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# CITY OF CLEVELAND



## Comprehensive Annual Financial Report

For the year ended December 31, 2001

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Issued by the  
Department of Finance

Robert H. Baker  
Director

James E. Gentile, CPA  
City Controller

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# Table of Contents

## City of Cleveland, Ohio

### Comprehensive Annual Financial Report

For the year ended December 31, 2001

| <b>Introductory Section</b>   | <b>Page</b> |
|---|-------------|
| Title Page .....  | 1           |
| Table of Contents .....   | 2           |
| Transmittal Letter .....  | 4           |
| City Officials .....  | 21          |
| City Council .....  | 22          |
| Certificate of Achievement .....  | 23          |
| Organization Chart .....  | 24          |
| Financial Highlights .....  | 25          |
| <br>  |             |
| <b>Financial Section</b>  |             |
| Report of Independent Accountants .....   | 27          |
| <b>General Purpose Financial Statements (Combined Statements-Overview)</b>  |             |
| Combined Balance Sheet-All Fund Types and Account Groups .....  | 30          |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances<br>All Governmental Fund Types .....  | 34          |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances<br>Budget and Actual (Non-GAAP Budgetary Basis)- General<br>Budgeted Special Revenue and Budgeted Debt Service Fund Types ..... | 36          |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings<br>All Proprietary Fund Types .....   | 38          |
| Combined Statement of Cash Flows-All Proprietary Fund Types .....   | 39          |
| Notes to Financial Statements .....   | 41          |
| <b>Combining and Individual Financial Statements and Schedules</b>  |             |
| <b>General Fund:</b>  |             |
| Balance Sheet-General Fund .....  | 70          |
| Statement of Revenues, Expenditures and Changes in Fund Balance -<br>General Fund .....   | 71          |
| Schedule of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual (Non-GAAP Budgetary Basis) -<br>General Fund-Legal Appropriation Level .....  | 72          |
| <b>Special Revenue Funds:</b>   |             |
| Combining Balance Sheet-All Special Revenue Funds .....   | 82          |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances -<br>All Special Revenue Funds .....   | 86          |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -<br>Budget and Actual (Non-GAAP Budgetary Basis) -<br>Budgeted Special Revenue Funds - Legal Appropriation Level .....         | 90          |
| <b>Debt Service Funds:</b>  |             |
| Combining Balance Sheet-All Debt Service Funds .....  | 94          |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances<br>All Debt Service Funds .....  | 96          |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances<br>Budget and Actual (Non-GAAP Budgetary Basis):<br>Budgeted Debt Service Funds-Legal Appropriation Level .....                 | 98          |

| <b>Combining and Individual Financial Statements &amp; Schedules (continued)</b>      | <b>Page</b> |
|---|-------------|
| <b>Capital Projects Funds:</b>  |             |
| Combining Balance Sheet -   |             |
| All Capital Projects Funds .....  | 102         |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances -          |             |
| All Capital Projects Funds .....  | 103         |
| <b>Enterprise Funds:</b>  |             |
| Combining Balance Sheet-All Enterprise Funds .....                                    | 106         |
| Combining Statement of Revenues, Expenses & Changes in Retained Earnings (Deficit) -  |             |
| All Enterprise Funds .....  | 110         |
| Combining Statement of Cash Flows-All Enterprise Funds .....                          | 112         |
| <b>Internal Service Funds:</b>  |             |
| Combining Balance Sheet-All Internal Service Funds .....                              | 118         |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings -          |             |
| All Internal Service Funds .....  | 120         |
| Combining Statement of Cash Flows-All Internal Service Funds .....                    | 122         |
| <b>Agency Funds:</b>  |             |
| Combining Statement of Changes in Assets and Liabilities -                            |             |
| All Agency Funds .....  | 126         |
| <b>General Fixed Assets Account Group:</b>  |             |
| Schedule of General Fixed Assets by Sources .....                                     | 129         |
| Schedule of General Fixed Assets by Function and Activity .....                       | 130         |
| Schedule of Changes in General Fixed Assets by Function and Activity .....            | 131         |
| <b>Statistical Section</b>  |             |
| General Fund Revenues by Source and Expenditures-                                     |             |
| by Function (Budget Basis) - Last Ten Fiscal Years .....                              | 133         |
| General Governmental Revenues and Other Financing Sources and Expenditures            |             |
| by Function and Other Uses - Last Ten Fiscal Years .....                              | 134         |
| Ad Valorem Property Tax Levies and Collections-Real, Utility                          |             |
| and Tangible Taxes - Last Ten Fiscal Years .....                                      | 136         |
| Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years ..... | 137         |
| Ad Valorem Property Tax Rates:  |             |
| Direct and Overlapping Governments - Last Ten Fiscal Years .....                      | 138         |
| Ratio of Net General Bonded Debt to Assessed Value and Net:                           |             |
| Bonded Debt per Capita - Last Ten Fiscal Years .....                                  | 139         |
| Computation of Legal Debt Margin .....  | 140         |
| Computation of Direct and Overlapping Debt .....                                      | 141         |
| Schedule of Direct Debt .....   | 142         |
| Ratio of Annual Debt Service for General Bonded Debt to Total General Fund            |             |
| Expenditures-(Budget Basis) - Last Ten Fiscal Years .....                             | 143         |
| Revenue Bond Coverage: Airport Bonds - Last Ten Fiscal Years .....                    | 144         |
| Revenue Bond Coverage: Water Bonds - Last Ten Fiscal Years .....                      | 145         |
| Revenue Bond Coverage: Public Power System Bonds - Last Ten Fiscal Years .....        | 146         |
| Revenue Bond Coverage: Sewer and Sewage Disposal Bonds - Last Ten Fiscal Years .....  | 147         |
| Property Values, Construction and Bank Deposits - Last Ten Fiscal Years .....         | 148         |
| Principal Property Taxpayers .....  | 149         |
| Schedule of Insurance Coverage .....  | 150         |
| Demographic Statistics .....  | 154         |
| Miscellaneous Demographic Statistics .....  | 159         |
| Schedule of Statistics - General Fund .....   | 160         |



**CITY OF CLEVELAND**  
**JANE L. CAMPBELL, MAYOR**

Department of Finance

**Robert H. Baker**

Finance Director

**James E. Gentile, CPA**

City Controller

601 Lakeside Avenue  
Room 18, City Hall  
Cleveland, OH 44114  
(216) 664-3881

August 16, 2002

Honorable Mayor Jane L. Campbell  
City of Cleveland Council and  
Citizens of the City of Cleveland, Ohio

We are pleased to submit the Comprehensive Annual Financial Report of the City of Cleveland (the "City") for the year ended December 31, 2001. This report, prepared by the Department of Finance, includes general-purpose financial statements that summarize the various operations and cash flows related to the City's 2001 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 documentation 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.

The City has applied guidelines established in the 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) assumes full reporting accountability. Full financial accountability 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, account groups, 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, sewer system, an electric distribution system, two airports, several parking lots, and a convention center.

In accordance with GASB 14, the Cuyahoga Metropolitan Housing Authority, Cleveland-Cuyahoga Port Authority and Cleveland Municipal Schools are defined as related organizations and Gateway Economic Development Corporation of Greater Cleveland is defined as a jointly governed organization.

**Summary of Report Structure**

To maximize clarity and readability, the Comprehensive Annual Financial Report is organized into three sections:

- The Introductory Section contains the table of contents, this transmittal letter, a listing of City officials, a listing of City Council, the Certificate of Achievement, Organizational Chart, and Financial Highlights.
- The Financial Section contains the Independent Accountants Report, general-purpose financial statements, notes to the financial statements and fund and account group statements and schedules.
- The Statistical Section contains numerous tables highlighting comparative fiscal trends for selected years.

## **INTRODUCTORY SECTION**

### **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 in the Cleveland-Akron, Ohio Consolidated Metropolitan Statistical Area (“CMSA”), comprised of Ashtabula, Cuyahoga, Lake, Lorain, Geauga, Medina, Portage and Summit counties. This CMSA is the 16th largest of 280 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 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 Case Western Reserve University, Cleveland State University, the Cleveland Clinic, and University Hospital systems.

### **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. Jane L. Campbell was elected as Mayor of the City in November, 2001 and began her first term on January 7, 2002. Prior to assuming office as Mayor, Ms. Campbell served as a member of the Ohio House of Representatives and as Commissioner of Cuyahoga County. 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 21-member Council. The terms of Council members are four years. All Council members are elected from wards. The present terms of the Mayor and Council members expire on December 31, 2005. 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. Frank G. Jackson was elected as President of Council in January, 2002. The Clerk of Council is appointed by Council. The Charter establishes certain administrative departments; the Council may establish divisions of the departments or additional departments. The Mayor appoints all of the directors of the City’s 12 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 Information**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse. Internal control structures in place ensure that accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (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.

**Single Audit:** As a recipient of federal, state and county financial assistance, the City is 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 Amendment 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 financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, will be included in a separate report.

**Budgetary System:** 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 her 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 release of purchase orders to vendors or finalization of other contracts. Pre-encumbrances and encumbrances that would exceed their 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 \$10,000 shall first be authorized and directed by ordinance of City Council.

**The Accounting System:** 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 Generally Accepted Accounting Principles (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 equity. The City's governmental funds include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

The City's financial statements are prepared on a modified accrual basis for all governmental and fiduciary fund types. Accordingly, revenues are recognized when susceptible to accrual (i.e., both measurable and available). Expenditures, other than interest on long-term debt, are recorded as fund liabilities when incurred. The accrual basis of accounting is utilized by all proprietary funds. A more detailed explanation of the basis of accounting for the various funds is included in the *Notes to Financial Statements* located in the Financial Section of this report.

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 and divisions. The City also maintains Agency Funds to account for assets held by the City as an agent for individuals, private organizations, or other governments and/or other funds. Results of operations for these Funds are further discussed within the financial statements hereto.

### **Local Economic Indicators**

While Cleveland, like the rest of the nation, felt the impact of the current recession, the City continued to dedicate resources to the development of both affordable and market rate housing opportunities. The result of our efforts was a dramatic increase in housing stock value in nearly every neighborhood. In a recent report issued by the Office of the Cuyahoga County Auditor, it was demonstrated that Cleveland's appraised housing values increased over 20% since 1997.

Cleveland's economic condition also draws strength and stability from its evolving role as the focal point of a growing, changing and substantial regional economy. 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.

Another key indicator of the City's continued economic recovery is construction activity, as indicated by the value of building permits issued. The construction value of building permits issued over the past five years is:

| <b>Year</b> | <b>Value</b>  |
|-------------|---------------|
| 1997        | \$523,655,516 |
| 1998        | 768,911,015   |
| 1999        | 502,186,592   |
| 2000        | 483,444,810   |
| 2001        | 599,014,294   |



It should be noted that a portion of the 1998 increase in value is attributed to the construction of the new Cleveland Browns Stadium.

**Major Industries, Economic Conditions and Employment**

Cleveland, like all municipalities across the nation, faced significant economic challenges in 2001. During the second quarter of the year, all indicators clearly pointed to the beginning of what continues to be an economic recession. City revenues felt the impact of these economic shocks with decreases in revenues and increased unemployment. During 2001, Cleveland was negatively impacted when two of its largest employers were preparing to close their doors. The loss of LTV Steel and TRW’s Cleveland Valve facility resulted in the elimination of more than 4,000 jobs and millions of lost revenues. LTV Steel and TRW are symbolic of Cleveland’s historically rich manufacturing industry. Like all manufacturing cities across the country, Cleveland has had to combat the declining industry base with more professional and service industry opportunities.

The 2000 census reveals that Cleveland’s employment base has become more diversified. What follows is a summary of the percentage of employed Clevelanders by industry type based on 2000 census figures.

| <u>Industry</u>                     | <u>% of Workplace</u> |
|-------------------------------------|-----------------------|
| Agriculture                         | 0.20%                 |
| Construction                        | 4.50                  |
| Manufacturing                       | 18.20                 |
| Wholesale Trade                     | 3.10                  |
| Retail Trade                        | 10.00                 |
| Transportation & Utilities          | 6.00                  |
| Information                         | 2.50                  |
| Finance, Insurance & 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               | <u>5.40</u>           |
|                                     | 100.00%               |
|                                     | =====                 |

The average annual unemployment rate for the City was 4.6% for 2001 that compares with the State of Ohio rate of 4.3% and the United States of 4.8%.

**Revenues**

Income tax collections decreased 4.7% in 2001 over the comparable amount in 2000 primarily as a result of the slowing economy and impact of the closing of LTV and TRW. Overall, General Fund revenues and other sources totaled \$458.2 million in 2001, an increase of 0.75% from 2000.

**Expenditures**

General Fund Expenditures and other uses totaled \$476.4 million in 2001, a decrease of 2.3% from 2000. The primary cause for the decrease was a one-time reduction of Workers Compensation payments during 2001, totaling nearly \$10 million for the General Fund. On a budget basis, audited results of operation reveal that the City’s General Fund ended the year with a \$896,000 deficit. The deficit is a result of the City expenditures exceeding revenues by \$13.6 million coupled with the recertification of \$9.8 million in contractual obligations. The 2001 budgetary operating deficit and the recertifications were partially funded by the City’s beginning unencumbered fund balance of \$22.5 million.

**Employees and Labor Relations**

As of December 31, 2001, the City had approximately 9,300 full-time employees. Approximately 85% of full-time employees are represented by 26 collective bargaining units. The larger units, together with the approximate number of employees represented by such units, include the American Federation of State, County and Municipal Employees, Local 100 (2,000); Cleveland Police Patrolmen’s Association (1,500); the Association of Cleveland Firefighters (900); Municipal Foreman and Laborers Union, Local 1099 (800); Teamsters, Local 244 (380); and the Fraternal Order of Police (318).

There have been no significant labor disputes or work stoppages in the City within the last 20 years. The City is in the second year of a three-year agreement with the vast majority of its labor unions, which included wage increases of 3%, 3.5% and 4% effective April 2001, 2002 and 2003, respectively.

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 obligation 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.

### **Current Projects and 2001 Accomplishments**

The 2001 budget focused on continuing the city’s commitment to improving the quality of life by strengthening our neighborhoods, continuing to foster a favorable business climate, and providing superior services, while simultaneously committing significant resources to computer remediation and upgrade needs.

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

- Initiated 259 housing starts
- Over 1,000 new jobs were created through economic development assistance programs
- Immunized over 7,490 citizens against the flu virus
- Continued assistance with the development of the City’s seventh new hotel in 10 years

Furthermore, the City hired two police recruit classes that increased police staffing to over 1,900 sworn police officers. The training agreements between the Division of Police and the Greater Cleveland Roundtable continue to address community multi-cultural concerns. Aggressive anti-crime enforcement practices in 2001 by the Division of Police continue to result in decreased violent crime rates from the previous year. In response to the events of September 11, 2001, the Division of Fire developed Urban Search and Rescue (USAR) Teams as outlined by the Federal Emergency Management Agency (FEMA). A Tactical Unit was also put into place in the downtown area for the purpose of specialized rescue operations. The Division of Fire placed six new fire apparatus in service during 2001, with six more to come in 2002. Year 2001 brought about an increase in arrests and convictions by our Fire Investigation Unit. There was also a corresponding decrease in the number of arson fires for the year. The Fire Prevention Bureau exceeded their projected goal of inspections in 2001.

The staffing of Cleveland EMS units was maintained at 21 ambulances, available 24 hours each day, which decreased the average response time to all types of calls below 6.45 minutes in the year 2001. A program was initiated to train City personnel, outside of EMS, in the use of automatic external defibrillators for early treatment of critical heart attack patients. An aggressive program of blood pressure evaluations in City Hall and throughout the community was commenced. The continuation of cardiopulmonary resuscitation (CPR) training, combined with the new initiatives in public access to early heart attack treatment and blood pressure monitoring, demonstrates the City’s concern for the health and welfare of all the residents and visitors.

The following projects currently underway will provide the momentum necessary to continue completion of additional retail, industrial and housing projects, including:

- Over \$47 million in loans and grants were made, stimulating over \$238 million in private investment, resulting in the retention of 1,919 jobs and the creation of 1,412 jobs.
- Manufacturing continues to be important to the Cleveland economy. In 2001, the Department of Economic Development assisted James Manufacturing with its relocation from a suburb to the City's west side, bringing 39 new jobs to the City. Braden Sutphin Ink Company received financial assistance to modernize its operation, preserving 131 jobs in Cleveland's east side.
- Construction commenced for a new 9,000 foot runway at Cleveland Hopkins International Airport.
- Assisted with predevelopment funding and land assembly activities for five large-scale neighborhood housing developments.
- Working with four neighborhood-based partners, over \$30 million of loans were approved or closed by the Empowerment Zone during 2001, stimulating at least \$78 million in investments, including significant developments undertaken by minority owned businesses.
- Empowerment Zone financing assisted the Health Museum of Cleveland, a 65-year-old institution, with the development of a new, state of the art interactive facility to further its mission of providing health information to the community.
- The League Park Development Corporation received financial assistance from the Empowerment Zone to support 29 units of new housing in the Hough Neighborhood. This is the first phase of a master plan for the League Park area, which includes 150 new housing units.
- Year 2001 saw the substantial completion of Quincy Place, a new 45,000-ft. office building in the Fairfax Neighborhood. Owned by Fairfax Renaissance Development Corporation (FRDC), this new \$15 million facility will house a day care center, FRDC's offices, and various social service agencies of Cuyahoga County, bringing these services directly to the neighborhood.
- The City has grown more aggressive in its efforts to attract and assist the hi-tech and life-science sectors. As a result, Cleveland is now the home of Quark Biotech, an emerging life-sciences company now located near the Cleveland Clinic. Originating in Chicago, Quark Biotech is a leader in research in the human genome.
- There continues to be a great deal of support for neighborhood retail. A city loan and tax incentive package supported development of a new Dave's Grocery Store in the Slavic Village Neighborhood. The new 45,000 sq. ft. facility more than doubles the size of the existing store, and is expected to not only support the grocery needs of the neighborhood, but is also expected to draw from a larger population now turning to the suburbs for fresh meat and produce.

**Future Economic Outlook**

Current economic conditions challenge the City during 2002. Operating in the midst of a recession, and faced with decreases in its primary revenue sources including City income and property taxes, the City prepared its 2002 operating budget on the basis of revenue estimated to be less than 2002 and tight expenditure control.

The City's Neighborhood Reinvestment Program is a joint effort by the City's Department of Community Development and several area banks to offer creative home financing, consumer credit, small business loans, and various financing options for low to moderate income residents. The following amounts, including more recent renewals, were committed from 1992 through 2001:

|                           |                   |
|---------------------------|-------------------|
| Key Bank                  | \$990 million     |
| Bank One                  | 766 million       |
| National City Bank        | 665 million       |
| Firststar Bank            | 528 million       |
| FirstMerit Bank           | 271 million       |
| Fifth Third Bank          | 268 million       |
| Huntington National Bank  | 248 million       |
| Charter One               | 239 million       |
| Metropolitan Bank & Trust | <u>53 million</u> |
| Total                     | \$4.028 billion   |

Additionally, the Federal National Mortgage Association (Fannie Mae), a secondary market lender, has committed a total of \$700 million since 1993. This brings the total commitments for all lending institutions to over \$4.7 billion since 1992.

We have consistently adhered to prudent fiscal policies during a long period of economic expansion and have been fortunate to reap the benefits. As the long economic expansion has changed into a recession, municipal governments across the country, including Cleveland, have had to adjust accordingly.

## **Future Projects for 2002**

In preparing its 2002 budget, the City assumed that core revenues would be steady or slightly reduced compared to 2001 revenues. However, the City was forced to deal with several 2002 expenditure increases, including:

- A 3.5% wage increase effective April 1, 2002 at a cost of \$8.5 million.
- As a result of the calendar the City every 11 years incurs an extra payroll period. During 2002, the additional payroll will cost the General Fund \$11.5 million.
- A retroactive pay raise for those union members whose collective bargaining agreements are not yet completed at a projected cost of \$3.5 million.
- Increases in pension and other benefit costs of \$2.5 million generally associated with higher salary levels due to the negotiated wage increase.
- New costs to the city resulting from the recently completed collective bargaining agreements obligating the City to pay for employees' vision care.

The net result of the items outlined above was a projected \$56 million General Fund deficit. The City, in an effort to eliminate the deficit without reducing service levels, reallocated existing revenue sources, maintained 2001 year-end staffing levels (with limited exceptions) and identified more than \$21 million in one-time revenues. The projected deficit was eliminated and continued delivery of superior service to Cleveland residents was assured.

The actions taken by the City in 2002 include the continued expansion of housing and economic development throughout City neighborhoods, additional senior citizens' services, expanded consumer protection services and increased safety services. Given the challenges facing the City during 2002 and recognizing virtually zero revenue growth, all core city services designed for the safety, health and welfare of City residents remained at or above 2001 service levels. Key programs in the 2002 budget are:

- Establishment of the Office of Consumer Affairs.
- Retention of 24 new park and recreation supervisors.
- Continuation of the expanded 12-week summer pool and playground season.
- Continued funding of the annual \$4.4 million streets resurfacing program.
- \$3 million investment in new concrete sidewalks, aprons, and curbs.
- New police class of 75 cadets.
- Additional staff in direct neighborhood service operations, including the Divisions of Architecture, Research Planning & Development and Engineering & Construction.
- Restaffing the Department of Law.
- Planned issuance of more than \$43 million of general obligation bonds for neighborhood capital projects.
- Planned establishment of a master leasing program for heavy duty vehicles and equipment.
- Establishment of the Office of Technology for the promotion and expansion of the emerging technology sector and biotech development.
- Hiring of a Chief Information Officer.
- Expansion of court community services.

## **General Fund**

The General Fund GAAP Basis Fund balance at December 31, 2001 was \$39.3 million. A five-year comparison of its General Fund activity follows. The revenues, expenditures and changes in fund balance shown in these comparisons are presented on the modified accrual basis of accounting as applicable to government.

General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance – GAAP Basis  
1997-2001

(Amounts in thousands)

|   | 2001             | 2000             | 1999             | 1998             | 1997             |
|---|------------------|------------------|------------------|------------------|------------------|
| Revenues:   |                  |                  |                  |                  |                  |
| Income Taxes  | \$246,121        | \$258,255        | \$253,403        | \$242,056        | \$227,488        |
| Property Taxes  | 46,200           | 41,806           | 46,195           | 42,625           | 41,277           |
| State & Local Government Fund   | 59,252           | 60,015           | 59,413           | 53,998           | 50,217           |
| Investment Earnings   | 1,349            | 1,938            | 2,980            | 5,581            | 2,726            |
| Licenses and Permits  | 8,853            | 9,155            | 8,984            | 10,278           | 8,855            |
| Shared Revenues   | 32,042           | 32,252           | 31,722           | 26,918           | 27,043           |
| Charges for Services  | 17,662           | 16,685           | 15,599           | 16,051           | 14,658           |
| Fines and Forfeits  | 13,096           | 20,990           | 19,070           | 14,766           | 15,572           |
| Miscellaneous   | <u>14,912</u>    | <u>13,690</u>    | <u>10,055</u>    | <u>15,555</u>    | <u>16,788</u>    |
| Total Revenues  | \$439,487        | \$454,786        | \$447,421        | \$427,828        | \$404,624        |
| Expenditures:   |                  |                  |                  |                  |                  |
| General Government  | \$ 53,578        | \$ 55,559        | \$ 47,543        | \$ 47,263        | \$ 42,164        |
| Public Service  | 32,038           | 35,804           | 29,345           | 29,020           | 29,911           |
| Public Safety   | 271,817          | 274,864          | 242,977          | 239,183          | 233,093          |
| Community & Economic<br>Development   | 16,886           | 14,722           | 7,138            | 7,809            | 6,976            |
| Public Health   | 11,281           | 12,507           | 10,728           | 10,519           | 10,233           |
| Parks, Recreation & Properties  | 38,446           | 38,624           | 33,502           | 34,375           | 34,193           |
| Other   | <u>15,449</u>    | <u>18,306</u>    | <u>14,458</u>    | <u>14,125</u>    | <u>18,945</u>    |
| Total Expenditures  | <u>\$439,495</u> | <u>\$450,386</u> | <u>\$385,691</u> | <u>\$382,294</u> | <u>\$375,515</u> |
| Excess/(deficiency) of revenues<br>over expenditures  | \$ (8)           | \$ 4,400         | \$ 61,730        | \$ 45,534        | \$ 29,109        |
| Other Financing Uses  |                  |                  |                  |                  |                  |
| Transfers In/(Out) - Net  | <u>( 18,201)</u> | <u>( 37,265)</u> | <u>( 26,249)</u> | <u>( 21,198)</u> | <u>( 23,776)</u> |
| Total other financing uses  | <u>( 18,201)</u> | <u>( 37,265)</u> | <u>( 26,249)</u> | <u>( 21,198)</u> | <u>( 23,776)</u> |
| Excess/(deficiency) of revenues and<br>other financing sources over<br>(under) expenditures and other<br>financing uses | ( 18,209)        | ( 32,865)        | 35,481           | 24,336           | 5,333            |
| Fund balance at beginning of year   | <u>\$ 57,459</u> | <u>\$ 90,324</u> | <u>\$ 54,843</u> | <u>\$ 30,507</u> | <u>\$ 25,174</u> |
| Fund balance at end of year   | <u>\$ 39,250</u> | <u>\$ 57,459</u> | <u>\$ 90,324</u> | <u>\$ 54,843</u> | <u>\$ 30,507</u> |
|   | =====            | =====            | =====            | =====            | =====            |

**Revenue Narrative:**

**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 receipts 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 2001, approximately 75% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

The total annual income tax receipts, excluding the restricted portion, for the last five calendar years, are shown in the following table.

| <u>Year</u> | <u>Amounts (In 000's)</u> | <u>Rate</u> |
|-------------|---------------------------|-------------|
| 1997        | \$227,488                 | 2.0%        |
| 1998        | 242,056                   | 2.0%        |
| 1999        | 253,403                   | 2.0%        |
| 2000        | 258,255                   | 2.0%        |
| 2001        | 246,121                   | 2.0%        |

Income tax receipts increased steadily between 1997 and 2000. However, the economic downturns of 2001, coupled with the loss of key manufacturing employers in the City, resulted in decreased tax revenues between 2000 and 2001.

### **Shared Revenues**

Shared revenues in the General Fund include the State Local Government Fund and other taxes collected by the state or counties and partially redistributed to the City and other political subdivisions. Other taxes include state income, sales, corporate franchise, public utility, estate, cigarette and liquor fees.

Since 1993, the State Local Government Fund (“LGF”) and Local Government Revenue Assistance Fund (“LGRAF”) 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. During the course of budget discussions in the Ohio General Assembly, 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.

The LGRAF, which was created in 1989, is distributed to all counties based upon population. Either the statutory allocation method or an agreed upon alternative allocation is used to apportion the funds. Cuyahoga County allocates LGRAF funds using the same method as is used to distribute LGF monies.

The table below reflects distributions of these funds to the City over the past five years.

State Local Government Fund and Other Shared Revenues  
(Amounts in thousands)

|                             | <u>2001</u>     | <u>2000</u>     | <u>1999</u>     | <u>1998</u>     | <u>1997</u>     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| State Local Government Fund | \$59,252        | \$60,015        | \$59,413        | \$53,998        | \$50,217        |
| Other Shared Revenues*      | <u>32,042</u>   | <u>32,252</u>   | <u>31,722</u>   | <u>26,918</u>   | <u>27,043</u>   |
| Total                       | <u>\$91,294</u> | <u>\$92,267</u> | <u>\$91,135</u> | <u>\$80,916</u> | <u>\$77,260</u> |

\* Includes: Cigarette Taxes, Estate Taxes, and Liquor Fees

LGRAAF funding has fluctuated over the course of the last few years. Distributions from the State of Ohio and Cuyahoga County (as a conduit between the State and City) have decreased since 2000. Projected State of Ohio budget deficits for 2002 will result in a further reduction of LGRAAF revenues to the City of nearly 5%.

**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 December 31 of that 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 upon its assessed value.

The assessed values of taxable property in the City for the past five years is as follows:

(Amount in thousands)

| <u>Tax<br/>Collection<br/>Year</u> | <u>Real<br/>Property</u> | <u>Tangible<br/>Personal<br/>(Other than<br/>Public Utility)</u> | <u>Public<br/>Utility<br/>Tangible<br/>Personal</u> | <u>Total<br/>Assessed<br/>Valuation</u> |
|------------------------------------|--------------------------|--|---|---|
| 1997                               | \$3,767,013              | \$856,832  | \$476,677   | \$5,100,522                             |
| 1998(a)                            | 4,015,815                | 885,245  | 474,182   | 5,375,242                               |
| 1999                               | 4,085,338                | 913,154  | 478,752   | 5,477,244                               |
| 2000                               | 4,100,737                | 952,829  | 444,315   | 5,497,881                               |
| 2001(b)                            | 4,618,340                | 988,532  | 451,775   | 6,058,647                               |

- (a) Reflects increased collections after the triennial update in 1997.
- (b) Reflects increased collections after the triennial update in 2000.

## Investment Earnings

Investment earnings deposited to the General Fund for the last five-year period are as follows:

(in thousands)

| <u>Fund</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| General     | \$1,349     | \$1,938     | \$2,980     | \$5,581     | \$2,726     |

Investments are made by the City Treasurer and are governed by State law and local ordinance that determine what are legal investments. Due to a struggling economy, reductions in available cash for investment and continued adjustments of the prime rate by the Federal Reserve, interest earnings have steadily declined since 1999.

## Licenses and Permits

Licenses and permits are issued by the City to regulate activities related to building, health, and other business enterprises. Over the last five years, revenues in the General Fund resulting from licenses and permits amounted to:

(in thousands)

|        | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
|--------|-------------|-------------|-------------|-------------|-------------|
| Amount | \$8,853     | \$9,155     | \$8,984     | \$10,278    | \$8,855     |

Several of the City's licenses and permits are issued for a two-year period. Thus fluctuations in receipts will occur dependent on re-issuance dates.

## Charges for Services and Fines and Forfeitures

The City performs certain services for its citizens and other municipalities for which it charges various amounts. These services include impounding, storing and selling abandoned autos, parking meter fees, and various other services. The City's General Fund also allocates a portion of certain citywide expenses to certain other City funds that benefit from the service of departments funded by the General Fund. The City also collects various fines and forfeitures.

(in thousands)

|                      | <u>2001</u>     | <u>2000</u>     | <u>1999</u>     | <u>1998</u>     | <u>1997</u>     |
|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fines & Forfeitures  | \$13,096        | \$20,990        | \$19,070        | \$14,766        | \$15,572        |
| Charges for Services | <u>\$17,662</u> | <u>\$16,685</u> | <u>\$15,599</u> | <u>\$16,051</u> | <u>\$14,658</u> |
| Total                | <u>\$30,758</u> | <u>\$37,675</u> | <u>\$34,669</u> | <u>\$30,817</u> | <u>\$30,230</u> |



## Miscellaneous

Miscellaneous revenues comprised of such items as Bureau of Workers Compensation refund and other minor revenue sources in the General Fund are as follows:

|        | (in thousands) |             |             |             |             |
|--------|----------------|-------------|-------------|-------------|-------------|
|        | <u>2001</u>    | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
| Amount | \$14,912       | \$13,690    | \$10,055    | \$15,555    | \$16,788    |

## Expenditure Narrative

General Fund expenditures and other uses totaled \$476,455,000 in 2001, a decrease of 2.3% from 2000. 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>(amounts in thousands)</u> |                         |                           |                         |  |                    |
|--------------------------------------|-------------------------------|-------------------------|---------------------------|-------------------------|--|--------------------|
| EXPENDITURES<br>AND OTHER USES       | Total<br><u>2001</u>          | % of<br><u>Total</u>    | Actual<br><u>2000</u>     | % of<br><u>Total</u>    | Increase<br>(Decrease)<br><u>Over 2000</u> | %<br><u>Change</u> |
| Current:                             |                               |                         |                           |                         |  |                    |
| General Government                   | \$ 53,578                     | 11.25%                  | \$ 55,559                 | 11.39%                  | (\$1,981)                                  | (3.57%)            |
| Public Service                       | 32,038                        | 6.72%                   | 35,804                    | 7.34%                   | (3,766)                                    | (10.52%)           |
| Public Safety                        | 271,817                       | 57.05%                  | 274,864                   | 56.37%                  | (3,047)                                    | (1.11%)            |
| Community Development                | 15,770                        | 3.31%                   | 13,654                    | 2.80%                   | 2,116                                      | 15.50%             |
| Public Health                        | 11,281                        | 2.37%                   | 12,507                    | 2.57%                   | (1,226)                                    | (9.80%)            |
| Maintenance, Parks and Recreation    | 38,446                        | 8.07%                   | 38,624                    | 7.92%                   | (178)                                      | (0.46%)            |
| Economic Development                 | 1,116                         | 0.23%                   | 1,068                     | 0.22%                   | 48   | 4.49%              |
| Other                                | 15,449                        | 3.24%                   | 18,306                    | 3.75%                   | (2,857)                                    | (15.61%)           |
| Operating Transfers Out              | <u>36,960</u>                 | <u>7.76%</u>            | <u>37,265</u>             | <u>7.64%</u>            | <u>(305)</u>                               | <u>0.82%</u>       |
| TOTAL EXPENDITURES<br>AND OTHER USES | <u>\$476,455</u><br>=====     | <u>100.00%</u><br>===== | <u>\$487,651</u><br>===== | <u>100.00%</u><br>===== | <u>(\$11,196)</u><br>=====                 | <u>(2.30%)</u>     |

Overall, expenditures rose in 2001 as a result of a 3.5% pay increase granted to City employees in April 2000, pursuant to the current three year agreement with various bargaining units. While there was also some increase in salary related fringe benefits, hospitalization and dental costs were held down by the continued shift to managed health care plans. Employees also continued to make a modest contribution towards their health insurance premiums through payroll deductions. The primary cause for the reduction in expenditures versus year 2000 was due to a one-time adjustment in workers compensation costs totaling nearly \$15 million city-wide. This resulted in a \$10 million impact to the General Fund.

## Special Revenue Funds

The Special Revenue Funds are used for certain revenue sources, primarily grant revenue, which are restricted by law or other formal action to be expended for specific purposes. Certain Special Revenue Funds are subject to an annual budget, while others are not. Special Revenue Funds not subject to an annual budget consist primarily of state and federal grants, including the Community Development Block Grant (CDBG), the Federal HOME program, Emergency Shelter Program, Housing Opportunities for Persons with Aids (HOPWA) Program, State of Ohio-Home Weatherization Assistance Program (HWAP), Urban Development Action Grant (UDAG), the WorkForce Investment Act (WIA) and the Empowerment Zone.

Community Development Block Grant: The Community Development Block Grant, which the City receives on an annual basis under Title I from the U.S. Department of Housing and Urban Development, is administered by the Department of Community Development. The annual entitlement for the program year of 2001, CDBG Year XXVI, was \$30,065,000. The primary objective of the CDBG program is the development of a viable urban community including decent housing, a suitable living environment, and expanded economic opportunities principally for low and moderate-income individuals.

The 2001 CDBG allocation breakdown is outlined below:

| <u>Purpose</u>                  | <u>Amount</u>       | <u>%</u>      |
|---------------------------------|---------------------|---------------|
| Demolition & Boarding           | \$ 3,450,000        | 11.20         |
| Housing                         | 7,134,000           | 23.17         |
| Neighborhood Development        | 10,500,000          | 34.10         |
| Social Service/Aids Prevention  | 4,284,000           | 13.91         |
| Lot Clean-Up                    | 795,000             | 2.58          |
| Commercial/Economic Development | 2,000,000           | 6.49          |
| Citywide Agencies               | <u>2,632,000</u>    | <u>8.55</u>   |
|                                 | <u>\$30,795,000</u> | <u>100.00</u> |

Additional details for the CDBG program are included in the City's Grant application titled "Consolidated Plan."

Federal HOME Program: The HOME Program is authorized by the HOME Investment Partnership Act under Title II of the National Affordable Housing Act. Purposes of the HOME Program include expanding the supply of decent, affordable housing for low-income families with emphasis on rental housing, to assisting state and local governments in carrying out affordable housing programs, and providing coordinated assistance to participants in the development of affordable low-income housing.

The City's Federal HOME Program allocation for 2001 was \$8,932,000:

| <u>Activity</u>  | <u>Allocation</u>  | <u>% of Budget</u> |
|--|--------------------|--------------------|
| Rehabilitation loans to homeowners                                   | \$5,567,000        | 63%                |
| Rehabilitation of rental housing by<br>community based organizations | 2,000,000          | 22%                |
| Development of rental housing trust funds                            | <u>1,365,000</u>   | <u>15%</u>         |
|  | <u>\$8,932,000</u> | <u>100%</u>        |

### Debt Administration

General obligation bonds are recorded in the General Long-Term Obligations Account Group. Revenue bonds and mortgage revenue bonds are recorded in the applicable Enterprise Fund. The principal amounts outstanding at December 31, 2001 are as follows:

|                                | <u>Balance</u><br><u>January 1, 2001</u> | <u>Debt</u><br><u>Issued</u> | <u>Debt</u><br><u>Refunded</u> | <u>Debt</u><br><u>Retired</u> | <u>Balance</u><br><u>December 31, 2001</u> |
|--------------------------------|--|------------------------------|--------------------------------|-------------------------------|--|
|                                |  |                              | (Amount in 000's)              |                               |  |
| General Long-Term Obligations: |  |                              |                                |                               |  |
| General Obligation Bonds       | \$ 316,950                               |                              |                                | (\$23,570)                    | \$ 293,380                                 |
| Urban Renewal Bonds/Notes      | 9,160                                    | \$ 4,200                     |                                | (285)                         | 13,075                                     |
| Subordinated Income Tax Bonds  | 69,500                                   |                              |                                | (1,300)                       | 68,200                                     |
| Non-tax Revenue Bond           | 10,000                                   |                              |                                |                               | 10,000                                     |
| Certificates of Participation  | 167,379                                  |                              |                                | (6,308)                       | 161,071                                    |
| Enterprise Fund Debt:          |  |                              |                                |                               |  |
| Revenue Bonds and Notes        | 1,482,976                                | 752,660                      | (\$173,255)                    | (43,650)                      | 2,018,731                                  |
| Ohio Water Development Loans   | <u>7,412</u>                             | <u>6,494</u>                 |                                | <u>(789)</u>                  | <u>13,117</u>                              |
| Total                          | <u>\$2,063,377</u>                       | <u>\$763,354</u>             | <u>(\$173,255)</u>             | <u>(\$75,902)</u>             | <u>\$2,577,574</u>                         |

Funds used to meet the debt service requirement on the City's general obligation bonds are from certain ad valorem taxes, restricted income taxes, interest earnings, and enterprise reimbursements from the Convention Center. Ad valorem taxes, the primary source of funds, amounted to \$23,665,000 in 2001, which represents 61% of the debt service requirement on the general obligation bonds recorded in the General Long-Term Obligations Account Group. The remaining 39% of debt service requirements is retired from a portion of the City's restricted income tax proceeds, interest earnings and other miscellaneous revenue sources generated within the debt service funds. These taxes were derived from a levy of \$4.35 per \$1,000 of assessed property. 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, recreational facilities, cemeteries, and urban redevelopment. The City's Enterprise Funds implement their own individual capital improvement programs and issue revenue debt necessary to fund their programs.

In October 2001, the City issued \$4,200,000 Taxable Urban Renewal Notes. These one-year notes, which mature November 1, 2002, are special obligations of the City and were issued to purchase certain properties for urban renewal purposes. Principal and interest on the Series 2001 Note, unless paid from other sources, are to be paid from the non-tax revenues of the City.

The City's 2001 Bond Ratings for general obligation and revenue bonds are as follows:

|  | <u>Moody's<br/>Investors Service</u> | <u>Standard &amp; Poor's</u> | <u>Fitch<br/>Investors Service</u> |
|--|--------------------------------------|------------------------------|------------------------------------|
| General Obligation Bonds                                   | A1                                   | A+                           | A                                  |
| Waterworks Mortgage:<br>Revenue Bonds                      | Aa3                                  | AA-                          |                                    |
| Cleveland Public Power:<br>Revenue Bonds                   | A2                                   | A-                           |                                    |
| Airport System:<br>Revenue Bonds                           | A3                                   | A                            |                                    |
| Municipal Parking Lots:<br>Revenue Bonds (Insured Ratings) | Aaa                                  | 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, 2001 was:

Net General Bonded Debt \$292,608,000  
Ratio of Net Bonded Debt to Assessed Valuation 4.83%  
Net General Bonded Debt Per Capita \$611.63

### **Capital Projects Fund**

The Capital Projects Fund includes all major capital improvement projects of the City other than those accounted for in the Proprietary and Special Revenue Fund Types. The primary sources for financing the City's Capital Improvement Projects are General Obligation Bond proceeds, Certificates of Participation proceeds, Urban Renewal Bond proceeds, 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 Cleveland's neighborhoods; 2) Economic development and job creation, and 3) Provision of cost-effective, basic City services to Cleveland residents and the business community.

The City is in the initial stages of providing its first five-year capital improvement plan since 1994. While the City annually revises its planned capital expenditures through a centralized planning process, the current Administration is committed to producing a Capital Development Plan that clearly outlines, in priority order, capital improvements.

Capital projects fall into three major groups and are classified under the following ten functional areas:

| <u>Major Groups</u>       | <u>Functional Areas</u>  |
|---------------------------|--|
| Basic Services            | - Transportation (roads and bridges)<br>- Public buildings and facilities<br>- Vehicles and major equipment, including technology expenses<br>- Parks and recreation |
| Development               | - Economic<br>- Community  |
| Major Enterprise Services | - Airports<br>- Water system<br>- Electric Utility<br>- Collector sewer system   |

### **Enterprise Funds**

Cleveland operates four major Enterprise Funds encompassing two airports, a water system, an electrical plant, and a local sewer system. The City also operates other minor Enterprise Funds consisting of cemeteries, a convention center, golf courses, municipal parking lots, and public market facilities.

**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 employs approximately 400 individuals in administration, airfield and building maintenance, vehicle maintenance, and aircraft rescue and fire fighting. Currently, 23 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 2001 amounted to \$92.8 million. This represents a 7.0% increase from 2000 operating revenues of \$86.7 million. Cleveland Hopkins International Airport served 11.9 million passengers in 2001. This reflects an 11.7% decrease from 2000 passengers served. This decrease is attributed to an economic downturn and the tragic events of September 11, 2001. Since October 2001, enplanements have begun to return to pre-September 11<sup>th</sup> levels.

**Division of Water:** The Division of Water was created in 1853 and charged with the responsibility of collecting, treating, pumping and distributing potable water and providing related water service to customers within its service areas. The Division operates a major public water supply system, the eighth largest in the United States, that serves not only the City, but also 73 suburban municipalities in Cuyahoga, Medina, Summit and Geauga Counties. The Division is an emergency standby provider for systems in four other counties. The present service area covers over 640 square miles and serves over 1.5 million people. In 2001, the aggregate metered consumption of water in the City constituted 37% of the total metered consumption in the service area, while consumption in the direct service communities and master meter communities constituted 53% and 10%, respectively.

Operating revenue in 2001 increased 4.5% to \$212.7 million from \$203.5 million in 2000. Metered sales revenue was up 4% in 2001 mainly due to a rate increase. Operating expenses, exclusive of depreciation, increased 7% to \$116.8 million compared to \$109.1 million in 2000.

**Division of Cleveland Public Power:** The Division of Cleveland Public Power supplies electrical service to over 79,600 accounts in the City. The Division is responsible for producing, supplying, transmitting and distributing electricity and providing related electrical services to customers within its service area.

Cleveland Public Power's 2001 operating revenue decreased 1.5% to \$132.1 million from \$134.2 million in 2000. The number of customers increased 1% while kilowatt hour (kwh) sales decreased 10% to 1,419 million kwh. Purchased power expense decreased 4.8% to \$65.3 million in 2001 from \$68.6 million in 2000, primarily due to the decrease in kwh sales. Operating expenses, exclusive of depreciation and purchased power, decreased 10.4% to \$32.5 million compared to \$36.3 million a year ago.

**Division of Water Pollution Control:** The Division of Water Pollution Control is responsible for the network of sewers conveying sanitary sewage and industrial waste in the City from their point of origin to the treatment facilities for treatment and disposal operated by a regional district. The division also maintains, cleans, repairs and improves sewers and their appurtenances, including catch basins and relaying of the sewer connections.

The Division reported a 3.9% increase in 2001 operating revenue to \$18.9 million compared to \$18.2 million in 2000 primarily due to a rate increase. Operating expenses, exclusive of depreciation, rose 1% to \$13.7 million from \$13.5 million a year ago.

### **General Fixed Assets**

The general fixed assets of the City as of December 31, 2001 total \$742,590,000 and include all fixed assets of the City except those recorded in the Proprietary Fund Types and infrastructure assets such as streets and bridges. Infrastructure assets are not recorded because they are immovable and of use only to the City. Fixed asset additions and deductions for fiscal year 2001 amounted to \$32,431,000 and \$9,442,000 respectively. The additions were funded primarily from the Certificates of Participation, General Fund, General Obligation Bonds proceeds and Special Revenue Funds.

### **Cash Management**

Currently, the City's policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, \$25,688,000 of bank deposits are either insured by federal depository insurance or collateralized with the collateral being held by the City or by its agent in the city's name, and \$128,521,000 are uninsured and uncollateralized. Of the \$247,447,000 of classified investments, \$195,796,000 are classified in the category of lowest credit risk established by the Governmental Accounting Standards Board, \$51,418,000 represents investments held in the City's name by the counterparty's trust department or agent, and \$233,000 represents investments held by the counterparty's trust department or agent but not in the City's name.

The City's investment policies ensure efficient and profitable use of the City's cash resources and reduce the credit and market risks associated with the deposit and investment of City funds. Significant elements of the City's current cash management program include the following objectives:

- A more streamlined bank account structure.
- On-line connection to concentration banks that advise the City of funds available each day for disbursement and investment.
- Improved control over the timing of disbursements.
- More sophisticated management of the City's investment portfolio.
- Reconciliation of investments to the market value of the collateral pledged.
- Investments transacted on a delivery versus payment basis.

### **Risk Management**

The City has developed a risk management program involving law, finance and personnel to further promote its fundamental responsibility and financial capability to provide basic services to the citizens of Cleveland. The risk management program serves to implement qualitative controls, programs and safeguards in the delivery of basic City services for the protection of both the public and City employees. In addition, the program identifies and controls exposures the City may have to financial loss. Periodic review of the City's funding arrangements with respect to general liability and employee benefits maintains the City's assumption of risk at a reasonable and affordable level.

### **Other Information**

**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 State. The fiscal year ended December 31, 2001, represents the 21<sup>st</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 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2000. The Certificate of Achievement is a prestigious national award recognizing the conformance with the highest standards for preparation of state and local government financial reports.

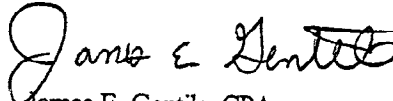
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 17 consecutive years (fiscal years ended 1984-2000). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

**Acknowledgments:** The preparation of this report could not have been accomplished without the efficient and dedicated service of the Finance Department, particularly the Financial Reporting and Control division and the Internal Audit division. We would also like to thank the Mayor, her 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. In addition, we would like to thank the Auditor of State for their efforts and professional conduct throughout the audit engagement.

Very truly yours,



Robert H. Baker, Director  
Department of Finance



James E. Gentile, CPA  
City Controller

# CITY OF CLEVELAND, OHIO

## City Officials

**Jane L. Campbell, Mayor**

### EXECUTIVE STAFF

David McGuirk ..... Chief Operating Officer  
Tim Mueller ..... Chief Development Officer  
Craig Tame ..... Chief Health & Public Safety Officer  
Rodney Jenkins ..... Chief Public Affairs Officer

### ADMINISTRATION

Jane Fumich ..... Director, Department of Aging  
Henry Guzman ..... Director, Office of Equal Opportunity  
Robert H. Baker ..... Director, Department of Finance, Chief Financial Officer  
Subodh Chandra ..... Director, Department of Law  
John Barnes Jr. .... Director, Community Relations Board  
James Draper. .... Director, Department of Public Safety  
Edward Lohn ..... Police Chief  
Kevin G. Gerrity ..... Fire Chief  
Linda M. Hudecek ..... Director, Department of Community Development  
James Glending. .... Director (Acting), Department of Parks, Recreation & Properties  
Michael Konicek ..... Director, Department of Public Utilities  
Kenya Taylor. .... Director, Department of Consumer Affairs  
Chris Ronayne ..... Director, City Planning Commission  
Eduardo Romero ..... Director, Personnel & Human Resources  
Mark Ricchiuto ..... Director, Department of Public Service  
John Mok. .... Director, Department of Port Control  
Steven Sims. .... Director, Economic Development  
Jonalyn Krupka. .... Secretary, Civil Service Commission  
Matthew Carroll. .... Director (Acting), Department of Public Health

# CITY OF CLEVELAND, OHIO

## City Council

|                     |                               |
|---------------------|-------------------------------|
| Frank G. Jackson    | President of Council / Ward 5 |
| Valarie J. McCall   | Clerk of Council              |
| Joseph T. Jones     | Ward 1                        |
| Robert J. White     | Ward 2                        |
| Zachary Reed        | Ward 3                        |
| Kenneth L. Johnson  | Ward 4                        |
| Patricia J. Britt   | Ward 6                        |
| Fannie M. Lewis     | Ward 7                        |
| Sabra Pierce Scott  | Ward 8                        |
| Kevin Conwell       | Ward 9                        |
| Roosevelt Coats     | Ward 10                       |
| Michael D. Polensek | Ward 11                       |
| Edward W. Rybka     | Ward 12                       |
| Joseph Cimperman    | Ward 13                       |
| Nelson Cintron, Jr. | Ward 14                       |
| Merle R. Gordon     | Ward 15                       |
| Michael C. O'Malley | Ward 16                       |
| Matthew Zone        | Ward 17                       |
| Jay Westbrook       | Ward 18                       |
| Dona J. Brady       | Ward 19                       |
| Martin J. Sweeney   | Ward 20                       |
| Michael A. Dolan    | Ward 21                       |



# 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, 2000

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

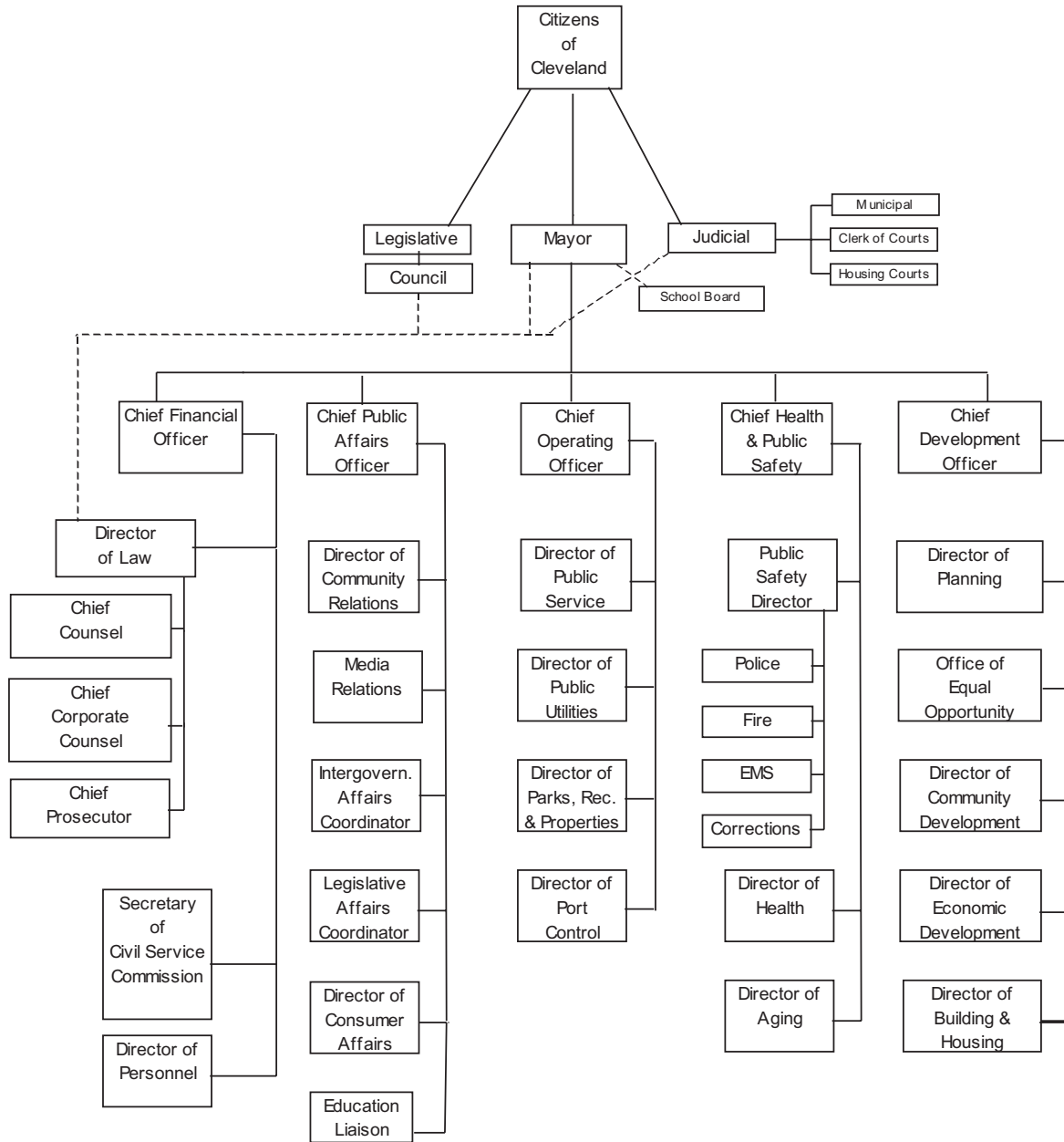


*Thomas A. Grewe*  
President

*Jeffrey L. Esser*  
Executive Director

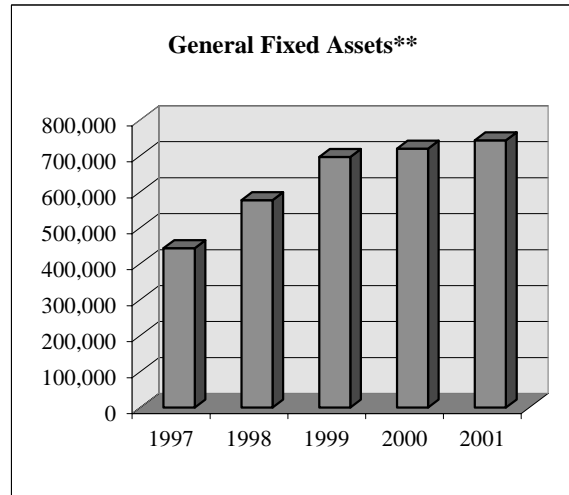
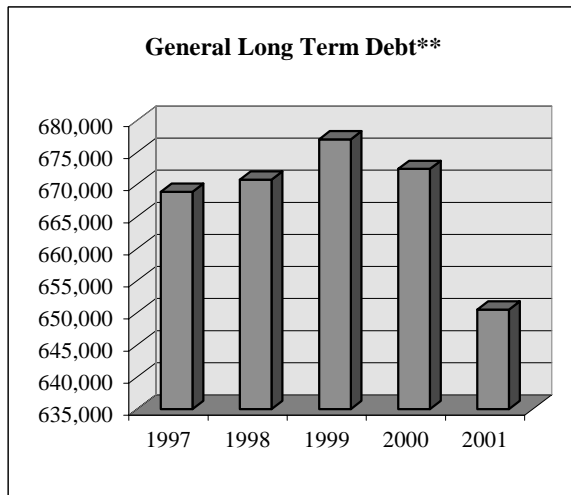
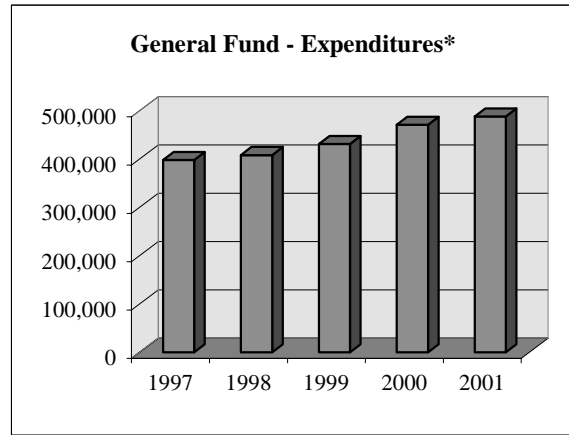
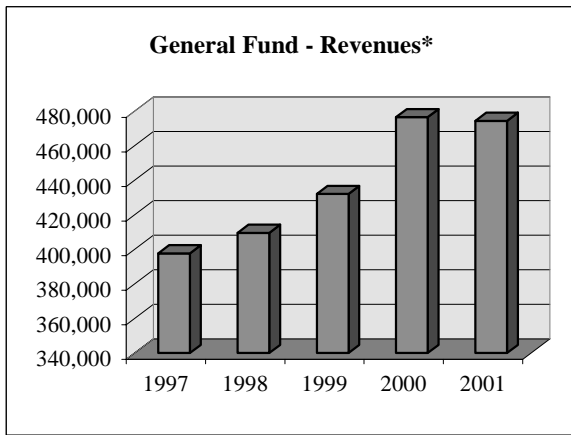
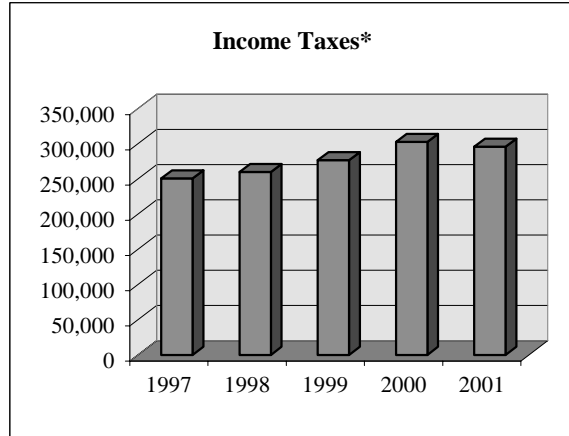
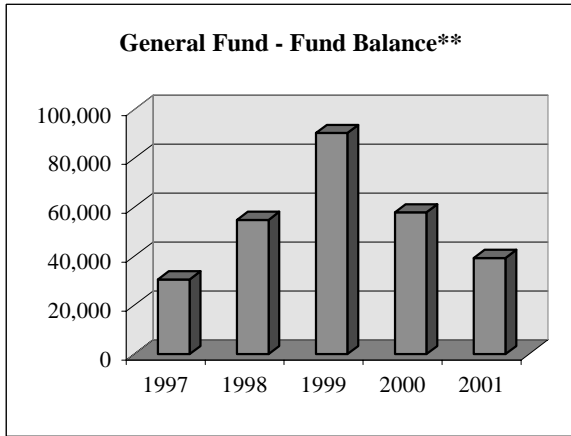
# CITYOF CLEVELAND, OHIO

## ADMINISTRATIVE ORGANIZATION CHART



# FINANCIAL HIGHLIGHTS

(in thousands of dollars)



| For Year Ended | General Fund Balance** | General Fund Revenues* | General Long Term Debt** | Income Taxes* | General Fund Expenditures* | General Fixed Assets** |
|----------------|------------------------|------------------------|--------------------------|---------------|----------------------------|------------------------|
| 1997           | 30,507                 | 397,778                | 668,874                  | 250,590       | 398,183                    | 443,283                |
| 1998           | 54,843                 | 409,666                | 670,753                  | 259,721       | 408,232                    | 576,865                |
| 1999           | 90,324                 | 432,125                | 677,052                  | 276,627       | 430,956                    | 696,335                |
| 2000           | 57,916                 | 476,608                | 672,442                  | 302,384       | 470,825                    | 719,552                |
| 2001           | 39,250                 | 474,442                | 650,518                  | 295,559       | 488,102                    | 742,590                |

\* Budget Basis

\*\* GAAP Basis

# **FINANCIAL SECTION**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building  
615 Superior Avenue, NW.  
Twelfth Floor  
Cleveland, Ohio 44113-1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general-purpose financial statements of the City of Cleveland, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Cleveland, Cuyahoga County, Ohio, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the City, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

August 16, 2002

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**CITY OF CLEVELAND, OHIO**  
**COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS**

**December 31, 2001**

(Amounts in 000's)

|   | Governmental Fund Types |                    |                  |                     |
|---|-------------------------|--------------------|------------------|---------------------|
|   | General<br>Fund         | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects |
| <b>ASSETS</b>   |                         |                    |                  |                     |
| Cash and cash equivalents   | \$ 2,364                | \$ 123,134         | \$ 6,880         | \$ 79,074           |
| Investments at market   |                         |                    | 2,743            | 11,007              |
| Receivables:  |                         |                    |                  |                     |
| Taxes   | 105,537                 | 6,021              | 29,887           |                     |
| Accounts  | 15,526                  | 2,418              |                  |                     |
| Loans   |                         | 180,824            |                  |                     |
| Unbilled revenue  |                         |                    |                  |                     |
| Accrued interest  | 24                      |                    | 22               | 317                 |
| Assessments   |                         |                    |                  | 8                   |
| Less: Allowance for doubtful accounts                                     | (4,825)                 |                    |                  |                     |
| Receivables, net  | 116,262                 | 189,263            | 29,909           | 325                 |
| Due from other funds  | 42,274                  | 22,491             |                  | 4,793               |
| Due from other governments  | 35,727                  | 54,666             | 1,850            | 5,863               |
| Inventory of supplies   | 53                      | 883                |                  |                     |
| Prepaid expenses and other assets   |                         |                    |                  |                     |
| Restricted assets:  |                         |                    |                  |                     |
| Cash and cash equivalents   |                         |                    |                  | 15,231              |
| Investments at market   |                         |                    |                  |                     |
| Accrued interest receivable   |                         |                    |                  |                     |
| Bond retirement reserve   |                         |                    |                  |                     |
| Accrued passenger facility charge   |                         |                    |                  |                     |
|   |                         |                    |                  | 15,231              |
| Fixed assets in service:  |                         |                    |                  |                     |
| Land  |                         |                    |                  |                     |
| Land improvements   |                         |                    |                  |                     |
| Utility plant in service  |                         |                    |                  |                     |
| Buildings, structure and improvements                                     |                         |                    |                  |                     |
| Furniture, fixtures and equipment   |                         |                    |                  |                     |
| Less: Accumulated depreciation  |                         |                    |                  |                     |
| Construction in progress  |                         |                    |                  |                     |
| Amount available in Debt Service Funds                                    |                         |                    |                  |                     |
| Amount to be provided for retirement of<br>general long-term obligations: |                         |                    |                  |                     |
| Debt  |                         |                    |                  |                     |
| Other obligations   |                         |                    |                  |                     |
| <b>TOTAL ASSETS</b>   | <b>\$ 196,680</b>       | <b>\$ 390,437</b>  | <b>\$ 41,382</b> | <b>\$ 116,293</b>   |

See notes to financial statements.

| Proprietary<br>Fund Types |                     | Fiduciary<br>Fund Type |                            | Account Groups                      |              | Totals<br>(Memorandum Only) |         |
|---------------------------|---------------------|------------------------|----------------------------|-------------------------------------|--------------|-----------------------------|---------|
| Enterprise<br>Fund        | Internal<br>Service | Agency<br>Fund         | General<br>Fixed<br>Assets | General<br>Long-Term<br>Obligations | 2001         | 2000                        |         |
| \$ 195,250                | \$ 6,503            | \$ 34,093              |                            |                                     | \$ 447,298   | \$ 348,479                  |         |
| 131,435                   |                     |                        |                            |                                     | 145,185      | 277,967                     |         |
|                           |                     | 31,127                 |                            |                                     | 172,572      | 140,371                     |         |
| 112,670                   | 30                  |                        |                            |                                     | 130,644      | 100,831                     |         |
|                           |                     |                        |                            |                                     | 180,824      | 177,007                     |         |
| 30,757                    |                     |                        |                            |                                     | 30,757       | 32,451                      |         |
| 1,717                     |                     | 2                      |                            |                                     | 2,082        | 7,017                       |         |
|                           |                     |                        |                            |                                     | 8            | 13                          |         |
| (5,686)                   |                     |                        |                            |                                     | (10,511)     | (5,029)                     |         |
| 139,458                   | 30                  | 31,129                 |                            |                                     | 506,376      | 452,661                     |         |
|                           |                     |                        |                            |                                     |              |                             |         |
| 14,929                    | 5,674               | 297                    |                            |                                     | 90,458       | 93,549                      |         |
| 3,655                     | 2                   | 313                    |                            |                                     | 102,076      | 58,971                      |         |
| 8,992                     | 2,462               |                        |                            |                                     | 12,390       | 11,451                      |         |
| 21,967                    |                     |                        |                            |                                     | 21,967       | 14,652                      |         |
|                           |                     |                        |                            |                                     |              |                             |         |
| 976,827                   |                     |                        |                            |                                     | 992,058      | 414,432                     |         |
| 81,878                    |                     |                        |                            |                                     | 81,878       | 157,868                     |         |
| 3,233                     |                     |                        |                            |                                     | 3,233        | 3,050                       |         |
| 53                        |                     |                        |                            |                                     | 53           | 53                          |         |
| 2,069                     |                     |                        |                            |                                     | 2,069        | 2,224                       |         |
| 1,064,060                 |                     |                        |                            |                                     | 1,079,291    | 577,627                     |         |
|                           |                     |                        |                            |                                     |              |                             |         |
| 170,270                   | 663                 |                        | \$ 37,240                  |                                     | 208,173      | 200,544                     |         |
| 215,628                   | 3                   |                        | 55,226                     |                                     | 270,857      | 260,697                     |         |
| 1,259,777                 |                     |                        |                            |                                     | 1,259,777    | 1,219,690                   |         |
| 724,670                   | 1,605               |                        | 508,163                    |                                     | 1,234,438    | 1,226,673                   |         |
| 123,153                   | 9,185               |                        | 94,624                     |                                     | 226,962      | 235,431                     |         |
| (811,918)                 | (10,436)            |                        |                            |                                     | (822,354)    | (745,059)                   |         |
| 1,681,580                 | 1,020               |                        | 695,253                    |                                     | 2,377,853    | 2,397,976                   |         |
|                           |                     |                        |                            |                                     |              |                             |         |
| 255,446                   |                     |                        | 47,337                     |                                     | 302,783      | 157,722                     |         |
|                           |                     |                        |                            | \$ 9,645                            | 9,645        | 15,091                      |         |
|                           |                     |                        |                            |                                     |              |                             |         |
|                           |                     |                        |                            |                                     | 293,380      | 293,380                     | 316,950 |
|                           |                     |                        |                            |                                     | 347,493      | 347,493                     | 350,441 |
| \$ 3,516,772              | \$ 15,691           | \$ 65,832              | \$ 742,590                 | \$ 650,518                          | \$ 5,736,195 | \$ 5,073,537                |         |

Continued

**CITY OF CLEVELAND, OHIO**  
**COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS-Continued**

**December 31, 2001**

(Amounts in 000's)

|   | Governmental Fund Types |                    |                 |                     |
|---|-------------------------|--------------------|-----------------|---------------------|
|   | General<br>Fund         | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |
| <b>LIABILITIES</b>  |                         |                    |                 |                     |
| Accounts payable  | \$ 5,853                | \$ 13,357          |                 | \$ 13,069           |
| Estimated claims payable                                    | 184                     |                    |                 |                     |
| Deferred revenue  | 102,280                 | 16,468             | \$ 31,737       | 8                   |
| Due to other funds  | 8,445                   | 44,074             |                 | 9,274               |
| Due to other governments                                    | 275                     | 32,211             |                 |                     |
| Accrued wages and benefits                                  | 40,393                  | 2,124              |                 |                     |
| Police and fire overtime                                    |                         |                    |                 |                     |
| Police and fire deferred vacation                           |                         |                    |                 |                     |
| Sundry liabilities  |                         |                    |                 |                     |
| Accrued interest  |                         |                    |                 |                     |
| Accounts payable from restricted assets                     |                         |                    |                 |                     |
| Capital lease obligations                                   |                         |                    |                 |                     |
| Certificates of participation                               |                         |                    |                 |                     |
| Urban renewal increment bonds and notes                     |                         |                    |                 |                     |
| Subordinated income tax refunding bond                      |                         |                    |                 |                     |
| Non-tax revenue bonds                                       |                         |                    |                 |                     |
| Notes payable   |                         |                    |                 |                     |
| General obligation bonds payable                            |                         |                    |                 |                     |
| Construction loans  |                         |                    |                 |                     |
| Deferred payment obligation                                 |                         |                    |                 |                     |
| Revenue bonds payable                                       |                         |                    |                 |                     |
| <b>TOTAL LIABILITIES</b>                                    | 157,430                 | 108,234            | 31,737          | 22,351              |
| <b>FUND EQUITY AND OTHER CREDITS</b>                        |                         |                    |                 |                     |
| Investment in general fixed assets                          |                         |                    |                 |                     |
| Contributed capital - City of Cleveland and others          |                         |                    |                 |                     |
| Retained earnings (accumulated deficits):                   |                         |                    |                 |                     |
| Reserve for debt retirement                                 |                         |                    |                 |                     |
| Unreserved  |                         |                    |                 |                     |
| <b>TOTAL RETAINED EARNINGS<br/>(ACCUMULATED DEFICITS)</b>   |                         |                    |                 |                     |
| Fund balances:  |                         |                    |                 |                     |
| Reserve for loans   |                         | 162,863            |                 |                     |
| Reserve for inventory                                       | 53                      | 883                |                 |                     |
| Reserve for debt service                                    |                         |                    | 9,645           |                     |
| Reserve for encumbrances                                    | 14,823                  | 56,330             |                 | 14,462              |
| Reserve for rainy day reserve fund                          | 10,495                  |                    |                 |                     |
| Reserve for reserve fund                                    | 6,148                   |                    |                 |                     |
| Unreserved:   |                         |                    |                 |                     |
| Designated for future capital improvements                  |                         | 24,912             |                 | 75,255              |
| Undesignated  | 7,731                   | 37,215             |                 | 4,225               |
| <b>TOTAL FUND BALANCES</b>                                  | 39,250                  | 282,203            | 9,645           | 93,942              |
| <b>TOTAL FUND EQUITY<br/>AND OTHER CREDITS</b>              | 39,250                  | 282,203            | 9,645           | 93,942              |
| <b>TOTAL LIABILITIES, FUND EQUITY<br/>AND OTHER CREDITS</b> | \$ 196,680              | \$ 390,437         | \$ 41,382       | \$ 116,293          |

See notes to financial statements.

| Proprietary<br>Fund Types |                     | Fiduciary<br>Fund Types |                            | Account Groups                      |              | Totals<br>(Memorandum Only) |  |
|---------------------------|---------------------|-------------------------|----------------------------|-------------------------------------|--------------|-----------------------------|--|
| Enterprise<br>Fund        | Internal<br>Service | Agency                  | General<br>Fixed<br>Assets | General<br>Long-Term<br>Obligations | 2001         | 2000                        |  |
| \$ 20,728                 | \$ 2,310            | \$ -                    | \$ -                       | \$ -                                | \$ 55,317    | \$ 54,370                   |  |
|                           |                     |                         |                            | 2,845                               | 3,029        | 3,175                       |  |
|                           |                     |                         |                            |                                     | 150,493      | 103,189                     |  |
| 16,488                    | 8,175               | 4,002                   |                            |                                     | 90,458       | 93,549                      |  |
| 47,152                    |                     | 49,195                  |                            |                                     | 128,833      | 82,591                      |  |
| 19,813                    | 2,504               |                         |                            | 38,809                              | 103,643      | 106,793                     |  |
|                           |                     |                         |                            | 57,339                              | 57,339       | 64,803                      |  |
|                           |                     |                         |                            | 1,237                               | 1,237        | 1,193                       |  |
|                           |                     | 12,635                  |                            |                                     | 12,635       | 11,790                      |  |
| 63,122                    |                     |                         |                            |                                     | 63,122       | 47,607                      |  |
| 20,506                    |                     |                         |                            |                                     | 20,506       | 11,543                      |  |
|                           |                     |                         |                            | 812                                 | 812          | 1,350                       |  |
|                           |                     |                         |                            | 161,071                             | 161,071      | 167,379                     |  |
|                           |                     |                         |                            | 13,075                              | 13,075       | 9,160                       |  |
|                           |                     |                         |                            | 68,200                              | 68,200       | 69,500                      |  |
|                           |                     |                         |                            | 10,000                              | 10,000       | 10,000                      |  |
| 44,950                    |                     |                         |                            | 3,750                               | 48,700       | 44,000                      |  |
|                           |                     |                         |                            | 293,380                             | 293,380      | 316,950                     |  |
| 13,117                    |                     |                         |                            |                                     | 13,117       | 7,412                       |  |
| 26,531                    |                     |                         |                            |                                     | 26,531       | 27,810                      |  |
| 1,878,286                 |                     |                         |                            |                                     | 1,878,286    | 1,347,521                   |  |
| 2,150,693                 | 12,989              | 65,832                  |                            | 650,518                             | 3,199,784    | 2,581,685                   |  |
|                           |                     |                         | \$ 742,590                 |                                     | 742,590      | 719,552                     |  |
| 343,722                   | 2,967               |                         |                            |                                     | 346,689      | 346,687                     |  |
| 37,459                    |                     |                         |                            |                                     | 37,459       | 44,196                      |  |
| 984,898                   | (265)               |                         |                            |                                     | 984,633      | 879,416                     |  |
| 1,022,357                 | (265)               |                         |                            |                                     | 1,022,092    | 923,612                     |  |
|                           |                     |                         |                            |                                     | 162,863      | 172,609                     |  |
|                           |                     |                         |                            |                                     | 936          | 469                         |  |
|                           |                     |                         |                            |                                     | 9,645        | 15,091                      |  |
|                           |                     |                         |                            |                                     | 85,615       | 40,413                      |  |
|                           |                     |                         |                            |                                     | 10,495       | 8,792                       |  |
|                           |                     |                         |                            |                                     | 6,148        | 5,000                       |  |
|                           |                     |                         |                            |                                     | 100,167      | 104,934                     |  |
|                           |                     |                         |                            |                                     | 49,171       | 154,693                     |  |
|                           |                     |                         |                            |                                     | 425,040      | 502,001                     |  |
| 1,366,079                 | 2,702               |                         | 742,590                    |                                     | 2,536,411    | 2,491,852                   |  |
| \$ 3,516,772              | \$ 15,691           | \$ 65,832               | \$ 742,590                 | \$ 650,518                          | \$ 5,736,195 | \$ 5,073,537                |  |

**CITY OF CLEVELAND, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES**

**For the Year Ended December 31, 2001**

(Amounts in 000's)

|   | Governmental Fund Types |                    |                 |                     |
|---|-------------------------|--------------------|-----------------|---------------------|
|   | General<br>Fund         | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |
| <b>REVENUES</b>   |                         |                    |                 |                     |
| Income taxes  | \$ 246,121              | \$ 31,566          | \$ -            | \$ -                |
| Property taxes  | 46,200                  |                    | 25,410          |                     |
| State local government fund   | 59,252                  |                    |                 |                     |
| Other shared revenues   | 32,042                  | 11,299             |                 |                     |
| Licenses and permits  | 8,853                   | 114                |                 |                     |
| Charges for services  | 17,662                  | 1,136              |                 |                     |
| Fines and forfeits  | 13,096                  |                    |                 |                     |
| Investment earnings   | 1,349                   | 3,665              | 640             | 4,771               |
| Grants  |                         | 100,304            | 755             | 5,906               |
| Contributions   |                         |                    |                 |                     |
| Miscellaneous   | 14,912                  | 38,957             | 363             | 17                  |
| <b>TOTAL REVENUES</b>   | <b>439,487</b>          | <b>187,041</b>     | <b>27,168</b>   | <b>10,694</b>       |
| <b>EXPENDITURES</b>   |                         |                    |                 |                     |
| Current:  |                         |                    |                 |                     |
| General government  | 53,578                  | 21,174             |                 |                     |
| Public service  | 32,038                  | 18,171             |                 |                     |
| Public safety   | 271,817                 | 2,134              |                 |                     |
| Human resources   |                         | 13,425             |                 |                     |
| Community development   | 15,770                  | 66,424             |                 |                     |
| Public health   | 11,281                  | 8,515              |                 |                     |
| Parks, recreation and properties  | 38,446                  | 1,505              |                 |                     |
| Economic development  | 1,116                   | 40,350             |                 |                     |
| Other   | 15,449                  |                    | 924             |                     |
| Capital outlay  |                         | 31,171             |                 | 43,158              |
| Debt service:   |                         |                    |                 |                     |
| Principal retirement  |                         |                    | 25,155          | 6,308               |
| Interest  |                         |                    | 20,535          | 7,777               |
| <b>TOTAL EXPENDITURES</b>   | <b>439,495</b>          | <b>202,869</b>     | <b>46,614</b>   | <b>57,243</b>       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | (8)                     | (15,828)           | (19,446)        | (46,549)            |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |                    |                 |                     |
| Operating transfers in  | 18,759                  | 23,244             | 14,042          | 13,111              |
| Operating transfers out   | (36,960)                | (23,177)           | (42)            | (8,167)             |
| Proceeds from sale of general<br>obligation bonds, net  |                         |                    |                 | 4,060               |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>(18,201)</b>         | <b>67</b>          | <b>14,000</b>   | <b>9,004</b>        |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND OTHER USES</b> | (18,209)                | (15,761)           | (5,446)         | (37,545)            |
| Fund balances at beginning of year  | 57,459                  | 297,964            | 15,091          | 131,487             |
| Fund balances at end of year  | <b>\$ 39,250</b>        | <b>\$ 282,203</b>  | <b>\$ 9,645</b> | <b>\$ 93,942</b>    |

See notes to financial statements.

| <b>Totals</b>            |                |             |                |
|--------------------------|----------------|-------------|----------------|
| <b>(Memorandum Only)</b> |                |             |                |
| <b>2001</b>              |                | <b>2000</b> |                |
| \$                       | 277,687        | \$          | 291,514        |
|                          | 71,610         |             | 66,642         |
|                          | 59,252         |             | 60,015         |
|                          | 43,341         |             | 43,626         |
|                          | 8,967          |             | 9,255          |
|                          | 18,798         |             | 18,370         |
|                          | 13,096         |             | 20,990         |
|                          | 10,425         |             | 14,327         |
|                          | 106,965        |             | 83,334         |
|                          |                |             | 84             |
|                          | 54,249         |             | 54,495         |
|                          | <u>664,390</u> |             | <u>662,652</u> |
|                          | 74,752         |             | 69,397         |
|                          | 50,209         |             | 63,698         |
|                          | 273,951        |             | 279,540        |
|                          | 13,425         |             | 8,471          |
|                          | 82,194         |             | 53,125         |
|                          | 19,796         |             | 21,852         |
|                          | 39,951         |             | 39,941         |
|                          | 41,466         |             | 16,071         |
|                          | 16,373         |             | 19,425         |
|                          | 74,329         |             | 51,586         |
|                          | 31,463         |             | 30,646         |
|                          | 28,312         |             | 28,825         |
|                          | <u>746,221</u> |             | <u>682,577</u> |
|                          | (81,831)       |             | (19,925)       |
|                          | 69,156         |             | 57,049         |
|                          | (68,346)       |             | (57,823)       |
|                          | 4,060          |             | 26,335         |
|                          | <u>4,870</u>   |             | <u>25,561</u>  |
|                          | (76,961)       |             | 5,636          |
|                          | 502,001        |             | 496,365        |
| \$                       | <u>425,040</u> | \$          | <u>502,001</u> |

# CITY OF CLEVELAND, OHIO

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-GENERAL, BUDGETED SPECIAL REVENUE AND BUDGETED DEBT SERVICE FUND TYPES

For the Year Ended December 31, 2001

(Amounts in 000's)

|   | General Fund       |                   |            |  | Budgeted<br>Special Revenue Funds |                   |           |  |
|---|--------------------|-------------------|------------|--|-----------------------------------|-------------------|-----------|--|
|   | Original<br>Budget | Revised<br>Budget | Actual     | Variance-<br>Favorable<br>(Unfavor-<br>able) | Original<br>Budget                | Revised<br>Budget | Actual    | Variance-<br>Favorable<br>(Unfavor-<br>able) |
|   |                    |                   |            |  |                                   |                   |           |  |
| <b>REVENUES</b>   |                    |                   |            |  |                                   |                   |           |  |
| Income taxes  | \$ 271,392         | \$ 271,392        | \$ 262,721 | \$ (8,671)                                   | \$ 33,924                         | \$ 33,924         | \$ 32,838 | \$ (1,086)                                   |
| Property taxes  | 48,318             | 48,318            | 47,842     | (476)  |                                   |                   |           |  |
| State local government fund   | 58,310             | 58,284            | 59,265     | 981  |                                   |                   |           |  |
| Other shared revenues   | 34,612             | 34,612            | 31,590     | (3,022)                                      | 11,600                            | 11,600            | 11,604    | 4  |
| Licenses and permits  | 8,184              | 8,184             | 8,887      | 703  |                                   |                   |           |  |
| Charges for services  | 14,127             | 15,540            | 16,030     | 490  | 2,000                             | 2,000             | 1,733     | (267)  |
| Fines and forfeits  | 16,658             | 16,658            | 16,768     | 110  |                                   |                   |           |  |
| Investment earnings   | 4,893              | 2,446             | 1,604      | (842)  |                                   |                   |           |  |
| Grants  |                    |                   |            |  |                                   |                   |           |  |
| Miscellaneous   | 20,569             | 21,603            | 29,735     | 8,132  | 8,260                             | 8,260             | 8,784     | 524  |
| <b>TOTAL REVENUES</b>   | 477,063            | 477,037           | 474,442    | (2,595)                                      | 55,784                            | 55,784            | 54,959    | (825)  |
| <b>EXPENDITURES</b>   |                    |                   |            |  |                                   |                   |           |  |
| Current:  |                    |                   |            |  |                                   |                   |           |  |
| General government  | 56,041             | 55,733            | 54,786     | 947  |                                   |                   |           |  |
| Public service  | 33,990             | 33,825            | 33,550     | 275  | 27,911                            | 27,661            | 26,819    | 842  |
| Public safety   | 269,651            | 274,705           | 272,436    | 2,269  |                                   |                   |           |  |
| Community development   | 16,535             | 16,801            | 16,655     | 146  |                                   |                   |           |  |
| Public health   | 13,247             | 12,211            | 11,884     | 327  |                                   |                   |           |  |
| Maintenance, parks and recreation   | 40,543             | 39,309            | 39,131     | 178  | 2,000                             | 2,000             | 2,000     |  |
| Economic development  | 1,172              | 1,102             | 1,098      | 4  |                                   |                   |           |  |
| Other   | 17,879             | 17,879            | 16,882     | 997  |                                   |                   |           |  |
| Capital outlay  |                    |                   |            |  | 20,174                            | 20,174            | 20,152    | 22   |
| Debt service:   |                    |                   |            |  |                                   |                   |           |  |
| Principal retirement  |                    |                   |            |  |                                   |                   |           |  |
| Interest  |                    |                   |            |  |                                   |                   |           |  |
| <b>TOTAL EXPENDITURES</b>   | 449,058            | 451,565           | 446,422    | 5,143  | 50,085                            | 49,835            | 48,971    | 864  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | 28,005             | 25,472            | 28,020     | 2,548  | 5,699                             | 5,949             | 5,988     | 39   |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                   |            |  |                                   |                   |           |  |
| Operating transfers in  |                    |                   |            |  | 9,500                             | 9,500             | 9,726     | 226  |
| Operating transfers out   | (44,661)           | (42,153)          | (41,680)   | 473  | (13,750)                          | (13,750)          | (13,750)  |  |
| <b>TOTAL OTHER SOURCES (USES)</b>   | (44,661)           | (42,153)          | (41,680)   | 473  | (4,250)                           | (4,250)           | (4,024)   | 226  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES<br/>(USES) OVER (UNDER) EXPENDITURES</b> | (16,656)           | (16,681)          | (13,660)   | 3,021  | 1,449                             | 1,699             | 1,964     | 265  |
| Decertification (recertification) of prior year<br>encumbrances   |                    |                   | (9,779)    | (9,779)                                      |                                   |                   | 587       | 587  |
| Fund balances at beginning of year  | 22,543             | 22,543            | 22,543     |  | 11,962                            | 11,962            | 11,962    |  |
| Fund balances at end of year  | \$ 5,887           | \$ 5,862          | \$ (896)   | \$ (6,758)                                   | \$ 13,411                         | \$ 13,661         | \$ 14,513 | \$ 852                                       |

See notes to financial statements.

| Budgeted<br>Debt Service Funds |                   |           |  | Totals<br>(Memorandum Only) |                   |            |  |
|--------------------------------|-------------------|-----------|--|-----------------------------|-------------------|------------|--|
| Original<br>Budget             | Revised<br>Budget | Actual    | Variance-<br>Favorable<br>(Unfavor-<br>able) | Original<br>Budget          | Revised<br>Budget | Actual     | Variance-<br>Favorable<br>(Unfavor-<br>able) |
|                                |                   |           |  | \$ 305,316                  | \$ 305,316        | \$ 295,559 | \$ (9,757)                                   |
| \$ 25,172                      | \$ 25,172         | \$ 24,321 | \$ (851)                                     | 73,490                      | 73,490            | 72,163     | (1,327)                                      |
|                                |                   |           |  | 58,310                      | 58,284            | 59,265     | 981  |
|                                |                   |           |  | 46,212                      | 46,212            | 43,194     | (3,018)                                      |
|                                |                   |           |  | 8,184                       | 8,184             | 8,887      | 703  |
|                                |                   |           |  | 16,127                      | 17,540            | 17,763     | 223  |
|                                |                   |           |  | 16,658                      | 16,658            | 16,768     | 110  |
| 325                            | 325               | 570       | 245  | 5,218                       | 2,771             | 2,174      | (597)  |
| 755                            | 755               | 755       |  | 755                         | 755               | 755        |  |
|                                |                   |           |  | 28,829                      | 29,863            | 38,519     | 8,656  |
| 26,252                         | 26,252            | 25,646    | (606)  | 559,099                     | 559,073           | 555,047    | (4,026)                                      |
|                                |                   |           |  | 56,041                      | 55,733            | 54,786     | 947  |
|                                |                   |           |  | 61,901                      | 61,486            | 60,369     | 1,117  |
|                                |                   |           |  | 269,651                     | 274,705           | 272,436    | 2,269  |
|                                |                   |           |  | 16,535                      | 16,801            | 16,655     | 146  |
|                                |                   |           |  | 13,247                      | 12,211            | 11,884     | 327  |
|                                |                   |           |  | 42,543                      | 41,309            | 41,131     | 178  |
|                                |                   |           |  | 1,172                       | 1,102             | 1,098      | 4  |
|                                |                   |           |  | 17,879                      | 17,879            | 16,882     | 997  |
|                                |                   |           |  | 20,174                      | 20,174            | 20,152     | 22   |
| 24,870                         | 24,870            | 24,870    |  | 24,870                      | 24,870            | 24,870     |  |
| 20,188                         | 20,188            | 19,503    | 685  | 20,188                      | 20,188            | 19,503     | 685  |
| 45,058                         | 45,058            | 44,373    | 685  | 544,201                     | 546,458           | 539,766    | 6,692  |
| (18,806)                       | (18,806)          | (18,727)  | 79   | 14,898                      | 12,615            | 15,281     | 2,666  |
| 18,450                         | 18,450            | 18,755    | 305  | 27,950                      | 27,950            | 28,481     | 531  |
|                                |                   |           |  | (58,411)                    | (55,903)          | (55,430)   | 473  |
| 18,450                         | 18,450            | 18,755    | 305  | (30,461)                    | (27,953)          | (26,949)   | 1,004  |
| (356)                          | (356)             | 28        | 384  | (15,563)                    | (15,338)          | (11,668)   | 3,670  |
|                                |                   | (376)     | (376)  |                             |                   | (9,568)    | (9,568)                                      |
| 7,627                          | 7,627             | 7,627     |  | 42,132                      | 42,132            | 42,132     |  |
| \$ 7,271                       | \$ 7,271          | \$ 7,279  | \$ 8   | \$ 26,569                   | \$ 26,794         | \$ 20,896  | \$ (5,898)                                   |



**CITY OF CLEVELAND, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS-ALL PROPRIETARY FUND TYPES**

**For the Year Ended December 31, 2001**

(Amounts in 000's)

|   | Proprietary Fund Types |                     | Totals            |            |
|---|------------------------|---------------------|-------------------|------------|
|   | Enterprise<br>Fund     | Internal<br>Service | (Memorandum Only) |            |
|   |                        |                     | 2001              | 2000       |
| <b>OPERATING REVENUES</b>                               |                        |                     |                   |            |
| Charges for services                                    | \$ 472,347             | \$ 27,381           | \$ 499,728        | \$ 490,087 |
| <b>TOTAL OPERATING REVENUES</b>                         | 472,347                | 27,381              | 499,728           | 490,087    |
| <b>OPERATING EXPENSES</b>                               |                        |                     |                   |            |
| Operations  | 185,828                | 31,604              | 217,432           | 195,963    |
| Maintenance   | 48,489                 | 3,044               | 51,533            | 55,745     |
| Purchased power   | 65,283                 |                     | 65,283            | 68,597     |
| Depreciation  | 78,006                 | 79                  | 78,085            | 73,032     |
| <b>TOTAL OPERATING EXPENSES</b>                         | 377,606                | 34,727              | 412,333           | 393,337    |
| <b>OPERATING INCOME (LOSS)</b>                          | 94,741                 | (7,346)             | 87,395            | 96,750     |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                |                        |                     |                   |            |
| Interest income   | 38,607                 | 951                 | 39,558            | 47,785     |
| Interest expense  | (66,167)               |                     | (66,167)          | (73,595)   |
| Litigation settlement                                   | (2,699)                |                     | (2,699)           |            |
| AEP Refund per FERC ruling                              |                        |                     |                   | 2,864      |
| Passenger facility charge revenue                       | 15,024                 |                     | 15,024            | 16,642     |
| Loss on disposal of property and equipment              | (1,827)                |                     | (1,827)           | (731)      |
| Contributed capital and other contributions             | 34,818                 | 137                 | 34,955            |            |
| Other (expenses) revenues, net                          | (7,048)                | 99                  | (6,949)           | (5,123)    |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>          | 10,708                 | 1,187               | 11,895            | (12,158)   |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>         | 105,449                | (6,159)             | 99,290            | 84,592     |
| Operating transfers in                                  |                        | 390                 | 390               | 1,926      |
| Operating transfers out                                 | (1,200)                |                     | (1,200)           | (1,152)    |
| <b>NET INCOME (LOSS)</b>                                | 104,249                | (5,769)             | 98,480            | 85,366     |
| Retained earnings at beginning of year                  | 918,108                | 5,504               | 923,612           | 838,246    |
| Retained earnings (accumulated deficits) at end of year | \$ 1,022,357           | \$ (265)            | \$ 1,022,092      | \$ 923,612 |

See notes to financial statements.

**CITY OF CLEVELAND, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS-ALL PROPRIETARY FUND TYPES**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|   | Proprietary Fund Types |           | Totals            |            |
|---|------------------------|-----------|-------------------|------------|
|   | Enterprise             | Internal  | (Memorandum Only) |            |
|   | Fund                   | Service   | 2001              | 2000       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                        |           |                   |            |
| Cash received from customers  | \$ 444,499             | \$ 30,914 | \$ 475,413        | \$ 485,511 |
| Cash payments to suppliers for goods or services                                    | (119,278)              | (20,168)  | (139,446)         | (135,253)  |
| Cash payments to employees for services   | (115,700)              | (13,976)  | (129,676)         | (120,868)  |
| Cash payments for purchased power   | (66,366)               |           | (66,366)          | (67,701)   |
| Cash receipts of customer deposits  | (369)                  |           | (369)             | 219        |
| Agency activity on behalf of NEORS  | (2,995)                |           | (2,995)           |            |
| <b>NET CASH PROVIDED BY (USED FOR)<br/>OPERATING ACTIVITIES</b>                     | 139,791                | (3,230)   | 136,561           | 161,908    |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES</b>                         |                        |           |                   |            |
| Advance from General Fund   | 463                    | 48        | 511               | 1,005      |
| Cash received through operating transfers from other funds                          |                        | 332       | 332               | 434        |
| Cash receipts for passenger facility charges  | 14,846                 |           | 14,846            | 16,630     |
| Cash payment for litigation settlement  | (1,799)                |           | (1,799)           |            |
| AEP refund per FERC ruling  |                        |           |                   | 2,864      |
| Cash payments for sound insulation of homes   | (10,615)               |           | (10,615)          | (12,283)   |
| Cash transfer to debt service   |                        |           |                   | (327)      |
| Other non-capital financing activity  | 8,938                  | 99        | 9,037             | 6,192      |
| <b>NET CASH PROVIDED BY<br/>NON-CAPITAL FINANCING ACTIVITIES</b>                    | 11,833                 | 479       | 12,312            | 14,515     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                 |                        |           |                   |            |
| Proceeds from sale of revenue bonds and notes                                       | 611,167                |           | 611,167           |            |
| Proceeds from sale of refunding bonds and notes                                     | 140,747                |           | 140,747           |            |
| Acquisition and construction of capital assets                                      | (153,109)              |           | (153,109)         | (121,354)  |
| Principal paid on long-term debt  | (84,411)               |           | (84,411)          | (39,388)   |
| Interest paid on long-term debt   | (88,051)               |           | (88,051)          | (76,952)   |
| Cash paid to escrow agent for refunding   | (141,423)              |           | (141,423)         |            |
| Capital grant proceeds  | 27,200                 |           | 27,200            | 9,437      |
| <b>NET CASH PROVIDED BY (USED FOR) CAPITAL<br/>AND RELATED FINANCING ACTIVITIES</b> | 312,120                |           | 312,120           | (228,257)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                        |           |                   |            |
| Purchase of investment securities   | (327,745)              |           | (327,745)         | (302,230)  |
| Proceeds from sale and maturity of investment securities                            | 494,627                |           | 494,627           | 286,772    |
| Interest received on investments  | 66,678                 | 986       | 67,664            | 51,778     |
| <b>NET CASH PROVIDED BY<br/>INVESTING ACTIVITIES</b>                                | 233,560                | 986       | 234,546           | 36,320     |
| <b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>                     | 697,304                | (1,765)   | 695,539           | (15,514)   |
| Cash and cash equivalents at beginning of year                                      | 474,773                | 8,268     | 483,041           | 498,555    |
| Cash and cash equivalents at end of year  | \$ 1,172,077           | \$ 6,503  | \$ 1,178,580      | \$ 483,041 |

Continued

**CITY OF CLEVELAND, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS-ALL PROPRIETARY FUND TYPES-Continued**  
**For the Year Ended December 31, 2001**  
(Amounts in 000's)

|   | Proprietary Fund Types |            | Totals            |            |
|---|------------------------|------------|-------------------|------------|
|   | Enterprise             | Internal   | (Memorandum Only) |            |
|   | Fund                   | Service    | 2001              | 2000       |
| <b>RECONCILIATION OF OPERATING INCOME TO</b>  |                        |            |                   |            |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  |                        |            |                   |            |
| <b>OPERATING INCOME (LOSS)</b>  | \$ 94,741              | \$ (7,346) | \$ 87,395         | \$ 96,750  |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: |                        |            |                   |            |
| Depreciation  | 78,006                 | 79         | 78,085            | 73,032     |
| Non-cash rental income  | (3,389)                |            | (3,389)           | (3,389)    |
| Loss on disposal of equipment   | 41                     |            | 41                | 1,070      |
| Change in assets and liabilities:   |                        |            |                   |            |
| Accounts receivable, net  | (13,231)               | (202)      | (13,433)          | (12,701)   |
| Unbilled revenue  | 1,694                  |            | 1,694             | 2,240      |
| Landing fee - due from airlines   | (10,903)               |            | (10,903)          |            |
| Due from other funds  | (4,902)                | (691)      | (5,593)           | (3,121)    |
| Due from other governments  | (5)                    | 12         | 7                 |            |
| Inventory of supplies   | (497)                  | 217        | (280)             | 540        |
| Prepaid expenses  | (935)                  |            | (935)             | (105)      |
| Landing fee adjustment  | (6,139)                |            | (6,139)           | 2,174      |
| Accounts payable  | (962)                  | (962)      | (1,924)           | 3,447      |
| Due to other funds  | 2,894                  | 5,777      | 8,671             | (5,909)    |
| Due to other governments  | 6,332                  |            | 6,332             | (1,413)    |
| Accrued expenses and other liabilities  | 661                    |            | 661               |            |
| Accrued wages and benefits  | (3,615)                | (114)      | (3,729)           | 9,293      |
| <b>TOTAL ADJUSTMENTS</b>  | 45,050                 | 4,116      | 49,166            | 65,158     |
| <b>NET CASH PROVIDED</b>  |                        |            |                   |            |
| <b>BY (USED FOR) OPERATING ACTIVITIES</b>   | \$ 139,791             | \$ (3,230) | \$ 136,561        | \$ 161,908 |

See notes to financial statements.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - DESCRIPTION OF CITY OPERATIONS AND BASIS OF PRESENTATION

**The City:** The City of Cleveland, Ohio (the “City”) operates under an elected Mayor/Council (21 members) administrative / legislative form of government. The mayoral election was held in November 2001 and the new mayor took office January of 2002.

**Reporting Entity:** The accompanying financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2001, and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (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 adopted 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 all funds, account groups, 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 ten enterprise activities, the major ones consisting of a water system, a sewer system, an electric distribution system and two airports.

The following entities are related organizations to the City of Cleveland, however the City’s accountability does not extend beyond 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, two appointed by 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 development and operations. The nine member Board of Directors consists of three appointed by the County Commissioners and six appointed by the City of Cleveland.

*Cleveland Municipal Schools* - In November of 1998, the Mayor of the City of Cleveland was given appointing authority for the Cleveland Municipal Schools. As approved by the State legislature, the Ohio Revised Code provided for the Mayor to appoint a Chief Executive Officer who was to 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. Mayoral control of the school district will go before a vote of the people in November 2002.

The following entity is a jointly governed organization of the City of Cleveland, 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.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

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

Amounts in the “totals-memorandum only” columns represent a summation of the general purpose financial statement line items of the fund types and account groups and are presented only for analytical purposes. The summation includes fund types and account groups that use different bases of accounting, both restricted and unrestricted amounts, interfund transactions that have not been eliminated, and the caption “amount to be provided,” which is not an asset in the usual sense. Consequently, amounts shown in the “totals-memorandum only” columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures (expenses) of the City. The 2000 memorandum column does not show the impact of GASB 33, which was implemented in 2001.

The following fund types and account groups are used by the City:

### **Governmental Funds**

**General Fund:** This fund, which is the major operating fund of the City, accounts for the general operating revenues and expenditures of the City not recorded elsewhere. Revenues are derived primarily from property taxes, income taxes and the state local government fund.

**Special Revenue Funds:** These funds are used to account for specific governmental revenues (other than revenues for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. These funds include most major federal and state grants.

**Debt Service Funds:** These funds are used to account for the resources received and used to pay principal and interest on debt reported in the General Long-Term Obligations Account Group and certain enterprise funds. Revenues and financing resources are derived primarily from property taxes, reimbursements from enterprise funds and operating transfers by enterprise funds.

**Capital Projects Funds:** These funds are used to account for the acquisition or construction of capital assets other than those financed by special revenue, enterprise and internal service fund operations. Revenues and financing resources are derived primarily from the issuance of bonds, certificates of participation and the receipt of grants.

### **Proprietary Funds**

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

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

### **Fiduciary Funds**

**Agency Funds:** These funds are used to account for assets held by the City as an agent for others and include the Central Collection Agency, the Cleveland Municipal Court and payroll deductions withheld and awaiting payment.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

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### Account Groups

**General Fixed Assets Account Group:** This account group is used to present the general fixed assets of the City utilized in its general operations, exclusive of those used in enterprise and internal service funds. General fixed assets include land, buildings, improvements and equipment owned by the City, and the City's share of the Justice Center Building.

**General Long-Term Obligations Account Group:** This account group is used to account for all long-term obligations of the City except those accounted for in the enterprise funds.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the more significant accounting policies for the City is described below:

**Basis of Accounting:** All financial transactions for Governmental and Fiduciary Funds are recorded on the modified accrual basis of accounting. Under this accounting method, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For the City, available means received within sixty days of year end. Revenues accrued, in which the City receives value without directly giving value in return, include income taxes, property taxes, grants, entitlements and donations. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. If available, revenue from income taxes is recognized in the period in which the income is earned; revenue from property taxes is recognized in the year for which the taxes are levied; and revenue from grants, entitlements and donations is recognized in the year in which all eligibility have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Governmental and Fiduciary Fund expenditures are accrued when the fund liability is incurred except for interest on long-term debt, which is recorded when due. Financial transactions for Proprietary Funds are recorded on the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized as incurred. Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Activities*, all Proprietary Funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, Proprietary Funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB pronouncements). The City has chosen not to apply future FASB standards.

**Measurement Focus:** All Governmental Funds are accounted for on a spending or current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Resources not available to finance expenditures or commitments of the current period are recognized as deferred revenue. Liabilities for claims, judgments, compensated absences, police and fire overtime and police and fire deferred vacation which will not be currently liquidated using expendable financial resources are shown in the General Long-Term Obligations Account Group.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus and upon determination of net income, financial position and cash flows.

**Budgetary Accounting and Control:** The City is required by state law to adopt annual budgets for the General Fund, Special Revenue Funds including the Division of Streets, Restricted Income Tax, Rainy Day Reserve Fund, Schools Recreation and Cultural Activities Fund, and Debt Service Funds (except for Urban Renewal and Urban Renewal Reserve 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), other costs, 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 authority from "personnel" to "other" or vice versa, or between divisions. City Council adopted an additional supplemental appropriation for 2001.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

Unencumbered appropriations for annually budgeted funds lapse at year end. Budgetary data are not presented for the Proprietary Funds due to the nature of the funds. There is no legal requirement to report on such budgets.

The actual results of operations as compared to the amended appropriations passed by Council are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Budgetary Basis)-General, Budgeted Special Revenue and Debt Service Fund Types, in accordance with the City's budgetary process (budget basis) to provide a meaningful comparison of actual results with the budget for those governmental funds for which annual budgets are prepared.

The City's budgetary process does not include annual budgeting for grant 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 and therefore budgetary comparison statements on an annual basis do not provide meaningful information and, accordingly, are not presented.

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

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

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when paid in cash, encumbered or pre-encumbered (budget) as opposed to when goods or services are received (GAAP). Encumbrances are recorded as expenditures (budget) as opposed to reservation of fund balance (GAAP).

### Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses (Amounts in 000's)

|  | General Fund | Special Revenues | Debt Service |
|--|--------------|------------------|--------------|
| GAAP basis                                     | \$ (18,209)  | \$ (15,761)      | \$ (5,446)   |
| Less: Funds not budgeted on an annual basis    |              | \$ (3,683)       | \$ 41        |
| GAAP basis for budgeted funds                  | \$ (18,209)  | \$ (12,078)      | \$ (5,487)   |
| Increase (Decrease)                            |              |                  |              |
| Net adjustment for revenue accruals            | \$ 16,196    | \$ 6,606         | \$ 5,078     |
| Adjustment for Encumbrances & Pre Encumbrances | \$ (8,467)   | \$ (11,728)      |              |
| Net adjustment for expenditure accruals        | \$ (3,180)   | \$ 19,164        | \$ 437       |
| Budget basis for budgeted funds                | \$ (13,660)  | \$ 1,964         | \$ 28        |

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

**Pooled Cash and Investments:** 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, Star Ohio and time deposits, are carried at market value (see Note C). Interest earned on pooled cash and investments is distributed to the appropriate funds utilizing a formula based on the average weekly balance of cash and investments of each fund.

**Cash and Cash Equivalents:** Cash and cash equivalents are defined as highly liquid investments with a maturity of three months or less from when purchased.

**Investments:** Effective January 1, 1998, the City adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the City has stated certain investments at fair value.

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

**Inventory of Supplies:** Inventory is valued at average cost except Special Revenue Fund inventory which is valued at cost. Inventory generally consists of construction, utility plant supplies and parts inventory not yet placed into service. Inventory costs are charged to operations when consumed.

**Restricted Assets:** Proceeds from debt and amounts set aside for payment of enterprise fund general obligation debt and revenue bonds are classified as restricted assets since their use is limited by applicable bond indentures.

**Fixed Assets and Depreciation:** Property, plant and equipment is stated on the basis of historical cost, or if contributed, at fair market value at the date received. Infrastructure, pertaining to Governmental Fund Type activities, including streets, bridges and sidewalks, is not capitalized by the City. Depreciation is not provided in the General Fixed Assets Account Group. Depreciation for the Proprietary Fund Types is determined by allocating the cost of fixed assets over the estimated useful lives of the assets using the straight-line method. When property is disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

|  |                |
|--|----------------|
| Utility plant in service . . . . .               | 6 to 100 years |
| Buildings, structures and improvements . . . . . | 10 to 65 years |
| Furniture, fixtures and equipment . . . . .      | 5 to 33 years  |

**Capital Outlay:** The City reports capital outlays in the fund which provides the resources.

**Idle Facilities:** In April 1977, the Division of Cleveland Public Power closed its generation plant and since that time the Division's revenues have been derived primarily from the distribution of purchased power. The Division 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.



# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

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**Capitalization of Interest:** The City's policy is to capitalize interest on Proprietary Fund Type construction projects until substantial completion of the project. 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.

For 2001, interest expense incurred for the Proprietary Funds was \$105,978,000 which was reduced by \$39,811,000 of interest expense capitalized. For 2001, total interest income earned by the Proprietary Funds was \$64,424,000 which was reduced by \$24,866,000 of interest income capitalized.

**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 D, the City has one swap agreement outstanding at December 31, 2001 for its Subordinated Income Tax Refunding Bonds.

**Contributed Capital:** Contributed capital represents federal and state grants and other financial resources received prior to January 1, 2001 supplied to the City's Proprietary Funds which are not subject to mandatory repayment. As required by GASB No. 33, after January 1, 2001 these types of resources are recorded as non-operating revenues.

**Grants and Other Intergovernmental Revenues:** Federal grants and assistance awards made on the basis of entitlement programs are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal reimbursement-type grants for the acquisition of fixed assets of Proprietary Fund Types are recorded as intergovernmental receivables and contributed capital and other contributions when the related expenses occur. Other federal 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 and Supplemental Empowerment Zone as a reservation of fund balance to the extent that these loans do not have to be repaid to the Federal Government. Loans Receivable is presented net of allowance for doubtful accounts on the balance sheet. The loan proceeds are earmarked for future reprogramming under federal guidelines and are not available to fund current operating expenditures of the City.

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, 2001, the State funded \$73,621,000 of road and bridge improvement projects. Also funded was \$4,575,000 for storm water detention facilities recorded in the Enterprise Fund's Division of Water Pollution Control.

**Encumbrances and Pre-Encumbrances:** Encumbrance accounting is employed in the General, certain Special Revenue, and Capital Projects Funds. 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 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 transfers of resources to provide services, construct assets and service debt. Such transactions are generally reflected as operating transfers or reimbursements in the accompanying financial statements.

**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 Governmental Accounting Standards Board Statement No. 9. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing, and investing activities.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

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**Compensated Absences:** In conformity with the Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences", the City accrues vacation and sick pay benefits including their related fringe benefits as earned by its employees using the termination method. For Governmental Fund Types, the liability not currently due and payable at year end is recorded in the General Long-Term Obligations Account Group.

Normally, all vacation time is to be taken in the year available unless written approval for carryover of vacation time is obtained. Sick days not taken may be accumulated until retirement. An employee is paid one-third of accumulated sick leave, calculated at current wage rates, upon retirement with the balance being forfeited.

**Police and Fire Deferred Vacation:** Uniformed police and fire employees are eligible to defer earned vacation time, 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 the hourly rate and their related fringe benefits at the date of retirement.

**Future Capital Improvements:** Certain resources 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 Fund Types.

**Rainy Day Reserve Fund:** 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.

**Reserved Fund Balance:** Fund balances are reserved to indicate that they do not constitute available financial resources and have been specifically reserved by City ordinance or other requirements.

**Decertification (Recertification) of prior year encumbrances and pre-encumbrances :** In the normal course of business, the City decertifies encumbrances and pre-encumbrances throughout the year. During 2001, the City had to recertify encumbrances and pre-encumbrances that were previously reduced.

### NOTE C - POOLED AND SEGREGATED CASH AND INVESTMENTS

Monies for the Debt Service Funds, certain Capital Projects 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 and certain Special Revenue Funds are deposited or invested in individual segregated bank accounts. Monies for the Job Training Partnership Act (JTPA) Grants, Neighborhood Development Investment Funds, Economic Development Funds, Supplemental Empowerment Zone and other Special Revenue Funds are also deposited in segregated bank accounts.

Monies of all other funds of the City, including the accounts of the General Fund, other Special Revenue Funds, other Capital Projects Funds, other Enterprise Funds, Internal Service Funds and other Agency 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 and 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.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

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**Deposits:** Ohio law requires that deposits be placed in eligible banks or building and loan associations 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 ten percent. 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.

GASB statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements", requires the City to categorize its deposits into one of three categories:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2: Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name.

Category 3: Uncollateralized (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name).

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 \$79,619,000 and the actual bank balance totaled \$154,209,000. The difference represents outstanding warrants payable and normal reconciling items. Based on the criteria described in GASB Statement No. 3, \$25,688,000 of the bank balance was insured or collateralized with securities held by the City or by its agent in the City's name.

The remaining balance of \$128,521,000 was uninsured and uncollateralized (which includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department but not in the City's name). Of this amount, \$20,042,000 was invested in two bank investment contracts (BIC). These BICs are secured by securities held by the pledging financial institution's trust department, but not in the City's name. The remaining amount, \$108,479,000 was secured by a collateral pool held at the Federal Reserve Bank in the name of the respective depository bank which pledges a pool of collateral against all public deposits it holds.

**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 State Treasurer Asset Reserve Fund (Star Ohio). 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 as of September 1996.

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.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

GASB Statement No. 3, “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,” requires the City to categorize its deposits and investments into one of three categories:

Category 1: includes insured or registered, or securities held by the City or its agent in the City’s name;

Category 2: includes uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the City’s name;

Category 3: includes uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the City’s name.

The categorized investments shown in the following table include those which are classified as cash and cash equivalents in the balance sheet in accordance with the provisions of GASB Statement No. 9:

| Type of Investment              | Category | Fair<br>Value | Cost         |
|---------------------------------|----------|---------------|--------------|
| (Amounts in 000's)              |          |               |              |
| U.S. Agency Obligations         | 1        | \$ 195,796    | \$ 194,501   |
| U.S. Treasury Bonds             | 2        | 12,899        | 12,899       |
| U.S. Treasury Bills             | 2        | 26,443        | 26,508       |
| U.S. Treasury Notes             | 2        | 12,076        | 12,058       |
| Repurchase Agreements           | 3        | 233           | 233          |
| STAROhio                        | n/a      | 398,151       | 398,151      |
| Investments in Mutual Funds     | n/a      | 211,911       | 211,911      |
| Guaranteed Investment Contracts | n/a      | 729,291       | 729,291      |
| Total Investments               |          | 1,586,800     | 1,585,552    |
| Total Deposits                  |          | 79,619        | 79,619       |
| Total Deposits and Investments  |          | \$ 1,666,419  | \$ 1,665,171 |

STAROhio is an investment pool created pursuant to Ohio Statutes and managed by the Treasurer of the State of Ohio. Amounts invested with STAROhio, mutual funds and guaranteed investment contracts are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

### NOTE D - BONDS, DEBT AND OTHER OBLIGATIONS

A summary of all outstanding debt of the City as of December 31, 2001 is as follows:

|  | Balance<br>January 1, 2001 | Additions        | (Reductions)       | Balance<br>December 31, 2001 |
|--|----------------------------|------------------|--------------------|------------------------------|
| (Amounts in 000's)   |                            |                  |                    |                              |
| <b>General Long-Term Obligations and Notes</b>                     |                            |                  |                    |                              |
| General Obligation Bonds due through 2020,<br>3.5% to 9.875%       | \$316,950                  | \$ -             | (\$23,570)         | \$293,380                    |
| <i>Other Obligations:</i>  |                            |                  |                    |                              |
| Urban Renewal Bonds due through 2018,<br>3.60% to 6.75%            | 9,160                      |                  | (285)              | 8,875                        |
| Subordinated Income Tax Refunding Bonds<br>due through 2024, 4.88% | 69,500                     |                  | (1,300)            | 68,200                       |
| Non-tax Revenue Bonds, 5.75% - Stadium                             | 10,000                     |                  |                    | 10,000                       |
| Taxable Urban Renewal Notes due 2002, 3.75%                        |                            | 4,200            |                    | 4,200                        |
| Certificates of Participation - 1992 and 1995                      | 11,759                     |                  | (4,788)            | 6,971                        |
| Certificates of Participation - Stadium                            | 155,620                    |                  | (1,520)            | 154,100                      |
| Capital lease obligations  | 1,350                      |                  | (538)              | 812                          |
| Gateway note payable   | 4,000                      |                  | (250)              | 3,750                        |
| Accrued wages and benefits   | 35,753                     | 3,056            |                    | 38,809                       |
| Police and fire overtime   | 64,803                     |                  | (7,464)            | 57,339                       |
| Police and fire deferred vacation                                  | 1,193                      | 44               |                    | 1,237                        |
| Estimated claims payable (Note G)                                  | 2,394                      | 2,845            | (2,394)            | 2,845                        |
| Total General Long-Term Obligations and Notes                      | <u>\$682,482</u>           | <u>\$10,145</u>  | <u>(\$42,109)</u>  | <u>\$650,518</u>             |
| <b>Enterprise Funds</b>  |                            |                  |                    |                              |
| <i>Airport System Revenue Bonds:</i>                               |                            |                  |                    |                              |
| Series 1990 due through 2006, 6.50% to 7.30%                       | \$23,946                   | \$ -             | (\$7,810)          | \$16,136                     |
| Series 1994 due through 2024, 4.80% to 7.95%                       | 79,230                     |                  | (1,650)            | 77,580                       |
| Series 1997 due through 2027, 4.25% to 7.00%                       | 268,800                    |                  | (4,855)            | 263,945                      |
| Series 2000 due through 2031, 5.00% to 5.50%                       |                            | 573,190          |                    | 573,190                      |
| <i>Airport Surplus Revenue Notes:</i>                              |                            |                  |                    |                              |
| Series 1999 due in 2001, 6.375%                                    | 40,000                     |                  | (40,000)           | 0                            |
| Series 2001 due in 2003, 5.55%                                     |                            | 44,950           |                    | 44,950                       |
| <i>Public Power System Revenue Bonds:</i>                          |                            |                  |                    |                              |
| Series 1991 due through 2017, 5.85% to 7.00%                       | 43,145                     |                  | (43,145)           | 0                            |
| Series 1994 due through 2013, 6.30% to 7.00%                       | 70,185                     |                  | (5,000)            | 65,185                       |
| Series 1996 due through 2024, 5.00% to 6.00%                       | 122,380                    |                  |                    | 122,380                      |
| Series 1998 due through 2017, 4.00% to 5.25%                       | 44,760                     |                  |                    | 44,760                       |
| Series 2001 due through 2016, 4.00% to 5.50%                       |                            | 41,925           |                    | 41,925                       |
| <i>Waterworks Improvement Revenue Bonds:</i>                       |                            |                  |                    |                              |
| Series 1977 due in 2008, 6.13%                                     | 12,905                     |                  |                    | 12,905                       |
| Series 1986 due through 2015, 5.00% to 7.00%                       | 15,350                     |                  |                    | 15,350                       |
| Series 1992 due through 2016, 5.50% to 6.25%                       | 87,315                     |                  | (87,315)           | 0                            |
| Series 1993 due through 2021, 4.60% to 5.50%                       | 201,245                    |                  | (13,805)           | 187,440                      |
| Series 1996 due through 2026, 4.25% to 5.75%                       | 90,895                     |                  | (9,790)            | 81,105                       |
| Series 1998 due through 2028, 4.00% to 5.25%                       | 305,425                    |                  | (1,660)            | 303,765                      |
| Series 2001 due through 2016, 4.00% to 5.375%                      |                            | 92,595           |                    | 92,595                       |
| <i>Ohio Water Development Authority Loans</i>                      |                            |                  |                    |                              |
| due through 2021, 4.04% to 6.25%                                   | 7,412                      | 6,494            | (789)              | 13,117                       |
| <i>Parking Facilities Revenue Bonds</i>                            |                            |                  |                    |                              |
| due through 2022, 4.45% to 6.00%                                   | 77,395                     |                  | (1,875)            | 75,520                       |
| Total Enterprise Funds   | <u>1,490,388</u>           | <u>759,154</u>   | <u>(217,694)</u>   | <u>2,031,848</u>             |
| Less: Unamortized (discount) premium-net                           | (41,379)                   | 373              | 4,836              | (36,170)                     |
| Unamortized loss on debt refunding                                 | (54,076)                   | (9,200)          | 3,951              | (59,325)                     |
| Total Enterprise Funds, net  | <u>\$1,394,933</u>         | <u>\$750,327</u> | <u>(\$208,907)</u> | <u>\$1,936,353</u>           |
| Total Debt   | <u>\$2,077,415</u>         | <u>\$760,472</u> | <u>(\$251,016)</u> | <u>\$2,586,871</u>           |

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

A summary of the City's future debt service requirements for tax supported general obligations, enterprise fund self-supporting obligations, urban renewal obligations and subordinated income tax refunding bonds as of December 31, 2001 follows:

| Due In             | General Long-Term<br>Obligations<br>Bonds Payable |                  | Enterprise<br>Obligations |                    | Urban Renewal<br>Obligations |                | Subordinated<br>Income Tax<br>Refunding Bonds |                 |
|--------------------|---|------------------|---------------------------|--------------------|------------------------------|----------------|---|-----------------|
|                    | Principal   | Interest         | Principal                 | Interest           | Principal                    | Interest       | Principal                                     | Interest        |
| (Amounts in 000's) |   |                  |                           |                    |                              |                |   |                 |
| 2002               | \$ 24,270   | \$ 15,209        | \$ 37,459                 | \$ 105,986         | \$ 300                       | \$ 578         | \$ 1,300                                      | \$ 3,496        |
| 2003               | 24,410  | 13,984           | 90,525                    | 103,698            | 320                          | 559            | 1,400   | 3,426           |
| 2004               | 23,155  | 12,774           | 48,468                    | 100,382            | 340                          | 539            | 1,500   | 3,351           |
| 2005               | 24,005  | 11,602           | 50,552                    | 98,086             | 360                          | 518            | 1,600   | 3,270           |
| 2006               | 23,470  | 10,403           | 54,495                    | 95,692             | 385                          | 494            | 1,700   | 3,184           |
| 2007-2011          | 109,010   | 33,849           | 356,796                   | 402,645            | 2,335                        | 2,038          | 10,500  | 14,410          |
| 2012-2016          | 50,690  | 10,814           | 387,615                   | 311,724            | 3,220                        | 1,116          | 14,500  | 11,194          |
| 2017-2021          | 14,370  | 1,430            | 381,833                   | 211,041            | 1,615                        | 111            | 20,100  | 6,742           |
| 2022-2026          | 0   | 0                | 337,505                   | 115,410            | 0                            | 0              | 15,600  | 1,207           |
| 2027-2031          | 0   | 0                | 286,600                   | 36,683             | 0                            | 0              | 0   | 0               |
| <b>Total</b>       | <b>\$293,380</b>                                  | <b>\$110,065</b> | <b>\$2,031,848</b>        | <b>\$1,581,347</b> | <b>\$8,875</b>               | <b>\$5,953</b> | <b>\$68,200</b>                               | <b>\$50,280</b> |

A detailed summary of general obligation bonds and enterprise debt by purpose as of December 31, 2001 is as follows:

|                                       | Original<br>Issue<br>Amount | Balance<br>January 1,<br>2001 | Issued<br>2001   | Refunded/<br>Retired<br>2001 | Balance<br>December 31,<br>2001 |
|---------------------------------------|-----------------------------|-------------------------------|------------------|------------------------------|---------------------------------|
| (Amounts in 000's)                    |                             |                               |                  |                              |                                 |
| <b>General Obligation Bonds</b>       |                             |                               |                  |                              |                                 |
| Public Facilities                     | \$100,950                   | \$43,235                      |                  | \$2,430                      | 40,805                          |
| Public Service                        | 8,145                       | 780                           |                  | 535                          | 245                             |
| Convention Center                     | 27,090                      | 4,770                         |                  | 1,490                        | 3,280                           |
| Residential Redevelopment             | 13,595                      | 9,010                         |                  | 495                          | 8,515                           |
| Bridges & Roadways                    | 147,450                     | 74,865                        |                  | 6,035                        | 68,830                          |
| Public Safety                         | 27,545                      | 1,420                         |                  | 375                          | 1,045                           |
| Parks & Recreation                    | 64,355                      | 26,725                        |                  | 2,355                        | 24,370                          |
| Waterways                             | 2,740                       | 390                           |                  | 130                          | 260                             |
| Parking                               | 10,000                      | 830                           |                  | 415                          | 415                             |
| Refunding Bonds                       | 229,925                     | 153,740                       |                  | 8,735                        | 145,005                         |
| Judgement/Settlement                  | 14,500                      | 1,185                         |                  | 575                          | 610                             |
| <b>Total General Obligation Bonds</b> | <b>\$646,295</b>            | <b>\$316,950</b>              | <b>\$0</b>       | <b>\$23,570</b>              | <b>\$293,380</b>                |
| <b>Revenue Bonds and Notes</b>        |                             |                               |                  |                              |                                 |
| Airport                               | \$1,015,351                 | \$411,976                     | 618,140          | \$54,315                     | \$975,801                       |
| Public Power                          | 496,520                     | 280,470                       | 41,925           | 48,145                       | 274,250                         |
| Waterworks                            | 1,474,330                   | 713,135                       | 92,595           | 112,570                      | 693,160                         |
| Parking Facilities                    | 81,105                      | 77,395                        |                  | 1,875                        | 75,520                          |
| <b>Loans and Other</b>                |                             |                               |                  |                              |                                 |
| Waterworks                            | 6,208                       | 0                             | 6,208            | 230                          | 5,978                           |
| Water Pollution Control               | 8,853                       | 7,412                         | 286              | 559                          | 7,139                           |
| <b>Total Enterprise Fund</b>          | <b>\$3,082,367</b>          | <b>\$1,490,388</b>            | <b>\$759,154</b> | <b>\$217,694</b>             | <b>\$2,031,848</b>              |



# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

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### General Obligations Bonds and Notes

**General Obligations Bonds:** General obligation bonds and notes issued in anticipation of such bonds are payable from ad valorem property taxes levied within the limitations provided by law, irrespective of whether such bonds or notes are secured by other receipts of the City in addition to such ad valorem property taxes.

Under the Uniform Bond Act of the Ohio Revised Code, the City at December 31, 2001 had the capacity to issue \$331,828,000 of additional debt under the direct debt limit. However, significantly less could be issued under the indirect debt limit.

### Other Obligations

**Urban Renewal Bonds:** In 1993, the City issued \$10,800,000 of Urban Renewal Increment 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 Increment 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. 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 Refunding Bonds:** Effective June 1, 1994, the City issued \$74,700,000 of Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994 (the “Bonds”). 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 for 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. The Bonds are not general obligations of the City and are not secured by its full faith and credit. The 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. The Bonds bear interest at a variable rate, determined from time to time by the remarketing agent in accordance with the indenture. As a result of a Tax Court ruling on similar bonds issued by the City of Columbus, Ohio, the City’s Special Tax Counsel, Squire, Sanders & Dempsey L.L.P., issued an opinion on August 7, 1998, that the Subordinated Income Tax Refunding Bonds are tax-exempt. As of that date, the bonds were remarketed as variable rate tax-exempt bonds.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

In 1999, the City entered into an interest rate swap transaction for the purpose of hedging the exposure of the City against interest rate fluctuations arising from the variable rates borne by these bonds. Under the swap agreement, the City will be the fixed rate payor, paying the fixed rate of 4.88% and the counter party will be the floating rate payor, paying the actual variable rate borne by the Series 1994 Bonds. The stated termination date under the swap agreement is May 15, 2024, the maturity date of the Series 1994 Bonds. 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 counter party, or by the counter party to the City, depending upon the prevailing economic circumstances at the time of the termination. The obligation of the City under the swap agreement to make the periodic fixed rate payments (but not the 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 bonds. The debt service requirements to maturity for these bonds presented on the schedule within this footnote are based on the fixed rate of 5.18%, which includes remarketing and credit facility fees.

**Non-tax Revenue Bonds:** In 1999, the City issued non-tax revenue bonds totaling approximately \$10,000,000 to assist in the construction of the new football stadium. These bonds bear interest at 5.75% until maturity. Principal on these bonds is due each December 1st beginning December 1, 2007 through December 1, 2020. These bonds do not represent a general obligation debt or pledge of the faith, credit or taxing power of the City, and are payable solely from non-tax revenues of the City. The following is a schedule of future payments of the 1999 non-tax revenue bonds:

|              | <u>Principal</u>   |               | <u>Interest</u> |               |
|--------------|--------------------|---------------|-----------------|---------------|
|              | (Amounts in 000's) |               |                 |               |
| 2007 - 2011  | \$                 | 4,506         | \$              | 3,669         |
| 2012 - 2016  |                    | 3,394         |                 | 4,781         |
| 2017 - 2021  |                    | 2,100         |                 | 4,435         |
| <b>Total</b> | <b>\$</b>          | <b>10,000</b> | <b>\$</b>       | <b>12,885</b> |

**Certificates of Participation-1992 and 1995:** Certificates of Participation were issued to fund the acquisition of certain motor vehicles and communication equipment for lease to the City. The City will make basic lease payments during successive renewal periods of one year or less through July 1, 2003, if the City Council appropriates funds each year for that purpose. The Certificates do not constitute a debt or a pledge of the faith and credit of the City, and the City is not a party to the Certificates. If the Lease is renewed through July 1, 2003, and the City makes a purchase payment and complies with certain other conditions, the City will acquire title to the property. The following is a schedule of the future lease payments for these Certificates of Participation at December 31, 2001:

|              | <u>Principal</u>   |              | <u>Interest</u> |            |
|--------------|--------------------|--------------|-----------------|------------|
|              | (Amounts in 000's) |              |                 |            |
| 2002         | \$                 | 3,887        | \$              | 345        |
| 2003         |                    | 3,084        |                 | 126        |
| <b>Total</b> | <b>\$</b>          | <b>6,971</b> | <b>\$</b>       | <b>471</b> |

**Taxable Urban Renewal Notes:** In October 2001, the City issued \$4,200,000 of Taxable Urban Renewal Notes. These one year notes, which are due November 1, 2002, are special obligations of the City and were issued to purchase certain properties for urban renewal purposes. Principal of and interest on the Series 2001 Notes, unless paid from other sources, are to be paid from the non-tax revenues of the City.



# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

**Certificates of Participation-Stadium:** In June 1997, Certificates of Participation 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, Certificates of Participation in the amount of \$20,545,000 were issued to retire the 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. The following is a schedule of the future payments for the Series 1997 and 1999 Certificates of Participation outstanding as of December 31, 2001:

|           | <u>Principal</u>          | <u>Interest</u>  |
|-----------|---------------------------|------------------|
|           | <u>(Amounts in 000's)</u> |                  |
| 2002      | 1,690                     | 7,094            |
| 2003      | 1,860                     | 7,015            |
| 2004      | 2,065                     | 6,925            |
| 2005      | 2,260                     | 6,824            |
| 2006      | 2,275                     | 6,712            |
| 2007-2011 | 49,968                    | 40,652           |
| 2012-2016 | 34,762                    | 25,168           |
| 2017-2021 | 22,835                    | 13,294           |
| 2022-2026 | 29,520                    | 6,610            |
| 2027-2031 | 6,865                     | 360              |
| Total     | <u>\$154,100</u>          | <u>\$120,654</u> |

**Capital Lease Obligations:** 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. Future minimum lease payments under capital leases at December 31, 2001, are \$597,000 in year 2002 and \$248,000 in 2003. Of these amounts, \$33,000 represents interest resulting in a capital lease obligation outstanding of \$812,000 at December 31, 2001. During 2001, operating lease payments for the City were immaterial.

**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 will be deducted from the monthly distribution of the State local government fund. The first deduction was made in March 1997. This liability is reported in the general long-term debt account group.

**Accrued Wages and Benefits:** Accrued wages and benefits included in the general long-term debt account group consist of the non-current portion of vacation and sick pay benefits earned by employees of the City. The City accrues such 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, 2001, follow:

| <u>Division</u> | <u>Overtime</u>           |                  | <u>Deferred Vacation</u> |                 |
|-----------------|---------------------------|------------------|--------------------------|-----------------|
|                 | <u>Hours</u>              | <u>Dollars</u>   | <u>Hours</u>             | <u>Dollars</u>  |
|                 | <i>(amounts in 000's)</i> |                  |                          |                 |
| Police          | 2,110                     | \$ 53,015        | -                        | \$ -            |
| Fire            | 187                       | 5,059            | 49                       | 1,237           |
| Total           | <u>2,297</u>              | <u>\$ 58,074</u> | <u>49</u>                | <u>\$ 1,237</u> |

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

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Such employees are entitled to receive cash payments for their accumulated hours upon retirement or other termination from the City's payroll. For employees not terminating, accumulated overtime is paid once a year up to the budgeted amount for such purpose. Accumulated overtime is paid in June upon receiving requests in the first quarter. If requests exceed the budgeted amount, the requests are to be paid on a pro-rata basis. No accumulated overtime was paid subsequent to year end during the available and measurable period. Therefore, the full amount is included in the general long-term debt account group. Deferred vacation is available to the employee only as a cash payment upon retirement or other termination from the City's payroll. The accumulated hours are paid at the employee's hourly rate at the date of retirement, other termination or at the date of the payment pursuant to a request, which may differ from the rate used to determine the liability above.

### **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.

Of the Airport System Revenue Bonds issued in 1990, \$15,276,000 were issued in the form of Capital Appreciation Bonds. Interest on the Capital Appreciation Bonds is payable only as a component of their appreciated principal amount at maturity or redemption. Interest on the Capital Appreciation Bonds is compounded semiannually on each interest payment date beginning July 1990. As of December 31, 2001, the Department of Port Control has recorded a liability in the amount of \$19,413,000 for compounded interest payable on the Capital Appreciation Bonds.

Effective February 27, 2001, the Department of Port Control issued \$573,190,000 of Airport System Revenue Bonds. The Series 2000 Bonds are special obligations of the City and are payable from Airport Revenues as defined in the Trust Indenture governing the bonds. The proceeds of the Series 2000 Bonds will be applied by the City to finance a portion of certain improvements to Cleveland Hopkins International Airport, to pay the costs of issuance, to fund capitalized interest on the Series 2000 bonds, and to make the required deposits to the Bond Service Reserve Fund and the Renewal and Replacement Fund. The Series A bonds in the principal amount of \$360,880,000 were issued as fixed rate, Non-AMT bonds. The Series B Bonds totaled \$63,310,000 and are fixed rate AMT Bonds. The Series C Bonds, in the total amount of \$149,000,000 were issued as variable rate Non-AMT bonds with Westdeutsche Landesbank Girozentrale and State Street Bank and Trust Company serving as liquidity providers through a standby bond purchase agreement.

***Airport Surplus Revenue Notes:*** In June, the Department of Port Control issued \$40,000,000 of Airport Surplus Revenue Notes, Series 1999. These two year notes matured in June 2001. On June 1, 2001, the City issued \$44,950,000 of Taxable Airport Surplus Revenue Notes, Series 2001. The Series 2001 Notes were issued to refund the Series 1999 Notes, which provided funds to pay a portion of the cost of acquiring real property for future airport expansion, and to pay all of the interest on the Series 2001 Notes. The Series 2001 Notes are special obligations of the City and do not constitute general obligations or a pledge of the faith, credit or taxing power of the City.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

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**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 plus a first mortgage lien upon all property of the public power system, including any improvements, additions, replacements and extensions thereto.

In August 2001, the Division of Cleveland Public Power issued \$41,925,000 of Public Power System Refunding Revenue Bonds, Series 2001. The proceeds were used to refund certain outstanding Series 1991 Revenue Bonds and to pay costs of issuance. Net proceeds of \$43,176,545 were placed in an irrevocable escrow account which including interest earned was used to pay principal, interest and premium on the refunded bonds on November 15, 2001. 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 total aggregate principal amount of the bonds refunded by the Series 2001 Bonds was \$41,290,000. The City completed the refunding to reduce its total debt service payments over the next fifteen years by \$7,951,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$5,832,000.

**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 are secured by a pledge of and lien on such net revenues plus a first mortgage lien upon all property of the waterworks system, including any improvements, additions, replacements and extensions thereto.

Effective October 4, 2001, the Division of Water issued \$92,595,000 of Waterworks Refunding Revenue Bonds, Series J 2001. The proceeds were used to currently refund certain outstanding Series F, Series G and Series H Revenue Bonds and to pay costs of issuance. Net proceeds of \$96,566,000 were placed in an irrevocable escrow account which will be used to pay the principal, interest, and premium on the refunded bonds. As a result, the refunded bonds in the aggregate principal amount of \$91,965,000 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 over the next fifteen years by \$7,231,000 and to obtain an economic gain (difference between the present values of the old and new debt service payment) of \$7,193,000.

**Ohio Water Development Authority 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. The Division of Water received an OWDA loan in the amount of \$6,208,000 in 2001.

**Parking Facilities Revenue Bonds:** These bonds are payable from net revenues generated from certain parking facilities and other operating revenues of the Division of Municipal Parking Lots, 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 (see Note P).

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

**Debt Covenants:** The Enterprise Funds' related indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for fees 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 the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

The aggregate amount of defeased debt outstanding at December 31, 2001 is as follows:

| <b><u>Bond Issue</u></b>                   | <b><u>Amount</u></b><br><b>(Amounts in 000's)</b> |
|--|---|
| Voted Tax Supported General Obligations:   |   |
| 1977                                       | \$ 40   |
| Unvoted Tax Supported General Obligations: |   |
| 1988                                       | 8,105   |
| 1992                                       | 16,320  |
| 1994                                       | 25,465  |
| Waterworks Improvement Bonds:              |   |
| Series F, 1992                             | 263,010   |
| Series G, 1993                             | 2,040   |
| Series H, 1996                             | 104,950   |
| Public Power System Bonds:                 |   |
| Series 1994                                | 131,440   |
| Parking Facilities Bonds:                  |   |
| Series 1992                                | 64,085  |
| Airport System Revenue Bonds:              |   |
| Series 1994B                               | 7,950   |

### Airport Special Facilities Revenue Bonds

Airport Special Revenue Bonds, Series 1990, totaling \$76,320,000 were issued to finance the acquisition and construction of terminal, hanger 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. 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 is 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.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

### NOTE E - 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 plans on tearing the building down to make way for a new runway. Of the \$66.5 million purchase price, \$36.5 million was paid in cash in 1999. The remaining \$30.0 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 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. Subsequent to the agreement, the City of Brook Park (the city in which the I-X Center is located) officially announced its intention to acquire the I-X Center through an eminent domain court case. In connection with the proceedings, the City and other defendants filed various counterclaims against Brook Park, of which all counterclaims have been dismissed by the Probate Court. The Probate Court found that Brook Park’s alleged public purpose of economic development and of establishing a municipally owned convention center and exhibition hall are valid and proper public purposes. A preliminary hearing on the Petition for Appropriation began on September 11, 2000, and testimony was concluded on October 2, 2000. The parties submitted proposed Findings of Fact and Conclusions of Law and closing arguments were presented on November 9, 2000.

On November 28, 2000, the Probate Court issued its decision dismissing Brook Park’s Petition for Appropriation and finding in part that Brook Park did not have the authority to take the I-X Property by eminent domain. The Probate Court’s decision recognizes that the City had a prior public use of the I-X Property for both current airport uses and for future airport uses, which were reasonably likely to occur. Brook Park appealed the Probate Court’s ruling.

On February 6, 2001, the Mayors of the City of Cleveland and the City of Brook Park announced a preliminary agreement (the “I-X Property Agreement”) designed to end the appeal by Brook Park of the Probate Court’s decision. The I-X Property Agreement, which allocates various tax revenues and other monetary compensation to Brook Park, shifts the geographical borders of (i) the City of Cleveland to include the I-X Property and 90 acres of land south of the I-X Property, and (ii) the City of Brook Park to include the NASA Glenn / Research Center and 45 acres of land near the Airport. The I-X Property agreement closed on November 20, 2001 and the geographical borders of Cleveland and Brook Park shifted on January 1, 2002.

Minimum principal and interest payments due by the City on the deferred payment obligation and future minimum lease rentals due to the City under this lease for the next five years and thereafter are as follows:

|            | Deferred Payment Obligation |          |          | Future<br>Minimum<br>Rentals |
|------------|-----------------------------|----------|----------|------------------------------|
|            | Principal                   | Interest | Total    |                              |
|            | (Amounts in 000's)          |          |          |                              |
| 2002       | 1,381                       | 2,008    | 3,389    | 3,389                        |
| 2003       | 1,492                       | 1,897    | 3,389    | 3,389                        |
| 2004       | 1,612                       | 1,777    | 3,389    | 3,389                        |
| 2005       | 1,741                       | 1,648    | 3,389    | 3,389                        |
| Thereafter | 20,306                      | 7,083    | 27,389   | 27,389                       |
|            | \$26,532                    | \$14,413 | \$40,945 | \$40,945                     |

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

Rental income recognized by the City under this agreement totaled \$3,389,000 in 2001, of which \$2,111,000 was offset against interest expenses and \$1,278,000 against the principal balance of the deferred payment obligation.

### NOTE F - COMPLIANCE AND ACCOUNTABILITY

At December 31, 2001, the following proprietary funds had accumulated deficits:

| Fund Name                    | Accumulated<br>Deficit | Contributed<br>Capital | Total<br>Fund Equity |
|------------------------------|------------------------|------------------------|----------------------|
|                              | (Amounts in 000's)     |                        |                      |
| Convention Center            | (\$52,027)             | \$65,443               | \$13,416             |
| Municipal Parking Lots       | (2,300)                | 21,079                 | 18,779               |
| East Side Market             | (481)                  | 2,943                  | 2,462                |
| Information Systems Services | (82)                   | 258                    | 176                  |
| Motor Vehicle Maintenance    | (283)                  | 2,408                  | 2,125                |
| Telephone Exchange           | (77)                   | -                      | (77)                 |

The above deficits arise principally from the depreciation of fixed assets funded by grants recorded as contributed capital.

The City did not obtain prior certification for all commitments as required by Ohio Revised Code. The City did not file their approved appropriation measure with the County Budget Commission by the date required by Ohio Revised Code.

### NOTE G - RISK MANAGEMENT

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 new football stadium (see Note H). In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Governmental fund type liabilities are recorded in the general fund in the amount of \$184,000, because it is payable with available expendable financial resources. Amounts not currently payable are reported in the general long-term debt account group. As of December 31, 2001, the total of such liabilities for governmental fund types was approximately \$2,845,000, all of which are recorded in the general long-term debt account group. Proprietary fund type liabilities are recorded in their respective fund. As of December 31, 2001, the total amount of proprietary fund type liabilities was approximately \$900,000 and is included within accounts payable.

As of December 31, 2001, the amount of claims that are deemed reasonably possible in Governmental Funds total \$6,150,000 and \$457,000 in the Proprietary Funds.

Changes in the estimated claims payable for all funds during the years ended December 31 were as follows

|  | 2001        | 2000        |
|--|-------------|-------------|
| Estimated claims payable, January 1          | \$3,420,000 | \$4,304,000 |
| Current year claims and changes in estimates | 3,090,700   | 5,715,550   |
| Claim payments                               | (3,481,700) | (6,599,550) |
| Estimated claims payable, December 31        | \$3,029,000 | \$3,420,000 |



# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

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The estimated claims liability was 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. The estimates do not include other allocated or unallocated claim adjustment expenses.

**Insurance:** Certain proprietary funds carry insurance to cover certain liability risks and property protection. Otherwise, the City is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2001. The City reported no significant decrease in any insurance coverages in 2001. In addition, the City reported no amounts of insurance settlements in excess of insurance coverage during the past three fiscal 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. The City participates in the State of Ohio Workers' Compensation program.

### NOTE H - COMMITMENTS & 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, while those claims which are considered "reasonably possible" are disclosed but not accrued. The potential losses resulting from all claims which are reasonably possible, excluding condemnation proceedings, is approximately \$6,607,000 as of December 31, 2001. In addition, probable claims totaling approximately \$3,929,000 have been accrued for. These estimates were based on a case-by-case review of outstanding claims by the City's in-house legal department.

**Cleveland Browns Stadium:** In March 1996, the City of Cleveland and the National Football League (NFL) reached a settlement in litigation relating to the relocation of the Cleveland Browns football team. The settlement obligated the NFL to provide an NFL franchise to play in Cleveland for the 1999 NFL season. In return, the City pledged to build a new stadium in downtown Cleveland for the play of professional football.

The City financed construction of the new stadium primarily through borrowings, contributions from the new owner of the Cleveland Browns, and grants from the State of Ohio. As of December 31, 2001, outstanding debt borrowed by the City to construct the new stadium totaled approximately \$164 million. Such debt is being funded by the following revenue sources: an 8% off-street parking tax; an increase in admissions tax from 6% to 8%; and, an increase in the motor vehicle leasing transaction tax from \$4 to \$6 per transaction. In addition, voters of Cuyahoga County approved an extension of the existing County-wide tax on alcohol and cigarettes from August 1, 2005 through July 31, 2015. In 1998, the Cleveland Browns further agreed to pay 50% of any additional costs to build the new stadium in excess of \$283 million, up to \$5 million.

In August 1999, construction of the stadium was completed. Total costs paid or accrued by the City as of December 31, 2001 for construction of the new stadium under all approved contracts amounted to approximately \$287 million. Outstanding change orders submitted by stadium contractors through December 2001 would bring the total to approximately \$289 million. The \$2 million has been accrued for in these financial statements.

The asset related to the Stadium is recorded in the General Fixed Asset Account Group and the related debt is recorded in the General Long-Term Obligations Account Group. The activity related to the construction of the new stadium is reflected within the Cleveland Stadium Construction subfund of the Capital Projects fund. Operating revenues and expenses of the new stadium are recorded within an enterprise fund.

**Stadium Team Lease:** The City and the Cleveland Browns have entered into a 30-year lease agreement for the new stadium beginning in 1999. Under the terms of the lease, the Cleveland Browns are required to pay the City an annual rent of \$250,000. In return, the Cleveland Browns receive all revenues from the operation of the stadium and pay all expenses, except for real property taxes and insurance, which are the responsibilities of the City of Cleveland. The City is in the process of requesting a property tax abatement for the new stadium. Additionally, the City is required to fund certain capital repairs as described in the lease agreement.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

**Contingencies Under Grant Programs:** The City participates in a number of federally assisted grant programs, principal of which are Community Development Block Grants, Home Weatherization Assistance, Distressed Neighborhood, the Healthy Start Initiative, Federal HOME Program, Youth Opportunity Area Grant, Workforce Initiative Grant, and FAA Airport Improvement Grant Programs. These programs are subject to financial and compliance audits by the grantors or their representatives. As of December 31, 2001, the audits of certain programs have not been completed. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The City believes that disallowed costs, if any, would not be material.

### NOTE I - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains enterprise funds which provide water, sewer (Water Pollution Control), light and power service (Cleveland Public Power), airport (Port Control), cemetery, convention center, golf courses, municipal parking and public market facilities. Segment information for the year ended December 31, 2001 for the enterprise funds is summarized as follows:

|  | Water              | Water<br>Pollution<br>Control | Cleveland<br>Public<br>Power | Port<br>Control | Convention<br>Center | West Side<br>Market |
|--|--------------------|-------------------------------|------------------------------|-----------------|----------------------|---------------------|
|  | (Amounts in 000's) |                               |                              |                 |                      |                     |
| Total operating revenue                  | \$212,724          | \$18,893                      | \$132,095                    | \$92,825        | \$3,752              | \$545               |
| Depreciation and<br>amortization expense | 29,682             | 3,859                         | 16,296                       | 23,599          | 2,303                | 180                 |
| Operating income (loss)                  | 66,201             | 1,307                         | 17,965                       | 12,431          | (5,802)              | (713)               |
| Operating transfers (out) in, net        |                    |                               |                              |                 | (1,200)              |                     |
| Net income (loss)                        | 63,031             | 887                           | 7,288                        | 32,675          | (2,219)              | 2,599               |
| Current capital and grant contributions  |                    | 597                           |                              | 30,537          |                      | 3,280               |
| Restricted assets                        | 253,727            |                               | 20,660                       | 767,670         |                      |                     |
| Fixed assets additions                   | 10,095             | 2,170                         | 10,758                       | 24,690          |                      | 29                  |
| Fixed assets disposals                   | 2,416              | 400                           |                              |                 |                      |                     |
| Net working capital (deficit)            | 226,927            | 27,787                        | 54,501                       | 18,667          | 1,938                | 69                  |
| Total assets                             | 1,432,241          | 136,935                       | 391,313                      | 1,420,582       | 20,896               | 8,341               |
| Revenue bonds payable and loans          | 662,626            |                               | 229,722                      | 962,938         |                      |                     |
| Payables from restricted assets          | 5,303              | 100                           | 278                          | 14,802          | 6                    |                     |
| Other long-term liabilities              | 5,978              | 7,139                         |                              | 26,531          |                      |                     |
| Total fund equity                        | 716,778            | 81,490                        | 147,465                      | 363,057         | 13,416               | 8,052               |

|  | East Side<br>Market | Municipal<br>Parking<br>Lots | Cemeteries | Golf<br>Courses | Total     |
|--|---------------------|------------------------------|------------|-----------------|-----------|
|  | (Amounts in 000's)  |                              |            |                 |           |
| Total operating revenue                  | \$27                | \$8,021                      | \$1,408    | \$2,057         | \$472,347 |
| Depreciation and<br>amortization expense | 122                 | 1,704                        | 128        | 133             | 78,006    |
| Operating income (loss)                  | (165)               | 4,174                        | (878)      | 221             | 94,741    |
| Operating transfers (out) in, net        |                     |                              |            |                 | (1,200)   |
| Net income (loss)                        | (157)               | 136                          | (296)      | 305             | 104,249   |
| Current capital and grant contributions  |                     | 68                           | 336        |                 | 34,818    |
| Restricted assets                        |                     | 16,296                       | 5,707      |                 | 1,064,060 |
| Fixed assets additions                   |                     | 99                           | 10         |                 | 47,851    |
| Fixed assets disposals                   |                     |                              | 247        | 41              | 3,104     |
| Net working capital (deficit)            | 251                 | (53)                         | (489)      | 2,230           | 331,828   |
| Total assets                             | 2,471               | 88,607                       | 10,349     | 5,037           | 3,516,772 |
| Revenue bonds payable and loans          |                     | 67,950                       |            |                 | 1,923,236 |
| Payables from restricted assets          |                     | 17                           |            |                 | 20,506    |
| Other long-term liabilities              |                     |                              |            |                 | 39,648    |
| Total fund equity                        | 2,462               | 18,779                       | 9,626      | 4,954           | 1,366,079 |



# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

### NOTE J - DUE TO / DUE FROM OTHER FUNDS

Individual fund interfund receivable and payable balances as of December 31, 2001 are as follows:

|   | Due From          | Due To  |
|---|-------------------|---------|
|   | (Amount in 000's) |         |
| <b>GENERAL FUND</b>                     | \$42,274          | \$8,445 |
| <b>SPECIAL REVENUE FUNDS:</b>           |                   |         |
| Division of Streets                     | 641               | 631     |
| Restricted Income Tax                   | 18,040            | 1,270   |
| Reserve Fund                            | 0                 | 6,148   |
| Rainy Day Reserve Fund                  | 0                 | 10,495  |
| Community Development Block Grants      | 223               | 4,322   |
| Community Development Funds             | 0                 | 287     |
| Economic Development Funds              | 321               | 1       |
| Home Weatherization Grants              | 0                 | 567     |
| Air Pollution Control Grants            | 0                 | 61      |
| W.I.A.                                  | 0                 | 8,268   |
| General Government Funds                | 1,590             | 45      |
| Public Service Grants                   | 0                 | 114     |
| Public Safety Funds                     | 144               | 33      |
| Public Health Funds                     | 612               | 15      |
| Parks, Recreation and Properties Grants | 711               | 163     |
| Gateway Shared Income Tax               | 118               | 0       |
| Supplemental Empowerment Zone           | 0                 | 11,654  |
| Airport Trans. Rental Fees              | 91                | 0       |
|   | 22,491            | 44,074  |
| <b>CAPITAL PROJECTS FUNDS:</b>          |                   |         |
| Capital/Urban Renewal Bond Construction | 111               | 3,350   |
| Grant Improvement                       | 0                 | 5,863   |
| Capital Improvement                     | 4,682             | 0       |
| Cleveland Stadium Construction          | 0                 | 61      |
|   | 4,793             | 9,274   |
| <b>ENTERPRISE FUNDS:</b>                |                   |         |
| Division of Water                       | 5,113             | 5,534   |
| Division of Water Pollution Control     | 1,818             | 2,340   |
| Division of Cleveland Public Power      | 6,836             | 583     |
| Department of Port Control              | 942               | 1,096   |
| Convention Center                       | 100               | 6,369   |
| West Side Market                        | 0                 | 23      |
| Municipal Parking Lots                  | 120               | 60      |
| Cemeteries                              | 0                 | 476     |
| Golf Courses                            | 0                 | 7       |
|   | 14,929            | 16,488  |

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

|                                     | Due From          | Due To   |
|-------------------------------------|-------------------|----------|
|                                     | (Amount in 000's) |          |
| <b>INTERNAL SERVICE FUNDS:</b>      |                   |          |
| Information Systems Services        | 850               | 360      |
| Motor Vehicle Maintenance           | 1,825             | 4,051    |
| Printing and Reproduction           | 60                | 778      |
| City Storeroom and Warehouse        | 125               | 116      |
| Utilities Administration            | 0                 | 723      |
| Sinking Fund Administration         | 58                | 25       |
| Municipal Income Tax Administration | 398               | 688      |
| Telephone Exchange                  | 2,208             | 1,134    |
| Office of Radio Communications      | 150               | 300      |
|                                     | 5,674             | 8,175    |
| <b>AGENCY FUNDS:</b>                |                   |          |
| Municipal Courts                    | 0                 | 626      |
| Central Collection Agency           | 286               | 3,376    |
| Other Agency                        | 11                | -        |
|                                     | 297               | 4,002    |
|                                     | \$90,458          | \$90,458 |

### NOTE K - INCOME TAXES

During 2001, 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%. A portion of the City income tax is restricted in its use to capital expenditures and debt service and is included in the Special Revenue Funds. 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 L - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. The 2001 levy was based upon an assessed valuation of approximately \$6.058 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 police and 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. 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 all 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
- Levy Date            October 1 of the year preceding the collection year

Tangible personal property taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. For the collection year 2001, the percentage used to determine taxable value of personal property and inventory was 25%. Pertinent tangible personal property tax dates are:

- Collection Dates    April 30 and September 30 of the current year
- Lien Date            January 1 of the current year
- Levy Date            October 1 of the year preceding the collection year

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - *Continued*

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. Current legislation provides the assessment rate for the taxable transmission and distribution property of an electric company remains at 88% of true value, but all other taxable property of the electric company is now assessed at 25% of true value. Pertinent public utility tangible personal property tax dates are:

- Collection Dates        January 20 and June 20 of the current year
- Lien Date                December 31 of the second year preceding the collection year
- Levy Date                October 1 of the year preceding the collection year

### **NOTE M - DEFINED BENEFIT PENSION PLANS**

#### ***A. PUBLIC EMPLOYEES RETIREMENT SYSTEM***

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar years 2001, 2000, and 1999 the employer pension contribution rate for the City were 13.55, 10.84, and 13.55 percent of covered payroll, respectively. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$32,584,418, \$25,503,358, and \$29,609,000, respectively. The required amounts have been contributed for 2001, 2000, and 1999.

#### ***B. OHIO POLICE AND FIRE PENSION FUND***

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.55 percent for police and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$19,554,276 and \$12,597,729 for the year ended December 31, 2001, \$18,333,527 and \$11,943,540 for the year ended December 31, 2000, and \$19,101,885 and \$12,153,795 for the year ended December 31, 1999. The required payments have been made for 2001, 2000, and 1999.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - *Continued*

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### NOTE N - OTHER POST EMPLOYMENT BENEFITS

#### **A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The number of active contributing participants was 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$10,339,000. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000 (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

For 2001, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

#### **B. OHIO POLICE AND FIRE PENSION FUND**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution is 24 percent of covered payroll, of which 7.5 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000 the percent used to fund healthcare was 7.25 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2001 that were used to fund postemployment benefits were \$7,528,000 for police and \$3,943,000 for fire. The OP&F's total health care expenses for the year ended December 31, 2001, were \$106,160,000, which was net of member contributions of \$5,657,000. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, (the latest information available) was 12,853 for police and 10,037 for firefighters.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - Continued

### NOTE O - GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

|  | <b>Balance<br/>January 1,<br/>2001</b> | <b>Additions</b> | <b>(Deductions)</b> | <b>Transfers</b> | <b>Balance<br/>December 31,<br/>2001</b> |
|--|--|------------------|---------------------|------------------|--|
| (Amount in 000's)                      |  |                  |                     |                  |  |
| Land                                   | \$37,240                               |                  |                     | \$0              | \$37,240                                 |
| Land Improvements                      | 54,205                                 |                  |                     | 1,021            | 55,226                                   |
| Buildings, Structures and Improvements | 503,756                                |                  |                     | 4,407            | 508,163                                  |
| Furniture, Fixtures and Equipment      | 87,442                                 | \$16,575         | (\$9,442)           | 49               | 94,624                                   |
| Construction in Progress               | 36,909                                 | 15,856           |                     | (5,428)          | 47,337                                   |
| Total                                  | \$719,552                              | \$32,431         | (\$9,442)           | \$49             | \$742,590                                |

At December 31, 2001, general fixed assets include \$4,167,000 of equipment under capitalized leases and \$26,385,000 of equipment acquired through certificates of participation financing.

Construction in progress is comprised of the following at December 31, 2001:

|                                 | <b>Project<br/>Authorization</b> | <b>Expended to<br/>December 31, 2001</b> | <b>Committed</b> |
|---------------------------------|----------------------------------|--|------------------|
| (Amounts in 000's)              |                                  |  |                  |
| General Government              | \$10,533                         | \$9,188                                  | \$1,345          |
| Dog Pound                       | 54                               | 41                                       | 13               |
| Health                          | 1,546                            | 320                                      | 1,226            |
| Police                          | 16,535                           | 16,061                                   | 474              |
| Fire                            | 3,666                            | 1,959                                    | 1,707            |
| Park Maintenance and Properties | 23,904                           | 18,368                                   | 5,536            |
| Recreation                      | 1,777                            | 1,400                                    | 377              |
| Total                           | \$58,015                         | \$47,337                                 | \$10,678         |

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - *Continued*

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### **NOTE P - GATEWAY ECONOMIC DEVELOPMENT CORPORATION**

The City of Cleveland, Cuyahoga County and Gateway Economic Development Corporation of Greater Cleveland (Gateway) entered into a three party agreement whereby Gateway was authorized to construct, own and provide for the operation of a professional sports facility, which includes a baseball stadium, an arena, and a joint development site. Gateway was incorporated on May 31, 1990 and is a governmental not-for-profit corporation legally separate from any other entity. In 1990, voters in Cuyahoga County agreed to levy an excise tax for the purpose of constructing such professional sports facility. The sports facility for the Cleveland Indians (Jacobs Field) opened in April 1994. The multi-functional arena (Gund Arena) opened in October 1994.

The bonds that were issued to construct the sports facilities described above are not a debt or liability of the City of Cleveland. To enhance the security of the bonds, the City has agreed to pledge annually 50% of admissions taxes on Cleveland Cavaliers games 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, 2001, the City pledged \$1,383,000.

In 1992, the Division of Municipal Parking Lots (Division) issued \$71,000,000 of Parking Facilities Improvement Revenue Bonds to finance the construction of three parking facilities including two which will directly service the sports facilities. In 1996, the Division issued \$81,105,000 of Parking Facilities Refunding Revenue Bonds, Series 1996 to advance refund these bonds. Debt service is covered by net revenues from the new parking facilities and other operating revenues of the Division, including all parking meter revenue. In addition, the City has pledged all amounts received by the General Fund for parking violations, waivers and criminal fines to the extent needed for the payment of debt service on the bonds. 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 accordance with an agreement with Gateway, Gateway is required to reimburse the City for the excess of the debt service requirements of the Parking Facility Improvement Revenue Bonds attributed to the two Gateway garages over the net revenues generated by the two Gateway garages. In 2001, net revenues generated by the two Gateway garages were less than the debt service payments attributed to those garages by \$2,373,000. Cumulative debt service payments funded by the City that are due from Gateway total \$19,212,000 at December 31, 2001. 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 on the balance sheet.

### **NOTE Q - CHANGE IN ACCOUNTING PRINCIPLE**

Effective January 1, 2001, the City implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues" (an amendment of GASB Statement No. 33). In general, GASB Statements No. 33 and 36 establish accounting and financial reporting standards which address when to report the results of nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. These statements did not have a material impact on the City's beginning fund balances as previously reported.

Cash received or receivables recognized with respect to income taxes, property taxes, certain grants and other nonexchange transactions that do not meet the revenue recognition criteria under GASB Statement No. 33 and 36 are recorded as deferred revenues.

# CITY OF CLEVELAND, OHIO

## NOTES TO FINANCIAL STATEMENTS - *Continued*

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### **NOTE R - SUBSEQUENT EVENTS**

On March 11, 2002, City Council passed legislation authorizing the issuance of \$43,600,000 of Various Purpose General Obligation Bonds and \$6,375,000 of General Obligation Judgement Bonds and the issuance of notes in anticipation of those bonds (BANS). Pursuant to this legislation, the City issued \$23,200,000 Series 2002A Various Purpose General Obligation BANS and \$3,500,000 Series 2002B Final Judgement BANS, on June 27, 2002.

On July 17, 2002, City Council passed legislation authorizing the issuance of Waterworks Revenue Bonds in an amount not to exceed \$235,000,000 for improvements to the Waterworks System and not to exceed \$50,000,000 for refunding outstanding debt. The bonds are expected to be issued in the fall of 2002.

**CITY OF CLEVELAND, OHIO**  
**GENERAL FUND**

**COMPARATIVE FINANCIAL STATEMENTS**

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



# CITY OF CLEVELAND, OHIO

## BALANCE SHEET-GENERAL FUND

(Amounts in 000's)

|   | December 31,      |                   |
|---|-------------------|-------------------|
|   | 2001              | 2000              |
| <b>ASSETS</b>                                 |                   |                   |
| Cash and cash equivalents                     | \$ 2,364          | \$ 12,925         |
| Receivables:                                  |                   |                   |
| Taxes   | 105,537           | 85,829            |
| Accounts                                      | 15,526            | 10,859            |
| Accrued interest                              | 24                | 647               |
| Less: Allowance for doubtful accounts         | (4,825)           | (2,000)           |
|   | <u>116,262</u>    | <u>95,335</u>     |
| Inventory of supplies                         | 53                |                   |
| Due from other funds                          | 42,274            | 44,038            |
| Due from other governments                    | 35,727            | 14,012            |
| <b>TOTAL ASSETS</b>                           | <u>\$ 196,680</u> | <u>\$ 166,310</u> |
| <b>LIABILITIES</b>                            |                   |                   |
| Accounts payable                              | \$ 5,853          | \$ 5,204          |
| Estimated claims payable                      | 184               | 781               |
| Deferred revenue                              | 102,280           | 52,077            |
| Due to other funds                            | 8,445             | 8,699             |
| Due to other governments                      | 275               | 221               |
| Accrued wages and benefits                    | 40,393            | 41,869            |
| <b>TOTAL LIABILITIES</b>                      | <u>157,430</u>    | <u>108,851</u>    |
| <b>FUND BALANCE</b>                           |                   |                   |
| Reserve for inventory                         | 53                |                   |
| Reserve for encumbrances                      | 14,823            | 9,144             |
| Reserve for rainy day reserve fund            | 10,495            | 8,792             |
| Reserve for reserve fund                      | 6,148             |                   |
| Unreserved:                                   |                   |                   |
| Undesignated                                  | 7,731             | 39,523            |
| <b>TOTAL FUND BALANCE</b>                     | <u>39,250</u>     | <u>57,459</u>     |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <u>\$ 196,680</u> | <u>\$ 166,310</u> |

**CITY OF CLEVELAND, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE-GENERAL FUND**

(Amounts in 000's)

|   | Years Ended December 31, |            |
|---|--------------------------|------------|
|   | 2001                     | 2000       |
| <b>REVENUES</b>   |                          |            |
| Income taxes  | \$ 246,121               | \$ 258,255 |
| Property taxes  | 46,200                   | 41,806     |
| State local government fund   | 59,252                   | 60,015     |
| Other shared revenues   | 32,042                   | 32,252     |
| Licenses and permits  | 8,853                    | 9,155      |
| Charges for services  | 17,662                   | 16,685     |
| Fines and forfeits  | 13,096                   | 20,990     |
| Investment earnings   | 1,349                    | 1,938      |
| Miscellaneous   | 14,912                   | 13,690     |
| <b>TOTAL REVENUES</b>   | 439,487                  | 454,786    |
| <b>EXPENDITURES</b>   |                          |            |
| Current:  |                          |            |
| General government  | 53,578                   | 55,559     |
| Public service  | 32,038                   | 35,804     |
| Public safety   | 271,817                  | 274,864    |
| Community development   | 15,770                   | 13,654     |
| Public health   | 11,281                   | 12,507     |
| Maintenance, parks and recreation   | 38,446                   | 38,624     |
| Economic development  | 1,116                    | 1,068      |
| Other   | 15,449                   | 18,306     |
| <b>TOTAL EXPENDITURES</b>   | 439,495                  | 450,386    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | (8)                      | 4,400      |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                          |            |
| Operating transfers in  | 18,759                   |            |
| Operating transfers out   | (36,960)                 | (37,265)   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | (18,201)                 | (37,265)   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES (USES)<br/>OVER (UNDER) EXPENDITURES</b> | (18,209)                 | (32,865)   |
| Fund balance at beginning of year   | 57,459                   | 90,324     |
| Fund balance at end of year   | \$ 39,250                | \$ 57,459  |

**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, 2001**

(Amounts in 000's)

|   | General Fund       |                   |                | Variance-<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|----------------|---|
|   | Original<br>Budget | Revised<br>Budget | Actual         |   |
| <b>REVENUES</b>                               |                    |                   |                |   |
| Income taxes                                  | \$ 271,392         | \$ 271,392        | \$ 262,721     | \$ (8,671)                              |
| Property taxes                                | 48,318             | 48,318            | 47,842         | (476)                                   |
| State local government fund                   | 58,310             | 58,284            | 59,265         | 981                                     |
| Other shared revenues                         | 34,612             | 34,612            | 31,590         | (3,022)                                 |
| Licenses and permits                          | 8,184              | 8,184             | 8,887          | 703                                     |
| Charges for services                          | 14,127             | 15,540            | 16,030         | 490                                     |
| Fines and forfeits                            | 16,658             | 16,658            | 16,768         | 110                                     |
| Investment earnings                           | 4,893              | 2,446             | 1,604          | (842)                                   |
| Workers compensation settlement and refunds   |                    |                   |                |   |
| Miscellaneous                                 | 20,569             | 21,603            | 29,735         | 8,132                                   |
| <b>TOTAL REVENUES</b>                         | <b>477,063</b>     | <b>477,037</b>    | <b>474,442</b> | <b>(2,595)</b>                          |
| <b>EXPENDITURES</b>                           |                    |                   |                |   |
| Current:                                      |                    |                   |                |   |
| General government                            |                    |                   |                |   |
| Council and clerk of council                  |                    |                   |                |   |
| Personnel                                     | 3,165              | 3,182             | 3,179          | 3                                       |
| Other   | 2,292              | 2,292             | 2,247          | 45                                      |
| Total council and clerk of council            | 5,457              | 5,474             | 5,426          | 48                                      |
| Office of the Mayor                           |                    |                   |                |   |
| Personnel                                     | 1,420              | 1,162             | 1,161          | 1                                       |
| Other   | 238                | 238               | 238            |   |
| Total office of the Mayor                     | 1,658              | 1,400             | 1,399          | 1                                       |
| Office of consumer affairs                    |                    |                   |                |   |
| Personnel                                     |                    | 40                |                | 40                                      |
| Other   |                    | 60                |                | 60                                      |
| Total office of consumer affairs              |                    | 100               |                | 100                                     |
| Office of personnel                           |                    |                   |                |   |
| Personnel                                     | 1,175              | 1,121             | 1,120          | 1                                       |
| Other   | 492                | 356               | 356            |   |
| Total office of personnel                     | 1,667              | 1,477             | 1,476          | 1                                       |
| Landmarks commission                          |                    |                   |                |   |
| Personnel                                     | 139                | 139               | 98             | 41                                      |
| Other   | 7                  | 7                 | 4              | 3                                       |
| Total landmarks commission                    | 146                | 146               | 102            | 44                                      |
| Board of building standards and appeals       |                    |                   |                |   |
| Personnel                                     | 84                 | 74                | 74             |   |
| Other   | 19                 | 10                | 10             |   |
| Total board of building standards and appeals | 103                | 84                | 84             |   |

**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-Continued**  
**For the Year Ended December 31, 2001**  
(Amounts in 000's)

|   | General Fund       |                   |        | Variance-<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|--------|---|
|   | Original<br>Budget | Revised<br>Budget | Actual |   |
| Fair campaign finance commission                      |                    |                   |        |   |
| Other   | \$ 10              | \$ 10             | \$ 1   | \$ 9                                    |
| Total fair campaign finance commission                | 10                 | 10                | 1      | 9                                       |
| Board of zoning appeals                               |                    |                   |        |   |
| Personnel   | 239                | 229               | 229    |   |
| Other   | 29                 | 19                | 19     |   |
| Total board of zoning appeals                         | 268                | 248               | 248    |   |
| Civil service commission                              |                    |                   |        |   |
| Personnel   | 662                | 644               | 644    |   |
| Other   | 575                | 591               | 582    | 9                                       |
| Total civil service commission                        | 1,237              | 1,235             | 1,226  | 9                                       |
| Community relations board                             |                    |                   |        |   |
| Personnel   | 921                | 921               | 791    | 130                                     |
| Other   | 85                 | 85                | 85     |   |
| Total community relations board                       | 1,006              | 1,006             | 876    | 130                                     |
| City planning commission                              |                    |                   |        |   |
| Personnel   | 1,297              | 1,246             | 1,231  | 15                                      |
| Other   | 48                 | 64                | 55     | 9                                       |
| Total city planning commission                        | 1,345              | 1,310             | 1,286  | 24                                      |
| Office of equal opportunity                           |                    |                   |        |   |
| Personnel   | 493                | 480               | 471    | 9                                       |
| Other   | 45                 | 45                | 36     | 9                                       |
| Total office of equal opportunity                     | 538                | 525               | 507    | 18                                      |
| Board of examiners of plumbers and electricians       |                    |                   |        |   |
| Personnel   | 133                | 77                | 77     |   |
| Other   | 3                  | 4                 | 2      | 2                                       |
| Total board of examiners of plumbers and electricians | 136                | 81                | 79     | 2                                       |
| Municipal court-judicial division                     |                    |                   |        |   |
| Personnel   | 13,869             | 14,058            | 14,058 |   |
| Other   | 2,121              | 2,120             | 2,089  | 31                                      |
| Total municipal court-judicial division               | 15,990             | 16,178            | 16,147 | 31                                      |

**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-Continued**  
**For the Year Ended December 31, 2001**  
(Amounts in 000's)

|  | General Fund       |                   |          | Variance-<br>Favorable<br>(Unfavorable) |
|--|--------------------|-------------------|----------|---|
|  | Original<br>Budget | Revised<br>Budget | Actual   |   |
| Municipal court-housing division           |                    |                   |          |   |
| Personnel                                  | \$ 2,319           | \$ 2,130          | \$ 2,083 | \$ 47                                   |
| Other                                      | 119                | 144               | 133      | 11                                      |
| Total municipal court-housing division     | 2,438              | 2,274             | 2,216    | 58                                      |
| Municipal court-clerks division            |                    |                   |          |   |
| Personnel                                  | 6,621              | 6,396             | 6,350    | 46                                      |
| Other                                      | 2,154              | 2,354             | 2,217    | 137                                     |
| Total municipal court-clerks division      | 8,775              | 8,750             | 8,567    | 183                                     |
| Office of budget and management            |                    |                   |          |   |
| Personnel                                  | 608                | 621               | 619      | 2                                       |
| Other                                      | 41                 | 48                | 44       | 4                                       |
| Total office of budget and management      | 649                | 669               | 663      | 6                                       |
| Department of aging                        |                    |                   |          |   |
| Personnel                                  | 292                | 197               | 197      |   |
| Other                                      | 113                | 67                | 65       | 2                                       |
| Total department of aging                  | 405                | 264               | 262      | 2                                       |
| Department of law                          |                    |                   |          |   |
| Personnel                                  | 4,912              | 5,314             | 5,259    | 55                                      |
| Other                                      | 2,898              | 3,398             | 3,257    | 141                                     |
| Total department of law                    | 7,810              | 8,712             | 8,516    | 196                                     |
| Division of harbors                        |                    |                   |          |   |
| Personnel                                  | 56                 | 56                |          | 56                                      |
| Total division of harbors                  | 56                 | 56                |          | 56                                      |
| Finance administration                     |                    |                   |          |   |
| Personnel                                  | 359                | 295               | 295      |   |
| Other                                      | 33                 | 35                | 35       |   |
| Total finance administration               | 392                | 330               | 330      |   |
| Division of accounts                       |                    |                   |          |   |
| Personnel                                  | 905                | 888               | 887      | 1                                       |
| Other                                      | 385                | 48                | 48       |   |
| Total division of accounts                 | 1,290              | 936               | 935      | 1                                       |
| Division of assessments and licenses       |                    |                   |          |   |
| Personnel                                  | 901                | 943               | 943      |   |
| Other                                      | 186                | 171               | 170      | 1                                       |
| Total division of assessments and licenses | 1,087              | 1,114             | 1,113    | 1                                       |

**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-Continued**  
**For the Year Ended December 31, 2001**  
(Amounts in 000's)

|   | General Fund       |                   |        | Variance-<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|--------|---|
|   | Original<br>Budget | Revised<br>Budget | Actual |   |
| Division of treasury                              |                    |                   |        |   |
| Personnel   | \$ 406             | \$ 430            | \$ 430 | \$ -                                    |
| Other   | 66                 | 76                | 76     |   |
| Total division of treasury                        | 472                | 506               | 506    |   |
| Division of purchases and supplies                |                    |                   |        |   |
| Personnel   | 595                | 488               | 487    | 1                                       |
| Other   | 92                 | 62                | 61     | 1                                       |
| Total division of purchases and supplies          | 687                | 550               | 548    | 2                                       |
| Bureau of internal audit                          |                    |                   |        |   |
| Personnel   | 527                | 520               | 520    |   |
| Other   | 229                | 231               | 225    | 6                                       |
| Total bureau of internal audit                    | 756                | 751               | 745    | 6                                       |
| Division of financial reporting and control       |                    |                   |        |   |
| Personnel   | 1,199              | 1,154             | 1,153  | 1                                       |
| Other   | 464                | 393               | 375    | 18                                      |
| Total division of financial reporting and control | 1,663              | 1,547             | 1,528  | 19                                      |
| <b>TOTAL GENERAL GOVERNMENT</b>                   | 56,041             | 55,733            | 54,786 | 947                                     |
| Public Service                                    |                    |                   |        |   |
| Public service administration                     |                    |                   |        |   |
| Personnel   | 438                | 389               | 387    | 2                                       |
| Other   | 19                 | 23                | 20     | 3                                       |
| Total public service administration               | 457                | 412               | 407    | 5                                       |
| Division of architecture                          |                    |                   |        |   |
| Personnel   | 589                | 630               | 630    |   |
| Other   | 32                 | 32                | 22     | 10                                      |
| Total division of architecture                    | 621                | 662               | 652    | 10                                      |
| Division of waste collection and disposal         |                    |                   |        |   |
| Personnel   | 15,267             | 16,020            | 15,836 | 184                                     |
| Other   | 12,404             | 11,564            | 11,562 | 2                                       |
| Total division of waste collection and disposal   | 27,671             | 27,584            | 27,398 | 186                                     |
| Division of engineering and construction          |                    |                   |        |   |
| Personnel   | 4,845              | 4,814             | 4,782  | 32                                      |
| Other   | 396                | 353               | 311    | 42                                      |
| Total division of engineering and construction    | 5,241              | 5,167             | 5,093  | 74                                      |
| <b>TOTAL PUBLIC SERVICE</b>                       | 33,990             | 33,825            | 33,550 | 275                                     |

**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-Continued**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|  | General Fund       |                   |          | Variance-<br>Favorable<br>(Unfavorable) |
|--|--------------------|-------------------|----------|---|
|  | Original<br>Budget | Revised<br>Budget | Actual   |   |
| Public Safety                                |                    |                   |          |   |
| Public safety administration                 |                    |                   |          |   |
| Personnel                                    | \$ 3,863           | \$ 3,448          | \$ 3,348 | \$ 100                                  |
| Other  | 604                | 604               | 576      | 28                                      |
| Total public safety administration           | 4,467              | 4,052             | 3,924    | 128                                     |
| Division of police                           |                    |                   |          |   |
| Personnel                                    | 158,190            | 161,079           | 160,295  | 784                                     |
| Other  | 10,822             | 10,525            | 10,030   | 495                                     |
| Total division of police                     | 169,012            | 171,604           | 170,325  | 1,279                                   |
| Division of fire                             |                    |                   |          |   |
| Personnel                                    | 71,033             | 73,176            | 72,798   | 378                                     |
| Other  | 3,398              | 3,155             | 2,961    | 194                                     |
| Total division of fire                       | 74,431             | 76,331            | 75,759   | 572                                     |
| Division of emergency medical services       |                    |                   |          |   |
| Personnel                                    | 15,998             | 16,900            | 16,770   | 130                                     |
| Other  | 1,088              | 1,223             | 1,189    | 34                                      |
| Total division of emergency medical services | 17,086             | 18,123            | 17,959   | 164                                     |
| Division of traffic engineering              |                    |                   |          |   |
| Personnel                                    | 2,964              | 2,935             | 2,927    | 8                                       |
| Other  | 845                | 880               | 785      | 95                                      |
| Total division of traffic engineering        | 3,809              | 3,815             | 3,712    | 103                                     |
| Division of dog pound                        |                    |                   |          |   |
| Personnel                                    | 741                | 675               | 665      | 10                                      |
| Other  | 105                | 105               | 92       | 13                                      |
| Total division of dog pound                  | 846                | 780               | 757      | 23                                      |
| <b>TOTAL PUBLIC SAFETY</b>                   | 269,651            | 274,705           | 272,436  | 2,269                                   |
| Community Development                        |                    |                   |          |   |
| Division of administration services          |                    |                   |          |   |
| Personnel                                    | 1,803              | 1,335             | 1,335    |   |
| Other  | 358                | 276               | 280      | (4)                                     |
| Total division of administration services    | 2,161              | 1,611             | 1,615    | (4)                                     |
| Division of neighborhood services            |                    |                   |          |   |
| Personnel                                    | 1,331              | 1,345             | 1,344    | 1                                       |
| Other  |                    | 800               | 800      |   |
| Total division of neighborhood services      | 1,331              | 2,145             | 2,144    | 1                                       |

**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-Continued**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|  | General Fund       |                   |               | Variance-<br>Favorable<br>(Unfavorable) |
|--|--------------------|-------------------|---------------|---|
|  | Original<br>Budget | Revised<br>Budget | Actual        |   |
| Division of neighborhood development       |                    |                   |               |   |
| Personnel                                  | \$ 1,501           | \$ 1,614          | \$ 1,613      | \$ 1                                    |
| Other                                      | 200                | 215               | 200           | 15                                      |
| Total division of neighborhood development | 1,701              | 1,829             | 1,813         | 16                                      |
| Division of building and housing           |                    |                   |               |   |
| Personnel                                  | 10,428             | 10,275            | 10,167        | 108                                     |
| Other                                      | 447                | 482               | 478           | 4                                       |
| Total division of building and housing     | 10,875             | 10,757            | 10,645        | 112                                     |
| Director's office                          |                    |                   |               |   |
| Personnel                                  | 467                | 459               | 438           | 21                                      |
| Total director's office                    | 467                | 459               | 438           | 21                                      |
| <b>TOTAL COMMUNITY DEVELOPMENT</b>         | <b>16,535</b>      | <b>16,801</b>     | <b>16,655</b> | <b>146</b>                              |
| Public Health                              |                    |                   |               |   |
| Public health administration               |                    |                   |               |   |
| Personnel                                  | 862                | 810               | 776           | 34                                      |
| Other                                      | 93                 | 93                | 51            | 42                                      |
| Total public health administration         | 955                | 903               | 827           | 76                                      |
| Division of correction                     |                    |                   |               |   |
| Personnel                                  | 4,695              | 4,620             | 4,534         | 86                                      |
| Other                                      | 1,172              | 1,201             | 1,187         | 14                                      |
| Total division of correction               | 5,867              | 5,821             | 5,721         | 100                                     |
| Division of health                         |                    |                   |               |   |
| Personnel                                  | 2,511              | 2,281             | 2,186         | 95                                      |
| Other                                      | 1,318              | 1,218             | 1,181         | 37                                      |
| Total division of health                   | 3,829              | 3,499             | 3,367         | 132                                     |
| Division of environment                    |                    |                   |               |   |
| Personnel                                  | 2,295              | 1,647             | 1,633         | 14                                      |
| Other                                      | 301                | 341               | 336           | 5                                       |
| Total division of environment              | 2,596              | 1,988             | 1,969         | 19                                      |
| <b>TOTAL PUBLIC HEALTH</b>                 | <b>13,247</b>      | <b>12,211</b>     | <b>11,884</b> | <b>327</b>                              |



**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-Continued**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|   | General Fund       |                   |        | Variance-<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|--------|---|
|   | Original<br>Budget | Revised<br>Budget | Actual |   |
| Parks, Recreation and Properties                      |                    |                   |        |   |
| Parks, recreation and properties administration       |                    |                   |        |   |
| Personnel   | \$ 621             | \$ 547            | \$ 525 | \$ 22                                   |
| Other   | 171                | 206               | 193    | 13                                      |
| Total parks, recreation and properties administration | 792                | 753               | 718    | 35                                      |
| Division of research, planning and development        |                    |                   |        |   |
| Personnel   | 660                | 611               | 605    | 6                                       |
| Other   | 76                 | 81                | 78     | 3                                       |
| Total division of research, planning and development  | 736                | 692               | 683    | 9                                       |
| Division of recreation                                |                    |                   |        |   |
| Personnel   | 10,282             | 9,132             | 9,089  | 43                                      |
| Other   | 3,297              | 2,812             | 2,812  |   |
| Total division of recreation                          | 13,579             | 11,944            | 11,901 | 43                                      |
| Division of parking                                   |                    |                   |        |   |
| Personnel   | 765                | 715               | 701    | 14                                      |
| Other   | 36                 | 36                | 35     | 1                                       |
| Total division of parking                             | 801                | 751               | 736    | 15                                      |
| Division of park maintenance and properties           |                    |                   |        |   |
| Personnel   | 9,473              | 9,412             | 9,412  |   |
| Other   | 3,865              | 4,395             | 4,390  | 5                                       |
| Total division of park maintenance and properties     | 13,338             | 13,807            | 13,802 | 5                                       |
| Division of property management                       |                    |                   |        |   |
| Personnel   | 8,855              | 8,990             | 8,933  | 57                                      |
| Other   | 2,442              | 2,372             | 2,358  | 14                                      |
| Total division of property management                 | 11,297             | 11,362            | 11,291 | 71                                      |
| <b>TOTAL PARKS, RECREATION<br/>AND PROPERTIES</b>     | 40,543             | 39,309            | 39,131 | 178                                     |

**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-Continued**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|   | General Fund       |                   |          | Variance-<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------|----------|---|
|   | Original<br>Budget | Revised<br>Budget | Actual   |   |
| Economic Development  |                    |                   |          |   |
| Economic development administration   |                    |                   |          |   |
| Personnel   | \$ 1,125           | \$ 1,051          | \$ 1,049 | \$ 2                                    |
| Other   | 47                 | 51                | 49       | 2                                       |
| Total economic development administration   | 1,172              | 1,102             | 1,098    | 4                                       |
| <b>TOTAL ECONOMIC DEVELOPMENT</b>   | 1,172              | 1,102             | 1,098    | 4                                       |
| Non-departmental expenditures   |                    |                   |          |   |
| Other   | 17,879             | 17,879            | 16,882   | 997                                     |
| <b>TOTAL NON-DEPARTMENTAL<br/>EXPENDITURES</b>  | 17,879             | 17,879            | 16,882   | 997                                     |
| <b>TOTAL EXPENDITURES</b>   | 449,058            | 451,565           | 446,422  | 5,143                                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | 28,005             | 25,472            | 28,020   | 2,548                                   |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                    |                   |          |   |
| Operating transfers out   | (44,661)           | (42,153)          | (41,680) | 473                                     |
|   | (44,661)           | (42,153)          | (41,680) | 473                                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND OTHER USES</b> | (16,656)           | (16,681)          | (13,660) | 3,021                                   |
| Decertification (Recertification) of prior year encumbrances  |                    |                   | (9,779)  | (9,779)                                 |
| Fund balance at beginning of year   | 22,543             | 22,543            | 22,543   |   |
| Fund balance at end of year   | \$ 5,887           | \$ 5,862          | \$ (896) | \$ (6,758)                              |

# CITY OF CLEVELAND, OHIO

## SPECIAL REVENUE FUNDS

### COMBINING FINANCIAL STATEMENTS

**SPECIAL REVENUE FUNDS ARE ESTABLISHED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES (OTHER THAN MAJOR CAPITAL PROJECTS) THAT ARE RESTRICTED BY LAW AND ADMINISTRATIVE ACTION TO EXPENDITURES FOR SPECIFIED PURPOSES**

|   |  |
|---|--|
| 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. |
| Reserve Fund                                    | To account for revenue which is to be used during significant periods of economic downturn, as permitted by the State of Ohio.               |
| 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 Public Schools for recreation and cultural activities.                     |
| 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.  |
| 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.               |

|  |   |
|--|---|
| Job Training Partnership Act (JTPA) Grants | To account for revenue from the State of Ohio and expenditures under the Job Training Partnership Act Program.  |
| WorkForce Investment Act (WIA)             | To account for revenue and expenditures from the State of Ohio under the Work Force Investment Act.   |
| Air Pollution Control Grants               | To account for revenue primarily used to reduce levels of air pollution and continue progress towards meeting the federal clean air standards.  |
| General Government Funds                   | To account for revenue earmarked for general government activities.   |
| Public Service Funds                       | To account for revenue earmarked for the Litter Control and Recycling Program.  |
| 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.   |
| Judgment/Settlement Funds                  | To account for revenue earmarked for the payment of certain judgments.  |
| Gateway Shared Income Tax Funds            | To account for municipal income tax revenue derived from persons employed at the Gund Arena and Jacobs 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.  |
| Supplemental Empowerment Zone              | To account for revenue from the U.S. Department of Housing and Urban Development Program designed to help rebuild specific urban communities.   |
| Rental Car Transportation Fees             | To account for revenues from vehicle rentals at Cleveland Hopkins International Airport earmarked for providing airport shuttle services.   |

**CITY OF CLEVELAND, OHIO**  
**COMBINING BALANCE SHEET-ALL SPECIAL REVENUE FUNDS**

December 31, 2001

(Amounts in 000's)

|   | Budgeted               |                          |                 |                              |  |                            |
|---|------------------------|--------------------------|-----------------|------------------------------|--|----------------------------|
|   | Division<br>of Streets | Restricted<br>Income Tax | Reserve<br>Fund | Rainy Day<br>Reserve<br>Fund | Schools<br>Recreation<br>and Cultural<br>Activities Fund | Total<br>Budgeted<br>Funds |
| <b>ASSETS</b>                                 |                        |                          |                 |                              |  |                            |
| Cash and cash equivalents                     | \$ 2,254               | \$ -                     | \$ 6,148        | \$ 10,495                    | \$ 2,052   | \$ 20,949                  |
| Receivables:                                  |                        |                          |                 |                              |  |                            |
| Taxes   |                        | 6,021                    |                 |                              |  | 6,021                      |
| Accounts                                      | 778                    |                          |                 |                              |  | 778                        |
| Loans   |                        |                          |                 |                              |  |                            |
| Accrued interest                              |                        |                          |                 |                              |  |                            |
|   | 778                    | 6,021                    |                 |                              |  | 6,799                      |
| Due from other funds                          | 641                    | 18,040                   |                 |                              |  | 18,681                     |
| Due from other governments                    | 4,159                  |                          |                 |                              |  | 4,159                      |
| Inventory of supplies                         | 883                    |                          |                 |                              |  | 883                        |
| <b>TOTAL ASSETS</b>                           | <b>\$ 8,715</b>        | <b>\$ 24,061</b>         | <b>\$ 6,148</b> | <b>\$ 10,495</b>             | <b>\$ 2,052</b>  | <b>\$ 51,471</b>           |
| <b>LIABILITIES</b>                            |                        |                          |                 |                              |  |                            |
| Accounts payable                              | \$ 358                 | \$ -                     | \$ -            | \$ -                         | \$ -   | \$ 358                     |
| Deferred revenue                              | 3,351                  | 2,930                    |                 |                              |  | 6,281                      |
| Due to other funds                            | 631                    | 1,270                    | 6,148           | 10,495                       |  | 18,544                     |
| Due to other governments                      |                        |                          |                 |                              |  |                            |
| Accrued wages and benefits                    | 1,467                  |                          |                 |                              |  | 1,467                      |
| <b>TOTAL LIABILITIES</b>                      | <b>5,807</b>           | <b>4,200</b>             | <b>6,148</b>    | <b>10,495</b>                |  | <b>26,650</b>              |
| <b>FUND BALANCE</b>                           |                        |                          |                 |                              |  |                            |
| Reserve for loans                             |                        |                          |                 |                              |  |                            |
| Reserve for inventory                         | 883                    |                          |                 |                              |  | 883                        |
| Reserve for encumbrances                      | 2,401                  | 6,491                    |                 |                              | 2,000  | 10,892                     |
| Reserve for rainy day reserve fund            |                        |                          |                 |                              |  |                            |
| Reserve for reserve fund                      |                        |                          |                 |                              |  |                            |
| Unreserved:                                   |                        |                          |                 |                              |  |                            |
| Designated for future<br>capital improvements | 400                    | 12,666                   |                 |                              |  | 13,066                     |
| Undesignated                                  | (776)                  | 704                      |                 |                              | 52   | (20)                       |
| <b>TOTAL FUND BALANCE</b>                     | <b>2,908</b>           | <b>19,861</b>            |                 |                              | <b>2,052</b>   | <b>24,821</b>              |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCE</b> | <b>\$ 8,715</b>        | <b>\$ 24,061</b>         | <b>\$ 6,148</b> | <b>\$ 10,495</b>             | <b>\$ 2,052</b>  | <b>\$ 51,471</b>           |

**Non-Budgeted**

| Community<br>Development<br>Block Grants | Community<br>Development<br>Funds | Urban<br>Development<br>Action Funds | Economic<br>Development<br>Funds | Home<br>Weatherization<br>Grants | Job Training<br>Partnership<br>Act (JTPA)<br>Grants | Air<br>Pollution<br>Control<br>Grants | WIA<br>Grants    |
|--|-----------------------------------|--------------------------------------|----------------------------------|----------------------------------|---|---------------------------------------|------------------|
| \$ -                                     | \$ 1,214                          | \$ 13,886                            | \$ 19,813                        | \$ -                             | \$ 3,262  | \$ -                                  | \$ -             |
| 18,625                                   |                                   | 108,496                              | 20<br>8,265                      |                                  |   |                                       |                  |
| 18,625                                   |                                   | 108,496                              | 8,285                            |                                  |   |                                       |                  |
| 223<br>7,693                             | 6,218                             |                                      | 321<br>35                        | 3,050                            |   | 400                                   | 11,775           |
| <b>\$ 26,541</b>                         | <b>\$ 7,432</b>                   | <b>\$ 122,382</b>                    | <b>\$ 28,454</b>                 | <b>\$ 3,050</b>                  | <b>\$ 3,262</b>                                     | <b>\$ 400</b>                         | <b>\$ 11,775</b> |
| \$ 3,517                                 | \$ 1,589                          | \$ 134                               | \$ 24                            | \$ 129                           | \$ 39   | \$ -                                  | \$ 3,067         |
|  | 1,470                             |                                      |                                  | 909                              |   |                                       | 224              |
| 4,322                                    | 287                               |                                      | 1                                | 567                              |   | 61                                    | 8,268            |
| 77                                       | 1,280                             |                                      | 5,046                            | 1,445                            | 3,223   | 339                                   |                  |
|  |                                   |                                      | 9                                |                                  |   |                                       | 216              |
| 7,916                                    | 4,626                             | 134                                  | 5,080                            | 3,050                            | 3,262   | 400                                   | 11,775           |
| 18,625                                   |                                   | 108,496                              | 3,397                            |                                  |   |                                       |                  |
|  | 258                               | 15,061                               | 1,611                            |                                  |   |                                       |                  |
|  |                                   |                                      | 172                              |                                  |   |                                       |                  |
|  | 2,548                             | (1,309)                              | 18,194                           |                                  |   |                                       |                  |
| 18,625                                   | 2,806                             | 122,248                              | 23,374                           |                                  |   |                                       |                  |
| <b>\$ 26,541</b>                         | <b>\$ 7,432</b>                   | <b>\$ 122,382</b>                    | <b>\$ 28,454</b>                 | <b>\$ 3,050</b>                  | <b>\$ 3,262</b>                                     | <b>\$ 400</b>                         | <b>\$ 11,775</b> |

Continued

# CITY OF CLEVELAND, OHIO

## COMBINING BALANCE SHEET-ALL SPECIAL REVENUE FUNDS-Continued

December 31, 2001

(Amounts in 000's)

|   | Non-Budgeted                   |                            |                           |                           |   |
|---|--------------------------------|----------------------------|---------------------------|---------------------------|---|
|   | General<br>Government<br>Funds | Public<br>Service<br>Funds | Public<br>Safety<br>Funds | Public<br>Health<br>Funds | Parks,<br>Recreation<br>and Properties<br>Funds |
| <b>ASSETS</b>                                 |                                |                            |                           |                           |   |
| Cash and cash equivalents                     | \$ 34,604                      | \$ 758                     | \$ 7,900                  | \$ 2,284                  | \$ 3,132  |
| Receivables:                                  |                                |                            |                           |                           |   |
| Taxes   |                                |                            |                           |                           |   |
| Accounts                                      | 230                            |                            |                           |                           | 8   |
| Loans   |                                |                            |                           |                           |   |
| Accrued interest                              |                                |                            |                           |                           |   |
|   | 230                            |                            |                           |                           | 8   |
| Due from other funds                          | 1,590                          |                            | 144                       | 612                       | 711   |
| Due from other governments                    | 747                            | 61                         | 1,247                     | 3,307                     | 162   |
| Inventory of supplies                         |                                |                            |                           |                           |   |
| <b>TOTAL ASSETS</b>                           | \$ 37,171                      | \$ 819                     | \$ 9,291                  | \$ 6,203                  | \$ 4,013  |
| <b>LIABILITIES</b>                            |                                |                            |                           |                           |   |
| Accounts payable                              | \$ 648                         | \$ 5                       | \$ 294                    | \$ 591                    | \$ 23   |
| Deferred revenue                              | 576                            | 50                         | 5,403                     | 1,502                     | 52  |
| Due to other funds                            | 45                             | 114                        | 33                        | 15                        | 163   |
| Due to other governments                      | 585                            | 88                         | 745                       | 2,922                     | 1,911   |
| Accrued wages and benefits                    | 23                             |                            | 34                        | 275                       | 52  |
| <b>TOTAL LIABILITIES</b>                      | 1,877                          | 257                        | 6,509                     | 5,305                     | 2,201   |
| <b>FUND BALANCE</b>                           |                                |                            |                           |                           |   |
| Reserve for loans                             |                                |                            |                           |                           |   |
| Reserve for inventory                         |                                |                            |                           |                           |   |
| Reserve for encumbrances                      | 13,561                         |                            | 712                       | 2                         | 285   |
| Reserve for rainy day reserve fund            |                                |                            |                           |                           |   |
| Unreserved:                                   |                                |                            |                           |                           |   |
| Designated for future<br>capital improvements | 11,652                         |                            |                           |                           | 22  |
| Undesignated                                  | 10,081                         | 562                        | 2,070                     | 896                       | 1,505   |
| <b>TOTAL FUND BALANCE</b>                     | 35,294                         | 562                        | 2,782                     | 898                       | 1,812   |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCE</b> | \$ 37,171                      | \$ 819                     | \$ 9,291                  | \$ 6,203                  | \$ 4,013  |

**Non-Budgeted**

| Judgment/<br>Settlement<br>Funds | Gateway Shared<br>Income Tax<br>Funds | Neighborhood<br>Development<br>Investment<br>Fund | Supplemental<br>Empowerment<br>Zone | Rental Car<br>Transportation<br>Fee | Total<br>Non-<br>Budgeted<br>Funds | Totals            |                   |
|----------------------------------|---------------------------------------|---|-------------------------------------|-------------------------------------|------------------------------------|-------------------|-------------------|
|                                  |                                       |   |                                     |                                     |                                    | 2001              | 2000              |
| \$ 15                            | \$ 4,050                              | \$ 11,031   | \$ -                                | \$ 236                              | \$ 102,185                         | \$ 123,134        | \$ 126,638        |
|                                  |                                       |   |                                     |                                     | -                                  | 6,021             | 5,054             |
|                                  |                                       |   |                                     | 1,382                               | 1,640                              | 2,418             | 4,591             |
|                                  |                                       | 24,643  | 20,795                              |                                     | 180,824                            | 180,824           | 177,007           |
|                                  |                                       |   |                                     |                                     |                                    |                   | 891               |
|                                  |                                       | 24,643  | 20,795                              | 1,382                               | 182,464                            | 189,263           | 187,543           |
|                                  | 118                                   |   |                                     | 91                                  | 3,810                              | 22,491            | 26,279            |
|                                  |                                       |   | 15,812                              |                                     | 50,507                             | 54,666            | 37,490            |
|                                  |                                       |   |                                     |                                     |                                    | 883               | 469               |
| <b>\$ 15</b>                     | <b>\$ 4,168</b>                       | <b>\$ 35,674</b>                                  | <b>\$ 36,607</b>                    | <b>\$ 1,709</b>                     | <b>\$ 338,966</b>                  | <b>\$ 390,437</b> | <b>\$ 378,419</b> |
| \$ -                             | \$ -                                  | \$ -  | \$ 2,515                            | \$ 424                              | \$ 12,999                          | \$ 13,357         | \$ 7,784          |
|                                  |                                       |   | 1                                   |                                     | 10,187                             | 16,468            | 19,769            |
|                                  |                                       |   | 11,654                              |                                     | 25,530                             | 44,074            | 45,384            |
|                                  |                                       |   | 14,550                              |                                     | 32,211                             | 32,211            | 4,398             |
|                                  |                                       |   | 48                                  |                                     | 657                                | 2,124             | 3,120             |
|                                  |                                       |   | 28,768                              | 424                                 | 81,584                             | 108,234           | 80,455            |
|                                  |                                       | 24,643  | 7,702                               |                                     | 162,863                            | 162,863           | 172,609           |
|                                  |                                       |   |                                     |                                     |                                    | 883               | 469               |
|                                  |                                       | 9,317   |                                     | 4,631                               | 45,438                             | 56,330            | 8,125             |
|                                  |                                       |   |                                     |                                     |                                    |                   | 5,000             |
|                                  |                                       |   |                                     |                                     | 11,846                             | 24,912            | 24,226            |
| 15                               | 4,168                                 | 1,714   | 137                                 | (3,346)                             | 37,235                             | 37,215            | 87,535            |
| 15                               | 4,168                                 | 35,674  | 7,839                               | 1,285                               | 257,382                            | 282,203           | 297,964           |
| <b>\$ 15</b>                     | <b>\$ 4,168</b>                       | <b>\$ 35,674</b>                                  | <b>\$ 36,607</b>                    | <b>\$ 1,709</b>                     | <b>\$ 338,966</b>                  | <b>\$ 390,437</b> | <b>\$ 378,419</b> |



**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-ALL SPECIAL REVENUE FUNDS**

**For the Year Ended December 31, 2001**

(Amounts in 000's)

|   | Budgeted               |                          |                 |                              |  | Total<br>Budgeted<br>Funds |
|---|------------------------|--------------------------|-----------------|------------------------------|--|----------------------------|
|   | Division<br>of Streets | Restricted<br>Income Tax | Reserve<br>Fund | Rainy Day<br>Reserve<br>Fund | Schools<br>Recreation<br>and Cultural<br>Activities Fund |                            |
| <b>REVENUES</b>   |                        |                          |                 |                              |  |                            |
| Income taxes  | \$ -                   | \$ 29,931                | \$ -            | \$ -                         | \$ -   | \$ 29,931                  |
| Other shared revenues   | 11,299                 |                          |                 |                              |  | 11,299                     |
| Licenses and permits  | 110                    |                          |                 |                              |  | 110                        |
| Charges for services  | 1,136                  |                          |                 |                              |  | 1,136                      |
| Investment earnings   | 8                      | 567                      |                 |                              |  | 575                        |
| Grants  |                        |                          |                 |                              |  |                            |
| Miscellaneous   | 7,802                  |                          |                 |                              |  | 7,802                      |
| <b>TOTAL REVENUES</b>   | <b>20,355</b>          | <b>30,498</b>            |                 |                              |  | <b>50,853</b>              |
| <b>EXPENDITURES</b>   |                        |                          |                 |                              |  |                            |
| Current:  |                        |                          |                 |                              |  |                            |
| General government  |                        |                          |                 |                              | 2,001  | 2,001                      |
| Public service  | 17,932                 |                          |                 |                              |  | 17,932                     |
| Public safety   |                        |                          |                 |                              |  |                            |
| Human resources   |                        |                          |                 |                              |  |                            |
| Community development   |                        |                          |                 |                              |  |                            |
| Public health   |                        |                          |                 |                              |  |                            |
| Parks, Recreation and Properties  |                        |                          |                 |                              |  |                            |
| Economic development  |                        |                          |                 |                              |  |                            |
| Capital outlay  | 6,510                  | 20,537                   |                 |                              |  | 27,047                     |
| <b>TOTAL EXPENDITURES</b>   | <b>24,442</b>          | <b>20,537</b>            |                 |                              | <b>2,001</b>   | <b>46,980</b>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | <b>(4,087)</b>         | <b>9,961</b>             |                 |                              | <b>(2,001)</b>   | <b>3,873</b>               |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                        |                          |                 |                              |  |                            |
| Operating transfers in  | 5,226                  |                          |                 |                              | 2,000  | 7,226                      |
| Operating transfers out   |                        | (18,177)                 | (5,000)         |                              |  | (23,177)                   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>   | <b>5,226</b>           | <b>(18,177)</b>          | <b>(5,000)</b>  |                              | <b>2,000</b>   | <b>(15,951)</b>            |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES<br/>OVER (UNDER) EXPENDITURES<br/>AND OTHER USES</b> | <b>1,139</b>           | <b>(8,216)</b>           | <b>(5,000)</b>  |                              | <b>(1)</b>   | <b>(12,078)</b>            |
| Fund balances at beginning of year  | 1,769                  | 28,077                   | 5,000           |                              | 2,053  | 36,899                     |
| Fund balances at end of year  | \$ 2,908               | \$ 19,861                | \$ -            | \$ -                         | \$ 2,052   | \$ 24,821                  |

**Non-Budgeted**

| <b>Community Development Block Grants</b> | <b>Community Development Funds</b> | <b>Urban Development Action Funds</b> | <b>Economic Development Funds</b> | <b>Home Weatherization Grants</b> | <b>Job Training Partnership Act (JTPA) Grants</b> | <b>Air Pollution Control Grants</b> | <b>WIA Grants</b> |
|---|------------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|---|-------------------------------------|-------------------|
| \$ -                                      | \$ -                               | \$ -                                  | \$ -                              | \$ -                              | \$ -  | \$ -                                | \$ -              |
| 41,338                                    | 50<br>22,890                       | 355<br>-                              | 595<br>5                          | 2,790                             | 59  | 40                                  | 13,366            |
| 41,338                                    | 1,678<br>24,618                    | 2,307<br>2,662                        | 11,705<br>12,305                  | 2,790                             | 59  | 40                                  | 13,366            |
| 40,408                                    | 23,226                             |                                       |                                   | 2,790                             | 59  | 40                                  | 13,366            |
| 40,408                                    | 23,226                             | 3,789<br>48<br>3,837                  | 7,310<br>437<br>7,747             | 2,790                             | 59  | 40                                  | 13,366            |
| 930                                       | 1,392                              | (1,175)                               | 4,558                             |                                   |   |                                     |                   |
| 930                                       | 1,392                              | (1,175)                               | 4,558                             |                                   |   |                                     |                   |
| 17,695                                    | 1,414                              | 123,423                               | 18,816                            |                                   |   |                                     |                   |
| \$ 18,625                                 | \$ 2,806                           | \$ 122,248                            | \$ 23,374                         | \$ -                              | \$ -  | \$ -                                | \$ -              |

Continued

**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-ALL SPECIAL REVENUE FUNDS-Continued**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|   | Non-Budgeted                   |                            |                           |                           |   |
|---|--------------------------------|----------------------------|---------------------------|---------------------------|---|
|   | General<br>Government<br>Funds | Public<br>Service<br>Funds | Public<br>Safety<br>Funds | Public<br>Health<br>Funds | Parks,<br>Recreation<br>and Properties<br>Funds |
| <b>REVENUES</b>   |                                |                            |                           |                           |   |
| Income taxes  | \$ -                           | \$ -                       | \$ -                      | \$ -                      | \$ -  |
| Other shared revenues   |                                |                            |                           |                           |   |
| Licenses and permits  |                                |                            |                           | 4                         |   |
| Charges for services  |                                |                            |                           |                           |   |
| Investment earnings   | 688                            | 11                         | 60                        | 25                        | 56  |
| Grants  | 347                            | 125                        | 1,174                     | 8,016                     | 756   |
| Miscellaneous   | 6,540                          | 510                        | 1,612                     | 1,043                     | 385   |
| <b>TOTAL REVENUES</b>   | <b>7,575</b>                   | <b>646</b>                 | <b>2,846</b>              | <b>9,088</b>              | <b>1,197</b>                                    |
| <b>EXPENDITURES</b>   |                                |                            |                           |                           |   |
| Current:  |                                |                            |                           |                           |   |
| General government  | 16,454                         |                            |                           |                           |   |
| Public service  |                                | 239                        |                           |                           |   |
| Public safety   |                                |                            | 2,134                     |                           |   |
| Human resources   |                                |                            |                           |                           |   |
| Community development   |                                |                            |                           |                           |   |
| Public health   |                                |                            |                           | 8,475                     |   |
| Parks, Recreation and Properties  |                                |                            |                           |                           | 1,505   |
| Economic development  |                                |                            |                           |                           |   |
| Capital outlay  | 57                             |                            |                           |                           |   |
| <b>TOTAL EXPENDITURES</b>   | <b>16,511</b>                  | <b>239</b>                 | <b>2,134</b>              | <b>8,475</b>              | <b>1,505</b>                                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | <b>(8,936)</b>                 | <b>407</b>                 | <b>712</b>                | <b>613</b>                | <b>(308)</b>                                    |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                                |                            |                           |                           |   |
| Operating transfers in  | 16,018                         |                            |                           |                           |   |
| Operating transfers out   |                                |                            |                           |                           |   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>   | <b>16,018</b>                  |                            |                           |                           |   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES<br/>OVER (UNDER) EXPENDITURES<br/>AND OTHER USES</b> | <b>7,082</b>                   | <b>407</b>                 | <b>712</b>                | <b>613</b>                | <b>(308)</b>                                    |
| Fund balances at beginning of year  | 28,212                         | 155                        | 2,070                     | 285                       | 2,120   |
| Fund balances at end of year  | <b>\$ 35,294</b>               | <b>\$ 562</b>              | <b>\$ 2,782</b>           | <b>\$ 898</b>             | <b>\$ 1,812</b>                                 |

**Non-Budgeted**

| Judgment/<br>Settlement<br>Funds | Gateway Shared<br>Income Tax<br>Funds | Neighborhood<br>Development<br>Investment<br>Fund | Supplemental<br>Empowerment<br>Zone | Rental Car<br>Transportation<br>Fee | Total<br>Non-<br>Budgeted<br>Funds | Totals     |            |
|----------------------------------|---------------------------------------|---|-------------------------------------|-------------------------------------|------------------------------------|------------|------------|
|                                  |                                       |   |                                     |                                     |                                    | 2001       | 2000       |
| \$ -                             | \$ 1,635                              | \$ -  | \$ -                                | \$ -                                | \$ 1,635                           | \$ 31,566  | \$ 33,259  |
|                                  |                                       |   |                                     |                                     |                                    | 11,299     | 11,374     |
|                                  |                                       |   |                                     |                                     | 4                                  | 114        | 100        |
|                                  |                                       | 809   | 441                                 |                                     | 3,090                              | 1,136      | 1,685      |
|                                  |                                       |   | 9,398                               |                                     | 100,304                            | 3,665      | 4,288      |
| \$ 2                             | -                                     | 3,065   |                                     | \$ 2,308                            | 31,155                             | 100,304    | 66,846     |
| 2                                | 1,635                                 | 3,874   | 9,839                               | 2,308                               | 136,188                            | 38,957     | 34,429     |
|                                  |                                       |   |                                     | 2,719                               | 19,173                             | 21,174     | 13,838     |
|                                  |                                       |   |                                     |                                     | 239                                | 18,171     | 27,894     |
|                                  |                                       |   |                                     |                                     | 2,134                              | 2,134      | 4,676      |
|                                  |                                       |   |                                     |                                     | 13,425                             | 13,425     | 8,471      |
|                                  |                                       |   |                                     |                                     | 66,424                             | 66,424     | 39,471     |
|                                  |                                       |   |                                     |                                     | 8,515                              | 8,515      | 9,345      |
|                                  |                                       |   |                                     |                                     | 1,505                              | 1,505      | 1,317      |
|                                  |                                       | 8,905   | 20,346                              |                                     | 40,350                             | 40,350     | 15,003     |
|                                  |                                       | 3,582   |                                     |                                     | 4,124                              | 31,171     | 8,071      |
|                                  |                                       | 12,487  | 20,346                              | 2,719                               | 155,889                            | 202,869    | 128,086    |
| 2                                | 1,635                                 | (8,613)   | (10,507)                            | (411)                               | (19,701)                           | (15,828)   | 23,895     |
|                                  |                                       |   |                                     |                                     | 16,018                             | 23,244     | 24,536     |
|                                  |                                       |   |                                     |                                     |                                    | (23,177)   | (18,529)   |
|                                  |                                       |   |                                     |                                     | 16,018                             | 67         | 6,007      |
| 2                                | 1,635                                 | (8,613)   | (10,507)                            | (411)                               | (3,683)                            | (15,761)   | 29,902     |
| 13                               | 2,533                                 | 44,287  | 18,346                              | 1,696                               | 261,065                            | 297,964    | 268,062    |
| \$ 15                            | \$ 4,168                              | \$ 35,674   | \$ 7,839                            | \$ 1,285                            | \$ 257,382                         | \$ 282,203 | \$ 297,964 |

**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, 2001

(Amounts in 000's)

|   | Division of Streets |                   |          |   | Restricted Income Tax |                   |            |   |
|---|---------------------|-------------------|----------|---|-----------------------|-------------------|------------|---|
|   | Original<br>Budget  | Revised<br>Budget | Actual   | Variance-<br>Favorable<br>(Unfavorable) | Original<br>Budget    | Revised<br>Budget | Actual     | Variance-<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>   |                     |                   |          |   |                       |                   |            |   |
| Income taxes  | \$ -                | \$ -              | \$ -     | \$ -                                    | \$ 33,924             | \$ 33,924         | \$ 32,838  | \$ (1,086)                              |
| Other shared revenues   | 11,600              | 11,600            | 11,604   | 4                                       |                       |                   |            |   |
| Licenses and permits  |                     |                   |          |   |                       |                   |            |   |
| Charges for services  | 2,000               | 2,000             | 1,733    | (267)                                   |                       |                   |            |   |
| Miscellaneous   | 8,260               | 8,260             | 7,803    | (457)                                   |                       |                   | 548        | 548                                     |
| <b>TOTAL REVENUES</b>   | 21,860              | 21,860            | 21,140   | (720)                                   | 33,924                | 33,924            | 33,386     | (538)                                   |
| <b>EXPENDITURES</b>   |                     |                   |          |   |                       |                   |            |   |
| Public Service  |                     |                   |          |   |                       |                   |            |   |
| Salaries & Benefits   | 14,062              | 14,528            | 14,298   | 230                                     |                       |                   |            |   |
| Other   | 13,849              | 13,133            | 12,521   | 612                                     |                       |                   |            |   |
| Parks, Recreation and Properties  |                     |                   |          |   |                       |                   |            |   |
| Capital outlay  |                     |                   |          |   | 20,174                | 20,174            | 20,152     | 22                                      |
| <b>TOTAL EXPENDITURES</b>   | 27,911              | 27,661            | 26,819   | 842                                     | 20,174                | 20,174            | 20,152     | 22                                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | (6,051)             | (5,801)           | (5,679)  | 122                                     | 13,750                | 13,750            | 13,234     | (516)                                   |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                   |          |   |                       |                   |            |   |
| Operating transfers in  | 6,000               | 6,000             | 5,226    | (774)                                   |                       |                   |            |   |
| Operating transfers out   |                     |                   |          |   | (13,750)              | (13,750)          | (13,750)   |   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>   | 6,000               | 6,000             | 5,226    | (774)                                   | (13,750)              | (13,750)          | (13,750)   |   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES<br/>OVER (UNDER) EXPENDITURES<br/>AND OTHER USES</b> | (51)                | 199               | (453)    | (652)                                   |                       |                   | (516)      | (516)                                   |
| Decertification (recertification) of prior year<br>encumbrances   |                     |                   |          |   |                       |                   | 587        | 587                                     |
| Fund balances at beginning of year  | (281)               | (281)             | (281)    |   | (1,519)               | (1,519)           | (1,519)    |   |
| Fund balances at end of year  | \$ (332)            | \$ (82)           | \$ (734) | \$ (652)                                | \$ (1,519)            | \$ (1,519)        | \$ (1,448) | \$ 71                                   |

| Reserve Fund    |                |          |                                  | Rainy Day Reserve Fund |                |           |                                  | Schools Recreation and Cultural Activities |                |          |                                  |
|-----------------|----------------|----------|----------------------------------|------------------------|----------------|-----------|----------------------------------|--|----------------|----------|----------------------------------|
| Original Budget | Revised Budget | Actual   | Variance-Favorable (Unfavorable) | Original Budget        | Revised Budget | Actual    | Variance-Favorable (Unfavorable) | Original Budget                            | Revised Budget | Actual   | Variance-Favorable (Unfavorable) |
| \$ -            | \$ -           | \$ -     | \$ -                             | \$ -                   | \$ -           | \$ -      | \$ -                             | \$ -                                       | \$ -           | \$ -     | \$ -                             |
|                 |                | 148      | 148                              |                        |                | 270       | 270                              |  |                | 15       | 15                               |
|                 |                | 148      | 148                              |                        |                | 270       | 270                              |  |                | 15       | 15                               |
|                 |                |          |                                  |                        |                |           |                                  | \$ 2,000                                   | \$ 2,000       | \$ 2,000 |                                  |
|                 |                |          |                                  |                        |                |           |                                  | 2,000                                      | 2,000          | 2,000    |                                  |
|                 |                | 148      | 148                              |                        |                | 270       | 270                              | (2,000)                                    | (2,000)        | (1,985)  | 15                               |
|                 |                | 1,000    | 1,000                            |                        | 1,500          | 1,500     | 1,500                            | 2,000                                      | 2,000          | 2,000    |                                  |
|                 |                | 1,000    | 1,000                            |                        | 1,500          | 1,500     | 1,500                            | 2,000                                      | 2,000          | 2,000    |                                  |
|                 |                | 1,148    | 1,148                            |                        | 1,500          | 1,500     | 1,770                            |  |                | 15       | 15                               |
| 5,000           | 5,000          | 5,000    |                                  | 8,725                  | 8,725          | 8,725     |                                  | 37   | 37             | 37       |                                  |
| \$ 5,000        | \$ 5,000       | \$ 6,148 | \$ 1,148                         | \$ 10,225              | \$ 10,225      | \$ 10,495 | \$ 270                           | \$ 37                                      | \$ 37          | \$ 52    | \$ 15                            |

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-Continued

For the Year Ended December 31, 2001

(Amounts in 000's)

|   | Totals             |                   |           |   |
|---|--------------------|-------------------|-----------|---|
|   | Original<br>Budget | Revised<br>Budget | Actual    | Variance-<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>   |                    |                   |           |   |
| Income taxes  | \$ 33,924          | \$ 33,924         | \$ 32,838 | \$ (1,086)                              |
| Other shared revenues   | 11,600             | 11,600            | 11,604    | 4                                       |
| Licenses and permits  |                    |                   |           |   |
| Charges for services  | 2,000              | 2,000             | 1,733     | (267)                                   |
| Miscellaneous   | 8,260              | 8,260             | 8,784     | 524                                     |
| <b>TOTAL REVENUES</b>   | 55,784             | 55,784            | 54,959    | (825)                                   |
| <b>EXPENDITURES</b>   |                    |                   |           |   |
| Public Service  |                    |                   |           |   |
| Salaries & Benefits   | 14,062             | 14,528            | 14,298    | 230                                     |
| Other   | 13,849             | 13,133            | 12,521    | 612                                     |
| Parks, Recreation and Properties  | 2,000              | 2,000             | 2,000     |   |
| Capital outlay  | 20,174             | 20,174            | 20,152    | 22                                      |
| <b>TOTAL EXPENDITURES</b>   | 50,085             | 49,835            | 48,971    | 864                                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>  | 5,699              | 5,949             | 5,988     | 39                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                   |           |   |
| Operating transfers in  | 9,500              | 9,500             | 9,726     | 226                                     |
| Operating transfers out   | (13,750)           | (13,750)          | (13,750)  |   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>   | (4,250)            | (4,250)           | (4,024)   | 226                                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES<br/>OVER (UNDER) EXPENDITURES<br/>AND OTHER USES</b> | 1,449              | 1,699             | 1,964     | 265                                     |
| Decertification (recertification) of prior year<br>encumbrances   |                    |                   | 587       | 587                                     |
| Fund balances at beginning of year  | 11,962             | 11,962            | 11,962    |   |
| Fund balances at end of year  | \$ 13,411          | \$ 13,661         | \$ 14,513 | \$ 852                                  |

# CITY OF CLEVELAND, OHIO

## DEBT SERVICE FUNDS

### COMBINING FINANCIAL STATEMENTS

**DEBT SERVICE FUNDS ARE ESTABLISHED TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES FOR THE PAYMENT OF DEBT REPORTED IN THE GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP AND PRINCIPAL AND INTEREST OF CERTAIN PROPRIETARY FUNDS' GENERAL OBLIGATIONS**

Unvoted Tax Supported  
Obligations Fund

To account for the accumulation of resources for the payment of general obligation bonds of the City not requiring a vote of the electors, other than self-supporting obligations, 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 stadium certificates of participation 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.

Subordinated Income Tax  
Reserve Fund

The account is to be maintained at an amount equal to the maximum bond service charges required to be paid in any of the subsequent six month period.

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.



**CITY OF CLEVELAND, OHIO**  
**COMBINING BALANCE SHEET-ALL DEBT SERVICE FUNDS**

December 31, 2001

(Amounts in 000's)

|   | Budgeted   |                         |                                    |   |
|---|--|-------------------------|------------------------------------|---|
|   | Unvoted<br>Tax<br>Supported<br>Obligations<br>Fund | Stadium<br>Bond<br>Fund | Subordinated<br>Income Tax<br>Fund | Subordinated<br>Income Tax<br>Reserve<br>Fund |
| <b>ASSETS</b>                                 |  |                         |                                    |   |
| Cash and cash equivalents                     | \$ 754   | \$ 2                    | \$ 1,143                           | \$ 4,930                                      |
| Investments at market                         | 17   |                         |                                    |   |
| Taxes receivable                              | 29,887   |                         |                                    |   |
| Accrued interest                              | 1  |                         |                                    | 2   |
| Due from other funds                          |  |                         |                                    |   |
| Due from other governments                    | 1,850  |                         |                                    |   |
| <b>TOTAL ASSETS</b>                           | <b>\$ 32,509</b>                                   | <b>\$ 2</b>             | <b>\$ 1,143</b>                    | <b>\$ 4,932</b>                               |
| <b>LIABILITIES</b>                            |  |                         |                                    |   |
| Deferred revenue                              | \$ 31,737  |                         |                                    |   |
| <b>TOTAL LIABILITIES</b>                      | <b>31,737</b>                                      |                         |                                    |   |
| <b>FUND BALANCE</b>                           |  |                         |                                    |   |
| Reserve for debt service                      | 772  | 2                       | 1,143                              | 4,932   |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCE</b> | <b>\$ 32,509</b>                                   | <b>\$ 2</b>             | <b>\$ 1,143</b>                    | <b>\$ 4,932</b>                               |

**Non-Budgeted**

| Urban<br>Renewal<br>Fund | Urban<br>Renewal<br>Reserve Fund | Totals           |                  |
|--------------------------|----------------------------------|------------------|------------------|
|                          |                                  | 2001             | 2000             |
| \$ 51                    | \$ -                             | \$ 6,880         | \$ 2,356         |
| 1,021                    | 1,705                            | 2,743            | 7,628            |
|                          |                                  | 29,887           | 31,986           |
| 19                       |                                  | 22               | 59               |
|                          |                                  |                  | 4,392            |
|                          |                                  | 1,850            |                  |
| <u>\$ 1,091</u>          | <u>\$ 1,705</u>                  | <u>\$ 41,382</u> | <u>\$ 46,421</u> |
|                          |                                  | \$ 31,737        | \$ 31,330        |
|                          |                                  | 31,737           | 31,330           |
| <u>1,091</u>             | <u>1,705</u>                     | <u>9,645</u>     | <u>15,091</u>    |
| <u>\$ 1,091</u>          | <u>\$ 1,705</u>                  | <u>\$ 41,382</u> | <u>\$ 46,421</u> |

**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-ALL DEBT SERVICE FUNDS**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|  | Budgeted      |         |              |              |
|--|---------------|---------|--------------|--------------|
|  | Unvoted       |         |              | Subordinated |
|  | Tax           | Stadium | Subordinated | Income Tax   |
|  | Supported     | Bond    | Income Tax   | Reserve      |
|  | Obligations   | Fund    | Fund         | Fund         |
|  | Fund          |         |              |              |
| <b>REVENUES</b>                        |               |         |              |              |
| Property taxes                         | \$ 23,665     | \$ -    | \$ -         | \$ -         |
| Investment earnings                    | 372           |         | 32           | 136          |
| Grants                                 | 755           |         |              |              |
| Miscellaneous                          |               |         | 363          |              |
| <b>TOTAL REVENUES</b>                  | <b>24,792</b> |         | <b>395</b>   | <b>136</b>   |
| <b>EXPENDITURES</b>                    |               |         |              |              |
| Principal retirement                   | 23,570        |         | 1,300        |              |
| Interest                               | 16,388        |         | 3,552        |              |
| Other                                  |               |         |              |              |
| <b>TOTAL EXPENDITURES</b>              | <b>39,958</b> |         | <b>4,852</b> |              |
| <b>EXCESS (DEFICIENCY) OF REVENUES</b> |               |         |              |              |
| <b>OVER (UNDER) EXPENDITURES</b>       |               |         |              |              |
|  | (15,166)      |         | (4,457)      | 136          |
| <b>OTHER FINANCING SOURCES (USES)</b>  |               |         |              |              |
| Operating transfers in                 | 9,358         |         | 4,642        |              |
| Operating transfers out                |               |         |              |              |
| <b>TOTAL OTHER FINANCING</b>           |               |         |              |              |
| <b>SOURCES (USES)</b>                  | <b>9,358</b>  |         | <b>4,642</b> |              |
| <b>EXCESS (DEFICIENCY) OF REVENUES</b> |               |         |              |              |
| <b>AND OTHER FINANCING SOURCES</b>     |               |         |              |              |
| <b>OVER (UNDER) EXPENDITURES</b>       |               |         |              |              |
| <b>AND OTHER USES</b>                  |               |         |              |              |
|  | (5,808)       |         | 185          | 136          |
| Fund balances at beginning of year     | 6,580         | 2       | 958          | 4,796        |
| Fund balances at end of year           | \$ 772        | \$ 2    | \$ 1,143     | \$ 4,932     |

**Non-Budgeted**

| Urban<br>Renewal<br>Fund | Urban<br>Renewal<br>Reserve Fund | Totals    |           |
|--------------------------|----------------------------------|-----------|-----------|
|                          |                                  | 2001      | 2000      |
| \$ 1,745                 | \$ -                             | \$ 25,410 | \$ 24,836 |
| 45                       | 55                               | 640       | 773       |
|                          |                                  | 755       | 364       |
|                          |                                  | 363       | 98        |
| 1,790                    | 55                               | 27,168    | 26,071    |
| 285                      |                                  | 25,155    | 23,540    |
| 595                      |                                  | 20,535    | 20,639    |
| 924                      |                                  | 924       | 1,119     |
| 1,804                    |                                  | 46,614    | 45,298    |
| (14)                     | 55                               | (19,446)  | (19,227)  |
|                          | 42                               | 14,042    | 18,501    |
| (42)                     |                                  | (42)      | (29)      |
| (42)                     | 42                               | 14,000    | 18,472    |
| (56)                     | 97                               | (5,446)   | (755)     |
| 1,147                    | 1,608                            | 15,091    | 15,846    |
| \$ 1,091                 | \$ 1,705                         | \$ 9,645  | \$ 15,091 |

**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, 2001

(Amounts in 000's)

|  | Unvoted<br>Tax Supported<br>Obligations<br>Fund |                   |           |  | Stadium<br>Bond<br>Fund |                   |        | Variance-<br>Favorable<br>(Unfavor-<br>able) |
|--|---|-------------------|-----------|--|-------------------------|-------------------|--------|--|
|  | Original<br>Budget                              | Revised<br>Budget | Actual    | Variance-<br>Favorable<br>(Unfavor-<br>able) | Original<br>Budget      | Revised<br>Budget | Actual |  |
|  | <b>REVENUES</b>                                 |                   |           |  |                         |                   |        |  |
| Property taxes   | \$ 25,172                                       | \$ 25,172         | \$ 24,321 | \$ (851)                                     |                         |                   |        |  |
| Investment earnings  | 325   | 325               | 390       | 65   |                         |                   |        | \$ -   |
| Grants   | 755   | 755               | 755       |  |                         |                   |        |  |
| Miscellaneous  |   |                   |           |  |                         |                   |        |  |
| <b>TOTAL REVENUES</b>  | 26,252  | 26,252            | 25,466    | (786)  |                         |                   |        |  |
| <b>EXPENDITURES</b>  |   |                   |           |  |                         |                   |        |  |
| Principal retirement   | 23,570  | 23,570            | 23,570    |  |                         |                   |        |  |
| Interest   | 16,788  | 16,788            | 16,388    | 400  |                         |                   |        |  |
| <b>TOTAL EXPENDITURES</b>  | 40,358  | 40,358            | 39,958    | 400  |                         |                   |        |  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b>                                 | (14,106)  | (14,106)          | (14,492)  | (386)  |                         |                   |        |  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |   |                   |           |  |                         |                   |        |  |
| Operating transfers in - Convention Ctr  |   |                   |           |  |                         |                   |        |  |
| Operating transfers in - Restricted Inc Tax  | 13,750  | 13,750            | 13,750    |  |                         |                   |        |  |
| <b>TOTAL OTHER FINANCING SOURCES</b>   | 13,750  | 13,750            | 13,750    |  |                         |                   |        |  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES<br/>OVER (UNDER) EXPENDITURES</b> | (356)   | (356)             | (742)     | (386)  |                         |                   |        |  |
| Decertification (recertification) of prior year<br>encumbrances                                      |   |                   | (13)      | (13)   |                         |                   |        |  |
| Fund balances at beginning of year   | 1,526   | 1,526             | 1,526     |  | 3                       | 3                 | 3      |  |
| Fund balances at end of year   | \$ 1,170  | \$ 1,170          | \$ 771    | \$ (399)                                     | \$ 3                    | \$ 3              | \$ 3   | \$ -   |

| Subordinated<br>Income Tax<br>Fund |                   |          |  | Subordinated<br>Income Tax<br>Reserve Fund |                   |          |  | Totals             |                   |           |  |
|------------------------------------|-------------------|----------|--|--|-------------------|----------|--|--------------------|-------------------|-----------|--|
| Original<br>Budget                 | Revised<br>Budget | Actual   | Variance-<br>Favorable<br>(Unfavor-<br>able) | Original<br>Budget                         | Revised<br>Budget | Actual   | Variance-<br>Favorable<br>(Unfavor-<br>able) | Original<br>Budget | Revised<br>Budget | Actual    | Variance-<br>Favorable<br>(Unfavor-<br>able) |
| \$ -                               | \$ -              | \$ -     |  | \$ -                                       | \$ -              | \$ -     |  | \$ 25,172          | \$ 25,172         | \$ 24,321 | \$ (851)                                     |
|                                    |                   | 30       | 30   |  |                   | \$ 150   | 150  | 325                | 325               | 570       | 245  |
|                                    |                   |          |  |  |                   |          |  | 755                | 755               | 755       |  |
|                                    |                   | 30       | 30   |  |                   | 150      | 150  | 26,252             | 26,252            | 25,646    | (606)  |
| 1,300                              | 1,300             | 1,300    |  |  |                   |          |  | 24,870             | 24,870            | 24,870    |  |
| 3,400                              | 3,400             | 3,115    | 285  |  |                   |          |  | 20,188             | 20,188            | 19,503    | 685  |
| 4,700                              | 4,700             | 4,415    | 285  |  |                   |          |  | 45,058             | 45,058            | 44,373    | 685  |
| (4,700)                            | (4,700)           | (4,385)  | 315  |  |                   | 150      | 150  | (18,806)           | (18,806)          | (18,727)  | 79   |
| 4,700                              | 4,700             | 5,005    | 305  |  |                   |          |  | 18,450             | 18,450            | 18,755    | 305  |
| 4,700                              | 4,700             | 5,005    | 305  |  |                   |          |  | 18,450             | 18,450            | 18,755    | 305  |
|                                    |                   | 620      | 620  |  |                   | 150      | 150  | (356)              | (356)             | 28        | 384  |
|                                    |                   | (363)    | (363)  |  |                   |          |  |                    |                   | (376)     | (376)  |
| 1,322                              | 1,322             | 1,322    |  | 4,776                                      | 4,776             | 4,776    |  | 7,627              | 7,627             | 7,627     |  |
| \$ 1,322                           | \$ 1,322          | \$ 1,579 | \$ 257                                       | \$ 4,776                                   | \$ 4,776          | \$ 4,926 | \$ 150                                       | \$ 7,271           | \$ 7,271          | \$ 7,279  | \$ 8   |

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# CITY OF CLEVELAND, OHIO

## CAPITAL PROJECTS FUNDS

### COMBINING FINANCIAL STATEMENTS

**CAPITAL PROJECTS FUNDS ARE ESTABLISHED TO ACCOUNT FOR FINANCIAL RESOURCES TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF MAJOR CAPITAL FACILITIES OTHER THAN THOSE FINANCED BY SPECIAL REVENUE FUNDS AND PROPRIETARY FUNDS**

|   |  |
|---|--|
| 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             | To account for certificates of participation proceeds which fund certain capital acquisitions.   |
| Cleveland Stadium Construction            | To account for bond proceeds and capital projects costs of the Cleveland Browns Stadium.   |



**CITY OF CLEVELAND, OHIO**  
**COMBINING BALANCE SHEET-ALL CAPITAL PROJECTS FUNDS**

**December 31, 2001**

(Amounts in 000's)

|  | Capital/<br>Urban Renewal |               | Grant     | Capital      | Certificates of | Cleveland     | Totals      |               |           |               |           |                |           |                |
|--|---------------------------|---------------|-----------|--------------|-----------------|---------------|-------------|---------------|-----------|---------------|-----------|----------------|-----------|----------------|
|  | Bond                      | Construction  |           |              |                 |               | Improvement | Participation | Stadium   | Construction  | 2001      | 2000           |           |                |
| <b>ASSETS</b>                              |                           |               |           |              |                 |               |             |               |           |               |           |                |           |                |
| Cash and cash equivalents                  | \$                        | 61,371        | \$        | -            | \$              | 5,691         | \$          | -             | \$        | 12,012        | \$        | 79,074         | \$        | 75,491         |
| Investments at market                      |                           | 11,007        |           |              |                 |               |             |               |           |               |           | 11,007         |           | 47,790         |
| Receivables:                               |                           |               |           |              |                 |               |             |               |           |               |           |                |           |                |
| Accrued interest                           |                           | 227           |           |              |                 |               |             | 69            |           | 21            |           | 317            |           | 1,101          |
| Assessments                                |                           | 8             |           |              |                 |               |             |               |           |               |           | 8              |           | 13             |
|  |                           | 235           |           |              |                 |               |             | 69            |           | 21            |           | 325            |           | 1,114          |
| Due from other funds                       |                           | 111           |           |              |                 | 4,682         |             |               |           |               |           | 4,793          |           | 4,171          |
| Due from other governments                 |                           |               |           | 5,863        |                 |               |             |               |           |               |           | 5,863          |           | 6,842          |
| Restricted cash and cash equivalents       |                           |               |           |              |                 |               |             | 4,359         |           | 10,872        |           | 15,231         |           | 15,393         |
| <b>TOTAL ASSETS</b>                        | <b>\$</b>                 | <b>72,724</b> | <b>\$</b> | <b>5,863</b> | <b>\$</b>       | <b>10,373</b> | <b>\$</b>   | <b>4,428</b>  | <b>\$</b> | <b>22,905</b> | <b>\$</b> | <b>116,293</b> | <b>\$</b> | <b>150,801</b> |
| <b>LIABILITIES</b>                         |                           |               |           |              |                 |               |             |               |           |               |           |                |           |                |
| Accounts payable                           | \$                        | -             | \$        | -            | \$              | 10,190        | \$          | -             | \$        | 2,879         | \$        | 13,069         | \$        | 11,193         |
| Deferred revenue                           |                           | 8             |           |              |                 |               |             |               |           |               |           | 8              |           | 13             |
| Due to other funds                         |                           | 3,350         |           | 5,863        |                 |               |             |               |           | 61            |           | 9,274          |           | 8,108          |
| <b>TOTAL LIABILITIES</b>                   |                           | <b>3,358</b>  |           | <b>5,863</b> |                 | <b>10,190</b> |             |               |           | <b>2,940</b>  |           | <b>22,351</b>  |           | <b>19,314</b>  |
| <b>FUND BALANCE</b>                        |                           |               |           |              |                 |               |             |               |           |               |           |                |           |                |
| Reserve for encumbrances                   |                           | 11,967        |           |              |                 |               |             |               |           | 2,495         |           | 14,462         |           | 23,144         |
| Unreserved:                                |                           |               |           |              |                 |               |             |               |           |               |           |                |           |                |
| Designated for future capital improvements |                           | 53,357        |           |              |                 |               |             | 4,428         |           | 17,470        |           | 75,255         |           | 80,708         |
| Undesignated                               |                           | 4,042         |           |              |                 | 183           |             |               |           |               |           | 4,225          |           | 27,635         |
| <b>TOTAL FUND BALANCE</b>                  |                           | <b>69,366</b> |           |              |                 | <b>183</b>    |             | <b>4,428</b>  |           | <b>19,965</b> |           | <b>93,942</b>  |           | <b>131,487</b> |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b>  | <b>\$</b>                 | <b>72,724</b> | <b>\$</b> | <b>5,863</b> | <b>\$</b>       | <b>10,373</b> | <b>\$</b>   | <b>4,428</b>  | <b>\$</b> | <b>22,905</b> | <b>\$</b> | <b>116,293</b> | <b>\$</b> | <b>150,801</b> |

**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-ALL CAPITAL PROJECTS FUNDS**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|   | Capital/<br>Urban Renewal | Grant<br>Improvement | Capital<br>Improvement | Certificates of<br>Participation | Cleveland<br>Stadium<br>Construction | Totals          |                 |
|---|---------------------------|----------------------|------------------------|----------------------------------|--------------------------------------|-----------------|-----------------|
|   | Bond<br>Construction      |                      |                        |                                  |                                      | 2001            | 2000            |
| <b>REVENUES</b>   |                           |                      |                        |                                  |                                      |                 |                 |
| Investment earnings   | \$ 3,406                  | \$ -                 | \$ 5                   | \$ 220                           | \$ 1,140                             | \$ 4,771        | \$ 7,328        |
| Grants  |                           | 5,902                |                        |                                  | 4                                    | 5,906           | 16,124          |
| Contributions   |                           |                      |                        |                                  |                                      |                 | 84              |
| Miscellaneous   | 5                         |                      |                        |                                  | 12                                   | 17              | 6,278           |
| <b>TOTAL REVENUES</b>   | <b>3,411</b>              | <b>5,902</b>         | <b>5</b>               | <b>220</b>                       | <b>1,156</b>                         | <b>10,694</b>   | <b>29,814</b>   |
| <b>EXPENDITURES</b>   |                           |                      |                        |                                  |                                      |                 |                 |
| Capital outlay  | 34,124                    | 5,902                |                        |                                  | 3,132                                | 43,158          | 43,515          |
| Principal retirement  |                           |                      |                        | 4,788                            | 1,520                                | 6,308           | 7,106           |
| Interest  |                           |                      |                        | 614                              | 7,163                                | 7,777           | 8,186           |
| <b>TOTAL EXPENDITURES</b>   | <b>34,124</b>             | <b>5,902</b>         |                        | <b>5,402</b>                     | <b>11,815</b>                        | <b>57,243</b>   | <b>58,807</b>   |
| <b>EXCESS (DEFICIENCY)<br/>OF EXPENDITURES<br/>OVER (UNDER) REVENUES</b>  | <b>(30,713)</b>           |                      | <b>5</b>               | <b>(5,182)</b>                   | <b>(10,659)</b>                      | <b>(46,549)</b> | <b>(28,993)</b> |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>   |                           |                      |                        |                                  |                                      |                 |                 |
| Operating transfers in  |                           |                      |                        | 4,427                            | 8,684                                | 13,111          | 14,012          |
| Operating transfers out   | (6,167)                   |                      |                        |                                  | (2,000)                              | (8,167)         | (2,000)         |
| Proceeds from sale of general<br>obligation bonds, net  | 4,060                     |                      |                        |                                  |                                      | 4,060           | 26,335          |
| Payments to refund bonds  |                           |                      |                        |                                  |                                      |                 |                 |
| <b>TOTAL OTHER<br/>FINANCING SOURCES (USES)</b>   | <b>(2,107)</b>            |                      |                        | <b>4,427</b>                     | <b>6,684</b>                         | <b>9,004</b>    | <b>38,347</b>   |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES AND OTHER<br/>FINANCING SOURCES (USES)<br/>OVER (UNDER) EXPENDITURES</b> | <b>(32,820)</b>           |                      | <b>5</b>               | <b>(755)</b>                     | <b>(3,975)</b>                       | <b>(37,545)</b> | <b>9,354</b>    |
| Fund balances at beginning of year  | 102,186                   |                      | 178                    | 5,183                            | 23,940                               | 131,487         | 122,133         |
| Fund balances at end of year  | \$ 69,366                 | \$ -                 | \$ 183                 | \$ 4,428                         | \$ 19,965                            | \$ 93,942       | \$ 131,487      |

# CITY OF CLEVELAND, OHIO

## ENTERPRISE FUNDS

### COMBINING FINANCIAL STATEMENTS

**ENTERPRISE FUNDS ARE ESTABLISHED TO ACCOUNT FOR OPERATIONS THAT ARE FINANCED AND OPERATED IN A MANNER SIMILAR TO PRIVATE SECTOR BUSINESSES WHERE THE INTENT 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**

Division of Water

The Division of Water 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.

Division of 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.

Division of Cleveland Public Power

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

Department of Port Control

The Department of Port Control was established to provide airport facilities for the City and its neighboring communities.

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 its neighboring communities with recreational facilities for golfing and cross country skiing. |

**CITY OF CLEVELAND, OHIO**  
**COMBINING BALANCE SHEET-ALL ENTERPRISE FUNDS**

December 31, 2001

(Amounts in 000's)

|                                       | Division of<br>Water | Water<br>Pollution<br>Control | Cleveland<br>Public<br>Power | Department<br>of Port<br>Control |
|---------------------------------------|----------------------|-------------------------------|------------------------------|----------------------------------|
| <b>ASSETS</b>                         |                      |                               |                              |                                  |
| Cash and cash equivalents             | \$ 111,148           | \$ 29,109                     | \$ 39,045                    | \$ 6,459                         |
| Investments at market                 | 118,510              | 4,053                         |                              | 8,872                            |
| Receivables:                          |                      |                               |                              |                                  |
| Accounts                              | 22,271               | 40,295                        | 27,035                       | 16,536                           |
| Unbilled revenue                      | 22,750               | 1,918                         | 1,616                        | 4,473                            |
| Accrued interest receivable           | 1,502                | 57                            |                              | 158                              |
| Less: Allowance for doubtful accounts | (1,841)              | (898)                         | (2,543)                      | (241)                            |
| Receivables, net                      | 44,682               | 41,372                        | 26,108                       | 20,926                           |
| Due from other funds                  | 5,113                | 1,818                         | 6,836                        | 942                              |
| Due from other governments            |                      |                               |                              | 3,651                            |
| Inventory of supplies                 | 5,343                | 232                           | 2,926                        | 224                              |
| Prepaid expenses and other assets     | 7,151                |                               | 2,841                        | 10,849                           |
| Restricted assets:                    |                      |                               |                              |                                  |
| Cash and cash equivalents             | 239,945              |                               | 20,635                       | 694,367                          |
| Investments at market                 | 12,899               |                               |                              | 68,979                           |
| Accrued interest receivable           | 883                  |                               | 25                           | 2,202                            |
| Bond retirement reserve               |                      |                               |                              | 53                               |
| Accrued passenger facility charge     |                      |                               |                              | 2,069                            |
|                                       | 253,727              |                               | 20,660                       | 767,670                          |
| Fixed assets in service:              |                      |                               |                              |                                  |
| Land                                  | 5,271                | 297                           | 4,863                        | 141,577                          |
| Land improvements                     | 12,676               |                               | 2,304                        | 196,075                          |
| Utility plant in service              | 813,195              | 108,092                       | 338,490                      |                                  |
| Buildings, structure and improvements | 174,729              |                               | 41,209                       | 367,518                          |
| Furniture, fixtures and equipment     | 65,516               | 107                           | 28,297                       | 25,775                           |
| Less: Accumulated depreciation        | (312,825)            | (49,054)                      | (137,740)                    | (234,752)                        |
|                                       | 758,562              | 59,442                        | 277,423                      | 496,193                          |
| Construction in progress              | 128,005              | 909                           | 15,474                       | 104,796                          |
| <b>TOTAL ASSETS</b>                   | <b>\$ 1,432,241</b>  | <b>\$ 136,935</b>             | <b>\$ 391,313</b>            | <b>\$ 1,420,582</b>              |

| Convention<br>Center | West Side<br>Market | East Side<br>Market | Municipal<br>Parking<br>Lots | Cemeteries | Golf<br>Courses | Totals       |              |
|----------------------|---------------------|---------------------|------------------------------|------------|-----------------|--------------|--------------|
|                      |                     |                     |                              |            |                 | 2001         | 2000         |
| \$ 3,090             | \$ 355              | \$ 253              | \$ 3,515                     | \$ -       | \$ 2,276        | \$ 195,250   | \$ 75,734    |
|                      |                     |                     |                              |            |                 | 131,435      | 222,549      |
| 6,382                | 2                   | 2                   | 120                          | 27         |                 | 112,670      | 85,359       |
|                      |                     |                     |                              |            |                 | 30,757       | 32,451       |
|                      |                     |                     |                              |            |                 | 1,717        | 4,249        |
| (163)                |                     |                     |                              |            |                 | (5,686)      | (3,029)      |
| 6,219                | 2                   | 2                   | 120                          | 27         |                 | 139,458      | 119,030      |
| 100                  |                     |                     | 120                          |            |                 | 14,929       | 9,937        |
| 3                    | 1                   |                     |                              |            |                 | 3,655        | 343          |
|                      |                     | 5                   | 18                           | 207        | 37              | 8,992        | 8,495        |
|                      |                     |                     | 1,126                        |            |                 | 21,967       | 14,652       |
|                      |                     |                     | 16,173                       | 5,707      |                 | 976,827      | 399,039      |
|                      |                     |                     |                              |            |                 | 81,878       | 157,868      |
|                      |                     |                     | 123                          |            |                 | 3,233        | 3,050        |
|                      |                     |                     |                              |            |                 | 53           | 53           |
|                      |                     |                     |                              |            |                 | 2,069        | 2,224        |
|                      |                     |                     | 16,296                       | 5,707      |                 | 1,064,060    | 562,234      |
| 4,261                | 198                 | 414                 | 12,929                       | 252        | 208             | 170,270      | 162,641      |
|                      |                     | 484                 | 1,264                        | 7          | 2,818           | 215,628      | 206,489      |
|                      |                     |                     |                              |            |                 | 1,259,777    | 1,219,690    |
| 61,625               | 5,668               | 2,400               | 65,200                       | 4,655      | 1,666           | 724,670      | 721,312      |
| 1,410                | 37                  | 450                 | 793                          | 247        | 521             | 123,153      | 138,621      |
| (55,812)             | (3,298)             | (1,537)             | (12,774)                     | (1,143)    | (2,983)         | (811,918)    | (734,334)    |
| 11,484               | 2,605               | 2,211               | 67,412                       | 4,018      | 2,230           | 1,681,580    | 1,714,419    |
|                      | 5,378               |                     |                              | 390        | 494             | 255,446      | 120,813      |
| \$ 20,896            | \$ 8,341            | \$ 2,471            | \$ 88,607                    | \$ 10,349  | \$ 5,037        | \$ 3,516,772 | \$ 2,848,206 |

Continued

**CITY OF CLEVELAND, OHIO**  
**COMBINING BALANCE SHEET-ALL ENTERPRISE FUNDS-Continued**

December 31, 2001

(Amounts in 000's)

|  | Division of<br>Water | Water<br>Pollution<br>Control | Cleveland<br>Public<br>Power | Department<br>of Port<br>Control |
|--|----------------------|-------------------------------|------------------------------|----------------------------------|
| <b>LIABILITIES</b>   |                      |                               |                              |                                  |
| Accounts payable   | \$ 8,384             | \$ 1,173                      | \$ 6,895                     | \$ 3,324                         |
| Due to other funds   | 5,534                | 2,340                         | 583                          | 1,096                            |
| Due to other governments                                   |                      | 43,472                        | 444                          | 2,962                            |
| Accrued wages and benefits                                 | 10,620               | 1,221                         | 3,973                        | 3,073                            |
| Accrued interest   | 17,018               |                               | 1,953                        | 42,799                           |
| Accounts payable from restricted assets                    | 5,303                | 100                           | 278                          | 14,802                           |
| Notes payable  |                      |                               |                              | 44,950                           |
| Construction loans   | 5,978                | 7,139                         |                              |                                  |
| Deferred payment obligation                                |                      |                               |                              | 26,531                           |
| Revenue bonds payable                                      | 662,626              |                               | 229,722                      | 917,988                          |
| <b>TOTAL LIABILITIES</b>                                   | <b>715,463</b>       | <b>55,445</b>                 | <b>243,848</b>               | <b>1,057,525</b>                 |
| <b>CONTRIBUTED CAPITAL AND RETAINED EARNINGS (DEFICIT)</b> |                      |                               |                              |                                  |
| Contributed capital - City of Cleveland and others         | 2,407                | 43,599                        | 12,183                       | 179,163                          |
| Retained earnings (deficit):                               |                      |                               |                              |                                  |
| Reserve for debt retirement                                | 17,500               | 591                           | 6,620                        | 10,783                           |
| Unreserved (deficit)                                       | 696,871              | 37,300                        | 128,662                      | 173,111                          |
| <b>TOTAL RETAINED EARNINGS (DEFICIT)</b>                   | <b>714,371</b>       | <b>37,891</b>                 | <b>135,282</b>               | <b>183,894</b>                   |
| <b>TOTAL FUND EQUITY</b>                                   | <b>716,778</b>       | <b>81,490</b>                 | <b>147,465</b>               | <b>363,057</b>                   |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>                   | <b>\$ 1,432,241</b>  | <b>\$ 136,935</b>             | <b>\$ 391,313</b>            | <b>\$ 1,420,582</b>              |

| Convention<br>Center | West Side<br>Market | East Side<br>Market | Municipal<br>Parking<br>Lots | Cemeteries | Golf<br>Courses | Totals       |              |
|----------------------|---------------------|---------------------|------------------------------|------------|-----------------|--------------|--------------|
|                      |                     |                     |                              |            |                 | 2001         | 2000         |
| \$ 502               | \$ 192              | \$ 1                | \$ 201                       | \$ 14      | \$ 42           | \$ 20,728    | \$ 27,196    |
| 6,369                | 23                  |                     | 60                           | 476        | 7               | 16,488       | 13,039       |
| 196                  |                     |                     | 78                           |            |                 | 47,152       | 40,820       |
| 407                  | 74                  | \$ 8                | 170                          | 233        | 34              | 19,813       | 23,428       |
|                      |                     |                     | 1,352                        |            |                 | 63,122       | 47,607       |
| 6                    |                     |                     | 17                           |            |                 | 20,506       | 11,543       |
|                      |                     |                     |                              |            |                 | 44,950       | 40,000       |
|                      |                     |                     |                              |            |                 | 13,117       | 7,412        |
|                      |                     |                     |                              |            |                 | 26,531       | 27,810       |
|                      |                     |                     | 67,950                       |            |                 | 1,878,286    | 1,347,521    |
| 7,480                | 289                 | 9                   | 69,828                       | 723        | 83              | 2,150,693    | 1,586,376    |
| 65,443               | 6,597               | 2,943               | 21,079                       | 5,710      | 4,598           | 343,722      | 343,722      |
|                      |                     |                     | 1,965                        |            |                 | 37,459       | 44,196       |
| (52,027)             | 1,455               | (481)               | (4,265)                      | 3,916      | 356             | 984,898      | 873,912      |
| (52,027)             | 1,455               | (481)               | (2,300)                      | 3,916      | 356             | 1,022,357    | 918,108      |
| 13,416               | 8,052               | 2,462               | 18,779                       | 9,626      | 4,954           | 1,366,079    | 1,261,830    |
| \$ 20,896            | \$ 8,341            | \$ 2,471            | \$ 88,607                    | \$ 10,349  | \$ 5,037        | \$ 3,516,772 | \$ 2,848,206 |



**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN RETAINED EARNINGS (DEFICIT)-ALL ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2001**  
(Amounts in 000's)

|  | Division of<br>Water | Water<br>Pollution<br>Control | Cleveland<br>Public<br>Power | Department<br>of Port<br>Control |
|--|----------------------|-------------------------------|------------------------------|----------------------------------|
| <b>OPERATING REVENUES</b>                        |                      |                               |                              |                                  |
| Charges for services                             | \$ 212,724           | \$ 18,893                     | \$ 132,095                   | \$ 92,825                        |
| <b>TOTAL OPERATING REVENUE</b>                   | <b>212,724</b>       | <b>18,893</b>                 | <b>132,095</b>               | <b>92,825</b>                    |
| <b>OPERATING EXPENSES</b>                        |                      |                               |                              |                                  |
| Operations                                       | 93,299               | 7,012                         | 16,133                       | 56,795                           |
| Maintenance                                      | 23,542               | 6,715                         | 16,418                       |                                  |
| Purchased power                                  |                      |                               | 65,283                       |                                  |
| Depreciation                                     | 29,682               | 3,859                         | 16,296                       | 23,599                           |
| <b>TOTAL OPERATING EXPENSES</b>                  | <b>146,523</b>       | <b>17,586</b>                 | <b>114,130</b>               | <b>80,394</b>                    |
| <b>OPERATING INCOME (LOSS)</b>                   | <b>66,201</b>        | <b>1,307</b>                  | <b>17,965</b>                | <b>12,431</b>                    |
| <b>NON-OPERATING REVENUE (EXPENSES)</b>          |                      |                               |                              |                                  |
| Interest income                                  | 17,103               | 1,683                         | 2,537                        | 16,141                           |
| Interest expense                                 | (19,776)             | (315)                         | (12,423)                     | (28,869)                         |
| Litigation settlement                            |                      | (2,699)                       |                              |                                  |
| AEP Refund per FERC ruling                       |                      |                               |                              |                                  |
| Passenger facility charge revenue                |                      |                               |                              | 15,024                           |
| Loss on disposal of property and equipment       | (1,827)              |                               |                              |                                  |
| Contributed capital and other contributions      |                      | 597                           |                              | 30,537                           |
| Other revenues (expenses)                        | 1,330                | 314                           | (791)                        | (12,589)                         |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>   | <b>(3,170)</b>       | <b>(420)</b>                  | <b>(10,677)</b>              | <b>20,244</b>                    |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>  | <b>63,031</b>        | <b>887</b>                    | <b>7,288</b>                 | <b>32,675</b>                    |
| Operating transfers in                           |                      |                               |                              |                                  |
| Operating transfers out                          |                      |                               |                              |                                  |
| <b>NET INCOME (LOSS)</b>                         | <b>63,031</b>        | <b>887</b>                    | <b>7,288</b>                 | <b>32,675</b>                    |
| Retained earnings (deficit) at beginning of year | 651,340              | 37,004                        | 127,994                      | 151,219                          |
| Retained earnings (deficit) at end of year       | <b>\$ 714,371</b>    | <b>\$ 37,891</b>              | <b>\$ 135,282</b>            | <b>\$ 183,894</b>                |

| Convention<br>Center | West Side<br>Market | East Side<br>Market | Municipal<br>Parking<br>Lots | Cemeteries | Golf<br>Courses | Totals       |            |
|----------------------|---------------------|---------------------|------------------------------|------------|-----------------|--------------|------------|
|                      |                     |                     |                              |            |                 | 2001         | 2000       |
| \$ 3,752             | \$ 545              | \$ 27               | \$ 8,021                     | \$ 1,408   | \$ 2,057        | \$ 472,347   | \$ 458,014 |
| 3,752                | 545                 | 27                  | 8,021                        | 1,408      | 2,057           | 472,347      | 458,014    |
| 5,725                | 974                 | 54                  | 2,075                        | 2,141      | 1,620           | 185,828      | 164,905    |
| 1,526                | 104                 | 16                  | 68                           | 17         | 83              | 48,489       | 51,773     |
|                      |                     |                     |                              |            |                 | 65,283       | 68,597     |
| 2,303                | 180                 | 122                 | 1,704                        | 128        | 133             | 78,006       | 72,962     |
| 9,554                | 1,258               | 192                 | 3,847                        | 2,286      | 1,836           | 377,606      | 358,237    |
| (5,802)              | (713)               | (165)               | 4,174                        | (878)      | 221             | 94,741       | 99,777     |
| 67                   | 18                  | 8                   | 762                          | 219        | 69              | 38,607       | 46,454     |
|                      |                     |                     | (4,784)                      |            |                 | (66,167)     | (73,595)   |
|                      |                     |                     |                              |            |                 | (2,699)      |            |
|                      |                     |                     |                              |            |                 |              | 2,864      |
|                      |                     |                     |                              |            |                 | 15,024       | 16,642     |
|                      |                     |                     |                              |            |                 | (1,827)      | (731)      |
|                      | 3,280               |                     | 68                           | 336        |                 | 34,818       |            |
| 4,716                | 14                  |                     | (84)                         | 27         | 15              | (7,048)      | (5,123)    |
| 4,783                | 3,312               | 8                   | (4,038)                      | 582        | 84              | 10,708       | (13,489)   |
| (1,019)              | 2,599               | (157)               | 136                          | (296)      | 305             | 105,449      | 86,288     |
| (1,200)              |                     |                     |                              |            |                 | (1,200)      | (1,152)    |
| (2,219)              | 2,599               | (157)               | 136                          | (296)      | 305             | 104,249      | 85,136     |
| (49,808)             | (1,144)             | (324)               | (2,436)                      | 4,212      | 51              | 918,108      | 832,972    |
| \$ (52,027)          | \$ 1,455            | \$ (481)            | \$ (2,300)                   | \$ 3,916   | \$ 356          | \$ 1,022,357 | \$ 918,108 |

**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS-ALL ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|   | Division of<br>Water | Water<br>Pollution<br>Control | Cleveland<br>Public<br>Power | Department<br>of Port<br>Control |
|---|----------------------|-------------------------------|------------------------------|----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                      |                               |                              |                                  |
| Cash received from customers  | \$ 212,022           | \$ 18,625                     | \$ 124,280                   | \$ 74,363                        |
| Cash payments to suppliers for goods or services                                    | (55,677)             | (6,185)                       | (13,112)                     | (36,555)                         |
| Cash payments to employees for services   | (61,748)             | (7,307)                       | (21,578)                     | (19,309)                         |
| Cash payments for purchased power   |                      |                               | (66,366)                     |                                  |
| Cash receipts of customer deposits  | 55                   |                               | (424)                        |                                  |
| Agency activity on behalf of NEORS  |                      | (2,995)                       |                              |                                  |
| <b>NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</b>                     |                      |                               |                              |                                  |
|   | 94,652               | 2,138                         | 22,800                       | 18,499                           |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES</b>                         |                      |                               |                              |                                  |
| Advance from General Fund   |                      |                               |                              |                                  |
| Cash receipts for passenger facility charges  |                      |                               |                              | 14,846                           |
| Cash payment for litigation   |                      | (1,799)                       |                              |                                  |
| AEP refund per Ferc ruling  |                      |                               |                              |                                  |
| Cash payments for sound insulation of homes   |                      |                               |                              | (10,615)                         |
| Cash transfer to debt service   |                      |                               |                              |                                  |
| Other non-capital financing activity  | 2,100                | 306                           | 617                          | 2,271                            |
| <b>NET CASH PROVIDED BY (USED FOR)<br/>NON-CAPITAL FINANCING ACTIVITIES</b>         |                      |                               |                              |                                  |
|   | 2,100                | (1,493)                       | 617                          | 6,502                            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                 |                      |                               |                              |                                  |
| Proceeds from sale of revenue bonds, loans and notes                                | 6,208                |                               |                              | 604,959                          |
| Proceeds from sale of refunding notes   | 97,711               |                               | 43,036                       |                                  |
| Acquisition and construction of capital assets                                      | (56,958)             | (2,129)                       | (12,087)                     | (81,775)                         |
| Principal paid on long-term debt  | (20,835)             | (531)                         | (6,855)                      | (54,315)                         |
| Interest paid on long-term debt   | (38,201)             | (316)                         | (11,133)                     | (34,107)                         |
| Cash paid to escrow agent for refunding   | (97,680)             |                               | (43,743)                     |                                  |
| Capital grant proceeds  |                      |                               |                              | 27,200                           |
| <b>NET CASH PROVIDED BY (USED FOR) CAPITAL<br/>AND RELATED FINANCING ACTIVITIES</b> |                      |                               |                              |                                  |
|   | (109,755)            | (2,976)                       | (30,782)                     | 461,962                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                      |                               |                              |                                  |
| Purchase of investment securities   | (184,343)            |                               | (14,441)                     | (108,723)                        |
| Proceeds from sale and maturity of investment securities                            | 279,322              | 15,544                        | 40,387                       | 125,770                          |
| Interest received on investments  | 29,280               | 1,848                         | 2,837                        | 31,234                           |
| <b>NET CASH PROVIDED BY<br/>(USED FOR) INVESTING ACTIVITIES</b>                     |                      |                               |                              |                                  |
|   | 124,259              | 17,392                        | 28,783                       | 48,281                           |
| <b>NET INCREASE (DECREASE)<br/>IN CASH AND CASH EQUIVALENTS</b>                     |                      |                               |                              |                                  |
|   | 111,256              | 15,061                        | 21,418                       | 535,244                          |
| Cash and cash equivalents at beginning of year                                      | 239,837              | 14,048                        | 38,262                       | 165,582                          |
| Cash and cash equivalents at end of year  | <u>\$ 351,093</u>    | <u>\$ 29,109</u>              | <u>\$ 59,680</u>             | <u>\$ 700,826</u>                |

| Convention<br>Center | West Side<br>Market | East Side<br>Market | Municipal<br>Parking<br>Lots | Cemeteries | Golf<br>Courses | Totals       |            |
|----------------------|---------------------|---------------------|------------------------------|------------|-----------------|--------------|------------|
|                      |                     |                     |                              |            |                 | 2001         | 2000       |
| \$ 3,256             | \$ 587              | \$ 27               | \$ 7,901                     | \$ 1,431   | \$ 2,007        | \$ 444,499   | \$ 452,681 |
| (4,136)              | (664)               | (31)                | (1,051)                      | (563)      | (1,304)         | (119,278)    | (113,109)  |
| (2,474)              | (345)               | (30)                | (810)                        | (1,671)    | (428)           | (115,700)    | (108,601)  |
|                      |                     |                     |                              |            |                 | (66,366)     | (67,701)   |
|                      |                     |                     |                              |            |                 | (369)        | 219        |
|                      |                     |                     |                              |            |                 | (2,995)      |            |
| (3,354)              | (422)               | (34)                | 6,040                        | (803)      | 275             | 139,791      | 163,489    |
|                      |                     |                     |                              | 463        |                 | 463          | 16,630     |
|                      |                     |                     |                              |            |                 | 14,846       |            |
|                      |                     |                     |                              |            |                 | (1,799)      | 2,864      |
|                      |                     |                     |                              |            |                 | (10,615)     | (12,283)   |
|                      |                     |                     |                              |            |                 |              | (327)      |
| 3,585                | 14                  |                     | 5                            | 26         | 14              | 8,938        | 6,192      |
| 3,585                | 14                  |                     | 5                            | 489        | 14              | 11,833       | 13,076     |
|                      |                     |                     |                              |            |                 | 611,167      |            |
|                      |                     |                     |                              |            |                 | 140,747      |            |
|                      |                     |                     |                              |            | (160)           | (153,109)    | (121,354)  |
|                      |                     |                     | (1,875)                      |            |                 | (84,411)     | (39,388)   |
|                      |                     |                     | (4,294)                      |            |                 | (88,051)     | (76,952)   |
|                      |                     |                     |                              |            |                 | (141,423)    |            |
|                      |                     |                     |                              |            |                 | 27,200       | 9,437      |
|                      |                     |                     | (6,169)                      |            | (160)           | 312,120      | (228,257)  |
|                      |                     |                     | (20,238)                     |            |                 | (327,745)    | (302,230)  |
|                      |                     |                     | 29,884                       | 3,720      |                 | 494,627      | 286,772    |
| 62                   | 18                  | 8                   | 1,096                        | 210        | 85              | 66,678       | 50,478     |
| 62                   | 18                  | 8                   | 10,742                       | 3,930      | 85              | 233,560      | 35,020     |
| 293                  | (390)               | (26)                | 10,618                       | 3,616      | 214             | 697,304      | (16,672)   |
| 2,797                | 745                 | 279                 | 9,070                        | 2,091      | 2,062           | 474,773      | 491,445    |
| \$ 3,090             | \$ 355              | \$ 253              | \$ 19,688                    | \$ 5,707   | \$ 2,276        | \$ 1,172,077 | \$ 474,773 |

Continued

**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS-ALL ENTERPRISE FUNDS-Continued**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|   | Division of<br>Water | Water<br>Pollution<br>Control | Cleveland<br>Public<br>Power | Department<br>of Port<br>Control |
|---|----------------------|-------------------------------|------------------------------|----------------------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>  |                      |                               |                              |                                  |
| <b>TO NET CASH PROVIDED BY (USED FOR)</b>   |                      |                               |                              |                                  |
| <b>OPERATING ACTIVITIES</b>   |                      |                               |                              |                                  |
| <b>OPERATING INCOME (LOSS)</b>  | \$ 66,201            | \$ 1,307                      | \$ 17,965                    | \$ 12,431                        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                      |                               |                              |                                  |
| Depreciation  | 29,682               | 3,859                         | 16,296                       | 23,599                           |
| Non-cash rental income  |                      |                               |                              | (3,389)                          |
| Loss on disposal of equipment   |                      | 41                            |                              |                                  |
| Change in assets and liabilities:   |                      |                               |                              |                                  |
| Accounts receivable, net  | (4,654)              | (6,459)                       | (2,284)                      | 1,661                            |
| Unbilled revenue  | (151)                | 243                           | 563                          | 1,039                            |
| Landing fees - due from airlines  |                      |                               |                              | (10,903)                         |
| Due from other funds  | 562                  | (861)                         | (5,350)                      | 462                              |
| Due from other governments  |                      |                               |                              | (3)                              |
| Inventory of supplies   | (640)                | 1                             | 139                          | 16                               |
| Prepaid expenses  | (963)                |                               |                              | 28                               |
| Landing fee adjustment  |                      |                               |                              | (6,139)                          |
| Accounts payable  | 2,402                | 208                           | (3,801)                      | 243                              |
| Due to other funds  | 4,474                | (1,837)                       | (72)                         | (1,356)                          |
| Due to other governments  |                      | 5,040                         | 444                          | 849                              |
| Accrued expenses and other liabilities  | 185                  | 900                           | (424)                        |                                  |
| Accrued wages and benefits  | (2,446)              | (304)                         | (676)                        | (39)                             |
| <b>TOTAL ADJUSTMENTS</b>  | <u>28,451</u>        | <u>831</u>                    | <u>4,835</u>                 | <u>6,068</u>                     |
| <b>NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</b>   | <u>\$ 94,652</u>     | <u>\$ 2,138</u>               | <u>\$ 22,800</u>             | <u>\$ 18,499</u>                 |

| Convention<br>Center | West Side<br>Market | East Side<br>Market | Municipal<br>Parking<br>Lots | Cemeteries | Golf<br>Courses | Totals     |            |
|----------------------|---------------------|---------------------|------------------------------|------------|-----------------|------------|------------|
|                      |                     |                     |                              |            |                 | 2001       | 2000       |
| \$ (5,802)           | \$ (713)            | \$ (165)            | \$ 4,174                     | \$ (878)   | \$ 221          | \$ 94,741  | \$ 99,777  |
| 2,303                | 180                 | 122                 | 1,704                        | 128        | 133             | \$ 78,006  | 72,962     |
|                      |                     |                     |                              |            |                 | (3,389)    | (3,389)    |
|                      |                     |                     |                              |            |                 | 41         | 1,070      |
| (1,523)              | 42                  |                     | (28)                         | 14         |                 | (13,231)   | (13,226)   |
|                      |                     |                     |                              |            |                 | 1,694      | 2,240      |
|                      |                     |                     |                              |            |                 | (10,903)   |            |
| 18                   |                     |                     | 267                          |            |                 | (4,902)    | (3,339)    |
| (2)                  |                     |                     |                              |            |                 | (5)        |            |
|                      |                     | 5                   | (1)                          | (4)        | (13)            | (497)      | 1,847      |
|                      |                     |                     |                              |            |                 | (935)      | (105)      |
|                      |                     |                     |                              |            |                 | (6,139)    | 2,174      |
| 40                   | 68                  |                     | (117)                        |            | (5)             | (962)      | 2,268      |
| 1,673                | 8                   |                     | 48                           |            | (44)            | 2,894      | (5,824)    |
| (7)                  |                     |                     | 6                            |            |                 | 6,332      | (1,413)    |
|                      |                     |                     |                              |            |                 | 661        |            |
| (54)                 | (7)                 | 4                   | (13)                         | (63)       | (17)            | (3,615)    | 8,447      |
| 2,448                | 291                 | 131                 | 1,866                        | 75         | 54              | 45,050     | 63,712     |
| \$ (3,354)           | \$ (422)            | \$ (34)             | \$ 6,040                     | \$ (803)   | \$ 275          | \$ 139,791 | \$ 163,489 |

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# CITY OF CLEVELAND, OHIO

## INTERNAL SERVICE FUNDS

### COMBINING FINANCIAL STATEMENTS

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

|                                     |  |
|-------------------------------------|--|
| Information Systems Services        | The Information Systems Services Division was established to provide centralized data processing services for certain City divisions.  |
| 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 was established to provide centralized storeroom services.   |
| 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 the 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.   |



**CITY OF CLEVELAND, OHIO**  
**COMBINING BALANCE SHEET-ALL INTERNAL SERVICE FUNDS**

**December 31, 2001**

(Amounts in 000's)

|  | Information<br>Systems<br>Services | Motor<br>Vehicle<br>Maintenance | Printing<br>and<br>Repro-<br>duction | City<br>Storeroom<br>and<br>Warehouse |
|--|------------------------------------|---------------------------------|--------------------------------------|---------------------------------------|
| <b>ASSETS</b>  |                                    |                                 |                                      |                                       |
| Cash and cash equivalents  | \$ -                               | \$ 2,794                        | \$ 1,079                             | \$ -                                  |
| Accounts receivable, net   |                                    |                                 | 3                                    | 27                                    |
| Accrued interest receivable  |                                    |                                 |                                      |                                       |
| Due from other funds   | 850                                | 1,825                           | 60                                   | 125                                   |
| Due from other governments   |                                    | 2                               |                                      |                                       |
| Inventory of supplies  |                                    | 2,345                           | 117                                  |                                       |
| Fixed assets in service:   |                                    |                                 |                                      |                                       |
| Land   |                                    | 663                             |                                      |                                       |
| Land improvements  |                                    | 3                               |                                      |                                       |
| Buildings, structures and improvements                                 |                                    | 1,605                           |                                      |                                       |
| Furniture, fixtures and equipment                                      | 7,226                              | 1,312                           | 600                                  | 6                                     |
| Less: Accumulated depreciation   | (7,210)                            | (2,738)                         | (470)                                | (6)                                   |
|  | 16                                 | 845                             | 130                                  |                                       |
| <b>TOTAL ASSETS</b>  | <b>\$ 866</b>                      | <b>\$ 7,811</b>                 | <b>\$ 1,389</b>                      | <b>\$ 152</b>                         |
| <b>LIABILITIES</b>   |                                    |                                 |                                      |                                       |
| Accounts payable   | \$ 29                              | \$ 704                          | \$ 46                                | \$ 31                                 |
| Due to other funds   | 360                                | 4,051                           | 778                                  | 116                                   |
| Accrued wages and benefits   | 301                                | 931                             | 89                                   | 4                                     |
| <b>TOTAL LIABILITIES</b>   | <b>690</b>                         | <b>5,686</b>                    | <b>913</b>                           | <b>151</b>                            |
| <b>CONTRIBUTED CAPITAL AND RETAINED EARNINGS (ACCUMULATED DEFICIT)</b> |                                    |                                 |                                      |                                       |
| Contributed capital-City of Cleveland and others                       | 258                                | 2,408                           | 301                                  |                                       |
| Retained earnings (accumulated deficit)-unreserved                     | (82)                               | (283)                           | 175                                  | 1                                     |
| <b>TOTAL FUND EQUITY</b>   | <b>176</b>                         | <b>2,125</b>                    | <b>476</b>                           | <b>1</b>                              |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>                               | <b>\$ 866</b>                      | <b>\$ 7,811</b>                 | <b>\$ 1,389</b>                      | <b>\$ 152</b>                         |

| Utilities<br>Adminis-<br>tration | Sinking<br>Fund<br>Adminis-<br>tration | Municipal<br>Income Tax<br>Adminis-<br>tration | Telephone<br>Exchange | Radio<br>Commun-<br>ications | Totals    |           |
|----------------------------------|--|--|-----------------------|------------------------------|-----------|-----------|
|                                  |  |  |                       |                              | 2001      | 2000      |
| \$ 1,150                         | \$ -                                   | \$ 1,250                                       | \$ -                  | \$ 230                       | \$ 6,503  | \$ 8,268  |
|                                  |  |  |                       |                              | 30        | 22        |
|                                  |  |  |                       |                              |           | 46        |
|                                  | 58                                     | 398  | 2,208                 | 150                          | 5,674     | 4,732     |
|                                  |  |  |                       |                              | 2         |           |
|                                  |  |  |                       |                              | 2,462     | 2,487     |
|                                  |  |  |                       |                              | 663       | 663       |
|                                  |  |  |                       |                              | 3         | 3         |
|                                  |  |  |                       |                              | 1,605     | 1,605     |
| 32                               |  |  | 9                     |                              | 9,185     | 9,368     |
| (3)                              |  |  | (9)                   |                              | (10,436)  | (10,725)  |
| 29                               |  |  |                       |                              | 1,020     | 914       |
| \$ 1,179                         | \$ 58                                  | \$ 1,648                                       | \$ 2,208              | \$ 380                       | \$ 15,691 | \$ 16,469 |
| \$ 5                             | \$ -                                   | \$ 311   | \$ 1,109              | \$ 75                        | \$ 2,310  | \$ 2,993  |
| 723                              | 25                                     | 688  | 1,134                 | 300                          | 8,175     | 2,384     |
| 451                              | 33                                     | 649  | 42                    | 4                            | 2,504     | 2,623     |
| 1,179                            | 58                                     | 1,648  | 2,285                 | 379                          | 12,989    | 8,000     |
|                                  |  |  |                       |                              | 2,967     | 2,965     |
|                                  |  |  | (77)                  | 1                            | (265)     | 5,504     |
|                                  |  |  | (77)                  | 1                            | 2,702     | 8,469     |
| \$ 1,179                         | \$ 58                                  | \$ 1,648                                       | \$ 2,208              | \$ 380                       | \$ 15,691 | \$ 16,469 |

**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED EARNINGS-ALL INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|   | Information<br>Systems<br>Services | Motor<br>Vehicle<br>Maintenance | Printing<br>and<br>Repro-<br>duction | City<br>Storeroom<br>and<br>Warehouse |
|---|------------------------------------|---------------------------------|--------------------------------------|---------------------------------------|
| <b>OPERATING REVENUES</b>                                 |                                    |                                 |                                      |                                       |
| Charges for services                                      | \$ 2,199                           | \$ 9,497                        | \$ 1,379                             | \$ 734                                |
| <b>TOTAL OPERATING REVENUE</b>                            | <b>2,199</b>                       | <b>9,497</b>                    | <b>1,379</b>                         | <b>734</b>                            |
| <b>OPERATING EXPENSES</b>                                 |                                    |                                 |                                      |                                       |
| Operations  | 2,281                              | 12,557                          | 1,661                                | 725                                   |
| Maintenance   | 1                                  | 1,751                           | 45                                   | 8                                     |
| Depreciation  | 2                                  | 67                              | 7                                    |                                       |
| <b>TOTAL OPERATING EXPENSES</b>                           | <b>2,284</b>                       | <b>14,375</b>                   | <b>1,713</b>                         | <b>733</b>                            |
| <b>OPERATING INCOME (LOSS)</b>                            | <b>(85)</b>                        | <b>(4,878)</b>                  | <b>(334)</b>                         | <b>1</b>                              |
| <b>NON-OPERATING REVENUES</b>                             |                                    |                                 |                                      |                                       |
| Interest income   |                                    | 147                             | 28                                   |                                       |
| Contributed capital and other contributions               |                                    |                                 | 137                                  |                                       |
| Other revenues (expenses) net                             | 3                                  | 84                              | 1                                    |                                       |
| <b>TOTAL NON-OPERATING REVENUES</b>                       | <b>3</b>                           | <b>231</b>                      | <b>166</b>                           |                                       |
| <b>INCOME (LOSS) BEFORE<br/>OPERATING TRANSFERS</b>       | <b>\$ (82)</b>                     | <b>\$ (4,647)</b>               | <b>\$ (168)</b>                      | <b>\$ 1</b>                           |
| Operating transfers out                                   |                                    |                                 |                                      |                                       |
| Operating transfers in                                    |                                    |                                 |                                      |                                       |
| <b>NET INCOME (LOSS)</b>                                  | <b>(82)</b>                        | <b>(4,647)</b>                  | <b>(168)</b>                         | <b>1</b>                              |
| Retained earnings at beginning of year                    |                                    | 4,364                           | 343                                  |                                       |
| Retained earnings (accumulated deficit)<br>at end of year | <b>\$ (82)</b>                     | <b>\$ (283)</b>                 | <b>\$ 175</b>                        | <b>\$ 1</b>                           |

| Utilities<br>Adminis-<br>tration | Sinking<br>Fund<br>Adminis-<br>tration | Municipal<br>Income Tax<br>Adminis-<br>tration | Telephone<br>Exchange | Radio<br>Commun-<br>ications | Totals     |            |
|----------------------------------|--|--|-----------------------|------------------------------|------------|------------|
|                                  |  |  |                       |                              | 2001       | 2000       |
| \$ 3,000                         | \$ -                                   | \$ 5,208                                       | \$ 4,260              | \$ 1,104                     | \$ 27,381  | \$ 32,073  |
| 3,000                            |  | 5,208  | 4,260                 | 1,104                        | 27,381     | 32,073     |
| 3,173                            | 453                                    | 5,965  | 4,282                 | 507                          | 31,604     | 31,058     |
| 227                              |  |  | 61                    | 951                          | 3,044      | 3,972      |
| 3                                |  |  |                       |                              | 79         | 70         |
| 3,403                            | 453                                    | 5,965  | 4,343                 | 1,458                        | 34,727     | 35,100     |
| (403)                            | (453)                                  | (757)  | (83)                  | (354)                        | (7,346)    | (3,027)    |
| 13                               |  | 757  | 6                     |                              | 951        | 1,331      |
| 11                               |  |  |                       |                              | 137        |            |
| 24                               |  | 757  | 6                     |                              | 99         |            |
|                                  |  |  |                       |                              | 1,187      | 1,331      |
| \$ (379)                         | \$ (453)                               | \$ -   | \$ (77)               | \$ (354)                     | \$ (6,159) | \$ (1,696) |
|                                  | 390                                    |  |                       |                              | 390        | 1,926      |
| (379)                            | (63)                                   |  | (77)                  | (354)                        | (5,769)    | 230        |
| 379                              | 63                                     |  |                       | 355                          | 5,504      | 5,274      |
| \$ -                             | \$ -                                   | \$ -   | \$ (77)               | \$ 1                         | \$ (265)   | \$ 5,504   |

**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|  | Information<br>Systems<br>Services | Motor<br>Vehicle<br>Maintenance | Printing<br>and<br>Repro-<br>duction | City<br>Storeroom<br>and<br>Warehouse |
|--|------------------------------------|---------------------------------|--------------------------------------|---------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                    |                                 |                                      |                                       |
| Cash received from customers   | \$ 2,954                           | \$ 12,827                       | \$ 1,382                             | \$ 668                                |
| Cash payments to suppliers for goods or services   | (579)                              | (9,768)                         | (506)                                | (704)                                 |
| Cash payments to employees for services  | (1,666)                            | (5,035)                         | (524)                                | (34)                                  |
| <b>NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</b>  | 709                                | (1,976)                         | 352                                  | (70)                                  |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES</b>  |                                    |                                 |                                      |                                       |
| Advance (Repayment) from/to General Fund   | (712)                              |                                 |                                      | 69                                    |
| Cash transfer to debt service fund   |                                    |                                 |                                      |                                       |
| Cash received through operating transfers from other funds   |                                    |                                 |                                      |                                       |
| Other non-capital financing activity   | 3                                  | 85                              | 1                                    |                                       |
| <b>NET CASH PROVIDED BY (USED FOR)<br/>NON-CAPITAL FINANCING ACTIVITIES</b>                                      | (709)                              | 85                              | 1                                    | 69                                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                    |                                 |                                      |                                       |
| Interest received on investments   |                                    | 164                             | 28                                   |                                       |
| <b>NET CASH PROVIDED BY<br/>INVESTING ACTIVITIES</b>   |                                    | 164                             | 28                                   |                                       |
| <b>NET INCREASE (DECREASE) IN<br/>CASH AND CASH EQUIVALENTS</b>  |                                    |                                 |                                      |                                       |
|  |                                    | (1,727)                         | 381                                  | (1)                                   |
| Cash and cash equivalents at beginning of year   |                                    | 4,521                           | 698                                  | 1                                     |
| Cash and cash equivalents at end of year   | \$ -                               | \$ 2,794                        | \$ 1,079                             | \$ -                                  |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED BY (USED FOR)<br/>OPERATING ACTIVITIES</b> |                                    |                                 |                                      |                                       |
| <b>OPERATING INCOME (LOSS)</b>   | \$ (85)                            | \$ (4,878)                      | \$ (334)                             | \$ 1                                  |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used for) operating activities:     |                                    |                                 |                                      |                                       |
| Depreciation   | 2                                  | 67                              | 7                                    |                                       |
| Change in assets and liabilities:  |                                    |                                 |                                      |                                       |
| Accounts receivable  |                                    |                                 | (1)                                  | (27)                                  |
| Due from other funds   | 739                                | (625)                           | 5                                    | (112)                                 |
| Due from other governments   |                                    | 12                              |                                      |                                       |
| Inventory of supplies  |                                    | 98                              | (72)                                 |                                       |
| Accounts payable   | 15                                 | (501)                           | (35)                                 | 23                                    |
| Due to other funds   | 50                                 | 3,984                           | 777                                  | 47                                    |
| Due to other governments   |                                    |                                 |                                      |                                       |
| Accrued wages and benefits   | (12)                               | (133)                           | 5                                    | (2)                                   |
| <b>TOTAL ADJUSTMENTS</b>   | 794                                | 2,902                           | 686                                  | (71)                                  |
| <b>NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</b>  | \$ 709                             | \$ (1,976)                      | \$ 352                               | \$ (70)                               |

| Utilities<br>Adminis-<br>tration | Sinking<br>Fund<br>Adminis-<br>tration | Municipal<br>Income Tax<br>Adminis-<br>tration | Telephone<br>Exchange | Radio<br>Commun-<br>ications | Totals     |            |
|----------------------------------|--|--|-----------------------|------------------------------|------------|------------|
|                                  |  |  |                       |                              | 2001       | 2000       |
| \$ 3,000                         | \$ -                                   | \$ 5,239                                       | \$ 3,600              | \$ 1,244                     | \$ 30,914  | \$ 32,830  |
| (391)                            | (394)                                  | (2,045)  | (4,256)               | (1,525)                      | (20,168)   | (22,144)   |
| (2,357)                          | (69)                                   | (3,921)  | (329)                 | (41)                         | (13,976)   | (12,267)   |
| 252                              | (463)                                  | (727)  | (985)                 | (322)                        | (3,230)    | (1,581)    |
|                                  | 24                                     |  | 667                   |                              | 48         | 1,005      |
|                                  | 332                                    |  |                       |                              | 332        | 434        |
| 10                               |  |  |                       |                              | 99         |            |
| 10                               | 356                                    |  | 667                   |                              | 479        | 1,439      |
| 13                               |  | 757  | 6                     | 18                           | 986        | 1,300      |
| 13                               |  | 757  | 6                     | 18                           | 986        | 1,300      |
| 275                              | (107)                                  | 30   | (312)                 | (304)                        | (1,765)    | 1,158      |
| 875                              | 107                                    | 1,220  | 312                   | 534                          | 8,268      | 7,110      |
| \$ 1,150                         | \$ -                                   | \$ 1,250                                       | \$ -                  | \$ 230                       | \$ 6,503   | \$ 8,268   |
| \$ (403)                         | \$ (453)                               | \$ (757)                                       | \$ (83)               | \$ (354)                     | \$ (7,346) | \$ (3,027) |
| 3                                |  |  |                       |                              | 79         | 70         |
|                                  |  | (194)  | 20                    |                              | (202)      | 525        |
|                                  |  |  | (679)                 | (19)                         | (691)      | 218        |
|                                  |  |  |                       |                              | 12         |            |
| (32)                             |  | 223  |                       |                              | 217        | (1,307)    |
| (19)                             | (9)                                    | (53)   | (245)                 | (138)                        | (962)      | 1,179      |
| 720                              |  |  | 10                    | 189                          | 5,777      | (85)       |
| (17)                             | (1)                                    | 54   | (8)                   |                              | (114)      | 846        |
| 655                              | (10)                                   | 30   | (902)                 | 32                           | 4,116      | 1,446      |
| \$ 252                           | \$ (463)                               | \$ (727)                                       | \$ (985)              | \$ (322)                     | \$ (3,230) | \$ (1,581) |

# CITY OF CLEVELAND, OHIO

## AGENCY FUNDS

### COMBINING FINANCIAL STATEMENTS

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

|                           |   |
|---------------------------|---|
| Payroll Agency            | To account for payroll taxes and other related payroll deductions collected for other governmental units or funds.  |
| 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 other funds, 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, 2001**

(Amounts in 000's)

|                                  | Balance at<br>Beginning<br>of Year | Additions         | Deductions        | Balance at<br>End<br>of Year |
|----------------------------------|------------------------------------|-------------------|-------------------|------------------------------|
| <b>PAYROLL AGENCY</b>            |                                    |                   |                   |                              |
| <b>ASSETS</b>                    |                                    |                   |                   |                              |
| Cash and cash equivalents        | \$ 7,010                           | \$ 371,391        | \$ 372,301        | \$ 6,100                     |
| <b>TOTAL ASSETS</b>              | <b>\$ 7,010</b>                    | <b>\$ 371,391</b> | <b>\$ 372,301</b> | <b>\$ 6,100</b>              |
| <b>LIABILITIES</b>               |                                    |                   |                   |                              |
| Due to other governments         | \$ 6,576                           | \$ 299,601        | \$ 300,897        | \$ 5,280                     |
| Sundry liabilities               | 434                                | 71,790            | 71,404            | 820                          |
| <b>TOTAL LIABILITIES</b>         | <b>\$ 7,010</b>                    | <b>\$ 371,391</b> | <b>\$ 372,301</b> | <b>\$ 6,100</b>              |
| <b>MUNICIPAL COURTS</b>          |                                    |                   |                   |                              |
| <b>ASSETS</b>                    |                                    |                   |                   |                              |
| Cash and cash equivalents        | \$ 8,329                           | \$ 57,731         | \$ 60,705         | \$ 5,355                     |
| Accrued interest                 | 24                                 | 2                 | 24                | 2                            |
| <b>TOTAL ASSETS</b>              | <b>\$ 8,353</b>                    | <b>\$ 57,733</b>  | <b>\$ 60,729</b>  | <b>\$ 5,357</b>              |
| <b>LIABILITIES</b>               |                                    |                   |                   |                              |
| Due to other funds               | \$ 4,248                           | \$ 20,197         | \$ 23,819         | \$ 626                       |
| Sundry liabilities               | 4,105                              | 37,536            | 36,910            | 4,731                        |
| <b>TOTAL LIABILITIES</b>         | <b>\$ 8,353</b>                    | <b>\$ 57,733</b>  | <b>\$ 60,729</b>  | <b>\$ 5,357</b>              |
| <b>CENTRAL COLLECTION AGENCY</b> |                                    |                   |                   |                              |
| <b>ASSETS</b>                    |                                    |                   |                   |                              |
| Cash and cash equivalents        | \$ 19,415                          | \$ 430,352        | \$ 436,927        | \$ 12,840                    |
| Taxes receivable                 | 17,502                             | 31,127            | 17,502            | 31,127                       |
| Due from other funds             | -                                  | 286               | -                 | 286                          |
| Due from other governments       | 284                                | 313               | 284               | 313                          |
| <b>TOTAL ASSETS</b>              | <b>\$ 37,201</b>                   | <b>\$ 462,078</b> | <b>\$ 454,713</b> | <b>\$ 44,566</b>             |
| <b>LIABILITIES</b>               |                                    |                   |                   |                              |
| Due to other funds               | \$ 11,687                          | \$ 301,133        | \$ 309,444        | \$ 3,376                     |
| Due to other governments         | 25,514                             | 160,945           | 145,269           | 41,190                       |
| <b>TOTAL LIABILITIES</b>         | <b>\$ 37,201</b>                   | <b>\$ 462,078</b> | <b>\$ 454,713</b> | <b>\$ 44,566</b>             |



**CITY OF CLEVELAND, OHIO**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-**  
**ALL AGENCY FUNDS-Continued**  
**For the Year Ended December 31, 2001**  
**(Amounts in 000's)**

|                           | Balance at<br>Beginning<br>of Year | Additions       | Deductions       | Balance at<br>End<br>of Year |
|---------------------------|------------------------------------|-----------------|------------------|------------------------------|
| <b>OTHER AGENCIES</b>     |                                    |                 |                  |                              |
| <b>ASSETS</b>             |                                    |                 |                  |                              |
| Cash and cash equivalents | \$ 12,313                          | \$ 9,918        | \$ 12,433        | \$ 9,798                     |
| Due from other funds      | \$ -                               | \$ 11           | \$ -             | \$ 11                        |
| <b>TOTAL ASSETS</b>       | <b>\$ 12,313</b>                   | <b>\$ 9,929</b> | <b>\$ 12,433</b> | <b>\$ 9,809</b>              |

|                          |                  |                 |                  |                 |
|--------------------------|------------------|-----------------|------------------|-----------------|
| <b>LIABILITIES</b>       |                  |                 |                  |                 |
| Due to other governments | \$ 5,062         | \$ 8,647        | \$ 10,984        | \$ 2,725        |
| Sundry liabilities       | 7,251            | 1,282           | 1,449            | 7,084           |
| <b>TOTAL LIABILITIES</b> | <b>\$ 12,313</b> | <b>\$ 9,929</b> | <b>\$ 12,433</b> | <b>\$ 9,809</b> |

**TOTALS-ALL AGENCY FUNDS**

|                            |                  |                   |                   |                  |
|----------------------------|------------------|-------------------|-------------------|------------------|
| <b>ASSETS</b>              |                  |                   |                   |                  |
| Cash and cash equivalents  | \$ 47,067        | \$ 869,392        | \$ 882,366        | \$ 34,093        |
| Taxes receivable           | 17,502           | 31,127            | 17,502            | 31,127           |
| Accrued interest           | 24               | 2                 | 24                | 2                |
| Due from other funds       | -                | 297               | -                 | 297              |
| Due from other governments | 284              | 313               | 284               | 313              |
| <b>TOTAL ASSETS</b>        | <b>\$ 64,877</b> | <b>\$ 901,131</b> | <b>\$ 900,176</b> | <b>\$ 65,832</b> |

|                          |                  |                   |                   |                  |
|--------------------------|------------------|-------------------|-------------------|------------------|
| <b>LIABILITIES</b>       |                  |                   |                   |                  |
| Due to other funds       | \$ 15,935        | \$ 321,330        | \$ 333,263        | \$ 4,002         |
| Due to other governments | 37,152           | 469,193           | 457,150           | 49,195           |
| Sundry liabilities       | 11,790           | 110,608           | 109,763           | 12,635           |
| <b>TOTAL LIABILITIES</b> | <b>\$ 64,877</b> | <b>\$ 901,131</b> | <b>\$ 900,176</b> | <b>\$ 65,832</b> |

**CITY OF CLEVELAND, OHIO**  
**GENERAL FIXED ASSETS**  
**ACCOUNT GROUP**

**THIS ACCOUNT GROUP IS USED TO PRESENT THE  
GENERAL FIXED ASSETS OF THE CITY UTILIZED IN ITS  
GENERAL OPERATIONS, EXCLUSIVE OF THOSE USED IN  
ENTERPRISE AND INTERNAL SERVICE FUNDS**

**GENERAL FIXED ASSETS INCLUDE LAND, BUILDINGS,  
BETTERMENTS AND EQUIPMENT OWNED BY  
THE CITY AND THE CITY'S INVESTMENT  
IN THE JUSTICE CENTER BUILDING**

**CITY OF CLEVELAND, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS BY SOURCES**

**December 31, 2001**

(Amounts in 000's)

---

**General Fixed Assets:**

|  |                          |
|--|--------------------------|
| Land                                   | \$ 37,240                |
| Land improvements                      | 55,226                   |
| Buildings, structures and improvements | 508,163                  |
| Furniture, fixtures and equipment      | 94,624                   |
| Construction in progress               | 47,337                   |
| <b>TOTAL GENERAL FIXED ASSETS</b>      | <u><u>\$ 742,590</u></u> |

**Investment in General Fixed Assets:**

|   |                          |
|---|--------------------------|
| General obligation bonds                        | \$ 263,753               |
| General Fund and other revenues                 | 322,231                  |
| Special Revenue Fund revenues:                  |                          |
| Restricted income taxes                         | 74,236                   |
| Federal grants                                  | 46,050                   |
| Certificates of participation                   | 26,385                   |
| Gifts   | 9,935                    |
| <b>TOTAL INVESTMENT IN GENERAL FIXED ASSETS</b> | <u><u>\$ 742,590</u></u> |

**CITY OF CLEVELAND, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY**

December 31, 2001

(Amounts in 000's)

|   | Total             | Land             | Land Improvements | Buildings, Structures and Improvements | Capitalized Leased Equipment | Furniture, Fixtures and Equipment |
|---|-------------------|------------------|-------------------|--|------------------------------|-----------------------------------|
| <b>General Government:</b>                    |                   |                  |                   |  |                              |                                   |
| General government                            | \$ 297,338        | \$ 208           |                   | \$ 288,628                             | \$ 8                         | \$ 8,494                          |
| City Hall                                     | 20,476            |                  |                   | 20,476                                 |                              |                                   |
| Justice Center                                | 29,725            |                  |                   | 29,306                                 | 150                          | 269                               |
| Charles V. Carr Municipal Center              | 22,102            | 2,540            |                   | 19,562                                 |                              |                                   |
| <b>TOTAL GENERAL GOVERNMENT</b>               | <b>369,641</b>    | <b>2,748</b>     | <b>-</b>          | <b>357,972</b>                         | <b>158</b>                   | <b>8,763</b>                      |
| <b>Public Service:</b>                        |                   |                  |                   |  |                              |                                   |
| Waste collection                              | 24,229            | 1,057            |                   | 8,138                                  | 7,227                        | 7,807                             |
| Engineering and construction                  | 3,208             |                  |                   |  | 60                           | 3,148                             |
| Streets                                       | 21,731            | 258              | 138               | 12,922                                 | 2,854                        | 5,559                             |
| Other   | 1,950             |                  |                   | 1,317                                  |                              | 633                               |
| <b>TOTAL PUBLIC SERVICE</b>                   | <b>51,118</b>     | <b>1,315</b>     | <b>138</b>        | <b>22,377</b>                          | <b>10,141</b>                | <b>17,147</b>                     |
| <b>Public Health:</b>                         |                   |                  |                   |  |                              |                                   |
| Correction                                    | 7,216             | 135              |                   | 6,638                                  | 78                           | 365                               |
| Health and environment                        | 10,893            | 1,116            | 56                | 8,980                                  | 53                           | 688                               |
| <b>TOTAL PUBLIC HEALTH</b>                    | <b>18,109</b>     | <b>1,251</b>     | <b>56</b>         | <b>15,618</b>                          | <b>131</b>                   | <b>1,053</b>                      |
| <b>Public Safety:</b>                         |                   |                  |                   |  |                              |                                   |
| Police  | 64,209            | 4,560            | 316               | 33,654                                 | 5,548                        | 20,131                            |
| Fire  | 43,525            | 1,619            |                   | 22,593                                 | 12,874                       | 6,439                             |
| Emergency medical service                     | 4,500             |                  |                   | 125                                    | 669                          | 3,706                             |
| Traffic engineering                           | 1,603             |                  |                   | 155                                    | 228                          | 1,220                             |
| Dog pound                                     | 717               |                  |                   | 630                                    | 31                           | 56                                |
| <b>TOTAL PUBLIC SAFETY</b>                    | <b>114,554</b>    | <b>6,179</b>     | <b>316</b>        | <b>57,157</b>                          | <b>19,350</b>                | <b>31,552</b>                     |
| <b>Parks, Recreation and Properties</b>       |                   |                  |                   |  |                              |                                   |
| Park maintenance and properties               | 59,825            | 23,170           | 25,332            | 8,237                                  | 674                          | 2,412                             |
| Research, planning and development            | 3,699             |                  | 3,383             | 164                                    |                              | 152                               |
| Recreation                                    | 71,949            | 920              | 24,540            | 45,054                                 | 27                           | 1,408                             |
| <b>TOTAL PARKS, RECREATION AND PROPERTIES</b> | <b>135,473</b>    | <b>24,090</b>    | <b>53,255</b>     | <b>53,455</b>                          | <b>701</b>                   | <b>3,972</b>                      |
| <b>Community Development:</b>                 |                   |                  |                   |  |                              |                                   |
| Community development                         | 5,228             | 1,657            | 1,331             | 584                                    | 71                           | 1,585                             |
| <b>TOTAL COMMUNITY DEVELOPMENT</b>            | <b>5,228</b>      | <b>1,657</b>     | <b>1,331</b>      | <b>584</b>                             | <b>71</b>                    | <b>1,585</b>                      |
| <b>Economic Development:</b>                  |                   |                  |                   |  |                              |                                   |
| Economic development                          | 1,130             |                  | 130               | 1,000                                  |                              | -                                 |
| <b>TOTAL ECONOMIC DEVELOPMENT</b>             | <b>1,130</b>      | <b>-</b>         | <b>130</b>        | <b>1,000</b>                           | <b>-</b>                     | <b>-</b>                          |
| <b>TOTAL BY FUNCTION</b>                      | <b>695,253</b>    | <b>37,240</b>    | <b>55,226</b>     | <b>508,163</b>                         | <b>30,552</b>                | <b>64,072</b>                     |
| Construction in progress                      | 47,337            |                  | 11,458            | 35,879                                 | -                            |                                   |
| <b>TOTAL GENERAL FIXED ASSETS</b>             | <b>\$ 742,590</b> | <b>\$ 37,240</b> | <b>\$ 66,684</b>  | <b>\$ 544,042</b>                      | <b>\$ 30,552</b>             | <b>\$ 64,072</b>                  |

# CITY OF CLEVELAND, OHIO

## SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

For the Year Ended December 31, 2001

(Amounts in 000's)

|   | Balance<br>January 1,<br>2001 | Additions        | Deductions        | Transfers       | Balance<br>December 31,<br>2001 |
|---|-------------------------------|------------------|-------------------|-----------------|---------------------------------|
| <b>General Government:</b>                        |                               |                  |                   |                 |                                 |
| General government                                | \$ 298,588                    | \$ 276           | \$ (3,479)        | \$ 1,953        | \$ 297,338                      |
| City Hall   | 20,476                        |                  |                   |                 | 20,476                          |
| Justice Center                                    | 29,725                        |                  |                   |                 | 29,725                          |
| Charles V. Carr Municipal Center                  | 22,102                        |                  |                   |                 | 22,102                          |
| <b>TOTAL GENERAL GOVERNMENT</b>                   | <b>\$ 370,891</b>             | <b>\$ 276</b>    | <b>\$ (3,479)</b> | <b>\$ 1,953</b> | <b>\$ 369,641</b>               |
| <b>Public Service:</b>                            |                               |                  |                   |                 |                                 |
| Waste collection                                  | 21,936                        | 2,575            | (300)             | 18              | 24,229                          |
| Engineering and construction                      | 2,934                         | 232              | (38)              | 80              | 3,208                           |
| Streets   | 19,774                        | 1,979            | (453)             | 431             | 21,731                          |
| Other   | 3,663                         | -                | (52)              | (1,661)         | 1,950                           |
| <b>TOTAL PUBLIC SERVICE</b>                       | <b>48,307</b>                 | <b>4,786</b>     | <b>(843)</b>      | <b>(1,132)</b>  | <b>51,118</b>                   |
| <b>Public Health:</b>                             |                               |                  |                   |                 |                                 |
| Correction  | 7,190                         | 58               | (46)              | 14              | 7,216                           |
| Health and environment                            | 10,671                        | -                | -                 | 222             | 10,893                          |
| <b>TOTAL PUBLIC HEALTH</b>                        | <b>17,861</b>                 | <b>58</b>        | <b>(46)</b>       | <b>236</b>      | <b>18,109</b>                   |
| <b>Public Safety:</b>                             |                               |                  |                   |                 |                                 |
| Police  | 58,188                        | 7,642            | (1,658)           | 37              | 64,209                          |
| Fire  | 41,948                        | 1,685            | (1,147)           | 1,039           | 43,525                          |
| Emergency medical service                         | 4,107                         | 710              | (196)             | (121)           | 4,500                           |
| Traffic engineering                               | 2,238                         | 360              | (1,148)           | 153             | 1,603                           |
| Dog pound   | 717                           | -                | -                 | -               | 717                             |
| <b>TOTAL PUBLIC SAFETY</b>                        | <b>107,198</b>                | <b>10,397</b>    | <b>(4,149)</b>    | <b>1,108</b>    | <b>114,554</b>                  |
| <b>Parks, Recreation and Properties</b>           |                               |                  |                   |                 |                                 |
| Park maintenance and properties                   | 58,046                        | 628              | (473)             | 1,624           | 59,825                          |
| Research, planning and development                | 3,897                         | 92               | (27)              | (263)           | 3,699                           |
| Recreation  | 71,334                        | 252              | (37)              | 400             | 71,949                          |
| <b>TOTAL PARKS, RECREATION<br/>AND PROPERTIES</b> | <b>133,277</b>                | <b>972</b>       | <b>(537)</b>      | <b>1,761</b>    | <b>135,473</b>                  |
| <b>Community Development:</b>                     |                               |                  |                   |                 |                                 |
| Community development                             | 4,929                         | 86               | (388)             | 601             | 5,228                           |
| <b>TOTAL COMMUNITY DEVELOPMENT</b>                | <b>4,929</b>                  | <b>86</b>        | <b>(388)</b>      | <b>601</b>      | <b>5,228</b>                    |
| <b>Economic Development:</b>                      |                               |                  |                   |                 |                                 |
| Economic development                              | 180                           | -                | -                 | 950             | 1,130                           |
| <b>TOTAL ECONOMIC DEVELOPMENT</b>                 | <b>180</b>                    | <b>-</b>         | <b>-</b>          | <b>950</b>      | <b>1,130</b>                    |
| Construction in progress                          | 36,909                        | 15,856           | -                 | (5,428)         | 47,337                          |
| <b>TOTAL GENERAL FIXED ASSETS</b>                 | <b>\$ 719,552</b>             | <b>\$ 32,431</b> | <b>\$ (9,442)</b> | <b>\$ 49</b>    | <b>\$ 742,590</b>               |

# **STATISTICAL SECTION**

**CITY OF CLEVELAND, OHIO**  
**GENERAL FUND REVENUES BY SOURCE AND**  
**EXPENDITURES BY FUNCTION-(BUDGET BASIS)**  
**LAST TEN FISCAL YEARS**  
(Amounts in 000's)

|                                    | 1992       | 1993       | 1994       | 1995       | 1996       | 1997       | 1998       | 1999       | 2000       | 2001       |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>REVENUES</b>                    |            |            |            |            |            |            |            |            |            |            |
| Income taxes                       | \$184,805  | \$191,005  | \$196,309  | \$209,154  | \$215,876  | \$222,745  | \$230,863  | \$245,844  | \$268,786  | \$262,721  |
| Property taxes                     | 40,423     | 39,309     | 38,722     | 40,145     | 40,844     | 40,844     | 43,026     | 45,964     | 45,131     | 47,842     |
| State local government fund        | 37,570     | 40,107     | 43,431     | 46,407     | 48,689     | 50,762     | 54,255     | 56,923     | 59,488     | 59,265     |
| Other shared revenues              | 8,454      | 9,862      | 10,147     | 17,879     | 24,820     | 26,122     | 26,581     | 31,187     | 32,871     | 31,590     |
| Licenses and permits               | 5,981      | 5,733      | 6,488      | 6,964      | 8,403      | 8,886      | 10,303     | 8,731      | 9,339      | 8,887      |
| Charges for services               | 11,440     | 14,394     | 15,038     | 12,160     | 13,191     | 13,570     | 14,975     | 13,671     | 16,177     | 16,030     |
| Fines and forfeits                 | 13,745     | 13,947     | 13,890     | 13,360     | 14,422     | 15,375     | 15,914     | 16,611     | 17,843     | 16,768     |
| Investment earnings                | 1,121      | 1,006      | 1,106      | 2,060      | 1,384      | 2,159      | 4,241      | 4,435      | 2,526      | 1,604      |
| Miscellaneous                      | 19,380     | 21,539     | 20,653     | 16,901     | 19,475     | 17,315     | 9,508      | 8,759      | 24,447     | 29,735     |
|                                    | \$322,919  | \$336,902  | \$345,784  | \$365,030  | \$387,104  | \$397,778  | \$409,666  | \$432,125  | \$476,608  | \$474,442  |
| <b>EXPENDITURES AND OTHER USES</b> |            |            |            |            |            |            |            |            |            |            |
| General Government                 | \$35,856   | \$36,643   | \$37,445   | \$39,189   | \$41,623   | \$42,352   | \$45,902   | \$49,837   | \$55,922   | \$54,786   |
| Public Service                     | 31,362     | 30,798     | 29,435     | 30,357     | 29,537     | 30,208     | 30,669     | 31,222     | 33,580     | 33,550     |
| Public Safety                      | 194,675    | 200,874    | 207,541    | 217,825    | 225,669    | 234,064    | 240,717    | 252,723    | 261,480    | 272,436    |
| Community Development              | 7,164      | 6,366      | 6,040      | 6,461      | 5,920      | 5,943      | 6,461      | 6,581      | 12,583     | 16,655     |
| Public Health                      | 10,604     | 10,421     | 10,545     | 10,261     | 10,037     | 10,274     | 10,418     | 11,984     | 12,465     | 11,884     |
| Parks, Recreation and Properties   | 28,098     | 29,310     | 30,126     | 31,121     | 33,263     | 34,952     | 34,385     | 36,150     | 37,574     | 39,131     |
| Economic Development               | 443        | 932        | 1,026      | 1,017      | 1,103      | 1,039      | 1,067      | 1,128      | 1,014      | 1,098      |
| Other                              | 9,784      | 12,580     | 11,876     | 12,843     | 14,071     | 14,575     | 14,963     | 16,553     | 16,742     | 16,882     |
| Operating Transfers Out            | 5,282      | 9,253      | 12,125     | 16,392     | 26,208     | 24,776     | 23,650     | 24,778     | 39,465     | 41,680     |
|                                    | \$ 323,268 | \$ 337,177 | \$ 346,159 | \$ 365,466 | \$ 387,431 | \$ 398,183 | \$ 408,232 | \$ 430,956 | \$ 470,825 | \$ 488,102 |

**CITY OF CLEVELAND, OHIO**  
**GENERAL GOVERNMENT REVENUES AND OTHER FINANCING SOURCES**  
**AND EXPENDITURES BY FUNCTION AND OTHER USES**  
**LAST TEN FISCAL YEARS**  
**(Amounts in 000's)**

|   | 1992             | 1993             | 1994             | 1995             |
|---|------------------|------------------|------------------|------------------|
| <b>REVENUES AND OTHER FINANCING SOURCES</b>                       |                  |                  |                  |                  |
| Income taxes  | \$211,417        | \$217,082        | \$222,651        | \$237,081        |
| Property taxes  | 61,367           | 58,994           | 60,949           | 62,630           |
| State local government fund                                       | 37,569           | 40,515           | 43,634           | 52,625           |
| Other shared revenues   | 19,392           | 20,644           | 22,339           | 29,098           |
| Licenses and permits  | 6,519            | 6,096            | 6,924            | 7,466            |
| Charges for services  | 14,492           | 14,832           | 15,682           | 13,056           |
| Fines and forfeits  | 13,839           | 13,856           | 13,726           | 13,402           |
| Investment earnings   | 6,276            | 5,898            | 6,731            | 10,276           |
| Grants  | 67,612           | 76,864           | 81,507           | 97,841           |
| Assessments and contributions                                     | 116              | 122              | 156              | 152              |
| Cleveland Public Power repayment                                  | 0                | 4,370            | 35,609           | 0                |
| Workers compensation settlement and refunds                       | 0                | 249              | 303              | 916              |
| Enterprise reimbursements   | 6,157            | 6,038            | 4,161            | 2,878            |
| Miscellaneous   | 25,610           | 30,442           | 25,567           | 25,552           |
| Operating transfers in  | 21,001           | 20,553           | 53,613           | 28,769           |
| Resources from capitalized leases                                 | 2,363            | 0                | 0                | 3,891            |
| Proceeds from sale of bonds-net                                   | 35,380           | 136,456          | 139,708          | 0                |
| Proceeds from sale of certificates of participation               | 17,125           | 0                | 19,790           | 19,171           |
|   | <u>\$546,235</u> | <u>\$653,011</u> | <u>\$753,050</u> | <u>\$604,804</u> |
| <b>EXPENDITURES AND OTHER USES</b>                                |                  |                  |                  |                  |
| Current:  |                  |                  |                  |                  |
| General government  | \$39,047         | \$36,291         | \$38,061         | \$39,901         |
| Public service  | 50,610           | 54,357           | 49,959           | 50,619           |
| Public safety   | 199,584          | 205,801          | 210,118          | 223,488          |
| Human resources   | 10,380           | 7,726            | 6,724            | 8,919            |
| Community development   | 39,768           | 45,511           | 50,065           | 58,502           |
| Public health   | 15,901           | 17,516           | 20,201           | 20,981           |
| Maintenance, parks and recreation                                 | 28,515           | 29,931           | 31,409           | 32,889           |
| Economic development  | 8,206            | 4,944            | 7,668            | 13,242           |
| Other   | 9,107            | 12,164           | 10,227           | 14,523           |
| Rebatable arbitrage   | 0                | (131)            | 0                | 0                |
| Capital outlay  | 49,273           | 88,960           | 81,622           | 63,457           |
| Debt service:   |                  |                  |                  |                  |
| Principal retirement  | 15,810           | 16,972           | 112,119          | 18,824           |
| Interest  | 17,694           | 16,820           | 22,616           | 26,439           |
| Enterprise debt service   | 6,178            | 5,199            | 4,577            | 2,810            |
| Operating transfers out   | 20,560           | 20,723           | 53,226           | 30,455           |
| Payments to refund notes, bonds and certificates of participation | 10,156           | 99,858           | 0                | 19,171           |
|   | <u>\$520,789</u> | <u>\$662,642</u> | <u>\$698,592</u> | <u>\$624,220</u> |

Note: Includes all Governmental Fund Types



| 1996             | 1997             | 1998             | 1999             | 2000             | 2001             |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$243,213        | \$255,925        | \$272,309        | \$285,947        | \$291,514        | \$277,687        |
| 63,968           | 64,354           | 66,662           | 70,937           | 66,642           | 71,610           |
| 50,865           | 50,217           | 53,998           | 59,413           | 60,015           | 59,252           |
| 34,590           | 37,561           | 37,393           | 43,121           | 43,626           | 43,341           |
| 8,714            | 9,252            | 10,574           | 9,099            | 9,255            | 8,967            |
| 13,744           | 16,326           | 16,648           | 17,850           | 18,370           | 18,798           |
| 14,771           | 15,572           | 14,766           | 19,070           | 20,990           | 13,096           |
| 9,963            | 10,492           | 23,890           | 14,621           | 14,327           | 10,425           |
| 90,412           | 92,276           | 100,255          | 107,455          | 83,334           | 106,965          |
| 120              | 168              | 115              | 0                | 84               | 0                |
| 0                | 0                | 0                | 0                | 0                | 0                |
| 2,095            | 0                | 0                | 0                | 0                | 0                |
| 1,342            | 116              | 0                | 0                | 0                | 0                |
| 38,374           | 36,064           | 66,890           | 109,565          | 54,495           | 54,249           |
| 47,568           | 41,580           | 42,673           | 66,270           | 57,049           | 69,156           |
| 0                | 0                | 0                | 0                | 0                | 0                |
| 58,491           | 214,166          | 48,736           | 35,778           | 26,335           | 4,060            |
| 0                | 0                | 0                | 20,000           | 0                | 0                |
| <b>\$678,230</b> | <b>\$844,069</b> | <b>\$754,909</b> | <b>\$859,126</b> | <b>\$746,036</b> | <b>\$737,606</b> |

|                  |                  |                  |                  |                  |                  |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$44,268         | \$44,568         | \$54,789         | \$63,476         | \$69,397         | \$74,752         |
| 50,246           | 47,975           | 53,898           | 52,792           | 63,698           | 50,209           |
| 227,572          | 236,426          | 241,632          | 249,160          | 279,540          | 273,951          |
| 9,494            | 9,549            | 9,920            | 7,520            | 8,471            | 13,425           |
| 57,509           | 56,754           | 52,178           | 50,750           | 53,125           | 82,194           |
| 22,560           | 22,343           | 19,814           | 21,071           | 21,852           | 19,796           |
| 34,528           | 36,858           | 42,645           | 41,738           | 39,941           | 39,951           |
| 22,285           | 18,439           | 13,368           | 18,754           | 16,071           | 41,466           |
| 12,980           | 19,546           | 14,876           | 15,031           | 19,425           | 16,373           |
| 0                | 0                | 0                | 0                | 0                | 0                |
| 42,314           | 81,222           | 184,528          | 133,490          | 51,586           | 74,329           |
| 21,935           | 25,003           | 26,511           | 48,442           | 30,646           | 31,463           |
| 23,444           | 26,488           | 30,293           | 29,304           | 28,825           | 28,312           |
| 2,602            | 352              | 0                | 0                | 0                | 0                |
| 48,497           | 40,981           | 42,074           | 67,679           | 57,823           | 68,346           |
| 16,644           | 47,665           | 24,823           | 0                | 0                | 0                |
| <b>\$636,878</b> | <b>\$714,169</b> | <b>\$811,349</b> | <b>\$799,207</b> | <b>\$740,400</b> | <b>\$814,567</b> |

**CITY OF CLEVELAND, OHIO**  
*AD VALOREM*  
**PROPERTY TAX LEVIES AND COLLECTIONS-**  
**REAL, UTILITY AND TANGIBLE TAXES**  
**LAST TEN FISCAL YEARS**

| Tax Year/<br>Collection<br>Year | Current<br>Levy | Delinquent<br>Levy (1) | Total<br>Levy | Current<br>Collection | Current<br>Levy<br>Collected | Delinquent<br>Collection | Total<br>Collections | Total<br>Collections          |                             |
|---------------------------------|-----------------|------------------------|---------------|-----------------------|------------------------------|--------------------------|----------------------|-------------------------------|-----------------------------|
|                                 |                 |                        |               |                       |                              |                          |                      | As Percent of<br>Current Levy | Cumulative<br>Delinquencies |
| 1991/1992                       | 61,331,722      | 10,980,125             | 72,311,847    | 56,886,685            | 92.8%                        | 2,632,169                | 59,518,854           | 97.0%                         | 10,200,350                  |
| 1992/1993                       | 60,086,819      | 11,399,652             | 71,486,471    | 55,724,076            | 92.7%                        | 2,164,940                | 57,889,016           | 96.3%                         | 12,217,231                  |
| 1993/1994                       | 61,438,787      | 12,569,653             | 74,008,440    | 56,476,156            | 91.9%                        | 2,421,817                | 58,897,973           | 95.9%                         | 10,772,864                  |
| 1994/1995                       | 63,537,979      | 11,399,864             | 74,937,843    | 58,758,206            | 92.5%                        | 2,403,005                | 61,161,211           | 96.3%                         | 10,975,479                  |
| 1995/1996                       | 64,041,017      | 12,339,642             | 76,380,659    | 59,133,403            | 92.3%                        | 2,850,250                | 61,983,653           | 96.8%                         | 12,752,255                  |
| 1996/1997                       | 65,060,514      | 14,986,362             | 80,046,876    | 59,733,751            | 91.8%                        | 3,023,595                | 62,757,346           | 96.5%                         | 14,222,919                  |
| 1997/1998                       | 68,518,965      | 13,796,053             | 82,315,018    | 62,883,792            | 91.8%                        | 2,785,155                | 65,668,947           | 95.8%                         | 14,128,110                  |
| 1998/1999                       | 69,516,994      | 14,138,999             | 83,655,993    | 63,427,067            | 91.2%                        | 4,219,704                | 67,646,771           | 97.3%                         | 13,869,371                  |
| 1999/2000                       | 69,830,697      | 14,601,538             | 84,432,235    | 62,471,564            | 89.5%                        | 4,214,775                | 66,686,339           | 95.5%                         | 16,484,006                  |
| 2000/2001                       | 76,121,582      | 17,631,916             | 93,753,498    | 66,447,200            | 87.3%                        | 4,253,228                | 70,700,428           | 92.9%                         | 21,498,001                  |

Source: Cuyahoga County Auditor's Office

(1) Levy includes adjustments, abatements, additions and penalties against current delinquent levy.

**CITY OF CLEVELAND, OHIO**  
**ASSESSED AND ESTIMATED ACTUAL VALUE**  
**OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(Amounts in 000's)*

| Tax Year/<br>Collection<br>Year | Real Property (1) |                              | Personal Property (2) |                              | Public Utilities (3) |                              | Total             |                              | Ratio of Total<br>Assessed Value<br>To Total<br>Estimated<br>Actual Value |
|---------------------------------|-------------------|------------------------------|-----------------------|------------------------------|----------------------|------------------------------|-------------------|------------------------------|---|
|                                 | Assessed<br>Value | Estimated<br>Actual<br>Value | Assessed<br>Value     | Estimated<br>Actual<br>Value | Assessed<br>Value    | Estimated<br>Actual<br>Value | Assessed<br>Value | Estimated<br>Actual<br>Value |   |
| 1991/1992                       | 3,580,628         | 10,230,366                   | 905,638               | 3,483,223                    | 518,619              | 1,037,238                    | 5,004,885         | 14,750,827                   | 33.9%   |
| 1992/1993                       | 3,510,905         | 10,031,157                   | 868,719               | 3,474,876                    | 519,073              | 1,038,146                    | 4,898,697         | 14,544,179                   | 33.7%   |
| 1993/1994                       | 3,526,652         | 10,076,150                   | 862,181               | 3,448,724                    | 503,658              | 572,338                      | 4,892,491         | 14,097,212                   | 34.7%   |
| 1994/1995                       | 3,666,719         | 10,476,340                   | 816,921               | 3,267,684                    | 517,663              | 588,253                      | 5,001,303         | 14,332,277                   | 34.9%   |
| 1995/1996                       | 3,700,852         | 10,573,863                   | 820,959               | 3,283,836                    | 484,244              | 550,277                      | 5,006,055         | 14,407,976                   | 34.7%   |
| 1996/1997                       | 3,767,013         | 10,762,894                   | 856,832               | 3,427,327                    | 476,677              | 541,678                      | 5,100,522         | 14,731,899                   | 34.6%   |
| 1997/1998                       | 4,015,815         | 11,473,757                   | 885,245               | 3,540,980                    | 474,182              | 538,843                      | 5,375,242         | 15,553,580                   | 34.6%   |
| 1998/1999                       | 4,085,338         | 11,672,394                   | 913,154               | 3,652,616                    | 478,752              | 544,036                      | 5,477,244         | 15,869,046                   | 34.5%   |
| 1999/2000                       | 4,100,737         | 11,716,391                   | 952,829               | 3,811,316                    | 444,315              | 504,903                      | 5,497,881         | 16,032,610                   | 34.3%   |
| 2000/2001                       | 4,618,340         | 13,195,257                   | 988,532               | 3,954,128                    | 451,775              | 513,380                      | 6,058,647         | 17,662,765                   | 34.3%   |

Source: Cuyahoga County Auditor's Office

(1) The assessed valuation level for real property in Cuyahoga County is 35% of market value, except for certain agricultural land and public utility property.

(2) The percentage used to determine taxable value of personal property and inventory was 25%.

(3) 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. Current legislation provides the assessment rate for the taxable transmission and distribution property of an electric company remains at 88% of true value, but all other taxable property of the electric company is now assessed at 25% of true value.

**CITY OF CLEVELAND, OHIO**  
**AD VALOREM PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
**(PER \$1,000 OF ASSESSED VALUATION)**

| <b>Tax Year/<br/>Collection<br/>Year</b> | <b>City of Cleveland</b> |                            |                           |                         |       | <b>Total<br/>City<br/>Rate</b> | <b>County</b> | <b>Library &amp;<br/>School</b> | <b>Total</b> |
|--|--------------------------|----------------------------|---------------------------|-------------------------|-------|--------------------------------|---------------|---------------------------------|--------------|
|  | <b>General<br/>Fund</b>  | <b>Bond<br/>Retirement</b> | <b>Police<br/>Pension</b> | <b>Fire<br/>Pension</b> |       |                                |               |                                 |              |
| 1991/1992                                | 7.75                     | 3.95                       | 0.30                      | 0.30                    | 12.30 | 16.80                          | 51.90         | 81.00                           |              |
| 1992/1993                                | 7.75                     | 3.95                       | 0.30                      | 0.30                    | 12.30 | 16.80                          | 52.70         | 81.80                           |              |
| 1993/1994                                | 7.75                     | 4.35                       | 0.30                      | 0.30                    | 12.70 | 16.80                          | 51.40         | 80.90                           |              |
| 1994/1995                                | 7.75                     | 4.35                       | 0.30                      | 0.30                    | 12.70 | 16.80                          | 51.10         | 80.60                           |              |
| 1995/1996                                | 7.75                     | 4.35                       | 0.30                      | 0.30                    | 12.70 | 16.60                          | 51.10         | 80.40                           |              |
| 1996/1997                                | 7.75                     | 4.35                       | 0.30                      | 0.30                    | 12.70 | 16.60                          | 64.00         | 93.30                           |              |
| 1997/1998                                | 7.75                     | 4.35                       | 0.30                      | 0.30                    | 12.70 | 16.60                          | 64.00         | 93.30                           |              |
| 1998/1999                                | 7.75                     | 4.35                       | 0.30                      | 0.30                    | 12.70 | 15.30                          | 65.00         | 93.00                           |              |
| 1999/2000                                | 7.75                     | 4.35                       | 0.30                      | 0.30                    | 12.70 | 15.30                          | 64.80         | 92.80                           |              |
| 2000/2001                                | 7.75                     | 4.35                       | 0.30                      | 0.30                    | 12.70 | 16.20                          | 64.60         | 93.50                           |              |

Source: Cuyahoga County Auditor's Office

**CITY OF CLEVELAND, OHIO**  
**RATIO OF NET GENERAL BONDED DEBT TO**  
**ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

| <b>Year</b> | <b>Population(1)</b> | <b>Assessed Value (2)<br/>(Amounts in 000's)</b> | <b>Gross General Bonded Debt (3)</b> | <b>Less Balance in Debt Service Fund (4)</b> | <b>Net General Bonded Debt</b> | <b>Ratio of Net Bonded Debt to Assessed Value</b> | <b>Net Bonded Debt Per Capita</b> |
|-------------|----------------------|--|--------------------------------------|--|--------------------------------|---|-----------------------------------|
| 1992        | 505,616              | \$ 5,004,885                                     | \$ 251,060,000                       | \$ 9,447,394                                 | \$ 241,612,606                 | 4.83%   | \$477.86                          |
| 1993        | 505,616              | 4,898,697  | 272,380,000                          | 9,397,000                                    | 262,983,000                    | 5.37%   | 520.12                            |
| 1994        | 505,616              | 4,892,491  | 296,800,000                          | 9,157,000                                    | 287,643,000                    | 5.88%   | 568.90                            |
| 1995        | 505,616              | 5,001,303  | 280,650,000                          | 9,729,000                                    | 270,921,000                    | 5.42%   | 535.82                            |
| 1996        | 505,616              | 5,006,055  | 291,665,000                          | 8,460,000                                    | 283,205,000                    | 5.66%   | 560.12                            |
| 1997        | 505,616              | 5,100,522  | 299,100,000                          | 5,408,000                                    | 293,692,000                    | 5.76%   | 580.86                            |
| 1998        | 505,616              | 5,375,242  | 306,165,000                          | 6,083,000                                    | 300,082,000                    | 5.58%   | 593.50                            |
| 1999        | 505,616              | 5,477,243  | 312,225,000                          | 7,575,000                                    | 304,650,000                    | 5.56%   | 602.53                            |
| 2000        | 478,403              | 5,497,881  | 316,950,000                          | 6,580,000                                    | 310,370,000                    | 5.65%   | 648.76                            |
| 2001        | 478,403              | 6,058,647  | 293,380,000                          | 772,000                                      | 292,608,000                    | 4.83%   | 611.63                            |

(1) Bureau of Census.

(2) Cuyahoga County Auditor's Office. Values listed for year of collection.

(3) General Obligation Debt Outstanding December 31.

(4) Balance in Debt Service Fund excludes the balance in the Stadium Bond Fund, Urban Renewal Fund, Urban Renewal Reserve Fund, Subordinated Income Tax Fund and Subordinated Income Tax Reserve Fund.

# CITY OF CLEVELAND, OHIO

## COMPUTATION OF LEGAL DEBT MARGIN (1)

December 31, 2001

|   |                         |
|---|-------------------------|
| Total of all City Debt Outstanding  | \$ 2,416,503,000        |
| Debt Exempt From Direct Debt Limitation:  |                         |
| Tax Supporting:   |                         |
| Tax Supporting Issues after 1980  | \$ 291,210,000          |
| Self-Supporting:  |                         |
| Revenue Bonds and Notes   | 2,018,731,000           |
| Ohio Water Development Authority Loans  | 13,117,000              |
| Urban Renewal Bonds and Notes   | 13,075,000              |
| Subordinated Income Tax Refunding Bonds   | 68,200,000              |
| Non-tax Revenue Bonds   | 10,000,000              |
| Total Exempt Debt   | <u>2,414,333,000</u>    |
| Net Indebtedness (Voted and Unvoted) Subject to 10.50% Debt Limitation          | 2,170,000               |
| Less: Applicable Debt Service Fund  | <u>772,000</u>          |
| Net Indebtedness Subject to 10.50% Limitation                                   | <u>\$ 1,398,000</u>     |
| Net Indebtedness (Unvoted) Subject to 5.50% Legal Debt Limitation               | \$ 2,170,000            |
| Less: Applicable Debt Service Fund  | <u>772,000</u>          |
| Net Indebtedness Subject to 5.50% Limitation                                    | <u>\$1,398,000</u>      |
| Assessed Valuation of City (2000 for 2001 Collection)                           | <u>\$ 6,058,647,000</u> |
| 10.50% of Valuation (Maximum Voted and Unvoted General Obligation Debt Allowed) | \$ 636,157,935          |
| Net Indebtedness Subject to 10.50% Debt Limitation                              | <u>1,398,000</u>        |
| Legal 10.50% Margin   | <u>\$ 634,759,935</u>   |
| 5.50% of Valuation (Maximum Unvoted Non-exempt General Obligation Debt Allowed) | \$ 333,225,585          |
| Net Indebtedness Subject to 5.50% Debt Limitation                               | <u>1,398,000</u>        |
| Legal 5.50% Margin  | <u>\$ 331,827,585</u>   |

(1) Computation of Legal Debt Margin based on Section 133, the Uniform Bond Act of the Ohio Revised Code.

# CITY OF CLEVELAND, OHIO

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2001

|  | Gross<br>Debt  | Debt<br>Service<br>Fund | Net<br>Debt    | Percent<br>Applicable (1) | City's<br>Share              |
|--|----------------|-------------------------|----------------|---------------------------|------------------------------|
| City of Cleveland                            | \$ 293,380,000 | \$ 772,000 (2)          | \$ 292,608,000 | 100.00%                   | \$ 292,608,000               |
| Cleveland School District (3)                | 110,050,000    | 24,736,000              | 85,314,000     | 97.92%                    | 83,539,469                   |
| Shaker Heights School District (3)           | 16,999,223     | 686,346                 | 16,312,877     | 0.92%                     | 150,078                      |
| Berea School District (3)                    | 11,715,000     | 739,871                 | 10,975,129     | 1.16%                     | 127,311                      |
| Cuyahoga County (3)                          | 216,544,636    | 371,048                 | 216,173,588    | 21.01%                    | <u>45,418,071</u>            |
| <b>TOTAL NET DIRECT AND OVERLAPPING DEBT</b> |                |                         |                |                           | <u><u>\$ 421,842,929</u></u> |

(1) Percent applicable column is calculated using current assessed valuation of the City area overlapping the applicable taxing district divided by total current assessed valuation of that taxing district.

(2) Balance in Debt Service Fund excludes the balance in the Stadium Bond Fund, Urban Renewal Fund, Urban Renewal Reserve Fund, Subordinated Income Tax Fund and Subordinated Income Tax Reserve Fund.

(3) Cuyahoga County Budget Commission

# CITY OF CLEVELAND, OHIO

## SCHEDULE OF DIRECT DEBT (1)

December 31, 2001

### DIRECT DEBT

#### Long-Term Debt:

|   |                |                  |
|---|----------------|------------------|
| General Obligation Bonds and Notes:     |                |                  |
| Various Purpose                         | \$ 293,380,000 |                  |
| Revenue Bonds:                          |                |                  |
| Airport                                 | 930,851,000    |                  |
| Waterworks                              | 693,160,000    |                  |
| Public Power System Improvement         | 274,250,000    |                  |
| Parking Facilities                      | 75,520,000     |                  |
| Urban Renewal Bonds and Notes           | 13,075,000     |                  |
| Subordinated Income Tax Refunding Bonds | 68,200,000     |                  |
| Non-tax Revenue Bonds                   | 10,000,000     |                  |
| Ohio Water Development Authority Loans  | 13,117,000     |                  |
| Total Long-Term Debt                    |                | \$ 2,371,553,000 |

Short Term Debt - Airport Surplus Revenue Notes 44,950,000

Gross Direct Debt 2,416,503,000

#### Deduct:

|   |                   |                   |                      |
|---|-------------------|-------------------|----------------------|
| General Obligation Debt Service Fund            | 772,000           | (2)               |                      |
| Exempt Tax-Supporting General Obligations:      |                   |                   |                      |
| General Obligation Bonds Issued after 1980      | 291,210,000       |                   |                      |
| Revenue Bonds:                                  |                   |                   |                      |
| Airport   | 930,851,000       |                   |                      |
| Waterworks Improvement                          | 693,160,000       |                   |                      |
| Public Power System Improvement                 | 274,250,000       |                   |                      |
| Parking Facilities                              | <u>75,520,000</u> |                   |                      |
| Total Revenue Bonds                             |                   | 1,973,781,000     |                      |
| Urban Renewal Bonds and Notes                   |                   | 13,075,000        |                      |
| Subordinated Income Tax Refunding Bonds         |                   | 68,200,000        |                      |
| Non-tax Revenue Bond Anticipation Notes         |                   | 10,000,000        |                      |
| Short Term Debt - Airport Surplus Revenue Notes |                   | <u>44,950,000</u> |                      |
| Total Deductions                                |                   |                   | <u>2,401,988,000</u> |
| Net Direct Debt                                 |                   |                   | <u>\$ 14,515,000</u> |

(1) Statement of Direct Debt is based on Section 133 of the Uniform Bond Act of the Ohio Revised Code.

(2) Balance in Debt Service Fund excludes the balance in the Stadium Bond Fund, Urban Renewal Fund, Urban Renewal Reserve Fund, Subordinated Income Tax Fund and Subordinated Income Tax Reserve Fund.



# CITY OF CLEVELAND, OHIO

**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED  
DEBT TO TOTAL GENERAL FUND EXPENDITURES-(BUDGET BASIS)  
LAST TEN FISCAL YEARS**

| Year | Debt Service on<br>General Tax<br>Supported Debt | Debt Service on<br>Self-Supporting<br>Debt | General Fund<br>Expenditures (1) | Ratio of<br>Tax Supported<br>Debt Service to<br>General Fund<br>Expenditures | Ratio of<br>Self-Supporting<br>Debt Service to<br>General Fund<br>Expenditures |
|------|--|--|----------------------------------|--|--|
| 1992 | 33,504,835                                       | 6,177,438                                  | 323,268,000                      | 10.36%   | 1.91%  |
| 1993 | 32,204,093                                       | 5,198,337                                  | 337,177,000                      | 9.55%  | 1.54%  |
| 1994 | 33,182,285                                       | 4,576,925                                  | 346,159,000                      | 9.59%  | 1.32%  |
| 1995 | 33,960,155                                       | 2,810,246                                  | 366,659,000                      | 9.26%  | 0.77%  |
| 1996 | 34,890,298                                       | 2,601,657                                  | 387,431,000                      | 9.01%  | 0.67%  |
| 1997 | 35,157,587                                       | 352,168                                    | 398,183,000                      | 8.83%  | 0.09%  |
| 1998 | 35,603,010                                       | 0  | 408,232,000                      | 8.72%  | 0.00%  |
| 1999 | 36,590,983                                       | 0  | 430,956,000                      | 8.49%  | 0.00%  |
| 2000 | 38,584,776                                       | 0  | 470,825,000                      | 8.20%  | 0.00%  |
| 2001 | 39,958,441                                       | 0  | 488,102,000                      | 8.19%  | 0.00%  |

(1) Expenditures and other financing uses based on budget basis accounting.

# CITY OF CLEVELAND, OHIO

## REVENUE BOND COVERAGE-AIRPORT BONDS

### LAST TEN FISCAL YEARS

| Year | Gross<br>Revenue (1) | Direct<br>Operating<br>Expenses (2) | Net Revenue<br>Available for<br>Debt Service | Annual<br>Debt Service<br>Requirement (3) | Coverage |
|------|----------------------|-------------------------------------|--|---|----------|
| 1992 | \$ 43,872,000        | \$ 27,236,000                       | \$ 16,636,000                                | \$ 10,168,562                             | 1.64     |
| 1993 | 44,398,000           | 28,098,000                          | 16,300,000                                   | 10,057,216                                | 1.62     |
| 1994 | 54,875,000           | 28,610,000                          | 26,265,000                                   | 10,028,565                                | 2.62     |
| 1995 | 56,876,000           | 29,992,000                          | 26,884,000                                   | 15,626,785                                | 1.72     |
| 1996 | 61,778,000           | 34,050,000                          | 27,728,000                                   | 16,771,815                                | 1.65     |
| 1997 | 56,335,000           | 31,864,000                          | 24,471,000                                   | 16,411,660                                | 1.49     |
| 1998 | 68,259,000           | 34,263,000                          | 33,996,000                                   | 19,133,000                                | 1.78     |
| 1999 | 77,943,000           | 40,252,000                          | 37,691,000                                   | 27,127,792                                | 1.39     |
| 2000 | 90,205,000           | 47,381,000                          | 42,824,000                                   | 32,431,700                                | 1.32     |
| 2001 | 103,498,000          | 56,795,000                          | 46,703,000                                   | 32,534,400                                | 1.44     |

- (1) Gross revenues include operating revenues plus interest income. Beginning in 2001, a minimum of 40% of passenger facility charges (PFC), revenue is also dedicated to the payment of debt service charges and is included in gross revenues.
- (2) Direct operating expenses are calculated in accordance with bond indenture.
- (3) Annual debt service requirements include principal and interest of both self-supported revenue and self-supported general obligation bonds, but exclude such amounts of principal and interest for which sufficient monies have been irrevocably deposited with the trustee.

**CITY OF CLEVELAND, OHIO**  
**REVENUE BOND COVERAGE-WATER BONDS**  
**LAST TEN FISCAL YEARS**

| <b>Year</b> | <b>Gross Revenues (1)</b> | <b>Direct Operating Expenses (2)</b> | <b>Net Revenue Available for Debt Service</b> | <b>Annual Debt Service Requirement (3)</b> | <b>Coverage</b> |
|-------------|---------------------------|--------------------------------------|---|--|-----------------|
| 1992        | \$ 133,180,000            | \$ 89,673,000                        | \$ 43,507,000                                 | \$ 25,932,187                              | 1.68            |
| 1993        | 146,739,000               | 88,562,000                           | 58,177,000                                    | 41,492,806                                 | 1.40            |
| 1994        | 158,282,000               | 93,326,000                           | 64,956,000                                    | 38,917,184                                 | 1.67            |
| 1995        | 165,654,000               | 96,719,000                           | 68,935,000                                    | 42,606,553                                 | 1.62            |
| 1996        | 176,968,000               | 100,882,000                          | 76,086,000                                    | 43,107,346                                 | 1.77            |
| 1997        | 187,151,000               | 100,286,000                          | 86,865,000                                    | 50,927,000                                 | 1.71            |
| 1998        | 204,021,000               | 102,462,000                          | 101,559,000                                   | 49,796,000                                 | 2.04            |
| 1999        | 213,777,000               | 99,700,000                           | 114,077,000                                   | 57,666,000                                 | 1.98            |
| 2000        | 225,060,000               | 109,159,000                          | 115,901,000                                   | 59,131,675                                 | 1.96            |
| 2001        | 229,827,000               | 116,841,000                          | 112,986,000                                   | 52,998,449                                 | 2.13            |

- (1) Gross revenues include operating revenues plus interest income.
- (2) Direct operating expenses include operating expenses less depreciation.
- (3) Annual debt service requirements include principal and interest of both self-supported revenue and self-supported general obligation bonds.

# CITY OF CLEVELAND, OHIO

## *REVENUE BOND COVERAGE-PUBLIC POWER SYSTEM BONDS*

### *LAST TEN FISCAL YEARS*

| <b>Year</b> | <b>Gross Revenues (1)</b> | <b>Direct Operating Expenses (2)</b> | <b>Net Revenue Available for Debt Service</b> | <b>Annual Debt Service Requirement (3)</b> | <b>Coverage</b> |
|-------------|---------------------------|--------------------------------------|---|--|-----------------|
| 1992        | \$ 60,426,000             | \$ 48,294,000                        | \$ 12,132,000                                 | \$ 5,632,570                               | 2.15            |
| 1993        | 67,788,000                | 54,128,000                           | 13,660,000                                    | 5,912,677                                  | 2.31            |
| 1994        | 79,696,000                | 62,330,000                           | 17,366,000                                    | 5,901,327                                  | 2.94            |
| 1995        | 92,073,000                | 71,315,000                           | 20,758,000                                    | 17,471,701                                 | 1.19            |
| 1996        | 99,881,000                | 68,566,000                           | 31,315,000                                    | 17,033,000                                 | 1.84            |
| 1997        | 111,663,000               | 77,015,000                           | 34,648,000                                    | 20,561,000                                 | 1.69            |
| 1998        | 121,896,000               | 87,658,000                           | 34,238,000                                    | 20,797,000                                 | 1.65            |
| 1999        | 132,651,000               | 99,436,000                           | 33,215,000                                    | 19,240,000                                 | 1.73            |
| 2000        | 137,407,000               | 104,889,000                          | 32,518,000                                    | 19,445,000                                 | 1.67            |
| 2001        | 134,632,000               | 97,834,000                           | 36,798,000                                    | 18,045,161                                 | 2.04            |

(1) Gross revenues include operating revenues plus interest income.

(2) Direct operating expenses include operating expenses less depreciation.

(3) Annual debt service requirements include principal and interest of both self-supported revenue and self-supported general obligation bonds.

# CITY OF CLEVELAND, OHIO

## REVENUE BOND COVERAGE-SEWER AND SEWAGE DISPOSAL BONDS

### LAST TEN FISCAL YEARS

| <b>Year</b> | <b>Gross Revenues (1)</b> | <b>Direct Operating Expenses (2)</b> | <b>Net Revenue Available for Debt Service</b> | <b>Annual Debt Service Requirement</b> | <b>Coverage</b> |
|-------------|---------------------------|--------------------------------------|---|--|-----------------|
| 1992        | \$ 15,487,000             | \$ 9,883,000                         | \$ 5,604,000                                  | \$ 4,044,932                           | 1.39            |
| 1993        | 16,120,000                | 10,672,000                           | 5,448,000                                     | 3,634,158                              | 1.50            |
| 1994        | 17,112,000                | 11,282,000                           | 5,830,000                                     | 3,068,983                              | 1.90            |
| 1995        | 16,844,000                | 11,071,000                           | 5,773,000                                     | 2,251,648                              | 2.56            |
| 1996        | 17,556,000                | 11,998,000                           | 5,558,000                                     | 2,087,048                              | 2.66            |
| 1997        | 18,423,000                | 13,303,000                           | 5,120,000                                     | 906,000                                | 5.65            |
| 1998        | 19,835,000                | 12,735,000                           | 7,100,000                                     | 1,109,000                              | 6.40            |
| 1999        | 20,087,000                | 12,931,000                           | 7,156,000                                     | 850,000                                | 8.42            |
| 2000        | 20,452,000                | 13,529,000                           | 6,923,000                                     | 749,000                                | 9.24            |
| 2001        | 20,576,000                | 13,727,000                           | 6,849,000                                     | 846,000                                | 8.10            |

(1) Gross revenues include operating revenues plus interest income.

(2) Direct operating expenses include operating expenses less depreciation.

# CITY OF CLEVELAND, OHIO

## *PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS*

### *LAST TEN FISCAL YEARS*

| <b>Year</b> | <b>Total<br/>Estimated<br/>Actual Value (1)<br/>(Amounts in 000's)</b> | <b>Bank<br/>Deposits at<br/>December 31 (2)<br/>(Amounts in 000's)</b> | <b>Building<br/>Permits<br/>Issued (3)</b> |
|-------------|--|--|--|
| 1992        | 14,750,827   | 19,379,280   | 5,355                                      |
| 1993        | 14,544,179   | 21,009,421   | 5,957                                      |
| 1994        | 14,097,212   | 20,885,453   | 6,666                                      |
| 1995        | 14,332,277   | 22,458,573   | 6,850                                      |
| 1996        | 14,407,976   | 27,068,211   | 8,077                                      |
| 1997        | 14,731,899   | 53,941,971   | 9,728                                      |
| 1998        | 15,553,580   | 58,904,596   | 9,216                                      |
| 1999        | 15,869,046   | 57,816,942   | 8,882                                      |
| 2000        | 16,032,610   | 61,943,764   | 9,194                                      |
| 2001        | 17,662,765   | 63,893,769   | 9,853                                      |

(1) Estimated actual value for real, personal and public utilities-Cuyahoga County Auditor's Office. Value listed for year of collection.

(2) United States Commercial Bank Deposits - Cuyahoga County

(3) Building permits issued-Division of Building and Housing, City of Cleveland.

# CITY OF CLEVELAND, OHIO

## PRINCIPAL PROPERTY TAXPAYERS

December 31, 2001

The largest property taxpayers with respect to property located in the City, based on assessed valuation of property for the 2001 tax collection year, are as follows:

| Name of Taxpayer  | Nature of Business                     | Assessed<br>Valuation   | Percentage<br>of Assessed<br>Valuation<br>by Category |
|---|--|-------------------------|---|
| <b>Real Property</b>  |  |                         |   |
| City of Cleveland, Ohio   | Government                             | \$ 98,621,290           | 2.14%   |
| ZML - Cleveland Public Square LLC                               | Commercial Real Estate Holdings        | 56,305,130              | 1.22%   |
| NPW LTD Partnership   | Commercial Real Estate Holdings        | 36,610,000              | 0.79%   |
| Cleveland Clinic Foundation                                     | Hospital System                        | 33,157,070              | 0.72%   |
| BRE/City Center LLC   | Commercial Real Estate Holdings        | 33,051,760              | 0.72%   |
| LTV Steel Co. Inc.  | Steel Manufacturing and Processing     | 32,987,400              | 0.71%   |
| GSA   | Commercial Real Estate Holdings        | 31,034,190              | 0.67%   |
| 600 Superior Lace   | Commercial Real Estate Holdings        | 25,970,770              | 0.56%   |
| CG Erieview   | Commercial Real Estate Holdings        | 25,202,210              | 0.55%   |
| Bishop James Hickey   | Commercial Real Estate Holdings        | 22,353,030              | 0.48%   |
| <b>TOTAL</b>  |  | <b>\$ 395,292,850</b>   | <b>8.56%</b>  |
| <b>Total Assessed Valuation-Real (1)</b>                        |  | <b>\$ 4,618,340,000</b> | <b>76.23%</b>   |
| <b>Tangible Personal Property (other than Public Utilities)</b> |  |                         |   |
| The LTV Corporation   | Steel Manufacturing and Processing     | \$ 87,013,300           | 8.80%   |
| B.F. Goodrich Company   | Automotive Products                    | 12,501,000              | 1.26%   |
| Cablevision   | Mass Media                             | 11,694,110              | 1.18%   |
| PPG Ohio, Incorporated  | Automotive Finishes, Coatings & Resins | 10,789,390              | 1.09%   |
| TRW, Incorporated   | Motor Vehicle Parts and Accessories    | 10,748,560              | 1.09%   |
| ICG Equipment, Inc.   | Telephone                              | 8,878,400               | 0.90%   |
| Cargill, Incorporated   | Salt Mining                            | 8,870,060               | 0.90%   |
| Sherwin Williams Co.  | Paint Products                         | 8,510,330               | 0.86%   |
| IBM Credit Corporation  | Real Estate Agents & Managers          | 8,429,230               | 0.85%   |
| Midland Steel Products  | Steel Manufacturing and Processing     | 7,549,880               | 0.76%   |
| <b>TOTAL</b>  |  | <b>\$ 174,984,260</b>   | <b>17.70%</b>   |
| <b>Total Assessed Valuation-Tangible Personal</b>               |  | <b>\$ 988,532,000</b>   | <b>16.32%</b>   |
| <b>Public Utilities (Real and Tangible Personal Property)</b>   |  |                         |   |
| Cleveland Electric Illuminating Co.                             | Electric                               | \$ 167,903,820          | 37.17%  |
| Ameritech   | Telephone                              | 110,353,100             | 24.43%  |
| American Transmission System                                    | Electric                               | 25,938,450              | 5.74%   |
| Dominion East Ohio  | Natural Gas                            | 15,604,100              | 3.45%   |
| <b>TOTAL</b>  |  | <b>\$ 319,799,470</b>   | <b>70.79%</b>   |
| <b>Total Assessed Valuation-Public Utilities</b>                |  | <b>\$ 451,775,000</b>   | <b>7.46%</b>  |
| <b>Total Assessed Valuation-All Categories</b>                  |  | <b>\$ 6,058,647,000</b> | <b>100.00%</b>  |

Source: Cuyahoga County Auditor's Office.

(1) Includes Public Utilities Real Property.

# CITY OF CLEVELAND, OHIO

## SCHEDULE OF INSURANCE COVERAGE

December 31, 20001

| Type of Coverage /<br>Name of Carrier  | Policy<br>Number | Policy<br>Period  | Annual<br>Premium   |
|--|------------------|-------------------|---------------------|
| <b>AIRPORTS:</b>   |                  |                   |                     |
| 1) COMPREHENSIVE GENERAL LIABILITY INSURANCE -                                 |                  |                   |                     |
| A) Great American Insurance Co.<br>Primary Airport General Liability Insurance | PR174701         | 10/10/01-10/10/02 | \$120,335           |
| B) Underwriters at Lloyd's of London<br>Excess Airport Liability Insurance     | JDDNX09803501    | 10/10/01-10/10/02 | \$105,000           |
| 2) PROPERTY DAMAGE AND EARNINGS INSURANCE -                                    |                  |                   |                     |
| A) Factory Mutual Insurance Co.  | NB348            | 02/06/98-02/06/03 | \$116,003           |
| 3) VEHICLE LIABILITY INSURANCE:  |                  |                   |                     |
| A) St. Paul Mercury Insurance Co.  | GP03400045       | 07/03/01-07/03/02 | \$ 52,693           |
| <b>CLEVELAND PUBLIC POWER:</b>   |                  |                   |                     |
| 1) PROPERTY COVERAGE:  |                  |                   |                     |
| A) Lloyd's of London<br>Property Insurance Coverage                            | PL047001         | 08/29/01-08/29/02 | \$ 134,746          |
| B) Lloyd's of London<br>Boiler and Machinery Coverage                          | PL047001         | 08/29/01-08/28/02 | (included<br>above) |



| Details of Coverage  | Liability Limit   |
|--|---|
| Bodily injury and property damage including airport operations hazard, products-completed operations hazard, contractual hazard, non-owned aircraft hazard, liquor liability hazard and hangarkeepers liability. | \$20 million annual aggregate.<br>Self-insured retention of \$100,000.  |
| Excess liability coverage  | \$180 million annual aggregate, excess to \$50 million primary coverage.  |
| Property damage, gross earnings, demolition, and increased cost of construction  | \$391,084,000.  |
| Earthquake and flood   | \$100 million annual aggregate.   |
| Debris removal (greater of)  | 25% of value or \$5 million.  |
| Extra expense, service interruption bodily injury, EDP-media, property damage/bodily injury (automatic coverage or errors and omissions), transit and expediting expense   | \$1 million with deductibles of \$100,000 per occurrence and \$500,000 annual aggregate.  |
| Bodily injury or property damage arising out of the ownership, maintenance, operation and use of all owned, non-owned, leased and/or hired vehicles.   | \$1 million per occurrence<br>\$1,000 deductible per accident with annual aggregate deductible of \$10,000.<br>Uninsured Motorist \$50,000 per vehicle  |
| Blanket real and personal property special form coverage for insured perils; newly acquired location; fire brigade charges and extinguishing services.   | \$43,042,755 per occurrence/location;<br>250,000 deductible for turbines;<br>\$100,000 deductible for one location;<br>\$5,000 deductible for four locations.                                 |
| Pollutant removal  | \$100,000 per occurrence.   |
| Comprehensive coverage including production machinery (including breakdown )   | \$20,000,000 per accident;<br>\$250,000 deductible for turbines/generators.<br>\$25,000 per occurrence.<br>20,000 KVA or larger,<br>\$10,000 per occurrence for transformer under 20,000 KVA. |
| Water damage   | \$100,000 per accident  |
| Expediting expenses  | \$100,000 per accident  |
| Hazardous substance  | \$100,000 per accident  |
| Ammonia contamination  | \$100,000 per accident  |

# CITY OF CLEVELAND, OHIO

## *SCHEDULE OF INSURANCE COVERAGE - Continued*

December 31, 2001

| <b>Type of Coverage/<br/>Name of Carrier</b>                                 | <b>Policy<br/>Number</b> | <b>Policy<br/>Period</b> | <b>Annual<br/>Premium</b> |
|--|--------------------------|--------------------------|---------------------------|
| <b>NEW CLEVELAND BROWNS' STADIUM CONSTRUCTION:</b>                           |                          |                          |                           |
| Pinkney Perry Insurance Agency (Zurich Global)<br>General liability coverage | ERP3589292               | 04/23/01-04/23/02        | \$102,060                 |

---

| <b>Details of Coverage</b>  | <b>Liability Limit</b>  |
|---|---|
| Commercial General Liability Coverage, wrap program; products/completed operations coverage; personal & advertising injury coverage | \$30,000,000 per occurrence.<br>\$30,000,000 aggregate.<br>\$10,000 deductible per occurrence.<br>\$100,000 aggregate deductible. |
| Fire damage   | \$50,000 any one fire.  |
| Medical expense   | \$5,000 any one person.   |
| Builders' risk property coverage  | \$280,000,000 limit,  |
| Earthquake coverage, Flood coverage   | \$25,000 deductible.<br>\$5,000,000 limit,<br>\$100,000 deductible.   |

# CITY OF CLEVELAND, OHIO

## DEMOGRAPHIC STATISTICS

December 31, 2001

The population of the City, the County, the PMSA and the State for each decade from 1950 to 2000 (U.S. Bureau of the Census) is as follows:

| Year       | Population |           |           |            |
|------------|------------|-----------|-----------|------------|
|            | City       | County    | PMSA      | State      |
| 1950 ..... | 914,808    | 1,389,532 | 1,532,574 | 7,946,627  |
| 1960 ..... | 876,050    | 1,647,895 | 1,909,483 | 9,706,397  |
| 1970 ..... | 750,903    | 1,721,300 | 2,063,729 | 10,652,017 |
| 1980 ..... | 573,822    | 1,498,400 | 1,898,825 | 10,797,630 |
| 1990 ..... | 505,616    | 1,412,140 | 1,831,122 | 10,847,115 |
| 2000 ..... | 478,403    | 1,393,978 | 2,250,871 | 11,353,140 |

### AGE DISTRIBUTION (1), (2)

| Age                 | 2000           |               |                |               |
|---------------------|----------------|---------------|----------------|---------------|
|                     | Males          |               | Females        |               |
|                     | Number         | Percentage    | Number         | Percentage    |
| Under 5 Years ..... | 19,686         | 8.7%          | 18,908         | 7.5%          |
| 5-9 yrs .....       | 21,094         | 9.3%          | 20,614         | 8.2%          |
| 10-14 yrs .....     | 18,767         | 8.3%          | 18,032         | 7.2%          |
| 15-19 yrs .....     | 16,316         | 7.2%          | 16,179         | 6.4%          |
| 20-24 yrs .....     | 14,895         | 6.6%          | 17,166         | 6.9%          |
| 25-34 yrs .....     | 34,078         | 15.1%         | 37,769         | 15.0%         |
| 35-44 yrs .....     | 36,000         | 15.9%         | 37,822         | 15.0%         |
| 45-54 yrs .....     | 26,547         | 11.7%         | 28,564         | 11.3%         |
| 55-59 yrs .....     | 8,464          | 3.7%          | 10,393         | 4.1%          |
| 60-64 yrs .....     | 7,578          | 3.3%          | 9,552          | 3.8%          |
| 65 and over .....   | 23,125         | 10.2%         | 36,854         | 14.6%         |
| <b>Total</b>        | <b>226,550</b> | <b>100.0%</b> | <b>251,853</b> | <b>100.0%</b> |
| Median age .....    | 31.6           |               | 34.3           |               |

### DISTRIBUTION OF FAMILIES BY INCOME BRACKET (average 3.2 persons) (1), (2)

| Income                         | 1999           |               | 1999           |               |
|--------------------------------|----------------|---------------|----------------|---------------|
|                                | Families       | Percentage    | Household      | Percentage    |
| \$0-10,000 .....               | 18,241         | 16.2%         | 40,118         | 21.0%         |
| \$10,000- 14,999 .....         | 9,112          | 8.1%          | 18,446         | 9.7%          |
| \$15,000- 24,999 .....         | 19,545         | 17.3%         | 33,725         | 17.7%         |
| \$25,000- 34,999 .....         | 16,699         | 14.8%         | 28,228         | 14.8%         |
| \$35,000- 49,999 .....         | 19,400         | 17.2%         | 28,814         | 15.1%         |
| \$50,000- 74,999 .....         | 18,451         | 16.3%         | 25,592         | 13.4%         |
| \$75,000- 99,000 .....         | 6,896          | 6.1%          | 9,338          | 4.9%          |
| \$100,000- 149,999 .....       | 3,227          | 2.9%          | 4,336          | 2.3%          |
| \$150,000- 199,999 .....       | 535            | 0.5%          | 820            | .4%           |
| Over \$200,000 .....           | 732            | .6%           | 1,318          | .7%           |
| <b>Total</b>                   | <b>112,838</b> | <b>100.0%</b> | <b>190,735</b> | <b>100.0%</b> |
| Median Family Income (1) ..... | \$ 30,286      |               | \$ 25,928      |               |

Source: (1) U.S. Census of Population 2000

(2) Northern Ohio Data & Information Service, College of Urban Affairs, Cleveland State University

# CITY OF CLEVELAND, OHIO

## DEMOGRAPHIC STATISTICS - Continued

December 31, 2001

### Employment

The following table indicates the distribution of employees among major industrial classifications in the Cleveland - Lorain - Elyria PMSA for the years 1997 through 2001:

| <b>Distribution of Employees by Sector</b> |                           |                           |                           |                           |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>(Amounts in 000's)</b>                  |                           |                           |                           |                           |                           |
|  | <b>2001<sup>(1)</sup></b> | <b>2000<sup>(1)</sup></b> | <b>1999<sup>(3)</sup></b> | <b>1998<sup>(2)</sup></b> | <b>1997<sup>(2)</sup></b> |
| <b>Good Producing Industries:</b>          |                           |                           |                           |                           |                           |
| Construction                               | 45.2                      | 44.9                      | 45.4                      | 46.6                      | 44.2                      |
| Primary Metal                              | 17.0                      | 18.9                      | 20.5                      | 21.4                      | 21.6                      |
| Fabricated Metal                           | 35.9                      | 38.6                      | 38.6                      | 38.6                      | 38.4                      |
| Industrial Machinery                       | 30.5                      | 34.9                      | 35.5                      | 37.5                      | 36.3                      |
| Electrical Equipment                       | 14.6                      | 15.1                      | 15.4                      | 15.4                      | 16.0                      |
| Transportation Equipment                   | 21.5                      | 21.5                      | 21.3                      | 21.4                      | 22.2                      |
| Printing & Publishing                      | 15.2                      | 17.0                      | 17.2                      | 16.8                      | 17.0                      |
| Chemical Products                          | 16.1                      | 17.8                      | 17.8                      | 17.5                      | 17.4                      |
| Rubber & Plastic Products                  | 13.6                      | 14.4                      | 15.0                      | 14.5                      | 14.6                      |
| Other                                      | 38.9                      | 41.1                      | 42.0                      | 40.3                      | 39.7                      |
| <b>Total Goods Producing Industries</b>    | 248.5                     | 264.2                     | 268.7                     | 270.0                     | 267.4                     |
| <b>Service Producing Industries:</b>       |                           |                           |                           |                           |                           |
| Transportation & Public Utilities          | 47.5                      | 47.6                      | 47.4                      | 45.8                      | 45.4                      |
| Wholesale Trade                            | 70.4                      | 76.0                      | 75.3                      | 73.9                      | 72.7                      |
| Retail Trade                               | 199.8                     | 209.1                     | 209.8                     | 202.6                     | 198.3                     |
| Finance, Insurance, & Real Estate          | 82.5                      | 80.5                      | 80.0                      | 75.5                      | 74.1                      |
| Health Services                            | 116.5                     | 113.4                     | 112.3                     | 109.0                     | 106.2                     |
| Other Services                             | 241.5                     | 245.4                     | 243.6                     | 239.4                     | 228.9                     |
| Federal Government                         | 19.7                      | 20.5                      | 20.9                      | 21.2                      | 21.5                      |
| State Government                           | 9.2                       | 9.2                       | 9.2                       | 9.1                       | 9.0                       |
| Local Government                           | 122.8                     | 120.3                     | 119.0                     | 115.9                     | 114.0                     |
| <b>Total Service Producing Industries</b>  | 909.9                     | 922.0                     | 917.5                     | 892.4                     | 870.1                     |
| <b>Grand Total</b>                         | 1,158.4                   | 1,186.2                   | 1,186.2                   | 1,162.4                   | 1,137.5                   |
| Goods Producing Percentage                 | 21.5%                     | 22.3%                     | 22.7%                     | 23.2%                     | 23.5%                     |
| Service Producing Percentage               | 78.5%                     | 77.7%                     | 77.3%                     | 76.8%                     | 76.5%                     |

Source: Ohio Bureau of Employment Services, Labor Market Information Division

(1) Office of Research, Assessment, & Accountability, Bureau of Labor Market Information, Labor Market Review, January 2002

(2) Effective January 1, 1994 the Cleveland PMSA was modified to include Lorain and Ashtabula counties.

(3) Revised

# CITY OF CLEVELAND, OHIO

## *DEMOGRAPHIC STATISTICS - Continued*

December 31, 2001

### Employment

The following table compares estimated employment statistics for Cuyahoga County and the Cleveland - Lorain - Elyria PMSA including comparisons with unemployment rates for the State of Ohio and the United States:

| Years <sup>(1)</sup> | Employed |           | Unemployed |        | Unemployment Rate |      |      |      |
|----------------------|----------|-----------|------------|--------|-------------------|------|------|------|
|                      | County   | PMSA      | County     | PMSA   | County            | PMSA | Ohio | U.S. |
| 1992                 | 629,200  | 1,011,100 | 48,800     | 82,900 | 7.2%              | 7.6% | 7.3% | 7.5% |
| 1993                 | 627,900  | 1,008,500 | 46,000     | 75,100 | 6.8%              | 6.9% | 6.5% | 6.9% |
| 1994                 | 636,300  | 1,023,900 | 39,400     | 64,200 | 5.8%              | 5.9% | 5.5% | 6.1% |
| 1995                 | 644,100  | 1,037,000 | 31,800     | 55,400 | 4.7%              | 5.1% | 4.8% | 5.6% |
| 1996                 | 655,700  | 1,046,100 | 34,300     | 57,100 | 5.0%              | 5.2% | 4.9% | 5.4% |
| 1997                 | 651,900  | 1,061,600 | 33,000     | 53,500 | 4.8%              | 4.8% | 4.6% | 4.9% |
| 1998                 | 644,400  | 1,088,700 | 30,000     | 49,400 | 4.4%              | 4.3% | 4.3% | 4.5% |
| 1999                 | 649,900  | 1,093,400 | 31,300     | 49,100 | 4.6%              | 4.3% | 4.3% | 4.2% |
| 2000 <sup>(3)</sup>  | 646,300  | 1,070,500 | 31,100     | 49,800 | 4.6%              | 4.4% | 4.1% | 4.0% |
| 2001 <sup>(2)</sup>  | 648,300  | 1,073,900 | 31,100     | 52,300 | 4.6%              | 4.6% | 4.3% | 4.8% |

Source: Bureau of Labor Market Information

(1) Effective January 1, 1994 the Cleveland PMSA was modified to include Lorain and Ashtabula Counties.

(2) Office of Research Assessments & Accountability, Bureau of Labor Market Information, 2002

(3) Revised

# CITY OF CLEVELAND, OHIO

## DEMOGRAPHIC STATISTICS - Continued

December 31, 2001

### Corporate Headquarters

The following table shows the corporations among Fortune magazine's listing of the five hundred largest U.S. corporations in the United States which are located in the Cleveland - Lorain - Elyria PMSA:

### The 500 Largest Industrial and Service Corporations Ranked by Revenues<sup>(A)</sup>

| Rank | Company                     | Worldwide<br>Revenues<br>(\$ millions) | Worldwide<br>Assets<br>(\$ millions) | Major<br>Product or Services |
|------|-----------------------------|--|--------------------------------------|------------------------------|
| 122  | TRW. Incorporated           | \$ 16,383.0                            | \$ 14,444.0                          | Automotive and Electronics   |
| 213  | National City Corporation   | 9,092.6                                | 105,816.7                            | Commercial Banking           |
| 254  | Progressive                 | 7,488.2                                | 11,127.4                             | Insurance                    |
| 257  | KeyCorp                     | 7,352.8                                | 80,938.0                             | Commercial Banking           |
| 259  | Eaton                       | 7,299.0                                | 7,646.0                              | Automotive and Electronics   |
| 303  | Parker Hannifin Corporation | 5,979.6                                | 5,337.7                              | Hydraulic Components         |
| 339  | Sherwin Williams            | 5,066.0                                | 3,627.9                              | Paints                       |
| 357  | OfficeMax                   | 4,636.0                                | 1,768.6                              | Retail Office Supplies       |
| 416  | LTV                         | 3,956.0                                | 4,605.0                              | Steel Manufacturing          |

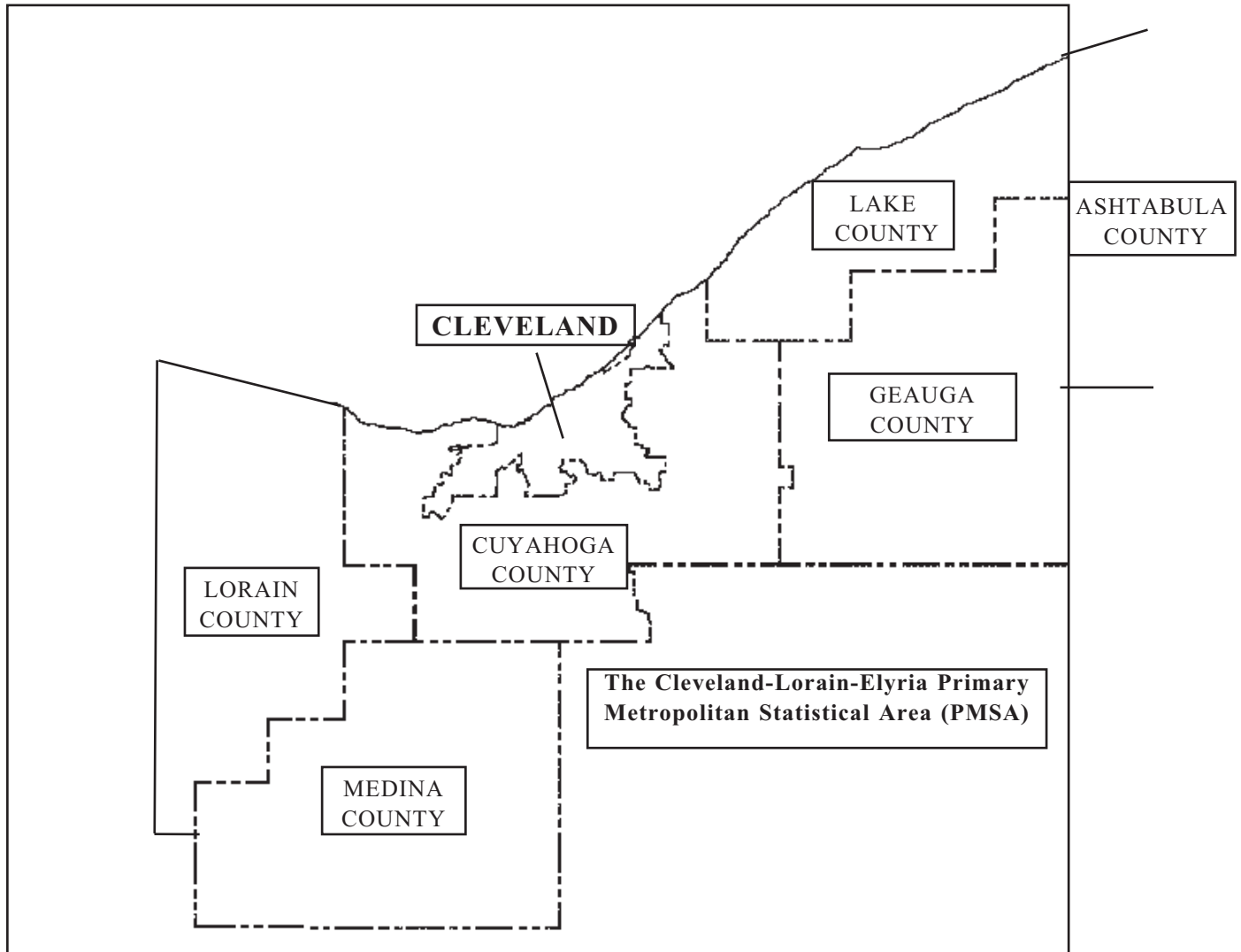
Source: (A) The Fortune 500, Vol. 145, No. 8, April 15, 2002

# CITY OF CLEVELAND, OHIO

## DEMOGRAPHIC STATISTICS - Continued

December 31, 2001

### METROPOLITAN CLEVELAND (1)



2,223,300 million people

6 counties

Largest metropolitan area in Ohio

1,073,900 employed labor force (2)

(1) Effective January 1, 1994, Ashtabula and Lorain counties were added to the Cleveland PMSA.

(2) Office of Research Assessment & Accountability, Bureau of Labor Market Information, Labor Market Review, January 2002.



# CITY OF CLEVELAND, OHIO

## DEMOGRAPHIC STATISTICS - Continued

December 31, 2001

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|   |                                 |
|---|---------------------------------|
| DATE OF INCORPORATION.....  | MARCH 5, 1836                   |
| DATE OF ADOPTION OF ORIGINAL CITY CHARTER.....                            | JULY 1, 1913                    |
| FORM OF GOVERNMENT.....   | MAYOR AND TWENTY-ONE COUNCILMEN |
| AREA-SQUARE MILES.....  | 76                              |
| MILES OF SHORELINE ON CUYAHOGA RIVER.....                                 | 17                              |
| MILES OF SHORELINE ON LAKE ERIE.....                                      | 14                              |
| <b>ELECTION OF NOVEMBER, 2001 (Mayoral)</b>                               |                                 |
| Number of Registered Voters-Last General Election.....                    | 220,782                         |
| Number of Ballots Cast-Last General Election.....                         | 109,770                         |
| Percentage of Registered Votes Cast.....                                  | 49.72                           |
| <b>AIRPORTS</b>   |                                 |
| Cleveland Hopkins International Airport                                   |                                 |
| Enplaned Passengers.....  | 5,918,082                       |
| Total Airport Landing Weight (1,000 lbs).....                             | 8,765,175                       |
| Number of Scheduled Aircraft Departures per day (Average at Hopkins)..... | 342                             |
| Miles from City Hall to Cleveland Hopkins International Airport.....      | 13                              |
| Miles from City Hall to Burke Lakefront Airport.....                      | 1/4                             |
| <b>WATER SYSTEM</b>   |                                 |
| Number of Customer Billings.....  | 1,657,213                       |
| Daily Average Pumpage-Gallons.....  | 258,148,000                     |
| Greatest Pumpage for a Single Day (July 16, 2001).....                    | 364,000,000                     |
| Maximum-Filtration Plant Capacity per day-gallons.....                    | 529,000,000                     |
| Maximum-Intake Capacity per day-gallons.....                              | 740,000,000                     |
| Number of Miles of Watermains Owned by City.....                          | 1,600                           |
| Number of Miles of Watermains Owned by Suburbs.....                       | 3,500                           |
| Population Served.....  | 1,500,000                       |
| <b>FIRE DEPARTMENT</b>  |                                 |
| Number of Stations.....   | 26                              |
| Number of Employees (Uniform).....  | 999                             |
| <b>POLICE DEPARTMENT</b>  |                                 |
| Number of Districts.....  | 6                               |
| Number of Employees (Uniform).....  | 1,876                           |
| <b>BUILDINGS</b>  |                                 |
| Permits Issued.....   | 9,853                           |
| Estimated Cost of Construction.....                                       | \$599,014,294                   |
| Inspections under Ohio Basic Building Code.....                           | 45,254                          |
| <b>PARKS AND RECREATION</b>   |                                 |
| Number of Parks (District, Community, Neighborhood and Urban).....        | 145                             |
| Number of Ball Diamonds (at 73 sites).....                                | 142                             |
| Total Playgrounds.....  | 112                             |
| Recreation Centers.....   | 18                              |
| Pools:  |                                 |
| Indoor.....   | 17                              |
| Outdoor.....  | 24                              |
| Golf Courses (2-18 hole courses at each).....                             | 2                               |
| Ice Rink.....   | 1                               |
| Roller Rink (indoor).....   | 1                               |
| Tennis Courts (at 31 sites).....  | 134                             |
| Soccer Fields.....  | 8                               |
| Cudell Fine Arts Center.....  | 1                               |
| Rockefeller Park Public Greenhouse.....                                   | 1                               |
| Camp George L. Forbes.....  | 1                               |
| Total Park Acreage (not including golf courses).....                      | 1,421                           |

# CITY OF CLEVELAND, OHIO

## SCHEDULE OF STATISTICS-GENERAL FUND

For The Year Ended December 31, 2001

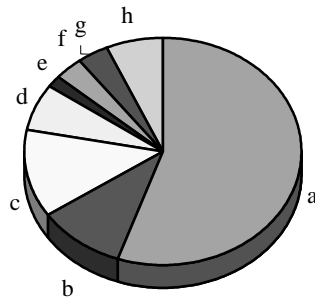
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### OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

#### REVENUE DOLLAR BY SOURCE

Where the money came from

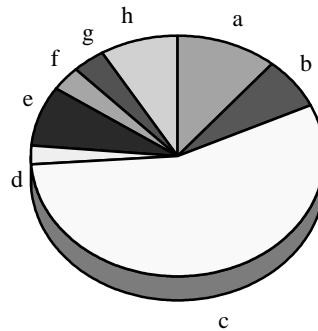
|                                |         |
|--------------------------------|---------|
| a. Income taxes                | \$ 0.55 |
| b. Property taxes              | 0.10    |
| c. State local government fund | 0.12    |
| d. Other shared revenues       | 0.07    |
| e. Licenses and permits        | 0.02    |
| f. Charges for services        | 0.03    |
| g. Fines and forfeits          | 0.04    |
| h. Miscellaneous               | 0.07    |
|                                | \$ 1.00 |



#### EXPENDITURE DOLLAR BY FUNCTION

Where the money was spent

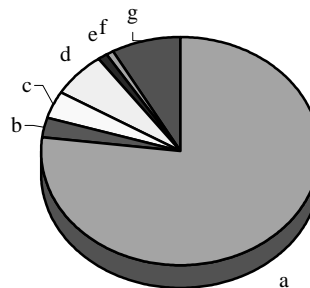
|                                      |         |
|--------------------------------------|---------|
| a. General government                | \$ 0.11 |
| b. Public service                    | 0.07    |
| c. Public safety                     | 0.56    |
| d. Public health                     | 0.02    |
| e. Maintenance, parks and recreation | 0.08    |
| f. Community development             | 0.03    |
| g. Other                             | 0.04    |
| h. Operating transfers out           | 0.09    |
|                                      | \$ 1.00 |



#### EXPENDITURE DOLLAR BY OBJECT

What the money was spent on

|  |         |
|--|---------|
| a. Salaries, wages, and related benefits | \$ 0.77 |
| b. Interdepartmental charges             | 0.03    |
| c. Utilities                             | 0.04    |
| d. Contractual services                  | 0.06    |
| e. Materials and supplies                | 0.01    |
| f. Miscellaneous                         | 0.01    |
| g. Operating transfers out               | 0.08    |
|  | \$ 1.00 |





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
OCTOBER 2, 2002**