		237,201
<b>Subtotal</b>			<u>357,971</u>
National Explosives Detection Canine Team Program	97.072		175,966
<b>Subtotal</b>			<u>175,966</u>
2008 (LETPP) Law Enforcement Terrorism Prevention Program	97.074		87,551
<b>Subtotal</b>			<u>87,551</u>
Law Enforcement Officer Reimbursement Agreement Program	97.090		557,822
<b>Subtotal</b>			<u>557,822</u>
Public Safety Fire Grants:			
Buffer Zone Protection	97.078	2007-BZ-T7-0048	60,948
Buffer Zone Protection	97.078	2008-BZ-T8-0019	17,397
Buffer Zone Protection FY 06	97.078	2006-BZ-T6-0034	179,428
Buffer Zone Protection FY 07	97.078	2007-BZ-T7-0048	117,280
<b>Subtotal</b>			<u>375,053</u>
			(Continued)

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2009**

<b>Federal Grant/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Federal Expenditures</b>
<b>Department of Homeland Security (continued)</b>			
Pass-Through Programs:			
Cuyahoga County Department of Justice Affairs			
Urban Area Security Initiative 2005	97.008		300,026
Urban Area Security Initiative 2006	97.008	Cuyahoga County DJA	824,546
Urban Area Security Initiative 2007	97.008	Cuyahoga County DJA	765,050
Urban Area Security Initiative 2008	97.008		569,604
<b>Subtotal</b>			<u>2,459,226</u>
<b>Total Department of Homeland Security</b>			<u>4,013,589</u>
<b>Grand Total</b>			<u>98,067,801</u>
			(Concluded)

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**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**1. Basis of Presentation**

The accompanying Federal Awards Expenditures Schedule includes the federal grant activity of the City of Cleveland (the "City") and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**2. Longwood Apartments Grant**

The United States Department of Housing and Urban Development (HUD) made available an UpFront grant to the City in connection with the demolition, rebuilding and redevelopment of the Longwood apartments.

The funding for the plan is to come from a variety of public and private sources, including, tax-exempt bonds issued under Section 103 of the Internal Revenue Code of 1986, private sector equity derived from benefits associated with the low income housing tax credits, HUD Section 221 (d)(4) mortgage insurance, HUD UpFront Grant Program Funds and City general obligation bond, public utility, Housing Trust Fund, and NDA funds.

The UpFront Grant will be allocated and loaned to the developer throughout the various phases of the project in accordance with a Promissory Note. Interest on this Note began to accrue on April 1, 2006 at an annual fixed rate of 0.25% with this Note maturing on April 1, 2046.

**3. Park Village Apartment Grant**

The United States Department of HUD made available an UpFront Grant in the amount of \$981,836 for the rehabilitation of the Park Village Apartments.

In addition to the Upfront Grant, funding for the plan includes a private lender first mortgage, a Community Development Block Grant Float Loan and private sector equity derived from benefits associated with low income housing tax credits.

The UpFront Grant funds are being loaned to the developer in accordance with the Promissory Note. Interest on this Note began to accrue on March 19, 2003 at an annual fixed rate of 5.23% per annum with this Note maturing on March 19, 2033.

**4. Revolving Loan Fund**

Activity in the Economic Adjustment Assistance, CFDA 11.307 revolving loan fund during 2009:

Beginning loans receivable balance as of January 1, 2009	\$861,812
Loans made during 2009	1,164,784
Loan principal repaid on loans issued prior to 2009	(106,091)
Loan principal repaid on 2009 loans issued	(15,712)
Ending loans receivable balance as of December 31, 2009	<u>\$1,904,793</u>
Cash balance on hand in the revolving loan fund as of December 31, 2009	
Cash balance, unobligated	\$401,959
Revolving loan committed but not disbursed	1,135,216
Total unobligated cash and committed but not disbursed cash	<u>1,537,175</u>
Total value of revolving loan portion of the EDA 11.307 program	3,441,968
Less: City's matching share	(344,197)
Total federal value of revolving loan portion as of December 31, 2009	<u><u>\$3,097,771</u></u>

There are no delinquent amounts due as of December 31, 2009.

**CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

**4. Revolving Loan Fund (Continued)**

Revolving Loan Fund Principal Outstanding as of December 31, 2009:	
4500 LTD	\$74,988
Accurate Instrument Service Co, Inc	1,974
Braden Sutphin Ink Co.	200,000
Bula Forge & Machine, Inc	184,288
DRD, Inc., DBA AS Power Direct	166,614
Dunecraft Inc.	200,000
Evergreen Cooperative	37,569
Infinite Energy Manufacturing	200,000
Jane and Arthur Ellison LTD	152,703
Nisman Rozgonyi Enterprise	164,710
Otto Klonigslow Manufacturing Co.	47,602
Replica Engineering Inc.	50,000
Sparkbase LLC	118,531
Universal Heat Treating Inc.	50,000
Zen Industries Inc.	108,684
Northeast Ohio Neighborhood Real Estate	75,119
Northeast Ohio Neighborhood Real M & E	<u>72,011</u>
Total Revolving Loan Fund Principal Outstanding	<u>\$1,904,793</u>



# Mary Taylor, CPA

Auditor of State

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

City of Cleveland  
Cuyahoga County  
601 Lakeside Avenue  
Cleveland, Ohio 44114

To the Honorable Frank G. Jackson, Mayor, Members of Council, and the Audit Committee:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2010. 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*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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 City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City'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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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 would not necessarily identify all deficiencies in internal control 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider significant deficiencies in internal control over financial reporting. We consider findings 2009-001 and 2009-002 to be significant deficiencies. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to City's management in a separate letter dated June 28, 2010.

The City'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 City's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

June 28, 2010





# Mary Taylor, CPA

Auditor of State

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

City of Cleveland  
Cuyahoga County  
601 Lakeside Avenue  
Cleveland, Ohio 44114

To the Honorable Frank G. Jackson, Mayor, Members of Council, and the Audit Committee:

### Compliance

We have audited the compliance of the City of Cleveland, Cuyahoga County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal programs. The City'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 City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of 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 City's compliance with those 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 City's compliance with those requirements.

In our opinion, the City of Cleveland complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those 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 2009-003.

### **Internal Control Over Compliance**

The City'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 City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on 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 City's internal control over compliance.

*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.

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

The City's response to the finding we identified is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated September 9, 2010.

### **Federal Awards Expenditures Schedule**

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cleveland as of and for the year ended December 31, 2009, and have issued our report thereon dated June 28, 2010. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

City of Cleveland  
Cuyahoga County  
Independent Accountants' Report on Compliance With Requirements Applicable  
to Each Major Federal Program, on Internal Control Over Compliance In Accordance  
With OMB Circular A-133, and on the Federal Awards Expenditures Schedule  
Page 2

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

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

**Mary Taylor, CPA**  
Auditor of State

September 9, 2010

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**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA#  14.239 – Home Investment Partnership Program 16.580 - Edward Byrne Memorial State and Local Law Enforcement Discretionary Grant 16.738 - Edward Byrne Memorial Justice Assistance Grants Program 16.804 – ARRA Recovery Act Edward Byrne Memorial Justice Assistance Grant Local Programs 17.258 and 17.259 – WIA Youth Program 17.260 – WIA Dislocated Worker Program 20.106 – Airport Improvement Program 20.106 – ARRA Airport Improvement Program 81.042 – Weatherization Assistance for Low Income Persons 81.042 – ARRA Weatherization Assistance for Low Income Persons
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: \$2,942,034 Type B: \$294,203
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

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

<b>Finding Number</b>	<b>2009-001</b>
-----------------------	-----------------

**Significant Deficiency - Division of Water’s Out of Order Meters and Estimated Accounts**

Accurate and timely meter readings are essential for tracking water and sewer usage and for the accounting of revenues and receivables at the Division of Water (DOW) and Water Pollution Control (WPC). Water usage calculations generated by DOW also serve as sewer usage for WPC when calculating bills. Water rates change annually while sewer rates may change on a less frequent basis depending on the local municipality. Therefore, it is imperative that actual readings occur on an annual basis, especially during January and December, so that usage can be applied to the proper rate in effect at the time.

At DOW, individual meter readings are performed on a quarterly basis for each customer. Controls have been established by DOW to investigate and follow-up on accounts with meters that did not receive an actual reading.

**DOW’s Out-of-Order Accounts**

Based on an analysis of the accounts as of December 31, 2009, 7% of the total number of DOW accounts (28,671 of 407,023) was classified as “out-of-order” by DOW at December 31, 2009. These consist of accounts that have been identified by meter readers and other DOW staff as either being out of order or a meter is missing. An aging of these accounts at year end is as follows:

Year Determined Out-of-order	CC&B <sup>(1)</sup> Number of Accounts as of December 31, 2009
1950	3
1984-1992	75
1993	3
1994-1999	225
2000	244
2001	407
2002	588
2003	595
2004	902
2005	1,488
2006	1,649
2007	4,258
2008	8,068
2009	10,166
Total	28,671

As the above analysis indicates, there are numerous accounts in which a reliable meter reading has not occurred in over one year. For accounts with out-of-order meters, bills were estimated based on historical usage patterns.

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

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

<b>Finding Number</b>	<b>2009-001</b>
-----------------------	-----------------

(Continued)

*(1) This information was obtained from the new DOW Customer Care and Billing System (CC&B). DOW began using this system on September 27, 2009. When converting accounts from the old AS/400 system to the new CC&B system, assumptions had to be made by the DOW. One assumption was that if a meter was classified as out-of-order on the old system, but the meter was advancing, it was no longer considered out-of-order. Therefore, accounts that were previously considered out-of-order on the old system were not considered out-of-order in the new system. Also during the conversion, any account deemed out-of-order that did not have a date when the account was first reported as out-of-order, was defaulted to the year 1950.*

**DOW's Estimated Bills**

Bills may be estimated because meter readings either fail tolerance tests, or meters are not read because they are inaccessible. Meters are scheduled for a read every 90 days. If an issue is identified and not addressed within eight days after the meter was initially scheduled for a read, an estimated bill is automatically generated. The new CC&B utility billing system will only allow an account to be estimated for two consecutive billing cycles. When the account has been estimated two times, the customer will not receive a third bill until an actual read is performed. When the DOW converted to the new CC&B system, all estimated accounts from the previous billing system were converted to the new system as being estimated only once, regardless of the number of times it had actually been estimated in the previous billing system.

A monitoring process was not in place at the DOW during the audit period to ensure the accounts that meet the maximum estimated bill parameter of two, are investigated and resolved before the next bill cycle.

The following analysis of bills generated for five days in late December 2009 indicates that 9% (2,652) of the 29,011 accounts billed for this five-day period have not received a bill based on actual consumption. Of that amount, six percent (1,671) have an estimated bill count of one and three percent (981) have an estimated bill count of two. The accounts with an estimated bill count of two will not receive another bill until an actual read is performed on those accounts.

Estimated Accounts	Billing Date					Totals
	12/21/09	12/22/09	12/23/09	12/28/09	12/29/09	
Accounts with an estimated bill count = 1	382	408	456	32	393	1,671
Accounts with an estimated bill count = 2	432	177	167	5	200	981
<b>Total # of Estimated Accounts</b>	<b>814</b>	<b>585</b>	<b>623</b>	<b>37</b>	<b>593</b>	<b>2,652</b>
<b>Total # of Accounts Billed</b>	<b>5,257</b>	<b>7,266</b>	<b>7,866</b>	<b>173</b>	<b>8,449</b>	<b>29,011</b>
<b>% of Accounts Estimated</b>	<b>15%</b>	<b>8%</b>	<b>8%</b>	<b>21%</b>	<b>7%</b>	<b>9%</b>

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

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

<b>Finding Number</b>	<b>2009-001</b>
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(Continued)

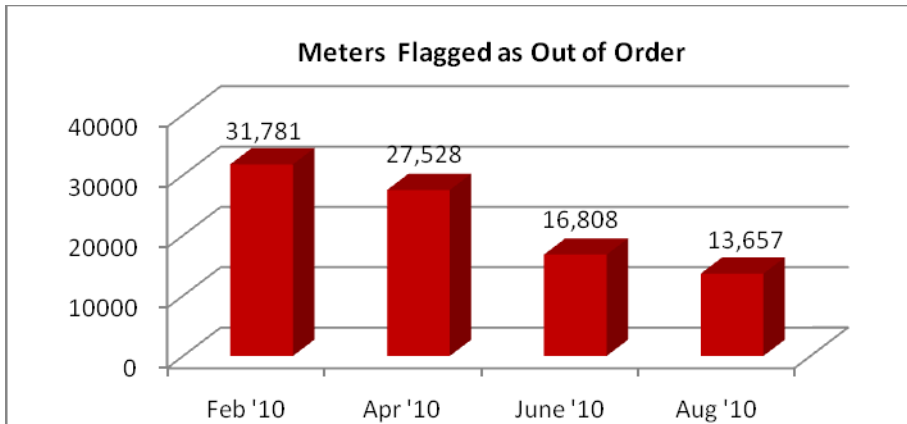
While historical usage patterns are an acceptable method of estimating usage and limiting the maximum number of estimated bills is reasonable, the high volume of out-of-order accounts and accounts receiving estimated bills increases the risk that a large number of customers may not receive bills starting in early 2010. This may also result in a subjective billing process when ascertaining the actual usage in a given year and applying the proper rate in effect at that time.

We recommend the DOW administration develop a monitoring process to ensure the accounts that meet the estimated bill parameter, are investigated and resolved before the next bill cycle. Regardless of whether repeated estimates are due to out-of-order meters or other factors, DOW must place a high priority on resolving issues associated with accounts that have not had a reliable meter reading. Efforts should also be expanded to follow up on potential billing errors in a timely manner, to reduce the number of accounts receiving estimated bills.

**Division of Water's Response**

**Out-of-Order Meter Reduction Plan Update – 8/25/10**

The Division of Water has developed a comprehensive response to reduce the number of flagged Out-of-Order meters reported in the CC&B Billing System. In February 2010 the total number of meters flagged as Out-of-Order was 31,781. As of August 25, 2010, the total number of flagged out-of-order meters was 13,788. It is our goal to reduce the number of Out-of-Order meters to 5,000 by December 31, 2010. Our progress is depicted below:



The *Out of Order Meter Reduction Effort* continues, and data is reported on a weekly basis. As of 8/25/10, there has been a 57% reduction in Out-of-Order Meters since February 2010. Whereas at the beginning of the year the number of out-of-order meters represented 7% of all accounts, today the percentage has decreased to 3.2%. DOW's goal is to reduce the number of out-of-order meters to 5,000 by the end of 2010, which would be 1.2% of all meters. There is an acknowledgement that there will always be a number of meters that will become inoperable during a year.

*Please note that meters flagged as Out of Order can include:*

1. Meters that are not progressing due to low usage or malfunctions;
2. Field staff input errors in hand-held devices;
3. Meters in abandoned or vacant homes;
4. Incomplete work (system flags not removed yet after field work is completed).



**CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 (CONTINUED)**

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

<b>Finding Number</b>	<b>2009-001</b>
-----------------------	-----------------

(Continued)

These tasks are part of our Out-of-Order Meter Procedures:

- Scripts are now scheduled to run weekly by the CWD IT Group to remove the Out-of-Order flags for completed work.
- Check daily report for possible data entry errors in hand-held devices by D&M Meter Installers. Errors are corrected and Installer is advised of errors. The importance of correct procedures is reinforced and Installers with continual errors are subject to disciplinary action.
- Installers are assigned a route of accounts to investigate and change the meter if it is out of order. These routes are tracked on the Out-of-Order Meters spreadsheet.

As part of our continual efforts to improve service to our customers, we have made more appointment times available to them. DOW has been successful in making administrative scheduling adjustments in CC&B so that Meter Installers can be scheduled in specific work zones each day, allowing them to accommodate more customer appointment requests. This effort is similar to the Clean Cleveland initiative, where installers can blitz a specific area, reducing fuel expense and travel time. As a result of this scheduling adjustment, more open appointment times are available for customers to schedule appointments for meter changes.

For non-meter changes, scanned work order cards are saved in a shared file for Customer Accounts Services (CAS) Customer Service Reps to check daily and review the account to see if:

- Meter read is advancing
- There are data entry errors in hand-held devices by Meter Reading field personnel
- Account is a vacant lot or abandoned property

Appropriate adjustments in CC&B are then made by Customer Service Reps for non-meter changes.

**Estimated Bills**

The Division of Water has developed and implemented a monitoring process that will assure that accounts that meet the estimated bill parameter will be investigated and resolved prior to the next billing cycle. The DOW has hired additional field personnel to augment the meter reading field activities. DOW has also instituted an aggressive campaign to focus on inaccessible meters that have been one of the causes of excessive estimates. As a result of these efforts, DOW has been able to read more meters and achieve bills based on actual reads for 96% of all accounts.

In addition, DOW has been working strategically to review its current structure, core services, functions, and processes in key areas in order to improve the delivery of excellent services to its customers. The team's primary goals are to establish metrics, benchmarks, quality controls, policies, and procedures to assure that these core services are delivered in a timely manner. DOW has instituted a monitoring process that utilizes account queries on CC&B and a daily scorecard that gives staff the ability to track accounts that were billed on actual versus estimated consumption.

DOW staff actively review the scorecard and take remedial actions as necessary. We are confident that this monitoring process will help us to steadily reduce the number of customer bills that are based on estimates in favor of high-quality, reliable, actual meter readings conducted in a timely manner.

**CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 (CONTINUED)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS        REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2009-002</b>
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**Significant Deficiency - Monitoring Issues Related to Customer Accounts**

At year end, DOW identified numerous issues related to customer accounts. These issues related to accounts in a “pending” status and the To Do entry process.

During the transition from the old system to the new system, when a field activity was generated to turn off water services because of non-payment, the service agreements were suspended. The accounts were flagged for review and placed in a “pending” status by an automated process. The accounts were no longer billed, although they should have continued to be billed for the customer service fee and minimum sewer charges. DOW was unable to determine the dollar value and the number of these accounts at December 31, 2009 and were not able to assure revenues were recognized for services rendered.

When events occur that can only be resolved manually, the CC&B application creates an e-mail like message that describes the event. CC&B refers to these events as To Do entries. There are numerous examples of events that trigger the creation of To Do entries including bill segment errors, exceeding tolerance levels and accounts without bill cycles. These To Do entries display in a To Do list, which is generated nightly during batch processing. There are several hundred To Dos generated each day that require follow-up.

DOW supervisors and managers are responsible for assigning To Do entries to their staff to work on a daily basis. The CC&B application provides a To Do supervisor summary that shows all unresolved To Do entries by type. In addition, the summary categorizes the unresolved To Do entries as assigned and unassigned. Aging information is available to managers and supervisors to monitor progress on resolving To Do entries. While each manager and supervisor receives a list of To Dos, management does not have a mechanism in place which summarizes the total quantity and dollar value of the To Dos.

Upon conversion to the new system, several factors contributed to a rapidly increasing list of To Do entries. Because policies and procedures had not been developed to address the various types of To Do entries, how they should be resolved, and how they should be monitored, a backlog of thousands of To Do entries was experienced by year end.

Some of the factors that contributed to the backlog of To Do entries include:

- The lack of reports which quantified the number and dollar value of the accounts.
- The flow or dissemination of To Do entries to the appropriate departments and an understanding of the various types of To Do entries had not been fully developed.
- A high number of To Do entries were related to accounts being out of the tolerance range for acceptable reads. When these To Do entries were not resolved within seven business days, the account received an estimated bill.
- Backlog of data entry of meter exchanges and final meter readings (start/stops at cutover).
- A high number of out of order meters, no reads, and vacant premises.
- The parameter setting for the maximum number of estimated bills before an actual read must occur was set to two and near the end of the calendar year, some accounts reached this threshold.

**CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 (CONTINUED)**

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

<b>Finding Number</b>	<b>2009-002</b>
-----------------------	-----------------

(Continued)

Without effective monitoring and performance controls in place and the inability of management to quantify the number of accounts in question, there is an increased risk the To Do entries process may not be operating as management intends. To Do entries may not be worked in a timely manner and customer account issues may go uninvestigated and/or unresolved.

We recommend DOW develop policies and procedures to monitor the resolution of To Do entries. Policies and procedures for monitoring the To Do entry process should, at a minimum, identify the following:

- Management should establish a control mechanism to assure that all revenues are recognized for services provided to those accounts in a "Pended" status.
- Management should be provided with summary reports which quantify the number, type and dollar value of the accounts with To Dos.
- A thorough analysis of all To Do entry types and the departments to which they should be disseminated.
- An acceptable timeline in which To Do entry types should be worked.
- The development of management exception reports to highlight To Do entries that have not been resolved within the designated timeline.
- The process for review of the management exception reports to ensure To Do entries are being worked.

**Division of Water's Response**

DOW has greatly improved the To-Do processes and procedures since the audit period. A complete analysis was performed which identified the departmental assignment for each To-Do type and that has identified the To-Do types that are critical due to their impacts on billing. It is important to note that not all To-Do types have a material impact on billing; hence the analysis identified the To-Do types that must be worked and those that the system can automatically clear. Target time-frames for resolution of critical To-Do types have been established.

CC&B provides a user interface that shows counts for all To-Do types and which allows To-Dos to be assigned to employees. In addition, management currently receives daily reports that quantify the number and type of To-Dos that have been identified as critical and that must be worked. Procedures for how to work each critical To-Do type have been established and staff has received additional training.

We are currently working to establish exceptions and operational management reports that will be used to manage the performance of staff responsible to work To-Dos.

**CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 (CONTINUED)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2009-003
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA # 14.218
<b>Federal Award Number / Year</b>	2009
<b>Federal Agency</b>	Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Direct

**Questioned Cost - Activities Allowed or Unallowed**

**24 CFR Part 570.201(n)** states that “CDBG funds may be used to provide direct home-ownership assistance to low or moderate income households in accordance with section 105(a) of the Act”.

In October 2009, the U.S. Department of Housing and Urban Development (HUD) communicated the results of an on-site monitoring review of the Community Development Block Grant program to the City. Based on their review, HUD concluded the City improperly provided second mortgage assistance to households based on meeting the National Objective of eliminating Slum and Blight Areas (SBA) when this type of assistance can only be provided if the household is low to moderate income status. As a result, the City allowed homebuyers that were not at or below 80% of median income assistance to receive program funds they would not have been entitled to. HUD directed the City to cease and desist the activity of providing homebuyers second mortgage assistance that is above 80% of median income and the City complied and responded with a corrective action plan.

CDBG funded activities in the Afford-A-Home federal program for the renovation of single-family units. During a review of all CDBG expenditures relating to the Afford-A-Home program, we noted eight instances in which second mortgage assistance was provided and the applicant was not at or below 80 percent of median income. As a result, seven applicants received \$10,000 each and one received \$5,000 for a total of \$75,000 in CDBG funds they were not entitled to.

We recommend that CDBG develop procedures to ensure compliance with the income eligibility requirements for second mortgage assistance.

Based on the above facts, a questioned cost is being issued for \$75,000.

**City’s Response**

The intent of the Afford-A-Home Program has been to address blighted houses and encourage full rehabilitation, followed by sale to a homebuyer. For this reason, we have viewed it as an eligible slum and blight activity. While creating homeownership opportunities has always been an additional benefit of the program, it has not been the primary motivation.

Use of the program has always been limited to blighted vacant structures. Buyers that did not qualify as lower income were restricted to purchasing only in designated blighted neighborhoods. Prior to the rehabilitation of a property, the developer received a commitment from the City that upon satisfactory completion and inspection of all required work to rehabilitate the property to program standards, the home could be marketed with a buyer incentive of a deferred second mortgage from the City. The developers only moved forward on the rehabilitation work pursuant to the understanding that the buyer assistance would be made available.

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2009-003
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(Continued)

**City's Response (Continued)**

While our clear intention was to eliminate the blighting influence caused by deteriorated vacant houses, we now understand that because the program was structured to have the actual financial assistance disbursed to the homebuyer, rather than to the developer undertaking the rehabilitation, HUD has characterized this activity as homebuyer assistance. Consequently, assistance to households above 80% of median income has been determined not to be eligible. As of July, 2009, Cleveland notified developers, community development corporations and potential homebuyers that it will no longer provide second mortgage loans to homebuyers with incomes that exceed the HUD low and moderate income standard. This action applied to all of our CDBG funded activities, including the Afford-A-Home Program.

The City is working with the U. S. Department of Housing and Urban Development to resolve this issue.

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**CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF PRIOR AUDIT FINDING  
 OMB CIRCULAR A-133 § .315 (B)  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected ?	Not corrected, partially corrected, different corrective action taken; finding no longer valid; Explain
2008-001	<p>An analysis of the accounts as of December 31, 2008 and December 31, 2007 disclosed that 8.5% (34,915 of 412,583) of the accounts were classified as "out-of-order" by the Division of Water (DOW) in 2008. This consists of accounts which have been identified by meter readers and other DOW staff as being out of order or missing. This indicates there are numerous accounts in which a reliable meter reading has not occurred in over one year and there has been an increase in those instances compared to the prior year.</p> <p>Also, an analysis of bills generated during two weeks in 2008 indicated a high number of estimated bills and accounts which received several, successive, estimated bills. For example, 8% (5,063) of the 62,884 accounts billed for the 10 days reviewed had not received a bill based on actual consumption in over one year as demonstrated by the number of accounts receiving estimated bills for four or more quarters.</p>	No	Not corrected, repeated in Finding 2009-001 of the 2009 audit report.

# CITY OF CLEVELAND, OHIO



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended December 31, 2009*



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***CITY OF CLEVELAND***



***Comprehensive Annual Financial Report***

***For the year ended December 31, 2009***

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Issued by the  
Department of Finance

Sharon Dumas  
Director

James E. Gentile, CPA  
City Controller

# CITY OF CLEVELAND, OHIO

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# **INTRODUCTORY SECTION**

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June 28, 2010

Honorable Mayor Frank G. Jackson  
City of Cleveland Council and  
Citizens of the City of Cleveland, Ohio

## **Introduction**

We are pleased to submit the Comprehensive Annual Financial Report of the City of Cleveland (the City) for the year ended December 31, 2009. This report, prepared by the Department of Finance, includes the basic financial statements that summarize the various operations and cash flows related to the City's 2009 activities. Our intention is to provide a clear, comprehensive and materially accurate overview of the City's financial position at the close of last year. The enclosed information has been designed to allow the reader to gain an understanding of the City's finances, including financial trends, financial instruments and fund performances. The City has complete responsibility for all information contained in this report.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, this comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the Auditor of the State of Ohio. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Auditor of State concluded, based upon its audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2009 are fairly presented in conformity with GAAP. The Independent Accountants' Report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

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

### **Structure of this Comprehensive Annual Financial Report**

This Comprehensive Annual Financial Report (CAFR) is designed to assist the reader in understanding the City's finances. This CAFR consists of the following sections:

- The Introductory Section, which includes this letter of transmittal and contains information pertinent to the City's management and organization.
- The Financial Section contains the Independent Accountants' Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, and various other statements and schedules pertaining to the City's funds and activities.
- The Statistical Section contains numerous tables of financial and demographic information. Much of this information is shown with comparative data for up to a ten-year period from 2000 through 2009.

References throughout this report to Note 1, Note 2, etc., are to the Notes to Financial Statements included in the Financial Section of this CAFR.

### **Profile of the Government**

#### *The City*

The City is a municipal corporation and political subdivision of the State of Ohio. It is located on the southern shore of Lake Erie and is the county seat of Cuyahoga County.

The City is included in the Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lake, Lorain, Geauga and Medina counties. This MSA is the 26<sup>th</sup> largest of 366 Metropolitan Areas in the United States, and the largest Metropolitan Area in the State of Ohio.

Cleveland is located in the northeast part of the state, approximately 150 miles north-east of Columbus. Bordering Lake Erie, Cleveland is home to world-renowned medical facilities, professional sports venues, Severance Hall, numerous State of Ohio lakefront parks, the Port of Cleveland, the Rock and Roll Hall of Fame and operates the nation's eighth largest water system. Interstate highways I-71, I-480, I-77, and I-90 serve as some of the City's major transportation arteries. The City is rich in educational and medical facilities, including Cleveland State University, Case Western Reserve University, the Cleveland Clinic and University Hospitals of Cleveland.

#### *City Government*

The City operates under, and is governed by, the Charter which was first adopted by the voters in 1913 and has been and may be further amended by the voters from time to time. The City is also subject to certain general State laws that are applicable to all cities in the State. In addition, under Article XVIII, Section 3 of the Ohio Constitution, the City may exercise all powers of local self-government and may exercise police powers to the extent not in conflict with applicable general State laws. The Charter provides for a mayor-council form of government.

The City's chief executive and administrative officer is the Mayor, elected by the voters for a four-year term. Frank G. Jackson was elected as Mayor of the City in November 2005 and began his first term on January 2, 2006. He was re-elected to a second term in November 2009. Prior to assuming office as Mayor, Mr. Jackson served as a Ward 5 City Council member for 16 years and in 2002, was elected by the 21-member City Council to serve as Council President. Under the Charter, the Mayor may veto any legislation passed by Council, but a veto may be overridden by a two-thirds vote of all members of the Council.



Legislative authority is currently vested in a 19-member Council. Council members serve four-year terms and are elected from wards. The present terms of the Mayor and Council members expire on December 31, 2013. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal functions. The presiding officer is the President of Council, elected by the Council members. Martin J. Sweeney was re-elected as President of Council in November 2009. The Clerk of Council is appointed by Council. The Charter establishes certain administrative departments; the Council may establish divisions within departments or additional departments. The Mayor appoints all of the directors of the City's 14 departments.

The Director of Finance and City Controller believe that, to the best of their knowledge, the data contained in this report present fairly the financial position and results of operations of the various funds of the City. All necessary disclosures are included in this report to enable the reader to understand the City's financial activities.

#### *Financial Reporting Entity*

The City has applied guidelines established by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Provisions outlined in this statement define the operational, functional and organizational units for which the City, "acting as Primary Government", is required to include as part of its reporting entity. The inclusion of a component unit as part of the City's reporting entity requires the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Under these provisions, the City's financial reporting entity acts as a single rather than multi-component unit. The provisions permit the entity to include all funds, agencies, and boards and commissions that, by definition, comprise components within the primary government itself. For the City, these components include police and fire protection services, waste collection, parks and recreation, health, select social services and general administrative services. Primary enterprise activities owned and operated by the City include a water system, electric distribution system and two airports.

In accordance with GASB Statement No. 14, the Cuyahoga Metropolitan Housing Authority, Cleveland-Cuyahoga Port Authority and Cleveland Municipal School District are defined as related organizations and Gateway Economic Development Corporation of Greater Cleveland is defined as a jointly governed organization. None of these organizations are included within the City's reporting entity.

#### *Internal Control*

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure ensures that accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and county financial assistance, the City is also responsible for maintaining a rigorous internal control structure that ensures full compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management, external auditors and the internal audit staff of the City. The City is required to undergo an annual audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-profit Organizations*. The information related to the Single Audit, including the schedule of federal awards expenditures, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

#### *Accounting and Financial Reporting*

The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds to be used are determined by GAAP and the number of individual funds established is determined by sound financial administration. Each fund is a separate accounting entity with its own self-balancing set of accounts, assets, liabilities and fund balance. The City's governmental funds include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. The City's proprietary funds are its Enterprise Funds that provide services to the general public, including utilities and airport service, and Internal Service Funds that provide services to City departments, divisions and other governments. The City also maintains Fiduciary Funds to account for assets held by the City in an agent capacity for individuals, private organizations and other governments.

Except for budgetary purposes, the basis of accounting used by the City conforms to GAAP as applicable to governmental units. All governmental funds are accounted for using a current financial resources (current assets and current liabilities) measurement focus. The modified accrual basis of accounting is utilized for governmental funds. Revenues are recognized when they are susceptible to accrual (both measurable and available). Expenditures are recognized when the related liability is incurred, except for interest on long-term debt which is recorded when due.

The measurement focus of the City's proprietary funds is on the flow of total economic resources (all assets and liabilities). The accrual basis of accounting (revenues are recognized when earned and expenses when incurred) is utilized for the Enterprise and Internal Service Funds.

The City's basis of accounting for budgetary purposes differs from GAAP in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available), and encumbrances and pre-encumbrances are included as expenditures rather than included in fund balances.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which is effective for the year ended December 31, 2009. The City has determined that GASB Statement No. 52 has no impact on its financial statements as of December 31, 2009.

### *Budgeting Procedures*

Detailed provisions regulating the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The Mayor is required to submit the appropriation budget, called "The Mayor's Estimate" to City Council by February 1 of each year. The Council may adopt a temporary appropriation measure for the first three months of the year, but must adopt a permanent appropriation measure for the fiscal year by April 1. The Cuyahoga County Auditor must certify that the City's appropriation measure does not exceed the amounts set forth in the County Budget Commission's Certificate of Estimated Resources.

The City maintains budgetary control on a non-GAAP basis at the character level (personnel and related expenditures and other expenditures) within each division. Lower levels within each character are accounted for and reported internally. Lower levels are referred to as the program level. Estimated expenditure amounts must be pre-encumbered and subsequently encumbered prior to the release of purchase orders to vendors or finalization of other contracts. Pre-encumbrances and encumbrances that would exceed the available character level appropriation are not approved or recorded until the Council authorizes additional appropriations or transfers. Unencumbered appropriations lapse at the end of each calendar year. As an additional control over expenditures, the City Charter requires that all contracts in excess of \$50,000 shall first be authorized and directed by ordinance of City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is shown on page 55 as part of the basic financial statements. For other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary information subsection of this report along with more detailed information regarding the General Fund, which starts on page 106.

## **Factors Affecting Financial Condition**

### *Local Economic Indicators*

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Cleveland's economic condition draws strength and stability from its evolving role as the focal point of a growing, changing and substantial regional economy. The City is located at the center of one of the nation's heaviest population concentrations. The Cleveland metropolitan area is a significant local market, housing 2.1 million people. Cleveland also provides superior links to the global markets. The Cleveland-Cuyahoga Port Authority handles the largest amount of overseas cargo on Lake Erie and includes a Foreign Trade Zone. The City is also well-served with extensive highways, and Cleveland Hopkins International Airport serves as a Continental Airlines Hub and is serviced by all major airlines. The re-emergence of downtown Cleveland as a vibrant center for national and regional entertainment and major cultural activities signals a turning point in the City's overall fortunes and is paving the way for further economic expansion that will be significantly more entrepreneurial in scope.

*Major Industries, Economic Conditions and Employment*

Cleveland, as well as most large urban municipalities across the nation, has faced significant economic challenges in recent years. Like all manufacturing cities across the country, Cleveland has tried to combat the declining industry base with more professional and service industry opportunities. The City’s budget basis income tax collections decreased 7.9% in 2009.

While the City’s economy has shifted more toward health care and financial services, its manufacturing base has assumed a smaller, yet still vital role. Competitive pressures in manufacturing have limited job creation, but the competitive position of Cleveland based industrial companies has improved.

The 2000 census indicates that Cleveland’s employment base has become more diversified. The table summarizes the percentage of Clevelanders employed by industry type based on 2000 census figures.

<b>Industry</b>	<b>Percent of Workforce</b>
Agriculture	0.20 %
Construction	4.50
Manufacturing	18.20
Wholesale Trade	3.10
Retail Trade	10.00
Transportation and Utilities	6.00
Information	2.50
Finance, Insurance and Real Estate	6.80
Professional, Scientific Management	8.50
Education, Health, Social Services	21.00
Arts, Entertainment, Recreation	9.00
Other Services	4.80
Public Administration	5.40
Total	<u><u>100.00 %</u></u>

*Current Projects and 2009 Accomplishments*

The 2009 budget focused on continuing the City’s commitment to improve the quality of life of its citizens by strengthening our neighborhoods, fostering a favorable business climate and providing superior services.

Despite fiscal constraints and economic challenges, the City achieved the following 2009 programmatic goals and projects without an income or property tax increase:

Department of Community Development

- There was a continued effort to restore market confidence, eliminate blight and preserve property values in 15 targeted neighborhoods. This Neighborhood Stabilization initiative gained momentum as 118 homes were acquired for rehabilitation, 294 uninhabitable properties were razed, 45 counseling interventions prevented foreclosures and funding was secured for five major catalytic developments comprised of 411 units within these targeted neighborhoods. Also in 2009, the City worked with other community partners to successfully compete for more than \$40.8 million in national Neighborhood Stabilization 2 (NSP-2) funding that will be directed to further the initiative in the 15 targeted neighborhoods.
- The City worked with Housing and Urban Development (HUD) under the unique HUD property disposition plan agreed upon in late 2008 for transferring HUD-owned houses for demolition, rehabilitation and for preventing the bulk sales of houses. The City acquired 306 vacant structures from HUD – 169 were acquired for demolition and 137 were acquired for rehabilitation.

- The Department of Community Development awarded \$3.1 million to non-profit organizations providing essential social services, AIDS prevention related services and services for at-risk youth. In addition, the City provided \$10.4 million to support local homeless shelters and homeless prevention services, including \$9.8 million in stimulus funds directed to the City/Cuyahoga County Office of Homeless Services for Rapid-Rehousing and Homeless Prevention programs.
- The City supported community-based development corporations (CDCs) who undertake an array of revitalization programs tailored to their respective neighborhoods. Twenty-eight CDCs received \$8.2 million in support for activities including purchase and rehabilitation of vacant structures, community code enforcement, block club based safety programs, home repair services, community gardens and Cityworks.
- Efforts continued to make Cleveland's neighborhood retail districts visually attractive and economically competitive through the Storefront Renovation Rebate Program's (SRRP) private/public partnerships with commercial building and business owners. A total of 61 projects (comprised of 23 full building renovations; eight parking lot site improvements; 17 Neighborhood Retail Business Signs; and 13 Downtown District Business Signs) were completed leveraging \$549,000 in public investment with \$1.6 million in private investment (a \$2.87 to \$1.00 private to public ratio).
- The Senior Housing and Assistance Program (SHAP) repaired 225 houses in 2009 for income eligible seniors. There was also an added program funded from the Community Development Block Grant to address repair needs for seniors that exceeded the scope of the SHAP program.
- More than 3,700 homes were improved or repaired through various programs such as home repair, furnace replacement, paint rebate and weatherization.

#### Department of Building and Housing

- Issued 5,104 notices of Building Code Violations and boarded up 4,865 condemned structures.
- Performed 56,042 building inspections.

#### Department of Economic Development

- Provided \$1.3 million to the Cleveland Clinic for the Global Cardiovascular Innovation Center. It is estimated that the project will create 101 jobs.
- Assisted with funding for the renovation of a downtown commercial office building to retain a major marketing firm in Cleveland.
- Provided \$700,000 to the Cleveland Sports Commission to attract the 2014 Gay Games to Cleveland. This event is estimated to provide a \$100 million economic impact over nine days.
- Assisted with \$1.3 million in funding to a steel manufacturer to build a new steel processing plant in Cleveland.
- Provided \$3.4 million in funding to prepare a site in Midtown for the State Behavioral Health Facility. Once completed, the facility will create 300 new jobs and retain 200 existing jobs.
- Provided \$2.0 million for the new Nautica Aquarium located in the Powerhouse in the Flats.

#### Department of Health

- Increased proactive nuisance inspections to 14,479, a 3.3% increase from 2008.
- HIV testing in health centers increased in 2009 to 4,084, a 1.1% increase from the 2008.
- Decreased the lead poisoning rate in 0-5 year olds in Cleveland to 8.4%.
- Provided over 23,000 flu vaccinations during flu season, including H1N1, up from 6,800 in 2008.
- Collected \$184,000 in air permitting fees, a 43.8% increase from 2008.

- The 2009 budget included \$17.9 million in categorical grants and outside funding.
- Increased the number of Cleveland Municipal School District students in the Marathon Program to 394, a 40.7% increase from 2008 levels.

#### Department of Aging

- Provided core services to 4,778 clients including senior citizens and adults with disabilities.
- Secured over \$400,000 of external grants.
- The Annual Senior Day Program attracted more than 2,000 senior citizens, the Annual Senior Walk attracted over 400 senior citizens and the Employment Expo Job Fair and Workshops attracted over 450 senior citizens.
- Senior Citizens received: 1,707 benefit checkups, 225 major home repairs, 73 grass cutting services, 711 assistance with snow removals and 2,850 supportive services.

#### The Office of Equal Opportunity

- Commenced implementation of a new compliance software program to improve time management and quality control.
- Processed approximately 1,395 certifications for minority, female and locally owned businesses.
- Awards to Office of Equal Opportunity certified prime and subcontractors exceeded \$69 million.

#### Department of Public Service

- The Division of Engineering and Construction completed nine road and bridge projects totaling approximately \$23 million. Among the major projects currently under construction include the Fulton Road Bridge (\$50 million).
- The Division of Architecture completed 11 projects with an additional 30 projects in the design or construction stage. The total value of these projects is approximately \$14 million.
- The Division of Streets provided snow removal services to over 1,300 miles of City roadways and used over 65,000 tons of salt throughout the 2009 winter season, which had snowfall of 77.0 inches.
- The Division of Streets used over 45,000 tons of asphalt and approximately 4,300 cubic yards of concrete for street repairs and resurfacing. The Division also swept city streets six times and collected 2,100 tons of leaves for composting.
- The Division of Waste collected and disposed of over 236,000 tons of debris and collected over 6,309 tons of recyclables.
- The Division of Traffic Engineering maintained 5,800 crosswalks, approximately 630 miles of lane lines, over 1,000 traffic signals and 250 flashing school signs. They also maintained 500,000 signs.
- The Division of Motor Vehicles purchased 202 vehicles and equipment for various city departments at a cost of approximately \$7.8 million.

#### Department of Public Safety

- The Office of Professional Standards and the Police Review Board introduced an on-line accountability system.
- In September 2009, the Division of Police provided on-line access to accident reports. The reports can be retrieved through a link on the Division of Police webpage. Citizens, insurance companies and court personnel can access and print copies of completed accident reports from any computer. The data is updated daily and provides a graphic representation of crime by area using criteria selected by the user. The site also has a feature that can alert you when crimes are reported. The Office of Professional Standards and the Police Review Board successfully lobbied for a Charter Amendment to increase the size of the Citizen Police Review Board, enabling greater community input. They also eliminated the requirement that all investigations be conducted by officers of the Division of Police.

- The Division of Fire has partnered with regional Hazardous Material (HazMat) responders to form a State of Ohio Type I HazMat response team and was awarded the 2009 Assistance to Firefighters Grant. The grant was used to acquire Carbon Monoxide Pulse-Oximeters, which measure carbon monoxide exposure to both firefighters and civilians. It was also used to acquire 27 thermal imaging cameras that are used to assist firefighters in seeing through smoke while performing rescues.
- The Division of Emergency Medical Services (EMS) consolidated all pre-hospital training for the Department of Public Safety under the Division of EMS. This was accomplished by integrating Division of Fire paramedics into continuing education and recertification programs. It also provided a web-based training program allowing all of the Department of Public Safety personnel to participate in on-line training and continuing education sessions 24 hours a day.
- The Division of Kennels entered into a contract with the Cleveland Animal Protective League (APL) to spay/neuter stray cats within the City. The Kennel staff continued to partner with Cuyahoga County Kennels, Cleveland APL and numerous animal rescue groups to transfer adoptable animals to shelters.
- The Division of Correction installed a state-of-the-art recording surveillance camera system at both jail locations. The Division also implemented taped video court which allows a County Bailiff representative to monitor up to ten hearings a day.

#### Department of Parks, Recreation and Properties

- Research, Planning and Development completed over \$3.2 million of capital improvements in City parks, pools and playgrounds. Projects completed include: Rockefeller Park Tennis Courts, Kenneth Johnson Waterslide, Gilmore Park, Roberto Clemente Park, Grdina Park, Mercedes Cotner Park, Halloran Park and Tony Brush Park.
- Increased the number of meals served to youths during the summer by 23.4%, from 85,296 in 2008 to 105,239 in 2009.
- Parking Facilities converted the remaining mechanical parking meters to electronic parking meters. The electronic meters are more reliable, offer more accountability, efficiency and are more user-friendly.
- Park Maintenance performed 38,565 nuisance abatement service visits, a 21.0% increase from 2008.
- Partnered with the Department of Finance to complete the implementation of the ARCHIBUS Work Management system, which will be used to streamline the administrative functions and improve billing accuracy for vacant properties nuisance abatement services.
- Reduced vehicle gas consumption across the department from 76,984 gallons in 2008 to 49,839 gallons in 2009.
- Urban Forestry trimmed 5,681 trees in 2009.

#### Department of Port Control

- Cleveland Hopkins International Airport (CLE) was voted the “Most Improved Airport in North America” by Airport Council International. Focusing on key airport customer service features, this recognition is based on the results of airport customer interviews and compared to commercial airports throughout North America.
- The new CLE Concession Development (AIRMALL) program was started in early 2009 to improve the quality, customer service and brand offerings for patrons of the Airport. To date, 27 of 55 new restaurants and retail stores have been opened. Nearly halfway through the program, the AIRMALL has resulted in 99 new jobs at CLE. Minority business owners comprise 33% of the new concessions.
- In 2009, CLE was granted approximately \$16 million in American Recovery and Reinvestment Act stimulus funds to support construction of Taxiway Q, its connectors and an aircraft hold apron. This project will provide expedited access to the existing de-icing area as well as additional aircraft queuing flexibility. Approximately 200 jobs will be created or retained during the course of the construction project.

The following projects currently underway will provide the momentum necessary to continue rebuilding the City's economic base:

- The University Circle area continued with its construction of the \$2.5 billion of new projects which began in 2000. Major projects completed in 2009 include the University Hospitals Case Medical Center (\$27 million) and the Commodore apartment and retail renovations (\$7.5 million).
- On November 3, 2009, Ohio voters approved Issue 3, authorizing casino gambling in Ohio. Plans are underway to construct a \$600 million casino on land situated behind Tower City Center.
- An agreement was reached with Merchandise Mart Properties to construct and build a Medical Mart and Convention Center at the site of the current Convention Center. Once completed, the \$425 million center is projected to generate as much as \$331 million per year of economic activity.
- The City recently signed an agreement with Princeton Environmental Group to design a \$200 million Municipal Solid Waste to Energy (MSWE facility) at Cleveland's Ridge Road Transfer Station. This project has the potential to create 100 new jobs.

#### *Future Economic Outlook*

As the economy in the region stagnates, the City has maintained its commitment to prudent fiscal policies. The City, like most large urban municipal governments nationwide, is facing many fiscal challenges. High unemployment continues to impede the fiscal recovery.

The manufacturing base includes a number of prominent durable goods manufacturers. Many have added value through production of specialized products and are more competitive internationally.

The City's Neighborhood Reinvestment Program is a joint effort by the City's Department of Community Development, local area banks and secondary market enterprises to offer creative home financing, consumer credit, small business loans, and various financing options to City residents with low or moderate incomes.

#### **2010 Budget**

The strategic implementation of the five-year budget projections to manage the City's finances, Operations Efficiency Task Force and Clean Cleveland have resulted in significant reductions in operating costs and a balanced budget for 2010. The many unknown variables due to the global economic crisis require that stringent fiscal controls and mandated energy conservation be the platform of the 2010 operating budget. The Budget Management Strategy for fiscal 2010 includes, but is not limited to, the following:

- All non-union employees were required to forego longevity pay and accept the implementation of 10 unpaid furlough days resulting in a 4.17% reduction in wages. Union employees were given the opportunity to either accept the same wage concessions as non-union employees or provide an alternate method of reducing their employee expenses by a commensurate amount. Several bargaining units chose to implement job layoffs as a means of complying with the requirement.
- Hiring freeze that only allows replacement of critical employees.
- A mandated 10% reduction in both overtime and fuel consumption City-wide.
- Restricted travel and material and supply purchases.
- A mandated 3% reduction in energy consumption.
- Funding for only contract-negotiated salary increases in 2010.

The estimate of revenue and expenditures for all General Fund departments and divisions for the 2010 budget are:

- Revenues and other sources are projected to increase from \$491.8 million in 2009 to \$507.4 million in 2010. This increase is attributed to: \$14.4 million of land sales, \$8.7 million of new revenue related to the Solid Waste Collection fee and a \$7.5 million transfer from the Rainy Day Fund. These items offset a projected 2% decrease in income tax collections along with significant decreases in interest earnings and grant recoveries.
- Expenditures and other uses are estimated to decrease from \$520.0 million in 2009 to \$511.4 million in 2010. This decrease is primarily due to negotiated labor agreements and resultant layoffs.

Major highlights of the 2010 budget are:

- Management Efficiency recommendations on how the City can further improve service delivery, eliminate overlap by reorganizing functions, change traditional ways of providing services and identify opportunities to collect new revenues.
- Operation Clean Cleveland's focus on eliminating blight through maintenance, demolition or rehabilitation of vacant and abandoned properties.
- Maintaining city service levels for public safety, waste collection, snow removal and recreation facilities that ensure enhanced quality of life for the citizens of the City of Cleveland.

### **Major Initiative**

As the City plans ahead to achieve increased municipal efficiencies and enhanced infrastructure coordination, the Mayor has launched the following initiatives:

- *Sustainable Cleveland 2019*, positioning Cleveland to become a model of sustainability as well as a leader in the emerging green economy over the next 10 years.
- *Municipal Solid Waste to Energy Initiative*, designed to convert solid waste into electricity using gasification.
- *Cleveland Area Small Business Program*, designed to ensure local companies receive more City contracts. As part of this goal, the City is installing new tracking software and increasing project monitoring.
- *Vacant Property Initiative*, forgivable low interest loans to help address loan-to-value issues and costs that do not add to value – such as demolition.
- *Technology Grant Program*, designed to attract new technology businesses to the City while also helping to reinforce the “brain gain” in the City.

### **Awards and Acknowledgements**

*The Independent Audit:* The City Charter requires an annual audit of the financial statements of all accounts of the City by an Independent Certified Public Accountant. Accordingly, this year's audit was completed by the Auditor of the State of Ohio. The year ended December 31, 2009, represents the 29<sup>th</sup> consecutive year the City has prepared a Comprehensive Annual Financial Report (CAFR). In addition to the independent auditors, the City maintains its own Internal Audit Division. Along with the duty of assisting the independent auditors, the Internal Audit Division is responsible for strengthening and reviewing the City's internal controls. The Internal Audit Division performs its own independent operational and financial audits of the City's many funds, departments and divisions. We believe that the City's internal control structure adequately safeguards its assets and provides reasonable assurance of proper recording of all financial transactions.

*GFOA Certificate of Achievement Award:* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland, Ohio for its CAFR for the fiscal year ended December 31, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.



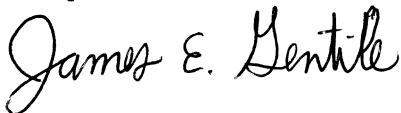
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such CAFRs must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 25 years (years ended 1984 – 2008). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

*Acknowledgements:* The preparation of this report could not have been accomplished without the efficient and dedicated service of the Finance Department, particularly the Division of Financial Reporting and Control. We would also like to thank the Mayor, the cabinet and members of City Council. Without their continued support, the Department of Finance could not have maintained the financial management practices required to ensure the financial integrity of the City. We would like to thank the representatives of the Auditor of the State of Ohio for their efforts and professional conduct throughout the audit engagement.

Very truly yours,



Sharon Dumas, Director  
Department of Finance



James E. Gentile, CPA  
City Controller

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CITY OF CLEVELAND, OHIO

City Officials  
Frank G. Jackson, Mayor

EXECUTIVE STAFF

Ken Silliman, Esq. .... Chief of Staff  
Darnell Brown..... Chief Operating Officer  
Valerie J. McCall ..... Chief of Government Affairs  
Maureen R. Harper..... Chief of Communications  
Chris Warren..... Chief of Regional Development  
Monyka S. Price..... Chief of Education  
Andrew C. Watterson..... Chief of Sustainability  
Natoya J. Walker..... Chief of Public Affairs  
Andrea V. Taylor ..... Press Secretary  
Victor R. Perez, Esq..... Chief Assistant Prosecutor

ADMINISTRATION

Jane E. Fumich..... Director, Department of Aging  
Edward W. Rybka ..... Director, Department of Building and Housing  
Robert N. Brown..... Director, City Planning Commission  
Lucille Ambroz ..... Secretary, Civil Service Commission  
Daryl P. Rush, Esq. .... Director, Department of Community Development  
Blaine Griffin ..... Director, Community Relations Board  
John Mahoney..... Interim Director, Consumer Affairs  
Tracey A. Nichols ..... Director, Economic Development  
Sharon Dumas ..... Director, Department of Finance  
Matthew Carroll..... Director, Department of Public Health  
Robert J. Triozzi, Esq. .... Director, Department of Law  
Natoya J. Walker..... Director, Office of Equal Opportunity  
Michael E. Cox ..... Director, Department of Parks, Recreation and Properties  
Nycole West. .... Interim Director, Personnel and Human Resources  
Ricky D. Smith, Sr. .... Director, Department of Port Control  
Martin Flask ..... Director, Department of Public Safety  
Jomarie Wasik..... Director, Department of Public Service  
Barry A. Withers..... Interim Director, Department of Public Utilities

# CITY OF CLEVELAND, OHIO

## City Council

Martin J. Sweeney .....	President of Council /Ward 18
Patricia J. Britt .....	Clerk of Council
Terrell H. Pruitt .....	Ward 1
Zachary Reed .....	Ward 2
Joe Cimperman .....	Ward 3
Kenneth L. Johnson .....	Ward 4
Phyllis Cleveland .....	Ward 5
Mamie J. Mitchell .....	Ward 6
TJ Dow .....	Ward 7
Jeffrey Johnson .....	Ward 8
Kevin Conwell .....	Ward 9
Eugene R. Miller .....	Ward 10
Michael D. Polensek .....	Ward 11
Anthony Brancatelli .....	Ward 12
Kevin J. Kelly .....	Ward 13
Brian J. Cummins.....	Ward 14
Matt Zone .....	Ward 15
Jay Westbrook .....	Ward 16
Dona Brady .....	Ward 17
Martin J. Keane .....	Ward 19

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cleveland  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

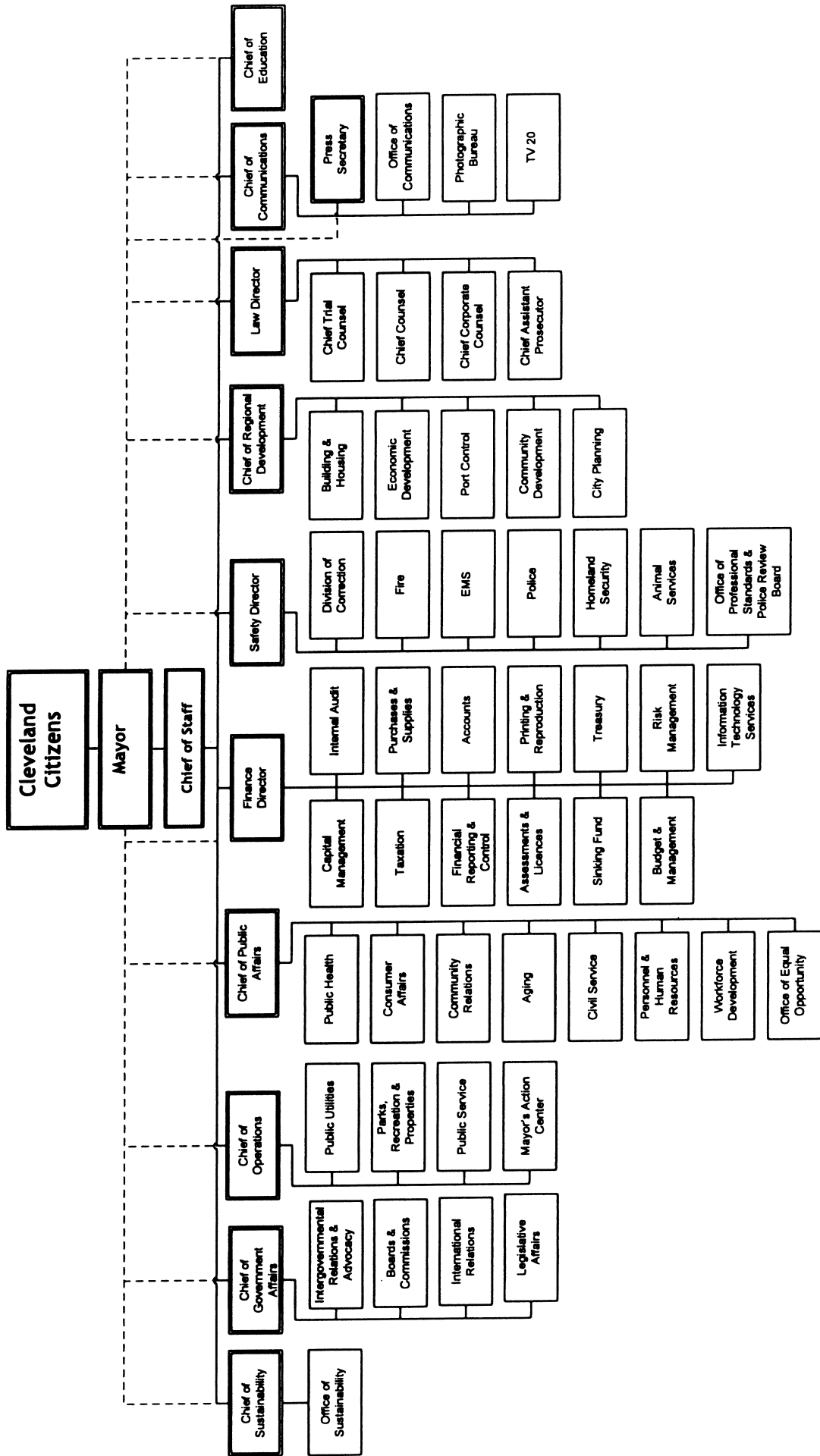
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

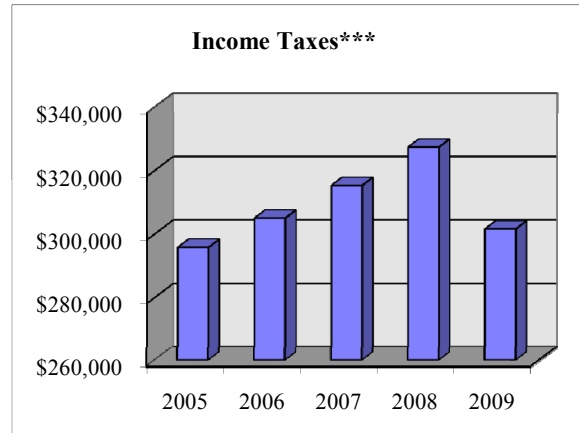
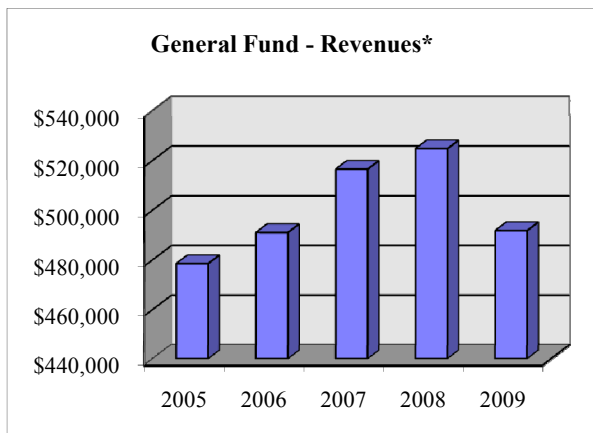
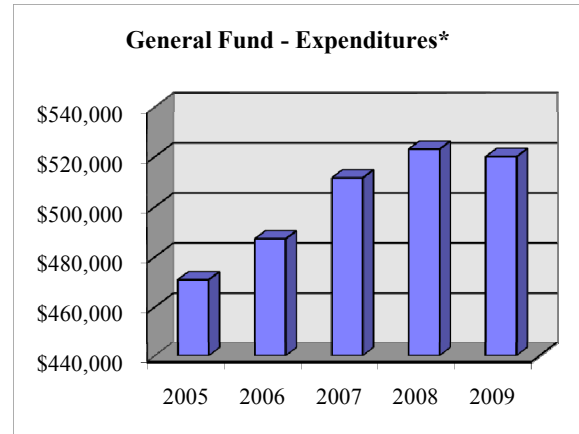
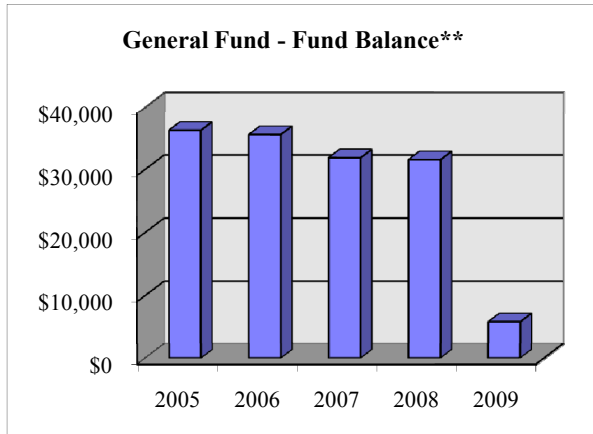
# CITY OF CLEVELAND ADMINISTRATIVE ORGANIZATION CHART



# CITY OF CLEVELAND, OHIO

## FINANCIAL HIGHLIGHTS

(Amounts in 000's)



For Year Ended	General Fund Fund Balance**	General Fund Revenues*	General Fund Expenditures*	Income Taxes***
2005	\$36,213	\$478,522	\$470,905	\$295,759
2006	35,531	491,052	487,233	305,010
2007	31,854	516,551	511,567	315,262
2008	31,545	524,744	523,046	327,338
2009	5,865	491,827	520,036	301,559

\* *Budget Basis* - General Fund revenues and expenditures include other financing sources (uses).

\*\* *GAAP Basis*.

\*\*\* *Budget Basis* - Income Taxes includes General Fund and Restricted Income Tax Fund.

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# **FINANCIAL SECTION**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

City of Cleveland  
Cuyahoga County  
601 Lakeside Avenue  
Cleveland, Ohio 44114

To the Honorable Frank G. Jackson, Mayor, Members of Council, and the Audit Committee:

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 the City of Cleveland, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Cuyahoga County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, on our consideration of the City'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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules, and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

**Mary Taylor, CPA**  
Auditor of State

June 28, 2010

# CITY OF CLEVELAND, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cleveland (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2009. Please read this information in conjunction with the City's financial statements and footnotes that begin on page 50.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at December 31, 2009 by approximately \$2.355 billion (net assets). Of this amount, \$335.0 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- Of the approximately \$2.355 billion of net assets, governmental activities accounted for approximately \$593.8 million of net assets, while business-type activities net assets accounted for approximately \$1.761 billion.
- The City's net assets decreased by \$54.5 million as compared to 2008. The governmental activities net assets decreased by \$44.6 million and the business-type activities net assets decreased by \$9.9 million.
- At the end of the current year, unreserved fund balance for the General Fund had a deficit of \$9.6 million, which represents a deficit in the amount available for spending at the City's discretion. The unreserved fund balance equals negative 1.9% of the total current General Fund expenditures and other financing uses.
- In 2009, the City's total long-term debt and other debt-related obligations net of premiums, discounts and unamortized loss on debt refunding decreased by \$84.0 million. The decrease indicates that the City's debt service payments and debt refunded or defeased exceeded new debt issued in 2009.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) General Fund budget and actual statement and (4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City principally include: General Government; Public Service; Public Safety; Community Development; Building and Housing; Public Health; Parks, Recreation and Properties; and Economic Development. The business-type activities of the City principally include: water; electricity; and airport facilities.

The government-wide financial statements can be found on pages 50 - 51 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City'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 City maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other 34 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annually appropriated budget for its General Fund, Enterprise and Internal Service Funds. The City adopts an annually appropriated budget for some of its Special Revenue and Debt Service Funds. The General Fund budgetary comparison has been provided as a separate financial statement to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 52 - 55 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. The first type is Enterprise Funds. They are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water, electric, airport, sewer, convention center, markets, parking lots, cemeteries, and golf course operations. The second type of proprietary fund the City uses is Internal Service Funds to account for its motor vehicle maintenance, printing and reproduction, postal services, utilities administration, sinking fund administration, municipal income tax administration, telephone exchange, radio communications operations and workers' compensation reserve. Internal Service Funds are an accounting device used to accumulate and allocate costs internally throughout the City's various functions. Because most of the internal services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements, except for the Utilities Administration Fund which has been classified as a business-type activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Division of Water, Cleveland Public Power and Department of Port Control Funds, which are considered to be major funds of the City. Conversely, Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor Enterprise and Internal Service Funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 56 - 60 of this report.

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

The basic fiduciary fund financial statement can be found on page 61 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to achieve a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 62 - 104 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the year ended December 31, 2002, the City implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This statement requires a comparative analysis of government-wide data in the Management's Discussion and Analysis section. Information regarding the government-wide net assets of the City is provided below:

### Summary Statement of Net Assets as of December 31, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2009	2008	(Amounts in 000's)		2009	2008
<b>Assets:</b>						
Current and other assets	\$ 682,608	\$ 738,976	\$ 1,257,848	\$ 1,372,114	\$ 1,940,456	\$ 2,111,090
Capital assets	<u>924,106</u>	<u>920,301</u>	<u>2,815,050</u>	<u>2,765,262</u>	<u>3,739,156</u>	<u>3,685,563</u>
Total assets	1,606,714	1,659,277	4,072,898	4,137,376	5,679,612	5,796,653
<b>Liabilities:</b>						
Long-term obligations	771,935	787,294	2,116,178	2,181,006	2,888,113	2,968,300
Other liabilities	<u>240,946</u>	<u>233,557</u>	<u>195,621</u>	<u>185,325</u>	<u>436,567</u>	<u>418,882</u>
Total liabilities	1,012,881	1,020,851	2,311,799	2,366,331	3,324,680	3,387,182
<b>Net assets:</b>						
Invested in capital assets, net of related debt	561,586	555,076	1,016,182	985,556	1,577,768	1,540,632
Restricted	166,280	179,318	275,907	272,613	442,187	451,931
Unrestricted	<u>(134,033)</u>	<u>(95,968)</u>	<u>469,010</u>	<u>512,876</u>	<u>334,977</u>	<u>416,908</u>
Total net assets	<u>\$ 593,833</u>	<u>\$ 638,426</u>	<u>\$ 1,761,099</u>	<u>\$ 1,771,045</u>	<u>\$ 2,354,932</u>	<u>\$ 2,409,471</u>

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. The City's assets exceeded liabilities by approximately \$2.355 billion at the close of the most recent fiscal year. This represents a decrease of 2.26% in 2009. Of the City's net assets, 25.22% represents its governmental net assets and 74.78% represents its business-type net assets.

Of the net assets from governmental activities, \$561.6 million represents its investment in capital assets (e.g., land, land improvements, buildings, infrastructure, furniture, fixtures, equipment and vehicles), net of accumulated depreciation, less any related, still-outstanding debt issued to acquire, construct or improve those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. Another significant portion of net assets, \$166.3 million, represents resources that are subject to external restrictions on how they may be used. There was a decrease in unrestricted net assets of \$38.1 million.

In 2009, the total assets from governmental activities decreased by \$52.6 million. This decrease is primarily attributed to a decrease of \$60.4 million of cash and cash equivalents and investments at year end and \$4.5 million decrease in amounts due from other governments. The total decreases were partially offset by an increase of \$5.7 million in loans receivable and an increase of \$3.8 million in capital assets.

Also in 2009, the total liabilities from governmental activities decreased by \$8.0 million. The decrease was primarily due to a decrease of \$15.4 million in long-term obligations which was partially offset by various increases to other liability accounts.



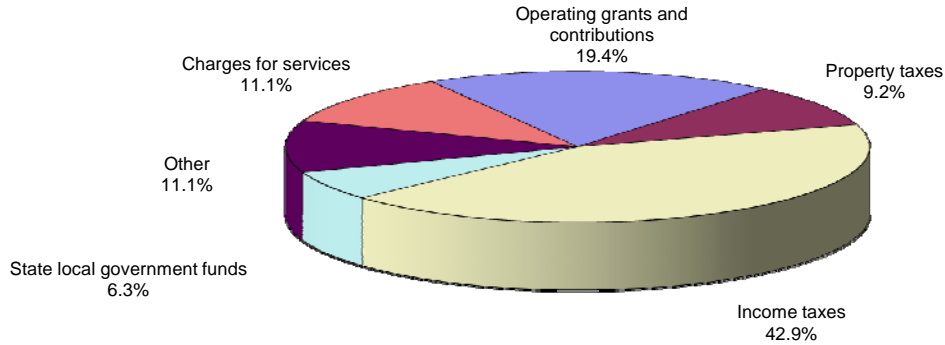
At the end of the current year, the City is able to report positive balances in total net assets for both its governmental activities and its business-type activities. Information regarding government-wide changes in net assets is provided below:

**Changes in Net Assets  
For Fiscal Years Ended December 31, 2009 and 2008**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	(Amounts in 000's)					
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 77,227	\$ 87,114	\$ 525,353	\$ 554,461	\$ 602,580	\$ 641,575
Operating grants and contributions	134,565	129,113	10,175	19,868	144,740	148,981
Capital grants and contributions	11,680	16,151	51,325	64,064	63,005	80,215
General revenues:						
Income taxes	296,507	329,316			296,507	329,316
Property taxes	63,573	65,398			63,573	65,398
Other taxes	25,053	25,918			25,053	25,918
Shared revenues	28,741	28,587			28,741	28,587
State local government funds	43,420	52,450			43,420	52,450
Unrestricted investment earnings	1,740	3,344	25	42	1,765	3,386
Miscellaneous	10,207	9,556			10,207	9,556
Total revenues	<u>692,713</u>	<u>746,947</u>	<u>586,878</u>	<u>638,435</u>	<u>1,279,591</u>	<u>1,385,382</u>
Expenses:						
General Government	90,311	101,878			90,311	101,878
Public Service	85,947	87,154			85,947	87,154
Public Safety	329,765	329,922			329,765	329,922
Community Development	59,204	44,550			59,204	44,550
Building and Housing	20,925	15,831			20,925	15,831
Public Health	22,999	20,351			22,999	20,351
Parks, Recreation and Properties	58,799	61,628			58,799	61,628
Economic Development	38,083	53,944			38,083	53,944
Interest on debt	30,448	32,896			30,448	32,896
Water			224,269	213,335	224,269	213,335
Electricity			158,100	154,426	158,100	154,426
Airport facilities			168,734	172,274	168,734	172,274
Nonmajor activities			46,546	44,507	46,546	44,507
Total expenses	<u>736,481</u>	<u>748,154</u>	<u>597,649</u>	<u>584,542</u>	<u>1,334,130</u>	<u>1,332,696</u>
Changes in net assets before transfers	(43,768)	(1,207)	(10,771)	53,893	(54,539)	52,686
Transfers	<u>(825)</u>	<u>(306)</u>	<u>825</u>	<u>306</u>		
Changes in net assets	(44,593)	(1,513)	(9,946)	54,199	(54,539)	52,686
Net assets at beginning of year	<u>638,426</u>	<u>639,939</u>	<u>1,771,045</u>	<u>1,716,846</u>	<u>2,409,471</u>	<u>2,356,785</u>
Net assets at end of year	<u>\$ 593,833</u>	<u>\$ 638,426</u>	<u>\$ 1,761,099</u>	<u>\$ 1,771,045</u>	<u>\$ 2,354,932</u>	<u>\$ 2,409,471</u>

Business-type net assets decreased \$9.9 million in 2009. Of the business-type net assets, \$1.016 billion represents its investment in capital assets, net of accumulated depreciation, less any related, still-outstanding debt issued to acquire, construct or improve those assets. These capital assets are used to provide services to their customers. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. \$275.9 million of net assets are subject to external restrictions on their use. The remaining balance of \$469.0 million is unrestricted and may be used to meet the City's ongoing obligations to customers and creditors.

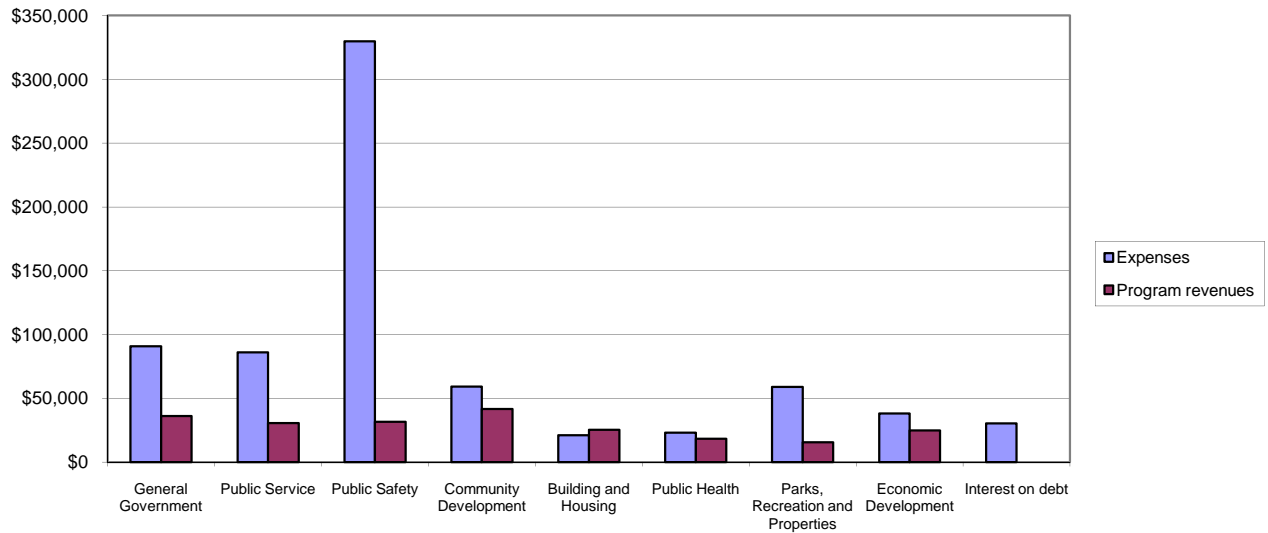
## Revenues by Source - Governmental Activities



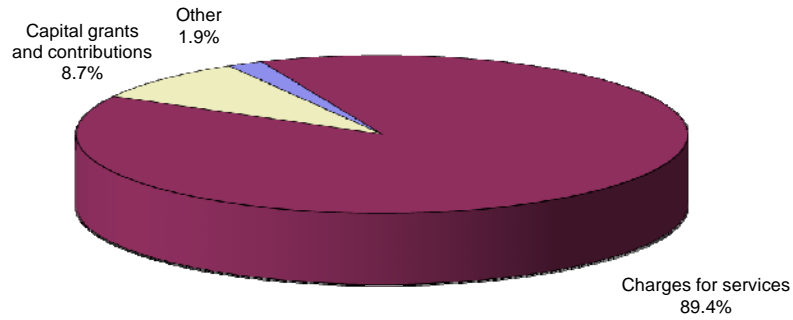
Other includes capital grants and contributions, other taxes, shared revenues, unrestricted investment earnings, other general revenues and transfers.

## Expenses and Program Revenues - Governmental Activities

(Amounts in 000's)

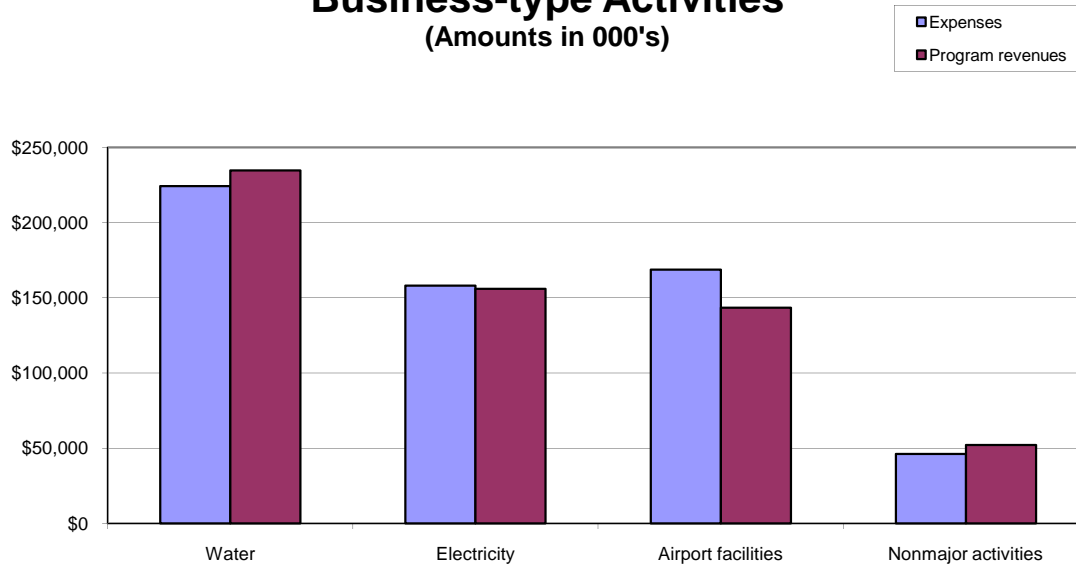


## Revenues by Source - Business-type Activities



Other includes operating grants and contributions, unrestricted investment earnings and transfers.

## Expenses and Program Revenues - Business-type Activities (Amounts in 000's)



In 2009, business-type total assets decreased by \$64.5 million primarily due to a decrease in restricted assets of \$103.4 million, which was partially offset by an increase in net receivables of \$32.9 million. Business-type total liabilities decreased by \$54.5 million primarily due to a net decrease in long-term obligations, partially offset by an increase of \$8.5 million of amounts due to other governments.

Business-type activities are principally accounted for in the City's Enterprise Funds. The City operates three principal Enterprise Funds encompassing two airports, a water system and an electric distribution system. The City also operates other Enterprise Funds consisting of a sewer system, cemeteries, a convention center, golf courses, municipal parking lots and public market facilities. The operating results of the City's principal Enterprise Funds are discussed below.

**Division of Water:** The Division operates a major public water supply system, the eighth largest in the United States that serves not only the City, but also 70 suburban municipalities in Cuyahoga, Medina, Summit and Geauga counties. The Division is an emergency standby provider for systems in three other counties. The present service area covers over 640 square miles and serves over 1.5 million people. Operating revenue in 2009 decreased approximately 5.78% to \$228.2 million from \$242.2 million in 2008. This decrease was mainly attributed to a 4.65% decrease in billed consumption. Operating expenses, exclusive of depreciation, increased to \$147.7 million compared to \$143.8 million in 2008.

**Division of Cleveland Public Power:** The Division supplies electrical service to approximately 76,000 customers in the City. The Division is responsible for supplying, transmitting and distributing electricity and providing related electrical services to customers within its service area. The Division's 2009 operating revenue decreased 1.42% to \$155.9 million from \$158.1 million in 2008. Purchased power expense increased 4.26% to \$90.6 million in 2009 from \$86.9 million in 2008. Operating expenses, exclusive of depreciation and purchased power, increased 1.54% to \$37.9 million compared to \$37.3 million in 2008.

**Department of Port Control:** The City's Department of Port Control consists of the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport, which employ approximately 447 individuals in administration, airfield and building maintenance, vehicle maintenance and aircraft rescue and fire fighting. Currently, 29 passenger airlines provide scheduled airline service at Cleveland Hopkins International Airport. Burke Lakefront Airport, a federally certified commercial and general aviation reliever airport, provides the majority of its services to air taxi operators serving the City's downtown business activities. The airports' operating revenue in 2009 amounted to \$98.1 million. This represents an 11.89% decrease from 2008 operating revenues. Cleveland Hopkins International Airport served 9,715,604 passengers in 2009. This reflects a 12.52% decrease in the number of passengers served in 2009. This decrease is attributed to normal industry fluctuation and the economic recession.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$364.3 million, a decrease of \$55.2 million in comparison with the prior year. The total governmental unreserved fund balance is \$85.7 million of which \$42.7 million is undesignated. The components of the total undesignated governmental fund balance include a deficit of \$9.6 million in the General Fund which indicates a deficit in the amount available for spending at the City's discretion; an additional \$40.5 million of undesignated Special Revenue Funds available for expenditures that are legally restricted for a particular purpose; and the Capital Project Fund has \$11.8 million of undesignated fund balance to be used for the acquisition or construction of major capital projects. An additional \$43.0 million is designated for future capital improvements. The remaining \$278.6 million of the fund balance is reserved which indicates that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$108.3 million), (2) to make future loans (\$118.8 million), (3) to pay debt service (\$41.8 million) and (4) for a variety of other restricted purposes (\$9.7 million).

The General Fund is the chief operating fund of the City. At the end of the current year, the unreserved fund balance of the General Fund was a deficit of \$9.6 million and the total fund balance was \$5.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents negative 1.9% of total General Fund expenditures and transfers out, while total fund balance represents approximately 1.2% of that same amount.

A two-year comparison of General Fund activity is shown below. The revenues, expenditures and changes in fund balance shown in these comparisons are presented on the modified accrual basis of accounting applicable to governmental funds.

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance Information - GAAP Basis**  
**2009 and 2008**  
(Amounts in 000's)

	<u>2009</u>	<u>2008</u>
Revenues:		
Income taxes	\$ 265,377	\$ 290,191
Property taxes	41,918	42,907
State local government funds	45,590	52,269
Other shared revenues	47,164	44,947
Licenses and permits	11,631	11,834
Charges for services	15,878	20,807
Fines, forfeits and settlements	27,617	27,319
Investment earnings	1,602	2,740
Grants	2,122	775
Miscellaneous	13,085	11,432
Total revenues	<u>471,984</u>	<u>505,221</u>
Expenses:		
General Government	77,690	78,957
Public Service	35,823	35,505
Public Safety	306,294	309,647
Community Development	1,860	2,172
Building and Housing	8,984	10,463
Public Health	5,645	5,592
Parks, Recreation and Properties	35,363	37,025
Economic Development	1,317	1,568
Other	10,446	10,627
Total expenses	<u>483,422</u>	<u>491,556</u>
Excess (deficiency) of revenues over (under) expenditures	(11,438)	13,665
Other financing sources (uses):		
Transfers in	3,872	6,674
Transfers out	(18,391)	(20,922)
Sale of City assets	277	274
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(25,680)	(309)
Fund balance at beginning of year	<u>31,545</u>	<u>31,854</u>
Fund balance at end of year	<u>\$ 5,865</u>	<u>\$ 31,545</u>

## ***Analysis of General Fund Revenues***

General Fund revenues and other sources totaled \$476.1 million in 2009, a decrease of approximately \$36.0 million from 2008. A discussion of each of the major types of General Fund revenues follows.

### ***Municipal Income Taxes***

Ohio law authorizes a municipal income tax on both corporate income (net profits from the operation of a business or profession) and employee wages, salaries and other compensation at a rate of up to 1% without voter authorization and at a rate above 1% with voter authorization. In 1979 and in 1981, the voters in the City approved increases of one-half of one percent to the rate of the income tax, bringing it to the current 2% rate. By the terms of the 1981 voter approval, as amended in 1985, one-ninth of the receipts of the total 2% tax (the Restricted Income Tax) must be used only for capital improvements, debt service or obligations issued for capital improvements or the payment of past deficits. The remaining eight-ninths of the municipal income tax is recorded in the General Fund and is pledged to, and may also be used for, debt service on General Obligation Bonds of the City, to the extent required and certain other obligations of the City.

The income tax is also imposed on gross salaries and wages earned in the City by non-residents of the City and on salaries, wages and other compensation of City residents earned within or outside the City. The income tax liability of a City resident employed outside the City is reduced by a credit equal to 50% of the tax paid to the municipality in which the City resident is employed. The tax on business profits is imposed on that part of profits attributable to business conducted within the City. In 2009, approximately 87% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

Income tax collections decreased approximately \$24.8 million in 2009 from in 2008 due to lower income tax collections in 2009.

### ***Property Taxes***

Taxes collected from real property in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected from tangible personal property in one calendar year are levied in the same calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year, and at the rates determined in the preceding year. Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

The "assessed valuation" of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate multiplied by the assessed value.

The assessed values of taxable property in the City for the past two years were as follows:

<b>Tax Collection Year</b>	<b>Real Property</b>	<b>Tangible Personal (Other than Public Utility)</b>	<b>Public Utility Tangible Personal</b>	<b>Total Assessed Valuation</b>
		<b>(Amounts in 000's)</b>		
2009	\$ 5,496,719	\$ 219,920	\$ 220,820	\$ 5,937,459
2008	\$ 5,480,592	\$ 422,770	\$ 210,970	\$ 6,114,332

Property tax revenues decreased by \$1.0 million in 2009 principally due to lower current tax collections and a significant increase in delinquencies in 2009.

### ***State Local Government Funds and Other Shared Revenues***

State Local Government Funds and Other Shared Revenues include taxes levied and collected by the State of Ohio or counties and partially redistributed to the City and other political subdivisions. Other shared revenues include state income, sales, corporate franchise, homestead and rollback, public utility, estate and cigarette taxes as well as liquor fees. State Local Government Funds and Other Shared Revenues have decreased in total by approximately \$4.5 million in 2009.

Since 1993, the State Local Government Funds (LGF) have been the City's largest source of non-tax General Fund revenue. Through these funds, Ohio subdivisions share in a portion of the State's collection of the sales tax, use tax, personal income tax, corporate franchise tax and public utilities excise tax. The percentages of the five taxes supporting these funds have varied over the years. At times, the dollar amount in the funds has been capped at specified levels.

Pursuant to statutory law in Ohio, State LGF revenues are divided into county and municipal portions. The county portion, the larger of the two, is distributed to each of the State's 88 counties and is allocated based upon a statutory formula utilizing county population and county municipal property values. Once received by a county, the funds can either be distributed to all subdivisions using the statutory formula or the county and its subdivisions may agree upon an alternate method for allocating the funds. Cuyahoga County and its recipient communities have chosen the latter method which is comprised of a base allocation and an excess allocation. The excess allocation takes into account such factors as assessed value per capita, per capita income, population density and the number of individuals receiving public assistance. The municipal portion of the LGF is distributed directly by the State to those municipalities that collect an income tax. A municipality receives its share of the funds based upon its percentage of total municipal income taxes collected throughout the state in a given year.

Distributions from the State of Ohio and Cuyahoga County (as a conduit between the State and City) have decreased since 2000.

### *Analysis of General Fund Expenditures*

General Fund expenditures and other financing uses totaled \$501.8 million in 2009, a decrease of 2.08% from 2008. The amount of expenditures and other uses by function on a GAAP basis, including the increases (decreases) over the prior year, are shown in the following table:

<u>Expenditures and Other Financing Uses</u>	<u>Actual 2009</u>	<u>% of Total</u>	<u>Actual 2008</u>	<u>% of Total</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
(Amounts in 000's)						
Current:						
General Government	\$ 77,690	15.48	\$ 78,957	15.41	\$ (1,267)	(1.60)
Public Service	35,823	7.14	35,505	6.93	318	0.90
Public Safety	306,294	61.04	309,647	60.42	(3,353)	(1.08)
Community Development	1,860	0.37	2,172	0.42	(312)	(14.36)
Building and Housing	8,984	1.79	10,463	2.04	(1,479)	(14.14)
Public Health	5,645	1.13	5,592	1.09	53	0.95
Parks, Recreation and Properties	35,363	7.05	37,025	7.23	(1,662)	(4.49)
Economic Development	1,317	0.26	1,568	0.31	(251)	(16.01)
Other	10,446	2.08	10,627	2.07	(181)	(1.70)
Operating Transfers Out	<u>18,391</u>	3.66	<u>20,922</u>	4.08	<u>(2,531)</u>	(12.10)
Total Expenditures and Other Financing Uses	<u>\$ 501,813</u>		<u>\$ 512,478</u>		<u>\$ (10,665)</u>	

The total expenditures and other financing uses decreased by \$10.7 million. The decreases in Public Safety expenditures and Building and Housing expenditures were due to decreases in full-time permanent personnel. The decrease in General Government was due to a decrease in professional services expenditures. The decrease in Operating Transfers Out was due to a 41% decrease in Street Construction subsidies.

**Proprietary Funds.** The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net assets of the Division of Water, Cleveland Public Power, and the Department of Port Control Funds amounted to \$225.3 million, \$59.9 million and \$137.0 million, respectively, at December 31, 2009. The change in net assets for each of the respective funds amounted to an increase of \$10.5 million and decreases of \$2.1 million and \$25.2 million during 2009. Other factors concerning the finances of the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

**Major Functional Expense Categories.** A discussion of the City's major functional expense categories follows:

#### *Employees and Labor Relations*

As of December 31, 2009 and 2008, the City had approximately 7,943 and 8,009 full-time employees, respectively. Of the 7,943 full-time employees, approximately 6,120 full-time employees are represented by 31 collective bargaining units. The largest collective bargaining units, together with the approximate number of employees represented by such units, include the American Federation of State, County and Municipal Employees, Local 100 – 1,330 members; Cleveland Police Patrolmen's Association – 1,331 members; the Association of Cleveland Firefighters – 882 members; Municipal Foreman and Laborers Union, Local 1099 – 514 members; and Local 244 – 362 members.

There have been no significant labor disputes or work stoppages in the City within the last 26 years.



The Council, by ordinance, establishes schedules of salaries, wages and other economic benefits for City employees. Generally, the terms of these ordinances have been the product of negotiations with representatives of the employees or bargaining units, and increases in economic benefits have normally been provided on an annual basis.

Chapter 4117 of the Ohio Revised Code (the Collective Bargaining Law), establishes procedures for, and regulates public employer-employee collective bargaining and labor relations for the City and other state and local governmental units in Ohio. The Collective Bargaining Law creates a three-member State Employment Relations Board (the SERB), which administers and enforces the Collective Bargaining Law. Among other things, the Collective Bargaining Law: (i) creates rights and obligations of public employers, public employees and public employee organizations with respect to labor relations; (ii) defines the employees it covers; (iii) establishes methods for (a) the recognition of employees and organizations as exclusive representatives for collective bargaining and (b) the determination of bargaining units; (iv) establishes matters for which collective bargaining is either required, prohibited or optional; (v) establishes procedures for bargaining and the resolution of disputes, including negotiation, mediation and fact finding; and (vi) permits all covered employees to strike, except certain enumerated classes of employees, such as police and fire personnel.

Over the past two years, the total salaries and wages paid to the City’s employees from all funds were as follows:

<u>Year</u>	<u>Amount Paid</u> (Amounts in 000's)
2009	\$ 446,948
2008	\$ 447,484

The decrease in salaries and wages in 2009 is primarily due to a decrease in the number of employees and a decrease in overtime usage, which was partially offset by scheduled pay increases for union employees.

*Employee Retirement Benefits*

City employees are members of one of two retirement systems. These retirement systems provide both pension and post-retirement health care benefits to participants. They were created pursuant to Ohio statutes and are administered by state created Boards of Trustees. The boards are comprised of a combination of elected members from the respective retirement system’s membership and ex-officio members from certain state and local offices.

These two retirement systems are:

- Ohio Public Employees Retirement System (OPERS), created in 1935, represents state and local government employees not included in one of the other retirement systems. Management of the system indicates there are more than 365,229 actively contributing members and net assets of this pension system approximated \$69.5 billion as of December 31, 2009, the latest information available. More data on this pension system is shown in Notes 13 – Defined Benefit Pension Plans and Note 14 – Other Postemployment Benefits of this report.
- Ohio Police and Fire Pension Fund (OP&F), created in 1966, represents sworn personnel, not civilians, employed in police and fire divisions of Ohio’s local governments. As of December 31, 2008, the latest information available, management of the fund indicates membership of approximately 28,733 active members and assets of this pension fund approximated \$9.7 billion. All of the City’s police and fire officers are members of this pension fund. More data on this pension fund is shown in Notes 13 – Defined Benefit Pension Plans and Note 14 – Other Postemployment Benefits of this report.

Over the past two years, the City and its employees have paid the following amounts to OPERS and OP&F:

	<u>2009</u>	<u>2008</u>
	(Amounts in 000's)	
Paid by City to:		
OPERS	\$ 41,333	\$ 38,900
OP&F	<u>34,036</u>	<u>33,218</u>
Total paid by City	<u>75,369</u>	<u>72,118</u>
Paid by employees to:		
OPERS	27,443	28,810
OP&F	<u>16,142</u>	<u>18,224</u>
Total paid by employees	<u>43,585</u>	<u>47,034</u>
Total	<u>\$ 118,954</u>	<u>\$ 119,152</u>

The City is current in all of its required contributions to the respective pension funds. The pension plans and other postemployment benefits for health care are explained in Notes 13 – Defined Benefit Pension Plans and Note 14 – Other Postemployment Benefits.

#### **GENERAL FUND BUDGETARY ANALYSIS**

In 2009, there were no major differences between the original and the final amended budget at a total revenue and expenditure level, including transfers out (see page 55).

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets:** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$3.739 billion (net of accumulated depreciation). This investment in capital assets includes land; land improvements; utility plant; buildings, structures and improvements; furniture, fixtures, equipment and vehicles; infrastructure; and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 1.45% (a 0.41% increase for governmental activities and a 1.80% increase for business-type activities). A summary of the City's capital assets at December 31, 2009 is as follows:

	<b>Capital Assets, Net of Accumulated Depreciation</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	(Amounts in 000's)		
Land	\$ 63,917	\$ 199,140	\$ 263,057
Land improvements	49,989	42,147	92,136
Utility plant		1,068,681	1,068,681
Buildings, structures and improvements	346,146	355,691	701,837
Furniture, fixtures, equipment and vehicles	59,505	213,110	272,615
Infrastructure	311,830	550,320	862,150
Construction in progress	<u>92,719</u>	<u>385,961</u>	<u>478,680</u>
Total	<u>\$ 924,106</u>	<u>\$ 2,815,050</u>	<u>\$ 3,739,156</u>

Additions to construction in progress during the current fiscal year affecting the City's capital assets included the following:

- Cleveland Public Power incurred \$24.3 million of capital expenditures relating to various projects, the acquisition of meters, pole replacements, equipment and building betterments.
- During 2009, the Division of Water had expenditures for capital improvements totaling \$100.4 million. Major expenses were for continuing renovations at the Morgan, Baldwin and Nottingham Plants, equipment and rehabilitation of water mains.
- Port Control expenditures for capital improvements totaled approximately \$41.1 million. Major components were the extension of Runway 6R/24L, Taxiway L reconstruction and upgrading and enhancements of the terminal utilities.
- Water Pollution Control had capital expenditures of \$6.3 million. Major initiatives included the various sewer line replacement projects.
- Major capital projects for Governmental Activities included \$127.6 million in land improvements, building improvements, vehicles and equipment, various computer system upgrades and infrastructure improvements.

The primary sources for financing the City's Capital Improvement Projects are general obligation bond proceeds, certificates of participation proceeds, urban renewal bond proceeds, proceeds from capital leases, interest earned on funds prior to and during the construction period, restricted income taxes and funds from the State Issue 2 and Local Transportation Improvement Programs. The City has three primary goals relating to its Capital Improvements: (1) preservation and revitalization of the City's neighborhoods, (2) economic development and job creation and (3) provision of cost-effective, basic City services to Cleveland residents and the business community. Additional information on the City's capital assets, including commitments made for future capital expenditures, can be found in Note 15 – Capital Assets.

**Long-term debt and certain other obligations:** At the end of the current fiscal year, the City had total long-term debt and certain other obligations outstanding of \$2.791 billion as shown below. General Obligation Bonds are typically issued for general governmental activities and are backed by the full faith and credit of the City. Revenue bonds are typically recorded in the applicable Enterprise Fund and are supported by the revenues generated by the respective Enterprise Fund. The remainder of the City's debt represents bonds or notes secured solely by specified revenue sources.

The activity in the City's debt obligations outstanding during the year ended December 31, 2009 is summarized below (excluding unamortized discounts, premiums and losses on debt refundings).

	<b>Balance January 1, 2009</b>	<b>Debt Issued</b>	<b>Debt Refunded or Defeased</b>	<b>Debt Retired</b>	<b>Balance December 31, 2009</b>
	(Amounts in 000's)				
<b><u>Governmental Activities:</u></b>					
General Obligation Bonds	\$ 313,630	\$ 58,400	\$ (13,525)	\$ (32,275)	\$ 326,230
Urban Renewal Bonds	6,325			(465)	5,860
Subordinated Income Tax Bonds	59,960			(1,500)	58,460
Subordinate Lien Income Tax Bonds	59,560			(1,930)	57,630
Non-Tax Revenue Bonds	67,617			(2,661)	64,956
Certificates of Participation	129,949			(10,933)	119,016
Capital Lease Obligations	8,604			(3,284)	5,320
Gateway Note Payable	<u>2,000</u>			<u>(250)</u>	<u>1,750</u>
Total Governmental Activities	<u>647,645</u>	<u>58,400</u>	<u>(13,525)</u>	<u>(53,298)</u>	<u>639,222</u>
<b><u>Business –Type Activities:</u></b>					
Revenue Bonds	2,100,768	413,935	(416,190)	(66,335)	2,032,178
Ohio Water Development Loans	112,275	837		(5,458)	107,654
Deferred Payment Obligation	<u>14,201</u>			<u>(2,371)</u>	<u>11,830</u>
Total Business –Type Activities	<u>2,227,244</u>	<u>414,772</u>	<u>(416,190)</u>	<u>(74,164)</u>	<u>2,151,662</u>
Total	<u>\$ 2,874,889</u>	<u>\$ 473,172</u>	<u>\$ (429,715)</u>	<u>\$ (127,462)</u>	<u>\$ 2,790,884</u>

Funds used to meet the debt service requirements of the City's General Obligation Bonds are from certain ad valorem taxes, restricted income taxes and interest earnings. Ad valorem taxes, the primary source of funds, amounted to \$21.84 million in 2009 which represents approximately 45% of the debt service requirements on the General Obligation Bonds. These taxes were derived from a levy of \$4.35 per \$1,000 of assessed property. The remaining 55% of debt service requirements is retired from a portion of the City's restricted income tax proceeds, homestead and rollback reimbursement from the State, interest earnings and other miscellaneous revenue sources generated within the Debt Service Funds.

The City issues its General Obligation Bonds within the context of its Capital Improvement Program. Programs which have benefited due to the issuance of general obligation debt include, but are not limited to, public service improvements, bridge and roadway improvements, recreation facilities, cemeteries and urban redevelopment. The City's Enterprise Funds implement their own individual Capital Improvement Programs and issue revenue bond and note debt necessary to fund their programs.

The City's bond ratings for general obligation and revenue bonds are as follows as of December 31, 2009:

	<b>Moody's Investors Service</b>	<b>Standard &amp; Poor's</b>	<b>Fitch Ratings</b>
General Obligation Bonds	A2	AA	A+
Subordinate Lien Income Tax Bonds	A3	AA	N/A
Waterworks Revenue Bonds	Aa2	AA	N/A
Cleveland Public Power Revenue Bonds	A2	A-	N/A
Airport System Revenue Bonds	A3	A-	A
Parking Revenue Bonds (Insured Ratings)	Aa3	AAA	AAA

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens and investors. Net general bonded debt is total general bonded debt supported by taxes less amounts available in the Debt Service Fund. This data at December 31, 2009 was:

Net General Bonded Debt:	\$323,631,000
Ratio of Net Bonded Debt to Assessed Valuation:	5.45%
Net General Bonded Debt Per Capita:	\$676.48

The Ohio Revised Code provides that the net debt of the municipal corporation, whether or not approved by the electors, shall not exceed 10.50% of the assessed value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.50% of total assessed value of property. The City's total debt limit (10.50%) is \$623,433,152 and unvoted debt limit (5.50%) is \$326,560,223. At December 31, 2009, the City had no capacity under the indirect debt limitation calculation per the Ohio Revised Code to issue additional unvoted debt. However, these debt limitations are not expected to affect the financing of any currently planned facilities or services.

Additional information on the City's long-term debt can be found in Note 5 – Debt and Other Long-Term Obligations.

## **FACTORS EXPECTED TO IMPACT THE CITY'S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS**

The City, like all municipalities both local and national, continues to face the challenges of economic recession. Basic operating costs continue to rise due to negotiated salary increases, higher benefit costs and federal and state mandates being placed upon municipalities at the same time federal and state funding is being reduced.

Over the last several years, the City has seen significant reductions in funding from the federal and state governments. To offset these reductions, the City continues to focus on stimulating economic and community development throughout its core business districts and neighborhoods to strengthen its housing stock value and ensure a strong local job market.

On February 1, 2010, the City entered into an equipment lease agreement with Fifth Third Bank. As a result of this transaction, the City will purchase \$6,585,000 of police vehicles, heavy-duty vehicles and other apparatus. Lease payments will be made from the Restricted Income Tax for a period of seven years.

On March 10, 2010, Moody's Investors Service downgraded the City's outstanding general obligation bonds rating from A2 with a stable outlook to A3 with a negative outlook. Concurrently, the City's outstanding Certificates of Participation, Non-Tax Revenue Bonds and Subordinate Lien Income Tax Bonds were downgraded from A3 to Baa1.

Subsequently, Moody's announced that it would begin recalibrating its ratings of U.S. municipal bond issues and issuers to its global rating scale in order to ensure that all Moody's ratings are comparable. As a result of the recalibration, on April 23, 2010, Moody's adjusted some of the ratings on City of Cleveland bonds. The City's General Obligation Bonds were assigned a rating of A1 (stable) with the Certificates of Participation, Non-Tax Revenue Bonds and Subordinate Lien Income Tax Bonds being rated A2 (stable). Water's revenue bonds were assigned an Aa1 (stable) rating on the new scale.

Effective April 6, 2010, the City and Lehman Brothers Special Financing Inc. agreed to consensually terminate the basis swap entered into by the two parties on June 28, 2006. As part of this agreement, the City has withdrawn its claim on the bankruptcy estate in connection with the swap.

Effective April 22, 2010, the City issued \$63,225,000 Refunding Certificates of Participation, Series 2010A (Cleveland Stadium Project) and \$69,900,000 Refunding Certificates of Participation, Series 2010B, to refund all of the outstanding \$108,390,000 Series 2007 Refunding Certificates of Participation. Proceeds were used to refund the outstanding Certificates of Participation, to pay costs of terminating the swap agreement with UBS, to fund the reserve requirement and to pay costs of issuing the Series 2010 Certificates. The Series 2010A COPs were issued as fixed rate securities. The Series 2010B Certificates were sold to Wells Fargo Bank, National Association at a variable rate.

Effective June 23, 2010, the City issued \$27,380,000 Subordinate Lien Income Tax Bonds, Series 2010, to fund various improvements to roads and bridges, public facilities and parks and recreation facilities. The bonds were issued in four series. The \$5,405,000 Series 2010A-1 Bonds are tax-exempt bonds and the \$5,385,000 Series 2010A-2 Bonds are taxable Build America Bonds. Both were issued for public facilities improvements. The \$8,245,000 Series 2010B Bonds are Recovery Zone Economic Development Bonds (RZED) issued to fund road and bridge improvements. The \$8,345,000 Series 2010C Bonds are also RZED Bonds and the proceeds will be used for parks and recreation facilities.

The Division of Water has submitted legislation to City Council which would authorize the issuance of not to exceed \$50,000,000 in water revenue obligations. Proceeds of these obligations would be used to fund a portion of the costs of acquiring and installing an automated meter reading system.

The City is moving closer to finalizing the sale of the Convention Center to Cuyahoga County for \$20 million. The sale allows the County to build a new Convention Center; including a Medical Mart which will utilize Cleveland's world renowned healthcare facilities to attract medical manufacturers to the City displaying the latest in advanced medical devices. The recent developments make way for the County's \$425 million project to potentially break ground in October 2010.

## **NEED ADDITIONAL INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City Hall, Room 104, 601 Lakeside Avenue, Cleveland, Ohio 44114.

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# **BASIC FINANCIAL STATEMENTS**

**CITY OF CLEVELAND, OHIO**

**STATEMENT OF NET ASSETS**

**DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 269,214	\$ 312,017	\$ 581,231
Investments	4,299	35,956	40,255
Receivables:			
Taxes	135,611		135,611
Accounts	5,612	194,999	200,611
Grants	32,801		32,801
Loans	173,671		173,671
Unbilled revenue		31,888	31,888
Accrued interest	12	590	602
Assessments	9,509		9,509
Less: Allowance for doubtful accounts	<u>(872)</u>	<u>(22,268)</u>	<u>(23,140)</u>
Receivables, net	<u>356,344</u>	<u>205,209</u>	<u>561,553</u>
Internal balances	2,341	(2,341)	
Due from other governments	38,004	2,014	40,018
Inventory of supplies	2,422	15,400	17,822
Prepaid expenses and other assets		2,593	2,593
Restricted assets:			
Cash and cash equivalents		644,682	644,682
Investments		8,351	8,351
Accrued interest receivable		177	177
Bond retirement reserve		53	53
Accrued passenger facility charge		<u>2,447</u>	<u>2,447</u>
Total restricted assets	<u>-</u>	<u>655,710</u>	<u>655,710</u>
Unamortized bond issuance costs	9,984	31,290	41,274
Capital assets:			
Land and construction in progress	156,636	585,101	741,737
Other capital assets, net of accumulated depreciation	<u>767,470</u>	<u>2,229,949</u>	<u>2,997,419</u>
Total capital assets	<u>924,106</u>	<u>2,815,050</u>	<u>3,739,156</u>
Total assets	<u>1,606,714</u>	<u>4,072,898</u>	<u>5,679,612</u>
<b>LIABILITIES</b>			
Accounts payable	12,837	26,098	38,935
Accrued wages and benefits	51,303	15,556	66,859
Due to other governments	42,599	92,918	135,517
Accrued interest payable	13,393	39,209	52,602
Deferred revenue	103,737		103,737
Unearned revenue	14,437		14,437
Liabilities payable from restricted assets		21,840	21,840
Loans payable	2,640		2,640
Long-term obligations:			
Due within one year	85,369	112,193	197,562
Due in more than one year	<u>686,566</u>	<u>2,003,985</u>	<u>2,690,551</u>
Total liabilities	<u>1,012,881</u>	<u>2,311,799</u>	<u>3,324,680</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	561,586	1,016,182	1,577,768
Restricted for:			
Debt service	28,817	253,218	282,035
Loans	118,749		118,749
Other purposes	18,714	22,689	41,403
Unrestricted	<u>(134,033)</u>	<u>469,010</u>	<u>334,977</u>
Total net assets	<u>\$ 593,833</u>	<u>\$ 1,761,099</u>	<u>\$ 2,354,932</u>

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

CITY OF CLEVELAND, OHIO

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Amounts in 000's)

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>						
<b>Governmental activities:</b>						
General Government	\$ 90,311	\$ 1,121	\$ 11,680	\$ (54,253)	\$	\$ (54,253)
Public Service	85,947	13,469		(55,281)		(55,281)
Public Safety	329,765	13,192		(298,277)		(298,277)
Community Development	59,204	41,490		(17,714)		(17,714)
Building and Housing	20,925	11,857		4,334		4,334
Public Health	22,999	15,048		(4,764)		(4,764)
Parks, Recreation and Properties	58,799	14,404		(43,266)		(43,266)
Economic Development	38,083	23,984		(13,340)		(13,340)
Interest on debt	30,448			(30,448)		(30,448)
Total governmental activities	<u>77,227</u>	<u>134,565</u>	<u>11,680</u>	<u>(513,009)</u>	<u>-</u>	<u>(513,009)</u>
<b>Business-type activities:</b>						
Water	224,269	4,917	1,677		10,560	10,560
Electricity	158,100	169			(2,066)	(2,066)
Airport facilities	168,734	1,232	44,219		(25,140)	(25,140)
<b>Nonmajor activities:</b>						
Sewer	24,549	124	22		3,318	3,318
Convention Center	6,798	2,196	755		(143)	(143)
Westside Market	1,527	1,290			(234)	(234)
Eastside Market	86	2			(84)	(84)
Municipal Parking Lots	9,245	3	13		(15)	(15)
Cemeteries	2,150	1,311	2,818		1,999	1,999
Golf Courses	2,191	1	1,821		1,009	1,009
Total business-type activities	<u>597,649</u>	<u>10,175</u>	<u>51,325</u>	<u>-</u>	<u>(10,796)</u>	<u>(10,796)</u>
<b>Total</b>	<u>\$ 1,334,130</u>	<u>\$ 144,740</u>	<u>\$ 63,005</u>	<u>(513,009)</u>	<u>(10,796)</u>	<u>(523,805)</u>
<b>General revenues:</b>						
Income taxes				296,507		296,507
Property taxes				63,573		63,573
Other taxes				25,053		25,053
Shared revenues				28,741		28,741
State local government funds				43,420		43,420
Unrestricted investment earnings				1,740	25	1,765
Other				10,207		10,207
Transfers				(825)	825	
Total general revenues and transfers				<u>468,416</u>	<u>850</u>	<u>469,266</u>
Change in net assets				(44,593)	(9,946)	(54,539)
Net assets at beginning of year				638,426	1,771,045	2,409,471
Net assets at end of year				<u>\$ 593,833</u>	<u>\$ 1,761,099</u>	<u>\$ 2,354,932</u>

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

**CITY OF CLEVELAND, OHIO**

**BALANCE SHEET-GOVERNMENTAL FUNDS**

**DECEMBER 31, 2009**

(Amounts in 000's)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,327	\$ 239,290	\$ 251,617
Investments		4,299	4,299
Receivables:			
Taxes	100,557	35,054	135,611
Accounts	5,552	60	5,612
Grants		32,801	32,801
Loans		173,671	173,671
Accrued interest		12	12
Assessments		9,509	9,509
Less: Allowance for doubtful accounts	(872)		(872)
Receivables, net	<u>105,237</u>	<u>251,107</u>	<u>356,344</u>
Due from other funds	12,165	9,947	22,112
Due from other governments	27,930	10,074	38,004
Inventory of supplies	<u>77</u>	<u>1,080</u>	<u>1,157</u>
<b>TOTAL ASSETS</b>	<b>\$ 157,736</b>	<b>\$ 515,797</b>	<b>\$ 673,533</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,186	\$ 8,360	\$ 11,546
Accrued wages and benefits	46,184	3,845	50,029
Due to other governments	424	41,866	42,290
Deferred revenue	95,065	65,562	160,627
Unearned revenue		14,437	14,437
Due to other funds	<u>7,012</u>	<u>23,331</u>	<u>30,343</u>
Total liabilities	<u>151,871</u>	<u>157,401</u>	<u>309,272</u>
<b>FUND BALANCES</b>			
Reserved for:			
Loans		118,749	118,749
Inventory	77	1,080	1,157
Debt service		41,849	41,849
Encumbrances	6,928	101,381	108,309
Rainy day reserve fund	8,508		8,508
Unreserved, reported in:			
General Fund:			
Designated for future capital improvements			-
Undesignated	(9,648)		(9,648)
Special Revenue funds:			
Designated for future capital improvements		5,254	5,254
Undesignated		40,527	40,527
Capital Projects funds:			
Designated for future capital improvements		37,792	37,792
Undesignated		11,764	11,764
Total fund balances	<u>5,865</u>	<u>358,396</u>	<u>364,261</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 157,736</b>	<b>\$ 515,797</b>	

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

Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the funds.

920,100

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

56,890

Long-term liabilities, including bonds and claims payable, are not due and payable in the current period and therefore are not reported in the funds.

(760,055)

The assets and liabilities of most of the internal service funds are included in the governmental activities in the statement of net assets.

12,637

Net assets of governmental activities

\$ 593,833

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

**CITY OF CLEVELAND, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Income taxes	\$ 265,377	\$ 33,169	\$ 298,546
Property taxes	41,918	21,836	63,754
State local government funds	45,590		45,590
Other shared revenues	47,164	34,276	81,440
Licenses and permits	11,631	5,430	17,061
Charges for services	15,878	6,258	22,136
Fines, forfeits and settlements	27,617	4,704	32,321
Investment earnings	1,602	1,089	2,691
Grants	2,122	109,902	112,024
Contributions		659	659
Miscellaneous	<u>13,085</u>	<u>12,726</u>	<u>25,811</u>
Total revenues	<u>471,984</u>	<u>230,049</u>	<u>702,033</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	77,690	12,384	90,074
Public Service	35,823	22,406	58,229
Public Safety	306,294	13,040	319,334
Community Development	1,860	56,241	58,101
Building and Housing	8,984	11,857	20,841
Public Health	5,645	16,815	22,460
Parks, Recreation and Properties	35,363	4,235	39,598
Economic Development	1,317	35,532	36,849
Other	10,446		10,446
Capital outlay		66,720	66,720
Debt service:			
Principal retirement		53,048	53,048
Interest		32,942	32,942
General Government		477	477
Other		<u>475</u>	<u>475</u>
Total expenditures	<u>483,422</u>	<u>326,172</u>	<u>809,594</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(11,438)</u>	<u>(96,123)</u>	<u>(107,561)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	3,872	49,542	53,414
Transfers out	(18,391)	(36,134)	(54,525)
Issuance of debt		44,580	44,580
Issuance of refunding bonds		13,820	13,820
Premium on bonds and notes		2,289	2,289
Payment to refund bonds and notes		(13,767)	(13,767)
Sale of City assets	<u>277</u>	<u>6,291</u>	<u>6,568</u>
Total other financing sources (uses)	<u>(14,242)</u>	<u>66,621</u>	<u>52,379</u>
<b>NET CHANGE IN FUND BALANCES</b>	(25,680)	(29,502)	(55,182)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>31,545</u>	<u>387,898</u>	<u>419,443</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 5,865</u>	<u>\$ 358,396</u>	<u>\$ 364,261</u>

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

## CITY OF CLEVELAND, OHIO

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES OF GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts in 000's)

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Amounts reported for governmental activities in the statement of activities (page 51) are different because:

Net change in fund balances - total governmental funds (page 53)	\$ (55,182)
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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	12,655
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(7,362)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of debt issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences, including accrued interest, in the treatment of long-term debt and related items.	8,880
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.	3,054
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(6,638)</u>
Change in net assets of governmental activities (page 51)	<u>\$ (44,593)</u>

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

**CITY OF CLEVELAND, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES (BUDGET AND ACTUAL) - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual*</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES:</b>				
Income taxes	\$ 290,000	\$ 290,000	\$ 268,053	\$ (21,947)
Property taxes	41,603	41,603	41,918	315
State local government funds	49,953	49,953	46,558	(3,395)
Other shared revenues	42,554	42,554	46,868	4,314
Licenses and permits	11,327	11,327	11,575	248
Charges for services	20,668	20,668	18,060	(2,608)
Fines, forfeits and settlements	26,608	26,608	27,827	1,219
Investment earnings	1,132	1,132	1,273	141
Grants			2,122	2,122
Miscellaneous	<u>20,386</u>	<u>20,386</u>	<u>23,424</u>	<u>3,038</u>
Total revenues	504,231	504,231	487,678	(16,553)
<b>EXPENDITURES:</b>				
Current:				
General Government	83,544	83,945	79,214	4,731
Public Service	38,004	38,829	36,958	1,871
Public Safety	317,334	317,679	310,760	6,919
Community Development	2,005	2,005	1,973	32
Building and Housing	9,948	9,951	9,321	630
Public Health	5,947	6,007	5,813	194
Parks, Recreation and Properties	39,348	39,633	37,988	1,645
Economic Development	1,457	1,457	1,333	124
Other	<u>19,363</u>	<u>20,163</u>	<u>18,398</u>	<u>1,765</u>
Total expenditures	516,950	519,669	501,758	17,911
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(12,719)	(15,438)	(14,080)	1,358
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	7,865	7,865	3,872	(3,993)
Transfers out	(24,552)	(21,833)	(18,278)	3,555
Sale of City assets			<u>277</u>	<u>277</u>
Total other financing sources (uses)	<u>(16,687)</u>	<u>(13,968)</u>	<u>(14,129)</u>	<u>(161)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(29,406)</u>	<u>(29,406)</u>	<u>(28,209)</u>	<u>1,197</u>
<b>DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES</b>			<u>2,732</u>	<u>2,732</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(29,406)</u>	<u>(29,406)</u>	<u>(25,477)</u>	<u>3,929</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>29,445</u>	<u>29,445</u>	<u>29,445</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ 3,968</u>	<u>\$ 3,929</u>

\* On budgetary basis of accounting (see Note 2 - Summary of Significant Accounting Policies, "D" Budgetary Procedures).

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

**CITY OF CLEVELAND, OHIO**

**BALANCE SHEET - PROPRIETARY FUNDS**

**DECEMBER 31, 2009**

(Amounts in 000's)

	Business Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds		
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 158,526	\$ 53,239	\$ 65,757	\$ 33,173	\$ 310,695	\$ 18,919
Restricted cash and cash equivalents	15,057	531	6,253		21,841	
Investments	25,640		10,316		35,956	
Receivables:						
Accounts	63,693	17,648	9,174	104,484	194,999	
Unbilled revenue	24,010	2,297	3,742	1,839	31,888	
Accrued interest	398		192		590	
Less: Allowance for doubtful accounts	(12,467)	(3,975)	(1,921)	(3,905)	(22,268)	
Receivables, net	75,634	15,970	11,187	102,418	205,209	-
Due from other funds	10,812	2,552	25	483	13,872	10,753
Due from other governments			2,014		2,014	
Inventory of supplies	4,109	8,664	2,159	468	15,400	1,265
Prepaid expenses and other assets	1,901	109	583		2,593	
Total current assets	291,679	81,065	98,294	136,542	607,580	30,937
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	235,087	69,555	293,743	24,456	622,841	
Investments	3,085	3,162	2,104		8,351	
Accrued interest receivable	152		25		177	
Bond retirement reserve			53		53	
Accrued passenger facility charges			2,447		2,447	
Total restricted assets	238,324	72,717	298,372	24,456	633,869	-
Unamortized bond issuance costs	5,612	3,485	19,240	2,953	31,290	
Capital assets:						
Land	5,463	4,875	167,457	21,345	199,140	663
Land improvements	17,061	2,759	72,568	6,184	98,572	146
Utility plant	1,152,834	466,242		125,614	1,744,690	
Buildings, structures and improvements	218,420	43,335	328,738	150,785	741,278	2,674
Furniture, fixtures, equipment and vehicles	285,706	46,781	36,335	19,099	387,921	6,654
Infrastructure			885,928		885,928	
Construction in progress	331,519	28,759	9,519	16,164	385,961	881
Less: Accumulated depreciation	(595,194)	(266,526)	(582,623)	(185,071)	(1,629,414)	(6,037)
Total capital assets, net	1,415,809	326,225	917,922	154,120	2,814,076	4,981
Total noncurrent assets	1,659,745	402,427	1,235,534	181,529	3,479,235	4,981
<b>TOTAL ASSETS</b>	<b>\$ 1,951,424</b>	<b>\$ 483,492</b>	<b>\$ 1,333,828</b>	<b>\$ 318,071</b>	<b>\$ 4,086,815</b>	<b>\$ 35,918</b>

(Continued)



**CITY OF CLEVELAND, OHIO**

**BALANCE SHEET - PROPRIETARY FUNDS**

**DECEMBER 31, 2009**

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds		
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 9,961	\$ 10,435	\$ 4,125	\$ 1,569	\$ 26,090	\$ 8,429
Accrued wages and benefits	11,307	4,219	4,222	2,571	22,319	2,857
Due to other funds	2,521	4,387	1,174	8,129	16,211	183
Due to other governments			216	92,702	92,918	309
Accrued interest payable	16,255	3,944	18,196	814	39,209	
Current payable from restricted assets	15,057	531	6,252		21,840	
Current portion of long-term obligations	37,184	8,725	55,042	3,767	104,718	
Total current liabilities	92,285	32,241	89,227	109,552	323,305	11,778
Long-term liabilities:						
Accrued wages and benefits	1,945	674	743	360	3,722	10,099
Construction loans payable	98,619			3,329	101,948	
Deferred payment obligation			9,268		9,268	
Revenue bonds payable	751,739	246,898	838,924	51,318	1,888,879	
Total noncurrent liabilities	852,303	247,572	848,935	55,007	2,003,817	10,099
Total liabilities	944,588	279,813	938,162	164,559	2,327,122	21,877
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	682,816	139,260	94,145	98,987	1,015,208	4,981
Restricted for debt service	98,680	4,517	141,879	8,142	253,218	
Restricted for passenger facility charges			22,689		22,689	
Unrestricted	225,340	59,902	136,953	46,383	468,578	9,060
Total net assets	1,006,836	203,679	395,666	153,512	1,759,693	14,041
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,951,424</b>	<b>\$ 483,492</b>	<b>\$ 1,333,828</b>	<b>\$ 318,071</b>		<b>\$ 35,918</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,406	
<b>NET ASSETS OF BUSINESS-TYPE ACTIVITIES</b>					<b>\$ 1,761,099</b>	

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

(Concluded)

**CITY OF CLEVELAND, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds		
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 228,235	\$ 155,865	\$ 98,143	\$ 43,089	\$ 525,332	\$ 42,293
Total operating revenue	<u>228,235</u>	<u>155,865</u>	<u>98,143</u>	<u>43,089</u>	<u>525,332</u>	<u>42,293</u>
<b>OPERATING EXPENSES:</b>						
Operations	92,905	20,745	63,679	24,247	201,576	38,089
Maintenance	54,811	17,141	4,752	10,020	86,724	2,690
Purchased power		90,550			90,550	
Depreciation	49,782	17,785	52,205	7,821	127,593	475
Total operating expenses	<u>197,498</u>	<u>146,221</u>	<u>120,636</u>	<u>42,088</u>	<u>506,443</u>	<u>41,254</u>
<b>OPERATING INCOME (LOSS)</b>	<u>30,737</u>	<u>9,644</u>	<u>(22,493)</u>	<u>1,001</u>	<u>18,889</u>	<u>1,039</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Investment income	4,122	169	1,915	168	6,374	162
Interest expense	(26,787)	(11,579)	(31,127)	(3,701)	(73,194)	
Passenger facility charges			19,378		19,378	
Sound insulation program			(4,215)		(4,215)	
Gain (Loss) on disposal of capital assets	65				65	
Hotel tax				3,702	3,702	
Other revenues (expenses)	1,947	(334)	(12,808)	38	(11,157)	
Total non-operating revenues (expenses)	<u>(20,653)</u>	<u>(11,744)</u>	<u>(26,857)</u>	<u>207</u>	<u>(59,047)</u>	<u>162</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>10,084</u>	<u>(2,100)</u>	<u>(49,350)</u>	<u>1,208</u>	<u>(40,158)</u>	<u>1,201</u>
Capital contributions	460		24,158	5,125	29,743	605
Transfers in				825	825	286
Change in net assets	<u>10,544</u>	<u>(2,100)</u>	<u>(25,192)</u>	<u>7,158</u>	<u>(9,590)</u>	<u>2,092</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>996,292</u>	<u>205,779</u>	<u>420,858</u>	<u>146,354</u>		<u>11,949</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,006,836</u>	<u>\$ 203,679</u>	<u>\$ 395,666</u>	<u>\$ 153,512</u>		<u>\$ 14,041</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds					(356)	
<b>CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES</b>					<u>\$ (9,946)</u>	

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

**CITY OF CLEVELAND, OHIO**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 214,672	\$ 159,193	\$ 91,129	\$ 40,491	\$ 505,485	\$ 42,266
Cash payments to suppliers for goods or services	(69,127)	(8,276)	(45,368)	(15,368)	(138,139)	(22,807)
Cash payments to employees for services	(79,788)	(23,843)	(27,390)	(17,980)	(149,001)	(18,646)
Cash payments for purchased power		(90,519)			(90,519)	
Agency activity on behalf of NEORS				(3,587)	(3,587)	
Other		(5,063)			(5,063)	
Net cash provided by operating activities	65,757	31,492	18,371	3,556	119,176	813
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Cash payments for sound insulation of homes			(3,610)		(3,610)	
Cash received (paid) through transfers from/to other funds				825	825	286
Cash received from hotel tax				3,705	3,705	
Cash receipts (payments) from/to other governments	10	4			14	
Other	460		(3,142)	269	(2,413)	
Net cash provided by (used for) noncapital financing activities	470	4	(6,752)	4,799	(1,479)	286
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Cash receipts for passenger facility charges			19,409		19,409	
Proceeds from sale of revenue bonds, loans and notes	174,057		238,078		412,135	
Acquisition and construction of capital assets	(86,822)	(20,854)	(37,432)	(8,251)	(153,359)	(993)
Principal paid on long-term debt	(30,291)	(8,530)	(20,250)	(3,776)	(62,847)	
Interest paid on long-term debt	(44,343)	(11,095)	(32,846)	(3,442)	(91,726)	
Cash paid to escrow agent for refunding	(181,819)		(246,915)		(428,734)	
Capital grant proceeds			25,042		25,042	
Net cash provided by (used for) capital and related financing activities	(169,218)	(40,479)	(54,914)	(15,469)	(280,080)	(993)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchase of investment securities	(14,250)	(3,163)			(17,413)	
Proceeds from sale and maturity of investment securities	48,176	6,997	66,368	6,935	128,476	
Interest received on investments	5,239	463	4,316	389	10,407	186
Net cash provided by investing activities	39,165	4,297	70,684	7,324	121,470	186
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(63,826)</b>	<b>(4,686)</b>	<b>27,389</b>	<b>210</b>	<b>(40,913)</b>	<b>292</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>472,496</b>	<b>128,011</b>	<b>338,364</b>	<b>57,419</b>	<b>996,290</b>	<b>18,627</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 408,670</b>	<b>\$ 123,325</b>	<b>\$ 365,753</b>	<b>\$ 57,629</b>	<b>\$ 955,377</b>	<b>\$ 18,919</b>

(Continued)

**CITY OF CLEVELAND, OHIO**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:						
Operating income (loss)	\$ 30,737	\$ 9,644	\$ (22,493)	\$ 1,001	\$ 18,889	\$ 1,039
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	49,782	17,785	52,205	7,821	127,593	475
Non-cash rental income			(3,389)		(3,389)	
Changes in assets and liabilities:						
Receivables, net	(8,819)	2,255	(1,267)	(25,504)	(33,335)	2
Due from other funds	(7,803)	69	53	14	(7,667)	5,359
Inventory of supplies	(824)	(1,252)	271	378	(1,427)	(259)
Prepaid expenses and other assets	284	(30)	101		355	
Accounts payable	(150)	(413)	90	129	(344)	(167)
Accrued wages and benefits	(587)	13	(78)	(245)	(897)	(4,911)
Due to other funds	(53)	3,438	19	4,217	7,621	(147)
Due to other governments				15,745	15,745	(578)
Accrued expenses and other liabilities	3,190	(17)	(7,141)		(3,968)	
Total adjustments	<u>35,020</u>	<u>21,848</u>	<u>40,864</u>	<u>2,555</u>	<u>100,287</u>	<u>(226)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 65,757</u>	<u>\$ 31,492</u>	<u>\$ 18,371</u>	<u>\$ 3,556</u>	<u>\$ 119,176</u>	<u>\$ 813</u>

(Concluded)

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

**CITY OF CLEVELAND, OHIO**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**FIDUCIARY FUNDS**

**DECEMBER 31, 2009**

**(Amounts in 000's)**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 28,977
Taxes receivable	20,114
Due from other governments	<u>712</u>
Total assets	<u>49,803</u>
<b>LIABILITIES</b>	
Due to other governments	25,788
Due to others	<u>24,015</u>
Total liabilities	<u>\$ 49,803</u>

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

**CITY OF CLEVELAND, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – DESCRIPTION OF CITY OPERATIONS AND REPORTING ENTITY**

**The City:** The City of Cleveland, Ohio (the City) operates under an elected Mayor/Council (19 Council members) administrative/legislative form of government.

**Reporting Entity:** The accompanying financial statements as of December 31, 2009 and for the year then ended have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

In evaluating how to define the governmental reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions and component units for which the City (primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

On this basis, the City's financial reporting entity has no component units but includes in its financial statements the financial activities of all departments, agencies, boards and commissions that are part of the primary government, including police and fire protection, waste collection, parks and recreation, health, certain social services and general administrative services. In addition, the City owns and operates several enterprise activities, the principal ones consisting of a water system, an electric distribution system and two airports.

The following entities are related organizations of the City of Cleveland; however, the City's accountability does not extend beyond its appointing authority:

*Cuyahoga Metropolitan Housing Authority* – Created under the Ohio Revised Code, the Cuyahoga Metropolitan Housing Authority provides public housing services. The five member board consists of two appointed by the Mayor of the City of Cleveland, two appointed by Cleveland City Council and one appointed by the City Manager of the City of Cleveland Heights with approval from its City Council.

*Cleveland-Cuyahoga County Port Authority* – Created under the Ohio Revised Code, the Cleveland-Cuyahoga County Port Authority conducts port operations and economic development activities. The nine member Board of Directors consists of three appointed by the Cuyahoga County Commissioners and six appointed by the City of Cleveland.

*Cleveland Metropolitan School District (Schools)* – In November of 1998, the Mayor of the City of Cleveland was given appointing authority for the Schools. As approved by the State Legislature, the Ohio Revised Code provides for the Mayor to appoint a Chief Executive Officer who must be approved by the Board of Education (the Board). The Board is comprised of nine members. The members of the Board are appointed by the Mayor from a pool of 18 candidates presented to the Mayor by an independent nominating panel. In November 2002, the voters of Cleveland elected to maintain the current governance structure.

The following entity is a jointly governed organization of the City; however, the City has no ongoing financial interest or responsibility:

*Gateway Economic Development Corporation of Greater Cleveland (Gateway)* – Gateway is responsible for the operations of a sports complex and related economic development. The five member board consists of two members appointed by the City, two members appointed by the Board of County Commissioners and one by the President of the Board of County Commissioners with concurrence of the Mayor of the City of Cleveland.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Significant Accounting Policies:***

The following is a summary of the more significant policies followed during the preparation of the accompanying financial statements.

#### **A. *Government-Wide and Fund Financial Statements***

GASB Statement No. 34 established requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions. Financial information of the City is presented in the following format:

#### **Basic Financial Statements:**

1. *Government-wide financial statements* consist of a statement of net assets and a statement of activities. These statements report all of the assets, liabilities, revenues, expenses, gains and losses of the City. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges for services and are usually intended by management to be financially self-sustaining. Fiduciary funds of the City are not included in these government-wide financial statements.

Interfund receivables and payables, bonds and notes issued and held by the City as investments within governmental and business-type activities have been eliminated in the government-wide statement of net assets. Related interest amounts are eliminated in the government-wide statement of activities. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column.

Internal Service Fund balances, whether positive or negative, have been eliminated against the expenses and program revenues shown as governmental activities in the statement of activities, except for the Utilities Administration Fund which is shown in the business-type activities column.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. General revenues are considered unrestricted in nature.

Program revenues and expenses previously reported as "Other" program revenues and expenses in governmental activities on the statement of activities are now classified as General Government program revenues and expenses as appropriate.

Business-type activities on the government-wide statement of activities summarizes other Enterprise Funds as Nonmajor activities. These include Sewer, Convention Center, West Side Market, East Side Market, Municipal Parking Lots, Cemeteries and Golf Courses.

2. *Fund financial statements* consist of a series of statements focusing on information about the City's major governmental and Enterprise Funds. Separate statements are presented for the governmental, proprietary and fiduciary funds.

The City's major governmental fund is the General Fund. Of the City's business-type activities, the Division of Water Fund, Cleveland Public Power Fund and Department of Port Control Fund are considered major Enterprise Funds.

The General Fund is the primary operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in other funds. Its revenues consist primarily of income and property taxes, investment earnings, shared revenues, charges for services, licenses, fees and fines.

General Fund expenditures represent costs of General Government; Public Service (including waste collection); Public Safety (including police and fire); Community Development; Building and Housing; Public Health; Parks, Recreation and Properties; and Economic Development. General Fund resources are also transferred annually to support other services which are accounted for in other separate funds.

The Division of Water Fund is a segment of the Department of Public Utilities of the City. The Division of Water was created for the purpose of supplying water services to customers within the Cleveland Metropolitan Area.

The Cleveland Public Power Fund is a segment of the Department of Public Utilities of the City. The Cleveland Public Power Fund was established by the City to provide electrical services to customers within the City.

The Department of Port Control Fund was established to account for the operations of the City's airport facilities.

While not considered major funds, the City maintains Internal Service Funds used to account for the financing of goods or services provided by one department or division to another department, division or other government on a cost-reimbursement basis.

Also maintained by the City are fiduciary funds, such as Agency Funds, used to account for assets held by the City as an agent for individuals, private organizations or other governments.

3. The City's General Fund budget to actual statement is presented as part of the basic financial statements.
4. Notes to the financial statements provide information that is essential to a user's understanding of the basic financial statements.

## B. *Financial Reporting Presentation*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (equity), revenues and expenditures (expenses). The fund types and classifications that the City reports are as follows:

### **GOVERNMENTAL FUNDS**

1. **General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.



2. **Special Revenue Funds** – Special Revenue Funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources. The uses and limitations of each Special Revenue Fund is specified by legal, regulatory or administrative provisions. These funds include most major federal and state grants.
3. **Debt Service Funds** – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
4. **Capital Project Funds** – The Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital projects (other than those financed by proprietary funds).

#### **PROPRIETARY FUNDS**

1. **Enterprise Funds** – The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
2. **Internal Service Funds** – The Internal Service Funds are used to account for the financing of goods or services provided by one department or division to other departments or divisions or to other governments on a cost-reimbursement basis. The City’s most significant Internal Service Funds are used to account for Motor Vehicle Maintenance, Municipal Income Tax Administration and the Workers’ Compensation Reserve.

#### **FIDUCIARY FUNDS**

1. **Agency Funds** – Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations and other governments. The Agency Funds are custodial in nature (assets equal liabilities) and do not have a measurement focus. However, the accrual basis of accounting is used to recognize receivables and payables. The City’s more significant Agency Funds are used to account for Municipal Court and income tax collections for other municipalities.

Fiduciary funds are not included in the government-wide statements.

#### **C. *Measurement Focus and Basis of Accounting***

Except for budgetary purposes, the basis of accounting used by the City conforms to GAAP as applicable to governmental units. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, property taxes, grants, shared revenue and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the taxpayer’s liability occurs and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. On an accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the City. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: (1) timing requirements which specify the year when the resources are required to be used or the year when use is first permitted; (2) matching requirements, in which the City must provide local resources to be used for a specified purpose; and (3) expenditure requirements, in which the resources are provided to the City on a cost-reimbursement basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City generally considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

In applying the susceptible-to-accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within sixty days after year end and available to pay obligations of the current period): income taxes, investment earnings and shared revenues. Reimbursements due for federal or state funded projects are accrued as revenue at the time the expenditures are made or, when received in advance, deferred until expenditures are made. Property taxes and special assessments, though measurable, are not available to finance current period obligations. Therefore, property tax receivables are recorded and deferred until they become available. Other revenues, including licenses, fees, fines and forfeitures and charges for services are recorded as revenue when received in cash because they are generally not measurable until actually received.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Non-operating revenues, such as investment income and passenger facility charges, result from non-exchange transactions or ancillary activities.

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

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the City complies with GASB guidance applicable to its proprietary funds and business-type activities. The City also complies with Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 to its business-type activities and to its proprietary funds that do not conflict with or contradict GASB pronouncements. The City has chosen the option not to apply future FASB standards (including amendments to earlier pronouncements).

#### **D. *Budgetary Procedures***

The City is required by state law to adopt annual budgets for the General Fund, certain Special Revenue Funds (including the Division of Streets, Restricted Income Tax, Rainy Day Reserve, Schools Recreation and Cultural Activities and Cleveland Stadium Operations Funds), Debt Service Funds (except for Urban Renewal and Urban Renewal Reserve Funds) and Proprietary Operating Funds. Modifications to the original budget are approved by City Council throughout the year. The City maintains budgetary control by not permitting expenditures to exceed appropriations for personnel costs (including benefits) and other costs (including debt service and capital outlay), within a division of the City, without the approval of City Council. Adjustments to the budget can only be made within a division and then within each category. Further legislation is needed in order to move budget amounts from "personnel" to "other" or vice versa, or between divisions. City Council adopted two appropriation amendments during 2009 which reallocated appropriations and slightly increased the budget.

Unencumbered appropriations for annually budgeted funds lapse at year end.

The City's budgetary process does not include annual budgeting for certain Special Revenue Funds and Capital Project Funds. Appropriations in these funds remain open and carry over to succeeding years (i.e., multi-year) until the related expenditures are made or until they are modified or canceled. Appropriations for these funds are controlled on a project basis.

The City's budgetary process accounts for certain transactions on a basis other than GAAP.

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

- Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- Encumbrances and pre-encumbrances are recorded as the equivalent of expenditures (budget) as opposed to being included in fund balances (GAAP).

A reconciliation of the General Fund's results of operations for 2009 reported on the budget basis versus the GAAP basis is as follows:

	(Amounts in 000's)
Deficiency of Revenues and Other Financing Sources under Expenditures and Other Financing Uses (Budget Basis)	\$ (28,209)
Adjustments:	
Revenue Accruals	(15,694)
Expenditure Accruals	10,847
Encumbrances and Pre-Encumbrances	7,376
Net Change in Fund Balance	\$ (25,680)

**E. Other Significant Accounting Policies**

**Cash and Cash Equivalents:** Cash resources of certain individual funds are combined to form a pool of cash and investments which is managed by the City Treasurer. Investments in the Pooled Cash Account, consisting of certificates of deposit, repurchase agreements, U.S. government securities, mutual funds, guaranteed investment contracts, State Treasurer Asset Reserve Fund (STAROhio) and time deposits, are carried at fair value (see Note 4 – Pooled And Segregated Cash And Investments) based on quoted market values, where applicable. Interest earned on pooled cash and investments is distributed to the appropriate funds utilizing a formula based on the month-end balance of cash and investments of each fund.

Cash equivalents are defined as highly liquid investments with a maturity of three months or less at the time they are purchased by the City.

**Investments:** The City reports its investments at fair value based on quoted market values, where applicable, and recognizes the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs.

**Unbilled Revenue:** Unbilled revenues are estimates for services rendered but not billed to customers at year end.

**Inventory of Supplies:** Utility funds' inventory is valued at average cost. All other funds' inventory is valued at cost using the first in/first out method. Inventory generally consists of construction materials, utility plant supplies and parts inventory not yet placed into service. Inventory costs are charged to operations when consumed.

**Restricted Assets:** Issuance of debt and amounts set aside for payment of Enterprise Fund revenue bonds and construction loans are classified as restricted assets since their use is limited by applicable bond indentures. Passenger facility charges are restricted for capital expenditures or related debt. Construction loans are restricted to fund approved capital projects.

**Capital Assets:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements to the extent the City's capitalization threshold is met. The City defines capital assets as assets with an estimated useful life in excess of one year and an individual cost of more than \$5,000 for land, furniture, fixtures, equipment and vehicles; and \$10,000 for all other assets or projects. Assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Contributed capital assets are recorded at their estimated fair market value on the date contributed.

As permitted under the implementation provisions of GASB Statement No. 34, the historical cost of infrastructure assets acquired, significantly reconstructed or that received significant improvements prior to January 1, 1980 have not been included as part of governmental capital assets in the government-wide financial statements.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized on the straight-line basis over the estimated useful lives of such assets. The City applies Statement of Financial Accounting Standards No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, for its Waterworks Improvement First Mortgage Revenue Bonds, its Public Power Improvement First Mortgage Revenue Bonds and its Airport Revenue Bonds. This Statement requires capitalization of the interest cost of the borrowings less interest earned on investment of the bond proceeds from the date of the borrowing until the assets constructed from the bond proceeds are ready for their intended use.

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

The City depreciates capital assets on a straight-line basis using the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	15-100
Utility plant	10-100
Buildings, structures and improvements	5-60
Furniture, fixtures, equipment and vehicles	3-60
Infrastructure	5-50

**Compensated Absences:** The City accrues for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 16, *Accounting for Compensated Absences*. In the government-wide and proprietary funds financial statements, the entire amount of unpaid compensated absences is reported as a liability. A liability for compensated absences is accrued in the governmental funds only if the amount is currently due and payable at year end. These amounts are recorded as accrued wages and benefits in the fund from which the employees who have accumulated leave are paid. The remaining portion of the liability is not reported in the governmental funds.

Normally, all vacation time is to be taken in the year available. The City allows employees to carryover up to 80 hours of vacation time from one year to the next with proper approval. Sick days not taken may be accumulated until retirement. An employee is paid one-third of accumulated sick leave upon retirement, calculated at the three year average base salary rate, with the balance being forfeited.

Uniformed police and fire employees are eligible to defer earned vacation time and overtime, with the appropriate approvals, until retirement. Once deferred, the employee cannot use deferred time as vacation. Deferred vacation is paid to the employee upon retirement, calculated using their current hourly rate at the date of retirement. Deferred overtime is paid once a year upon request up to the amount budgeted for the year for such purpose. If requests exceed the budgeted amounts, the requests are to be paid on a pro-rata basis.

**Long-Term Obligations:** In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities and proprietary fund type statements of net assets and balance sheet. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Losses on advance refundings are deferred and amortized over the life of the new debt, or the life of the advance refunded debt, whichever is shorter. Bonds payable are reported net of the applicable unamortized bond premium, discount or advance refunding losses. Bond issuance costs are reported as other assets and amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums and discounts are reported as other financing sources and uses during the period in which they are incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Swap Agreements:** The City may enter into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expense resulting from these agreements, no amounts are recorded in the financial statements. As further described in Note 5 – Debt And Other Long-Term Obligations, the City has eight swap agreements outstanding at December 31, 2009, one for its Subordinated Income Tax Variable Rate Refunding Bonds, one on the Certificates of Participation (Cleveland Browns Stadium), one on the Parking Facilities Refunding Revenue Bonds, one related to the Airport System Revenue Bonds Series 2008D, one related to the Airport System Revenue Bonds Series 2009D, one associated with the 2008 Water Revenue Bonds Series Q and 2009 Series R, one associated with the 2008 Water Revenue Bonds Series Q and 2009 Series S and one related to the Public Power System Refunding Revenue Bonds Series 2006A-1.

**Fund Balances:** In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Reservations include amounts for open encumbrances, pre-encumbrances, inventory, debt service and loans receivable. In addition, the Rainy Day Reserve Fund was established to account for assets that are only eligible to be used during significant periods of economic downturn or to fund unanticipated one-time General Fund obligations. Designations of fund balances represent tentative management plans that are subject to change. These designations include certain resources that have been designated by City management to fund future capital improvements. These resources are classified as “Designated for future capital improvements” in the fund balance of the governmental funds in the fund financial statements. All fund balances are limited to specific uses based upon their fund type.

**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 borrowings issued to acquire, construct or improve those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets are restricted for debt service, loans and other purposes. Other purposes include street construction and maintenance, grant programs and debt or capital funding from restricted income tax.

**Grants and Other Intergovernmental Revenues:** Grants and assistance awards made on the basis of entitlement programs are recorded as intergovernmental receivables and revenues when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures (expenses) are incurred. The City accounts for loans receivable related to the Economic Development Funds, Urban Development Action Funds, Community Development Block Grants, Neighborhood Development Investment Funds and Supplemental Empowerment Zone as a reservation of fund balance in the fund financial statements to the extent that these loans do not have to be repaid to the Federal government. Loans receivable deemed uncollectible are included in the allowance for doubtful accounts. The loan proceeds are earmarked for future reprogramming under federal guidelines and are not available to fund current operating expenditures of the City.

**Encumbrances and Pre-Encumbrances:** Encumbrance accounting, under which purchase orders and requisitions, contracts, and other commitments for expenditures are recorded as encumbrances or pre-encumbrances to reserve the applicable portion of the appropriation. Encumbrances and pre-encumbrances outstanding at year end are reported as a reservation of fund balances as “Reserve for Encumbrances” in the governmental fund balance sheet since they do not constitute expenditures or liabilities and are carried forward to the next fiscal year.

**Interfund Transactions:** During the course of normal operations, the City has numerous transactions between funds, including the allocation of centralized expenses and transfers of resources to provide services, construct assets and service debt. Such transactions are generally reflected as transfers or direct expenses of the fund that is ultimately charged for such costs.

**Statement of Cash Flows:** The City utilizes the direct method of reporting cash flows from operating activities in the Statement of Cash Flows as defined by the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*. In the statement of cash flows, cash receipts and cash payments are classified according to operating, noncapital financing, capital and related financing and investing activities.

F. **Accounting Pronouncements**

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which is effective for the year ended December 31, 2009. The City has determined that GASB Statement No. 52 has no impact on its financial statements as of December 31, 2009.

**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$760.1 million difference are as follows:

	<b>(Amounts in 000's)</b>
Bonds payable	\$ 624,105
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(9,984)
Unamortized bond premium	17,825
Accrued interest payable	13,393
Capital leases payable	5,320
Loans payable	2,640
Claims and adjustments	4,354
Compensated absences	102,402
 Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u>\$ 760,055</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One

element of that reconciliation explains that 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 and reported as depreciation expense. The details of this \$12.7 million difference are as follows:

	<b>(Amounts in 000's)</b>
Capital outlay	\$ 61,814
Depreciation expense	(48,799)
Capital asset disposal	<u>(360)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 12,655</u>

Another element of that reconciliation states that revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements. The details of this difference are as follows:

	<b>(Amounts in 000's)</b>
Reversal of prior year deferred revenue	\$ (64,252)
Current year deferred revenues	<u>56,890</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (7,362)</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences, including accrued interest and in the treatment of long-term debt is \$8.9 million which is detailed as follows:

	<b>(Amounts in 000's)</b>
Debt issued or incurred:	
Issuance of general obligation bonds and other obligations	\$ (60,689)
Accrued interest	2,494
Principal repayments:	
General obligation debt and other obligations	50,014
Payment on capital lease	3,284
Payment on loan	75
Refunding of general obligation bonds and other obligations	13,767
Amortization of debt issuance cost	<u>(65)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 8,880</u>

Another element of that reconciliation states that 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. The details of this \$3.0 million difference are as follows:

	<b>(Amounts in 000's)</b>
Compensated absences	\$ 375
Claims judgements	<u>2,679</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 3,054</u>

**NOTE 4 – POOLED AND SEGREGATED CASH AND INVESTMENTS**

Monies for the Debt Service Funds, certain Capital Project Funds, Central Collection Agency, Municipal Courts, Department of Port Control, Division of Water, Division of Water Pollution Control, Division of Cleveland Public Power, Division of Municipal Parking Lots, Cemeteries, Golf Courses and certain Special Revenue Funds are deposited or invested in individual segregated bank accounts.

Monies of all other funds of the City, including the accounts of the General Fund, other Special Revenue Funds, other Capital Project Funds, other Enterprise Funds, Internal Service Funds and other fiduciary funds are maintained or invested in a common group of bank accounts. Collectively these common bank accounts and investments represent the Pooled Cash Account (PCA). Each fund whose monies are included in the PCA has equity therein.

Certain funds have made disbursements from the PCA in excess of their individual equities in the PCA. Such amounts have been classified as due to other funds and due from other funds between the Restricted Income Tax Special Revenue Fund, General Fund and the respective funds that have made disbursements in excess of their individual equities in the PCA.

The City has a restrictive arrangement for certain segregated monies held in escrow at the banks’ trust departments in which the City must act in conjunction with a trust officer in order to make investments. The City’s role is that of investment manager and the trust officer’s role is that of purchasing agent. For other segregated monies, the City acts alone in placing investments with the banks. Amounts held in escrow are designated for a special purpose and are entrusted to a third party to fulfill certain legal provisions.

**Deposits:** Ohio law requires that deposits be placed in eligible banks located in Ohio. The City’s policy is to place deposits only with major commercial banks having offices within the City of Cleveland. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation. Further, City ordinance requires such collateral amounts to exceed deposits by 10%. Collateral that may be pledged is limited to obligations of the following entities: the United States and its agencies, the State of Ohio, the Ohio Student Loan Commission and any legally constituted taxing subdivision within the State of Ohio. The City also requires that non-pooled securities pledged be held by either the Federal Reserve Bank or other trust institution, as designated by the City, as trustee. This collateral is held in joint custody with the financial institution pledging the collateral, and cannot be sold or released without written consent from the City.

Monthly, the City determines that the collateral has a market value adequate to cover the deposits and that it has been segregated either physically or in book entry form. At year end, the carrying amount of the City’s deposits including certificates of deposit was \$147,093,000 and the actual bank balance totaled \$161,427,000. The difference represents outstanding warrants payable and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Repurchase Agreements*, and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, \$161,427,000 of the bank balance was insured or collateralized with securities held by the City or by its agent in the City’s name.

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the City’s deposits were fully insured or collateralized. All deposits are collateralized with eligible securities pledged and deposited either with the City or with a qualified trustee by the financial institution as security for repayment of all public monies



deposited in the financial institution whose market value at all times is equal to at least 110% of the carrying value of the deposits being secured.

**Investments:** The City's investment policies are governed by state statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; U.S. Government Money Market Mutual Funds; State Treasurer Asset Reserve Fund (STAROhio); guaranteed investment contracts and repurchase transactions. Such repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained. Under City policy, investments are limited to repurchase agreements, U.S. government securities, certificates of deposit, investments in certain money market mutual funds and STAROhio. Generally, investments are recorded in segregated accounts by way of book entry through the bank's commercial or trust department and are kept at the Federal Reserve Bank in the depository institution's separate custodial account for the City, apart from the assets of the depository institution. Ohio statute prohibits the use of reverse repurchase agreements.

Investment securities are exposed to various risks such as interest rate, market and credit. Market values of securities fluctuate based on the magnitude of changing market conditions; therefore, significant changes in market conditions could materially affect portfolio value.

**Interest rate risk:** In accordance with its investment policy, the City limits its exposure to fair value losses caused by rising interest rates, investing primarily in short-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are discussed in the following table.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy dealing with investment custodial risk beyond the requirement in the State statute.

**Credit Risk:** The City's investments as of December 31, 2009 include U.S. Agencies, repurchase agreements, Victory Federal Money Market Funds, Allegiant Government Money Market Funds, STAROhio, mutual funds, guaranteed investment contracts and manuscript debt. The City maintains the highest ratings for its investments. Investments in FHLMC, FNMA, FFCB and FHLB agency securities are rated AAA by Standard & Poor's. Investments in the Victory Money Market Fund, Allegiant Government Money Market Fund and STAROhio carry a rating of AAAM, which is the highest money market fund rating given by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

The City's investments shown in the following table include those which are classified as cash equivalents in accordance with the provisions of GASB Statement No. 9:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Investment Maturities</u>		
			<u>Less than One Year</u>	<u>1 - 5 Years</u>	<u>5 Years or More</u>
			(Amounts in 000's)		
U.S. Agency Obligations	\$ 48,735	\$ 47,585	\$ 16,250	\$ 32,485	\$
U.S. Treasury Bills	7,462	7,463	7,462		
Repurchase Agreements	28,330	28,330	28,330		
STAROhio	320,045	320,045	320,045		
Investments in Mutual Funds	691,385	691,385	691,385		
Guaranteed Investment Contracts	51,850	51,850		51,850	
Manuscript Debt	7,136	7,136	280		6,856
Other	<u>1,460</u>	<u>1,460</u>	<u>1,460</u>		
Total Investments	1,156,403	1,155,254	1,065,212	84,335	6,856
Total Deposits	<u>147,093</u>	<u>147,093</u>	<u>147,093</u>		
Total Deposits and Investments	<u>\$ 1,303,496</u>	<u>\$ 1,302,347</u>	<u>\$ 1,212,305</u>	<u>\$ 84,335</u>	<u>\$ 6,856</u>

Amounts represented by “Other” consist of deposits into a collective pool managed by Bank of New York, as trustee. STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. The fair value of the City’s position in STAROhio is equal to the value of the shares the City owns in the investment pool.

*Concentration of Credit Risk:* The City places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. As of December 31, 2009, the investments in U.S. Agency Obligations, U.S. Treasury Bills, repurchase agreements, STAROhio, mutual funds, guaranteed investment contracts and manuscript debt are approximately 4%, 1%, 2%, 28%, 60%, 4% and 1%, respectively, of the City’s total investments.

**Reconciliation to Financial Statements:** Total cash and investments are reported as follows:

*Government-Wide Financial Statements*

	<b>(Amounts in 000’s)</b>
Unrestricted:	
Cash and cash equivalents	\$ 581,231
Investments	40,255
Restricted:	
Cash and cash equivalents	644,682
Investments	<u>8,351</u>
Total	<u><u>\$ 1,274,519</u></u>

*Fund Financial Statements*

	<b>(Amounts in 000’s)</b>
Balance Sheet – Governmental Funds:	
Unrestricted:	
Cash and cash equivalents	\$ 251,617
Investments	4,299
Balance Sheet – Proprietary Funds:	
Enterprise Funds:	
Unrestricted:	
Cash and cash equivalents	310,695
Investments	35,956
Restricted:	
Cash and cash equivalents	644,682
Investments	8,351
Internal Service Funds:	
Unrestricted:	
Cash and cash equivalents	<u>18,919</u>
Subtotal	1,274,519
Statement of Fiduciary Net Assets:	
Unrestricted:	
Cash and cash equivalents	<u>28,977</u>
Total	<u><u>\$ 1,303,496</u></u>

## NOTE 5 – DEBT AND OTHER LONG-TERM OBLIGATIONS

A summary of the changes in the debt and other long-term obligations of the City during the year ended December 31, 2009, are as follows:

	<b>Balance</b> <b>January 1,</b> <b>2009</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Balance</b> <b>December 31,</b> <b>2009</b>	<b>Due</b> <b>Within One</b> <b>Year</b>
	(Amounts in 000's)				
<b>Governmental Activities</b>					
General Obligation Bonds due through 2033	\$ 313,630	\$ 58,400	\$ (45,800)	\$ 326,230	\$ 29,115
<i>Other Obligations:</i>					
Urban Renewal Bonds due through 2018, 6.63% to 6.75%	6,325		(465)	5,860	495
Subordinated Income Tax Refunding					
Bonds due through 2024, 5.00% to 5.25%	59,960		(1,500)	58,460	2,675
Subordinate Lien Income Tax Bonds					
due through 2029, 3.00% to 5.00%	59,560		(1,930)	57,630	1,985
<i>Non-Tax Revenue Bonds:</i>					
Stadium due through 2020, 3.25% to 5.13%	14,725		(985)	13,740	1,020
Taxable Economic and Community Dev. (Core City Bonds)					
Series 2004 & 2008 due through 2033, 3.95% to 5.40%	44,330		(1,250)	43,080	1,300
Lower Euclid Ave. TIF 2003A&B due through 2032,					
1.00% to 5.00%	8,562		(426)	8,136	841
Certificates of Participation-Stadium due through 2027,					
3.55% to 5.70%	129,949		(10,933)	119,016	11,373
Capital Lease Obligations, due through 2012, 3.04% to 3.26%	8,604		(3,284)	5,320	2,690
Gateway Note Payable, due through 2016	2,000		(250)	1,750	250
Accrued wages and benefits	64,363	18,283	(23,610)	59,036	29,482
Police and fire overtime	58,801	2,166	(2,224)	58,743	584
Fire deferred vacation	2,376	362	(186)	2,552	121
Estimated claims payable	<u>7,033</u>	<u>2,753</u>	<u>(5,432)</u>	<u>4,354</u>	<u>3,438</u>
	780,218	81,964	(98,275)	763,907	85,369
Unamortized loss on debt refunding	(10,692)	(241)	1,136	(9,797)	
Unamortized (discount)/premium - net	<u>17,768</u>	<u>2,289</u>	<u>(2,232)</u>	<u>17,825</u>	
Total Governmental Activities, Net	<u>\$ 787,294</u>	<u>\$ 84,012</u>	<u>\$ (99,371)</u>	<u>\$ 771,935</u>	<u>\$ 85,369</u>

(Continued)

	Balance January 1, <u>2009</u>	<u>Additions</u>	<u>(Reductions)</u>	Balance December 31, <u>2009</u>	Due Within One <u>Year</u>
	(Amounts in 000's)				
<b>Business-Type Activities (Enterprise Funds)</b>					
Airport System Revenue Bonds:					
Series 1997 due through 2027, 1.50% to 7.00%	\$ 52,485	\$	\$ (52,485)	\$	\$
Series 2000 due through 2031, 4.00% to 5.50%	446,020		(8,535)	437,485	39,040
Series 2006 due through 2024, 5.00% to 5.25%	118,665		(95)	118,570	1,120
Series 2007B due through 2027, 4.00% to 5.00%	11,255		(80)	11,175	495
Series 2008A-H due through 2033, Variable Rate	288,780		(202,550)	86,230	2,070
Series 2009A-B due through 2027, Variable Rate		39,380		39,380	1,105
Series 2009C-D due through 2027, 2.50% to 5.00%		208,900		208,900	8,650
Public Power System Revenue Bonds:					
Series 1994 due through 2013, Zero Coupon	29,005		(3,910)	25,095	3,910
Series 1996 due through 2011, 5.50% to 6.00%	2,985		(940)	2,045	995
Series 1998 due through 2017, 4.20% to 5.25%	27,085		(660)	26,425	680
Series 2001 due through 2016, 4.00% to 5.50%	25,050		(3,020)	22,030	3,140
Series 2006 due through 2024, 4.25% to 5.00%	107,560			107,560	
Series 2008 due through 2038, 3.00% to 5.40%	93,713			93,713	
Waterworks Improvement Revenue Bonds:					
Series G 1993 due through 2021, 5.50%	107,760			107,760	12,930
Series H 1996 due through 2026, 5.40% to 5.75%	7,990		(5,895)	2,095	75
Series I 1998 due through 2009, 5.25%	3,530		(3,530)		
Series J 2001 due through 2016, 4.00% to 5.38%	53,385		(335)	53,050	350
Series K 2002 due through 2021, 3.50% to 5.25%	61,605		(4,300)	57,305	4,495
Series M 2004 due through 2033, 3.53% Swap Rate	172,335		(172,335)		
Series N 2005 due through 2023, 3.50% to 5.00%	64,220		(18,365)	45,855	12,810
Series O 2007 due through 2037, 4.25% to 5.00%	141,095		(2,370)	138,725	
Series P 2007 due through 2028, 4.00% to 5.00%	135,410			135,410	
Series Q 2008 due through 2033, Variable Rate	90,800			90,800	
Series R 2009 due through 2033, 3.55% Swap Rate		54,735		54,735	
Series S 2009 due through 2033, 3.60% Swap Rate		26,295		26,295	
Series T 2009 due through 2021, 2.00% to 5.00%		84,625		84,625	1,285
Ohio Water Development Authority and Public Works					
Commission Loans due through 2031, 0.00% to 4.18%	112,275	837	(5,458)	107,654	5,706
Parking Facilities Refunding Revenue Bonds:					
Series 1996 due through 2009, 6.00%	2,915		(2,915)		
Series 2006 due through 2022, 4.00% to 5.25%	57,120		(205)	56,915	3,300
Deferred Payment Obligation	14,201		(2,371)	11,830	2,562
Accrued wages and benefits	11,093	1,130	(859)	11,364	7,475
	2,238,337	415,902	(491,213)	2,163,026	112,193
Unamortized loss on debt refunding	(88,883)	(16,358)	20,837	(84,404)	
Unamortized (discount)/premium - net	31,552	9,821	(3,817)	37,556	
Total Business-Type Activities, Net	<u>\$ 2,181,006</u>	<u>\$ 409,365</u>	<u>\$ (474,193)</u>	<u>\$ 2,116,178</u>	<u>\$ 112,193</u>
Total Debt and Other Long-Term Obligations	<u>\$ 2,968,300</u>	<u>\$ 493,377</u>	<u>\$ (573,564)</u>	<u>\$ 2,888,113</u>	<u>\$ 197,562</u>

(Concluded)

Internal Service Funds predominantly serve the governmental funds, except the Utilities Administration Fund, which serves only business-type activity funds. Long-term liabilities for all Internal Service Funds, except the Utilities Administration Fund, are included as part of the totals for governmental activities in the government-wide statement of net assets. At December 31, 2009, \$1,251,857 of the Internal Service Funds, except for Utilities Administration Fund, compensated absences were included in the governmental activities accrued wages and benefits. Long-term liabilities for the Utilities Administration Fund are included as part of the totals for business-type activities in the government-wide statements. At December 31, 2009, \$459,517 of the Utilities Administration Fund compensated absences were included in business-type activities accrued wages and benefits.

The Subordinated Income Tax Variable Rate Refunding Bonds were issued to fund the City's obligation for the employer's accrued liability to the Police and Firemen's Disability and Pension Fund of the State of Ohio. All other bonds were issued to fund capital related activities.

The accrued wages and benefits liability will be paid from the fund from which the employees' salaries are paid. The estimated claims payable liability will be paid from the fund that incurred the liability or from Judgment Bond proceeds.

A detailed summary of General Obligation Bonds and business-type activities debt by purpose is as follows for 2009:

	Original Issue Amount	Balance January 1, 2009	Additions	(Reductions)	Balance December 31, 2009
			(Amounts in 000's)		
<b>Governmental Activities Obligations:</b>					
<b>General Obligation Bonds</b>					
Public Facilities	\$ 94,425	\$ 43,140	\$ 6,020	\$ (7,375)	\$ 41,785
Convention Center	1,010		1,010		1,010
Residential Redevelopment	31,080	11,675	6,030	(1,590)	16,115
Bridges and Roadways	171,895	71,100	15,315	(12,455)	73,960
Public Safety	840	100		(100)	-
Parks & Recreation	70,560	22,460	16,205	(5,380)	33,285
Refunding Bonds	288,830	146,780	13,820	(18,445)	142,155
Revitalization	6,020	5,885		(140)	5,745
Judgments/Settlements	<u>18,515</u>	<u>12,490</u>	<u>          </u>	<u>(315)</u>	<u>12,175</u>
Total Governmental Activities	<u>\$ 683,175</u>	<u>\$ 313,630</u>	<u>\$ 58,400</u>	<u>\$ (45,800)</u>	<u>\$ 326,230</u>
<b>Business-Type Activities Obligations:</b>					
<b>Revenue Bonds</b>					
Airports	\$ 1,665,680	\$ 917,205	\$ 248,280	\$ (263,745)	\$ 901,740
Public Power	630,863	285,398		(8,530)	276,868
Waterworks	1,744,265	838,130	165,655	(207,130)	796,655
Parking Facilities	138,625	60,035		(3,120)	56,915
<b>Loans</b>					
Waterworks	146,162	107,823	837	(4,802)	103,858
Water Pollution Control	<u>8,378</u>	<u>4,452</u>	<u>          </u>	<u>(656)</u>	<u>3,796</u>
Total Business-Type Activities	<u>\$ 4,333,973</u>	<u>\$ 2,213,043</u>	<u>\$ 414,772</u>	<u>\$ (487,983)</u>	<u>\$ 2,139,832</u>

The following is a summary of the City's future debt service requirements as of December 31, 2009:

<u>Year Ending</u> <u>December 31</u>	<b>Governmental Activities</b>					
	<b>General Obligation Bonds</b>		<b>Urban Renewal Bonds</b>		<b>Subordinated Income Tax Refunding Bonds</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	(Amounts in 000's)					
2010	\$ 29,115	\$ 15,915	\$ 495	\$ 378	\$ 2,675	\$ 2,928
2011	29,715	14,520	530	344	2,810	2,791
2012	27,470	13,137	565	307	2,955	2,647
2013	23,545	11,877	600	268	3,105	2,495
2014	22,000	10,786	640	226	3,265	2,336
2015-2019	102,865	37,902	3,030	426	19,015	8,987
2020-2024	62,660	15,553			24,635	3,369
2025-2029	24,900	4,150				
2030-2034	3,960	464				
	<u>\$ 326,230</u>	<u>\$ 124,304</u>	<u>\$ 5,860</u>	<u>\$ 1,949</u>	<u>\$ 58,460</u>	<u>\$ 25,553</u>
<u>Year Ending</u> <u>December 31</u>	<b>Non-Tax Revenue Bonds</b>		<b>Subordinate Lien Income Tax bonds</b>		<b>Certificates of Participation</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	(Amounts in 000's)					
2010	\$ 3,161	\$ 2,706	\$ 1,985	\$ 2,433	\$ 11,373	\$ 7,291
2011	3,204	2,575	2,045	2,373	11,535	7,099
2012	2,697	2,454	2,110	2,312	11,357	6,874
2013	2,786	2,387	2,170	2,249	11,461	6,642
2014	2,895	2,275	2,240	2,178	4,920	3,326
2015-2019	16,795	9,354	12,545	9,556	21,380	13,644
2020-2024	14,691	5,525	15,340	6,758	27,220	8,242
2025-2029	8,374	2,974	19,195	2,904	19,770	1,760
2030-2034	10,353	1,058				
	<u>\$ 64,956</u>	<u>\$ 31,308</u>	<u>\$ 57,630</u>	<u>\$ 30,763</u>	<u>\$ 119,016</u>	<u>\$ 54,878</u>
<u>Year Ending</u> <u>December 31</u>	<b>Capital Lease Obligations</b>		<b>Gateway Note Payable</b>		<b>Governmental Activities Total</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	(Amounts in 000's)					
2010	\$ 2,690	\$ 125	\$ 250	\$ -	\$ 51,744	\$ 31,776
2011	1,704	55	250	-	51,793	29,757
2012	926	11	250	-	48,330	27,742
2013			250	-	43,917	25,918
2014			250	-	36,210	21,127
2015-2019			500	-	176,130	79,869
2020-2024					144,546	39,447
2025-2029					72,239	11,788
2030-2034					14,313	1,522
	<u>\$ 5,320</u>	<u>\$ 191</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 639,222</u>	<u>\$ 268,946</u>

**Business-Type Activities**

Year Ending December 31	Revenue Bonds		Construction Loans	
	Principal	Interest	Principal	Interest
	(Amounts in 000's)			
2010	\$ 96,450	\$ 91,925	\$ 5,706	\$ 4,060
2011	66,855	89,275	6,573	4,064
2012	79,455	86,254	6,790	3,847
2013	76,355	82,929	7,016	3,621
2014	86,030	79,387	7,250	3,387
2015-2019	451,785	331,702	38,213	13,223
2020-2024	475,460	217,827	41,052	6,730
2025-2029	416,820	134,410	19,789	1,142
2030-2034	240,688	52,211	863	7
2035-2039	42,280	25,053		
	<u>\$ 2,032,178</u>	<u>\$ 1,190,973</u>	<u>\$ 133,252</u>	<u>\$ 40,081</u>

Year Ending December 31	Deferred Payment Obligations (Note 6)		Business-Type Activities Total	
	Principal	Interest	Principal	Interest
	(Amounts in 000's)			
2010	\$ 2,562	\$ 827	\$ 104,718	\$ 96,812
2011	2,768	621	76,196	93,960
2012	2,990	399	89,235	90,500
2013	3,230	159	86,601	86,709
2014	280	2	93,560	82,776
2015-2019			489,998	344,925
2020-2024			516,512	224,557
2025-2029			436,609	135,552
2030-2034			241,551	52,218
2035-2039			42,280	25,053
	<u>\$ 11,830</u>	<u>\$ 2,008</u>	<u>\$ 2,177,260</u>	<u>\$ 1,233,062</u>

The schedule of minimum principal and interest payments for construction loans includes the amortization on fourteen loans provided to the Division of Water and the Division of Water Pollution Control by the Ohio Water Development Authority (OWDA) and two loans to the Division of Water Pollution Control by the Ohio Public Works Commission (OPWC). This amortization is based upon the full amount expected to be financed, regardless of whether the Division of Water and the Division of Water Pollution Control have received all the loan proceeds. Therefore, at December 31, 2009, the amount financed on these OWDA loan projects, which are reflected in the amortization schedule, less the principal payments made to date, exceeds the actual loan balances shown on the schedule of long-term debt outstanding and changes in long-term debt obligations by \$25,598,000.

**General Obligation Bonds**

**General Obligation Bonds:** General Obligation Bonds are backed by the full faith and credit of the City. Such bonds are payable from ad valorem property taxes levied within the limitations provided by law, irrespective of whether such bonds are secured by other receipts of the City in addition to such ad valorem property taxes.

Under the direct debt limitation imposed by the Ohio Revised Code, the City had the capacity to issue \$326,560,223 of additional unvoted debt at December 31, 2009.

Effective May 5, 2009, the City issued \$58,400,000 Various Purpose and Refunding General Obligation Bonds, Series 2009A. Of this total amount, \$44,580,000 of the bonds were issued to pay costs of various public improvements to roads and bridges, public facilities, parks and recreation facilities, cemeteries and the Convention Center and to pay the costs of issuing the bonds. In addition, \$13,820,000 of the bonds was used to refund \$13,525,000 outstanding Series 1998 Various Purpose General Obligation Bonds and to pay issuance costs. Proceeds in the amount of \$13,766,544 were placed in an irrevocable escrow account to be used to pay the principal, interest and premium on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from long-term debt. The City completed this refunding to reduce its total debt service by \$725,000 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$790,000.

Effective October 7, 2008, the City issued \$10,090,000 Final Judgment General Obligation Bonds, Series 2008A. The proceeds of these bonds are being used to pay final judgments and court-approved settlements and to pay the costs of issuing the bonds.

### **Other Governmental Obligations**

**Urban Renewal Bonds:** In 1993, the City issued \$10,800,000 of Urban Renewal Bonds (Rock and Roll Hall of Fame and Museum Project) for the purpose of paying a portion of the costs of the acquisition and construction of a “port authority educational and cultural facility” to conduct programs of an educational and instructional nature relating to the field of contemporary music, including rock and roll music, which constitutes the Rock and Roll Hall of Fame and Museum (the Facility). The net proceeds were contributed to the Cleveland-Cuyahoga County Port Authority which owns and leases the facility to Rock and Roll Hall of Fame and Museum, Inc., an Ohio non-profit corporation. The Rock and Roll Hall of Fame and Museum opened in September 1995. The Urban Renewal Bonds are not general obligations of the City and are not secured by the full faith and credit of the City nor are they payable from the general revenues or assets of the City. The Urban Renewal Bonds are secured solely by pledged receipts, consisting of payments to be made in lieu of real property taxes pursuant to Development Agreements between the City and certain property owners and interest income on those payments.

**Subordinated Income Tax Variable Rate Refunding Bonds:** Effective June 1, 1994, the City issued \$74,700,000 of Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994. The proceeds were used to fund the City’s obligation for the employer’s accrued liability to the Police and Firemen’s Disability and Pension Fund of the State of Ohio (the Fund). The principal use of the proceeds was the current refunding of the City’s obligation to the Fund for the employer’s accrued liability in the amount of \$104,686,400, which was payable in semi-annual installments of \$2,696,243 through May 15, 2035. Pursuant to Section 742.30 (C) of the Ohio Revised Code, the City and the Fund entered into an agreement that permitted the City to make a one time payment to the Fund to extinguish the City’s obligation. The payment amount of \$70,493,204 was calculated by applying a 35% discount factor to the \$104,686,400 accrued liability plus adding accrued interest of \$2,447,044.

Effective August 6, 2008, the City issued \$59,960,000 Subordinate Lien Unrestricted Income Tax Bonds, Series 2008 (Police and Fire Pension Payment). The proceeds of the bonds were used to refund all the outstanding Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994, to fund a termination payment on an interest rate swap agreement, to fund a portion of the interest on the bonds and to pay costs of issuance. Proceeds in the amount of \$56,900,000 in addition to \$420,428 held in the bond fund, were used to redeem the outstanding \$56,900,000 Series 1994 Bonds on August 6, 2008. In addition, an interest rate swap related to the Series 1994 Bonds was terminated by the City on July 28, 2008 and the termination payment of \$4,325,000 owed to Ambac Financial Services, LLC, the swap counterparty, was paid from the proceeds of the Series 2008 Bonds. The City refunded the Series 1994 Bonds in order to address the increased interest rates incurred on the bonds as a result of the downgrade of the bond insurer. The Series 2008 Bonds were issued as fixed rate bonds. The Bonds are not general obligations of the City and are not secured by its full faith and credit. The Series 2008 Bonds are unvoted special obligations secured by a pledge of and a lien on the unrestricted municipal income taxes of the City, to the extent that such income taxes are not needed to pay debt service on the City’s currently outstanding unvoted General Obligation Bonds or unvoted General Obligation Bonds issued in the future.



*Interest Rate Swap Transaction:*

In 1999, the City entered into an interest rate swap transaction with Ambac Financial Services, L.P. (Ambac) for the purpose of hedging the exposure of the City against interest rate fluctuations arising from the variable rates borne by these Series 1994 Bonds. Under the swap agreement, the City was the fixed rate payor, paying the fixed rate of 4.88% and the counterparty was the floating rate payor, paying the actual variable rate borne by the Series 1994 Bonds. The stated termination date under this swap agreement was May 15, 2024, the maturity date of the Series 1994 Bonds. The swap agreement could have been terminated prior to its stated termination date under certain circumstances. The City chose to terminate this swap effective July 28, 2008 and made a termination payment of \$4,325,000 to Ambac.

Terms: On February 7, 2003, the City sold an option to JPMorgan Chase Bank (JPM) that gives JPM the right to execute an interest rate swap at its discretion at any time until the option expires on May 15, 2024 on a declining notional amount equal to the outstanding principal amount of the City's Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994. The swaption will now be associated with the Series 2008 Bonds. Under the swap agreement, the City will be the fixed rate receiver, receiving the fixed rate of 4.88%, and JPM will be the floating rate receiver, receiving interest on the outstanding notional amount of \$54,800,000 at December 31, 2009, at a rate equal to the weekly Securities Industry and Financial Markets Association (SIFMA) index, formerly known as the Bond Market Association (BMA) index. If the option is exercised, the stated termination date under the swap agreement with JPM will be May 15, 2024. The obligation of the City under the swap agreement to make periodic floating rate payments (but not any termination payment) is secured by a subordinate pledge of the income tax receipts, subordinate to the pledge of the income tax receipts made under the "General Bond Ordinance" securing the City's General Obligation Bonds. The payment of any termination payment is subordinate to the payment of debt service on the Subordinate Lien Unrestricted Income Tax Bonds, Series 2008, and the periodic floating rate payments under the swap agreement.

Objective: The City entered into the swaption in order to potentially capture in the future the savings which could be derived from converting these bonds back to a variable rate if or when the option is exercised. In exchange for selling the option to JPM, the City received a premium payment of \$1,700,000.

Basis Risk: There is no basis risk for the City associated with this transaction with the exception of the risk inherent in all variable rate debt. If the option is exercised, the City will receive a fixed rate of 4.88% which is approximately 29 basis points less than the fixed rate being paid on the Series 2008 Bonds. This transaction would leave the City paying the weekly SIFMA rate plus 29 basis points.

Counterparty Risk: The City selected JPM as a counterparty partly due to its credit strength. Over the long-term, it is possible that the credit strength of JPM could change and this event could trigger a termination payment on the part of the City.

Termination Risk: The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the City to JPM, or by JPM to the City, depending upon the prevailing economic circumstances at the time of the termination.

Fair Value: The fair value of the swaption at December 31, 2009 as reported by JPM was \$1,163,000 which would be payable by the City.

**Subordinate Lien Income Tax Bonds:** Effective May 1, 2008, the City issued \$59,560,000 Subordinate Lien Income Tax Bonds, Series 2008. The proceeds of the bonds will be used to pay costs of various municipal improvements including public facilities, bridges and roadways, parks and recreation facilities, cemeteries and revitalization. These bonds are special obligations of the City and are not general obligation debt and are not secured by a pledge of the full faith and credit of the City. The bonds are payable from the City's municipal income tax revenues to the extent those revenues are not needed to pay debt service charges on the City's unvoted general obligation debt or unvoted general obligation debt issued in the future. It is the City's intention to pay the debt service on these bonds from the Restricted Income Tax collections.

**Non-Tax Revenue Bonds – Stadium:** Effective December 16, 2004, the City issued \$14,835,000 Non-Tax Revenue Bonds, Series 2004 (Cleveland Stadium Project) to refund the Non-Tax Revenue Stadium Bonds, Series 1999A&B. Net proceeds of \$13,771,425 were placed in an irrevocable account to redeem the bonds on December 30, 2004. As a result, the refunded bonds are defeased and the liability for these bonds has been removed from long-term debt.

These bonds do not represent a general obligation debt or pledge of the full faith and credit or taxing power of the City, and are payable solely from non-tax revenues of the City.

***Non-Tax Revenue Bonds – Economic Development Bonds Series 2003A and Series 2003B (Lower Euclid Avenue Project):***

In November 2003, the City issued \$7,200,000 Economic Development Revenue Bonds, Series 2003A and \$1,000,000 Economic Development Revenue Bonds, Series 2003B-1 for the Lower Euclid Avenue Project. In November 2004, the final \$1,000,000 Economic Development Revenue Bonds, Series 2003B-2 were issued. The proceeds of these bonds were made available to the owners of certain properties on Euclid Avenue for the construction and renovation of commercial restaurant and retail facilities and the construction of a parking garage. These Tax Increment Financing (TIF) Bonds are secured by a pledge of (a) service payments in lieu of taxes received by the City from the owners of certain properties located within a tax increment financing district, (b) loan payments payable to the City and (c) by a pledge of certain non-tax revenues of the City, subject to the prior pledge by the City of such non-tax revenues to secure other obligations of the City.

***Non-Tax Revenue Bonds – Taxable Economic and Community Development Revenue Bonds (Core City):***

Effective July 24, 2008, the City issued \$28,160,000 Taxable Economic and Community Development Refunding Revenue Bonds, Series 2008 (Core City Fund). The proceeds of these bonds were used to refund the outstanding \$26,900,000 Series 2003 Taxable Economic and Community Development Revenue Bonds, to fund a bond reserve fund and to pay the costs of issuing the bonds. Proceeds in the amount of \$26,900,000 plus \$354,067 of funds on hand in the bond fund, were placed in an irrevocable escrow account to redeem the Series 2003 Bonds on August 26, 2008. As a result, the refunded bonds have been defeased and the liability for these bonds has been removed from long-term debt. The Series 2003 Bonds were refunded in order to address increased interest rates incurred on the bonds due to the collapse of the auction rate securities market. The Series 2008 Bonds, which are special obligations of the City, were issued as variable rate demand obligations secured by a letter of credit provided by Citizens Bank. The Bonds are payable from the City's non-tax revenues and net project revenues.

On November 10, 2004, the City issued Taxable Economic and Community Development Revenue Bonds, Series 2004 (Core City). The Series 2004 Bonds were issued in the amount of \$19,280,000 to pay the costs of certain economic and community development projects. These Series 2004 Bonds were issued as fixed rate securities and are special obligations of the City, payable from non-tax revenues and net project revenues.

***Certificates of Participation (COPS) - Stadium:*** In June 1997, Certificates of Participation (COPS) in the amount of \$139,345,000 were issued to assist in the construction of an open-air stadium for the play of professional football and other events. In October 1999, COPS in the amount of \$20,545,000 were issued to retire then outstanding Non-Tax Revenue Bond Anticipation Notes. The City will make lease payments subject to annual appropriation by City Council and certification by the Director of Finance as to the availability of funds from those appropriations. These obligations do not constitute a debt or pledge of the full faith and credit of the City.

On February 13, 2003 the City sold an option to UBS giving UBS the right, at its discretion, to enter into an interest rate swap transaction on November 15, 2007 on a declining notional amount equal to the outstanding principal amount of the City's to be issued COPS, Series 2007. On August 17, 2007, UBS notified the City that it was exercising its option under the swaption agreement. This agreement required the issuance of variable rate refunding bonds. Therefore, effective October 11, 2007, the City issued \$108,390,000 Refunding COPS, Series 2007, to currently refund \$105,800,000 of the outstanding COPS, Series 1997. These were issued as auction rate securities and the City realized \$753,000 of net present value savings. The swap associated with this transaction went into effect on November 15, 2007. Proceeds of \$107,445,478 plus \$2,873,390 from the Series 1997 COPS Fund were placed in an irrevocable escrow account which was used to pay the principal, interest and premium on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from long-term debt.

Due to the downgrade of the bond insurers beginning in late 2007 and the collapse of the auction rate securities market, the Series 2007 COPS experienced failed auctions and interest rates as high as 12% in early 2008. To address these issues, the City converted all of the outstanding \$108,390,000 Series 2007 Auction Rate Certificates to Weekly Rate Certificates effective May 29, 2008. The payment of principal and interest is secured by a direct-pay letter of credit provided by Wachovia Bank, National Association.

*Interest Rate Swap Transaction:*

**Terms:** The City entered into an interest rate swap transaction on November 15, 2007 on a declining notional amount equal to the outstanding principal amount of the City's \$108,390,000 COPS, Series 2007. Under the swap agreement, the City is the fixed rate payor, paying fixed rates of interest (initially 4.77%) that equate the estimated periodic swap payments plus amortizing principal of the COPS, Series 2007 to the debt service previously being paid on the COPS, Series 1997 (Cleveland Stadium Project). UBS is the floating rate payor, paying at a rate equivalent to 67% of one month LIBOR. The stated termination date under the swap agreement with UBS is November 15, 2027. The obligation of the City to make periodic fixed rate payments or any termination payment is subject to annual appropriation and certification by the City. Both the future bond debt service payments and the periodic swap payments are insured by Ambac.

**Objective:** The City entered into the original 2003 swaption in order to capture the present value savings which could be derived from synthetically refunding its COPS, Series 1997, in a lower interest rate environment. In exchange for selling the option to UBS, the City received a premium payment of \$3,400,000. At the time of issuance of the COPS, Series 2007, the City achieved present value savings of \$753,000 stemming from the current refunding of the COPS, Series 1997.

**Basis Risk:** The City receives 67% of LIBOR from UBS and the City has issued tax-exempt variable rate debt that should price at approximately the SIFMA index. While historically the relationship between SIFMA and LIBOR has been 67%, in the short-term this relationship does not always apply. If the 67% of LIBOR received from UBS is less than the actual amount paid on the variable rate bonds, the City must make up the difference in addition to paying the fixed rate resulting from the swap. In addition, a reduction in the marginal federal income tax rates would increase the percentage relationship between SIFMA and LIBOR and would potentially increase the cost of the financing.

**Counterparty Risk:** The City selected UBS as a counterparty partly due to its credit strength. Over the long-term, it is possible that the credit strength of UBS could change and this event could trigger a termination payment on the part of the City.

**Termination Risk:** The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the City to UBS, or by UBS to the City, depending upon the prevailing economic circumstances at the time of the termination. The City obtained a commitment for insurance from Ambac Assurance Corporation to mitigate much of the risk associated with termination due to the event of a rating downgrade of the City. However, the multiple downgrades of Ambac's ratings over the last year have resulted in a situation where the City's ratings are higher than those of the insurer and are preventing a termination event. If Ambac becomes insolvent, UBS has the option to terminate the swap.

**Fair Value:** The fair value of the swap at December 31, 2009, as reported by UBS was \$15,988,000 which would be payable by the City.

**Capital Lease Arrangements:** The City has entered into agreements to lease equipment. Such agreements are treated as lease purchases (Capital Leases) and are classified as long-term lease obligations in the financial statements. The lease contracts contain annual one-year renewal options that can be exercised by the City if sufficient funds are appropriated by City Council. Upon the exercise of each annual one-year renewal option and satisfaction of the lease obligations related thereto, title to the equipment will pass to the City. In April 2003, the City entered into an equipment lease agreement with Banc of America Leasing & Capital. As a result of this transaction, the City purchased approximately \$6,105,000 of heavy-duty vehicles and apparatus for the Departments of Public Safety, Public Service and Parks, Recreation and Properties and will make lease payments from the Restricted Income Tax for a period of seven years.

In April 2004, the City entered into a second equipment lease agreement with Minority Alliance Capital, LLC which resulted in the City purchasing approximately \$6,603,000 of heavy duty vehicles and apparatus. Lease payments will be made from the Restricted Income Tax for a period of seven years.

In July 2005, the City entered into a third equipment lease agreement. This lease agreement is with Chase Equipment Leasing, Inc. and resulted in the City purchasing approximately \$8,425,000 of heavy duty vehicles and apparatus. Lease payments will be made from the Restricted Income Tax for a period of seven years. The assets recorded by the City under Capital Leases were as follows as of December 31, 2009:

<b>Governmental Activities</b>	
<b>(Amounts in 000's)</b>	
Furniture, fixtures and equipment	\$ 22,634
Less – accumulated depreciation	<u>(8,948)</u>
Net book value	<u>\$ 13,686</u>

**Gateway Note Payable:** In October 1996, the City and Cuyahoga County each agreed to pay \$5,000,000 for additional costs associated with the Gateway Sports Complex. The amounts are to be repaid in annual installments of \$250,000 for 20 years. The monies are deducted from the monthly distribution of the State Local Government Fund which is recorded in the City's General Fund. The first deduction was made in March 1997.

**Accrued Wages and Benefits:** Accrued wages and benefits, included in long-term obligations, consist of the non-current portion of vacation and sick pay benefits earned by employees of the City. The City accrues vacation and sick pay benefits when earned and future compensation is likely.

**Police and Fire Overtime and Deferred Vacation Pay:** Uniformed employees of the Police and Fire Divisions accumulate overtime compensation in accordance with the union contracts and the requirements of the Fair Labor Standards Act. In addition, uniformed employees may defer earned vacation time, with the appropriate approvals, until retirement. The liabilities for overtime and deferred vacation time, at current pay rates including their related fringe benefits and converted to straight time hours, at December 31, 2009, follow:

<u>Division</u>	<u>Overtime</u>		<u>Deferred Vacation</u>	
	<u>Hours</u>	<u>Dollars</u>	<u>Hours</u>	<u>Dollars</u>
(Amounts in 000's)				
Police	1,698	\$ 51,808	\$	
Fire	<u>236</u>	<u>6,935</u>	<u>86</u>	<u>2,552</u>
Total	<u>1,934</u>	<u>\$ 58,743</u>	<u>86</u>	<u>\$ 2,552</u>

**Business-Type (Enterprise Fund) Obligations**

**Airport System Revenue Bonds:** These bonds are secured by the pledge of all airport revenues, as defined in the revenue bond indenture. Further, the City has assigned to the trustee all its interests in and rights to the airline use agreements under the revenue bond indenture.

Effective March 5, 2009, the City issued \$24,710,000 Airport System Revenue Bonds, Series 2009A (AMT), and \$14,670,000 Airport System Revenue Bonds, Series 2009B (Taxable). Proceeds of the Series 2009A Bonds were used to refund a portion of the outstanding Airport System Revenue Bonds, Series 1997D, in the aggregate principal amount of \$24,340,000 and to pay issuance costs. Proceeds of the Series 2009B Bonds were used to refund all of the outstanding \$14,425,000 Series 1997E Airport System Revenue Bonds and to pay issuance costs. The City retired the remaining \$10,570,000 Series 1997D Bonds using other available funds of the Airport System (Passenger Facility Charge revenues). The City also funded a required deposit to the bond reserve fund from available funds on hand. The Series 1997 Bonds were refunded in order to replace the existing liquidity provider. The Series 2009A&B Bonds were issued as weekly variable rate demand obligations and are secured by direct pay letters of credit provided by U.S. Bank National Association.

Effective August 27, 2009, the City issued \$159,875,000 Airport System Revenue Bonds, Series 2009C and \$49,025,000 Airport System Revenue Bonds, Series 2009D. Proceeds of the Series 2009C Bonds were used to currently refund the outstanding \$148,555,000 variable rate Series 2008A-C Airport System Revenue Bonds on the date of closing. As a result, the refunded bonds have been defeased and the liability for these bonds has been removed from long-term debt. In addition, the City used proceeds of the Series 2009C Bonds to pay amounts owed to counterparties upon the early termination, at the City's option, of interest rate hedge agreements relating to the Series 2008A&B Bonds, to fund a deposit to the Bond Service Reserve Fund and to pay issuance costs. The Series

2009C Bonds were issued as fixed rate bonds. The City obtained an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$4,793,000 or 3.27% as a result of the refunding.

The Series 2009D Bonds were issued to currently refund the outstanding \$49,025,000 Airport System Revenue Bonds, Series 2008E on August 27, 2009. The City issued the 2009D Bonds in order to take advantage of provisions of the American Recovery and Reinvestment Act (ARRA). As a result of ARRA, the City was able to refund the Series 2008E Bonds, which had been originally issued subject to the Alternative Minimum Tax (AMT), as Non-AMT Bonds and thereby achieve debt service savings. The Series 2009D Bonds were issued as variable rate demand bonds secured by a letter of credit provided by KBC Bank N.V.

On July 17, 2008, the City issued \$149,460,000 of Airport System Revenue Bonds, Series 2008A-C and \$139,320,000 of Airport System Revenue Bonds, Series D-H. The Series 2008A-C Bonds were issued to refund all \$148,175,000 of the outstanding Airport System Revenue Bonds, Series 2007A Bonds. The Series 2008D-H Bonds were issued to refund all \$132,500,000 of the outstanding Airport System Revenue Bonds, Series 2003A-C. Both the Series 2007A Bonds and the Series 2003 Bonds were issued as auction rate securities. These bonds were refunded in order to address the increased interest costs incurred on the bonds as a result of the downgrade of the bond insurers and the collapse of the auction rate market. All of the Series 2008 Bonds were issued as variable rate demand obligations. Wachovia Bank N.A. provided a letter of credit for the Series 2008A-C Bonds. U.S. Bank National Association provided its letter of credit for the Series 2008D&H Bonds while KBC Bank N.V. and UBS provided their letters of credit on the Series 2008E&G Bonds and the Series 2008F Bonds, respectively. At the time of the refunding, the interest rate swaps associated with the Series 2007A bonds were transferred to the Series 2008A&B Bonds while the swaps associated with the Series 2003 Bonds were transferred to the Series 2008D&E Bonds.

Proceeds from the Series 2008 Bonds were used to fund an escrow deposit to refund the bonds and pay costs of issuance. Proceeds of \$148,175,000 from the Series 2008A-C Bonds plus funds on hand in the amount of \$130,803 were placed in an irrevocable escrow account to be used to pay the principal and interest on the refunded Series 2007A Bonds on July 24, 2008. Proceeds of \$132,500,000 from the Series 2008D-H Bonds plus funds on hand in the amount of \$85,800 were also placed in an irrevocable escrow account to be used to pay the principal and interest on the refunded Series 2003 Bonds on July 22, 2008. As a result, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from long-term debt.

In December 2009, the Airport System, under its right to optional redemption, deposited cash on hand into the Series 2000 principal payment account in an amount sufficient to redeem, prior to maturity, all of the outstanding Series 2000B Bonds. Cash totaling \$30,330,300 was placed into the account to pay principal in the amount of \$30,030,000 and redemption premium in the amount of \$300,300 on January 1, 2010. An irrevocable notice of full redemption of the bonds was issued by the trustee on November 30, 2009.

#### *Interest Rate Swap Transactions:*

##### **Series 2008A&B Bonds (previously Series 2007A Bonds):**

In conjunction with the refunding on August 27, 2009 of the Series 2008A&B Bonds by the Series 2009C Bonds, the interest rate exchange agreements associated with the Series 2008A&B Bonds were terminated at the City's option. The City paid a total of \$9,960,000 to Morgan Stanley Capital Services, Inc., Goldman Sachs Capital Markets, LP and RFPC Capital Services, LLC (the swap counterparties) upon early termination of the hedge agreements.

Terms: On February 1, 2007 the City entered into three interest rate exchange agreements which became effective upon the delivery of the \$148,250,000 Airport System Revenue Bonds, Series 2007A, on October 3, 2007. The City entered into a floating-to-fixed rate swap with a notional amount of \$121,700,000 divided equally among three counterparties. Morgan Stanley Capital Services, Inc. (Morgan Stanley), Goldman Sachs Capital Markets LP (Goldman Sachs) and RFPC Capital Services, LLC (RFPC) are serving as the counterparties on the transaction. Under the swap agreements now associated with the Series 2008A&B Bonds, the City is the fixed rate payor, paying a fixed rate of 4.04%. Each counterparty is a floating rate payor, paying the City a floating rate equal to the SIFMA index plus 5 basis points. Net payments are exchanged on the first of each month. The obligation of the City to make periodic payments (but not any termination payment) is secured by a pledge of monies in the special funds and the airport revenues as defined in the trust indenture securing the Airport System Revenue Bonds on a parity with

the pledge of monies in the special funds and the airport revenues securing payment of debt service charges on all revenue bonds outstanding under the Indenture.

*Objective:* The City entered into the swaps in order to maximize the savings associated with the refunding of the Series 1997A Bonds. The actual overall savings to be realized by the City will depend upon the net payments received under the swap agreement.

*Basis Risk:* By entering into swaps based upon the SIFMA index, the City sought to minimize this risk. Since both the underlying bonds and the swap payments are based upon the tax-exempt market, any potential difference between the rate paid by the City on the bonds and the amount received by the City from the counterparties has been greatly reduced. The amount received on the Series 2008A&B Bonds incorporates an additional five basis points to take into account the fact that the underlying bonds are subject to the "Alternative Minimum Tax". However, if the payments received from the counterparty are less than the amount of interest paid on the bonds, the City must make up the difference in addition to paying the fixed rate resulting from the swap.

*Counterparty Risk:* The City selected highly rated counterparties in order to minimize this risk. However, over the long-term it is possible that the credit strength of Morgan Stanley, Goldman Sachs or RFPC could change and this event could trigger a termination payment on part of the City.

*Termination Risk:* The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the City to the counterparties or by the counterparties to the City, depending upon the prevailing economic circumstances at the time of the termination.

*Fair Value:* The swaps were terminated effective August 27, 2009 at a value of \$9,960,000 which was payable to the three counterparties.

#### **Series 2008D and Series 2009D Bonds (previously Series 2003A and Series 2008E Bonds):**

In conjunction with the refunding of the Series 2003A-C Bonds, the interest rate exchange agreements associated with the Series 2003A&B Bonds are now identified by the City to relate to the Series 2008D and Series 2009D Bonds.

*Terms:* Simultaneously with the issuance of the City's \$140,600,000 Airport System Revenue Bonds, Series 2003A-C on October 23, 2003, the City entered into floating-to-fixed rate swap agreements on the declining notional amount of the \$20,650,000 Series 2003A Bonds and the \$56,200,000 Series 2003B Bonds. Bear Stearns Financial Products Inc. (Bear Stearns) was the counterparty on a five-eighths pro-rata share of the notional amount of each Series 2003A&B Bonds while JPMorgan Chase Bank, N.A. (JPM) was the counterparty on the remaining three-eighths of the notional amount. In 2008, Bear Stearns was acquired by JPM and the Bear Stearns swaps have been assumed by JPM. In conjunction with the refunding of the Series 2003A&B Bonds, the interest rate exchange agreements associated with the Series 2003A&B Bonds are now identified by the City to relate to the Series 2008D and Series 2009D Bonds. Under the swap agreement which is now identified with the Series 2008D Bonds, the Airport System is the fixed rate payor, paying a fixed rate of 4.17% semiannually, while the counterparties pay the Airport System at the SIFMA index every 35 days. The swap agreement which is now associated with the Series 2009D Bonds requires the Airport System to pay a fixed rate of 4.27% semiannually and the counterparties pay the Airport System the SIFMA index plus 10 basis points every 35 days. The obligation of the Airport System to make periodic fixed rate payments (but not any termination payment) is secured by a pledge of airport revenues. The periodic swap payments are insured by Ambac.

*Objective:* The City entered into the swaps in order to minimize the costs associated with the refunding of the Series 1994A Bonds. Because all debt service charges of the Airport System are ultimately paid by the various airlines utilizing the City's airports, it was important to reduce the debt related costs as much as possible and the synthetic fixed rate debt provided the greatest debt service relief to the airlines.

*Basis Risk:* By entering into swaps based upon the SIFMA index, the City sought to minimize this risk. Since both the underlying bonds and the swap payments are based on the tax-exempt market, any potential difference between the rate paid by the City on the bonds and the amount received by the City from the counterparties has been reduced. The amount received on the Series 2009D Bonds incorporates an additional 10 basis points to take into account the fact that the originally issued underlying bonds had been subject to the "Alternative Minimum Tax". The Series 2009D Bonds were issued as non-AMT Bonds pursuant to the ARRA.

**Counterparty Risk:** The City selected highly rated counterparties in order to minimize this risk. However, in the wake of the subprime mortgage crisis, Bear Stearns was acquired by JPM. The City's swap has now been assumed by JPM. Over the long-term it is possible that the credit strength of JPM could change and this event could trigger a termination payment on the part of the City.

**Termination Risk:** The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the City to JPM, or by JPM to the City, depending upon the prevailing economic circumstances at the time of the termination. The City obtained insurance to mitigate much of the risk associated with termination due to the event of a rating downgrade of the City.

**Fair Value:** The fair value of the swaps (including accrued amounts) at December 31, 2009 as reported by JPM collectively was \$1,895,000 for Series 2008D Bonds and \$5,097,000 for Series 2009D Bonds which would both be payable by the City.

**Public Power System Revenue Bonds:** These bonds are payable from the net revenues derived from the Public Power System and are secured by a pledge of and lien on such net revenues.

Effective April 22, 2008, the City issued \$93,713,000 Public Power System Revenue Bonds, Series 2008, for Cleveland Public Power. The Division will use \$72,608,000 to fund the system expansion, to pay costs of issuance and to pay capitalized interest. Of this latter amount issued as new money, \$44,705,000 was issued as current interest bonds and \$27,903,000 was issued as capital appreciation bonds.

The remaining \$21,105,000 Series 2008 Bonds were issued to refund the \$20,325,000 Public Power System Refunding Revenue Variable Rate Bonds, Series 2006B, and to pay issuance costs. The Series 2006B Bonds were auction rate securities insured by FGIC. Due to the credit rating downgrades of all the municipal bond insurance companies (including FGIC), CPP was incurring greater interest expense on these auction rate securities than was the case prior to the credit rating downgrades. Therefore, in conjunction with the issuance of CPP's new money bonds, the 2006B auction rate securities were refunded as fixed rate bonds insured by MBIA.

The City entered into a basis swap on a portion of the Series 2006A-1 Bonds when the bonds were issued.

**Interest Rate Swap Transaction:**

**Terms:** Simultaneously with the issuance of the City's \$95,265,000 Public Power System Refunding Revenue Bonds, Series 2006A-1 on August 17, 2006, the City entered into a floating-to-floating rate basis swap agreement on an initial notional amount of \$70,455,000 which is equal to a portion of the total declining balance of the Series 2006A-1 Bonds. Lehman Brothers Special Financing, Inc. (Lehman Brothers) was the counterparty on the transaction. Under the swap agreement for the Series 2006A-1 Bonds, the City pays the counterparty a floating rate based on the SIFMA index. The counterparty is also a floating rate payor, paying the City 67% of three months LIBOR plus a spread of 46.25 basis points. Net payments are exchanged quarterly on each February 15, May 15, August 15 and November 15. The obligation of the City to make periodic payments (but not any termination payment) is secured by a pledge of and lien on the net revenues of the Public Power System on a parity with the pledge and lien securing the payment of debt service on the bonds.

**Objective:** The City entered into the swap in order to maximize the savings associated with the refunding of the bonds. The actual overall savings to be realized by the Public Power System will depend upon the net payments received under the swap agreement.

**Basis Risk:** By entering into a swap based upon the three months LIBOR rate of interest, the City has undertaken basis risk associated with a change in tax rates and structure. While the average relationship between SIFMA (tax-exempt) and LIBOR (taxable) interest rates has been 67%, this relationship may not always apply. As a result of the turmoil in the financial markets during 2008 and 2009, the SIFMA/LIBOR ratio has been significantly higher than 67% for portions of the year. The payments received from the counterparty may be less than the amount owed to the counterparty resulting in an increase in debt service over the fixed rate on the bonds. A reduction in federal income tax rates might increase the percentage relationship between SIFMA and LIBOR and may potentially increase the cost of financing.

***Counterparty Risk:*** The City selected a highly rated counterparty in order to minimize this risk. However, in September 2008, Lehman Brothers filed for Chapter 11 bankruptcy protection. This event did not trigger an automatic termination which would have required a payment on the part of the City. Throughout 2009, at the City's option, Lehman Brothers and the City were negotiating the assignment of the swap to another highly rated counterparty or a termination of the swap.

***Termination Risk:*** The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the City to Lehman Brothers or by Lehman Brothers to the City, depending upon the prevailing economic circumstances at the time of the termination.

***Fair Value:*** The fair value of the swap at December 31, 2009, as reported by the City's financial advisor, totaled \$232,000, which would be payable to the City.

As a result of the bankruptcy of Lehman Brothers in September 2008, the City, at its option, requested that the basis swap associated with the Public Power System Revenue Bonds, Series 2006A be assigned to another counterparty or terminated. Negotiations between the City and Lehman Brothers took place throughout 2009. As of December 31, 2009, the City is owed \$414,000 on the swap. This represents the cumulative amount owed to the City on the swap since the Lehman Brothers bankruptcy filing.

***Waterworks Improvement Revenue Bonds:*** These bonds are payable from the revenues derived from operations of the Waterworks System after the payment of all operating and maintenance expenses (net revenue) and from monies and investments, on deposit in the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Contingency Fund and the Additions and Improvements Fund.

Effective February 12, 2009, the City issued \$54,735,000 Water Revenue Bonds, Series R, and \$26,295,000 Water Revenue Bonds, Series S. Proceeds of these bonds were used to currently refund \$54,340,000 and \$26,055,000, respectively, of outstanding Series M Bonds in order to address the increased interest rates incurred on the bonds as a result of the downgrade of the bond insurer and liquidity provider. The Series R and Series S Bonds were issued as weekly variable rate demand bonds. The Series R Bonds are secured by a direct pay letter of credit issued by BNP Paribas and the Series S Bonds are secured by a letter of credit provided by Allied Irish Banks, p.l.c. In conjunction with the issuance of the Series R and Series S Bonds, the City issued \$84,625,000 Water Revenue Bonds, Series T, effective February 25, 2009 to currently refund the remaining \$90,635,000 Series M Bonds. The Series T Bonds were issued as fixed rate bonds and produced \$9.6 million of debt service savings or an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$7.6 million or 8.4%. Upon the issuance of the Series R, Series S and Series T Bonds, the Series M Bonds were defeased and the liability for these bonds has been removed from long-term debt. Additionally, in conjunction with these refundings, the interest rate swap associated with the Series M Bonds was transferred to the Series Q, Series R and Series S Bonds.

On November 6, 2008, the City issued \$90,800,000 Water Revenue Bonds, Series Q. These bonds were issued to currently refund all of the outstanding \$90,000,000 Water Revenue Bonds, Series L. Proceeds were used to fund an escrow deposit that refunded the Series L Bonds and to pay costs of issuance. Net proceeds of the Series Q Bonds in the amount of \$90,273,770, together with other available funds in the amount of \$100,000, were placed in an irrevocable escrow account and were used to pay the principal and interest on the refunded bonds on November 21, 2008. As a result, the refunded bonds were defeased and the liability for these bonds has been removed from long-term debt. The City completed the refunding in order to address the increased interest rates incurred on the Series L Bonds because of the downgrade of the bond insurer and the resulting termination of the liquidity facility. The Series Q Bonds were issued as weekly variable rate demand obligations with the payment of principal and interest secured by a letter of credit provided by Bank of America, N.A.

In December 2009, the Division of Water utilized cash on hand to defease \$8,815,000 principal amount of outstanding Series N Bonds. The Division placed \$9,256,000 in an irrevocable account which will be used to pay principal and interest on the defeased bonds. As a result, the bonds are considered defeased and the liability for those bonds has been removed from long-term debt.



*Interest Rate Swap Transactions:*

**Series Q, Series R and Series S Bonds (previously Series M Bonds):**

Upon the refunding of the Series M Bonds in 2009, the Division's swap is now associated with the Series Q, Series R and Series S Bonds.

Terms: Simultaneously with the issuance of the City's \$175,000,000 Water Revenue Bonds, Series M on August 10, 2004, the City entered into floating to fixed rate swap agreements with notional amounts equal to the total declining balance of the Series M Bonds. Bear Stearns Financial Products Inc. (Bear Stearns) (which has been acquired by JPMorgan Chase Bank, N.A. (JPM)) is the counterparty on a two-thirds pro-rata share of the transaction and Morgan Stanley Capital Services Inc. (Morgan Stanley) is the counterparty on a one-third pro-rata share of the transaction. Under the original swap agreements for the Series M Bonds, the Water System was the fixed rate payor, paying a fixed rate of 3.533%. Each counterparty is a floating rate payor, with each paying the Water System 61.25% of one month LIBOR plus a spread of 28 basis points. Net payments were exchanged semiannually on January 1 and July 1. The obligation of the Water System to make periodic payments (but not any termination payment) is secured by a pledge of and lien on the net revenues of the Water System on a parity with the pledge and lien securing the payment of debt service on the bonds. Both the bond debt service payments on the Series M Bonds and the periodic swap payments are insured by Financial Security Assurance (FSA).

As part of the refunding of the Series M Bonds, the City amended and restated the original swap agreements to (a) eliminate the swap insurance and related insurer rights, (b) modify the payment frequency, (c) transfer the original swap agreement from Bear Stearns to JPM and (d) split each original swap agreement into two separate interest rate swaps in order to hedge separate series of bonds. The original Bear Stearns swap which has been assumed by JPM hedges the entire principal amount of Series R and certain maturities of the Series Q Bonds. The original Morgan Stanley swap hedges the entire principal amount of Series S and a portion of the Series Q Bonds. The floating rate received by the City was not altered. However, the fixed rate paid by the City was adjusted to 3.553% for the JPM swap and 3.5975% for the Morgan Stanley swap. The termination date for the swaps associated with Series Q is January 1, 2021 while the termination date for the Series R and Series S swaps is January 1, 2033. Net payments are now exchanged monthly.

Objective: The City entered into the swaps in order to maximize the savings associated with the refunding of the bonds. The actual savings to be realized by Water System will depend upon the payments made on the variable rate bonds and the payments received under the swap agreement.

Basis Risk: By entering into swaps based upon the 30 day LIBOR rate of interest, the City has undertaken basis risk associated with a change in tax rates and structure. While the average relationship between SIFMA (tax-exempt) and LIBOR (taxable) interest rates has been 67%, this relationship may not always apply. If the payments received from the counterparties are less than the amount paid on the variable rate bonds, the Water System must make up the difference in addition to paying the fixed rate resulting from the swap. As a result of the turmoil in the financial markets during 2008 and 2009, the SIFMA/LIBOR ratio was significantly higher than 67% for portions of the year. In addition, a reduction in federal income tax rates might increase the percentage relationship between SIFMA and LIBOR and may potentially increase the cost of financing.

Counterparty Risk: The City selected highly rated counterparties in order to minimize this risk. However, in the wake of the sub-prime mortgage crisis, Bear Stearns was acquired by JPM. The portion of the City's swap with Bear Stearns as the counterparty has been assumed by JPM. Over the long-term it is possible that the credit strength of JPM and/or Morgan Stanley could change and this event could trigger a termination payment on part of the City.

Termination Risk: The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the City to JPM and Morgan Stanley or by JPM and Morgan Stanley to the City, depending upon the prevailing economic circumstances at the time of the termination. The City obtained insurance to mitigate much of the risk associated with termination due to the event of a rating downgrade of the Water System.

Fair Value: The fair value of the swaps (including accrued amounts) at December 31, 2009 as reported by JPM and Morgan Stanley totaled \$13,077,000, which would be payable by the City.

**Ohio Water Development Authority and Ohio Public Works Commission Loans:** These loans are payable from net revenues derived from the Waterworks and Water Pollution Control Systems. These obligations do not have a lien on revenues of the Divisions. In 2009, Water received OWDA loans of \$165,713 out of an expected

\$12,005,871 for the Morgan Pretreatment and Residuals Project and \$31,390 out of an expected \$9,000,000 for the Baldwin Residuals and Fairmount Reservoir. Both are 20 year loans, with the first at an interest rate of 3.52% with payments beginning in 2010 and the second is a zero percent interest loan. In addition, the outstanding balances on Water's OWDA loans for Morgan Filter Rehabilitation and Morgan Reservoir increased by \$535,210 and \$104,757 respectively in 2009.

***Parking Facilities Revenue Bonds:*** These bonds are payable from net revenues generated from certain parking facilities and other operating revenues of the Division of Parking Facilities, including parking meter revenue. In addition, the City has pledged other non-tax revenue to meet debt service requirements. The City has pledged and assigned to the trustee a first lien on pledged revenues consisting of fines and penalties collected as a result of the violation of municipal parking ordinances and fines, waivers and costs relating to citations for misdemeanor offenses and the special funds as defined within the bond indenture.

Effective August 15, 2006, the City issued \$57,520,000 of Parking Facilities Refunding Revenue Bonds, Series 2006. The bonds were issued to currently refund \$56,300,000 of the outstanding Parking Facilities Refunding Revenue Bonds, Series 1996. In addition, proceeds were also used to fund a portion of a payment owed by the City upon early termination under an interest rate swaption agreement entered into in 2003. Net proceeds of \$58,709,855 were placed in an irrevocable escrow account which was used to pay the principal, interest and premium on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from long-term debt. The City completed the refunding to reduce its total debt service payments by \$1.34 million and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$970,000. At the time of the issuance of the Series 2006 Bonds, the City entered into a basis swap agreement with UBS which is described below.

*Interest Rate Swap Transaction:*

***Terms:*** Simultaneously with the issuance of the City's \$57,520,000 Parking Facilities Refunding Revenue Bonds, Series 2006 on August 3, 2006, the City entered into a floating-to-floating rate basis swap agreement with a notional amount equal to the total declining balance of the Series 2006 Bonds. UBS is the counterparty on the transaction. Under the swap agreement for the Series 2006 Bonds, the City is the floating rate payor, paying a floating rate based on the SIFMA index. The counterparty is also a floating rate payor, paying the City 67% of one month LIBOR. The City also received an upfront payment in the amount of \$1,606,000. Net payments are exchanged semi-annually each March 15 and September 15. The obligation of the City to make periodic payments (but not any termination payment) is secured by a pledge of and lien on the parking revenues and additional pledged revenues as defined in the trust indenture securing the Parking Facilities Refunding Revenue Bonds, Series 2006, on parity with the pledge and lien securing the payment of debt service on the bonds.

***Objective:*** The City entered into the swap in order to maximize the savings associated with the refunding of the bonds and to reduce the City's risk exposure. The actual overall savings to be realized by the City will depend upon the net payments received under the swap agreement.

***Basis Risk:*** By entering into a swap based upon the 30 day LIBOR rate of interest, the City has undertaken basis risk associated with a change in tax rates and structure. While the average relationship between SIFMA (tax-exempt) and LIBOR (taxable) interest rates has been 67%, this relationship may not always apply. During late 2008 and all of 2009, this relationship was significantly higher due to the disruptions in the financial markets. The payments received from the counterparty may be less than the amount owed to the counterparty, resulting in a net increase in debt service. In addition, a reduction in federal income tax rates might increase the percentage relationship between SIFMA and LIBOR and may potentially increase the cost of the financing.

***Counterparty Risk:*** The City selected a highly rated counterparty in order to minimize this risk. However, over the long-term it is possible that the credit strength of UBS could change and this event could trigger a termination payment on part of the City.

***Termination Risk:*** The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the City to UBS or by UBS to the City, depending upon the prevailing economic circumstances at the time of the termination. The City obtained insurance to mitigate much of the risk associated with termination due to the event of a rating downgrade by the City. An amount due by the City to UBS upon early termination of the agreement is insured by FSA up to a maximum amount of \$8,000,000.

*Fair Value:* The fair value of the swap at December 31, 2009 as reported by UBS totaled \$1,544,000, which would be payable by the City.

**Debt Covenants:** The Enterprise Funds’ bond agreements have certain restrictive covenants and principally require that bond reserve funds be maintained and that fees charged to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal and maintenance of properties in good condition.

**Defeasance of Debt**

The City has defeased certain debt by placing cash or the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and defeased bonds are not recorded in the City’s financial statements.

The aggregate amount of defeased debt outstanding at December 31, 2009 is as follows:

<u>Bond Issue</u>	<u>(Amounts in 000's)</u>	<u>Bond Issue</u>	<u>(Amounts in 000's)</u>
<u>Waterworks Improvement Bonds:</u>		<u>Unvoted Tax Supported GO:</u>	
Series I, 1998	\$ 7,005	Series 2000	\$ 14,100
Series K, 2002	68,325	Series 2002	26,080
Series N, 2005	8,815	Series 2003	24,970
Series O, 2007	2,475	Series 2004	7,530
 <u>Airport System Revenue Bonds:</u>		 <u>Public Power Bonds:</u>	
Series 2000A	\$ 111,435	Series 1994A	\$ 4,205

**Airport Special Facilities Revenue Bonds**

Airport Special Revenue Bonds, Series 1990, totaling \$76,320,000 were issued to finance the acquisition and construction of a terminal, hangar and other support facilities leased to Continental Airlines at Cleveland Hopkins International Airport. These bonds were refunded in 1999 by the issuance of Airport Special Revenue Refunding Bonds, Series 1999 totaling \$71,440,000. Additional Airport Special Revenue Bonds, Series 1998, totaling \$75,120,000, were issued in 1998 to finance the design and construction of certain airport facilities leased to Continental Airlines, including a new regional jet concourse. Because principal and interest on these bonds are unconditionally guaranteed by Continental Airlines and paid directly by Continental Airlines, these bonds do not constitute a debt, liability or general obligation of the City or a pledge of the City’s revenues. As such, no liabilities relating to these bonds are included in the accompanying financial statements.

**Pledges of Future Revenues**

The City has pledged future airport revenues to repay \$901,740,000 in various Airport System Revenue Bonds issued in various years since 2000. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport net revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 61 percent of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is \$1,474,719,000. Principal and interest paid for the current year and total net revenues were \$60,072,000 and \$98,926,000, respectively.

The City has pledged future power system revenues, net of specified operating expenses, to repay \$276,868,000 in various Public Power System Revenue Bonds issued in various years since 1994. Proceeds from the bonds provided financing for Public Power System improvements. The bonds are payable from Public Power System net revenues and are payable through 2038. Annual principal and interest payments on the bonds are expected to require less than 64 percent of net revenues. The total principal and interest remaining to be paid on the various Power System

Revenue Bonds is \$470,589,000. Principal and interest paid for the current year and total net revenues were \$17,540,000 and \$27,598,000, respectively

The City has pledged future Water System revenues, net of specified operating expenses, to repay \$796,655,000 in various Water Improvement Revenue Bonds issued in various years since 1993. Proceeds from the bonds provided financing for Water System improvements. The bonds are payable from Water System net revenues and are payable through 2037. Annual principal and interest payments on the bonds are expected to require less than 77 percent of net revenues. The total principal and interest remaining to be paid on the various Water Improvement Revenue Bonds is \$1,198,685,000. Principal and interest paid for the current year and total net revenues were \$65,146,000 and \$84,641,000, respectively.

The City has pledged future revenues from certain parking facilities, net of specified operating expenses, and other operating revenues to repay \$56,915,000 in Parking Facilities Refunding Revenue Bonds issued in 2006. Proceeds from the bonds initially issued provided financing for the construction of parking facilities. The bonds are payable from parking facilities net revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require the full amount of net pledged revenues. The total principal and interest remaining to be paid on the various Parking Facilities Revenue Bonds is \$79,156,000. Principal and interest paid for the current year (including net swap payments) and total net revenues were \$6,313,000 and \$5,487,000 respectively.

In 2009, no additional pledged revenue was required to meet the debt service on the Parking Facilities Refunding Revenue Bonds. The trust indenture requires, among other things, that the Division will fix parking rates and will charge and collect fees for the use of the parking facilities and will restrict operating expenses. As of December 31, 2009, the Division of Parking Facilities was in compliance with the terms and requirements of the trust indenture.

#### **NOTE 6 – DEFERRED PAYMENT OBLIGATION / I-X CENTER**

In January 1999, the City purchased the International Exposition (I-X) Center and the land on and around it for \$66.5 million as part of its master plan to expand Cleveland Hopkins International Airport. As part of the purchase agreement, the City leased the building back to the former owner for 15 years, after which the City may demolish the building to make way for airport development. Of the \$66.5 million purchase price, \$36.5 million was paid in cash in 1999. The remaining \$30 million, including interest at 7.75%, is being deferred by the seller and will be offset by future lease payments owed to the City over the 15 year lease period. The future lease payments are equal to the remaining purchase price plus interest at 7.75%, and as such, no cash will be exchanged between the City and the lessee over the term of the lease. The deferred payment is reported as “Deferred Payment Obligation” in the accompanying proprietary funds balance sheet.

In the event that either a similar facility is developed that exceeds a specified size, or there is an expansion of an existing facility that exceeds a specified size within the municipal boundary of the City of Cleveland, the lessee has the right to terminate the lease. Such termination would require the City to pay the lessee the remaining portion of the deferred purchase price.

Rental income recognized by the City under this agreement totaled \$3,389,000 in 2009. Of this amount \$1,018,000 was offset against interest expense and \$2,371,000 was offset against the principal balance of the deferred obligation.

#### **NOTE 7 – RISK MANAGEMENT**

**Self Insurance:** The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City does not carry commercial insurance for such risks, except for certain proprietary funds and the football stadium. In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claims that meet this criteria are reported as liabilities of either governmental or business-type activities in the government-wide statement of net assets. In the fund financial statements, claims liabilities that relate to proprietary funds are reported. The current portion of claims is reported as a fund liability in governmental funds; however, the long-term portion of claims liabilities is not reported.

The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of

pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the estimated claims payable for all funds during the years ended December 31, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
	(Amounts in 000's)	
Estimated claims payable, January 1	\$ 7,133	\$ 8,122
Current year claims (including IBNRs) and changes in estimates	3,562	6,467
Claim payments	<u>(5,806)</u>	<u>(7,456)</u>
Estimated claims payable, December 31	<u>\$ 4,889</u>	<u>\$ 7,133</u>

The estimated claims liabilities are based on the estimated cost of settling claims (including incremental claim adjustment expenses) through a case-by-case review of all outstanding claims and by using historical experience. Claims payable are included as accounts payable on the financial statements.

**Insurance:** Certain proprietary funds carry insurance to cover particular liability risks and property protection. Otherwise, the City is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2009. There was no significant decrease in any insurance coverage in 2009. In addition, there were no insurance settlements in excess of insurance coverage during the past three years.

The City provides the choice of four separate health insurance plans for its employees. These plans are provided by two different insurers through commercial insurance. Operating funds are charged a monthly rate per employee, by type of coverage.

In January of 2003, the City exercised the option of retrospective rating as the premium rating mechanism for its workers' compensation program. The total estimated claims liability outstanding at December 31, 2009 was \$26,042,868. Of this amount, \$9,366,052 was recorded as a fund liability within each respective fund. The remaining \$16,676,816 is due in future years and is recorded as a liability in the Workers' Compensation Reserve Internal Service Fund. This liability is funded by charging the appropriate funds their proportionate share of this liability and recording the associated due to or due from as appropriate.

## NOTE 8 – CONTINGENCIES

**General Contingencies:** Various claims and lawsuits are pending against the City. In accordance with GASB Statement No. 10, those claims which are considered "probable" are accrued (see Note 7 – Risk Management), while those claims that are considered "reasonably possible" are disclosed but not accrued.

As of December 31, 2009, the amount of claims against the City for which an unfavorable outcome is deemed to be reasonably possible, including condemnation proceedings, aggregated less than \$1,000,000.

These estimates were based on a case-by-case review of outstanding claims by the City's in-house legal department.

**Contingent Liabilities:** In November 2009, participants in the American Municipal Power Generating Station (AMPGS) voted to terminate development of the 1,000 MW coal-fired generating station that was to be located on the Ohio River in Meigs County, Ohio. The City was one of 81 member participants in the project and had committed to receive an 80 MW share of the project's output. The City and the other members participated in the project through "take of pay" contracts with AMP and are obligated to pay for the project cost based on each member's allocation. The total final cost to participants has not yet been determined. AMP anticipates that any such costs that are not recovered through participation in a replacement project will be financed by AMP and recovered from the AMPGS participants over a period of time yet to be determined.

**Contingencies Under Grant Programs:** The City participates in a number of federally assisted Investment Act Grant Programs, principal of which are Community Development Block Grants, Home Weatherization Assistance, the Healthy Start Initiative, Federal HOME Program, Youth Opportunity Area Grant, Workforce Investment Act Grant, Empowerment Zone and FAA Airport Improvement Grant Programs. These programs are subject to financial and compliance audits by the grantors or their representatives. An audit has been completed by granting agencies for the Workforce Investment Act Grant.

**NOTE 9 – INTERFUND TRANSACTIONS AND BALANCES**

**Interfund Transactions:** During the course of normal operations, the City records numerous transactions between funds including expenditures and transfers of resources to provide services, subsidize operations and service debt. The City has the following types of transactions among funds:

- (1) Reciprocal interfund services provided and used – Purchases and sales of goods and services between funds for a price approximating their external exchange value.
- (2) Nonreciprocal interfund transfers – Flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. This includes transfers to subsidize various funds.
- (3) Nonreciprocal interfund reimbursements – Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

For the year ended December 31, 2009, transfers consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>					
	<u>Total</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
(Amounts in 000's)						
Governmental Funds:						
General	\$ 18,391	\$	\$ 17,280	\$ 17,280	\$ 825	\$ 286
Other Governmental	<u>36,134</u>	<u>3,872</u>	<u>32,262</u>	<u>36,134</u>	<u>          </u>	<u>          </u>
Total Governmental Funds	<u>54,525</u>	<u>3,872</u>	<u>49,542</u>	<u>53,414</u>	<u>825</u>	<u>286</u>
Total	<u>\$ 54,525</u>	<u>\$ 3,872</u>	<u>\$ 49,542</u>	<u>\$ 53,414</u>	<u>\$ 825</u>	<u>\$ 286</u>

**Interfund Balances:** Interfund balances at December 31, 2009 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 and (3) payments between funds are made. All are expected to be paid within one year.

Interfund receivable and payable balances as of December 31, 2009 are as follows:

Due To	Total	Due From								
		General Fund	Other Governmental Funds	Total Governmental Funds	Division of Water Fund	Cleveland Public Power Fund	Department of Port Control Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
(Amounts in 000's)										
Governmental Funds:										
General	\$ 7,012	\$	\$ 113	\$ 113	\$ 9	\$ 1,344	\$ 25	\$ 65	\$ 1,443	\$ 5,456
Other Governmental	<u>23,331</u>	11,723	9,834	21,557		2		27	29	1,745
Total Governmental	<u>\$ 30,343</u>									
Enterprise Funds:										
Division of Water	\$ 2,521	29		29		1,031		281	1,312	1,180
Cleveland Public Power	4,387	110		110	3,763			9	3,772	505
Department of Port										
Control	1,174	242		242		21		82	103	829
Other Enterprise	<u>8,129</u>	59		59	7,040	147		15	7,202	868
Total Enterprise	<u>16,211</u>									
Internal Service Funds	<u>183</u>	<u>2</u>		<u>2</u>		<u>7</u>		<u>4</u>	<u>11</u>	<u>170</u>
Total Due To/Due From	<u>\$ 46,737</u>	<u>\$ 12,165</u>	<u>\$ 9,947</u>	<u>\$ 22,112</u>	<u>\$ 10,812</u>	<u>\$ 2,552</u>	<u>\$ 25</u>	<u>\$ 483</u>	<u>\$ 13,872</u>	<u>\$ 10,753</u>

## NOTE 10 – INCOME TAXES

During 2009, the City income tax rate remained at 2% and the credit provided to City residents for income taxes paid to other municipalities remained at 50% and the maximum credit is limited to 1%. A portion of the City income tax is restricted in its use to capital expenditures and debt service and is included in the Restricted Income Tax Special Revenue Fund. All other income tax proceeds are included in the General Fund.

Employers within the City are required to withhold income taxes on employee compensation and remit withholdings to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

## NOTE 11 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible property (used in business) located in the City. The 2009 levy was based upon an assessed valuation of approximately \$5.937 billion. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Under current procedures, the City's share is 4.4 mills, of which 4.35 mills is dedicated to debt service and .05 mills is dedicated to the payment of fire pension obligations. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. The last statistical update was completed in 2009. Assessed values are established by the Cuyahoga County (County) Auditor. The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City.

Real property taxes, excluding public utility property, are assessed at 35% of appraised market value. Pertinent real property tax dates are:

- Collection Dates January 20 and June 20 of the current year
- Lien Date January 1 of the year preceding the collection year





## NOTE 13 – DEFINED BENEFIT PENSION PLANS

**Ohio Public Employees Retirement System:** All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

- 1) The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- 3) The Combined Plan – 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 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 in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. Member contribution rates were 10.00% in 2009 and 2008. The rate was 9.50% in 2007 and employer contribution rates were 14.00% of covered payroll in 2009 and 2008. The rate was 13.85% in 2007.

The City's required employer contributions to OPERS for the pension portion of all the plans for the years ending December 31, 2009, 2008 and 2007 were approximately \$23,986,453, \$19,449,811 and \$22,196,921 each year, respectively. The required payments due in 2009, 2008 and 2007 have been made.

**Ohio Police and Fire Pension Fund:** The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.00% of their annual covered salary, while the City is required to contribute 19.50% for police officers and 24.00% for firefighters. The City's contributions to the OP&F for the years ended December 31, 2009, 2008 and 2007 were \$23,177,060, \$22,622,140 and \$22,240,171, respectively. The required payments due in 2009, 2008, and 2007 have been made.

## NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

**Ohio Public Employees Retirement System:** All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). 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 postemployment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. In order to qualify for postemployment 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 health care coverage provided by OPERS meets the

definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. The employer contribution rates were 14.00% of covered payroll in 2009 and 2008. It was 13.85% in 2007. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll. Active members do not make contributions to the OPEB Plan. OPERS Postemployment Health Care plan was established under and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. Employer contribution rates used to fund postemployment benefits were 7.00% from January 1, 2009 through March 31, 2009 and 5.50% from April 1, 2009 through December 31, 2009, 7.00% in 2008, 5.00% from January 1, 2007 to June 30, 2007 and 6.00% from July 1, 2007 to December 31, 2007. 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. The City's actual contributions for 2009 to OPERS to fund postemployment benefits were approximately \$17,346,339.

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 as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**Ohio Police and Fire Pension Fund:** The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents. OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Code provides for contribution requirements of the participating employers and plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% of covered payroll for police and 24.00% of covered payroll for firefighters. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police and 24.00% of covered payroll for firefighters. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by provisions of Sections 115 and 401(h). The OP&F Board of Trustees is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's contribution to OP&F for the year ending December 31, 2009 was \$10,858,674 and was allocated to the health care plan.

## NOTE 15 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	<b>Balance January 1, 2009</b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b>Balance December 31, 2009</b>
		(Amount in 000's)		
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 65,473	\$ 1,266	\$ (2,822)	\$ 63,917
Construction in progress	129,199	35,821	(72,301)	92,719
Total capital assets, not being depreciated	<u>194,672</u>	<u>37,087</u>	<u>(75,123)</u>	<u>156,636</u>
Capital assets, being depreciated:				
Land improvements	122,560	12,707		135,267
Buildings, structures and improvements	592,006	4,720		596,726
Furniture, fixtures, equipment and vehicles	164,972	14,902	(7,335)	172,539
Infrastructure	439,244	59,931	(864)	498,311
Total capital assets, being depreciated	<u>1,318,782</u>	<u>92,260</u>	<u>(8,199)</u>	<u>1,402,843</u>
Less accumulated depreciation for:				
Land improvements	(80,319)	(4,959)		(85,278)
Buildings, structures and improvements	(236,533)	(14,047)		(250,580)
Furniture, fixtures, equipment and vehicles	(106,895)	(13,125)	6,986	(113,034)
Infrastructure	(169,406)	(17,928)	853	(186,481)
Total accumulated depreciation	<u>(593,153)</u>	<u>(50,059)</u>	<u>7,839</u>	<u>(635,373)</u>
Total capital assets being depreciated, net	<u>725,629</u>	<u>42,201</u>	<u>(360)</u>	<u>767,470</u>
Governmental activities capital assets, net	<u>\$ 920,301</u>	<u>\$ 79,288</u>	<u>\$ (75,483)</u>	<u>\$ 924,106</u>

	<b>Balance January 1, 2009</b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b>Balance December 31, 2009</b>
		(Amount in 000's)		
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 196,019	\$ 3,121	\$	\$ 199,140
Construction in progress	346,954	176,713	(137,706)	385,961
Total capital assets, not being depreciated	<u>542,973</u>	<u>179,834</u>	<u>(137,706)</u>	<u>585,101</u>
Capital assets, being depreciated:				
Land improvements	98,472	100		98,572
Utility plant	1,721,801	23,470	(581)	1,744,690
Buildings, structures and improvements	724,583	16,695		741,278
Furniture, fixtures, equipment and vehicles	310,044	81,260	(2,218)	389,086
Infrastructure	870,685	15,243		885,928
Total capital assets, being depreciated	<u>3,725,585</u>	<u>136,768</u>	<u>(2,799)</u>	<u>3,859,554</u>
Less accumulated depreciation for:				
Land improvements	(53,718)	(2,707)		(56,425)
Utility plant	(631,152)	(45,438)	581	(676,009)
Buildings, structures and improvements	(367,539)	(18,080)	32	(385,587)
Furniture, fixtures, equipment and vehicles	(153,467)	(23,408)	899	(175,976)
Infrastructure	(297,420)	(38,188)		(335,608)
Total accumulated depreciation	<u>(1,503,296)</u>	<u>(127,821)</u>	<u>1,512</u>	<u>(1,629,605)</u>
Total capital assets being depreciated, net	<u>2,222,289</u>	<u>8,947</u>	<u>(1,287)</u>	<u>2,229,949</u>
Business-Type activities capital assets, net	<u>\$ 2,765,262</u>	<u>\$ 188,781</u>	<u>\$ (138,993)</u>	<u>\$ 2,815,050</u>

**Depreciation:** Depreciation expense was charged to functions/programs of the City as follows:

	<u>(Amounts in 000's)</u>	
<b>Governmental Activities:</b>		
General Government	\$	8,494
Public Service		22,735
Public Safety		9,218
Building and Housing		113
Community Development		841
Public Health		437
Parks, Recreation and Properties		6,846
Economic Development		116
Depreciation expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets		367
Total depreciation expense charged to governmental activities	\$	49,167
<b>Business-Type Activities:</b>		
Water	\$	49,782
Electricity		17,785
Airport Facilities		52,205
Nonmajor activities		7,821
Depreciation expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets		108
Total depreciation expense charged to business-type activities	\$	127,701

**Capital Commitments:** Significant commitments of the City as of December 31, 2009 are composed of the following:

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
	<u>(Amounts in 000's)</u>	
<b>Governmental Activities:</b>		
Collinwood-Lakeshore	\$ 263	\$ 10,119
Superior Avenue Rehabilitation	103	8,833
Broadway Road Rehabilitation	511	10,097
Cedar Avenue		4,502
New Financial Management System	3,833	6,987
East 30th Street Rehabilitation	256	3,253
Vehicles Citywide	4,089	4,656
Detroit Superior Bridge Sidewalks	230	1,887
Woodland Avenue Bridge Design	568	1,432
Bessemer Phase II	516	1,313
Demo of Trinity Building	1,558	1,475
Flats East Bank	2,443	1,021

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
	(Amounts in 000's)	
<b>Business-Type Activities:</b>		
Lake Road	\$	\$ 33,194
Sound Insulation of Homes	89,300	22,096
Environmental Requirements	17,798	17,859
Meter Automation and Replacement Program	792	14,708
Wetland and Stream Mitigation	21,476	14,025
Suburban Water Main Renewal Program	8,005	11,995
Plant Enhancement Program	61,851	11,452
Runway 10/28 Safety Improvements	5,622	8,042
13.8 kv Distribution Feeders		6,423
Big Creek Project	938	5,552
Runway 6R/24L Extention	51,444	3,021
Holton Substation		2,682
Nottingham Flocculation	23,105	1,655

**Capital Grant Programs:** The City participates in the State Issue 2 program and the Local Transportation Improvement Program. Through these programs, the State of Ohio (State) provides financial assistance to the City for its various road and bridge improvements and storm water detention facilities. The Ohio Public Works Commission (OPWC) is the State agency which oversees the allocation of State bond proceeds and tax revenue to selected projects which have met funding requirements. Upon approval of the OPWC, the City and the State create project agreements establishing each entity's financial contribution toward each project. Through December 31, 2009, the State funded \$143,343,000 of road and bridge improvement projects and \$4,575,000 for storm water detention facilities.

**Capitalized Interest:** Interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest income earned on invested debt proceeds. For 2009, interest expense incurred for the Enterprise Funds was \$102,160,000 of which \$28,663,000 was capitalized net of \$303,000 of interest income capitalized.

**Idle Facilities:** In April 1977, Cleveland Public Power (CPP) closed its generation plant and since that time, CPP's revenues have been derived primarily from the distribution of purchased power. CPP continued its past practice of depreciating the plant at rates which completed the amortization of the plant in 1999. With the present availability of competitively priced purchased power, management believes the plant will remain idle.

#### **NOTE 16 – SEGMENT INFORMATION**

The City has issued revenue bonds and construction loans to finance the activities accounted for in the following Enterprise Funds:

- Division of Water
- Cleveland Public Power
- Department of Port Control
- Municipal Parking Lots

Investors in the revenue bonds rely solely on the revenues generated from the specific enterprise activity to which the debt obligations pertain for repayment.

Shown below is summarized financial information for the City's enterprise activity that has issued long-term obligations and is not reported as a major fund in the proprietary funds financial statements:

**Condensed Balance Sheet Information**

	<b>Municipal Parking Lots</b>
	(Amounts in 000's)
Assets:	
Current assets	\$ 2,420
Restricted assets	16,497
Other noncurrent assets	2,953
Capital assets, net	55,425
Total assets	<u>\$ 77,295</u>
Liabilities:	
Current liabilities	\$ 4,635
Long-term liabilities	51,348
Total liabilities	<u>55,983</u>
Net assets:	
Invested in capital assets, net of related debt	4,088
Restricted for debt service	8,142
Unrestricted	9,082
Total net assets	<u>21,312</u>
Total liabilities and net assets	<u>\$ 77,295</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Assets Information**

	<b>Municipal Parking Lots</b>
	(Amounts in 000's)
Charges for services	\$ 9,214
Depreciation (expense)	(1,740)
Other operating (expenses)	<u>(3,743)</u>
Operating income (loss)	3,731
Nonoperating revenues (expenses):	
Investment income	16
Interest expense	(3,544)
Other revenue (expenses)	<u>(218)</u>
Change in net assets	(15)
Net assets at beginning of year	<u>21,327</u>
Net assets at end of year	<u>\$ 21,312</u>

**Condensed Statement of Cash Flows Information**

	<b>Municipal Parking Lots</b>
	(Amounts in 000's)
Net cash provided by (used for):	
Operating activities	\$ 5,732
Capital and related financing activities	(6,313)
Investing activities	<u>26</u>
Net increase (decrease) in cash and cash equivalents	(555)
Beginning cash and cash equivalents	<u>19,100</u>
Ending cash and cash equivalents	<u>\$ 18,545</u>

The balances of the restricted asset accounts in the enterprise funds are as follows:

<u>Purpose</u>	<u>Division of Water</u>	<u>Cleveland Public Power</u>	<u>Department of Port Control</u>	<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Water Pollution Control</u>
	(Amounts in 000's)					
Construction activities	\$ 154,549	\$ 68,658	\$ 79,456	\$ 3,281	\$	\$ 1,602
Debt retirement	98,680	4,517	141,879	8,142		
Accrued passenger facility charges			22,689			
Other	<u>152</u>	<u>73</u>	<u>60,601</u>	<u>5,074</u>	<u>6,357</u>	<u></u>
Total	<u>\$ 253,381</u>	<u>\$ 73,248</u>	<u>\$ 304,625</u>	<u>\$ 16,497</u>	<u>\$ 6,357</u>	<u>\$ 1,602</u>

#### **NOTE 17 – GATEWAY ECONOMIC DEVELOPMENT CORPORATION**

In accordance with an agreement with Gateway Economic Development Corporation (Gateway), Gateway is required to reimburse the City for the excess of the debt service requirements of the Parking Facilities Refunding Revenue Bonds attributed to the two Gateway garages over the net revenues generated by the two Gateway garages.

The first garage on the Gateway site was completed in January 1994. The second garage was completed in August 1994. The third parking facility, Willard Park Garage, was completed in April 1996.

In 2009, net revenues generated by the two Gateway garages were less than the debt service payments attributed to those garages by \$2,357,000. Cumulative debt service payments funded by the City that are due from Gateway totaled \$38,827,000 at December 31, 2009. Due to the uncertainty of collecting such amounts, an allowance has been recorded to offset the amounts in full; therefore, these amounts do not appear in the accompanying financial statements.

To enhance the security of the bonds, the City has agreed to pledge annually a percentage of admissions taxes on all events held at the arena to pay debt service if other revenue sources are not sufficient. Any exempted admissions tax not required for debt service will be reimbursed to the City. The City's current admissions tax rate is 8%. For the year ended December 31, 2009, the City pledged \$4,239,000.

#### **NOTE 18 – COMPLIANCE AND ACCOUNTABILITY**

At December 31, 2009, the Division of Streets had a fund balance deficiency of \$660,000. This deficiency will be eliminated through other shared revenue receipts and operating transfers in. In addition, the Sinking Fund Administration fund had a net assets deficiency of \$41,000. This deficiency will be eliminated through an operating transfer in.

#### **NOTE 19 – SUBSEQUENT EVENTS**

On January 1, 2010 all of the outstanding Airport System Revenue Bonds, Series 2000B, were redeemed by the City. Pursuant to a Notice of Full Redemption issued by the trustee in November 2009, principal in the amount of \$30,030,000 and a redemption premium totaling \$300,300 were paid to the bondholders to retire the debt.

On February 1, 2010, the City entered into an equipment lease agreement with Fifth Third Bank. As a result of this transaction, the City will purchase \$6,585,000 of police vehicles, heavy-duty vehicles and other apparatus. Lease payments will be made from the Restricted Income Tax for a period of seven years.

On March 10, 2010, Moody's Investors Service downgraded the City's outstanding General Obligation Bonds rating from A2 with a stable outlook to A3 with a negative outlook. Concurrently, the City's outstanding Certificates of Participation, Non-Tax Revenue Bonds and Subordinate Lien Income Tax Bonds were downgraded from A3 to Baa1.

Subsequently, Moody's announced that it would begin recalibrating its ratings of U.S. municipal bond issues and issuers to its global rating scale in order to ensure that all Moody's ratings are comparable. As a result of the recalibration, on April 23, 2010, Moody's adjusted some of the ratings on City of Cleveland bonds. The City's General Obligation Bonds were assigned a rating of A1 (stable) with the Certificates of Participation, Non-Tax Revenue Bonds and Subordinate Lien Income Tax Bonds being rated A2 (stable). Water's revenue bonds were assigned an Aa1 (stable) rating on the new scale.

Effective April 6, 2010, the City and Lehman Brothers Special Financing Inc. agreed to consensually terminate the basis swap entered into by the two parties on June 28, 2006. As part of this agreement, the City has withdrawn its claim on the bankruptcy estate in connection with the swap.

Effective April 22, 2010, the City issued \$63,225,000 Refunding Certificates of Participation, Series 2010A (Cleveland Stadium Project) and \$69,900,000 Refunding Certificates of Participation, Series 2010B, to refund all of the outstanding \$108,390,000 Series 2007 Refunding Certificates of Participation. Proceeds were used to refund the outstanding Certificates of Participation, to pay costs of terminating the swap agreement with UBS, to fund the reserve requirement and to pay costs of issuing the Series 2010 Certificates. The Series 2010A COPs were issued as fixed rate securities. The Series 2010B Certificates were sold to Wells Fargo Bank, National Association at a variable rate.

On May 6, 2010, Continental Airlines and United Airlines announced a proposed merger agreement with the "new" United Airlines remaining as the largest airline in the world. Although this business combination is not expected to occur before the end of 2010, looking towards the future, there will likely be an impact on the Divisions' operations. It is not known at this time whether the impact will have a negative or positive effect on CLE, the "new" United's smallest hub.

Effective June 23, 2010, the City issued \$27,380,000 Subordinate Lien Income Tax Bonds, Series 2010, to fund various improvements to roads and bridges, public facilities and parks and recreation facilities. The bonds were issued in four series. The \$5,405,000 Series 2010A-1 Bonds are tax-exempt bonds and the \$5,385,000 Series 2010A-2 Bonds are taxable Build America Bonds. Both were issued for public facilities improvements. The \$8,245,000 Series 2010B Bonds are Recovery Zone Economic Development Bonds (RZED) issued to fund road and bridge improvements. The \$8,345,000 Series 2010C Bonds are also RZED Bonds and the proceeds will be used for parks and recreation facilities.

The Division of Water has submitted legislation to City Council which would authorize the issuance of not to exceed \$50,000,000 in water revenue obligations. Proceeds of these obligations would be used to fund a portion of the costs of acquiring and installing an automated meter reading system.

The City is moving closer to finalizing the sale of the Convention Center to Cuyahoga County for \$20 million. The sale allows the County to build a new Convention Center; including a Medical Mart which will utilize Cleveland's world renowned healthcare facilities to attract medical manufacturers to the City displaying the latest in advanced medical devices. The recent developments make way for the County's \$425 million project to potentially break ground in October 2010.



# **SUPPLEMENTARY INFORMATION**

**CITY OF CLEVELAND, OHIO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
GENERAL FUND-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES:</b>				
Income taxes	\$ 290,000	\$ 290,000	\$ 268,053	\$ (21,947)
Property taxes	41,603	41,603	41,918	315
State local government funds	49,953	49,953	46,558	(3,395)
Other shared revenues	42,554	42,554	46,868	4,314
Licenses and permits	11,327	11,327	11,575	248
Charges for services	20,668	20,668	18,060	(2,608)
Fines, forfeits and settlements	26,608	26,608	27,827	1,219
Investment earnings	1,132	1,132	1,273	141
Grants			2,122	2,122
Miscellaneous	<u>20,386</u>	<u>20,386</u>	<u>23,424</u>	<u>3,038</u>
Total revenues	<u>504,231</u>	<u>504,231</u>	<u>487,678</u>	<u>(16,553)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Council and clerk of council:				
Personnel	4,906	4,911	4,794	117
Other	<u>1,756</u>	<u>1,751</u>	<u>1,634</u>	<u>117</u>
Total council and clerk of council	<u>6,662</u>	<u>6,662</u>	<u>6,428</u>	<u>234</u>
Office of the mayor:				
Personnel	2,206	2,206	2,149	57
Other	<u>138</u>	<u>138</u>	<u>101</u>	<u>37</u>
Total office of the mayor	<u>2,344</u>	<u>2,344</u>	<u>2,250</u>	<u>94</u>
Office of consumer affairs:				
Personnel	353	353	273	80
Other	<u>42</u>	<u>42</u>	<u>34</u>	<u>8</u>
Total office of consumer affairs	<u>395</u>	<u>395</u>	<u>307</u>	<u>88</u>
Office of personnel:				
Personnel	1,235	1,235	1,156	79
Other	<u>590</u>	<u>590</u>	<u>574</u>	<u>16</u>
Total office of personnel	<u>1,825</u>	<u>1,825</u>	<u>1,730</u>	<u>95</u>
Landmarks commission:				
Personnel	178	178	176	2
Other	<u>5</u>	<u>5</u>	<u>3</u>	<u>2</u>
Total landmarks commission	<u>183</u>	<u>183</u>	<u>179</u>	<u>4</u>
Board of building standards and appeals:				
Personnel	112	112	104	8
Other	<u>9</u>	<u>9</u>	<u>9</u>	<u>-</u>
Total board of building standards and appeals	<u>121</u>	<u>121</u>	<u>113</u>	<u>8</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
GENERAL FUND-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Amounts in 000's)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Division of harbors:				
Personnel	\$ 96	\$ 96	\$ 86	\$ 10
Other	<u>192</u>	<u>192</u>	<u>150</u>	<u>42</u>
Total division of harbors	<u>288</u>	<u>288</u>	<u>236</u>	<u>52</u>
Boxing and wrestling commission:				
Personnel	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Total boxing and wrestling commission	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Board of zoning appeals:				
Personnel	186	186	185	1
Other	<u>13</u>	<u>13</u>	<u>12</u>	<u>1</u>
Total board of zoning appeals	<u>199</u>	<u>199</u>	<u>197</u>	<u>2</u>
Civil service commission:				
Personnel	557	557	552	5
Other	<u>406</u>	<u>406</u>	<u>333</u>	<u>73</u>
Total civil service commission	<u>963</u>	<u>963</u>	<u>885</u>	<u>78</u>
Community relations board:				
Personnel	1,185	1,185	1,052	133
Other	<u>95</u>	<u>95</u>	<u>59</u>	<u>36</u>
Total community relations board	<u>1,280</u>	<u>1,280</u>	<u>1,111</u>	<u>169</u>
City planning commission:				
Personnel	1,543	1,543	1,457	86
Other	<u>99</u>	<u>99</u>	<u>37</u>	<u>62</u>
Total city planning commission	<u>1,642</u>	<u>1,642</u>	<u>1,494</u>	<u>148</u>
Office of equal opportunity:				
Personnel	685	685	574	111
Other	<u>28</u>	<u>28</u>	<u>22</u>	<u>6</u>
Total office of equal opportunity	<u>713</u>	<u>713</u>	<u>596</u>	<u>117</u>
Municipal court-judicial division:				
Personnel	21,186	21,186	20,401	785
Other	<u>2,889</u>	<u>2,889</u>	<u>2,667</u>	<u>222</u>
Total municipal court-judicial division	<u>24,075</u>	<u>24,075</u>	<u>23,068</u>	<u>1,007</u>
Municipal court-housing division:				
Personnel	3,246	3,196	2,999	197
Other	<u>180</u>	<u>230</u>	<u>211</u>	<u>19</u>
Total municipal court-housing division	<u>3,426</u>	<u>3,426</u>	<u>3,210</u>	<u>216</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
GENERAL FUND-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Municipal court-clerks division:				
Personnel	\$ 9,564	\$ 9,314	\$ 9,186	\$ 128
Other	5,348	5,598	5,596	2
Total municipal court-clerks division	<u>14,912</u>	<u>14,912</u>	<u>14,782</u>	<u>130</u>
Fair campaign finance commission:				
Other	<u>3</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total fair campaign finance commission	<u>3</u>	<u>3</u>	<u>-</u>	<u>3</u>
Office of budget and management:				
Personnel	667	667	509	158
Other	19	19	13	6
Total office of budget and management	<u>686</u>	<u>686</u>	<u>522</u>	<u>164</u>
Department of aging:				
Personnel	681	681	669	12
Other	140	140	117	23
Total department of aging	<u>821</u>	<u>821</u>	<u>786</u>	<u>35</u>
Department of law:				
Personnel	7,082	7,082	6,723	359
Other	1,998	2,398	2,345	53
Total department of law	<u>9,080</u>	<u>9,480</u>	<u>9,068</u>	<u>412</u>
Finance administration:				
Personnel	794	794	674	120
Other	72	72	22	50
Total finance administration	<u>866</u>	<u>866</u>	<u>696</u>	<u>170</u>
Division of accounts:				
Personnel	1,350	1,350	1,276	74
Other	636	636	629	7
Total division of accounts	<u>1,986</u>	<u>1,986</u>	<u>1,905</u>	<u>81</u>
Division of assessments and licenses:				
Personnel	2,367	2,367	1,991	376
Other	1,241	1,241	1,209	32
Total division of assessments and licenses	<u>3,608</u>	<u>3,608</u>	<u>3,200</u>	<u>408</u>
Division of treasury:				
Personnel	574	574	361	213
Other	61	61	43	18
Total division of treasury	<u>635</u>	<u>635</u>	<u>404</u>	<u>231</u>
Division of purchases and supplies:				
Personnel	548	548	515	33
Other	44	44	36	8
Total division of purchases and supplies	<u>592</u>	<u>592</u>	<u>551</u>	<u>41</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
GENERAL FUND-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Amounts in 000's)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Bureau of internal audit:				
Personnel	\$ 461	\$ 461	\$ 450	\$ 11
Other	<u>374</u>	<u>374</u>	<u>201</u>	<u>173</u>
Total bureau of internal audit	<u>835</u>	<u>835</u>	<u>651</u>	<u>184</u>
Division of financial reporting and control:				
Personnel	1,392	1,392	1,325	67
Other	<u>40</u>	<u>40</u>	<u>20</u>	<u>20</u>
Total division of financial reporting and control	<u>1,432</u>	<u>1,432</u>	<u>1,345</u>	<u>87</u>
Office of information and technology planning:				
Personnel	160	161	160	1
Other	<u>18</u>	<u>18</u>	<u>1</u>	<u>17</u>
Total office of information and technology planning:	<u>178</u>	<u>179</u>	<u>161</u>	<u>18</u>
Division of information system services:				
Personnel	2,113	2,113	2,019	94
Other	<u>1,676</u>	<u>1,676</u>	<u>1,315</u>	<u>361</u>
Total division of information system services	<u>3,789</u>	<u>3,789</u>	<u>3,334</u>	<u>455</u>
TOTAL GENERAL GOVERNMENT	<u>83,544</u>	<u>83,945</u>	<u>79,214</u>	<u>4,731</u>
Public Service:				
Public service administration:				
Personnel	438	438	419	19
Other	<u>28</u>	<u>28</u>	<u>9</u>	<u>19</u>
Total public service administration	<u>466</u>	<u>466</u>	<u>428</u>	<u>38</u>
Division of architecture:				
Personnel	558	558	531	27
Other	<u>37</u>	<u>37</u>	<u>14</u>	<u>23</u>
Total division of architecture	<u>595</u>	<u>595</u>	<u>545</u>	<u>50</u>
Division of waste collection and disposal:				
Personnel	15,090	15,590	15,401	189
Other	<u>12,838</u>	<u>12,838</u>	<u>11,653</u>	<u>1,185</u>
Total division of waste collection and disposal	<u>27,928</u>	<u>28,428</u>	<u>27,054</u>	<u>1,374</u>
Division of engineering and construction:				
Personnel	4,334	4,634	4,619	15
Other	<u>389</u>	<u>389</u>	<u>224</u>	<u>165</u>
Total division of engineering and construction	<u>4,723</u>	<u>5,023</u>	<u>4,843</u>	<u>180</u>
Division of traffic engineering:				
Personnel	3,088	3,113	3,068	45
Other	<u>1,204</u>	<u>1,204</u>	<u>1,020</u>	<u>184</u>
Total division of traffic engineering	<u>4,292</u>	<u>4,317</u>	<u>4,088</u>	<u>229</u>
TOTAL PUBLIC SERVICE	<u>38,004</u>	<u>38,829</u>	<u>36,958</u>	<u>1,871</u>

**CITY OF CLEVELAND, OHIO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
GENERAL FUND-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Public Safety:				
Public safety administration:				
Personnel	\$ 2,328	\$ 2,328	\$ 2,271	\$ 57
Other	956	956	876	80
Total public safety administration	<u>3,284</u>	<u>3,284</u>	<u>3,147</u>	<u>137</u>
Division of police:				
Personnel	171,628	171,628	168,440	3,188
Other	10,473	10,473	9,552	921
Total division of police	<u>182,101</u>	<u>182,101</u>	<u>177,992</u>	<u>4,109</u>
Division of fire:				
Personnel	88,874	88,874	88,051	823
Other	3,127	3,367	3,336	31
Total division of fire	<u>92,001</u>	<u>92,241</u>	<u>91,387</u>	<u>854</u>
Division of emergency medical services:				
Personnel	21,015	21,015	20,513	502
Other	2,416	2,416	2,407	9
Total division of emergency medical services	<u>23,431</u>	<u>23,431</u>	<u>22,920</u>	<u>511</u>
Division of correction:				
Personnel	12,296	12,296	11,081	1,215
Other	3,130	3,230	3,160	70
Total division of correction	<u>15,426</u>	<u>15,526</u>	<u>14,241</u>	<u>1,285</u>
Division of dog pound:				
Personnel	826	831	824	7
Other	265	265	249	16
Total division of dog pound	<u>1,091</u>	<u>1,096</u>	<u>1,073</u>	<u>23</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>317,334</u>	<u>317,679</u>	<u>310,760</u>	<u>6,919</u>
Community Development:				
Division of administration services:				
Personnel	654	654	654	-
Other	81	81	81	-
Total division of administration services	<u>735</u>	<u>735</u>	<u>735</u>	<u>-</u>
Division of neighborhood services:				
Personnel	475	475	475	-
Total division of neighborhood services	<u>475</u>	<u>475</u>	<u>475</u>	<u>-</u>
Division of real estate:				
Personnel	219	219	209	10
Other	185	185	163	22
Total division of real estate	<u>404</u>	<u>404</u>	<u>372</u>	<u>32</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
GENERAL FUND-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Amounts in 000's)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Director's office:				
Personnel	\$ 391	\$ 391	\$ 391	\$ -
Total director's office	<u>391</u>	<u>391</u>	<u>391</u>	<u>-</u>
TOTAL COMMUNITY DEVELOPMENT	<u>2,005</u>	<u>2,005</u>	<u>1,973</u>	<u>32</u>
Building and Housing:				
Director's office:				
Personnel	1,521	1,524	1,095	429
Other	<u>328</u>	<u>328</u>	<u>310</u>	<u>18</u>
Total director's office	<u>1,849</u>	<u>1,852</u>	<u>1,405</u>	<u>447</u>
Division of code enforcement:				
Personnel	6,229	6,229	6,134	95
Other	<u>219</u>	<u>219</u>	<u>188</u>	<u>31</u>
Total division of code enforcement	<u>6,448</u>	<u>6,448</u>	<u>6,322</u>	<u>126</u>
Division of construction permitting:				
Personnel	1,630	1,630	1,580	50
Other	<u>21</u>	<u>21</u>	<u>14</u>	<u>7</u>
Total division of construction permitting	<u>1,651</u>	<u>1,651</u>	<u>1,594</u>	<u>57</u>
TOTAL BUILDING AND HOUSING	<u>9,948</u>	<u>9,951</u>	<u>9,321</u>	<u>630</u>
Public Health:				
Public health administration:				
Personnel	593	593	580	13
Other	<u>262</u>	<u>262</u>	<u>261</u>	<u>1</u>
Total public health administration	<u>855</u>	<u>855</u>	<u>841</u>	<u>14</u>
Division of health:				
Personnel	2,062	2,062	1,985	77
Other	<u>1,323</u>	<u>1,383</u>	<u>1,354</u>	<u>29</u>
Total division of health	<u>3,385</u>	<u>3,445</u>	<u>3,339</u>	<u>106</u>
Division of environment:				
Personnel	1,044	1,044	1,043	1
Other	<u>200</u>	<u>200</u>	<u>157</u>	<u>43</u>
Total division of environment	<u>1,244</u>	<u>1,244</u>	<u>1,200</u>	<u>44</u>
Division of air quality:				
Personnel	181	181	155	26
Other	<u>282</u>	<u>282</u>	<u>278</u>	<u>4</u>
Total division of air quality	<u>463</u>	<u>463</u>	<u>433</u>	<u>30</u>
TOTAL PUBLIC HEALTH	<u>5,947</u>	<u>6,007</u>	<u>5,813</u>	<u>194</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
GENERAL FUND-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Parks, Recreation and Properties:				
Parks, recreation and properties administration:				
Personnel	\$ 580	\$ 580	\$ 569	\$ 11
Other	<u>158</u>	<u>158</u>	<u>144</u>	<u>14</u>
Total parks, recreation and properties administration	<u>738</u>	<u>738</u>	<u>713</u>	<u>25</u>
Division of research, planning and development:				
Personnel	709	744	723	21
Other	<u>84</u>	<u>84</u>	<u>55</u>	<u>29</u>
Total division of research, planning and development	<u>793</u>	<u>828</u>	<u>778</u>	<u>50</u>
Division of recreation:				
Personnel	10,226	10,226	9,832	394
Other	<u>4,237</u>	<u>4,237</u>	<u>3,841</u>	<u>396</u>
Total division of recreation	<u>14,463</u>	<u>14,463</u>	<u>13,673</u>	<u>790</u>
Division of parking facilities:				
Personnel	1,237	1,237	1,212	25
Other	<u>69</u>	<u>69</u>	<u>68</u>	<u>1</u>
Total division of parking facilities	<u>1,306</u>	<u>1,306</u>	<u>1,280</u>	<u>26</u>
Division of park maintenance and properties:				
Personnel	8,734	8,734	8,665	69
Other	<u>4,898</u>	<u>4,898</u>	<u>4,589</u>	<u>309</u>
Total division of park maintenance and properties	<u>13,632</u>	<u>13,632</u>	<u>13,254</u>	<u>378</u>
Division of property management:				
Personnel	5,764	5,764	5,630	134
Other	<u>2,652</u>	<u>2,902</u>	<u>2,660</u>	<u>242</u>
Total division of property management	<u>8,416</u>	<u>8,666</u>	<u>8,290</u>	<u>376</u>
 TOTAL PARKS, RECREATION AND PROPERTIES	 <u>39,348</u>	 <u>39,633</u>	 <u>37,988</u>	 <u>1,645</u>

(Continued)



**CITY OF CLEVELAND, OHIO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
GENERAL FUND-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Economic Development:				
Economic development administration:				
Personnel	\$ 1,425	\$ 1,425	\$ 1,310	\$ 115
Other	<u>32</u>	<u>32</u>	<u>23</u>	<u>9</u>
Total economic development administration	<u>1,457</u>	<u>1,457</u>	<u>1,333</u>	<u>124</u>
TOTAL ECONOMIC DEVELOPMENT	<u>1,457</u>	<u>1,457</u>	<u>1,333</u>	<u>124</u>
Non-Departmental Expenditures:				
Other	<u>19,363</u>	<u>20,163</u>	<u>18,398</u>	<u>1,765</u>
TOTAL NON-DEPARTMENTAL EXPENDITURES	<u>19,363</u>	<u>20,163</u>	<u>18,398</u>	<u>1,765</u>
TOTAL EXPENDITURES	<u>516,950</u>	<u>519,669</u>	<u>501,758</u>	<u>17,911</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,719)	(15,438)	(14,080)	1,358
OTHER FINANCING SOURCES (USES):				
Transfers in	7,865	7,865	3,872	(3,993)
Transfers out	(24,552)	(21,833)	(18,278)	3,555
Sale of City assets	<u>          </u>	<u>          </u>	<u>277</u>	<u>277</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(16,687)</u>	<u>(13,968)</u>	<u>(14,129)</u>	<u>(161)</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES	<u>          </u>	<u>          </u>	<u>2,732</u>	<u>2,732</u>
NET CHANGE IN FUND BALANCES	(29,406)	(29,406)	(25,477)	3,929
FUND BALANCES AT BEGINNING OF YEAR	<u>29,445</u>	<u>29,445</u>	<u>29,445</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ 3,968</u>	<u>\$ 3,929</u>

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**CITY OF CLEVELAND, OHIO**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City's Special Revenue Funds are described below:

Division of Streets	To account for motor vehicle license tax and gasoline excise tax used for the repair and building of streets.
Restricted Income Tax	To account for one-ninth of the City's income tax collections. Monies are to be used for capital improvement purposes and repayment of debt.
Rainy Day Reserve Fund	To account for revenue which is eligible to be used during significant periods of economic downturn.
Schools Recreation and Cultural Activities Fund	To account for revenue from special taxes earmarked for Cleveland Municipal Schools for recreation and cultural activities.
Cleveland Stadium Operations	To account for the operating activities of Cleveland Browns Stadium.
Community Development Block Grants	To account for revenue from the federal government and expenditures as prescribed under the Community Development Block Grant Program.
Community Development Funds	To account for revenue earmarked for City-wide development.
Building and Housing Funds	To account for revenue earmarked to administer and enforce the provisions of the Cleveland building, housing and zoning codes plus the national electrical code and state building, plumbing and elevator codes.
Urban Development Action Funds	To account for revenue from the federal government under the Urban Development Action Grant Program.
Economic Development Funds	To account for revenue earmarked to revitalize distressed cities by stimulating economic development.
Home Weatherization Grants	To account for revenue from the State of Ohio and expenditures as prescribed under the Home Weatherization Assistance Program.
Work Force Investment Act (WIA)	To account for revenue and expenditures from the State of Ohio under the Work Force Investment Act.
General Government Funds	To account for revenue earmarked for general government activities.

**SPECIAL REVENUE FUNDS (Continued)**

Public Service Funds	To account for revenue earmarked for the public service activity.
Public Safety Funds	To account for revenue earmarked for public safety activities.
Public Health Funds	To account for revenue earmarked for the improvement of public health.
Parks, Recreation and Properties Funds	To account for revenue earmarked for parks, recreation and properties activities.
Gateway Shared Income Tax Funds	To account for municipal income tax revenue derived from persons employed at the Arena and Progressive Field with 50% of the revenues shared with the other taxing districts in the City.
Neighborhood Development Investment Fund	To account for revenue earmarked for the Neighborhood Development Investment Fund.
Core City Program Funds	To account for revenue earmarked for certain economic and community development projects.
Supplemental Empowerment Zone	To account for revenue from the U.S. Department of Housing and Urban Development Program designed to help rebuild specified urban communities.

**DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs. The City's Debt Service Funds are described below:

Unvoted Tax Supported Obligations Fund	To account for the accumulation of resources for the payment of General Obligation Bonds of the City. These bonds do not require a vote of the electors, other than self-supporting obligations. They are payable from ad valorem property taxes levied within the limitations provided by law.
Stadium Bond Fund	To account for the accumulation of resources for the payment of the Certificates of Participation (COPS) - Stadium from pledged City taxes.
Subordinated Income Tax Fund	To account for the accumulation of resources for the payment of Subordinated Income Tax Variable Rate Refunding Bonds payable from pledged income taxes.
Lower Euclid Avenue TIF	To account for the accumulation of resources for the payment of Economic Development Bonds payable from tax increment financing revenues and a pledge of the non-tax revenue of the City.
Core City Bonds	To account for the accumulation of resources for the payment of taxable Economic and Community Development Bonds payable from non-tax and net project revenues.

**DEBT SERVICE FUNDS (Continued)**

Subordinate Lien Income Tax Fund	To account for the accumulation of resources for the payment of Subordinate Lien Income Tax Bonds payable from pledged income taxes.
Urban Renewal Fund	To account for the accumulation of resources for the payment of tax increment Urban Renewal Bonds payable from deposits made in lieu of taxes.
Urban Renewal Reserve Fund	The account is to be maintained at an amount equal to one year's maximum annual debt service on certain Urban Renewal Bonds and can be used to cover any debt insufficiency payable from certain urban renewal bonds.

**CAPITAL PROJECT FUNDS**

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The City's Capital Project Funds are described below:

Capital/Urban Renewal Bond Construction	To account for all bond proceeds and capital projects costs of bond-funded capital acquisitions, tax increment Urban Renewal Bond issues and construction within the City.
Grant Improvement	To account for capital grant revenues which fund Capital Improvement Projects within the City.
Capital Improvement	To account for miscellaneous revenues which fund capital projects.
Certificates of Participation/Capital Leases	To account for Certificates of Participation (COPS) and capital lease proceeds which fund certain capital funds.
Cleveland Stadium Construction	To account for bond proceeds and capital projects costs of the Cleveland Browns Stadium.

**CITY OF CLEVELAND, OHIO**

**COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2009**

(Amounts in 000's)

	Special Revenue Funds - Budgeted					Total Budgeted Funds
	Division of Streets	Restricted Income Tax	Rainy Day Reserve Fund	Schools Recreation and Cultural Activities Fund	Cleveland Stadium Operations	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 182	\$	\$ 8,508	\$	\$ 13,788	\$ 22,478
Investments						-
Receivables:						
Taxes		5,472				5,472
Accounts						-
Grants						-
Loans						-
Accrued interest						-
Assessments						-
Receivables, net	-	5,472	-	-	-	5,472
Due from other funds		8,869				8,869
Due from other governments	6,708					6,708
Inventory of supplies	1,080					1,080
<b>TOTAL ASSETS</b>	<b>\$ 7,970</b>	<b>\$ 14,341</b>	<b>\$ 8,508</b>	<b>\$ -</b>	<b>\$ 13,788</b>	<b>\$ 44,607</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 93	\$ 515	\$	\$	\$	\$ 608
Accrued wages and benefits	2,266					2,266
Due to other governments						-
Deferred revenue	4,536	2,324				6,860
Unearned revenue						-
Due to other funds	1,735		8,508			10,243
Total liabilities	8,630	2,839	8,508	-	-	19,977
<b>FUND BALANCES</b>						
Reserves for:						
Loans						-
Inventory	1,080					1,080
Debt service					13,247	13,247
Encumbrances	104	4,834				4,938
Unreserved:						
Designated for future capital improvements		3,403				3,403
Undesignated	(1,844)	3,265			541	1,962
Total fund balances	(660)	11,502	-	-	13,788	24,630
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,970</b>	<b>\$ 14,341</b>	<b>\$ 8,508</b>	<b>\$ -</b>	<b>\$ 13,788</b>	<b>\$ 44,607</b>

**Special Revenue Funds - Non-Budgeted**

<b>Community Development Block Grants</b>	<b>Community Development Funds</b>	<b>Building and Housing Funds</b>	<b>Urban Development Action Funds</b>	<b>Economic Development Funds</b>	<b>Home Weatherization Grants</b>	<b>WIA Grants</b>	<b>General Government Funds</b>
\$	\$ 1,527	\$	\$ 27,108	\$ 14,877	\$ 292	\$	\$ 14,102
7,488	880	5,396			14	1,504	211
16,307	8,543		61,616	14,139			
<u>3,561</u>	<u>1,574</u>	<u>4,374</u>					
<u>27,356</u>	<u>10,997</u>	<u>9,770</u>	<u>61,616</u>	<u>14,139</u>	<u>14</u>	<u>1,504</u>	<u>211</u>
51		336				24	184
	4			250			122
<u>27,407</u>	<u>12,528</u>	<u>10,106</u>	<u>88,724</u>	<u>29,266</u>	<u>306</u>	<u>1,528</u>	<u>14,619</u>
\$ 120	\$ 133	\$ 494	\$ 166	\$ 21	\$	\$ 68	\$ 354
489	30				5	263	111
407	2,344			3,548			169
20,012	2,278	4,538		10			55
4,945	728	1,507		402	301	1,059	435
<u>1,434</u>	<u>22</u>	<u>3,567</u>	<u>2</u>			<u>138</u>	<u>31</u>
<u>27,407</u>	<u>5,535</u>	<u>10,106</u>	<u>168</u>	<u>3,981</u>	<u>306</u>	<u>1,528</u>	<u>1,155</u>
	5,950		61,616	10,592			
			1,557				
			15,714	8,850			2,610
			3	593			655
	<u>1,043</u>		<u>9,666</u>	<u>5,250</u>			<u>10,199</u>
<u>-</u>	<u>6,993</u>	<u>-</u>	<u>88,556</u>	<u>25,285</u>	<u>-</u>	<u>-</u>	<u>13,464</u>
<u>\$ 27,407</u>	<u>\$ 12,528</u>	<u>\$ 10,106</u>	<u>\$ 88,724</u>	<u>\$ 29,266</u>	<u>\$ 306</u>	<u>\$ 1,528</u>	<u>\$ 14,619</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2009**

**(Amounts in 000's)**

	Special Revenue Funds - Non-Budgeted					
	Public Service Funds	Public Safety Funds	Public Health Funds	Parks, Recreation and Properties Funds	Gateway Shared Income Tax Funds	Neighborhood Development Investment Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,216		\$ 646	\$ 1,726	\$ 1,893	\$ 3,438
Investments						
Receivables:						
Taxes						
Accounts	11			49		
Grants		9,959	2,433	121		
Loans				106		22,816
Accrued interest		9				
Assessments						
Receivables, net	<u>11</u>	<u>9,968</u>	<u>2,433</u>	<u>276</u>	<u>-</u>	<u>22,816</u>
Due from other funds			483			
Due from other governments		211			245	
Inventory of supplies						
<b>TOTAL ASSETS</b>	<u>\$ 2,227</u>	<u>\$ 10,179</u>	<u>\$ 3,562</u>	<u>\$ 2,002</u>	<u>\$ 2,138</u>	<u>\$ 26,254</u>
<b>LIABILITIES</b>						
Accounts payable		\$ 970	\$ 734	\$ 50		\$ 474
Accrued wages and benefits		70	580			
Due to other governments		66	30		1,157	
Deferred revenue					13	
Unearned revenue	29	2,252	1,639	189		
Due to other funds		3,000	56		968	
Total liabilities	<u>29</u>	<u>6,358</u>	<u>3,039</u>	<u>239</u>	<u>2,138</u>	<u>474</u>
<b>FUND BALANCE</b>						
Reserves for:						
Loans						22,816
Inventory						
Debt service						
Encumbrances	3	1,618	38	261		1,734
Unreserved:						
Designated for future capital improvements	350			37		4
Undesignated	<u>1,845</u>	<u>2,203</u>	<u>485</u>	<u>1,465</u>		<u>1,226</u>
Total fund balances	<u>2,198</u>	<u>3,821</u>	<u>523</u>	<u>1,763</u>	<u>-</u>	<u>25,780</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,227</u>	<u>\$ 10,179</u>	<u>\$ 3,562</u>	<u>\$ 2,002</u>	<u>\$ 2,138</u>	<u>\$ 26,254</u>



<u>Special Revenue Funds - Non-Budgeted</u>				<u>Debt Service Funds - Budgeted</u>			
<u>Core City Program Funds</u>	<u>Supplemental Empowerment Zone</u>	<u>Total Non-Budgeted Funds</u>	<u>Total Special Revenue Funds</u>	<u>Unvoted Tax Supported Obligations Fund</u>	<u>Stadium Bond Fund</u>	<u>Subordinated Income Tax Fund</u>	<u>Lower Euclid Avenue TIF</u>
\$ 26,752	\$ 1,443	\$ 96,020	\$ 118,498	\$ 1,374	\$ 14	\$ 2,294	\$ 80
		-	-	1,225			
		-	5,472	29,582			
		60	60				
		28,006	28,006				
17,775	32,369	173,671	173,671				
		9	9				
		9,509	9,509				
<u>17,775</u>	<u>32,369</u>	<u>211,255</u>	<u>216,727</u>	<u>29,582</u>	<u>-</u>	<u>-</u>	<u>-</u>
		1,078	9,947				
	143	975	7,683	2,214			
		-	1,080				
<u>\$ 44,527</u>	<u>\$ 33,955</u>	<u>\$ 309,328</u>	<u>\$ 353,935</u>	<u>\$ 34,395</u>	<u>\$ 14</u>	<u>\$ 2,294</u>	<u>\$ 80</u>
\$	\$ 135	\$ 3,719	\$ 4,327	\$	\$	\$	\$
	31	1,579	3,845				
	33,789	41,510	41,510				
		26,906	33,766	31,796			
		13,486	13,486				
		9,218	19,461				
<u>-</u>	<u>33,955</u>	<u>96,418</u>	<u>116,395</u>	<u>31,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
17,775		118,749	118,749				
		-	1,080				
13,835		15,392	28,639	2,599	14	2,294	80
7,525		38,353	43,291				
209		1,851	5,254				
<u>5,183</u>		<u>38,565</u>	<u>40,527</u>				
<u>44,527</u>	<u>-</u>	<u>212,910</u>	<u>237,540</u>	<u>2,599</u>	<u>14</u>	<u>2,294</u>	<u>80</u>
<u>\$ 44,527</u>	<u>\$ 33,955</u>	<u>\$ 309,328</u>	<u>\$ 353,935</u>	<u>\$ 34,395</u>	<u>\$ 14</u>	<u>\$ 2,294</u>	<u>\$ 80</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2009**

**(Amounts in 000's)**

	Debt Service Funds			Debt Service Funds			Total Debt Service Funds
	Budgeted			Non-Budgeted			
	Core City Bonds	Subordinate Lien Income Tax Fund	Total Budgeted Funds	Urban Renewal Fund	Urban Renewal Reserve Fund	Total Non-Budgeted Funds	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,878	\$ 1,264	\$ 8,904	\$ 1	\$ 3	\$ 4	\$ 8,908
Investments	61		1,286	821	2,192	3,013	4,299
Receivables:							
Taxes			29,582			-	29,582
Accounts			-			-	-
Grants			-			-	-
Loans			-			-	-
Accrued interest			-	1	2	3	3
Assessments			-			-	-
Receivables, net	<u>-</u>	<u>-</u>	<u>29,582</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>29,585</u>
Due from other funds			-			-	-
Due from other governments			2,214			-	2,214
Inventory of supplies			-			-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,939</u>	<u>\$ 1,264</u>	<u>\$ 41,986</u>	<u>\$ 823</u>	<u>\$ 2,197</u>	<u>\$ 3,020</u>	<u>\$ 45,006</u>
<b>LIABILITIES</b>							
Accounts payable	\$	\$	\$ -	\$	\$	\$ -	\$ -
Accrued wages and benefits			-			-	-
Due to other governments			-			-	-
Deferred revenue			31,796			-	31,796
Unearned revenue			-			-	-
Due to other funds			-			-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>31,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,796</u>
<b>FUND BALANCE</b>							
Reserve for:							
Loans			-			-	-
Inventory			-			-	-
Debt service	3,939	1,264	10,190	823	2,197	3,020	13,210
Encumbrances			-			-	-
Unreserved:							
Designated for future capital improvements			-			-	-
Undesignated			-			-	-
Total fund balances	<u>3,939</u>	<u>1,264</u>	<u>10,190</u>	<u>823</u>	<u>2,197</u>	<u>3,020</u>	<u>13,210</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,939</u>	<u>\$ 1,264</u>	<u>\$ 41,986</u>	<u>\$ 823</u>	<u>\$ 2,197</u>	<u>\$ 3,020</u>	<u>\$ 45,006</u>

Capital Projects Funds Non-Budgeted						
Capital/ Urban Renewal Bond Construction	Grant Improvement	Capital Improvement	Certificates of Participation/ Capital Leases	Cleveland Stadium Construction	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 102,828	\$	\$ 4,506	\$ 190	\$ 4,360	\$ 111,884	\$ 239,290
					-	4,299
					-	35,054
					-	60
	4,795				4,795	32,801
					-	173,671
					-	12
					-	9,509
<u>-</u>	<u>4,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,795</u>	<u>251,107</u>
					-	9,947
		177			177	10,074
					-	1,080
<u>\$ 102,828</u>	<u>\$ 4,795</u>	<u>\$ 4,683</u>	<u>\$ 190</u>	<u>\$ 4,360</u>	<u>\$ 116,856</u>	<u>\$ 515,797</u>
\$ 1,261	\$	\$ 2,734	\$	\$ 38	\$ 4,033	\$ 8,360
356					-	3,845
					356	41,866
					-	65,562
	925	26			951	14,437
	3,870				3,870	23,331
<u>1,617</u>	<u>4,795</u>	<u>2,760</u>	<u>-</u>	<u>38</u>	<u>9,210</u>	<u>157,401</u>
					-	118,749
					-	1,080
					-	41,849
57,355		344		391	58,090	101,381
37,300		219		273	37,792	43,046
6,556		1,360	190	3,658	11,764	52,291
<u>101,211</u>	<u>-</u>	<u>1,923</u>	<u>190</u>	<u>4,322</u>	<u>107,646</u>	<u>358,396</u>
<u>\$ 102,828</u>	<u>\$ 4,795</u>	<u>\$ 4,683</u>	<u>\$ 190</u>	<u>\$ 4,360</u>	<u>\$ 116,856</u>	<u>\$ 515,797</u>

(Concluded)

**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2009  
(Amounts in 000's)**

	Special Revenue Funds - Budgeted					Total Budgeted Funds
	Division of Streets	Restricted Income Tax	Rainy Day Reserve Fund	Schools Recreation and Cultural Activities Fund	Cleveland Stadium Operations	
<b>REVENUES:</b>						
Income taxes	\$	\$ 33,169	\$	\$	\$	\$ 33,169
Property taxes						-
Other shared revenues	13,541				13,144	26,685
Licenses and permits	3,895					3,895
Charges for services					250	250
Fines, forfeits and settlements						-
Investment earnings	1	137			26	164
Grants						-
Contributions						-
Miscellaneous	1					1
Total revenues	<u>17,438</u>	<u>33,306</u>	<u>-</u>	<u>-</u>	<u>13,420</u>	<u>64,164</u>
<b>EXPENDITURES:</b>						
Current:						
General Government						-
Public Service	22,347					22,347
Public Safety						-
Community Development						-
Building and Housing						-
Public Health						-
Parks, Recreation and Properties				2,000	862	2,862
Economic Development						-
Capital outlay		9,876				9,876
Debt service:						
Principal retirement		3,284			10,933	14,217
Interest		223			8,003	8,226
General Government						-
Other						-
Total expenditures	<u>22,347</u>	<u>13,383</u>	<u>-</u>	<u>2,000</u>	<u>19,798</u>	<u>57,528</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,909)</u>	<u>19,923</u>	<u>-</u>	<u>(2,000)</u>	<u>(6,378)</u>	<u>6,636</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	4,799			2,000	2,676	9,475
Transfers out		(25,198)				(25,198)
Issuance of debt						-
Issuance of refunding bonds						-
Premium on bonds and notes						-
Payment to refund bonds and notes						-
Sale of City assets						-
Total other financing sources (uses)	<u>4,799</u>	<u>(25,198)</u>	<u>-</u>	<u>2,000</u>	<u>2,676</u>	<u>(15,723)</u>
NET CHANGE IN FUND BALANCES	(110)	(5,275)	-	-	(3,702)	(9,087)
FUND BALANCES AT BEGINNING OF YEAR	(550)	16,777			17,490	33,717
FUND BALANCES AT END OF YEAR	<u>\$ (660)</u>	<u>\$ 11,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,788</u>	<u>\$ 24,630</u>

Special Revenue Funds - Non-Budgeted							
Community Development Block Grants	Community Development Funds	Building and Housing Funds	Urban Development Action Funds	Economic Development Funds	Home Weatherization Grants	WIA Grants	General Government Funds
\$	\$	\$	\$	\$	\$	\$	\$
				2,085			
2,880	2		67				2,035
							3,468
2	2			41			162
22,311	13,816	11,857		294	7,000	7,351	1,306
	215		248	1,290			22
<u>25,193</u>	<u>14,035</u>	<u>11,857</u>	<u>315</u>	<u>3,710</u>	<u>7,000</u>	<u>7,351</u>	<u>6,995</u>
							7,126
33,419	15,822	11,857			7,000		
			4,859	4,170		7,351	
39			948	3			
<u>33,458</u>	<u>15,822</u>	<u>11,857</u>	<u>5,807</u>	<u>4,173</u>	<u>7,000</u>	<u>7,351</u>	<u>7,126</u>
(8,265)	(1,787)	-	(5,492)	(463)	-	-	(131)
			(3,308)	(1,190)			2,403
							(1,608)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,308)</u>	<u>(1,190)</u>	<u>-</u>	<u>-</u>	<u>795</u>
(8,265)	(1,787)	-	(8,800)	(1,653)	-	-	664
<u>8,265</u>	<u>8,780</u>	<u>-</u>	<u>97,356</u>	<u>26,938</u>	<u>-</u>	<u>-</u>	<u>12,800</u>
<u>\$ -</u>	<u>\$ 6,993</u>	<u>\$ -</u>	<u>\$ 88,556</u>	<u>\$ 25,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,464</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	Special Revenue Funds - Non-Budgeted					
	Public Service Funds	Public Safety Funds	Public Health Funds	Parks, Recreation and Properties Funds	Gateway Shared Income Tax Funds	Neighborhood Development Investment Fund
REVENUES:						
Income taxes	\$	\$	\$	\$	\$	\$
Property taxes						
Other shared revenues					116	245
Licenses and permits			1,469	66		
Charges for services	280		89			
Fines, forfeits and settlements		1,236				
Investment earnings	27	329	17	11		19
Grants	57	10,741	15,031	1,223		
Contributions						
Miscellaneous			2	52		2,635
Total revenues	<u>364</u>	<u>12,306</u>	<u>16,608</u>	<u>1,352</u>	<u>116</u>	<u>2,899</u>
EXPENDITURES:						
Current:						
General Government					116	
Public Service	59					
Public Safety		13,040				
Community Development						
Building and Housing						
Public Health			16,815			
Parks, Recreation and Properties				1,373		
Economic Development						3,268
Capital outlay	101		4			
Debt service:						
Principal retirement						
Interest						
General Government						
Other						
Total expenditures	<u>160</u>	<u>13,040</u>	<u>16,819</u>	<u>1,373</u>	<u>116</u>	<u>3,268</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>204</u>	<u>(734)</u>	<u>(211)</u>	<u>(21)</u>	<u>-</u>	<u>(369)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out				(2)		
Issuance of debt						
Issuance of refunding bonds						
Premium on bonds and notes						
Payment to refund bonds and notes						
Sale of City assets						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	204	(734)	(211)	(23)	-	(369)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,994</u>	<u>4,555</u>	<u>734</u>	<u>1,786</u>	<u>-</u>	<u>26,149</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,198</u>	<u>\$ 3,821</u>	<u>\$ 523</u>	<u>\$ 1,763</u>	<u>\$ -</u>	<u>\$ 25,780</u>

Special Revenue Funds - Non-Budgeted				Debt Service Funds - Budgeted			
Core City Program Funds	Supplemental Empowerment Zone	Total Non- Budgeted Funds	Total Special Revenue Funds	Unvoted Tax Supported Obligations Fund	Stadium Bond Fund	Subordinated Income Tax Fund	Lower Euclid Avenue TIF
\$	\$	\$ -	\$ 33,169	\$	\$	\$	\$
		-	-	21,836			
		2,446	29,131	5,145			
		1,535	5,430				
655		6,008	6,258				
		4,704	4,704				
163		773	937	11		3	
	5,313	96,300	96,300	506			
		22	22				
6,555		10,999	11,000				
<u>7,373</u>	<u>5,313</u>	<u>122,787</u>	<u>186,951</u>	<u>27,498</u>	<u>-</u>	<u>3</u>	<u>-</u>
		7,242	7,242				
		59	22,406				
		13,040	13,040				
		56,241	56,241				
		11,857	11,857				
		16,815	16,815				
		1,373	4,235				
9,597	6,287	35,532	35,532				
140		1,235	11,111				
		-	14,217	32,275	985	1,500	426
		-	8,226	16,629	645	3,033	202
		-	-			25	
		-	-				
<u>9,737</u>	<u>6,287</u>	<u>143,394</u>	<u>200,922</u>	<u>48,904</u>	<u>1,630</u>	<u>4,558</u>	<u>628</u>
<u>(2,364)</u>	<u>(974)</u>	<u>(20,607)</u>	<u>(13,971)</u>	<u>(21,406)</u>	<u>(1,630)</u>	<u>(4,555)</u>	<u>(628)</u>
		2,403	11,878	21,509	1,630	4,647	486
(3,294)		(9,402)	(34,600)				
		-	-				
		-	-				
		-	-				
6,156		6,156	6,156				
<u>2,862</u>	<u>-</u>	<u>(843)</u>	<u>(16,566)</u>	<u>21,509</u>	<u>1,630</u>	<u>4,647</u>	<u>486</u>
498	(974)	(21,450)	(30,537)	103	-	92	(142)
<u>44,029</u>	<u>974</u>	<u>234,360</u>	<u>268,077</u>	<u>2,496</u>	<u>14</u>	<u>2,202</u>	<u>222</u>
<u>\$ 44,527</u>	<u>\$ -</u>	<u>\$ 212,910</u>	<u>\$ 237,540</u>	<u>\$ 2,599</u>	<u>\$ 14</u>	<u>\$ 2,294</u>	<u>\$ 80</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	Debt Service Funds Budgeted			Debt Service Funds Non-Budgeted			Total Debt Service Funds
	Subordinate		Total Budgeted Funds	Urban Renewal Fund	Urban Renewal Reserve Fund	Total Non- Budgeted Funds	
	Core City Bonds	Lien Income Tax Fund					
REVENUES:							
Income taxes	\$	\$	\$ -	\$	\$	\$ -	\$ -
Property taxes			21,836			-	21,836
Other shared revenues			5,145			-	5,145
Licenses and permits			-			-	-
Charges for services			-			-	-
Fines, forfeits and settlements			-			-	-
Investment earnings	3	1	18	1	2	3	21
Grants			506			-	506
Contributions			-			-	-
Miscellaneous			-	1,149		1,149	1,149
Total revenues	<u>3</u>	<u>1</u>	<u>27,505</u>	<u>1,150</u>	<u>2</u>	<u>1,152</u>	<u>28,657</u>
EXPENDITURES:							
Current:							
General Government			-			-	-
Public Service			-			-	-
Public Safety			-			-	-
Community Development			-			-	-
Building and Housing			-			-	-
Public Health			-			-	-
Parks, Recreation and Properties			-			-	-
Economic Development			-			-	-
Capital outlay			-			-	-
Debt service:							
Principal retirement	1,250	1,930	38,366	465		465	38,831
Interest	1,306	2,491	24,306	410		410	24,716
General Government	200		225	252		252	477
Other			-			-	-
Total expenditures	<u>2,756</u>	<u>4,421</u>	<u>62,897</u>	<u>1,127</u>	<u>-</u>	<u>1,127</u>	<u>64,024</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,753)</u>	<u>(4,420)</u>	<u>(35,392)</u>	<u>23</u>	<u>2</u>	<u>25</u>	<u>(35,367)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	3,294	5,198	36,764			-	36,764
Transfers out			-			-	-
Issuance of debt			-			-	-
Issuance of refunding bonds			-			-	-
Premium on bonds and notes			-			-	-
Payment to refund bonds and notes			-			-	-
Sale of City assets			-			-	-
Total other financing sources (uses)	<u>3,294</u>	<u>5,198</u>	<u>36,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,764</u>
NET CHANGE IN FUND BALANCES	541	778	1,372	23	2	25	1,397
FUND BALANCES AT BEGINNING OF YEAR	<u>3,398</u>	<u>486</u>	<u>8,818</u>	<u>800</u>	<u>2,195</u>	<u>2,995</u>	<u>11,813</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,939</u>	<u>\$ 1,264</u>	<u>\$ 10,190</u>	<u>\$ 823</u>	<u>\$ 2,197</u>	<u>\$ 3,020</u>	<u>\$ 13,210</u>



Capital Projects Funds						
Non-Budgeted						
Capital/ Urban Renewal Bond Construction	Grant Improvement	Capital Improvement	Certificates of Participation/ Capital Leases	Cleveland Stadium Construction	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$	\$	\$	\$	\$	\$ -	\$ 33,169
					-	21,836
					-	34,276
					-	5,430
					-	6,258
					-	4,704
104		13		14	131	1,089
	13,096				13,096	109,902
		637			637	659
		577			577	12,726
<u>104</u>	<u>13,096</u>	<u>1,227</u>	<u>-</u>	<u>14</u>	<u>14,441</u>	<u>230,049</u>
5,142					5,142	12,384
					-	22,406
					-	13,040
					-	56,241
					-	11,857
					-	16,815
					-	4,235
					-	35,532
41,507	13,146	444		512	55,609	66,720
					-	53,048
					-	32,942
					-	477
475					475	475
<u>47,124</u>	<u>13,146</u>	<u>444</u>	<u>-</u>	<u>512</u>	<u>61,226</u>	<u>326,172</u>
<u>(47,020)</u>	<u>(50)</u>	<u>783</u>	<u>-</u>	<u>(498)</u>	<u>(46,785)</u>	<u>(96,123)</u>
	50			850	900	49,542
(1,508)				(26)	(1,534)	(36,134)
44,580					44,580	44,580
13,820					13,820	13,820
2,289					2,289	2,289
(13,767)					(13,767)	(13,767)
		135			135	6,291
<u>45,414</u>	<u>50</u>	<u>135</u>	<u>-</u>	<u>824</u>	<u>46,423</u>	<u>66,621</u>
(1,606)	-	918	-	326	(362)	(29,502)
<u>102,817</u>		<u>1,005</u>	<u>190</u>	<u>3,996</u>	<u>108,008</u>	<u>387,898</u>
<u>\$ 101,211</u>	<u>\$ -</u>	<u>\$ 1,923</u>	<u>\$ 190</u>	<u>\$ 4,322</u>	<u>\$ 107,646</u>	<u>\$ 358,396</u>

(Concluded)

**CITY OF CLEVELAND, OHIO**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Amounts in 000's)**

	Division of Streets				Restricted Income Tax			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Income taxes	\$	\$	\$	\$ -	\$ 36,363	\$ 36,363	\$ 33,506	\$ (2,857)
Other shared revenues	13,995	13,995	13,611	(384)				-
Licenses and permits	1,730	1,730	1,947	217				-
Charges for services	6,000	6,000	5,593	(407)				-
Investment earnings	1	1	2	1	250	250	165	(85)
Miscellaneous			2	2				-
Total revenues	<u>21,726</u>	<u>21,726</u>	<u>21,155</u>	<u>(571)</u>	<u>36,613</u>	<u>36,613</u>	<u>33,671</u>	<u>(2,942)</u>
EXPENDITURES:								
Public Service:								
Personnel	16,154	16,654	16,114	540				-
Other	11,720	11,220	9,966	1,254				-
Parks, Recreation and Properties:								
Other				-				-
Capital outlay				-	7,572	7,572	5,643	1,929
Principal retirement				-	3,284	3,284	3,284	-
Interest				-	223	223	223	-
Total expenditures	<u>27,874</u>	<u>27,874</u>	<u>26,080</u>	<u>1,794</u>	<u>11,079</u>	<u>11,079</u>	<u>9,150</u>	<u>1,929</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,148)</u>	<u>(6,148)</u>	<u>(4,925)</u>	<u>1,223</u>	<u>25,534</u>	<u>25,534</u>	<u>24,521</u>	<u>(1,013)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	6,138	6,138	4,799	(1,339)				-
Transfers out				-	(26,198)	(26,198)	(25,198)	1,000
Total other financing sources (uses)	<u>6,138</u>	<u>6,138</u>	<u>4,799</u>	<u>(1,339)</u>	<u>(26,198)</u>	<u>(26,198)</u>	<u>(25,198)</u>	<u>1,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(10)</u>	<u>(10)</u>	<u>(126)</u>	<u>(116)</u>	<u>(664)</u>	<u>(664)</u>	<u>(677)</u>	<u>(13)</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			128	128			17	17
FUND BALANCES AT BEGINNING OF YEAR	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>	<u>664</u>	<u>664</u>	<u>664</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>

Rainy Day Reserve Fund				Schools Recreation and Cultural Activities			
Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
\$	\$	\$	\$ -	\$	\$	\$	\$ -
			-				-
			-				-
		125	125				-
			-				-
<u>-</u>	<u>-</u>	<u>125</u>	<u>125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			-				-
			-				-
			-	2,000	2,000	2,000	-
			-				-
			-				-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>125</u>	<u>125</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
			-				-
			-	2,000	2,000	2,000	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
		125	125				-
			-				-
<u>8,382</u>	<u>8,382</u>	<u>8,382</u>	<u>-</u>				<u>-</u>
<u>\$ 8,382</u>	<u>\$ 8,382</u>	<u>\$ 8,507</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-  
BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Amounts in 000's)**

	Cleveland Stadium Operations				Totals			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Income taxes	\$	\$	\$	\$ -	\$ 36,363	\$ 36,363	\$ 33,506	\$ (2,857)
Other shared revenues	9,650	13,750	13,144	(606)	23,645	27,745	26,755	(990)
Licenses and permits				-	1,730	1,730	1,947	217
Charges for services	250	250	250	-	6,250	6,250	5,843	(407)
Investment earnings			33	33	251	251	325	74
Miscellaneous				-			2	2
Total revenues	<u>9,900</u>	<u>14,000</u>	<u>13,427</u>	<u>(573)</u>	<u>68,239</u>	<u>72,339</u>	<u>68,378</u>	<u>(3,961)</u>
EXPENDITURES:								
Public Service:								
Personnel				-	16,154	16,654	16,114	540
Other	2,010	2,010	1,411	599	13,730	13,230	11,377	1,853
Parks, Recreation and Properties:								
Other				-	2,000	2,000	2,000	-
Capital outlay				-	7,572	7,572	5,643	1,929
Principal retirement	10,933	10,933	10,933	-	14,217	14,217	14,217	-
Interest	8,811	8,811	8,003	808	9,034	9,034	8,226	808
Total expenditures	<u>21,754</u>	<u>21,754</u>	<u>20,347</u>	<u>1,407</u>	<u>62,707</u>	<u>62,707</u>	<u>57,577</u>	<u>5,130</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,854)</u>	<u>(7,754)</u>	<u>(6,920)</u>	<u>834</u>	<u>5,532</u>	<u>9,632</u>	<u>10,801</u>	<u>1,169</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	8,600	5,754	2,676	(3,078)	16,738	13,892	9,475	(4,417)
Transfers out				-	(26,198)	(26,198)	(25,198)	1,000
Total other financing sources (uses)	<u>8,600</u>	<u>5,754</u>	<u>2,676</u>	<u>(3,078)</u>	<u>(9,460)</u>	<u>(12,306)</u>	<u>(15,723)</u>	<u>(3,417)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(3,254)</u>	<u>(2,000)</u>	<u>(4,244)</u>	<u>(2,244)</u>	<u>(3,928)</u>	<u>(2,674)</u>	<u>(4,922)</u>	<u>(2,248)</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES				-			145	145
FUND BALANCES AT BEGINNING OF YEAR	<u>17,856</u>	<u>17,856</u>	<u>17,856</u>	<u>-</u>	<u>26,912</u>	<u>26,912</u>	<u>26,912</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 14,602</u>	<u>\$ 15,856</u>	<u>\$ 13,612</u>	<u>\$ (2,244)</u>	<u>\$ 22,984</u>	<u>\$ 24,238</u>	<u>\$ 22,135</u>	<u>\$ (2,103)</u>

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**CITY OF CLEVELAND, OHIO**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
BUDGETED DEBT SERVICE FUNDS-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	Unvoted Tax Supported Obligations Fund				Stadium Bond Fund			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Property taxes	\$ 22,344	\$ 21,767	\$ 21,836	\$ 69	\$	\$	\$	\$ -
Other shared revenues	4,833	5,110	5,145	35				-
Investment earnings	122	12	11	(1)	2			-
Grants		500	506	6				-
Miscellaneous				-				-
Total revenues	<u>27,299</u>	<u>27,389</u>	<u>27,498</u>	<u>109</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:								
Principal retirement	32,235	32,235	32,275	(40)	985	985	985	-
Interest	17,027	17,027	16,629	398	645	645	645	-
General Government				-				-
Total expenditures	<u>49,262</u>	<u>49,262</u>	<u>48,904</u>	<u>358</u>	<u>1,630</u>	<u>1,630</u>	<u>1,630</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,963)</u>	<u>(21,873)</u>	<u>(21,406)</u>	<u>467</u>	<u>(1,628)</u>	<u>(1,630)</u>	<u>(1,630)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds		1,500	1,509	9	1,630	1,630	1,630	-
Restricted income tax fund	21,000	20,000	20,000	-				-
Transfers out:								
To other subfunds				-				-
Issuance of Debt				-				-
Payment to refund bonds and notes				-				-
Premium on bonds and notes				-				-
Total other financing sources (uses)	<u>21,000</u>	<u>21,500</u>	<u>21,509</u>	<u>9</u>	<u>1,630</u>	<u>1,630</u>	<u>1,630</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(963)</u>	<u>(373)</u>	<u>103</u>	<u>476</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>2,496</u>	<u>2,496</u>	<u>2,496</u>	<u>-</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,533</u>	<u>\$ 2,123</u>	<u>\$ 2,599</u>	<u>\$ 476</u>	<u>\$ 16</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ -</u>

Subordinated Income Tax Fund				Lower Euclid Avenue TIF				Core City Bonds			
Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
\$	\$	\$	\$ -	\$	\$	\$	\$ -	\$	\$	\$	\$ -
21	10	4	(6)	2			-	50	12	6	(6)
			-				-				-
			-				-				-
<u>21</u>	<u>10</u>	<u>4</u>	<u>(6)</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>12</u>	<u>6</u>	<u>(6)</u>
1,500	1,500	1,500	-	426	426	426	-	1,250	1,250	1,250	-
3,033	3,033	3,033	-	202	202	202	-	1,957	1,932	1,306	626
	25	25	-				-	182	182	209	(27)
<u>4,533</u>	<u>4,558</u>	<u>4,558</u>	<u>-</u>	<u>628</u>	<u>628</u>	<u>628</u>	<u>-</u>	<u>3,389</u>	<u>3,364</u>	<u>2,765</u>	<u>599</u>
<u>(4,512)</u>	<u>(4,548)</u>	<u>(4,554)</u>	<u>(6)</u>	<u>(626)</u>	<u>(628)</u>	<u>(628)</u>	<u>-</u>	<u>(3,339)</u>	<u>(3,352)</u>	<u>(2,759)</u>	<u>593</u>
4,648	4,648	4,647	(1)	628	498	486	(12)	1,829	2,922	3,294	372
			-				-				-
			-				-				-
			-				-				-
			-				-				-
<u>4,648</u>	<u>4,648</u>	<u>4,647</u>	<u>(1)</u>	<u>628</u>	<u>498</u>	<u>486</u>	<u>(12)</u>	<u>1,829</u>	<u>2,922</u>	<u>3,294</u>	<u>372</u>
136	100	93	(7)	2	(130)	(142)	(12)	(1,510)	(430)	535	965
<u>2,201</u>	<u>2,201</u>	<u>2,201</u>	<u>-</u>	<u>222</u>	<u>222</u>	<u>222</u>	<u>-</u>	<u>3,404</u>	<u>3,404</u>	<u>3,404</u>	<u>-</u>
<u>\$ 2,337</u>	<u>\$ 2,301</u>	<u>\$ 2,294</u>	<u>\$ (7)</u>	<u>\$ 224</u>	<u>\$ 92</u>	<u>\$ 80</u>	<u>\$ (12)</u>	<u>\$ 1,894</u>	<u>\$ 2,974</u>	<u>\$ 3,939</u>	<u>\$ 965</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
BUDGETED DEBT SERVICE FUNDS-LEGAL APPROPRIATION LEVEL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	Subordinate Lien Income Tax Bonds				Totals			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Property taxes	\$	\$	\$	\$ -	\$ 22,344	\$ 21,767	\$ 21,836	\$ 69
Other shared revenues				-	4,833	5,110	5,145	35
Investment earnings	3	3	1	(2)	200	37	22	(15)
Grants				-	-	500	506	6
Miscellaneous				-	-	-	-	-
Total revenues	<u>3</u>	<u>3</u>	<u>1</u>	<u>(2)</u>	<u>27,377</u>	<u>27,414</u>	<u>27,509</u>	<u>95</u>
EXPENDITURES:								
Principal retirement	1,930	1,930	1,930	-	38,326	38,326	38,366	(40)
Interest	2,491	2,491	2,491	-	25,355	25,330	24,306	1,024
General Government				-	182	207	234	(27)
Total expenditures	<u>4,421</u>	<u>4,421</u>	<u>4,421</u>	<u>-</u>	<u>63,863</u>	<u>63,863</u>	<u>62,906</u>	<u>957</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,418)</u>	<u>(4,418)</u>	<u>(4,420)</u>	<u>(2)</u>	<u>(36,486)</u>	<u>(36,449)</u>	<u>(35,397)</u>	<u>1,052</u>
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds				-	8,735	11,198	11,566	368
Restricted income tax fund	5,198	5,198	5,198	-	26,198	25,198	25,198	-
Transfers out:								
To other subfunds				-	-	-	-	-
Issuance of Debt				-	-	-	-	-
Payment to refund bonds and notes				-	-	-	-	-
Premium on bonds and notes				-	-	-	-	-
Total other financing sources (uses)	<u>5,198</u>	<u>5,198</u>	<u>5,198</u>	<u>-</u>	<u>34,933</u>	<u>36,396</u>	<u>36,764</u>	<u>368</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>780</u>	<u>780</u>	<u>778</u>	<u>(2)</u>	<u>(1,553)</u>	<u>(53)</u>	<u>1,367</u>	<u>1,420</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>486</u>	<u>486</u>	<u>486</u>	<u>-</u>	<u>8,823</u>	<u>8,823</u>	<u>8,823</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,266</u>	<u>\$ 1,266</u>	<u>\$ 1,264</u>	<u>\$ (2)</u>	<u>\$ 7,270</u>	<u>\$ 8,770</u>	<u>\$ 10,190</u>	<u>\$ 1,420</u>

(Concluded)



# CITY OF CLEVELAND, OHIO

## NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private sector businesses where the intent of the governing body is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges. The City's nonmajor Enterprise Funds are as follows:

### Water Pollution Control

The Division of Water Pollution Control is a segment of the Department of Public Utilities of the City. The Division of Water Pollution Control was created for the purpose of providing sewage services to customers and to maintain the local sewer system of the City.

### Convention Center

The Convention Center Division was established to provide facilities for conventions, trade shows, sporting events and fine arts programs.

### West Side Market

The West Side Market provides a public market where Cleveland area residents can purchase a variety of quality foods in a centralized location.

### East Side Market

The East Side Market provides a public market where Cleveland area residents can purchase a variety of quality foods in a centralized location.

### Municipal Parking Lots

The Division of Parking was established to provide municipal parking within the City's limits.

### Cemeteries

The Division of Cemeteries was established to provide interment and cremation services for the City and its neighboring communities.

### Golf Courses

The Golf Course Division was established to provide the City and neighboring communities with recreational facilities for golfing and cross country skiing.

**CITY OF CLEVELAND, OHIO**

**COMBINING BALANCE SHEET - NONMAJOR ENTERPRISE FUNDS**

**DECEMBER 31, 2009**

**(Amounts in 000's)**

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 30,220	\$ 43	\$ 385	\$ 166
Investments				
Receivables:				
Accounts	103,775	624	1	
Unbilled revenue	1,839			
Accrued interest				
Less: Allowance for doubtful accounts	<u>(3,648)</u>	<u>(257)</u>		
Receivables, net	<u>101,966</u>	<u>367</u>	<u>1</u>	<u>-</u>
Due from other funds	443	1		
Inventory of supplies	<u>191</u>			
Total current assets	<u>132,820</u>	<u>411</u>	<u>386</u>	<u>166</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	1,602			
Investments				
Accrued interest receivable				
Total restricted assets	<u>1,602</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unamortized bond issuance costs				
Capital assets:				
Land	297	4,261	198	413
Land improvements				484
Utility plant	125,614			
Buildings, structures and improvements	2,658	59,160	12,898	2,400
Furniture, fixtures, equipment and vehicles	12,221	1,432	1,647	450
Construction in progress	13,688	762	6	
Less: Accumulated depreciation	<u>(84,015)</u>	<u>(59,804)</u>	<u>(5,147)</u>	<u>(2,224)</u>
Total capital assets, net	<u>70,463</u>	<u>5,811</u>	<u>9,602</u>	<u>1,523</u>
Total noncurrent assets	<u>72,065</u>	<u>5,811</u>	<u>9,602</u>	<u>1,523</u>
<b>TOTAL ASSETS</b>	<u>\$ 204,885</u>	<u>\$ 6,222</u>	<u>\$ 9,988</u>	<u>\$ 1,689</u>

<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 2,048	\$ 77	\$ 234	\$ 33,173
82	2		104,484 1,839
			(3,905)
<u>82</u>	<u>2</u>	<u>-</u>	<u>102,418</u>
39			483
251	1	25	468
<u>2,420</u>	<u>80</u>	<u>259</u>	<u>136,542</u>
16,497	6,357		24,456
<u>16,497</u>	<u>6,357</u>	<u>-</u>	<u>24,456</u>
2,953			2,953
13,095	1,259	1,822	21,345
1,256	411	4,033	6,184
			125,614
65,757	6,096	1,816	150,785
1,281	858	1,210	19,099
	1,708		16,164
<u>(25,964)</u>	<u>(3,025)</u>	<u>(4,892)</u>	<u>(185,071)</u>
<u>55,425</u>	<u>7,307</u>	<u>3,989</u>	<u>154,120</u>
<u>74,875</u>	<u>13,664</u>	<u>3,989</u>	<u>181,529</u>
<u>\$ 77,295</u>	<u>\$ 13,744</u>	<u>\$ 4,248</u>	<u>\$ 318,071</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**COMBINING BALANCE SHEET - NONMAJOR ENTERPRISE FUNDS**

**DECEMBER 31, 2009**

**(Amounts in 000's)**

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,009	\$ 232	\$ 124	\$ 5
Accrued wages and benefits	1,755	313	49	
Due to other funds	7,911	95	10	
Due to other governments	92,608			
Accrued interest payable				
Current portion of long-term obligations	<u>467</u>			
Total current liabilities	103,750	<u>640</u>	<u>183</u>	<u>5</u>
Long-term liabilities:				
Accrued wages and benefits	191	49	10	
Construction loans payable	3,329			
Revenue bonds payable				
Total liabilities	<u>107,270</u>	<u>689</u>	<u>193</u>	<u>5</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	66,667	5,811	9,602	1,523
Restricted for debt service				
Unrestricted	<u>30,948</u>	<u>(278)</u>	<u>193</u>	<u>161</u>
Total net assets	<u>97,615</u>	<u>5,533</u>	<u>9,795</u>	<u>1,684</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 204,885</u>	<u>\$ 6,222</u>	<u>\$ 9,988</u>	<u>\$ 1,689</u>

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<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 178	\$ 16	\$ 5	\$ 1,569
166	169	119	2,571
84	21	8	8,129
93	1		92,702
814			814
<u>3,300</u>			<u>3,767</u>
4,635	<u>207</u>	<u>132</u>	109,552
30	34	46	360
			3,329
<u>51,318</u>			<u>51,318</u>
<u>55,983</u>	<u>241</u>	<u>178</u>	<u>164,559</u>
4,088	7,307	3,989	98,987
8,142			8,142
<u>9,082</u>	<u>6,196</u>	<u>81</u>	<u>46,383</u>
<u>21,312</u>	<u>13,503</u>	<u>4,070</u>	<u>153,512</u>
<u>\$ 77,295</u>	<u>\$ 13,744</u>	<u>\$ 4,248</u>	<u>\$ 318,071</u>

(Concluded)

**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS-NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 27,700	\$ 2,196	\$ 1,290	\$ _____
Total operating revenue	<u>27,700</u>	<u>2,196</u>	<u>1,290</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>				
Operations	9,198	6,494	1,009	26
Maintenance	9,801	41	33	
Depreciation	4,889	263	450	60
Total operating expenses	<u>23,888</u>	<u>6,798</u>	<u>1,492</u>	<u>86</u>
<b>OPERATING INCOME (LOSS)</b>	<u>3,812</u>	<u>(4,602)</u>	<u>(202)</u>	<u>(86)</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
Investment income	124	2	3	2
Interest expense	(157)			
Hotel tax		3,702		
Other revenues (expenses)	22		(35)	
Total non-operating revenues (expenses)	<u>(11)</u>	<u>3,704</u>	<u>(32)</u>	<u>2</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	3,801	(898)	(234)	(84)
Capital contributions		755		
Transfers in		190		
<b>CHANGE IN NET ASSETS</b>	3,801	47	(234)	(84)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>93,814</u>	<u>5,486</u>	<u>10,029</u>	<u>1,768</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 97,615</u>	<u>\$ 5,533</u>	<u>\$ 9,795</u>	<u>\$ 1,684</u>

<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 9,214	\$ 1,311	\$ 1,378	\$ 43,089
<u>9,214</u>	<u>1,311</u>	<u>1,378</u>	<u>43,089</u>
3,697	1,929	1,894	24,247
46	25	74	10,020
1,740	196	223	7,821
<u>5,483</u>	<u>2,150</u>	<u>2,191</u>	<u>42,088</u>
<u>3,731</u>	<u>(839)</u>	<u>(813)</u>	<u>1,001</u>
16	20	1	168
(3,544)			(3,701)
(218)	62	207	3,702
<u>(3,746)</u>	<u>82</u>	<u>208</u>	<u>38</u>
(15)	(757)	(605)	1,208
	2,756	1,614	5,125
	635		825
(15)	2,634	1,009	7,158
<u>21,327</u>	<u>10,869</u>	<u>3,061</u>	<u>146,354</u>
<u>\$ 21,312</u>	<u>\$ 13,503</u>	<u>\$ 4,070</u>	<u>\$ 153,512</u>

**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 24,501	\$ 2,146	\$ 1,295	\$
Cash payments to suppliers for goods or services	(6,870)	(3,378)	(688)	(21)
Cash payments to employees for services	(10,434)	(3,427)	(436)	
Agency activity on behalf of NEORS	(3,587)			
Net cash provided by (used for) operating activities	<u>3,610</u>	<u>(4,659)</u>	<u>171</u>	<u>(21)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received through transfers from other funds		190		
Cash received from hotel tax		3,705		
Other				
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>3,895</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(8,257)			
Principal paid on long-term debt	(656)			
Interest paid on long-term debt	(243)			
Net cash provided by (used for) capital and related financing activities	<u>(9,156)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from sale and maturity of investment securities	4,982			
Interest received on investments	247	3	4	3
Net cash provided by (used for) investing activities	<u>5,229</u>	<u>3</u>	<u>4</u>	<u>3</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(317)</b>	<b>(761)</b>	<b>175</b>	<b>(18)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>32,139</u></b>	<b><u>804</u></b>	<b><u>210</u></b>	<b><u>184</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 31,822</u></b>	<b><u>\$ 43</u></b>	<b><u>\$ 385</u></b>	<b><u>\$ 166</u></b>



<b>Municipal Parking Lots</b>	<b>Cemeteries</b>	<b>Golf Courses</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 9,856	\$ 1,315	\$ 1,378	\$ 40,491
(3,053)	(518)	(840)	(15,368)
(1,071)	(1,522)	(1,090)	(17,980)
			(3,587)
<u>5,732</u>	<u>(725)</u>	<u>(552)</u>	<u>3,556</u>
	635		825
	62	207	3,705
			<u>269</u>
<u>-</u>	<u>697</u>	<u>207</u>	<u>4,799</u>
6			(8,251)
(3,120)			(3,776)
<u>(3,199)</u>			<u>(3,442)</u>
<u>(6,313)</u>	<u>-</u>	<u>-</u>	<u>(15,469)</u>
	1,953		6,935
26	105	1	389
<u>26</u>	<u>2,058</u>	<u>1</u>	<u>7,324</u>
(555)	2,030	(344)	210
<u>19,100</u>	<u>4,404</u>	<u>578</u>	<u>57,419</u>
<u>\$ 18,545</u>	<u>\$ 6,434</u>	<u>\$ 234</u>	<u>\$ 57,629</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>				
<b>TO NET CASH PROVIDED BY (USED FOR)</b>				
<b>OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 3,812	\$ (4,602)	\$ (202)	\$ (86)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,889	263	450	60
Changes in assets and liabilities:				
Receivables, net	(25,581)	43	(2)	
Due from other funds	(44)	1		
Inventory of supplies	52			
Accounts payable	256	(131)	(11)	5
Accrued wages and benefits	93	(157)	(26)	
Due to other funds	4,394	(76)	(38)	
Due to other governments	15,739			
Total adjustments	<u>(202)</u>	<u>(57)</u>	<u>373</u>	<u>65</u>
<b>NET CASH PROVIDED BY (USED FOR)</b>				
<b>OPERATING ACTIVITIES</b>	<u>\$ 3,610</u>	<u>\$ (4,659)</u>	<u>\$ 171</u>	<u>\$ (21)</u>

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<b>Municipal Parking <u>Lots</u></b>	<b><u>Cemeteries</u></b>	<b><u>Golf Courses</u></b>	<b>Total Nonmajor Enterprise <u>Funds</u></b>
\$ 3,731	\$ (839)	\$ (813)	\$ 1,001
1,740	196	223	7,821
35	1		(25,504)
57			14
241		85	378
33	(16)	(7)	129
(92)	(35)	(28)	(245)
(18)	(33)	(12)	4,217
<u>5</u>	<u>1</u>		<u>15,745</u>
<u>2,001</u>	<u>114</u>	<u>261</u>	<u>2,555</u>
<u>\$ 5,732</u>	<u>\$ (725)</u>	<u>\$ (552)</u>	<u>\$ 3,556</u>

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## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department of the City to other departments of the City on a cost-reimbursement basis. The City's Internal Service Funds are described below:

Motor Vehicle Maintenance	The Division of Motor Vehicle Maintenance was established to provide centralized maintenance, repairs and fueling of certain City vehicles.
Printing and Reproduction	The Division of Printing and Reproduction was established to provide printing and reproduction services for all City divisions.
City Storeroom and Warehouse	The City's Storeroom and Warehouse Division provides centralized mailroom service.
Utilities Administration	The Division of Utilities Administration was established to provide administrative assistance to the Department of Public Utilities.
Sinking Fund Administration	The Sinking Fund Administration Fund was established to account for personnel and other operating expenditures related to the administration of the Debt Service Fund.
Municipal Income Tax Administration	The Municipal Income Tax Administration Fund was established to account for operating expenditures related to the collection of municipal income tax for Cleveland and other municipalities.
Telephone Exchange	The Division of Telephone Exchange was established to operate the communications system for the City at minimal cost.
Radio Communications	The Office of Radio Communications was established to operate the 800MHZ radio communication system.
Workers' Compensation Reserve	The Workers' Compensation Reserve was established to account for liabilities related to workers' compensation claims under the retrospective rating policy.

**CITY OF CLEVELAND, OHIO**

**COMBINING BALANCE SHEET - ALL INTERNAL SERVICE FUNDS**

**DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 4,659	\$ 778	\$ 240	\$ 1,322
Receivables:				
Accounts				
Accrued interest				
Receivables, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due from other funds	1,559	117	48	
Inventory of supplies	<u>1,100</u>	<u>165</u>		
Total current assets	<u>7,318</u>	<u>1,060</u>	<u>288</u>	<u>1,322</u>
Capital assets:				
Land	663			
Land improvements	146			
Buildings, structures and improvements	2,674			
Furniture, fixtures, equipment and vehicles	4,286	1,061		1,165
Construction in progress		881		
Less: Accumulated depreciation	<u>(5,035)</u>	<u>(685)</u>		<u>(191)</u>
Total capital assets, net	<u>2,734</u>	<u>1,257</u>	<u>-</u>	<u>974</u>
Total noncurrent assets	<u>2,734</u>	<u>1,257</u>	<u>-</u>	<u>974</u>
<b>TOTAL ASSETS</b>	<u>\$ 10,052</u>	<u>\$ 2,317</u>	<u>\$ 288</u>	<u>\$ 2,296</u>

<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 33	\$ 1,308	\$ 1,663	\$ 1,046	\$ 7,870	\$ 18,919
-	-	-	-	-	-
-	-	117	105	8,807	10,753
<u>33</u>	<u>1,308</u>	<u>1,780</u>	<u>1,151</u>	<u>16,677</u>	<u>30,937</u>
					663
					146
					2,674
		117	25		6,654
					881
		<u>(117)</u>	<u>(9)</u>		<u>(6,037)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>4,981</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>4,981</u>
<u>\$ 33</u>	<u>\$ 1,308</u>	<u>\$ 1,780</u>	<u>\$ 1,167</u>	<u>\$ 16,677</u>	<u>\$ 35,918</u>

(Continued)

**CITY OF CLEVELAND, OHIO**

**COMBINING BALANCE SHEET - ALL INTERNAL SERVICE FUNDS**

**DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 910	\$ 199	\$ 2	\$ 8
Accrued wages and benefits	887	136	8	712
Due to other funds	62	63	9	3
Due to other governments				
Total current liabilities	<u>1,859</u>	<u>398</u>	<u>19</u>	<u>723</u>
Long-term liabilities				
Accrued wages and benefits	<u>233</u>	<u>26</u>	<u>1</u>	<u>167</u>
Total liabilities	<u>2,092</u>	<u>424</u>	<u>20</u>	<u>890</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,734	1,257		974
Unrestricted	<u>5,226</u>	<u>636</u>	<u>268</u>	<u>432</u>
Total net assets	<u>7,960</u>	<u>1,893</u>	<u>268</u>	<u>1,406</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 10,052</u>	<u>\$ 2,317</u>	<u>\$ 288</u>	<u>\$ 2,296</u>



<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 7	\$ 114	\$ 51	\$ 11	\$ 7,127	\$ 8,429
39	840	173	62		2,857
	45		1		183
	<u>309</u>				<u>309</u>
<u>46</u>	<u>1,308</u>	<u>224</u>	<u>74</u>	<u>7,127</u>	<u>11,778</u>
<u>28</u>		<u>61</u>	<u>33</u>	<u>9,550</u>	<u>10,099</u>
<u>74</u>	<u>1,308</u>	<u>285</u>	<u>107</u>	<u>16,677</u>	<u>21,877</u>
			16		4,981
<u>(41)</u>		<u>1,495</u>	<u>1,044</u>		<u>9,060</u>
<u>(41)</u>	<u>-</u>	<u>1,495</u>	<u>1,060</u>	<u>-</u>	<u>14,041</u>
<u>\$ 33</u>	<u>\$ 1,308</u>	<u>\$ 1,780</u>	<u>\$ 1,167</u>	<u>\$ 16,677</u>	<u>\$ 35,918</u>

(Concluded)

**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS - ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 17,938	\$ 2,491	\$ 829
Total operating revenue	<u>17,938</u>	<u>2,491</u>	<u>829</u>
<b>OPERATING EXPENSES:</b>			
Operations	14,833	2,167	815
Maintenance	1,059	132	
Depreciation	279	84	
Total operating expenses	<u>16,171</u>	<u>2,383</u>	<u>815</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,767</u>	<u>108</u>	<u>14</u>
<b>NON-OPERATING REVENUES:</b>			
Investment income	<u>50</u>	<u>8</u>	<u>2</u>
Total non-operating revenues	<u>50</u>	<u>8</u>	<u>2</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,817	116	16
Capital contributions	526	79	
Transfers in			
<b>CHANGE IN NET ASSETS</b>	2,343	195	16
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>5,617</u>	<u>1,698</u>	<u>252</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 7,960</u>	<u>\$ 1,893</u>	<u>\$ 268</u>

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<u>Utilities Administration</u>	<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 5,343	\$ 207	\$ 8,132	\$ 5,525	\$ 1,828	\$ -	\$ 42,293
<u>5,343</u>	<u>207</u>	<u>8,132</u>	<u>5,525</u>	<u>1,828</u>	<u>-</u>	<u>42,293</u>
5,552	593	8,097	5,367	665		38,089
64		77	34	1,324		2,690
108				4		475
<u>5,724</u>	<u>593</u>	<u>8,174</u>	<u>5,401</u>	<u>1,993</u>	<u>-</u>	<u>41,254</u>
<u>(381)</u>	<u>(386)</u>	<u>(42)</u>	<u>124</u>	<u>(165)</u>	<u>-</u>	<u>1,039</u>
<u>25</u>		<u>42</u>	<u>18</u>	<u>17</u>		<u>162</u>
<u>25</u>	<u>-</u>	<u>42</u>	<u>18</u>	<u>17</u>	<u>-</u>	<u>162</u>
<u>(356)</u>	<u>(386)</u>	<u>-</u>	<u>142</u>	<u>(148)</u>	<u>-</u>	<u>1,201</u>
	<u>286</u>					<u>605</u> <u>286</u>
<u>(356)</u>	<u>(100)</u>	<u>-</u>	<u>142</u>	<u>(148)</u>	<u>-</u>	<u>2,092</u>
<u>1,762</u>	<u>59</u>		<u>1,353</u>	<u>1,208</u>		<u>11,949</u>
<u>\$ 1,406</u>	<u>\$ (41)</u>	<u>\$ -</u>	<u>\$ 1,495</u>	<u>\$ 1,060</u>	<u>\$ -</u>	<u>\$ 14,041</u>

**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 17,768	\$ 2,373	\$ 849
Cash payments to suppliers for goods or services	(10,098)	(1,426)	(752)
Cash payments to employees for services	<u>(6,063)</u>	<u>(814)</u>	<u>(56)</u>
Net cash provided by (used for) operating activities	<u>1,607</u>	<u>133</u>	<u>41</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash received (paid) through transfers from/to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on investments	<u>57</u>	<u>10</u>	<u>2</u>
Net cash provided by investing activities	<u>57</u>	<u>10</u>	<u>2</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,664	143	43
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,995</u>	<u>635</u>	<u>197</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 4,659</u>	<u>\$ 778</u>	<u>\$ 240</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 1,767	\$ 108	\$ 14
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	279	84	
Change in assets and liabilities:			
Receivables, net	2		
Due from other funds	(172)	(117)	20
Due from other governments			
Inventory of supplies	(184)	(75)	
Accounts payable	204	85	1
Accrued wages and benefits	(87)	9	(1)
Due to other funds	(202)	39	7
Due to other governments			
Total adjustments	<u>(160)</u>	<u>25</u>	<u>27</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 1,607</u>	<u>\$ 133</u>	<u>\$ 41</u>

<u>Utilities Administration</u>	<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 5,343	\$ 229	\$ 7,553	\$ 6,267	\$ 1,884	\$	\$ 42,266
(782)	(410)	(3,091)	(4,674)	(1,574)		(22,807)
<u>(4,849)</u>	<u>(178)</u>	<u>(5,104)</u>	<u>(1,161)</u>	<u>(421)</u>		<u>(18,646)</u>
<u>(288)</u>	<u>(359)</u>	<u>(642)</u>	<u>432</u>	<u>(111)</u>	<u>-</u>	<u>813</u>
	<u>286</u>					<u>286</u>
<u>-</u>	<u>286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286</u>
<u>(993)</u>						<u>(993)</u>
<u>(993)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(993)</u>
<u>31</u>		<u>46</u>	<u>21</u>	<u>19</u>		<u>186</u>
<u>31</u>	<u>-</u>	<u>46</u>	<u>21</u>	<u>19</u>	<u>-</u>	<u>186</u>
(1,250)	(73)	(596)	453	(92)	-	292
<u>2,572</u>	<u>106</u>	<u>1,904</u>	<u>1,210</u>	<u>1,138</u>	<u>7,870</u>	<u>18,627</u>
<u>\$ 1,322</u>	<u>\$ 33</u>	<u>\$ 1,308</u>	<u>\$ 1,663</u>	<u>\$ 1,046</u>	<u>\$ 7,870</u>	<u>\$ 18,919</u>
\$ (381)	\$ (386)	\$ (42)	\$ 124	\$ (165)	\$	\$ 1,039
108				4		475
	22		741	56	4,809	2
						(259)
(16)	5	(4)	(445)	3		(167)
16		(51)	12		(4,809)	(4,911)
(15)		33		(9)		(147)
		<u>(578)</u>				<u>(578)</u>
<u>93</u>	<u>27</u>	<u>(600)</u>	<u>308</u>	<u>54</u>	<u>-</u>	<u>(226)</u>
<u>\$ (288)</u>	<u>\$ (359)</u>	<u>\$ (642)</u>	<u>\$ 432</u>	<u>\$ (111)</u>	<u>\$ -</u>	<u>\$ 813</u>

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# CITY OF CLEVELAND, OHIO

## AGENCY FUNDS

Agency Funds are used to account for assets received and held by the City acting in the capacity of an agent or custodian. The City's Agency Funds are described below:

Municipal Courts	To account for assets received and disbursed by the Municipal Courts as agent or custodian related to Civil and Criminal Court matters.
Central Collection Agency	To account for the collection of the Municipal Income Tax for the City of Cleveland and any other municipalities that employ the Central Collection Agency as their agency.
Other Agencies	To account for miscellaneous assets held by the City for governmental units or individuals.

**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<b>Balance at Beginning of Year</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at End of Year</b>
<b>MUNICIPAL COURTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,725	\$ 23,069	\$ 25,171	\$ 6,623
Total assets	<u>\$ 8,725</u>	<u>\$ 23,069</u>	<u>\$ 25,171</u>	<u>\$ 6,623</u>
<b>LIABILITIES</b>				
Due to others	\$ 8,725	\$ 23,069	\$ 25,171	\$ 6,623
Total liabilities	<u>\$ 8,725</u>	<u>\$ 23,069</u>	<u>\$ 25,171</u>	<u>\$ 6,623</u>
<b>CENTRAL COLLECTION AGENCY</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,498	\$ 4,962	\$ 4,498	\$ 4,962
Taxes receivable	22,611	20,114	22,611	20,114
Due from other governments	<u>1,301</u>	<u>712</u>	<u>1,301</u>	<u>712</u>
Total assets	<u>\$ 28,410</u>	<u>\$ 25,788</u>	<u>\$ 28,410</u>	<u>\$ 25,788</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 28,410	\$ 25,788	\$ 28,410	\$ 25,788
Total liabilities	<u>\$ 28,410</u>	<u>\$ 25,788</u>	<u>\$ 28,410</u>	<u>\$ 25,788</u>

(Continued)



**CITY OF CLEVELAND, OHIO**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts in 000's)

	<b>Balance at Beginning of Year</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at End of Year</b>
<b>OTHER AGENCIES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,489	\$ 330,357	\$ 328,454	\$ 17,392
Total assets	<u>\$ 15,489</u>	<u>\$ 330,357</u>	<u>\$ 328,454</u>	<u>\$ 17,392</u>
<b>LIABILITIES</b>				
Due to others	\$ 15,489	\$ 330,357	\$ 328,454	\$ 17,392
Total liabilities	<u>\$ 15,489</u>	<u>\$ 330,357</u>	<u>\$ 328,454</u>	<u>\$ 17,392</u>
 <b>TOTALS-ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 28,712	\$ 358,388	\$ 358,123	\$ 28,977
Taxes receivable	22,611	20,114	22,611	20,114
Due from other governments	1,301	712	1,301	712
Total assets	<u>\$ 52,624</u>	<u>\$ 379,214</u>	<u>\$ 382,035</u>	<u>\$ 49,803</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 28,410	\$ 25,788	\$ 28,410	\$ 25,788
Due to others	24,214	353,426	353,625	24,015
Total liabilities	<u>\$ 52,624</u>	<u>\$ 379,214</u>	<u>\$ 382,035</u>	<u>\$ 49,803</u>

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**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

# CITY OF CLEVELAND, OHIO

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY SOURCE\*

DECEMBER 31, 2009

(Amounts in 000's)

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Governmental Funds Capital Assets:

Land	\$ 63,254
Land improvements	135,121
Buildings, structures and improvements	594,052
Furniture, fixtures, equipment and vehicles	167,050
Infrastructure	498,311
Construction in progress	<u>91,838</u>

TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS \$ 1,549,626

Investment in Governmental Funds Capital Assets by Source:

General obligation bonds	\$ 700,794
General Fund and other revenues	346,443
Special Revenue Fund revenues:	
Restricted income taxes	143,574
Federal grants	321,621
Certificates of participation	13,768
Gifts	<u>23,426</u>

TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS \$ 1,549,626

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

**CITY OF CLEVELAND, OHIO**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

**SCHEDULE BY FUNCTION AND ACTIVITY\***

**DECEMBER 31, 2009**

(Amounts in 000's)

	<u>Total</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings, Structures and Improvements</u>	<u>Furniture, Fixtures, Equipment and Vehicles</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>
<b>General Government:</b>							
General government	\$ 333,760	\$ 208	\$	\$ 303,404	\$ 20,909	\$ 3,745	\$ 5,494
City Hall	20,135	877		19,258			
Justice Center	29,768			28,922	846		
Charles V. Carr Municipal Center	647		15	632			
Total general government	<u>384,310</u>	<u>1,085</u>	<u>15</u>	<u>352,216</u>	<u>21,755</u>	<u>3,745</u>	<u>5,494</u>
<b>Public Service:</b>							
Waste collection	27,563	499		8,259	17,193	1,460	152
Engineering and construction	454,513		20,905		2,578	380,987	50,043
Streets	132,746	1,540	11,495	14,393	17,006	88,312	
Traffic engineering	4,868			813	1,838	2,200	17
Other	<u>49,552</u>	<u>2,669</u>		<u>32,470</u>	<u>963</u>		<u>13,450</u>
Total public service	<u>669,242</u>	<u>4,708</u>	<u>32,400</u>	<u>55,935</u>	<u>39,578</u>	<u>472,959</u>	<u>63,662</u>
<b>Public Safety:</b>							
Police	108,616	4,805	447	58,595	43,247	162	1,360
Fire	60,490	1,670		28,885	29,874		61
Emergency medical service	15,679			784	8,996	5,614	285
Correction	7,643	264		6,570	785		24
Dog pound	866			662	204		
Total public safety	<u>193,294</u>	<u>6,739</u>	<u>447</u>	<u>95,496</u>	<u>83,106</u>	<u>5,776</u>	<u>1,730</u>
<b>Public Health:</b>							
Health and environment	<u>11,858</u>	<u>1,112</u>	<u>36</u>	<u>9,341</u>	<u>1,385</u>		(16)
Total public health	<u>11,858</u>	<u>1,112</u>	<u>36</u>	<u>9,341</u>	<u>1,385</u>	-	(16)
<b>Parks, Recreation and Properties:</b>							
Park maintenance and properties	94,366	34,574	22,484	16,995	16,992	234	3,087
Research, planning and development	59,045	903	39,786	3,162	90	2,997	12,107
Recreation	89,111	976	32,952	51,781	2,501		901
Total parks, recreation and properties	<u>242,522</u>	<u>36,453</u>	<u>95,222</u>	<u>71,938</u>	<u>19,583</u>	<u>3,231</u>	<u>16,095</u>
<b>Community Development:</b>							
Community development	<u>36,455</u>	<u>7,130</u>	<u>6,726</u>	<u>8,990</u>	<u>1,398</u>	<u>8,640</u>	<u>3,571</u>
Total community development	<u>36,455</u>	<u>7,130</u>	<u>6,726</u>	<u>8,990</u>	<u>1,398</u>	<u>8,640</u>	<u>3,571</u>
<b>Economic Development:</b>							
Economic development	<u>7,799</u>	<u>6,027</u>	<u>275</u>	<u>136</u>		<u>379</u>	<u>982</u>
Total economic development	<u>7,799</u>	<u>6,027</u>	<u>275</u>	<u>136</u>	-	<u>379</u>	<u>982</u>
<b>Building and Housing:</b>							
Building and housing	<u>4,146</u>				<u>245</u>	<u>3,581</u>	<u>320</u>
Total building and housing	<u>4,146</u>	-	-	-	<u>245</u>	<u>3,581</u>	<u>320</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u>\$ 1,549,626</u>	<u>\$ 63,254</u>	<u>\$ 135,121</u>	<u>\$ 594,052</u>	<u>\$ 167,050</u>	<u>\$ 498,311</u>	<u>\$ 91,838</u>

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

# CITY OF CLEVELAND, OHIO

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY\* FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts in 000's)

	Balance January 1, <u>2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	Balance December 31, <u>2009</u>
General Government:					
General government	\$ 329,352	\$ 4,687	\$ (123)	\$ (156)	\$ 333,760
City Hall	20,135				20,135
Justice Center	29,768				29,768
Charles V. Carr Municipal Center	647				647
Total general government	<u>379,902</u>	<u>4,687</u>	<u>(123)</u>	<u>(156)</u>	<u>384,310</u>
Public Service:					
Waste collection	27,589	666	(692)		27,563
Engineering and construction	430,593	79,545		(55,625)	454,513
Streets	130,564	4,583	(2,391)	(10)	132,746
Traffic engineering	4,860	569	(24)	(537)	4,868
Other	44,919	5,492	(43)	(816)	49,552
Total public service	<u>638,525</u>	<u>90,855</u>	<u>(3,150)</u>	<u>(56,988)</u>	<u>669,242</u>
Public Safety:					
Police	104,110	5,690	(1,024)	(160)	108,616
Fire	61,904	217	(1,659)	28	60,490
Emergency medical service	14,554	1,489	(376)	12	15,679
Correction	7,602	49	(8)		7,643
Dog pound	852	62	(48)		866
Total public safety	<u>189,022</u>	<u>7,507</u>	<u>(3,115)</u>	<u>(120)</u>	<u>193,294</u>
Public Health:					
Health and environment	11,727	183	(36)	(16)	11,858
Total public health	<u>11,727</u>	<u>183</u>	<u>(36)</u>	<u>(16)</u>	<u>11,858</u>
Parks, Recreation and Properties:					
Park maintenance and properties	96,409	5,284	(837)	(6,490)	94,366
Research, planning and development	53,937	10,809	(11)	(5,690)	59,045
Recreation	88,948	228	(22)	(43)	89,111
Total parks, recreation and properties	<u>239,294</u>	<u>16,321</u>	<u>(870)</u>	<u>(12,223)</u>	<u>242,522</u>
Community Development:					
Community development	34,736	6,914		(5,195)	36,455
Total community development	<u>34,736</u>	<u>6,914</u>	<u>-</u>	<u>(5,195)</u>	<u>36,455</u>
Economic Development:					
Economic development	6,659	1,289		(149)	7,799
Total economic development	<u>6,659</u>	<u>1,289</u>	<u>-</u>	<u>(149)</u>	<u>7,799</u>
Building and Housing:					
Building and housing	4,155	17	(14)	(12)	4,146
Total building and housing	<u>4,155</u>	<u>17</u>	<u>(14)</u>	<u>(12)</u>	<u>4,146</u>
<b>TOTAL GOVERNMENTAL FUNDS</b>					
CAPITAL ASSETS	<u>\$ 1,504,020</u>	<u>\$ 127,773</u>	<u>\$ (7,308)</u>	<u>\$ (74,859)</u>	<u>\$ 1,549,626</u>

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

# **STATISTICAL SECTION**

**CITY OF CLEVELAND, OHIO**  
**Statistical Section**

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u><b>Contents</b></u>	<u><b>Page</b></u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	<b>S3-S6</b>
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City’s most significant local revenue source, the municipal income tax.	<b>S7-S11</b>
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	<b>S12-S18</b>
<b>Economic and Demographic Information</b>	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	<b>S19-S21</b>
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	<b>S22-S23</b>
<b>Schedule of Statistics – General Fund</b>	<b>S24</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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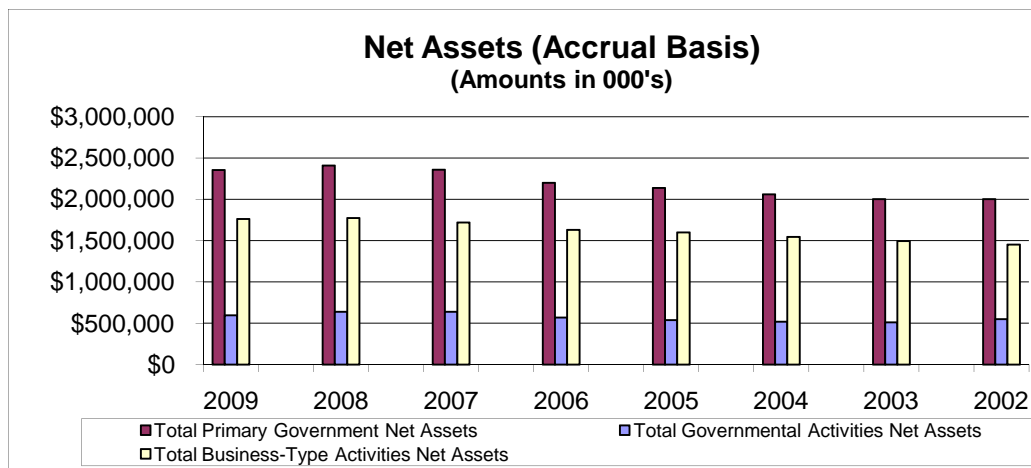
**City of Cleveland, Ohio**  
*Net Assets By Component*  
*Last Eight Years*  
*(Accrual Basis of Accounting)*  
*(Amounts in 000's)*

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$561,586	\$555,076	\$484,758	\$412,430
Restricted	166,280	179,318	214,811	211,361
Unrestricted	<u>(134,033)</u>	<u>(95,968)</u>	<u>(59,630)</u>	<u>(56,318)</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$593,833</u>	<u>\$638,426</u>	<u>\$639,939</u>	<u>\$567,473</u>
<b>Business-Type Activities</b>				
Invested in capital assets, net of related debt	\$1,016,182	\$985,556	\$957,587	\$886,978
Restricted	275,907	272,613	252,514	247,802
Unrestricted	<u>469,010</u>	<u>512,876</u>	<u>506,745</u>	<u>496,624</u>
<i>Total Business-Type Activities Net Assets</i>	<u>\$1,761,099</u>	<u>\$1,771,045</u>	<u>\$1,716,846</u>	<u>\$1,631,404</u>
<b>Primary Government</b>				
Invested in capital assets, net of related debt	\$1,577,768	\$1,540,632	\$1,442,345	\$1,299,408
Restricted	442,187	451,931	467,325	459,163
Unrestricted	<u>334,977</u>	<u>416,908</u>	<u>447,115</u>	<u>440,306</u>
<i>Total Primary Government Net Assets</i>	<u>\$2,354,932</u>	<u>\$2,409,471</u>	<u>\$2,356,785</u>	<u>\$2,198,877</u>

**Note:**

Data not available prior to fiscal 2002 implementation of Governmental Accounting Standard Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

2005	2004	2003	2002
\$395,600	\$371,601	\$365,946	\$373,702
193,529	199,038	193,872	185,761
(52,676)	(53,281)	(50,673)	(11,246)
<u>\$536,453</u>	<u>\$517,358</u>	<u>\$509,145</u>	<u>\$548,217</u>
\$838,164	\$780,436	\$706,207	\$677,907
287,039	285,256	298,663	291,732
474,875	478,229	489,211	481,714
<u>\$1,600,078</u>	<u>\$1,543,921</u>	<u>\$1,494,081</u>	<u>\$1,451,353</u>
\$1,233,764	\$1,152,037	\$1,072,153	\$1,051,609
480,568	484,294	492,535	477,493
422,199	424,948	438,538	470,468
<u>\$2,136,531</u>	<u>\$2,061,279</u>	<u>\$2,003,226</u>	<u>\$1,999,570</u>



**City of Cleveland, Ohio**  
*Changes in Net Assets*  
*Last Eight Years*  
*(Accrual Basis of Accounting)*  
*(Amounts in 000's)*

	2009	2008	2007	2006	2005
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
Charges for Services:					
General Government	\$34,937	\$36,824	\$30,470	\$32,311	\$22,174
Public Service	5,517	5,517	4,490	5,158	6,208
Public Safety	18,296	21,709	21,087	12,773	15,953
Community Development		5,440	1,203	2	
Building and Housing	13,402	12,323	10,528	10,701	10,871
Public Health	3,187	2,893	2,979	2,898	2,918
Parks, Recreation and Properties	1,129	1,351	1,160	746	913
Economic Development	759	1,057	471	4,496	46
Subtotal - Charges for Services	<u>77,227</u>	<u>87,114</u>	<u>72,388</u>	<u>69,085</u>	<u>59,083</u>
Operating Grants and Contributions:					
General Government	1,121	1,789	1,994	1,508	1,876
Public Service	13,469	14,317	14,459	14,230	14,234
Public Safety	13,192	7,448	5,789	9,364	9,153
Human Resources					
Community Development	41,490	42,129	50,344	56,882	51,848
Building and Housing	11,857	1,106	3,353	3,407	
Public Health	15,048	12,786	14,079	13,838	10,963
Parks, Recreation and Properties	14,404	16,417	16,123	16,232	354
Economic Development	23,984	33,121	21,077	40,397	42,164
Subtotal - Operating Grants and Contributions	<u>134,565</u>	<u>129,113</u>	<u>127,218</u>	<u>155,858</u>	<u>130,592</u>
Capital Grants and Contributions:					
General Government		3,057	5,380	23,839	26,899
Public Service	11,680	13,094	75,871		
Community Development			1,315		
Parks, Recreation and Properties					89
Subtotal - Capital Grants and Contributions	<u>11,680</u>	<u>16,151</u>	<u>82,566</u>	<u>23,839</u>	<u>26,988</u>
<i>Total Governmental Activities Program Revenues</i>	<u>223,472</u>	<u>232,378</u>	<u>282,172</u>	<u>248,782</u>	<u>216,663</u>
<b>Business-Type Activities:</b>					
Charges for Services:					
Water	228,235	242,872	242,014	209,694	222,635
Electricity	155,865	158,237	155,559	146,293	150,263
Airport facilities	98,143	111,402	105,887	105,711	111,087
Nonmajor activities	43,110	41,950	40,614	33,821	33,843
Subtotal - Business-Type Activities	<u>525,353</u>	<u>554,461</u>	<u>544,074</u>	<u>495,519</u>	<u>517,828</u>
Operating Grants and Contributions:					
Water	4,917	8,384	11,033	8,242	
Electricity	169	2,118	2,589	1,796	
Airport facilities	1,232	3,809	3,718	2,944	7,726
Nonmajor activities	3,857	5,557	6,399	1,616	100
Subtotal - Operating Grants and Contributions	<u>10,175</u>	<u>19,868</u>	<u>23,739</u>	<u>14,598</u>	<u>7,826</u>
Capital Grants and Contributions:					
Water	1,677	3,460	7,906	6,817	12,408
Electricity		2,803	1,485	1,135	2,285
Airport facilities	44,219	54,646	73,358	53,280	40,975
Nonmajor activities	5,429	3,155	2,591	6,201	5,505
Subtotal - Capital Grants and Contributions	<u>51,325</u>	<u>64,064</u>	<u>85,340</u>	<u>67,433</u>	<u>61,173</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>586,853</u>	<u>638,393</u>	<u>653,153</u>	<u>577,550</u>	<u>586,827</u>
<i>Total Primary Government Program Revenues</i>	<u>\$810,325</u>	<u>\$870,771</u>	<u>\$935,325</u>	<u>\$826,332</u>	<u>\$803,490</u>

2004	2003	2002
\$22,143	\$32,878	\$26,784
5,030	4,802	4,259
16,046	18,822	11,273
		7,081
11,948	9,673	
2,262	2,861	2,504
692	1,228	896
118	2,269	107
<u>58,239</u>	<u>72,533</u>	<u>52,904</u>
1,865	2,588	1,060
13,798	12,873	14,832
7,561	9,677	7,718
		21,545
59,734	63,295	75,083
8,778	7,357	8,323
2,427	343	222
30,704	30,551	20,629
<u>124,867</u>	<u>126,684</u>	<u>149,412</u>
14,745	13,203	9,369
		2
125	66	543
<u>14,870</u>	<u>13,269</u>	<u>9,914</u>
<u>197,976</u>	<u>212,486</u>	<u>212,230</u>
209,622	203,748	215,709
141,143	139,660	141,690
110,882	89,958	86,277
35,079	33,628	33,201
<u>496,726</u>	<u>466,994</u>	<u>476,877</u>
		10,465
		1,034
		4,200
48	790	76
<u>48</u>	<u>790</u>	<u>15,775</u>
5,448	6,687	241
1,079	1,585	8,633
50,377	51,211	51,990
4,698	7,317	4,891
<u>61,602</u>	<u>66,800</u>	<u>65,755</u>
<u>558,376</u>	<u>534,584</u>	<u>558,407</u>
<u>\$756,352</u>	<u>\$747,070</u>	<u>\$770,637</u>

(Continued)

**City of Cleveland, Ohio**  
*Changes in Net Assets*  
*Last Eight Years*  
*(Amounts in 000's)*

	2009	2008	2007	2006	2005
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General Government	\$90,311	\$101,878	\$99,311	\$99,187	\$97,544
Public Service	85,947	87,154	86,435	81,248	80,888
Public Safety	329,765	329,922	322,840	301,208	293,242
Human Resources					
Community Development	59,204	44,550	54,425	62,701	56,413
Building and Housing	20,925	15,831	13,999	13,832	10,650
Public Health	22,999	20,351	21,412	27,674	24,950
Parks, Recreation and Properties	58,799	61,628	54,332	45,546	44,840
Economic Development	38,083	53,944	39,168	44,739	41,030
Interest on debt	30,448	32,896	27,763	32,162	27,557
<i>Total Governmental Activities Expenses</i>	<u>736,481</u>	<u>748,154</u>	<u>719,685</u>	<u>708,297</u>	<u>677,114</u>
<b>Business-Type Activities</b>					
Water	224,269	213,335	205,470	204,994	192,187
Electricity	158,100	154,426	148,832	141,546	153,676
Airport facilities	168,734	172,274	167,967	157,976	146,807
Nonmajor activities	46,546	44,507	45,762	42,112	41,526
<i>Total Business-Type Activities Expenses</i>	<u>597,649</u>	<u>584,542</u>	<u>568,031</u>	<u>546,628</u>	<u>534,196</u>
<i>Total Primary Government Program Expenses</i>	<u>1,334,130</u>	<u>1,332,696</u>	<u>1,287,716</u>	<u>1,254,925</u>	<u>1,211,310</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(513,009)	(515,776)	(437,513)	(459,515)	(460,451)
Business-Type Activities	(10,796)	53,851	85,122	30,922	52,631
<i>Total Primary Government Net Expense</i>	<u>(523,805)</u>	<u>(461,925)</u>	<u>(352,391)</u>	<u>(428,593)</u>	<u>(407,820)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental Activities</b>					
Taxes:					
Income taxes	296,507	329,316	317,268	302,084	288,191
Property taxes	63,573	65,398	69,313	66,762	64,390
Other taxes	25,053	25,918	28,567	26,492	25,051
Shared revenues	28,741	28,587	23,805	16,949	22,468
Grants and contributions not restricted to specific programs					1
State and local government funds	43,420	52,450	51,164	55,905	55,696
Unrestricted investment earnings	1,740	3,344	5,670	4,273	2,989
Other	10,207	9,556	14,482	18,460	21,135
Transfers	(825)	(306)	(290)	(390)	(375)
<i>Total Governmental Activities</i>	<u>468,416</u>	<u>514,263</u>	<u>509,979</u>	<u>490,535</u>	<u>479,546</u>
<b>Business-Type Activities</b>					
Unrestricted investment earnings	25	42	30	14	2,205
Other					946
Transfers	825	306	290	390	375
<i>Total Business-Type Activities Expenses</i>	<u>850</u>	<u>348</u>	<u>320</u>	<u>404</u>	<u>3,526</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>469,266</u>	<u>514,611</u>	<u>510,299</u>	<u>490,939</u>	<u>483,072</u>
<b>Change in Net Assets</b>					
Governmental Activities	(44,593)	(1,513)	72,466	31,020	19,095
Business-Type Activities	(9,946)	54,199	85,442	31,326	56,157
<i>Total Primary Government Change in Net Assets</i>	<u>(\$54,539)</u>	<u>\$52,686</u>	<u>\$157,908</u>	<u>\$62,346</u>	<u>\$75,252</u>

**Note:**

Data not available prior to fiscal 2002 implementation of Governmental Accounting Standard Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Program revenues and expenses previously reported as "Other" program revenues and expenses in Governmental activities on the Statement of Activities are now classified as General Government program revenues and expenses as appropriate.

Business-type activities on the Government-wide Statement of Activities summarizes other Enterprise Funds as Nonmajor activities. These include Water Pollution Control, Convention Center, West Side Market, East Side Market, Municipal Parking Lots, Cemeteries and Golf Courses.

2004	2003	2002
\$88,587	\$96,757	\$94,329
78,634	80,698	76,100
281,140	315,811	305,289
		21,545
65,603	62,543	87,478
10,703	12,932	
22,537	22,750	22,137
42,734	47,725	45,365
49,372	38,850	28,468
30,815	29,065	28,535
<u>670,125</u>	<u>707,131</u>	<u>709,246</u>
188,118	173,179	170,009
136,927	134,120	133,182
145,749	143,147	131,683
41,333	42,606	42,091
<u>512,127</u>	<u>493,052</u>	<u>476,965</u>
<u>1,182,252</u>	<u>1,200,183</u>	<u>1,186,211</u>
(472,149)	(494,645)	(497,016)
46,249	41,532	81,442
<u>(425,900)</u>	<u>(453,113)</u>	<u>(415,574)</u>
293,387	277,086	275,321
69,483	63,498	74,229
22,011	23,266	25,720
20,470	20,799	7,707
94	101	2,501
57,072	56,792	54,809
1,273	1,443	1,207
18,855	8,855	22,874
(2,283)	3,733	(502)
<u>480,362</u>	<u>455,573</u>	<u>463,866</u>
1,215	717	2,136
93	4,212	1,194
2,283	(3,733)	502
<u>3,591</u>	<u>1,196</u>	<u>3,832</u>
<u>483,953</u>	<u>456,769</u>	<u>467,698</u>
8,213	(39,072)	(33,150)
49,840	42,728	85,274
<u>\$58,053</u>	<u>\$3,656</u>	<u>\$52,124</u>

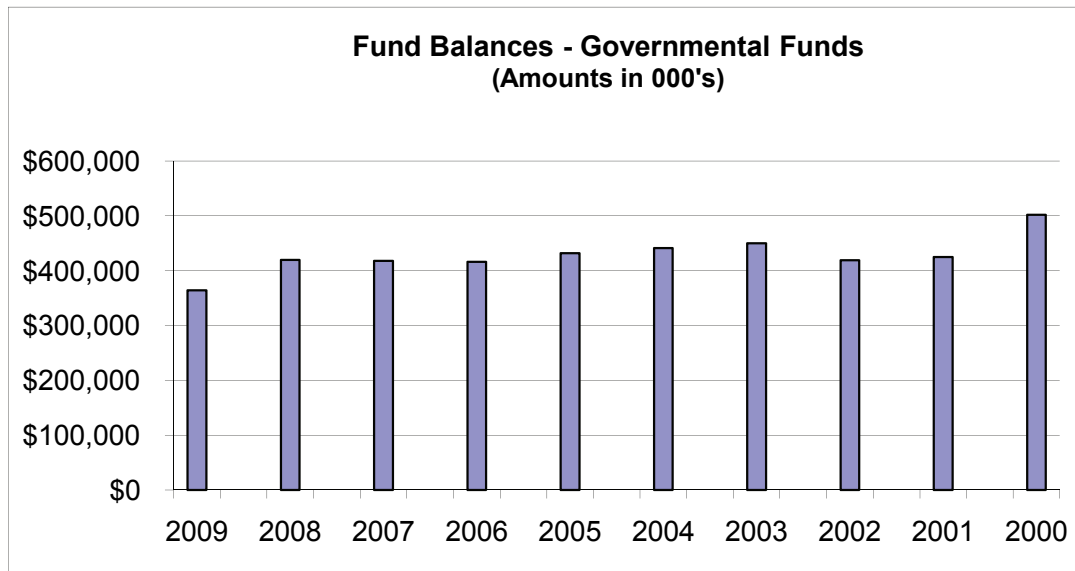
(Concluded)

**City of Cleveland, Ohio**  
*Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*  
*(Amounts in 000's)*

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>General Fund</b>				
Reserved	\$15,513	\$14,689	\$14,455	\$13,029
Unreserved	<u>(9,648)</u>	<u>16,856</u>	<u>17,399</u>	<u>22,502</u>
Total General Fund	<u>5,865</u>	<u>31,545</u>	<u>31,854</u>	<u>35,531</u>
<b>All Other Governmental Funds</b>				
Reserved	263,059	272,039	277,669	278,984
Unreserved reported in:				
Special Revenue funds	45,781	72,421	77,223	77,287
Capital Projects funds	<u>49,556</u>	<u>43,438</u>	<u>31,136</u>	<u>24,458</u>
Total All Other Governmental Funds	<u>358,396</u>	<u>387,898</u>	<u>386,028</u>	<u>380,729</u>
<b>Total Governmental Funds</b>	<u><u>\$364,261</u></u>	<u><u>\$419,443</u></u>	<u><u>\$417,882</u></u>	<u><u>\$416,260</u></u>



2005	2004	2003	2002	2001	2000
\$11,520	\$13,258	\$9,719	\$17,800	\$31,519	\$17,936
24,693	21,376	14,932	32,037	7,731	39,523
36,213	34,634	24,651	49,837	39,250	57,459
280,042	272,122	276,518	258,546	344,350	329,372
65,786	89,325	88,251	53,221	37,215	87,535
49,750	45,522	60,462	57,375	4,225	27,635
395,578	406,969	425,231	369,142	385,790	444,542
<u>\$431,791</u>	<u>\$441,603</u>	<u>\$449,882</u>	<u>\$418,979</u>	<u>\$425,040</u>	<u>\$502,001</u>



**City of Cleveland, Ohio**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*  
*(Amounts in 000's)*

	2009	2008	2007	2006
<b>Revenues</b>				
Income taxes	\$298,546	\$326,464	\$311,784	\$303,446
Property taxes	63,754	65,258	69,254	66,787
State and local government funds	45,590	52,269	53,506	55,908
Other shared revenues	81,440	81,200	80,789	73,810
Licenses and permits	17,061	15,047	13,802	14,520
Charges for services	22,136	26,000	24,388	20,973
Fines, forfeits and settlements	32,321	34,763	31,246	27,877
Investment earnings	2,691	8,871	16,875	13,809
Grants	112,024	94,769	167,125	137,278
Contributions	659	549	549	3,113
Miscellaneous	25,811	27,649	18,581	18,683
<i>Total Revenues</i>	<u>702,033</u>	<u>732,839</u>	<u>787,899</u>	<u>736,204</u>
<b>Expenditures</b>				
Current:				
General Government	90,074	91,664	84,578	74,905
Public Service	58,229	60,105	60,700	58,739
Public Safety	319,334	318,339	311,606	293,093
Human Resources				
Community Development	58,101	43,677	53,668	62,031
Building and Housing	20,841	15,691	13,892	13,668
Public Health	22,460	19,724	21,014	26,903
Parks, Recreation and Properties	39,598	42,593	40,494	37,817
Economic Development	36,849	51,921	33,787	44,632
Other	10,446	10,627	9,206	9,256
Capital outlay	66,720	60,513	120,680	65,216
Inception of capital lease			3,933	3,302
Debt issuance cost				
Interest expense				
Debt service:				
Principal retirement	53,048	51,566	44,258	37,648
Interest	32,942	34,318	30,075	31,462
General Government	477	5,394		
Other	475	1,868	2,438	662
<i>Total Expenditures</i>	<u>809,594</u>	<u>808,000</u>	<u>830,329</u>	<u>759,334</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(107,561)</u>	<u>(75,161)</u>	<u>(42,430)</u>	<u>(23,130)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	53,414	57,550	61,064	41,853
Transfers out	(54,525)	(58,243)	(61,894)	(42,665)
Issuance of debt	44,580			
Issuance of refunding bonds	13,820			
Proceeds from sale of debt		266,160		
Premium on bonds and notes	2,289	4,042	3,730	
Discount on bonds and notes		(386)	(18)	
Payment to refund bonds and notes	(13,767)	(192,675)	(140,457)	
Proceeds from sale of general obligation bonds and notes			181,420	
Sale of development bonds				
Loan proceeds				
Sale of City assets	6,568	274	207	8,411
Proceeds from capital lease				
Inception of capital lease				
Premium on interest rate swap agreement				
<i>Total Other Financing Sources (Uses)</i>	<u>52,379</u>	<u>76,722</u>	<u>44,052</u>	<u>7,599</u>
<i>Net Change in Fund Balances</i>	<u>(\$55,182)</u>	<u>\$1,561</u>	<u>\$1,622</u>	<u>(\$15,531)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.7%	12.2%	10.8%	10.1%

2005	2004	2003	2002	2001	2000
\$292,193	\$294,200	\$278,719	\$279,186	\$277,687	\$291,514
66,055	67,999	63,353	72,683	71,610	66,642
55,899	55,808	55,462	56,436	59,252	6,015
59,576	57,213	55,030	44,664	43,341	43,626
14,806	16,033	13,727	10,656	8,967	9,255
23,182	18,707	21,345	21,672	18,798	18,370
19,985	19,611	25,689	24,946	13,096	20,990
8,774	3,758	3,634	4,762	10,425	14,327
126,139	118,228	120,379	139,953	106,965	83,334
3,650	6,131	101	2,500		84
14,394	21,462	17,013	19,099	54,249	54,495
<u>684,653</u>	<u>679,150</u>	<u>654,452</u>	<u>676,557</u>	<u>664,390</u>	<u>608,652</u>
71,107	71,291	74,128	71,551	74,752	69,397
60,049	56,044	56,761	55,939	50,209	63,698
282,684	272,752	302,707	283,172	273,951	279,540
				13,425	8,471
55,688	65,034	61,227	21,545	82,194	53,125
10,472	10,497	11,935	86,641		
24,121	21,862	21,870	21,176	19,796	21,852
35,503	32,934	37,829	36,088	39,951	39,941
40,446	46,966	33,728	27,245	41,466	16,071
11,212	11,510	14,197	12,973	16,373	19,425
84,438	82,780	64,738	63,171	74,329	51,586
4,130	9,271				
		818			
		228			
39,384	40,865	32,949	62,347	31,463	30,646
29,822	32,002	27,400	26,748	28,312	28,825
<u>2,338</u>	<u>1,778</u>	<u>719</u>	<u>922</u>		
<u>751,394</u>	<u>755,586</u>	<u>741,234</u>	<u>769,518</u>	<u>746,221</u>	<u>682,577</u>
<u>(66,741)</u>	<u>(76,436)</u>	<u>(86,782)</u>	<u>(92,961)</u>	<u>(81,831)</u>	<u>(73,925)</u>
43,245	47,256	59,368	96,056	69,156	57,049
(43,697)	(50,271)	(59,773)	(100,365)	(68,346)	(57,823)
			(740)		
121,395	35,115				
13,306	1,504	7,585			
(54)	(200)	3,156	2,648		
(94,145)					
	16,760	64,100	76,675	4,060	26,335
		32,315			
	11,365				
8,454					
8,425	6,628	6,254			
		(419)			
		5,100			
<u>56,929</u>	<u>68,157</u>	<u>117,686</u>	<u>74,274</u>	<u>4,870</u>	<u>25,561</u>
<u>(\$9,812)</u>	<u>(\$8,279)</u>	<u>\$30,904</u>	<u>(\$18,687)</u>	<u>(\$76,961)</u>	<u>(\$48,364)</u>
10.7%	11.1%	9.0%	12.7%	9.1%	9.6%

**City of Cleveland, Ohio**  
*Assessed Valuation and Estimated Actual Values of Taxable Property*  
*Last Ten Years*  
*(Amounts in 000's)*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2009	\$3,062,170	\$2,434,549	\$15,704,911	\$220,820	\$250,932
2008	3,041,791	2,438,801	15,658,834	210,970	239,739
2007	3,056,587	2,532,466	15,968,723	316,899	360,113
2006	2,662,461	2,285,525	14,137,103	314,385	357,256
2005	2,665,935	2,319,194	14,243,226	350,690	398,511
2004	2,666,178	2,232,575	13,996,437	355,889	404,419
2003	2,348,384	2,244,238	13,121,777	358,143	406,981
2002	2,354,757	2,318,510	13,352,191	377,364	428,823
2001	2,362,425	2,255,914	13,195,254	451,775	513,381
2000	2,015,095	2,085,641	11,716,388	444,315	504,903

The assessed valuation level for real property in Cuyahoga County is 35% of appraised market value, except for certain agricultural land and public utility property.

Beginning in 2003, the assessed valuation of personal property constituting "inventory" was reduced from 25% of true value to 23%, in 2006 it was further reduced to 18.75%, in 2007 to 12.50%, and in 2008 to 6.25%. The percentage decreased to 0% in 2009.

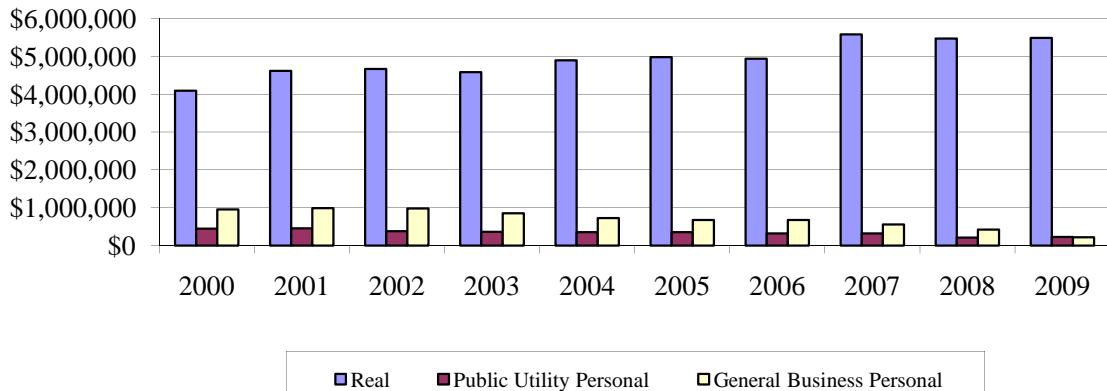
Electric deregulation took place January 1, 2001. Under prior law, an electric company's taxable production equipment was assessed at 100% of true value, while all of its other taxable property was assessed at 88% of true value. Effective in 2002, the valuation on electric utility production equipment was reduced from 100% to 25% of true value, with makeup payments in varying amounts to be made through 2016 to taxing subdivisions by the State of Ohio from State resources. All taxable property remained at 88% true value.

Source: Cuyahoga County Auditor's Office.

**Tangible Personal Property**

General Business		Total		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio
\$219,920	\$3,518,720	\$5,937,459	\$19,474,563	30.5 %
422,770	6,764,320	6,114,332	22,662,893	27.0
551,296	4,410,368	6,457,248	20,739,204	31.1
677,333	3,612,443	5,939,704	18,106,802	32.8
671,795	2,920,848	6,007,614	17,562,585	34.2
722,499	3,141,300	5,977,141	17,542,156	34.1
853,282	3,709,922	5,804,047	17,238,680	33.7
980,928	3,923,712	6,031,559	17,704,726	34.1
988,532	3,954,128	6,058,646	17,662,763	34.3
952,829	3,811,316	5,497,880	16,032,607	34.3

**Assessed Value of Taxable Property**  
(Amounts in 000's)



**City of Cleveland, Ohio**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(Per \$1,000 of Assessed Valuation)*  
*Last Ten Years*

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Unvoted Millage</b>				
Debt	4.350000	4.350000	4.350000	4.350000
Fire Pension	<u>0.050000</u>	<u>0.050000</u>	<u>0.050000</u>	<u>0.050000</u>
<i>Total Unvoted Millage</i>	<u>4.400000</u>	<u>4.400000</u>	<u>4.400000</u>	<u>4.400000</u>
<b>Charter Millage</b>				
Operating	7.750000	7.750000	7.750000	7.750000
Fire Pension	0.250000	0.250000	0.250000	0.250000
Police Pension	<u>0.300000</u>	<u>0.300000</u>	<u>0.300000</u>	<u>0.300000</u>
<i>Total Charter Millage</i>	<u>8.300000</u>	<u>8.300000</u>	<u>8.300000</u>	<u>8.300000</u>
<b>Total Millage</b>	<u><u>12.700000</u></u>	<u><u>12.700000</u></u>	<u><u>12.700000</u></u>	<u><u>12.700000</u></u>

**Overlapping Rates by Taxing District**

City School District				
Residential/Agricultural Real	31.460074	29.076676	29.050497	29.002818
Commercial/Industrial and Public Utility Real	44.661412	44.661009	44.592555	44.858685
General Business and Public Utility Personal	64.800000	64.800000	64.800000	64.800000
County				
Residential/Agricultural Real	13.178886	12.660733	11.868868	11.865485
Commercial/Industrial and Public Utility Real	12.845700	12.815297	12.453559	12.494099
General Business and Public Utility Personal	13.320000	13.320000	13.420000	13.420000
Special Taxing Districts (1)				
Residential/Agricultural Real	10.723710	10.330071	9.059500	9.045800
Commercial/Industrial and Public Utility Real	10.859248	10.838537	10.191700	10.252900
General Business and Public Utility Personal	11.580000	11.580000	11.580000	11.580000

**Note:**

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents. Charter millage is consistently applied to all types of property. The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue. Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) Cleveland Metropolitan Parks District, Cleveland-Cuyahoga County Port Authority, Cleveland Public Library and Cuyahoga Community College. Prior to 2003, Cleveland Metropolitan Parks District and Cleveland Public Library only.

Source: Cuyahoga County Auditor's Office.

2005	2004	2003	2002	2001	2000
4.350000	4.350000	4.350000	4.350000	4.350000	4.350000
0.050000	0.050000	0.050000	0.050000	0.050000	0.050000
4.400000	4.400000	4.400000	4.400000	4.400000	4.400000
7.750000	7.750000	7.750000	7.750000	7.750000	7.750000
0.250000	0.250000	0.250000	0.250000	0.250000	0.250000
0.300000	0.300000	0.300000	0.300000	0.300000	0.300000
8.300000	8.300000	8.300000	8.300000	8.300000	8.300000
12.700000	12.700000	12.700000	12.700000	12.700000	12.700000

31.588821	31.586780	31.559197	34.359166	34.356020	30.160715
48.826505	48.636211	48.764909	48.821444	48.257023	43.006176
64.800000	64.800000	64.800000	64.800000	64.800000	60.600000

11.722742	10.975355	10.989859	12.460892	11.381449	11.396642
12.588063	11.984633	12.043316	12.876350	12.002276	11.929733
13.520000	13.520000	13.520000	14.650000	14.650000	14.650000

9.853500	9.851200	9.168300	4.306000	4.307000	4.311600
11.084900	11.011300	10.525300	4.886300	4.822800	4.716700
11.580000	11.580000	11.280000	5.550000	5.550000	5.550000

**City of Cleveland, Ohio**  
*Property Tax Levies and Collections*  
*Last Ten Years*

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2009	\$107,873,764	\$63,707,028	59.06 %	\$5,351,909	\$69,058,937
2008	107,071,494	66,210,703	61.84	6,416,603	72,627,306
2007	108,161,761	68,823,516	63.63	5,675,616	74,499,132
2006	100,453,000	65,617,000	65.32	5,524,000	71,141,000
2005	100,842,630	67,759,024	67.19	5,428,007	73,187,031
2004	102,396,067	67,571,431	65.99	7,055,068	74,626,499
2003	95,920,068	65,058,362	67.83	5,052,595	70,110,957
2002	96,449,699	64,376,023	66.75	6,680,368	71,056,391
2001	93,753,498	66,447,200	70.87	4,253,228	70,700,428
2000	84,432,235	62,471,564	73.99	4,214,775	66,686,339

**Note:**

The County does not identify delinquent collections by the year for which the tax was levied.

(1) State reimbursement of rollback and homestead exemptions are included.

Source: Cuyahoga County Auditor's Office.



Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
64.02 %	\$36,999,445	34.30 %
67.83	31,984,896	29.87
68.88	22,770,570	21.05
70.82	21,063,000	20.97
72.58	26,330,702	26.11
72.88	24,928,208	24.34
73.09	25,151,032	26.22
73.67	21,966,674	22.78
75.41	21,498,001	22.93
78.98	16,484,006	19.52

**City of Cleveland, Ohio**  
*Principal Taxpayers - Real Estate Tax (1)*  
2009 and 2000

<u>2009</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
Cleveland Clinic Foundation	\$231,940,760	4.22 %
Cleveland Electric Illuminating Co.	161,793,280	2.94
City of Cleveland, Ohio	108,575,090	1.98
Key Center Properties LLC	83,619,320	1.52
Cleveland Financial Associates	46,967,070	0.85
East Ohio Gas	41,294,010	0.75
National City Center LLC	36,419,500	0.66
Hub North Point Properties	33,309,480	0.61
ISG Cleveland Inc.	26,790,930	0.49
Optima One Cleveland	25,857,270	0.47
<b>Total</b>	<b>\$796,566,710</b>	<b>14.49 %</b>
<b>Total Assessed Valuation</b>	<b>\$5,496,718,640</b>	

<u>2000</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1&amp;2)</u>	<u>Percentage of Real Assessed Valuation</u>
City of Cleveland, Ohio	\$80,962,360	2.10 %
ZML-Cleve Public Sq LLC	56,306,250	1.46
Lakeside Associates	35,350,000	0.92
LTV Steel Company, Incorporated	32,400,450	0.84
BRE.City Center LLC	31,819,000	0.83
600 Superior Place Partnership	24,850,000	0.65
Federal Reserve Bank of Cleveland	23,721,670	0.62
Erievew Joint Venture	22,925,000	0.60
PHS Mt. Sinai, Incorporated	21,294,000	0.55
Tower City	17,406,860	0.45
<b>Total</b>	<b>\$347,035,590</b>	<b>9.02 %</b>
<b>Total Assessed Valuation</b>	<b>\$3,847,401,220</b>	

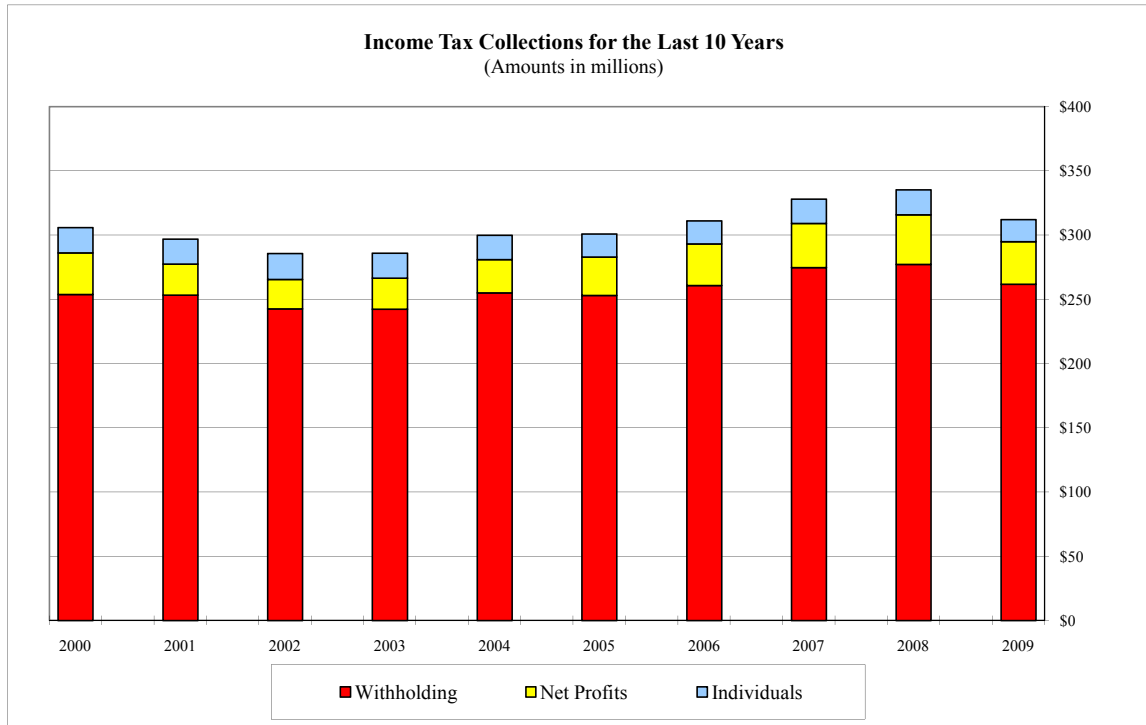
(1) The amounts presented represent the assessed values upon which 2009 and 2000 collections were based.

(2) Includes Public Utilities Real Property.

Source: Cuyahoga County Auditor's Office.

**City of Cleveland, Ohio**  
*Income Tax Revenue Base and Collections*  
*Last Ten Years*

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2009	2.00%	\$312,129,641	\$261,878,357	83.90%	\$33,065,140	10.59%	\$17,186,144	5.51%
2008	2.00	335,310,894	277,203,932	82.67	38,709,596	11.54	19,397,366	5.78
2007	2.00	328,167,945	274,733,506	83.72	34,314,408	10.46	19,120,031	5.83
2006	2.00	311,254,815	260,697,679	83.76	32,469,591	10.43	18,087,545	5.81
2005	2.00	300,836,796	253,082,844	84.13	29,796,387	9.90	17,957,565	5.97
2004	2.00	300,041,379	255,039,437	85.00	25,919,958	8.64	19,081,984	6.36
2003	2.00	285,904,337	242,321,319	84.76	24,334,618	8.51	19,248,400	6.73
2002	2.00	285,825,834	242,681,101	84.91	22,938,922	8.03	20,205,811	7.07
2001	2.00	296,875,935	253,237,238	85.30	24,313,604	8.19	19,325,093	6.51
2000	2.00	305,917,114	253,730,942	82.94	32,600,247	10.66	19,585,925	6.40



**Note:**  
 The City is prohibited by statute from presenting information regarding individual taxpayers.

(1) Gross collections.

Source: Central Collection Agency.

**City of Cleveland, Ohio**  
*Ratio of Outstanding Debt to  
Total Personal Income and Debt Per Capita  
Last Ten Years*

Governmental Activities							
Year	General Obligation Bonds	Urban Renewal Bonds/Notes	Non-Tax Revenue Bonds/Notes	Capital Leases	Subordinated Income Tax Refunding Bonds	Certificates of Participation	Subordinate Lien Income Tax Bonds (1)
2009	\$326,230,000	\$5,860,000	\$64,956,000	\$5,320,000	\$58,460,000	\$119,016,000	\$57,630,000
2008	313,630,000	6,325,000	67,617,000	8,604,000	59,960,000	129,949,000	59,560,000
2007	336,990,000	6,760,000	68,091,000	11,786,000	58,900,000	140,714,000	
2006	323,795,000	7,170,000	69,353,000	15,057,000	60,700,000	143,950,000	
2005	353,325,000	7,555,000	70,085,000	18,083,000	62,400,000	146,225,000	
2004	346,700,000	12,215,000	70,715,000	11,750,000	64,000,000	148,485,000	
2003	356,900,000	12,555,000	45,600,000	6,254,000	65,500,000	150,550,000	
2002	319,085,000	8,575,000	10,000,000	238,000	66,900,000	155,494,000	
2001	293,380,000	13,075,000	10,000,000	812,000	68,200,000	161,071,000	
2000	316,950,000	9,160,000	10,000,000	1,350,000	69,500,000	167,379,000	

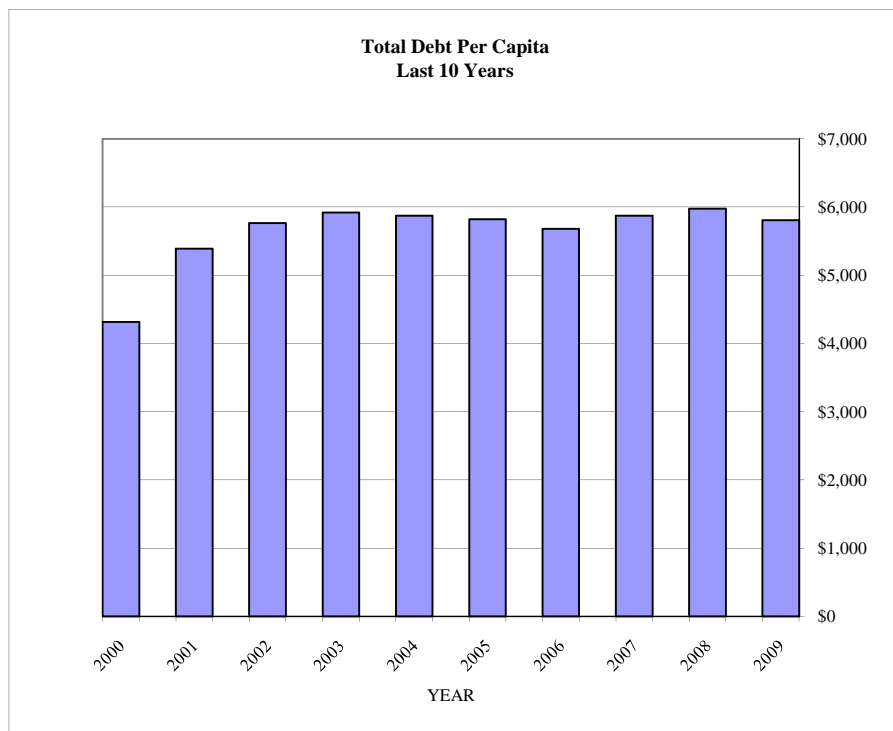
**Note:**

Population and Personal Income data are presented on page S20.

(1) Subordinate Lien Income Tax Bonds were issued in 2008.

Business-Type Activities

Revenue Bonds	OWDA/ OPWC Loans	Total Debt	Percentage of Personal Income	Per Capita
\$2,032,178,000	\$107,654,000	\$2,777,304,000	40.62%	\$5,805
2,100,768,000	112,275,000	2,858,688,000	41.81	5,975
2,075,755,000	110,070,000	2,809,066,000	41.09	5,872
1,995,045,000	103,415,000	2,718,485,000	39.76	5,682
2,049,820,000	78,498,000	2,785,991,000	40.75	5,824
2,102,986,000	52,616,000	2,809,467,000	41.09	5,873
2,160,842,000	33,045,000	2,831,246,000	41.41	5,918
2,181,898,000	16,746,000	2,758,936,000	40.35	5,767
2,018,731,000	13,117,000	2,578,386,000	37.71	5,390
1,482,976,000	7,412,000	2,064,727,000	30.20	4,316



**City of Cleveland, Ohio**  
*Ratio of General Obligation Bonded Debt to Assessed  
Value and Bonded Debt Per Capita  
Last Ten Years*

Year	Population (1)	Estimated Actual Value of Taxable Property (2) (Amount in 000's)	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2009	478,403 (a)	\$5,937,459	\$323,631,000	5.45 %	\$676.48
2008	478,403 (a)	6,114,332	311,134,000	5.09	650.36
2007	478,403 (a)	6,457,248	333,823,000	5.17	697.79
2006	478,403 (a)	5,939,704	320,265,000	5.39	669.45
2005	478,403 (a)	6,007,614	348,004,000	5.79	727.43
2004	478,403 (a)	5,977,141	339,209,000	5.68	709.04
2003	478,403 (a)	5,804,047	352,569,000	6.07	736.97
2002	478,403 (a)	6,031,559	316,220,000	5.24	660.99
2001	478,403 (a)	6,058,646	292,608,000	4.83	611.63
2000	478,403 (a)	5,497,880	310,370,000	5.65	648.76

**Note:**

Net Bonded Debt includes all general obligation bonded debt less balance in debt service fund.

Sources:

(1) U. S. Bureau of Census, Census of Population:

(a) 2000 Federal Census

(2) Cuyahoga County Auditor's Office.

**City of Cleveland, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
 December 31, 2009

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Direct - City of Cleveland</b>			
General Obligation Bonds	\$326,230,000	100.00 %	\$326,230,000
Revenue Notes/Bonds	2,032,178,000	100.00	2,032,178,000
OWDA/OPWC Loans	107,654,000	100.00	107,654,000
Capital Leases	5,320,000	100.00	5,320,000
Urban Renewal Bonds/Notes	5,860,000	100.00	5,860,000
Subordinated Income Tax Refunding Bonds	58,460,000	100.00	58,460,000
Subordinate Lien Income Tax Bonds	57,630,000	100.00	57,630,000
Non-tax Revenue Bonds	64,956,000	100.00	64,956,000
<i>Total Direct Debt</i>	<u>2,658,288,000</u>		<u>2,658,288,000</u>
<b>Overlapping</b>			
Cleveland Municipal School District			
General Obligation Bonds	197,470,000	96.95	191,447,165
Cuyahoga County			
General Obligation Bonds	336,472,572	18.62	62,651,193
Regional			
Transit Authority	163,025,000	18.62	30,355,255
<i>Total Overlapping Debt</i>	<u>696,967,572</u>		<u>284,453,613</u>
<b>Total</b>	<u><u>\$3,355,255,572</u></u>		<u><u>\$2,942,741,613</u></u>

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

Source: Cuyahoga County Auditor's Office.

**City of Cleveland, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	2009	2008	2007	2006
Total Assessed Property Value	<u>\$5,937,458,591</u>	<u>\$6,114,332,281</u>	<u>\$6,457,247,750</u>	<u>\$5,939,704,867</u>
Overall Legal Debt Limit (10½% of Assessed Valuation)	<u>623,433,152</u>	<u>642,004,890</u>	<u>678,011,014</u>	<u>623,669,011</u>
Debt Outstanding:				
General Obligation Bonds	326,230,000	313,630,000	336,990,000	323,795,000
Revenue Notes/Bonds	2,032,178,000	2,100,768,000	2,075,755,000	1,995,045,000
Urban Renewal Bonds/Notes	5,860,000	6,325,000	6,760,000	7,170,000
Subordinated Income Tax Refunding Bonds	58,460,000	59,960,000	58,900,000	60,700,000
Subordinate Lien Income Tax Bonds	57,630,000	59,560,000		
OWDA/OPWC Loans	107,654,000	112,275,000	110,070,000	103,415,000
Non-tax Revenue Bonds	<u>64,956,000</u>	<u>67,617,000</u>	<u>68,091,000</u>	<u>69,353,000</u>
Total Gross Indebtedness	2,652,968,000	2,720,135,000	2,656,566,000	2,559,478,000
Less:				
General Obligation Bonds	326,230,000	313,630,000	336,990,000	323,795,000
Revenue Notes/Bonds	2,032,178,000	2,100,768,000	2,075,755,000	1,995,045,000
Urban Renewal Bonds/Notes	5,860,000	6,325,000	6,760,000	7,170,000
Subordinated Income Tax Refunding Bonds	58,460,000	59,960,000	58,900,000	60,700,000
Subordinate Lien Income Tax Bonds	57,630,000	59,560,000		
OWDA/OPWC Loans	107,654,000	112,275,000	110,070,000	103,415,000
Non-tax Revenue Bonds	64,950,000	67,617,000	68,091,000	69,353,000
General Obligation Bond Retirement Fund Balance	<u>2,599,000</u>	<u>2,496,000</u>	<u>3,167,000</u>	<u>3,530,000</u>
Total Net Debt Applicable to Debt Limit*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin Within 10½% Limitations	<u>\$623,433,152</u>	<u>\$642,004,890</u>	<u>\$678,011,014</u>	<u>\$623,669,011</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation (5½% of Assessed Valuation)	<u>\$326,560,223</u>	<u>\$336,288,276</u>	<u>\$355,148,626</u>	<u>\$326,683,768</u>
Total Gross Indebtedness	2,652,968,000	2,720,135,000	2,656,566,000	2,559,478,000
Less:				
General Obligation Bonds	326,230,000	313,630,000	336,990,000	323,795,000
Revenue Notes/Bonds	2,032,178,000	2,100,768,000	2,075,755,000	1,995,045,000
Urban Renewal Bonds/Notes	5,860,000	6,325,000	6,760,000	7,170,000
Subordinated Income Tax Refunding Bonds	58,460,000	59,960,000	58,900,000	60,700,000
Subordinate Lien Income Tax Bonds	57,630,000	59,560,000		
OWDA/OPWC Loans	107,654,000	112,275,000	110,070,000	103,415,000
Non-tax Revenue Bonds	64,950,000	67,617,000	68,091,000	69,353,000
General Obligation Bond Retirement Fund Balance	<u>2,599,000</u>	<u>2,496,000</u>	<u>3,167,000</u>	<u>3,530,000</u>
Net Debt Within 5½% Limitations*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Legal Debt Margin Within 5½% Limitations	<u>\$326,560,223</u>	<u>\$336,288,276</u>	<u>\$355,148,626</u>	<u>\$326,683,768</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

\* The City does not report net debt limits below zero, therefore if the net debt limit is negative it is considered to be equal to zero.

The types of Debt issued by the City are exempt from the limitations defined in the Ohio Revised Code.



2005	2004	2003	2002	2001	2000
<u>\$6,007,616,318</u>	<u>\$5,977,142,243</u>	<u>\$5,804,048,750</u>	<u>\$6,031,560,000</u>	<u>\$6,058,647,000</u>	<u>\$5,497,881,312</u>
<u>630,799,713</u>	<u>627,599,936</u>	<u>609,425,119</u>	<u>633,313,800</u>	<u>636,157,935</u>	<u>577,277,538</u>
353,325,000	346,700,000	356,900,000	319,085,000	293,380,000	316,950,000
2,049,820,000	2,102,986,000	2,160,842,000	2,181,898,000	2,018,731,000	1,482,976,000
7,555,000	12,215,000	12,555,000	12,825,000	13,075,000	9,160,000
62,400,000	64,000,000	65,500,000	66,900,000	68,200,000	69,500,000
78,498,000	52,616,000	33,045,000	16,746,000	13,117,000	7,412,000
<u>70,085,000</u>	<u>70,715,000</u>	<u>45,600,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
2,621,683,000	2,649,232,000	2,674,442,000	2,607,454,000	2,416,503,000	1,895,998,000
353,325,000	346,700,000	356,900,000	318,340,000	291,210,000	313,355,000
2,049,820,000	2,102,986,000	2,160,842,000	2,181,898,000	2,018,731,000	1,482,976,000
7,555,000	12,215,000	12,555,000	12,825,000	13,075,000	9,160,000
62,400,000	64,000,000	65,500,000	66,900,000	68,200,000	69,500,000
78,498,000	52,616,000	33,045,000	16,746,000	13,117,000	7,412,000
70,085,000	70,715,000	45,600,000	10,000,000	10,000,000	10,000,000
<u>5,321,000</u>	<u>7,491,000</u>	<u>4,331,000</u>	<u>2,865,000</u>	<u>772,000</u>	<u>6,580,000</u>
-	-	-	-	1,398,000	-
<u>\$630,799,713</u>	<u>\$627,599,936</u>	<u>\$609,425,119</u>	<u>\$633,313,800</u>	<u>\$634,759,935</u>	<u>\$577,277,538</u>
100.00%	100.00%	100.00%	100.00%	99.78%	100.00%
<u>\$330,418,898</u>	<u>\$328,742,823</u>	<u>\$319,222,681</u>	<u>\$331,735,800</u>	<u>\$333,225,585</u>	<u>\$302,383,472</u>
2,621,683,000	2,649,232,000	2,674,442,000	2,607,454,000	2,416,503,000	1,895,998,000
353,325,000	346,700,000	356,900,000	318,340,000	291,210,000	313,355,000
2,049,820,000	2,102,986,000	2,160,842,000	2,181,898,000	2,018,731,000	1,482,976,000
7,555,000	12,215,000	12,555,000	12,825,000	13,075,000	9,160,000
62,400,000	64,000,000	65,500,000	66,900,000	68,200,000	69,500,000
78,498,000	52,616,000	33,045,000	16,746,000	13,117,000	7,412,000
70,085,000	70,715,000	45,600,000	10,000,000	10,000,000	10,000,000
<u>5,321,000</u>	<u>7,491,000</u>	<u>4,331,000</u>	<u>2,865,000</u>	<u>772,000</u>	<u>6,580,000</u>
-	-	-	-	1,398,000	-
<u>\$330,418,898</u>	<u>\$328,742,823</u>	<u>\$319,222,681</u>	<u>\$331,735,800</u>	<u>\$331,827,585</u>	<u>\$302,383,472</u>
100.00%	100.00%	100.00%	100.00%	99.58%	100.00%

**City of Cleveland, Ohio**  
*Pledged Revenue Coverage*  
*Airport Revenue Bonds*  
*Last Ten Years*

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2009	\$167,358,000	\$68,432,000	\$98,926,000	\$22,450,000	\$37,622,000	1.65
2008	160,455,000	74,885,000	85,570,000	16,830,000	40,497,264	1.49
2007	151,430,000	69,358,000	82,072,000	20,160,000	34,968,361	1.49
2006	135,883,000	62,426,000	73,457,000	17,775,000	39,565,000	1.28
2005	140,157,000	66,957,000	73,200,000	10,895,000	43,026,000	1.36
2004	135,117,000	58,647,000	76,470,000	9,373,000	35,817,000	1.69
2003	107,758,000	57,845,000	49,913,000	11,104,000	25,128,000	1.38
2002	101,081,000	59,025,000	42,056,000	10,916,000	20,678,000	1.33
2001	103,498,000	56,795,000	46,703,000	10,783,000	21,751,400	1.44
2000	90,205,000	47,381,000	42,824,000	14,315,000	18,116,700	1.32

(1) Gross revenues include operating revenues plus interest income. Beginning in 2001, a minimum of 40% of passenger facility charges, as well as grant funds from the FAA for the new runway, are dedicated to the payment of debt service charges and are included in gross revenues. Beginning in 2007, the Coverage Account was included in the calculation of debt service coverage.

(2) Direct operating expenses are calculated in accordance with the bond indenture.

**City of Cleveland, Ohio**  
*Pledged Revenue Coverage*  
*Power System Revenue Bonds*  
*Last Ten Years*

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2009	\$156,034,000	\$128,436,000	\$27,598,000	\$8,530,000	\$9,009,810	1.57
2008	160,224,000	124,161,000	36,063,000	8,335,000	9,054,492	2.07
2007	159,232,000	120,415,000	38,817,000	8,045,000	9,368,159	2.23
2006	149,276,000	114,942,000	34,334,000	11,025,000	8,144,118	1.79
2005	152,146,000	125,924,000	26,222,000	4,920,000	9,813,126	1.78
2004	142,148,000	109,275,000	32,873,000	9,410,000	10,447,476	1.66
2003	141,190,000	104,940,000	36,250,000	7,865,000	10,886,836	1.93
2002	143,383,000	103,050,000	40,333,000	6,620,000	11,693,085	2.20
2001	134,632,000	97,834,000	36,798,000	6,855,000	11,190,161	2.04
2000	137,407,000	104,889,000	32,518,000	6,465,000	12,980,000	1.67

(1) Gross revenues include operating revenues plus interest income.

(2) Direct operating expenses are calculated in accordance with the bond indenture.

**City of Cleveland, Ohio**  
*Pledged Revenue Coverage*  
*Water System Mortgage Revenue Bonds*  
*Last Ten Years*

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2009	\$232,357,000	\$147,716,000	\$84,641,000	\$31,945,000	\$33,200,509	1.30
2008	252,660,000	143,833,000	108,827,000	27,285,000	38,139,614	1.66
2007	257,992,000	140,210,000	117,782,000	19,660,000	30,660,206	2.34
2006	223,903,000	132,879,000	91,024,000	17,695,000	35,300,322	1.72
2005	230,354,000	123,931,000	106,423,000	15,485,000	36,763,888	2.04
2004	215,012,000	127,021,000	87,991,000	20,748,333	30,184,582	1.73
2003	210,352,000	123,640,000	86,712,000	25,160,000	33,188,434	1.49
2002	226,394,000	119,736,000	106,658,000	23,990,000	33,500,816	1.86
2001	229,827,000	116,841,000	112,986,000	17,260,000	35,738,449	2.13
2000	225,060,000	109,159,000	115,901,000	20,605,000	38,526,675	1.96

(1) Gross revenues include operating revenues plus interest income.

(2) Direct operating expenses are calculated in accordance with the bond indenture.

**City of Cleveland, Ohio**  
Principal Employers  
Current Year and Ten Years Ago

<b>2009</b>		
Employer	Employees	Percentage of Total City Employment
The Cleveland Clinic Foundation	32,000	20.10%
University Hospitals of Cleveland	12,970	8.14
Cuyahoga County	8,956	5.63
City of Cleveland	8,232	5.17
United States Postal Service	8,195	5.15
KeyCorp	5,973	3.75
The MetroHealth System	5,379	3.38
Case Western Reserve University	4,549	2.86
Sherwin-Williams Co.	3,003	1.89
UHHS-CSAHS-Cuyahoga Inc.	2,500	1.57
<b>Total</b>	<b>91,757</b>	<b>57.64%</b>
Total Employment within the City	<b>159,200</b>	

<b>1999</b>		
Employer	Employees	Percentage of Total City Employment
Cleveland Clinic Health Systems	19,625	10.07%
University Hospitals Health System	12,944	6.64
United States of America	10,983	5.63
Cuyahoga County	9,713	4.98
Cleveland City School District	8,905	4.57
City of Cleveland	8,660	4.44
KeyCorp	7,475	3.84
United States Postal Service	6,562	3.37
LTV Corp.	5,185	2.66
The MetroHealth System	5,122	2.63
<b>Total</b>	<b>95,174</b>	<b>48.83%</b>
Total Employment within the City	<b>194,900</b>	

**Note:**

Total employees for employers headquartered in the City.

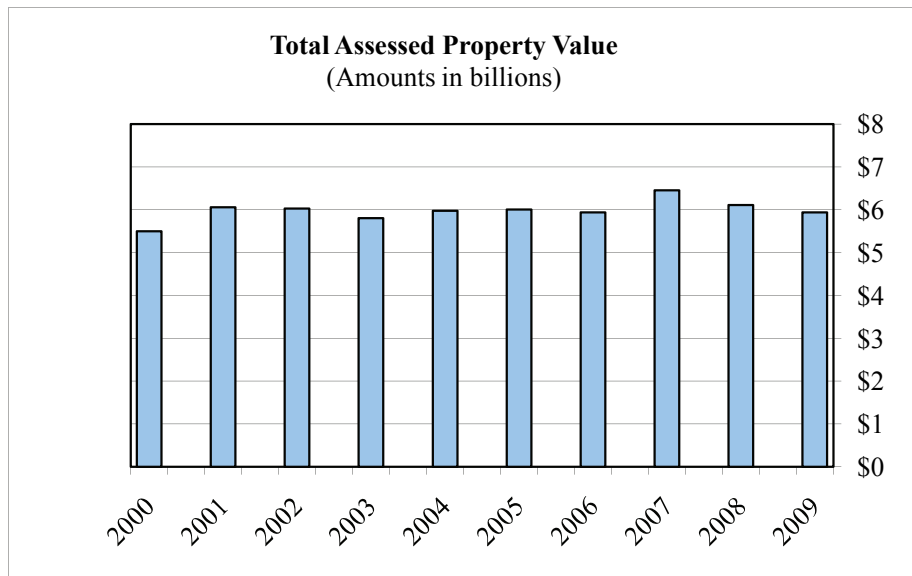
Source: Number of employees from Crain's Cleveland:

Book of Lists 2010, Largest Cuyahoga County Employers; FTEs 06/30/2008 - 06/30/2009

Book of Lists 2000, Largest Cuyahoga County Employers; FTEs 01/01/1998 - 01/01/1999

**City of Cleveland, Ohio**  
*Demographic and Economic Statistics*  
*Last Ten Years*

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2009	478,403	\$6,836,857,273	\$14,291	\$25,928	33
2008	478,403	6,836,857,273	14,291	25,928	33
2007	478,403	6,836,857,273	14,291	25,928	33
2006	478,403	6,836,857,273	14,291	25,928	33
2005	478,403	6,836,857,273	14,291	25,928	33
2004	478,403	6,836,857,273	14,291	25,928	33
2003	478,403	6,836,857,273	14,291	25,928	33
2002	478,403	6,836,857,273	14,291	25,928	33
2001	478,403	6,836,857,273	14,291	25,928	33
2000	478,403	6,836,857,273	14,291	25,928	33



(1) Source: U. S. Census Bureau.

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/>".

(3) Source: Ohio Labor Market Info, Website: "<http://lmi.state.oh.us/laus/LAUS.html>".

(4) Source: Cuyahoga County Auditor's Office.

(5) Computation of per capita personal income multiplied by population.

Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	City Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4) (Amount in 000's)
11.4%	74,615	10.6%	\$57,075	\$5,937,459
11.4	50,078	8.8	50,515	6,114,332
11.4	52,769	7.6	57,230	6,457,248
11.4	59,586	7.1	83,237	5,939,704
11.4	65,079	7.7	86,142	6,007,614
11.4	69,655	8.3	81,185	5,977,141
11.4	71,616	8.3	83,216	5,804,047
11.4	73,001	10.2	71,562	6,031,559
11.4	74,226	8.2	74,346	6,058,646
11.4	76,367	7.4	66,800	5,497,880



**City of Cleveland, Ohio**  
*Full-Time Equivalent City Government Employees by Function/Program*  
*Last Six Years (1)*

Function/Program	2009	2008	2007	2006
<b>General Government</b>				
Council	65.50	64.50	62.50	63.50
Mayor's Office	25.50	27.50	26.00	25.00
Landmarks Commission	5.50	5.50	5.50	5.00
Building Standards and Appeals	5.50	5.50	5.50	5.00
Board of Zoning Appeals	4.50	4.50	4.50	4.50
Civil Service Commission	10.50	10.00	11.50	10.00
Community Relations Board	29.00	27.50	27.00	28.50
City Planning Commission	24.00	23.00	26.00	23.00
Equal Employment Opportunity	10.00	11.00	13.00	13.00
Court	542.50	541.50	551.00	544.00
Office of Budget Administration	5.50	7.00	8.00	7.00
Aging	21.50	21.00	22.50	20.50
Personnel and Human Resources	15.00	17.00	20.00	19.00
Consumer Affairs	5.00	6.00	5.00	5.00
Law	88.50	86.50	89.50	88.50
Finance	248.50	250.50	255.00	255.00
<b>Security of Persons and Property</b>				
Administration	39.00	39.00	42.50	39.50
Police	2,079.00	2,095.50	2,105.00	2,176.50
Fire	894.00	883.00	902.00	915.00
EMS	236.00	252.00	288.00	292.00
Dog Pound	15.00	14.50	14.50	14.50
House of Corrections	188.00	176.50	183.50 (3)	N/A
<b>Public Health Services</b>	168.50	169.50	168.50 (3)	260.00
<b>Leisure Time Activities</b>				
Parks, Recreation and Property Administration	7.00	7.00	8.00	8.00
Research, Planning and Development	8.00	9.00	9.00	9.00
Recreation	238.00	233.50	238.00	165.00
Convention Center, Westside Market and Cleveland Stadium	31.00	54.50	59.50	49.50
Parking Facilities	41.00	44.50	49.00	46.50
Property Management	84.50	87.50	89.50	93.00
Parks Maintenance	141.00	151.00	164.00	161.00
<b>Community Development</b>	86.00	77.50	78.50	81.00
<b>Building and Housing</b>	142.00	147.00	161.00	165.00
<b>Economic Development</b>	68.00	73.00	88.00	94.00
<b>Public Service</b>				
Public Service Administration	4.50	5.00	5.00	5.00
Architecture	6.00	7.00	8.00	9.00
Waste Collection and Disposal	253.50	225.50	252.50	244.50
Engineering and Construction	61.50	60.50	65.50	65.50
Motor Vehicle Maintenance	85.00	86.00	95.00	102.00
Streets	271.50	283.50	306.00	288.50
Traffic Engineering	39.00	40.00	41.00	44.00
<b>Port Control</b>	447.50	406.50	386.00	369.50
<b>Basic Utility Services</b>				
Water	1,179.50	1,215.50	1,194.00	1,207.00
Cleveland Public Power	343.00	340.00	341.00	337.00
Water Pollution Control	157.00	150.00	157.00	144.00
Totals:	8,420.50	8,442.50	8,632.00	8,502.00

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

- (1) Information prior to 2004 is not available.
- (2) Building and Housing was moved from Community Development to its own department in 2005.
- (3) House of Corrections was moved from Public Health to Public Safety in 2007.

N/A - Information not available.

Source: City Payroll Department.



2005	2004
65.00	66.00
29.50	27.00
4.50	4.50
6.00	6.00
5.50	5.50
10.50	12.50
23.50	24.50
26.00	27.00
14.00	12.00
541.50	534.50
7.00	8.00
18.00	18.00
18.00	91.50
3.00	4.00
89.00	93.00
255.50	245.50
39.00	41.50
2,179.00	2,145.50
916.00	913.00
297.00	298.00
13.00	13.00
N/A	N/A
253.00	261.50
7.00	9.00
10.00	10.00
170.50	176.00
54.00	49.50
47.50	56.00
100.00	99.50
170.00	167.00
87.50 (2)	271.50
170.00 (2)	0.00
98.00	29.00
5.00	6.00
9.00	9.00
225.50	223.50
69.50	70.00
100.00	102.00
303.00	287.00
44.00	3.00
377.50	402.00
1,216.00	1,263.50
341.00	347.00
147.00	147.00
<u>8,565.50</u>	<u>8,579.50</u>

**City of Cleveland, Ohio**  
*Operating Indicators by Function/Program*  
*Last Eight Years (1)*

Function/Program	2009	2008	2007	2006
<b>General Government</b>				
<i>Council and Clerk</i>				
Number of ordinances passed	772	771	784	846
Number of resolutions passed	776	304	363	361
Number of planning commission docket items (5)	309	444	441	768
Zoning board of appeals docket items	267	242	263	265
<i>Finance Department</i>				
Number of checks issued	44,289	47,670	47,985	49,533
Amount of checks written	\$1,307,460,874	\$1,251,719,916	\$1,287,268,015	\$1,284,108,296
Interest earnings for fiscal year (cash basis)	\$13,219,445	\$45,366,880	\$63,335,510	\$53,988,258
Number of receiving warrants	16,369	16,141	15,300	14,799
Number of journal entries issued	41,238	41,217	43,619	43,186
Number of budget adjustments issued	2	5	2	3
Agency ratings - Standard & Poor's (2)	AA	AA	A	A
Agency ratings - Moody's Financial Services (2)	A2	A2	A2	A2
Health insurance costs vs. General Fund expenditures %	15%	14%	14%	14%
General Fund receipts (cash basis in thousands)	\$487,678	\$517,796	\$509,616	\$490,927
General Fund expenditures (cash basis in thousands)	\$501,758	\$501,124	\$485,410	\$465,162
General Fund cash balances (in thousands)	\$12,327	\$40,685	\$41,885	\$30,957
<i>Income Tax Department</i>				
Number of individual returns	211,241	232,210	238,319	248,108
Number of business returns	26,326	29,014	28,335	30,567
Number of business withholding accounts	14,542	14,653	14,469	16,200
Amount of penalties and interest collected	\$1,884,453	\$2,357,490	\$1,912,554	\$1,999,859
Annual number of corporate withholding forms processed	144,493	151,256	152,334	169,933
Annual number of balance due statements forms processed	38,610	44,637	39,767	45,909
Annual number of estimated payment forms processed	47,841	51,527	57,092	56,163
Annual number of reconciliations of withholdings processed	12,213	12,198	12,488	18,929
<i>Engineer Contracted Services</i>				
Dollar amount of construction overseen by engineer (3)	\$32,000,000	\$159,540,000	\$251,305,000	\$141,733,000
<i>Municipal Court</i>				
Number of civil cases	16,375	19,890	18,569	22,909
Number of criminal cases	120,131	120,077	113,661	121,676
<i>Vital Statistics</i>				
<i>Certificates filed (4)</i>				
Number of births	16,403	16,942	17,235	17,645
Number of deaths	12,101	12,354	12,086	11,992
Number of fetal deaths	401	447	399	312
<i>Certificates issued (4)</i>				
Number of births	69,785	77,967	102,140	98,545
Number of deaths	60,465	65,149	64,436	84,615
<i>Civil Service</i>				
Number of police entry tests administered	1	0	1	0
Number of fire entry tests administered	0	0	0	0
Number of police promotional tests administered	0	3	0	0
Number of fire promotional tests administered	0	0	0	0
Number of hires of police officers from certified lists	56	106	73	0
Number of hires of fire/medics from certified lists	22	0	0	0
Number of promotions from police certified lists	20	40	0	0
Number of promotions from fire certified lists	0	10	49	0

2005	2004	2003	2002
899	891	1,028	1,085
306	292	349	404
725	669	538	535
394	337	349	372
50,541	48,808	51,922	51,756
\$1,266,586,217	\$1,211,743,500	\$1,211,440,564	\$1,271,734,980
\$42,035,213	\$38,154,383	\$39,688,080	\$48,324,784
14,485	14,344	58,967	55,652
39,839	41,543	54,095	43,435
5	4	4	5
A	A	A	A+
A2	A2	A2	A1
14%	12%	12%	10%
\$471,755	\$455,775	\$459,365	\$460,237
\$451,323	\$484,856	\$437,964	\$468,504
\$29,738	\$24,058	\$17,676	\$27,222
267,712	287,904	299,081	315,848
25,763	30,584	29,825	27,677
14,942	15,503	15,520	15,986
\$1,990,879	\$2,471,464	\$2,233,996	\$2,727,029
136,931	148,779	147,478	148,702
47,252	53,458	58,689	63,829
55,036	62,115	64,780	64,709
9,075	14,723	13,000	11,737
\$52,741,000	\$78,562,000	\$49,716,000	\$45,905,000
21,567	22,418	23,133	19,591
121,791	113,822	151,395	166,288
17,638	18,191	18,542	18,897
12,343	12,296	11,825	12,089
361	294	477	516
101,284	58,452	N/A	N/A
66,268	38,684	N/A	N/A
0	0	0	0
0	0	0	0
0	0	0	1
0	0	0	1
0	0	0	0
0	0	0	0
39	19	23	18
0	0	0	0

(Continued)

**City of Cleveland, Ohio**  
*Operating Indicators by Function/Program*  
*Last Eight Years (1)*

Function/Program	2009	2008	2007	2006
<b>Building Department Indicators</b>				
Construction permits issued	8,334	10,631	8,397	9,163
Estimated value of construction	\$919,923,776	\$814,646,916	\$648,592,297	\$743,566,106
Number of other permits issued	8,290	9,710	8,971	9,157
Amount of revenue generated from permits	\$7,332,522	\$7,364,794	\$7,112,426	\$7,399,513
Number of contract registrations issued	2,847	2,783	2,887	3,077
Annual apartment/rooming house license fees	\$1,281,530	\$1,331,940	\$1,427,208	\$1,290,830
<b>Security of Persons and Property</b>				
<i>Police</i>				
Number of traffic citations issued	77,037	79,089	62,652	77,003
Number of parking citations issued	59,598	49,012	49,669	59,311
Number of criminal arrests	38,613	39,596	39,087	40,678
Number of accident reports completed	14,804	15,525	16,239	17,374
Part 1 offenses (major offenses)	38,586	39,237	41,400	44,018
DUI arrests	738	695	847	577
Prisoners	37,864	38,629	38,142	39,851
Motor vehicle accidents	14,804	15,525	16,239	17,374
Fatalities from motor vehicle accidents	38	52	34	39
Community diversion program youths	139	169	229	177
<i>Fire</i>				
Fire calls - incoming for services (7)	60,306	60,263	63,403	61,702
Fires	2,794	2,790	3,343	3,296
Fires with loss	843	1,095	1,807	1,708
Fires with losses exceeding \$10K	237	362	479	362
Fire losses \$	\$12,312,407	\$11,242,477	\$19,115,824	\$21,567,578
Fire safety inspections	13,982	8,110	9,764	5,901
Number of times mutual aid given to fire	17	11	5	0
<i>EMS</i>				
EMS calls - incoming for service	89,632	88,934	88,506	86,010
Ambulance billing collections (net)	\$9,649,887	\$12,091,087	\$11,394,837	\$10,698,730
<b>Public Health and Welfare</b>				
Number of health inspections				
Barber shops	219	227	263	251
Food	8,684	9,611	7,914	8,143
Hotels/motels	34	37	31	31
Marinas	11	11	11	11
Mobile home parks	5	5	5	5
Laundries	58	62	81	68
Nuisance	27,544	17,205	23,402	20,057
Pools	142	127	131	129
Schools	349	195	274	235
Day care inspections	209	98	109	104
Maternity inspections	4	4	4	3
Abortion inspections	6	6	5	5
Cemetery burials	3	17	54	27
Cemetery cremations	155	149	144	83

2005	2004	2003	2002
9,699	10,020	9,471	10,427
\$652,537,749	\$558,278,403	\$487,768,588	\$382,584,866
9,272	9,489	9,767	10,260
\$7,504,979	\$8,661,198	\$6,353,990	\$4,611,214
3,700	2,200	5,492	2,252
\$1,367,157	\$1,433,689	\$1,399,415	\$1,155,597
82,642	77,424	106,970	119,632
51,947	54,268	173,185	220,966
39,002	38,090	45,205	50,092
18,878	20,655	21,898	21,915
42,352	39,933	32,198	33,218
705	660	1,075	1,355
38,259	37,426	43,765	47,856
18,878	20,655	21,898	21,915
38	49	42	32
155	273	263	127
65,825	56,236	3,703	3,831
3,195	3,202	N/A	N/A
1,904	1,641	1,777	1,832
379	316	261	286
\$18,292,877	\$18,140,355	\$12,179,966	\$13,819,600
6,027	6,198	6,989	7,074
87	39	92	72
91,161	87,009	89,380	87,085
\$10,075,142	\$8,830,211	\$7,243,765	\$8,412,319
237	230	199	195
8,140	8,175	8,207	8,010
27	29	24	21
11	11	11	11
5	5	5	5
59	46	46	42
18,317	18,299	17,539	16,512
146	129	129	129
376	225	225	225
95	101	113	92
4	4	4	4
5	5	5	5
49	73	77	83
45	32	19	10

(Continued)

**City of Cleveland, Ohio**  
*Operating Indicators by Function/Program*  
*Last Eight (1) Years*

Function/Program	2009	2008	2007	2006
<b>Leisure Time Activities</b>				
Recreation men and women leagues receipts	\$5,070	\$6,825	\$6,375	\$5,730
<b>Economic Development</b>				
Grant amounts received (Amounts in 000's)	\$14,645	\$16,194	\$16,044	\$17,386
<b>Public Service</b>				
Street improvements - asphalt overlay (linear feet)	101,000	113,772	65,000	40,000
Crackseal coating program (miles)	38	30	24	15
Street repair (curbs, aprons, berms, asphalt) (hours)	80,000	95,000	95,000	95,000
Guardrail repair (hours)	2,500	3,000	1,100	1,600
Paint striping				
Lane line (miles)	936	630	650	650
Crosswalks (each)	6,950	5,700	6,000	6,000
Arrows (each)	3,716	2,800	3,000	3,000
Street sweeper (hours)	55,000	49,000	36,000	30,000
Cold patch (hours)	24,000	31,000	31,000	31,000
Snow and ice removal regular hours	128,000	132,000	132,000	132,000
Snow and ice removal overtime hours	14,400	15,000	18,000	8,000
Leaf collection (hours)	18,000	20,000	17,000	17,000
Holiday lights setup (hours) (8)	0	4	5	5
Equipment repair/body shop (hours)	2,663	1,010	809	1,066
Tons of snow melting salt purchased November-March	67,000	85,000	82,000	64,500
Cost of salt purchased	\$2,700,000	\$3,330,000	\$2,640,000	\$2,128,363
Refuse disposal per year (in tons) August through July	236,225	266,035	293,801	303,196
Refuse disposal costs per year August through July	\$6,928,858	\$7,790,729	\$7,944,516	\$8,662,913
Annual recycling tonnage (excluding leaf, and compost items)	6,039	9,000	8,584	16,435
Percentage of waste recycled	4.12%	3.39%	2.93%	5.42%
<b>Port Control</b>				
Cleveland Hopkins Airport				
Landed weight (in thousands of pounds)	6,265,656	7,256,242	7,380,384	7,467,746
Total operations	200,268	235,975	244,719	249,967
Total passengers	9,715,604	11,106,194	11,458,898	11,321,050
Total enplaned passengers	4,855,129	5,545,205	5,722,338	5,646,470
Burke Lakefront Airport				
Landed weight	N/A	N/A	N/A	N/A
Total operations	68,456	69,231	68,137	77,593
Total passengers	166,965	188,171	204,582	214,947
Total enplaned passengers	83,438	93,772	102,039	107,786
<b>Water Department</b>				
Water rates per 1st 1000 cubic feet of water used (6)	\$11.59	\$10.63	\$9.62	\$8.71
Average number of water accounts billed monthly (cubic feet)	135,675	137,528	138,727	139,129
Total water collections annually (including P&I)	\$221,967,799	\$218,285,825	\$214,378,311	\$192,386,791
Payments to Cleveland for bulk water purchases	\$18,093,912	\$18,399,096	\$20,353,610	\$19,632,453
<b>Wastewater Department</b>				
Sewer and sanitary calls for service	8,021	8,275	7,585	6,515
After hours sewer calls (hours)	103	147	384	448

(1) Information prior to 2002 is not available.

(2) General obligation bond rating.

(3) Amounts are new construction starts. The majority of engineering and construction projects are multi-year projects.

(4) Includes entire area serviced by the Division of Vital Statistics (i.e., Cleveland + suburbs).

(5) Beginning 2007, administratively approved cases no longer included.

(6) This is the rate for the City of Cleveland residents only.

(7) "Fire Calls" was changed to "Fire calls-Incoming for service" and all years adjusted beginning 2004 to reflect all calls for service received.

(8) Holiday light setup was contracted to an outside agency in 2009.

N/A - Information not available.

2005	2004	2003	2002
\$7,140	\$10,455	\$20,720	\$31,290
\$20,701	\$16,857	\$17,839	\$24,730
162,800	101,000	135,100	127,500
60	40	50	48
95,000	95,000	95,000	95,000
1,000	800	800	2,600
650	633	630	600
6,000	5,900	5,800	5,800
3,000	2,800	2,500	2,500
30,000	15,000	12,000	12,000
31,000	31,000	31,000	31,000
132,000	132,000	132,000	132,000
30,000	23,000	17,000	16,000
17,000	17,000	1,000	1,780
5	5	17,000	17,000
1,179	1,664	5	5
83,000	40,000	1,811	2,606
\$2,750,034	\$1,321,066	95,000	40,000
333,497	316,083	\$2,819,235	\$1,237,889
\$7,761,318	\$7,461,798	296,139	302,969
16,088	12,825	14,500	11,176
4.82%	4.06%	4.90%	3.69%
7,910,706	8,074,843	7,827,776	8,193,727
258,926	263,561	258,460	262,108
11,463,391	11,264,937	10,555,387	10,795,270
5,724,440	5,613,255	5,257,224	5,405,497
N/A	N/A	N/A	N/A
73,064	84,101	94,626	94,462
188,381	199,194	215,601	216,406
93,941	99,563	107,931	108,940
\$8.71	\$8.41	\$8.13	\$7.85
140,166	138,338	138,441	138,002
\$202,615,763	\$190,316,017	\$187,482,239	\$196,125,873
\$21,102,439	\$19,422,375	\$19,041,420	\$18,989,684
6,188	5,481	7,802	6,684
526	437	N/A	N/A

(Concluded)

**City of Cleveland, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Ten Years*

Function/Program	2009	2008	2007	2006
<b>General Government</b>				
Square footage occupied	3,700,000	3,700,000	3,700,000	2,310,732
Administrative vehicles	28	27	26	28
<b>Police</b>				
Stations	5	6	6	6
Square footage of buildings (1)	553,100	769,536	769,536	769,536
Vehicles	830	764	921	958
<b>Fire</b>				
Stations	26	26	26	26
Square footage of buildings	313,224	313,224	313,224	313,224
Vehicles	127	132	155	153
<b>EMS</b>				
Stations (headquarters)	1	1	1	1
Square footage of buildings	33,000	33,000	33,000	33,000
Vehicles	49	46	49	57
<b>Port Control (Hopkins)</b>				
Runways	3	3	3	4
Terminal area (approximate square footage)	935,000	935,000	935,000	935,000
Gates	96	96	96	96
Parking spaces (approximately)				
Long term	2,647	2,500	2,500	2,500
Short term	4,088	4,200	4,200	4,200
Surface	390	500	500	500
Total parking spaces	7,125	7,200	7,200	7,200
Vehicles	325	325	326	362
<b>Other Public Works</b>				
Streets (miles)	1,319	1,319	1,319	1,280
Service vehicles	773	741	760	828



2005	2004	2003	2002	2001	2000
2,310,732	2,187,420	2,187,420	2,187,420	2,187,420	2,187,420
26	25	23	21	21	21
6	6	6	6	6	6
769,536	769,536	769,536	769,536	769,536	769,536
979	905	872	897	892	877
26	26	26	26	26	25
313,224	313,224	313,224	313,224	313,224	313,224
152	147	154	135	138	133
1	N/A	N/A	N/A	N/A	N/A
33,000	N/A	N/A	N/A	N/A	N/A
53	47	46	44	45	48
4	4	4	4	3	3
935,000	935,000	935,000	935,000	935,000	935,000
96	96	96	96	96	96
2,500	2,500	2,500	2,500	2,500	2,500
4,200	4,200	4,200	4,200	4,200	4,200
0	0	0	0	0	0
6,700	6,700	6,700	6,700	6,700	6,700
345	321	314	299	294	286
1,280	1,240	1,210	1,210	1,200	1,180
842	859	857	931	903	899

(Continued)

**City of Cleveland, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Ten Years*

Function/Program	2009	2008	2007	2006
<b>Recreation</b>				
Number of parks	154	155	154	150
Number of playgrounds	109	110	110	111
Number of baseball diamonds	134	134	138	140
Number of tennis courts	114	114	120	120
Number of basketball courts				
Full	110	110	111	118
Half	10	10	10	12
Number of soccer fields	7	7	7	12
Number of recreation centers	19	19	19	19
Number of pools				
Indoor	18	18	18	18
Outdoor	23	23	23	22
Number of aquatic playgrounds	9	8	8	7
Number of golf courses	2	2	2	2
Number of ice rinks	1	1	1	1
Number of roller rinks	1	1	1	1
Number of fine arts centers	1	1	1	1
Number of greenhouses	1	1	1	1
Number of camps	1	1	1	1
Total park acreage	1,487	1,491	1,490	1,477
Vehicles	160	157	161	163
<b>Wastewater</b>				
Sanitary sewers (miles)	170	156	156	171
Storm sewers (miles)	199	164	164	199
Combined sewers (miles)	1,065	920	920	1,065
Vehicles	111	114	128	83
<b>Electric Power</b>				
Vehicles	272	291	308	306
<b>Water Department</b>				
Water lines (miles) (2)	2,493	2,321	2,321	2,172
Vehicles	745	759	811	832

(1) Includes Dog Kennels, Inspection Garage and House of Corrections.

(2) This was a calculated total on all trunk mains [20" diameter and larger] (458.55 miles), distribution mains [16" and smaller] within the City of Cleveland (1301.5 mi.), plus distribution mains within certain suburbs with newly defined service agreements (561.1 mi.) where, by definition, Cleveland owns the local distribution main within the suburban corporate boundaries. The included suburbs are: Bedford Heights, Brunswick, East Cleveland, Euclid, Hunting Valley, Orange, Parma Heights, Shaker Heights and University Heights. What is not included in this calculation is distribution mains in any other direct service suburbs and in master meter communities.

N/A - Information not available.

2005	2004	2003	2002	2001	2000
150	146	146	145	145	145
112	111	109	111	112	113
140	141	141	142	142	143
120	131	134	136	134	136
120	123	121	N/A	N/A	N/A
16	18	18	N/A	N/A	N/A
12	12	11	11	8	8
19	19	18	18	18	18
18	18	17	17	17	17
22	22	22	23	24	24
6	6	4	4	N/A	N/A
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1,477	1,440	1,444	1,414	1,421	1,427
154	145	143	137	123	110
171	171	171	171	171	171
199	199	199	199	199	199
1,065	1,065	1,065	1,065	1,065	1,065
82	81	81	81	81	83
287	269	276	269	267	263
2,168	2,042	2,040	2,039	2,039	2,038
827	814	801	804	828	865

(Concluded)

# CITY OF CLEVELAND, OHIO

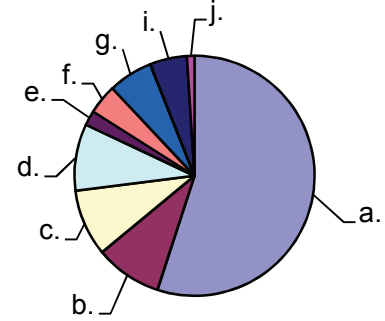
## SCHEDULE OF STATISTICS-GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2009

### OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

#### REVENUE DOLLAR BY SOURCE

Where the money came from

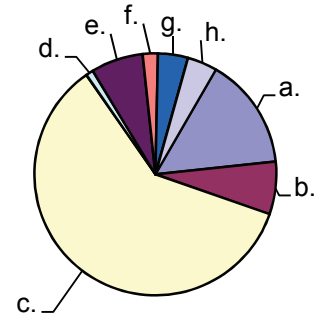
a. Income taxes	a. \$0.55
b. Property taxes	b. 0.09
c. State local government funds	c. 0.09
d. Other shared revenues	d. 0.09
e. Licenses and permits	e. 0.02
f. Charges for services	f. 0.04
g. Fines, forfeits and settlements	g. 0.06
h. Investment earnings	h. -
i. Miscellaneous	i. 0.05
j. Transfers in	j. 0.01
	\$1.00



#### EXPENDITURE DOLLAR BY FUNCTION

Where the money was spent

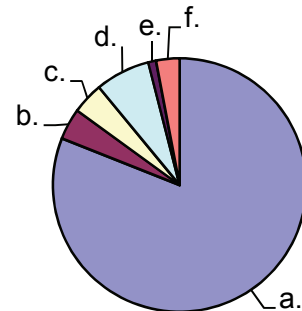
a. General Government	a. \$0.15
b. Public Service	b. 0.07
c. Public Safety	c. 0.60
d. Public Health	d. 0.01
e. Parks, Recreation and Properties	e. 0.07
f. Building and Housing	f. 0.02
g. Economic and Community Development and other	g. 0.04
h. Transfers out	h. 0.04
	\$1.00



#### EXPENDITURE DOLLAR BY OBJECT

What the money was spent on

a. Salaries, wages and related benefits	a. \$0.81
b. Interdepartmental charges	b. 0.04
c. Utilities	c. 0.04
d. Contractual services	d. 0.07
e. Materials and supplies	e. 0.01
f. Transfers out	f. 0.03
	\$1.00



# **SPECIAL THANKS TO:**

The Division of Financial Reporting and Control

---

## **Accounting and Administrative**

Shelfie Carter  
Kay Cebron  
Donnetta Conley  
Greg Cordek  
Michael Gehlmann  
Michael Klein

Va'Kedia Stiggers  
Sharon Teter  
Gary Walker  
Pandora Ward  
Sylvia Ware  
Kathleen Woidke

## **Data Processing**

Sharon Muchewicz  
Sigrid Truxel  
Penny Gearo

## **Photography**

Donn Nottage, Chief Photographer

City of Cleveland  
Bureau of Photographic Services

## **Cover color separations and printing**

City of Cleveland  
Division of Printing and Reproduction

James E. Gentile, CPA  
City Controller  
Department of Finance  
Room 18 – City Hall  
Cleveland, Ohio 44114  
(216) 664-3881

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**Mary Taylor, CPA**  
Auditor of State

**CITY OF CLEVELAND**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 30, 2010**