

CITY OF CLEVELAND, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2010

CITY OF CLEVELAND



Comprehensive Annual Financial Report

For the year ended December 31, 2010

Issued by the
Department of Finance

Sharon Dumas
Director

James E. Gentile, CPA
City Controller

CITY OF CLEVELAND, OHIO

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INTRODUCTORY SECTION

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June 24, 2011

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

Introduction

We are pleased to submit the Comprehensive Annual Financial Report of the City of Cleveland (the City) for the year ended December 31, 2010. This report, prepared by the Department of Finance, includes the basic financial statements that summarize the various operations and cash flows related to the City's 2010 activities. Our intention is to provide a clear, comprehensive and materially accurate overview of the City's financial position at the close of last year. The enclosed information has been designed to allow the reader to gain an understanding of the City's finances, including financial trends, financial instruments and fund performances. The City has complete responsibility for all information contained in this report.

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

The City's financial statements have been audited by Clark, Schaefer, Hackett & Co. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Clark, Schaefer, Hackett & Co concluded, based upon its audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2010 are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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

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

Structure of this Comprehensive Annual Financial Report

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

- The Introductory Section, which includes this letter of transmittal and contains information pertinent to the City's management and organization.
- The Financial Section contains the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, and various other statements and schedules pertaining to the City's funds and activities.
- The Statistical Section contains numerous tables of financial and demographic information. Much of this information is shown with comparative data for up to a ten-year period from 2001 through 2010.

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

Profile of the Government

The City

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

The City is included in the Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lake, Lorain, Geauga and Medina counties. This MSA is the 28th largest of 366 Metropolitan Areas in the United States, and the largest Metropolitan Area in the State of Ohio.

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

City Government

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

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

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

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

Financial Reporting Entity

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

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

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

Internal Control

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

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

Accounting and Financial Reporting

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

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

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

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

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for the year ended December 31, 2010. The City has determined that GASB Statement No. 51 has no material impact on its financial statements as of December 31, 2010.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is effective for the year ended December 31, 2010. The City has implemented GASB Statement No. 53.

Budgeting Procedures

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is shown on page 55 as part of the basic financial statements. For other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary information subsection of this report along with more detailed information regarding the General Fund, which starts on page 107.

Factors Affecting Financial Condition

Local Economic Indicators

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

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

Major Industries, Economic Conditions and Employment

Cleveland, as well as most large urban municipalities across the nation, has faced significant economic challenges in recent years. Like all manufacturing cities across the country, Cleveland has tried to combat the declining industry base with more professional and service industry opportunities. The City's budget basis income tax collections decreased 1.7% in 2010.

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

The 2007 economic census indicates that Cleveland's employment base continues to become more diversified. The following table summarizes the percentage of Clevelanders employed by industry type based on 2007 census figures.

Industry	Percent of Workforce
Utilities	0.39 %
Administration and Support of Waste Management and Remediation Service	8.40
Manufacturing	16.77
Wholesale Trade	6.54
Retail Trade	12.60
Transportation and Warehousing	3.28
Information	2.42
Finance, Insurance and Real Estate	9.57
Professional, Scientific Management	6.09
Education, Health, Social Services	19.43
Arts, Entertainment, Recreation	1.62
Other Services	3.42
Accommodation and Food Services	9.47
Total	<u>100.00 %</u>

Current Projects and 2010 Accomplishments

The 2010 budget focused on continuing the City's commitment to improve the quality of life of its citizens by strengthening our neighborhoods, fostering a favorable business climate and providing superior services.

Despite fiscal constraints and economic challenges, the City achieved the following 2010 programmatic goals and projects without an income or property tax increase:

Department of Community Development

- The City of Cleveland was selected as a site for announcing the Neighborhood Stabilization Program (NSP)-3 awards. The announcement by the Deputy Secretary of Housing and Urban Development (HUD), Mercedes Marquez, cited the success of the NSP program, and that the City of Cleveland was to receive \$6.7 million of NSP-3 funds. In 2011, The City plans to use the NSP-3 funds to augment the programming initiated under NSP-1 and 2, specifically to support demolition, housing renovation, and housing for very-low income persons.
- Utilized \$500,000 of NSP-1 to fund the Re-Imagining Cleveland pilot program to sustainably redevelop urban vacant land as neighborhood amenities. Re-Imagining, through partner non-profit organizations and neighborhood groups and residents are implementing the vacant land reuse projects such as pocket parks, storm water retention projects, orchards and vineyard and community and market gardens.
- Efforts continued to make Cleveland's neighborhood retail districts visually attractive and economically competitive through the Storefront Renovation Program's (SRP) rebate incentive via private/public partnerships with commercial building and business owners. A total of 51 projects were completed (comprised of 21 full

exterior building renovations; 4 parking lot site improvements; 11 neighborhood retail business signs; and 15 downtown district business signs) and leveraged \$450,699 in public investment with \$1.16 million in private investment (a \$2.57 to \$1.00 private to public investment ratio).

- Supported community-based development corporations (CDC's) who undertake an array of revitalization programs tailored to their respective neighborhoods. Twenty-seven CDC's received \$8.3 million in support from the City in 2010 for activities including but not limited to:
 - Purchase and rehab of vacant structures;
 - Community code enforcement;
 - Block club-based safety programs;
 - Home repair services; and
 - Community gardens.
- The Senior Housing Assistance Program (SHAP) repaired 155 houses in 2010 for income eligible seniors. In addition seniors were assisted with emergency repairs, emergency tree removal and gutter repair.
- Awarded \$4.1 million to non-profit organizations for providing essential social services, AIDS prevention related services and services for at-risk youth.

Department of Building and Housing

- Demolished 1,130 condemned structures. Since January 2006, the Department has inspected, condemned and razed over 5,200 structures.
- Initiated 2,069 court cases against negligent property owners.
- Issued 5,362 violation notices.
- Issued 15,458 construction permits valued at \$730 million in new construction.
- Boarded-up and secured 3,852 open, vacant structures.
- Deconstructed 34 structures to achieve a more sustainable demolition process.

Department of Economic Development

- Provided financing to help Pierre's Ice Cream expand and modernize their existing plant on Euclid Avenue.
- Supplied a \$5 million Vacant Property Initiative (VPI) loan to the developer of the Uptown Project, a multiple parcel project comprising restaurants, housing, retail stores and entertainment venues.
- Assisted with the \$22 million Midtown Tech Park, the first non-institutional new construction development in the area in over 20 years. The multi-tenant office/technology building will leverage its close proximity to University Circle to target technology and medical related building businesses. Upon completion, the project will create 150 full-time jobs with an expected payroll of \$7.2 million.
- The City provided a \$400,000 loan to assist the Cleveland Rowing Foundation in their purchase of the former Commodore Club Marina on the Cuyahoga River. This will allow them to create Rivergate Park, allowing access to the river by those interested in rowing, kayaking or other water sports.
- Provided a \$1.25 million VPI loan to help with the construction of Shoreway Commerce Park. The thirty-acre site is being transformed into a premier logistics and distribution hub capable of supporting relevant businesses and manufacturing companies ranging in size from 3,000 to 500,000 square feet.
- Granted loans and other financial assistance to Rosetta Marketing Group to consolidate their Northeast Ohio operations in downtown Cleveland. Their current payroll of \$24.9 million will bring in \$498,000 of new income taxes annually.

Department of Health

- Increased proactive nuisance inspections to 15,209, a 5% increase from 2009.
- Decreased the lead poisoning rate in Cleveland to 7.6%.
- Distributed over 122,000 birth and death certificates.
- Inspected 7,624 food shops in 2010.
- Distributed 7,410 seasonal influenza vaccinations at more than 40 different neighborhood locations in 2010.
- Performed 390 environmental school inspections and 120 swimming pool inspections.
- Continued to protect air quality by establishing and enforcing standards for air quality and by assuring that permits are filed and fees are paid to the City.
- Increased the number of Cleveland Municipal School District students in the marathon program to 403, significantly reducing the hypertension rates among those students.

Department of Aging

- Provided services to 4,961 unduplicated clients receiving core services including senior citizens and adults with disabilities.
- Secured over \$500,000 of external grants.
- The Annual Senior Day Program attracted more than 2,000 senior citizens; the Annual Senior Walk attracted over 400 senior citizens.
- Provided the following services: 1,905 received Benefits Checkup, 201 received one or more major home repair, 702 received grass cutting services, 693 received assistance with snow removal and 5,178 received supportive services.

The Office of Equal Opportunity

- Collected over \$390,000 in damages from a contractor for non-compliance with the City laws.
- Held the Second Annual Partners for Success Certification Fair, as well as two additional Certification Fairs at local recreation centers. The Division received more than 20 applications from the Certification Fairs.
- Monitored over 80 construction contracts over \$100,000 to ensure compliance with the Fannie M. Lewis Resident Employment Law requiring that at least 20% of those hired are City residents.

Department of Public Service

- The Division of Streets provided snow removal services to over 1,300 miles of City roadways and used over 50,000 tons of salt throughout the 2010 winter season, which had snowfall of over 70 inches.
- The Division of Streets used approximately 4,600 tons of asphalt and approximately 3,000 cubic yards of concrete for street repairs. The Division also swept city streets six times and collected 2,000 tons of leaves for composting.
- The Division of Waste collected and disposed of over 233,000 tons of debris and collected over 9,484 tons of recyclables.
- The Division of Traffic Engineering maintained 5,500 crosswalks, approximately 630 miles of lane lines, 1,000 signalized intersections and 200 flashing school signs. They also fabricated and maintained 500,000 signs.
- The Division of Motor Vehicles was able to reduce the overall size of the City's fleet by 132 vehicles, eliminating the cost of fueling and maintaining those vehicles.
- The Division of Motor Vehicles began projects to update and improve the City's fuel sites. Improvements completed in 2010 include new terminal software and the opening of two new fueling stations. The improvements will continue in 2011 with the installation of automated tank monitoring technology, the opening of two more fueling stations, and software upgrades at the main control site.

Department of Public Safety

- Partnered with parking lot owners and operators, and the Downtown Cleveland Alliance to develop an agreement that enhanced safety and security in the downtown parking lots. Following extensive discussions, an agreement was entered requiring that: a parking attendant shall remain on duty until one hour after the conclusion of special events; signage notifying the public whether or not the lot is attended; and, the display of a parking lot number, making it easier for Police and other City safety services to respond in an emergency. Increased patrols, funded by the Downtown Cleveland Alliance and parking lot operators, were implemented and all attendants are required to wear distinctive outer garments and a standard identification card or badge on the outside of the distinctive outer garment. In addition, all parking attendants will either have a cellular telephone or a landline telephone for use in contacting the Police and/or the Downtown Cleveland Alliance.
- Directed that by the end of the second quarter in 2010, 95% of all incoming emergency 911 calls for service shall be answered within 15 seconds and 99% within 40 seconds. The Communications Center leadership was directed to coordinate with Public Safety to develop the capability to monitor and track compliance with this mandate. During the most recent monitoring period - November 19, 2010 through January 6, 2011 that goal was met. On average, 96% of all incoming 911 calls were answered within 15 seconds and 99% within 40 seconds. This performance target is consistent with industry best practices.
- The Division of Police registered a 40% decrease in homicides, part of an overall decrease in reported crime.
- In 2010, robbery and auto thefts were reduced by 10.4 and 13.3 percent respectively, as compared to the previous year.
- The Division of Fire reported 5 fire-related fatalities in 2010, a record low. This achievement was the result of the hard work of the members of the Division and other partner agencies through education, prevention and response to fire related emergencies.
- The Division of Emergency Medical Services provided free medical screenings to more than 16,000 citizens through monthly blood pressure, cholesterol and glucose testing.
- The Division of Animal Control Services partnered with the Cleveland Animal Protective League and the American Society for the Prevention of Cruelty to Animals (ASPCA) to establish a Lost-Found Program. The program was funded by a grant to help re-unite lost pets with their owners.
- The Division of Correction reduced medical supply costs by more than 60 percent through the implementation of cost saving procedures.

Department of Parks, Recreation and Properties

- The Division of Recreation served 104,805 meals to youths during the summer of 2010.
- Parking Facilities collected \$2,036,271 from parking meters, which represents a 1.3% increase from the prior year.
- Park Maintenance performed 49,153 service visits to vacant properties, a 27% increase from 2009.
- Urban Forestry trimmed 5,127 trees in 2010.

Department of Port Control

- Reduced runway clearance times at Cleveland Hopkins International Airport (CLE) by 14% and Burke Lakefront Airport (BKL) by 41%, thereby allowing more time for aircraft landings and take-offs.
- Continued the CLE Concession Development (AIRMALL) to improve the quality, customer service, and brand offerings for patrons of the Airport. To date, forty-three of fifty-five new restaurants and retail stores have been opened, resulting in 250 new jobs at CLE. We anticipate the number of new jobs will increase as new venues continue to open.

- Launched new state-of-the-art websites at CLE and BKL which provide travelers with a more interactive site, easier access to weather feeds, real-time flight tracking, special deals and offers, as well as news and updates regarding the airline industry.
- Continued to improve valet parking to meet the growing demands of customer parking options. Approximately 12,000 airport guests utilized valet parking, making this one of the most popular airport parking services in the area. This yields an increase of 33% in the number of guests using the valet service compared to 2009.

Department of Law

- Drafted 404 contracts and reviewed 1,475 contracts for legal form and correctness. Negotiated \$30 million HUD 108 Loan Agreement and bond placement for financing for the initial phase of the \$275 million Flats East Bank Project.
- Prepared 543 pieces of legislation for introduction to City Council; including legislation to create a civil enforcement system for certain waste disposal offenses.
- Obtained 1,456 search warrants for housing court enforcement actions, and helped Building and Housing obtain legal authorization for more than 1,200 demolitions of unsafe structures in the City.
- Responded to 2,773 citizen requests for non-routine public records; provided legal advice as needed in response to more than 7,500 routine requests; and processed 684 general claims for property damage and other losses filed by citizens within the City.
- Continued to pursue collection of money due for taxes, fines and loan defaults. Collected approximately \$1.1 million in income tax collection actions. Collected more than \$2.9 million in money due for loan defaults, unpaid utility service, damage to City property and other debts to the City.

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

- Construction began in 2010 on the \$465 million Convention Center and Medical Mart in downtown Cleveland. Once complete, the project is expected to generate up to \$330 million a year of economic activity.
- Rock Ohio Caesars started building the first phase (\$350 million) of a new casino in the historic Higbee Building on Public Square. The second, larger phase is scheduled to be built later on Huron Road.
- The first phase of the Flats East Bank project (\$275 million) started construction in late 2010. The development will initially include an office tower, hotel and retail.
- The Greater Cleveland Aquarium, a \$33 million project expected to open in late 2011. It will occupy over 70,000 square feet in the Nautica Entertainment Complex and include a "SeaTube" of clear acrylic for a walk-through view of marine depths.

Future Economic Outlook

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

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

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

2011 Budget

The strategic implementation of the five-year budget projections to manage the City's finances, Operations Efficiency Task Force and Clean Cleveland have resulted in significant reductions in operating costs and a balanced budget for 2011. The many unknown variables due to the global economic crisis require that stringent fiscal controls and mandated energy conservation be the platform of the 2011 operating budget. The Budget Management Strategy for fiscal 2011 includes, but is not limited to, the following:

- Increased employee contributions to healthcare premiums effective April 1, 2011.
- No cost-of-living increase for 2011.
- The elimination of most vacant positions.
- The continuation of a hiring freeze that has been in effect since 2006, except for critical positions.
- Restoration of the 2010 wage and longevity bonus concessions.

The estimate of receipts and expenditures for all General Fund departments and divisions for the 2011 budget are:

- Revenues and other sources are projected to increase from \$491.8 million in 2010 to \$506 million in 2011. This increase is attributed to: \$12 million from the sale of the Convention Center for the Medical Mart project; and \$3.7 million of bed tax that will come to the City on an annual basis as a result of the Medical Mart agreement.
- Expenditures and other uses are estimated to increase from \$498.4 million to \$512.3 million in 2011. This increase is primarily due to negotiated labor agreements and rising healthcare costs.

Major highlights of the 2011 budget are:

- Cost savings due to the restructuring of Operations Clusters which merge the Departments of Public Service and Parks, Recreations and Properties.
- Continued energy use reduction due to operation efficiency efforts.
- A 10% reduction in "below the line" expenses.
- Savings due to attrition resulting from layoffs and other unfilled positions.
- Continue efforts to increase revenue, including implementing findings from a new fee study.

Major Initiative

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

- *Sustainable Cleveland 2019*, a 10-year initiative that engages people from all walks of life, working together to design and develop a thriving and resilient region that leverages its wealth of assets to build economic, social and environmental well-being for all.
- *Clean Cleveland*, City crews from Public Works, Public Utilities, Public Health, and Building and Housing Departments will inspect, fix and clean neighborhood properties in a coordinated and systemic fashion.
- *The District of Design*, a specifically planned district on Euclid Avenue that contains showrooms geared toward retail/wholesale buyers, enabling a high-end urban experience for buyers from national and local retailers.
- *LED Initiative*, an economic development effort that will use the City's purchasing power to create jobs, attract business investment, save money, reduce energy consumption and help spur the creation of a sustainable economy.

Awards and Acknowledgements

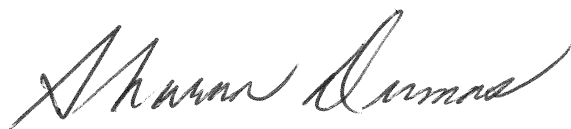
The Independent Audit: The City Charter requires an annual audit of the financial statements of all accounts of the City by an Independent Certified Public Accountant. Accordingly, this year's audit was completed by Clark, Schaefer, Hackett & Co. The year ended December 31, 2010, represents the 30th consecutive year the City has prepared a Comprehensive Annual Financial Report (CAFR). In addition to the independent auditors, the City maintains its own Internal Audit Division. Along with the duty of assisting the independent auditors, the Internal Audit Division is responsible for strengthening and reviewing the City's internal controls. The Internal Audit Division performs its own independent operational and financial audits of the City's many funds, departments and divisions. We believe that the City's internal control structure adequately safeguards its assets and provides reasonable assurance of proper recording of all financial transactions.

GFOA Certificate of Achievement Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland, Ohio for its CAFR for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

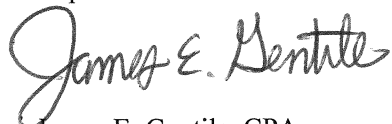
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such CAFRs must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 26 years (years ended 1984 – 2009). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

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

Very truly yours,



Sharon Dumas, Director
Department of Finance



James E. Gentile, CPA
City Controller

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CITY OF CLEVELAND, OHIO

City Officials Frank G. Jackson, Mayor

EXECUTIVE STAFF

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

ADMINISTRATION

Jane E. Fumich.....	Director, Department of Aging
Edward W. Rybka.....	Director, Department of Building and Housing
Robert N. Brown.....	Director, City Planning Commission
Lucille Ambroz	Secretary, Civil Service Commission
Daryl P. Rush, Esq.	Director, Department of Community Development
Blaine Griffin	Director, Community Relations Board
Tracey A. Nichols	Director, Economic Development
Sharon Dumas.....	Director, Department of Finance
Karen Butler.....	Director, Department of Public Health
Robert J. Triozzi, Esq.	Director, Department of Law
Natoya J. Walker Minor.....	Director, Office of Equal Opportunity
Michael E. Cox	Director, Department of Public Works
Deborah Southerington	Director, Personnel and Human Resources
Ricky D. Smith, Sr.	Director, Department of Port Control
Martin Flask	Director, Department of Public Safety
Jomarie Wasik.....	Director, Mayor's Office of Capital Projects
Barry A. Withers.....	Director, Department of Public Utilities

CITY OF CLEVELAND, OHIO

City Council

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cleveland
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

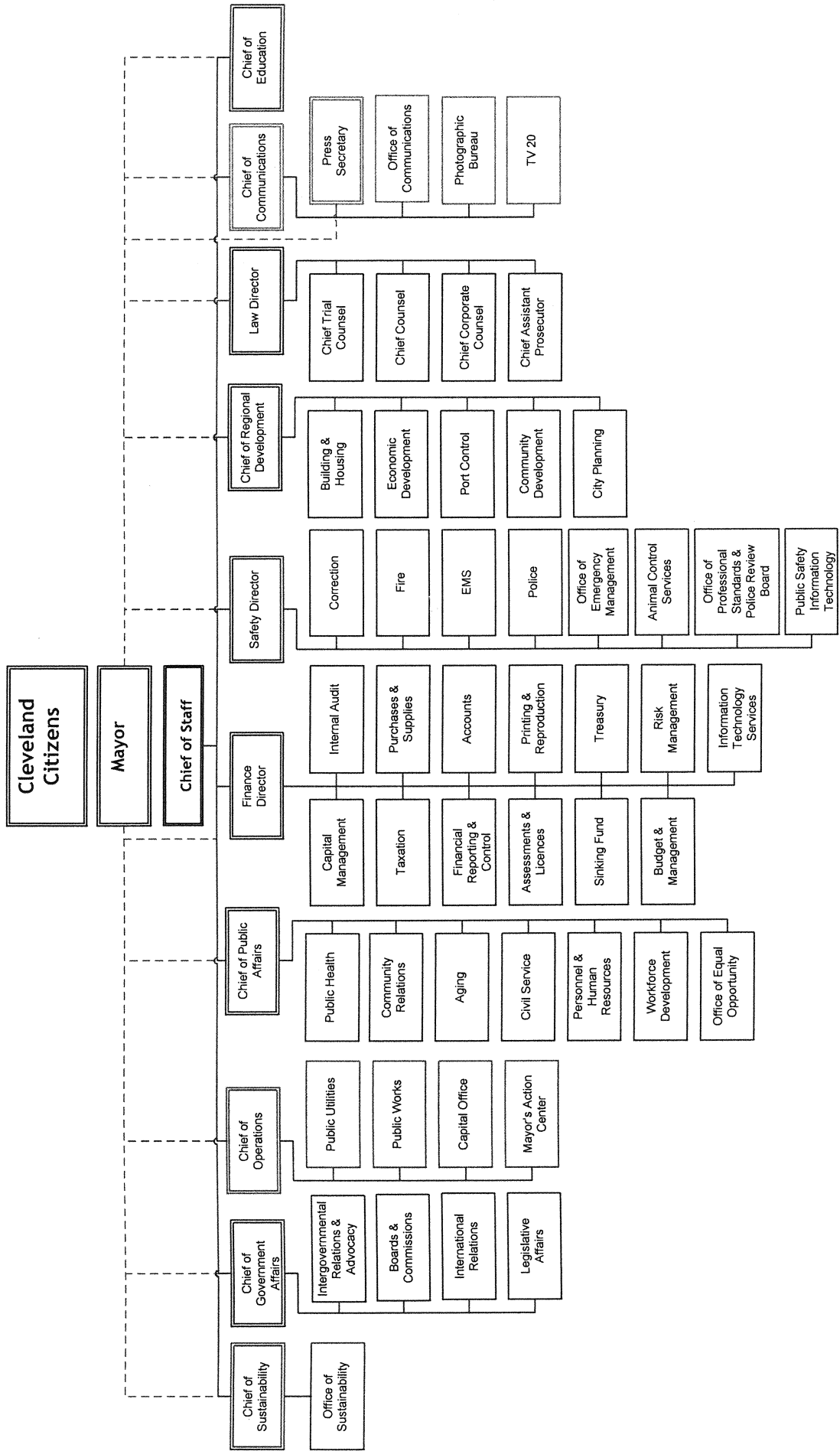
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

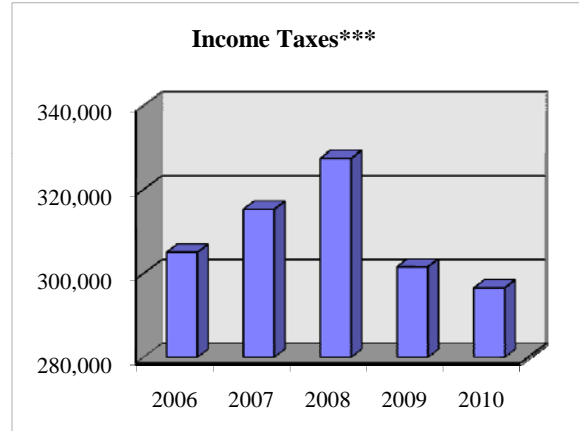
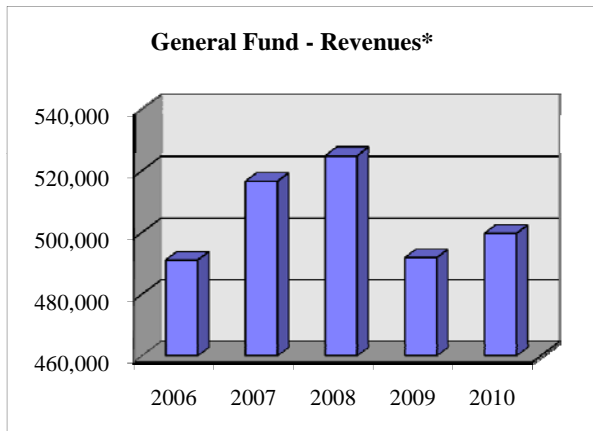
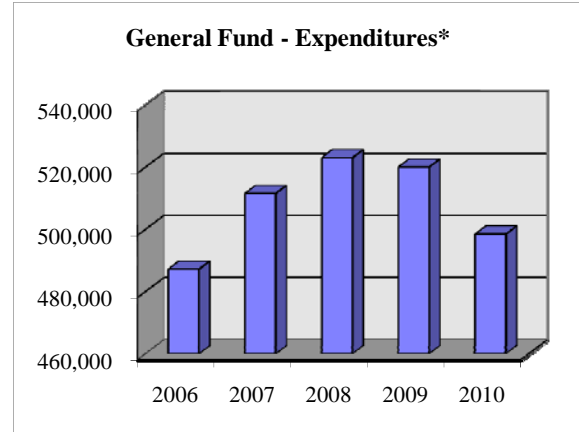
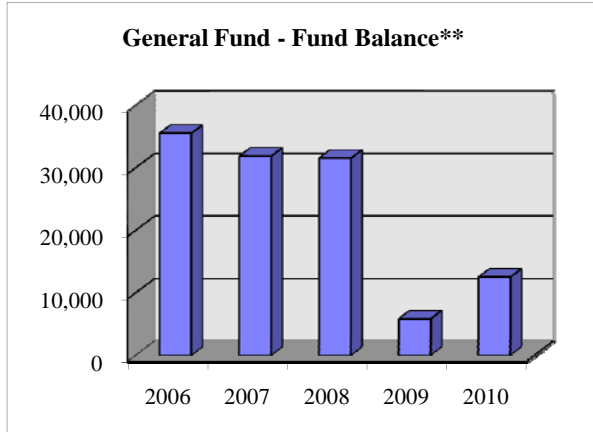
CITY OF CLEVELAND, OHIO ADMINISTRATIVE ORGANIZATION CHART



CITY OF CLEVELAND, OHIO

FINANCIAL HIGHLIGHTS

(Amounts in 000's)



For Year Ended	General Fund Fund Balance**	General Fund Revenues*	General Fund Expenditures*	Income Taxes***
2006	35,531	491,052	487,233	305,010
2007	31,854	516,551	511,567	315,262
2008	31,545	524,744	523,046	327,338
2009	5,865	491,827	520,036	301,559
2010	12,541	499,681	498,504	296,525

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

** *GAAP Basis*.

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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Ohio (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the 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 opinions.

As described in Note 2, during the year ended December 31, 2010, the City implemented Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis on pages 29-46 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2011

CITY OF CLEVELAND, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cleveland (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2010. Please read this information in conjunction with the City's financial statements and footnotes that begin on page 50.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at December 31, 2010 by approximately \$2.413 billion (net assets). Of this amount, \$371.8 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- Of the approximately \$2.413 billion of net assets, governmental activities accounted for approximately \$627 million of net assets, while business-type activities net assets accounted for approximately \$1.786 billion.
- The City's net assets increased by \$58.5 million as compared to 2009. The governmental activities net assets increased by \$33.4 million and the business-type activities net assets increased by \$25.1 million.
- At the end of the current year, unreserved fund balance for the General Fund had a deficit of \$2.5 million, which represents a deficit in the amount available for spending at the City's discretion. The unreserved fund balance equals negative 0.5% of the total current General Fund expenditures and other financing uses.
- In 2010, the City's total long-term debt and other debt-related obligations net of premiums, discounts and unamortized loss on debt refunding decreased by \$75.4 million. The decrease indicates that the City's debt service payments and debt refunded or defeased exceeded new debt issued in 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

The City maintains 36 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other 35 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to achieve a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 62 - 105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Information regarding the government-wide net assets of the City is provided below:

Summary Statement of Net Assets as of December 31, 2010 and 2009

	<u>Governmental Activities</u>		<u>Business-Type Activities</u> (Amounts in 000's)		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 742,618	\$ 682,608	\$ 1,252,668	\$ 1,257,848	\$ 1,995,286	\$ 1,940,456
Capital assets	<u>911,132</u>	<u>924,106</u>	<u>2,854,499</u>	<u>2,815,050</u>	<u>3,765,631</u>	<u>3,739,156</u>
Total assets	1,653,750	1,606,714	4,107,167	4,072,898	5,760,917	5,679,612
Liabilities:						
Long-term obligations	779,675	771,935	2,076,084	2,116,178	2,855,759	2,888,113
Other liabilities	<u>246,894</u>	<u>240,946</u>	<u>244,843</u>	<u>195,621</u>	<u>491,737</u>	<u>436,567</u>
Total liabilities	1,026,569	1,012,881	2,320,927	2,311,799	3,347,496	3,324,680
Net assets:						
Invested in capital assets, net of related debt	557,804	561,586	1,080,332	1,016,182	1,638,136	1,577,768
Restricted	159,942	166,280	243,511	275,907	403,453	442,187
Unrestricted	<u>(90,565)</u>	<u>(134,033)</u>	<u>462,397</u>	<u>469,010</u>	<u>371,832</u>	<u>334,977</u>
Total net assets	<u>\$ 627,181</u>	<u>\$ 593,833</u>	<u>\$ 1,786,240</u>	<u>\$ 1,761,099</u>	<u>\$ 2,413,421</u>	<u>\$ 2,354,932</u>

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. The City's assets exceeded liabilities by approximately \$2.413 billion at the close of the most recent fiscal year. This represents an increase of 2.5% in 2010. Of the City's net assets, 26.0% represents its governmental net assets and 74.0% represents its business-type net assets.

Of the net assets from governmental activities, \$557.8 million represents its investment in capital assets (e.g., land, land improvements, buildings, infrastructure, furniture, fixtures, equipment and vehicles), net of accumulated depreciation, less any related, still-outstanding debt issued to acquire, construct or improve those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. Another significant portion of net assets, \$159.9 million, represents resources that are subject to external restrictions on how they may be used. There was an increase in unrestricted net assets of \$43.5 million.

In 2010, the total assets from governmental activities increased by \$47.0 million. This increase is primarily attributed to an increase of \$37.2 million of cash and cash equivalents and investments at year end and a \$16.0 million increase in unamortized bond issuance costs. The total increases were partially offset by a decrease of \$13.0 million in net capital assets.

Also in 2010, the total liabilities from governmental activities increased by \$13.7 million. This increase is primarily due to an increase of \$45.9 million in due to other governments and an increase of \$7.7 million in long-term obligations which was partially offset by a decrease of \$34.6 million in deferred revenue and various decreases to other liability accounts.

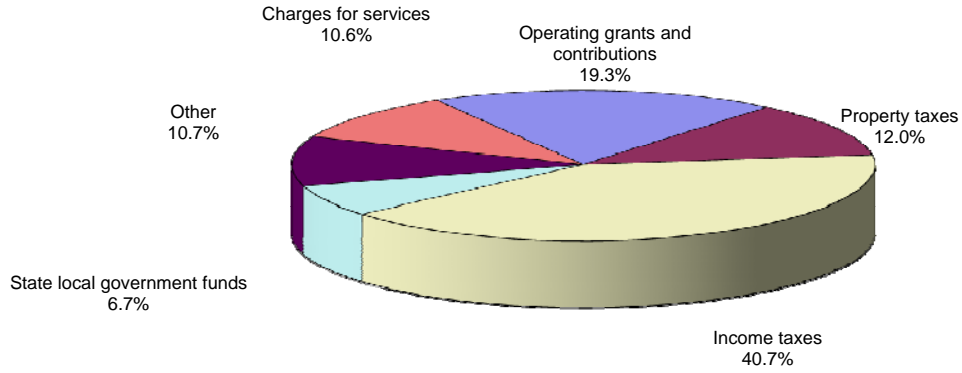
At the end of the current year, the City is able to report positive balances in total net assets for both its governmental activities and its business-type activities. Information regarding government-wide changes in net assets is provided below:

Changes in Net Assets
For Fiscal Years Ended December 31, 2010 and 2009

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	(Amounts in 000's)		2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 77,309	\$ 77,227	\$ 549,989	\$ 525,353	\$ 627,298	\$ 602,580
Operating grants and contributions	141,122	134,565	8,789	10,175	149,911	144,740
Capital grants and contributions	11,220	11,680	85,534	51,325	96,754	63,005
General revenues:						
Income taxes	298,209	296,507			298,209	296,507
Property taxes	88,087	63,573			88,087	63,573
Other taxes	28,450	25,053			28,450	25,053
Shared revenues	23,869	28,741			23,869	28,741
State local government funds	49,266	43,420			49,266	43,420
Unrestricted investment earnings	654	1,740	4	25	658	1,765
Other	14,104	10,207			14,104	10,207
Total revenues	<u>732,290</u>	<u>692,713</u>	<u>644,316</u>	<u>586,878</u>	<u>1,376,606</u>	<u>1,279,591</u>
Expenses:						
General Government	81,898	90,311			81,898	90,311
Public Service	93,425	85,947			93,425	85,947
Public Safety	315,900	329,765			315,900	329,765
Community Development	70,589	59,204			70,589	59,204
Building and Housing	17,445	20,925			17,445	20,925
Public Health	19,740	22,999			19,740	22,999
Parks, Recreation and Properties	46,963	58,799			46,963	58,799
Economic Development	24,729	38,083			24,729	38,083
Interest on debt	47,531	30,448			47,531	30,448
Water			232,862	224,269	232,862	224,269
Electricity			165,330	158,100	165,330	158,100
Airport facilities			158,262	168,734	158,262	168,734
Nonmajor activities			43,443	46,546	43,443	46,546
Total expenses	<u>718,220</u>	<u>736,481</u>	<u>599,897</u>	<u>597,649</u>	<u>1,318,117</u>	<u>1,334,130</u>
Changes in net assets before transfers	14,070	(43,768)	44,419	(10,771)	58,489	(54,539)
Transfers	<u>19,278</u>	<u>(825)</u>	<u>(19,278)</u>	<u>825</u>		
Changes in net assets	33,348	(44,593)	25,141	(9,946)	58,489	(54,539)
Net assets at beginning of year	<u>593,833</u>	<u>638,426</u>	<u>1,761,099</u>	<u>1,771,045</u>	<u>2,354,932</u>	<u>2,409,471</u>
Net assets at end of year	<u>\$ 627,181</u>	<u>\$ 593,833</u>	<u>\$ 1,786,240</u>	<u>\$ 1,761,099</u>	<u>\$ 2,413,421</u>	<u>\$ 2,354,932</u>

Business-type net assets increased \$25.1 million in 2010. Of the business-type net assets, \$1.080 billion represents its investment in capital assets, net of accumulated depreciation, less any related, still-outstanding debt issued to acquire, construct or improve those assets. These capital assets are used to provide services to their customers. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. \$243.5 million of net assets are subject to external restrictions on their use. The remaining balance of \$462.4 million is unrestricted and may be used to meet the City's ongoing obligations to customers and creditors.

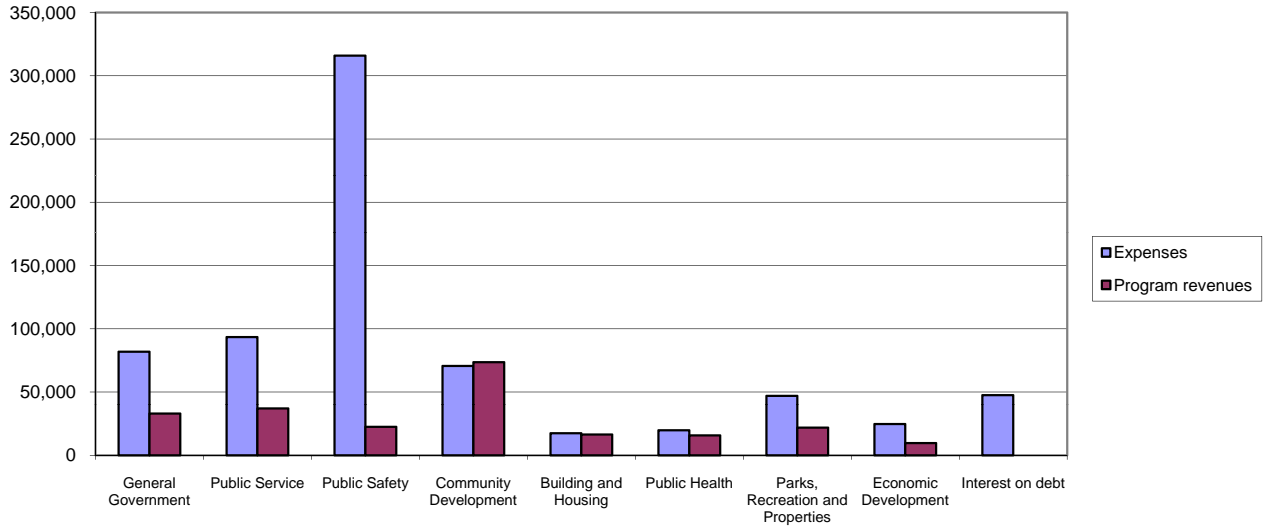
Revenues by Source - Governmental Activities



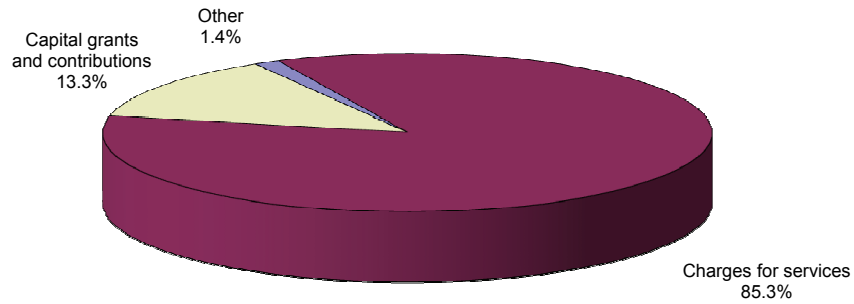
Other includes capital grants and contributions, other taxes, shared revenues, unrestricted investment earnings and other general revenues.

Expenses and Program Revenues - Governmental Activities

(Amounts in 000's)



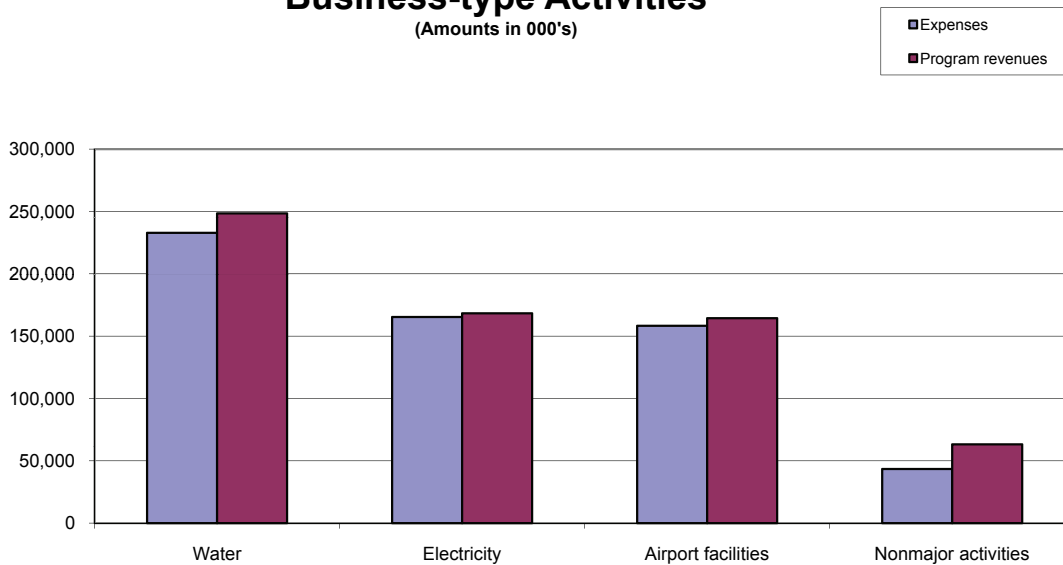
Revenues by Source - Business-type Activities



Other includes operating grants ,contributions and unrestricted investment earnings.

Expenses and Program Revenues - Business-type Activities

(Amounts in 000's)



In 2010, business-type total assets increased by \$34.3 million primarily due to an increase in net receivables of \$20.5 million, net capital assets of \$39.4 million and deferred outflows of resources of \$27.2 million. These increases were partially offset by a decrease in restricted assets of \$44.1 million. Business-type total liabilities increased by \$9.1 million primarily due to increases in due to other governments of \$22.0 million and derivative instruments – interest rate swaps of \$27.2 million. These increases were partially offset by a decrease in long-term obligations of \$40.1 million.

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

Division of Water: The Division operates a major public water supply system, the eighth largest in the United States that serves not only the City, but also 74 suburban municipalities in Cuyahoga, Medina, Summit and Geauga counties. The Division is an emergency standby provider for systems in three other counties. The present service area covers over 640 square miles and serves over 1.5 million people. Operating revenue in 2010 increased approximately 4.0% to \$237.3 million from \$228.2 million in 2009. This increase was mainly attributed to a 2.1% increase in billed consumption. Operating expenses, exclusive of depreciation, increased to \$149.5 million compared to \$147.7 million in 2009.

Division of Cleveland Public Power: The Division supplies electrical service to approximately 76,000 customers in the City. The Division is responsible for supplying, transmitting and distributing electricity and providing related electrical services to customers within its service area. The Division's 2010 operating revenue increased 6.9% to \$166.7 million from \$155.9 million in 2009. Purchased power expense increased 4.5% to \$94.6 million in 2010 from \$90.6 million in 2009. Operating expenses, exclusive of depreciation and purchased power, increased 14.6% to \$43.4 million compared to \$37.9 million in 2009.

Department of Port Control: The City's Department of Port Control consists of the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport, which employ approximately 446 individuals in administration, airfield and building maintenance, vehicle maintenance and aircraft rescue and fire fighting. Currently, 27 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 2010 amounted to \$106.7 million. This represents an 8.7% increase from 2009 operating revenues. Cleveland Hopkins International Airport served 9,492,455 passengers in 2010. This reflects a 2.3% decrease in the number of passengers served from 2009. This decrease is attributed to normal industry fluctuation and the economic recession.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$372.4 million, an increase of \$8.2 million in comparison with the prior year. The total governmental unreserved fund balance is \$99.6 million of which \$71.2 million is undesignated. The components of the total undesignated governmental fund balance include a deficit of \$2.6 million in the General Fund which indicates a deficit in the amount available for spending at the City's discretion; an additional \$61.4 million of undesignated Special Revenue Funds available for expenditures that are legally restricted for a particular purpose; and the Capital Project Fund has \$12.4 million of undesignated fund balance to be used for the acquisition or construction of major capital projects. An additional \$28.4 million is designated for future capital improvements. The remaining \$272.8 million of the fund balance is reserved which indicates that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$113.8 million), (2) to make future loans (\$113.4 million), (3) to pay debt service (\$35.8 million) and (4) for a variety of other restricted purposes (\$9.8 million).

The General Fund is the chief operating fund of the City. At the end of the current year, the unreserved fund balance of the General Fund was a deficit of \$2.5 million and the total fund balance was \$12.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents negative 0.5% of total General Fund expenditures and transfers out, while total fund balance represents approximately 2.6% of that same amount.

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

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance Information - GAAP Basis
2010 and 2009
(Amounts in 000's)

	<u>2010</u>	<u>2009</u>
Revenues:		
Income taxes	\$ 267,355	\$ 265,377
Property taxes	38,568	41,918
State local government funds	47,972	45,590
Other shared revenues	44,143	47,164
Licenses and permits	10,581	11,631
Charges for services	25,826	15,878
Fines, forfeits and settlements	23,714	27,617
Investment earnings	351	1,602
Grants	2,569	2,122
Miscellaneous	11,331	13,085
Total revenues	<u>472,410</u>	<u>471,984</u>
Expenditures:		
General Government	72,063	77,690
Public Service	34,394	35,823
Public Safety	301,100	306,294
Community Development		1,860
Building and Housing	8,337	8,984
Public Health	5,240	5,645
Parks, Recreation and Properties	34,715	35,363
Economic Development	1,188	1,317
Other	11,490	10,446
Total expenditures	<u>468,527</u>	<u>483,422</u>
Excess (deficiency) of revenues over (under) expenditures	3,883	(11,438)
Other financing sources (uses):		
Transfers in	18,887	3,872
Transfers out	(16,164)	(18,391)
Sale of City assets	70	277
Net change in fund balance	6,676	(25,680)
Fund balance at beginning of year	<u>5,865</u>	<u>31,545</u>
Fund balance at end of year	<u>\$ 12,541</u>	<u>\$ 5,865</u>

Analysis of General Fund Revenues

General Fund revenues and other sources totaled \$491.4 million in 2010, an increase of approximately \$15.2 million from 2009. A discussion of each of the major types of General Fund revenues follows.

Municipal Income Taxes

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

The income tax is also imposed on gross salaries and wages earned in the City by non-residents of the City and on salaries, wages and other compensation of City residents earned within or outside the City. The income tax liability of a City resident employed outside the City is reduced by a credit equal to 50% of the tax paid to the municipality in which the City resident is employed. The tax on business profits is imposed on that part of profits attributable to business conducted within the City. In 2010, approximately 88% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

Income tax collections increased approximately \$2.0 million in 2010 from 2009 due to an increase in income taxes receivable at December 31, 2010.

Property Taxes

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

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

As discussed in Note 11 – Property Taxes on pages 96 – 97, the tangible personal property (other than public utility) tax has been phased out for collection year 2010.

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

<u>Tax Collection Year</u>	<u>Real Property</u>	<u>Tangible Personal (Other than Public Utility)</u> (Amounts in 000's)	<u>Public Utility Tangible Personal</u>	<u>Total Assessed Valuation</u>
2010	\$ 5,279,349	\$	\$ 233,870	\$ 5,513,219
2009	\$ 5,496,719	\$ 219,920	\$ 220,820	\$ 5,937,459

Property tax revenues decreased by \$3.4 million in 2010 principally due to lower current tax collections and an increase in delinquencies in 2010.

State Local Government Funds and Other Shared Revenues

State Local Government Funds and Other Shared Revenues include taxes levied and collected by the State of Ohio or counties and partially redistributed to the City and other political subdivisions. Other shared revenues include state income, sales, corporate franchise, homestead and rollback, public utility, estate and cigarette taxes as well as liquor fees. State Local Government Funds and Other Shared Revenues have decreased in total by approximately \$639,000 in 2010.

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

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

Distributions from the State of Ohio and Cuyahoga County (as a conduit between the State and City) have generally decreased since 2000; however, in 2010 there was a slight increase in distributions over 2009 amounts.

Analysis of General Fund Expenditures

General Fund expenditures and other financing uses totaled \$484.7 million in 2010, a decrease of 3.41% from 2009. The amount of expenditures and other uses by function on a GAAP basis, including the increases (decreases) over the prior year, are shown in the following table:

<u>Expenditures and Other Financing Uses</u>	<u>Actual 2010</u>	<u>% of Total</u>	<u>Actual 2009</u>	<u>% of Total</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
(Amounts in 000's)						
Current:						
General Government	\$ 72,063	14.87	\$ 77,690	15.48	\$ (5,627)	(7.24)
Public Service	34,394	7.10	35,823	7.14	(1,429)	(3.99)
Public Safety	301,100	62.12	306,294	61.04	(5,194)	(1.70)
Community Development			1,860	0.37	(1,860)	(100.00)
Building and Housing	8,337	1.72	8,984	1.79	(647)	(7.20)
Public Health	5,240	1.08	5,645	1.13	(405)	(7.17)
Parks, Recreation and Properties	34,715	7.16	35,363	7.05	(648)	(1.83)
Economic Development	1,188	0.25	1,317	0.26	(129)	(9.79)
Other	11,490	2.37	10,446	2.08	1,044	9.99
Transfers Out	<u>16,164</u>	3.33	<u>18,391</u>	3.66	<u>(2,227)</u>	(12.11)
Total Expenditures and Other Financing Uses	<u>\$ 484,691</u>		<u>\$ 501,813</u>		<u>\$ (17,122)</u>	

The total expenditures and other financing uses decreased by \$17.1 million. The decreases in General Government and Public Safety expenditures were due to decreases in full-time permanent personnel. In addition, temporary wage reductions related to the City-wide furlough further reduced expenditures in all functional areas in 2010. The decrease in Operating Transfers Out was due to a decrease in the transfer to the Stadium Fund, which was not needed in 2010.

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

The unrestricted net assets of the Division of Water, Cleveland Public Power, and the Department of Port Control Funds amounted to \$207.5 million, \$58.3 million and \$148.1 million, respectively, at December 31, 2010. The change in net assets for each of the respective funds amounted to increases of \$15.8 million, \$3.1 million and \$6.2 million during 2010. Other factors concerning the finances of the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

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

Employees and Labor Relations

As of December 31, 2010 and 2009, the City had approximately 7,694 and 7,943 full-time employees, respectively. Of the 7,694 full-time employees, approximately 5,847 full-time employees are represented by 31 collective bargaining units. The largest collective bargaining units, together with the approximate number of employees represented by such units, include the American Federation of State, County and Municipal Employees, Local 100 – 1,317 members; Cleveland Police Patrolmen's Association – 1,275 members; the Association of Cleveland Firefighters – 857 members; Municipal Foreman and Laborers Union, Local 1099 – 474 members; and Local 244 – 247 members.

There have been no significant labor disputes or work stoppages in the City within the last 27 years.

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

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

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

<u>Year</u>	<u>Amount Paid</u> (Amounts in 000's)
2010	\$ 424,680
2009	\$ 446,948

The decrease in salaries and wages in 2010 is primarily due to a decrease in the number of employees and a decrease in overtime usage.

Employee Retirement Benefits

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

These two retirement systems are:

- Ohio Public Employees Retirement System (OPERS), created in 1935, represents state and local government employees not included in one of the other retirement systems. Management of the system indicates there are 356,734 actively contributing members and total net assets of this pension system approximated \$76.5 billion as of December 31, 2010, the latest information available. More data on this pension system is shown in Note 13 – Defined Benefit Pension Plans and Note 14 – Other Postemployment Benefits of this report.
- Ohio Police and Fire Pension Fund (OP&F), created in 1966, represents sworn personnel, not civilians, employed in police and fire divisions of Ohio’s local governments. As of December 31, 2009, the latest information available, management of the fund indicates membership of approximately 28,927 active members and assets of this pension fund approximated \$11.6 billion. All of the City’s police and fire officers are members of this pension fund. More data on this pension fund is shown in Note 13 – Defined Benefit Pension Plans and Note 14 – Other Postemployment Benefits of this report.

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

	<u>2010</u>	<u>2009</u>
	(Amounts in 000's)	
Paid by City to:		
OPERS	\$ 40,348	\$ 41,333
OP&F	<u>33,294</u>	<u>34,036</u>
Total paid by City	<u>73,642</u>	<u>75,369</u>
Paid by employees to:		
OPERS	25,524	27,443
OP&F	<u>15,719</u>	<u>16,142</u>
Total paid by employees	<u>41,243</u>	<u>43,585</u>
Total	<u>\$ 114,885</u>	<u>\$ 118,954</u>

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

GENERAL FUND BUDGETARY ANALYSIS

In 2010, there were no major differences between the original and the final amended budget at a total revenue and expenditure level, including transfers out (see page 55).

In 2010, there were no major differences between the final amended budget and the actual total revenues, excluding transfers in. There was a \$7.1 million difference in transfers in because the final amended budget included the Rainy Day Fund transfer of \$7.1 million which was not used. There was a difference of \$12.9 million between the final amended budget and actual total expenditures, including transfers out. Approximately \$5.4 million of this was due to the impact of over 200 vacancies and benefit related savings and other “proactive” cost reduction activities resulting from the restructuring of operational clusters in the General Fund. The remaining \$7.5 million was due to continued energy use reduction due to operational efficiency efforts and reductions in contractual and interdepartmental expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounts to \$3.766 billion (net of accumulated depreciation). This investment in capital assets includes land; land improvements; utility plant; buildings, structures and improvements; furniture, fixtures, equipment and vehicles; infrastructure; and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 0.7% (a 1.4% decrease for governmental activities and a 1.4% increase for business-type activities). A summary of the City's capital assets at December 31, 2010 is as follows:

	Capital Assets, Net of Accumulated Depreciation		
	Governmental Activities	Business-Type Activities	Total
	(Amounts in 000's)		
Land	\$ 63,895	\$ 199,129	\$ 263,024
Land improvements	45,570	37,285	82,855
Utility plant		892,613	892,613
Buildings, structures and improvements	332,597	324,501	657,098
Furniture, fixtures, equipment and vehicles	55,202	486,533	541,735
Infrastructure	297,050	534,817	831,867
Construction in progress	<u>116,818</u>	<u>379,621</u>	<u>496,439</u>
Total	<u>\$ 911,132</u>	<u>\$ 2,854,499</u>	<u>\$ 3,765,631</u>

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

- Cleveland Public Power incurred \$24.2 million of capital expenditures relating to various projects, pole replacements, equipment and building betterments.
- The Division of Water had expenditures for capital improvements totaling \$108.7 million. Major expenses were for continuing renovations and enhancements at the Morgan, Baldwin and Nottingham Plants, equipment and rehabilitation of water mains.
- Port Control expenditures for capital improvements totaled approximately \$25.5 million. Major components were the Runway 10/28 Safety Improvement Project, security system enhancements and reconstruction and upgrading and enhancements of the terminal utilities.
- Water Pollution Control had capital expenditures of \$3.0 million. Major initiatives included the various sewer line replacement projects.
- Major capital projects for Governmental Activities included land improvements, building improvements, vehicles and equipment, various computer system upgrades and infrastructure improvements.

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

Long-term debt and certain other obligations: At the end of the current fiscal year, the City had total long-term debt and certain other obligations outstanding of \$2.765 billion as shown below. General Obligation Bonds are typically issued for general governmental activities and are backed by the full faith and credit of the City. Revenue bonds are typically recorded in the applicable Enterprise Fund and are supported by the revenues generated by the respective Enterprise Fund. The remainder of the City's debt represents bonds or notes secured solely by specified revenue sources.

The activity in the City's debt obligations outstanding during the year ended December 31, 2010 is summarized below (excluding unamortized discounts, premiums and losses on debt refundings).

	Balance January 1, 2010	Debt Issued	Debt Refunded or Defeased	Debt Retired	Balance December 31, 2010
	(Amounts in 000's)				
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 326,230	\$	\$	\$ (29,115)	\$ 297,115
Urban Renewal Bonds	5,860			(495)	5,365
Subordinated Income Tax Bonds	58,460			(2,675)	55,785
Subordinate Lien Income Tax Bonds	57,630	27,380		(1,985)	83,025
Non-Tax Revenue Bonds	64,956			(3,161)	61,795
Annual Appropriation Bonds		11,000			11,000
Certificates of Participation	119,016	133,125	(108,390)	(8,214)	135,537
Capital Lease Obligations	5,320	6,690		(3,073)	8,937
Gateway Note Payable	<u>1,750</u>	<u></u>	<u></u>	<u>(250)</u>	<u>1,500</u>
Total Governmental Activities	<u>639,222</u>	<u>178,195</u>	<u>(108,390)</u>	<u>(48,968)</u>	<u>660,059</u>
<u>Business –Type Activities:</u>					
Revenue Bonds & Notes	2,032,178	155,345	(146,955)	(65,740)	1,974,828
Ohio Water Development Loans	107,654	18,731		(5,050)	121,335
Deferred Payment Obligation	<u>11,830</u>	<u></u>	<u></u>	<u>(2,562)</u>	<u>9,268</u>
Total Business –Type Activities	<u>2,151,662</u>	<u>174,076</u>	<u>(146,955)</u>	<u>(73,352)</u>	<u>2,105,431</u>
Total	<u>\$ 2,790,884</u>	<u>\$ 352,271</u>	<u>\$ (255,345)</u>	<u>\$ (122,320)</u>	<u>\$ 2,765,490</u>

Funds used to meet the debt service requirements of the City's General Obligation Bonds are from certain ad valorem taxes, restricted income taxes and interest earnings. Ad valorem taxes, the primary source of funds, amounted to \$20.09 million in 2010 which represents approximately 45% of the debt service requirements on the General Obligation Bonds. These taxes were derived from a levy of \$4.35 per \$1,000 of assessed property. The remaining 55% of debt service requirements is retired from a portion of the City's restricted income tax proceeds, homestead and rollback reimbursement from the State, interest earnings and other miscellaneous revenue sources generated within the Debt Service Funds.

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

The City's bond ratings for general obligation and revenue bonds are as follows as of December 31, 2010:

	Moody's Investors Service	Standard & Poor's	Fitch Ratings
General Obligation Bonds	A1*	AA	AA-***
Subordinate Lien Income Tax Bonds	A2*	AA	N/A
Waterworks Revenue Bonds	Aa1*	AA	N/A
Cleveland Public Power Revenue Bonds	A2	A-	N/A
Airport System Revenue Bonds	Baa1**	A-	A
Parking Revenue Bonds (Insured Ratings)	Aa3	AA+	N/A

* Rating upgraded in April 2010 as part of Moody's recalibration of municipal ratings to its global scale.

** On November 18, 2010, Moody's lowered its rating on Airport System Revenue Bonds from A3 to Baa1.

*** In May 2010, Fitch Ratings upgraded its rating on City GO Bonds as part of its recalibration of municipal bond ratings.

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, 2010 was:

Net General Bonded Debt:	\$294,923,000
Ratio of Net Bonded Debt to Assessed Valuation:	5.35%
Net General Bonded Debt Per Capita:	\$743.23

The Ohio Revised Code provides that the net debt of the municipal corporation, whether or not approved by the electors, shall not exceed 10.50% of the assessed value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.50% of total assessed value of property. The City's total debt limit (10.50%) is \$578,888,037 and unvoted debt limit (5.50%) is \$303,227,067. At December 31, 2010, the City had no capacity under the indirect debt limitation calculation per the Ohio Revised Code to issue additional unvoted debt. However, these debt limitations are not expected to affect the financing of any currently planned facilities or services.

In addition, the City has entered into various derivative or hedging agreements since 1996. Derivative instruments are contracts, the value of which depends on, or derives from, the value of an underlying asset, index or rate. The most common types of derivatives used by governments are interest rate swaps and interest rate locks. A detailed description of each outstanding derivative, including its terms, objectives, risks and fair value, can be found in Note 5 – Debt and Other Long-Term Obligations.

In accordance with the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the City has reported a deferred outflow and a liability in the amount of the fair value of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2010. The specific terms and conditions of each swap have been provided by the respective counterparty for each swap and confirmed by the City's financial advisor.

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

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

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

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

On April 13, 2011, Fitch Ratings downgraded its rating on the City's outstanding general obligation bonds from AA- to A+ with a stable outlook. This rating applies to all of the City's outstanding general obligation bonds issued from 2002 through 2009.

On April 25, 2011, Fitch Ratings downgraded its rating on the City's outstanding airport system revenue bonds from A (negative outlook) to A- with a stable outlook. This rating covers various series of revenue bonds issued to make improvements to Cleveland Hopkins and Burke Lakefront Airports.

The City introduced legislation on May 9, 2011 which would authorize the sale of the Gateway North Garage, which is part of the City's parking facilities. The garage is one of two City-owned garages located in the Gateway neighborhood and is being sold to Rock Ohio Caesars Gateway LLC to facilitate the development of Phase I of the Horseshoe Casino Cleveland. City Council approved the legislation on June 6, 2011.

On May 16, 2011, City Council passed legislation authorizing the City to enter into an equipment lease agreement in an amount not to exceed \$6,800,000. The City intends to purchase various police vehicles, heavy-duty vehicles and other apparatus. Lease payments will be made from the Restricted Income Tax Fund for a period of seven years.

Effective May 19, 2011, the City issued \$31,260,000 Series 2011 Various Purpose General Obligation Bonds. Proceeds of the bonds will be used for various public improvements to roads and bridges, cemeteries, public facilities and parks and recreation facilities.

NEED ADDITIONAL INFORMATION

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

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BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, OHIO

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

(Amounts in 000's)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 310,717	\$ 337,735	\$ 648,452
Investments		7,102	7,102
Receivables:			
Taxes	134,257		134,257
Accounts	22,612	219,545	242,157
Grants	31,394		31,394
Loans	176,849		176,849
Unbilled revenue		37,904	37,904
Accrued interest		65	65
Assessments	6,247		6,247
Less: Allowance for doubtful accounts	<u>(12,089)</u>	<u>(31,784)</u>	<u>(43,873)</u>
Receivables, net	<u>359,270</u>	<u>225,730</u>	<u>585,000</u>
Internal balances	2,612	(2,612)	
Due from other governments	40,613	722	41,335
Inventory of supplies	2,524	15,438	17,962
Prepaid expenses and other assets		1,521	1,521
Restricted assets:			
Cash and cash equivalents		603,358	603,358
Investments		5,601	5,601
Accrued interest receivable		102	102
Bond retirement reserve		53	53
Accrued passenger facility charge		<u>2,470</u>	<u>2,470</u>
Total restricted assets	<u>-</u>	<u>611,584</u>	<u>611,584</u>
Unamortized bond issuance costs	25,968	28,240	54,208
Deferred outflows of resources	914	27,208	28,122
Capital assets:			
Land and construction in progress	180,713	578,750	759,463
Other capital assets, net of accumulated depreciation	<u>730,419</u>	<u>2,275,749</u>	<u>3,006,168</u>
Total capital assets	<u>911,132</u>	<u>2,854,499</u>	<u>3,765,631</u>
Total assets	<u>1,653,750</u>	<u>4,107,167</u>	<u>5,760,917</u>
LIABILITIES			
Accounts payable	13,380	28,283	41,663
Accrued wages and benefits	48,735	13,631	62,366
Due to other governments	88,534	114,922	203,456
Accrued interest payable	11,763	40,026	51,789
Deferred revenue	69,157		69,157
Unearned revenue	11,851		11,851
Liabilities payable from restricted assets		20,773	20,773
Loans payable	2,560		2,560
Derivative instruments-interest rate swaps	914	27,208	28,122
Long-term obligations:			
Due within one year	82,446	132,806	215,252
Due in more than one year	<u>697,229</u>	<u>1,943,278</u>	<u>2,640,507</u>
Total liabilities	<u>1,026,569</u>	<u>2,320,927</u>	<u>3,347,496</u>
NET ASSETS			
Invested in capital assets, net of related debt	557,804	1,080,332	1,638,136
Restricted for:			
Debt service	26,265	217,939	244,204
Loans	113,418		113,418
Other purposes	20,259	25,572	45,831
Unrestricted (deficit)	<u>(90,565)</u>	<u>462,397</u>	<u>371,832</u>
Total net assets	<u>\$ 627,181</u>	<u>\$ 1,786,240</u>	<u>\$ 2,413,421</u>

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

CITY OF CLEVELAND, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in 000's)

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental activities:							
General Government	\$ 81,898	\$ 31,570	\$ 1,348	\$ 41	\$ (48,939)	\$	\$ (48,939)
Public Service	93,425	12,024	13,821	11,179	(56,401)		(56,401)
Public Safety	315,900	13,839	8,647		(293,414)		(293,414)
Community Development	70,589		73,563		2,974		2,974
Building and Housing	17,445	7,327	9,064		(1,054)		(1,054)
Public Health	19,740	3,033	12,693		(4,014)		(4,014)
Parks, Recreation and Properties	46,963	8,047	13,830		(25,086)		(25,086)
Economic Development	24,729	1,469	8,156		(15,104)		(15,104)
Interest on debt	47,531				(47,531)		(47,531)
Total governmental activities	<u>718,220</u>	<u>77,309</u>	<u>141,122</u>	<u>11,220</u>	<u>(488,569)</u>	<u>-</u>	<u>(488,569)</u>
Business-type activities:							
Water	232,862	237,270	3,553	7,645		15,606	15,606
Electricity	165,330	166,665	566	1,035		2,936	2,936
Airport facilities	158,262	106,696	619	57,089		6,142	6,142
Nonmajor activities:							
Sewer	24,140	25,130	43	401		1,434	1,434
Convention Center	4,568	1,296	3,785	18,789		19,302	19,302
Westside Market	1,692	1,295	20			(377)	(377)
Eastside Market	82		1			(81)	(81)
Municipal Parking Lots	9,242	9,227	2	3		(10)	(10)
Cemeteries	1,858	1,327	72	572		113	113
Golf Courses	1,861	1,083	128			(650)	(650)
Total business-type activities	<u>599,897</u>	<u>549,989</u>	<u>8,789</u>	<u>85,534</u>	<u>-</u>	<u>44,415</u>	<u>44,415</u>
Total	<u>\$ 1,318,117</u>	<u>\$ 627,298</u>	<u>\$ 149,911</u>	<u>\$ 96,754</u>	<u>(488,569)</u>	<u>44,415</u>	<u>(444,154)</u>
General revenues:							
Income taxes					298,209		298,209
Property taxes					88,087		88,087
Other taxes					28,450		28,450
Shared revenues					23,869		23,869
State local government funds					49,266		49,266
Unrestricted investment earnings					654	4	658
Other					14,104		14,104
Transfers					19,278		19,278
Total general revenues and transfers					<u>521,917</u>	<u>(19,278)</u>	<u>502,643</u>
Change in net assets					33,348	25,141	58,489
Net assets at beginning of year					593,833	1,761,099	2,354,932
Net assets at end of year					<u>\$ 627,181</u>	<u>\$ 1,786,240</u>	<u>\$ 2,413,421</u>

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

CITY OF CLEVELAND, OHIO

BALANCE SHEET-GOVERNMENTAL FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 16,400	\$ 279,827	\$ 296,227
Receivables:			
Taxes	99,483	34,774	134,257
Accounts	22,612		22,612
Grants		31,394	31,394
Loans		176,849	176,849
Assessments		6,247	6,247
Less: Allowance for doubtful accounts	<u>(12,089)</u>		<u>(12,089)</u>
Receivables, net	<u>110,006</u>	<u>249,264</u>	<u>359,270</u>
Due from other funds	12,630	13,064	25,694
Due from other governments	29,298	11,315	40,613
Inventory of supplies	<u>77</u>	<u>1,168</u>	<u>1,245</u>
TOTAL ASSETS	<u>\$ 168,411</u>	<u>\$ 554,638</u>	<u>\$ 723,049</u>
LIABILITIES			
Accounts payable	\$ 3,716	\$ 7,945	\$ 11,661
Accrued wages and benefits	44,491	3,157	47,648
Due to other governments	952	87,045	87,997
Deferred revenue	100,987	58,937	159,924
Unearned revenue		11,851	11,851
Due to other funds	<u>5,724</u>	<u>25,822</u>	<u>31,546</u>
Total liabilities	<u>155,870</u>	<u>194,757</u>	<u>350,627</u>
FUND BALANCES			
Reserved for:			
Loans		113,418	113,418
Inventory	77	1,168	1,245
Debt service		35,770	35,770
Encumbrances	6,461	107,340	113,801
Rainy day reserve fund	8,532		8,532
Unreserved, reported in:			
General Fund:			
Designated for future capital improvements	42		42
Undesignated	<u>(2,571)</u>		<u>(2,571)</u>
Special Revenue funds:			
Designated for future capital improvements		3,020	3,020
Undesignated		61,412	61,412
Capital Projects funds:			
Designated for future capital improvements		25,381	25,381
Undesignated		<u>12,372</u>	<u>12,372</u>
Total fund balances	<u>12,541</u>	<u>359,881</u>	<u>372,422</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 168,411</u>	<u>\$ 554,638</u>	

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

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

907,433

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

90,767

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

(752,899)

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

9,458

Net assets of governmental activities

\$ 627,181

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

CITY OF CLEVELAND, OHIO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Income taxes	\$ 267,355	\$ 33,072	\$ 300,427
Property taxes	38,568	20,092	58,660
State local government funds	47,972		47,972
Other shared revenues	44,143	35,477	79,620
Licenses and permits	10,581	2,948	13,529
Charges for services	25,826	7,953	33,779
Fines, forfeits and settlements	23,714	4,929	28,643
Investment earnings	351	270	621
Grants	2,569	114,351	116,920
Contributions		72	72
Miscellaneous	<u>11,331</u>	<u>5,159</u>	<u>16,490</u>
Total revenues	<u>472,410</u>	<u>224,323</u>	<u>696,733</u>
EXPENDITURES:			
Current:			
General Government	72,063	8,802	80,865
Public Service	34,394	19,173	53,567
Public Safety	301,100	7,221	308,321
Community Development		70,437	70,437
Building and Housing	8,337	9,064	17,401
Public Health	5,240	13,989	19,229
Parks, Recreation and Properties	34,715	3,107	37,822
Economic Development	1,188	23,447	24,635
Other	11,490		11,490
Capital outlay		56,227	56,227
Inception of capital lease		3,201	3,201
Debt service:			
Principal retirement		48,223	48,223
Interest		28,682	28,682
General Government		18,722	18,722
Other		795	795
Total expenditures	<u>468,527</u>	<u>311,090</u>	<u>779,617</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,883</u>	<u>(86,767)</u>	<u>(82,884)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	18,887	87,730	106,617
Transfers out	(16,164)	(71,988)	(88,152)
Issuance of debt		171,505	171,505
Premium on bonds and notes		1,885	1,885
Discount on bonds and notes		(237)	(237)
Payment to refund bonds and notes		(108,390)	(108,390)
Sale of City assets	70	1,057	1,127
Proceeds from capital lease		6,690	6,690
Total other financing sources (uses)	<u>2,793</u>	<u>88,252</u>	<u>91,045</u>
NET CHANGE IN FUND BALANCES	6,676	1,485	8,161
FUND BALANCES AT BEGINNING OF YEAR	<u>5,865</u>	<u>358,396</u>	<u>364,261</u>
FUND BALANCES AT END OF YEAR	<u>\$ 12,541</u>	<u>\$ 359,881</u>	<u>\$ 372,422</u>

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

CITY OF CLEVELAND, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES OF GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2010

(Amounts in 000's)

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

Net change in fund balances - total governmental funds (page 53)	\$ 8,161
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(15,436)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	33,877
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of debt issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences, including accrued interest, in the treatment of long-term debt and related items.	(32)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	9,956
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(3,178)</u>
Change in net assets of governmental activities (page 51)	<u>\$ 33,348</u>

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

CITY OF CLEVELAND, OHIO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (BUDGET AND ACTUAL) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual*</u>	<u>Variance- Positive (Negative)</u>
REVENUES:				
Income taxes	\$ 262,509	\$ 262,509	\$ 263,578	\$ 1,069
Property taxes	39,009	39,009	38,568	(441)
State local government funds	45,730	45,730	47,268	1,538
Other shared revenues	43,340	43,340	45,476	2,136
Licenses and permits	11,265	11,265	10,673	(592)
Charges for services	28,024	28,024	26,350	(1,674)
Fines, forfeits and settlements	25,588	25,588	23,982	(1,606)
Investment earnings	1,011	1,011	326	(685)
Grants	4,821	4,821	2,569	(2,252)
Miscellaneous	<u>20,149</u>	<u>20,149</u>	<u>21,934</u>	<u>1,785</u>
Total revenues	481,446	481,446	480,724	(722)
EXPENDITURES:				
Current:				
General Government	79,322	79,531	75,739	3,792
Public Service	35,154	35,157	34,641	516
Public Safety	303,690	304,825	302,168	2,657
Building and Housing	9,428	9,428	8,578	850
Public Health	5,621	5,671	5,328	343
Parks, Recreation and Properties	36,889	36,889	34,974	1,915
Economic Development	1,289	1,289	1,207	82
Other	<u>21,586</u>	<u>22,286</u>	<u>19,592</u>	<u>2,694</u>
Total expenditures	492,979	495,076	482,227	12,849
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,533)	(13,630)	(1,503)	12,127
OTHER FINANCING SOURCES (USES):				
Transfers in	25,970	25,970	18,887	(7,083)
Transfers out	(18,375)	(16,278)	(16,277)	1
Sale of City assets	<u>2</u>	<u>2</u>	<u>70</u>	<u>68</u>
Total other financing sources (uses)	7,597	9,694	2,680	(7,014)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(3,936)</u>	<u>(3,936)</u>	<u>1,177</u>	<u>5,113</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			<u>999</u>	<u>999</u>
NET CHANGE IN FUND BALANCES	<u>(3,936)</u>	<u>(3,936)</u>	<u>2,176</u>	<u>6,112</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>3,968</u>	<u>3,968</u>	<u>3,968</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 32</u>	<u>\$ 32</u>	<u>\$ 6,144</u>	<u>\$ 6,112</u>

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

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

CITY OF CLEVELAND, OHIO

BALANCE SHEET - PROPRIETARY FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	Business Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 158,473	\$ 54,212	\$ 82,872	\$ 41,196	\$ 336,753	\$ 15,472
Restricted cash and cash equivalents	15,727	1,271	3,775		20,773	
Investments	7,102				7,102	
Receivables:						
Accounts	68,952	18,305	14,519	117,769	219,545	
Unbilled revenue	28,700	2,492	4,415	2,297	37,904	
Accrued interest	65				65	
Less: Allowance for doubtful accounts	(19,611)	(4,647)	(1,986)	(5,540)	(31,784)	
Receivables, net	78,106	16,150	16,948	114,526	225,730	-
Due from other funds	11,864	2,505	96	519	14,984	8,674
Due from other governments			722		722	
Inventory of supplies	3,940	9,135	2,057	306	15,438	1,280
Prepaid expenses and other assets	1,073	116	332		1,521	
Total current assets	276,285	83,389	106,802	156,547	623,023	25,426
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	240,916	59,876	258,114	23,679	582,585	
Investments		3,572	2,029		5,601	
Accrued interest receivable	77		25		102	
Bond retirement reserve			53		53	
Accrued passenger facility charges			2,470		2,470	
Total restricted assets	240,993	63,448	262,691	23,679	590,811	-
Unamortized bond issuance costs	4,911	3,293	17,453	2,583	28,240	
Deferred outflow of resources	17,664		7,715	1,829	27,208	
Capital assets:						
Land	5,463	4,863	167,457	21,346	199,129	663
Land improvements	16,549	305	72,568	6,551	95,973	146
Utility plant	1,002,569	472,178		128,560	1,603,307	
Buildings, structures and improvements	219,953	18,699	328,738	118,079	685,469	2,673
Furniture, fixtures, equipment and vehicles	565,014	78,502	36,645	19,623	699,784	6,703
Infrastructure			910,907		910,907	
Construction in progress	310,919	42,642	16,815	9,245	379,621	988
Less: Accumulated depreciation	(650,909)	(282,694)	(632,622)	(154,249)	(1,720,474)	(6,692)
Total capital assets, net	1,469,558	334,495	900,508	149,155	2,853,716	4,481
Total noncurrent assets	1,733,126	401,236	1,188,367	177,246	3,499,975	4,481
TOTAL ASSETS	\$ 2,009,411	\$ 484,625	\$ 1,295,169	\$ 333,793	\$ 4,122,998	\$ 29,907

(Continued)

CITY OF CLEVELAND, OHIO

BALANCE SHEET - PROPRIETARY FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds		
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 12,466	\$ 11,048	\$ 2,510	\$ 2,250	\$ 28,274	\$ 1,732
Accrued wages and benefits	10,423	3,781	4,129	2,135	20,468	2,549
Due to other funds	2,223	5,164	1,069	9,130	17,586	220
Due to other governments			6,492	108,430	114,922	537
Accrued interest payable	15,597	5,543	18,111	775	40,026	
Current payable from restricted assets	15,727	1,271	3,775		20,773	
Current portion of long-term obligations	93,407	10,495	17,472	3,911	125,285	
Total current liabilities	149,843	37,302	53,558	126,631	367,334	5,038
Long-term liabilities:						
Accrued wages and benefits	1,619	560	651	288	3,118	14,495
Construction loans payable	112,114			2,843	114,957	
Deferred payment obligation			6,500		6,500	
Revenue bonds payable	705,505	240,005	824,866	48,181	1,818,557	
Derivative instruments-interest rate swaps	17,664		7,715	1,829	27,208	
Total noncurrent liabilities	836,902	240,565	839,732	53,141	1,970,340	14,495
Total liabilities	986,745	277,867	893,290	179,772	2,337,674	19,533
NET ASSETS						
Invested in capital assets, net of related debt	713,285	144,257	124,506	97,501	1,079,549	4,481
Restricted for debt service	101,890	4,210	103,701	8,138	217,939	
Restricted for passenger facility charges			25,572		25,572	
Unrestricted	207,491	58,291	148,100	48,382	462,264	5,893
Total net assets	1,022,666	206,758	401,879	154,021	1,785,324	10,374
TOTAL LIABILITIES AND NET ASSETS	\$ 2,009,411	\$ 484,625	\$ 1,295,169	\$ 333,793		\$ 29,907
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					916	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES					\$ 1,786,240	

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

(Concluded)

CITY OF CLEVELAND, OHIO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds		
OPERATING REVENUES:						
Charges for services	\$ 237,270	\$ 166,665	\$ 106,696	\$ 39,338	\$ 549,969	\$ 37,763
Total operating revenue	<u>237,270</u>	<u>166,665</u>	<u>106,696</u>	<u>39,338</u>	<u>549,969</u>	<u>37,763</u>
OPERATING EXPENSES:						
Operations	99,610	24,199	66,439	22,690	212,938	39,380
Maintenance	49,903	19,212	3,713	9,050	81,878	2,399
Purchased power		94,619			94,619	
Depreciation	55,715	16,191	49,999	8,088	129,993	607
Total operating expenses	<u>205,228</u>	<u>154,221</u>	<u>120,151</u>	<u>39,828</u>	<u>519,428</u>	<u>42,386</u>
OPERATING INCOME (LOSS)	<u>32,042</u>	<u>12,444</u>	<u>(13,455)</u>	<u>(490)</u>	<u>30,541</u>	<u>(4,623)</u>
NON-OPERATING REVENUES (EXPENSES):						
Investment income	4,007	96	1,088	55	5,246	36
Interest expense	(27,410)	(10,966)	(30,442)	(3,183)	(72,001)	
Passenger facility charges			18,820		18,820	
Sound insulation program			(2,545)		(2,545)	
Gain (Loss) on disposal of capital assets	1			18,703	18,704	
Hotel tax				3,785	3,785	
Other revenues (expenses)	<u>2,189</u>	<u>484</u>	<u>(5,053)</u>	<u>(131)</u>	<u>(2,511)</u>	
Total non-operating revenues (expenses)	<u>(21,213)</u>	<u>(10,386)</u>	<u>(18,132)</u>	<u>19,229</u>	<u>(30,502)</u>	<u>36</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>10,829</u>	<u>2,058</u>	<u>(31,587)</u>	<u>18,739</u>	<u>39</u>	<u>(4,587)</u>
Capital contributions	5,001	1,021	37,800	1,048	44,870	107
Transfers in				694	694	813
Transfers out				(19,972)	(19,972)	
Change in net assets	<u>15,830</u>	<u>3,079</u>	<u>6,213</u>	<u>509</u>	<u>25,631</u>	<u>(3,667)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>1,006,836</u>	<u>203,679</u>	<u>395,666</u>	<u>153,512</u>		<u>14,041</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,022,666</u>	<u>\$ 206,758</u>	<u>\$ 401,879</u>	<u>\$ 154,021</u>		<u>\$ 10,374</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds					(490)	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES					<u>\$ 25,141</u>	

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

CITY OF CLEVELAND, OHIO

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 226,973	\$ 166,981	\$ 96,848	\$ 36,200	\$ 527,002	\$ 37,525
Cash payments to suppliers for goods or services	(65,037)	(15,862)	(36,896)	(13,808)	(131,603)	(23,892)
Cash payments to employees for services	(75,207)	(21,825)	(27,813)	(15,792)	(140,637)	(17,929)
Cash payments for purchased power		(95,227)			(95,227)	
Agency activity on behalf of NEORSD				6,298	6,298	
Other		(5,205)			(5,205)	
Net cash provided by (used for) operating activities	86,729	28,862	32,139	12,898	160,628	(4,296)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Cash payments for sound insulation of homes			(3,165)		(3,165)	
Cash received (paid) through transfers from/to other funds				(19,278)	(19,278)	813
Cash received from hotel tax				3,809	3,809	
Cash receipts (payments) from/to various parties		2,157	(3,154)	193	(804)	
Net cash provided by (used for) noncapital financing activities		2,157	(6,319)	(15,276)	(19,438)	813
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Cash receipts for passenger facility charges			18,798		18,798	
Proceeds from sale of revenue bonds, loans and notes	138,854	27,243			166,097	
Acquisition and construction of capital assets	(82,684)	(20,343)	(27,416)	(3,704)	(134,147)	
Sale of capital assets				20,003	20,003	
Principal paid on long-term debt	(36,191)	(8,045)	(52,480)	(3,767)	(100,483)	
Interest paid on long-term debt	(40,324)	(10,456)	(36,471)	(2,963)	(90,214)	
Cash paid to escrow agent for refunding	(91,009)	(27,081)			(118,090)	
Capital grant proceeds	5,001		39,092		44,093	
Net cash provided by (used for) capital and related financing activities	(106,353)	(38,682)	(58,477)	9,569	(193,943)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of investment securities		(8,572)			(8,572)	
Proceeds from sale and maturity of investment securities	21,000	8,163	9,999		39,162	
Interest received on investments	5,070	106	1,666	55	6,897	36
Net cash provided by (used for) investing activities	26,070	(303)	11,665	55	37,487	36
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,446	(7,966)	(20,992)	7,246	(15,266)	(3,447)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	408,670	123,325	365,753	57,629	955,377	18,919
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 415,116	\$ 115,359	\$ 344,761	\$ 64,875	\$ 940,111	\$ 15,472

(Continued)

CITY OF CLEVELAND, OHIO

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Division of Water	Cleveland Public Power	Department of Port Control	Other Enterprise Funds	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:						
Operating income (loss)	\$ 32,042	\$ 12,444	\$ (13,455)	\$ (490)	\$ 30,541	\$ (4,623)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	55,715	16,191	49,999	8,088	129,993	607
Non-cash rental income			(3,389)		(3,389)	
Changes in assets and liabilities:						
Receivables, net	(2,805)	(180)	(6,107)	(12,132)	(21,224)	
Due from other funds	(1,052)	47	(71)	(36)	(1,112)	2,079
Inventory of supplies	169	(471)	102	162	(38)	(14)
Prepaid expenses and other assets	828	(7)	251		1,072	
Accounts payable	802	618	(1,269)	1,085	1,236	431
Accrued wages and benefits	(1,210)	(552)	(93)	(391)	(2,246)	(3,041)
Due to other funds	(298)	777	(105)	1,001	1,375	37
Due to other governments				15,611	15,611	228
Accrued expenses and other liabilities	2,538	(5)	6,276		8,809	
Total adjustments	<u>54,687</u>	<u>16,418</u>	<u>45,594</u>	<u>13,388</u>	<u>130,087</u>	<u>327</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 86,729</u>	<u>\$ 28,862</u>	<u>\$ 32,139</u>	<u>\$ 12,898</u>	<u>\$ 160,628</u>	<u>\$ (4,296)</u>

(Concluded)

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

CITY OF CLEVELAND, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 33,282
Taxes receivable	20,072
Due from other governments	413
Total assets	<u>\$ 53,767</u>
LIABILITIES	
Due to other governments	27,350
Due to others	26,417
Total liabilities	<u>\$ 53,767</u>

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

CITY OF CLEVELAND, OHIO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF CITY OPERATIONS AND REPORTING ENTITY

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

Reporting Entity: The accompanying financial statements as of December 31, 2010 and for the year then ended have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

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

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

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

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies:

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

A. *Government-Wide and Fund Financial Statements*

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

Basic Financial Statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. *Financial Reporting Presentation*

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

GOVERNMENTAL FUNDS

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

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

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

C. *Measurement Focus and Basis of Accounting*

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

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

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

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

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

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

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

D. Budgetary Procedures

The City is required by state law to adopt annual budgets for the General Fund, certain Special Revenue Funds (including the Division of Streets, Restricted Income Tax, Rainy Day Reserve, Schools Recreation and Cultural Activities and Cleveland Stadium Operations Funds), Debt Service Funds (except for Urban Renewal and Urban Renewal Reserve Funds) and Proprietary Operating Funds. Modifications to the original budget are approved by City Council throughout the year. The City maintains budgetary control by not permitting expenditures to exceed appropriations for personnel costs (including benefits) and other costs (including debt service and capital outlay), within a division of the City, without the approval of City Council. Adjustments to the budget can only be made within a division and then within each category. Further legislation is needed in order to move budget amounts from "personnel" to "other" or vice versa, or between divisions. City Council adopted two appropriation amendments during 2010 which reallocated appropriations and increased the budget less than 1% from the original budget.

Unencumbered appropriations for annually budgeted funds lapse at year end.

The City's budgetary process does not include annual budgeting for certain Special Revenue Funds and Capital Project Funds. Appropriations in these funds remain open and carry over to succeeding years (i.e.,

multi-year) until the related expenditures are made or until they are modified or canceled. Appropriations for these funds are controlled on a project basis.

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

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

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

A reconciliation of the General Fund's results of operations for 2010 reported on the budget basis versus the GAAP basis is as follows:

	(Amounts in 000's)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses (Budget Basis)	\$ 1,177
Adjustments:	
Revenue Accruals	(8,314)
Expenditure Accruals	7,023
Encumbrances and Pre-Encumbrances	<u>6,790</u>
Net Change in Fund Balance	<u>\$ 6,676</u>

E. ***Other Significant Accounting Policies***

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

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

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

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

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

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

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type

activities columns in the government-wide financial statements to the extent the City's capitalization threshold is met. The City defines capital assets as assets with an estimated useful life in excess of one year and an individual cost of more than \$5,000 for land, furniture, fixtures, equipment and vehicles; and \$10,000 for all other assets or projects. Assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Contributed capital assets are recorded at their estimated fair market value on the date contributed.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized on the straight-line basis over the estimated useful lives of such assets. The City applies guidance provided by the Financial Accounting Standards Board. This guidance 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. This guidance is applied to Waterworks Improvement First Mortgage Revenue Bonds, its Public Power Improvement First Mortgage Revenue Bonds and its Airport Revenue Bonds.

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

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

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

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

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

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

Long-Term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the

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

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

Swap Agreements: The City may enter into interest rate swap agreements to modify interest rates on outstanding debt. The City has implemented GASB 53 for the year ending December 31, 2010 and has accordingly recorded the fair value of each swap in the Government-wide financial statements. As further described in Note 5 – Debt And Other Long-Term Obligations, the City has six swap agreements outstanding at December 31, 2010, one for its Subordinated Income Tax Variable Rate Refunding Bonds, one on the Parking Facilities Refunding Revenue Bonds, one related to the Airport System Revenue Bonds Series 2008D, one related to the Airport System Revenue Bonds Series 2009D, two associated with the 2008 Water Revenue Bonds Series Q and 2010 Water Revenue Bonds Series U and V.

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

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

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

Encumbrances and Pre-Encumbrances: Encumbrance accounting, under which purchase orders, requisitions, contracts, and other commitments for expenditures are recorded as encumbrances or pre-encumbrances to reserve the applicable portion of the appropriation. Encumbrances and pre-encumbrances

outstanding at year end are reported as a reservation of fund balances as “Reserve for Encumbrances” in the governmental fund balance sheet since they do not constitute expenditures or liabilities and are carried forward to the next fiscal year.

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

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

F. Accounting Pronouncements

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for the year ended December 31, 2010. The City has determined that GASB Statement No. 51 has no material impact on its financial statements as of December 31, 2010.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement requires governments to measure most derivative instruments at fair value in financial statements using the accrual basis of accounting. Specific criteria are used to determine whether a derivative instrument results in an effective hedge. Changes in fair value for effective hedges are to be recognized in the reporting period to which they relate and are reported as deferrals in the statement of net assets or the balance sheet. Derivative instruments that either do not meet the criteria for an effective hedge or are associated with investments that are already reported at fair value are to be classified as investment derivative instruments for financial reporting purposes with the change in fair value reported as part of investment revenue in the current period. As required, the City has implemented GASB 53 effective for the 2010 fiscal year.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$752.9 million difference are as follows:

	(Amounts in 000's)
Bonds payable	\$ (641,706)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	25,968
Unamortized bond premium	(17,102)
Accrued interest payable	(11,763)
Capital leases payable	(8,937)
Loans payable	(2,560)
Claims and adjustments	(4,000)
Compensated absences	<u>(92,799)</u>
Net adjustments to reduce <i>fund balance - total governmental funds</i>	
to arrive at <i>net assets - governmental activities</i>	<u>\$ (752,899)</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$15.4 million difference are as follows:

	(Amounts in 000's)
Capital outlay	\$ 36,577
Depreciation expense	(51,965)
Capital asset disposal	<u>(48)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (15,436)</u>

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

	(Amounts in 000's)
Reversal of prior year deferred revenue	\$ (56,890)
Current year deferred revenues	<u>90,767</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 33,877</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences, including accrued interest and in the treatment of long-term debt is \$32,000 which is detailed as follows:

	(Amounts in 000's)
Debt issued or incurred:	
Issuance of general obligation bonds and other obligations	\$ (173,153)
Accrued interest	614
Principal repayments:	
General obligation debt and other obligations	44,980
Payment on capital lease	3,073
Payment on loan	80
Refunding of general obligation bonds and other obligations	108,390
Amortization of debt issuance cost	<u>15,984</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (32)</u>

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$10.0 million difference are as follows:

	(Amounts in 000's)
Compensated absences	\$ 9,602
Claims judgements	<u>354</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 9,956</u>

NOTE 4 – POOLED AND SEGREGATED CASH AND INVESTMENTS

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

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

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

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

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

Monthly, the City determines that the collateral has a market value adequate to cover the deposits and that it has been segregated either physically or in book entry form. At year end, the carrying amount of the City's deposits was \$251,340,000 and the actual bank balance totaled \$264,274,000. The difference represents outstanding warrants payable and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Repurchase Agreements*, and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, \$264,274,000 of the bank balance was insured or collateralized with securities held by the City or by its agent in the City's name.

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the City's deposits were fully insured or collateralized. All deposits are collateralized with eligible securities pledged and deposited either with the City or with a qualified trustee by the financial institution as security for repayment of all public monies deposited in the financial institution whose market value at all times is equal to at least 110% of the carrying value of the deposits being secured.

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

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

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

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

Credit Risk: The City's investments as of December 31, 2010 include U.S. Agencies, U.S. Treasury Bills, STAROhio, Victory Federal Money Market Funds, PNC Government Money Market Fund (A), mutual funds, guaranteed investment contracts and manuscript debt. The City maintains the highest ratings for its investments. Investments in FFCB agency securities are rated AAA by Standard & Poor's. Investments in the Victory Money Market Fund, PNC Government Money Market Fund (A) and STAROhio carry a rating of AAAM, which is the highest money market fund rating given by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

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

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Investment Maturities</u>		
			<u>Less than One Year</u>	<u>1 - 5 Years</u>	<u>5 Years or More</u>
			(Amounts in 000's)		
U.S. Agency Obligations	\$ 10,130	\$ 9,996	\$ 10,130	\$	\$
U.S. Treasury Bills	5,763	5,763	5,763		
STAROhio	316,283	316,283	316,283		
Investments in Mutual Funds	652,736	652,736	652,736		
Guaranteed Investment Contracts	51,850	51,850	15,000	36,850	
Manuscript Debt	6,695	6,695			6,695
Other	2,998	2,998	2,998		
Total Investments	1,046,455	1,046,321	1,002,910	36,850	6,695
Total Deposits	251,340	251,340	251,340		
Total Deposits and Investments	\$ 1,297,795	\$ 1,297,661	\$ 1,254,250	\$ 36,850	\$ 6,695

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

Concentration of Credit Risk: The City places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. As of December 31, 2010, the investments in U.S. Agency Obligations, U.S. Treasury Bills, STAROhio, mutual funds, guaranteed investment contracts and manuscript debt are approximately 1%, 1%, 30%, 62%, 5% and 1%, respectively, of the City’s total investments.

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

Government-Wide Financial Statements

	(Amounts in 000’s)
Unrestricted:	
Cash and cash equivalents	\$ 648,452
Investments	7,102
Restricted:	
Cash and cash equivalents	603,358
Investments	<u>5,601</u>
Total	<u><u>\$ 1,264,513</u></u>

Fund Financial Statements

	(Amounts in 000’s)
Balance Sheet – Governmental Funds:	
Unrestricted:	
Cash and cash equivalents	\$ 296,227
Balance Sheet – Proprietary Funds:	
Enterprise Funds:	
Unrestricted:	
Cash and cash equivalents	336,753
Investments	7,102
Restricted:	
Cash and cash equivalents	603,358
Investments	5,601
Internal Service Funds:	
Unrestricted:	
Cash and cash equivalents	<u>15,472</u>
Subtotal	1,264,513
Statement of Fiduciary Net Assets:	
Unrestricted:	
Cash and cash equivalents	<u>33,282</u>
Total	<u><u>\$ 1,297,795</u></u>

NOTE 5 – DEBT AND OTHER LONG-TERM OBLIGATIONS

A summary of the changes in long-term debt and other long-term obligations of the City during the year ended December 31, 2010, are as follows:

	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>(Reductions)</u>	Balance December 31, <u>2010</u>	Due Within One <u>Year</u>
	(Amounts in 000's)				
Governmental Activities					
General Obligation Bonds due through 2033	\$ 326,230	\$	\$ (29,115)	\$ 297,115	\$ 29,715
<i>Other Obligations:</i>					
Urban Renewal Bonds due through 2018, 6.63% to 6.75%	5,860		(495)	5,365	530
Subordinated Income Tax Refunding					
Bonds due through 2024, 5.00% to 5.25%	58,460		(2,675)	55,785	2,810
Subordinate Lien Income Tax Bonds					
due through 2031, 2.00% to 6.34%	57,630	27,380	(1,985)	83,025	2,520
<i>Non-Tax Revenue Bonds:</i>					
Stadium due through 2020, 3.50% to 5.13%	13,740		(1,020)	12,720	1,055
Taxable Economic and Community Dev. (Core City Bonds)					
Series 2004 & 2008 due through 2033, .35% to 5.40%	43,080		(1,300)	41,780	1,385
Lower Euclid Ave. TIF 2003A&B due through 2032,					
1.00% to 5.00%	8,136		(841)	7,295	764
Annual Appropriation Bonds - Flats East Bank due through					
2035, 2.60% to 6.00%		11,000		11,000	
Certificates of Participation-Stadium due through 2028,					
1.60% to 5.70%	119,016	133,125	(116,604)	135,537	5,990
Capital Lease Obligations, due through 2017, 3.04% to 3.26%	5,320	6,690	(3,073)	8,937	2,644
Gateway Note Payable, due through 2016	1,750		(250)	1,500	250
Accrued wages and benefits	59,036	14,331	(22,083)	51,284	30,255
Police and fire overtime	58,743		(4,959)	53,784	594
Fire deferred vacation	2,552	488	(177)	2,863	109
Estimated claims payable	4,354	1,392	(1,746)	4,000	3,825
	<u>763,907</u>	<u>194,406</u>	<u>(186,323)</u>	<u>771,990</u>	<u>82,446</u>
Unamortized loss on debt refunding	(9,797)	(4,237)	4,617	(9,417)	
Unamortized (discount)/premium - net	<u>17,825</u>	<u>1,648</u>	<u>(2,371)</u>	<u>17,102</u>	
Total Governmental Activities, Net	<u>\$ 771,935</u>	<u>\$ 191,817</u>	<u>\$ (184,077)</u>	<u>\$ 779,675</u>	<u>\$ 82,446</u>

(Continued)

	Balance			Balance	Due
	January 1,			December 31,	Within One
	2010	Additions	(Reductions)	2010	Year
	(Amounts in 000's)				
Business-Type Activities (Enterprise Funds)					
Airport System Revenue Bonds:					
Series 2000 due through 2031, 4.00% to 5.00%	\$ 437,485	\$	\$ (39,040)	\$ 398,445	\$
Series 2006 due through 2024, 5.00% to 5.25%	118,570		(1,120)	117,450	1,180
Series 2007B due through 2027, 4.00% to 5.00%	11,175		(495)	10,680	505
Series 2008D-H due through 2033, Variable Rate	86,230		(2,070)	84,160	2,180
Series 2009A-B due through 2027, Variable Rate	39,380		(1,105)	38,275	1,200
Series 2009C-D due through 2027, 2.50% to 5.00%	<u>208,900</u>		<u>(8,650)</u>	<u>200,250</u>	<u>9,640</u>
	901,740	-	(52,480)	849,260	14,705
Public Power System Revenue Bonds:					
Series 1994 due through 2013, Zero Coupon	25,095		(3,910)	21,185	6,535
Series 1996 due through 2011, 6.00%	2,045		(995)	1,050	1,050
Series 1998 due through 2017, 4.30% to 5.25%	26,425		(26,425)		
Series 2001 due through 2016, 4.15% to 5.50%	22,030		(3,140)	18,890	2,910
Series 2006 due through 2024, 4.25% to 5.00%	107,560			107,560	
Series 2008 due through 2038, 3.00% to 5.40%	93,713			93,713	
Series 2010 due through 2017, 3.00% to 5.00%	<u></u>	<u>23,915</u>		<u>23,915</u>	
	276,868	23,915	(34,470)	266,313	10,495
Waterworks Improvement Revenue Bonds:					
Series G 1993 due through 2021, 5.50%	107,760		(12,930)	94,830	13,605
Series H 1996 due through 2026, 5.50% to 5.75%	2,095		(75)	2,020	80
Series J 2001 due through 2016, 4.13% to 5.38%	53,050		(9,820)	43,230	365
Series K 2002 due through 2021, 3.70% to 5.25%	57,305		(4,495)	52,810	4,715
Series N 2005 due through 2023, 3.50% to 5.00%	45,855		(12,810)	33,045	
Series O 2007 due through 2037, 4.25% to 5.00%	138,725			138,725	2,585
Series P 2007 due through 2028, 4.00% to 5.00%	135,410			135,410	10,240
Series Q 2008 due through 2033, Variable Rate	90,800			90,800	
Series R 2009 due through 2033, 3.55% Swap Rate	54,735		(54,735)		
Series S 2009 due through 2033, 3.60% Swap Rate	26,295		(26,295)		
Series T 2009 due through 2021, 2.00% to 5.00%	84,625		(1,285)	83,340	5,925
Series U 2010 due through 2033, Variable Rate		54,935		54,935	
Series V 2010 due through 2033, Variable Rate		<u>26,495</u>		<u>26,495</u>	
	796,655	81,430	(122,445)	755,640	37,515
Ohio Water Development Authority and Public Works					
Commission Loans due through 2031, 0.00% to 4.18%	107,654	18,731	(5,050)	121,335	6,378
Parking Facilities Refunding Revenue Bonds:					
Series 2006 due through 2022, 4.00% to 5.25%	56,915		(3,300)	53,615	3,425
Deferred Payment Obligation	11,830		(2,562)	9,268	2,768
Accrued wages and benefits	<u>11,364</u>	<u>771</u>	<u>(1,352)</u>	<u>10,783</u>	<u>7,520</u>
	2,163,026	124,847	(221,659)	2,066,214	82,806
Unamortized loss on debt refunding	(84,404)	(1,215)	8,772	(76,847)	
Unamortized (discount)/premium - net	<u>37,556</u>	<u>4,066</u>	<u>(4,905)</u>	<u>36,717</u>	
Total Business-Type Activities, Net	<u>\$ 2,116,178</u>	<u>\$ 127,698</u>	<u>\$ (217,792)</u>	<u>\$ 2,026,084</u>	<u>\$ 82,806</u>
Total Debt and Other Long-Term Obligations	<u>\$ 2,888,113</u>	<u>\$ 319,515</u>	<u>\$ (401,869)</u>	<u>\$ 2,805,759</u>	<u>\$ 165,252</u>

(Concluded)

Internal Service Funds predominantly serve the governmental funds, except the Utilities Administration Fund, which serves only business-type activity funds. Long-term liabilities for all Internal Service Funds, except the Utilities Administration Fund, are included as part of the totals for governmental activities in the government-wide statement of net assets. At December 31, 2010, \$1,222,679 of the Internal Service Funds, except for Utilities Administration Fund, compensated absences were included in the governmental activities accrued wages and benefits. Long-term liabilities for the Utilities Administration Fund are included as part of the totals for business-type activities in the government-wide statements. At December 31, 2010, \$463,039 of the Utilities Administration Fund compensated absences were included in business-type activities accrued wages and benefits.

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

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

A detailed summary of General Obligation Bonds and business-type activities debt by purpose is as follows for 2010:

	<u>Original Issue Amount</u>	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance December 31, 2010</u>
			(Amounts in 000's)		
Governmental Activities Obligations:					
General Obligation Bonds					
Public Facilities	\$ 87,495	\$ 41,785	\$	\$ (3,930)	\$ 37,855
Convention Center	1,010	1,010		(5)	1,005
Residential Redevelopment	30,060	16,115		(1,085)	15,030
Bridges and Roadways	151,825	73,960		(7,205)	66,755
Parks & Recreation	65,065	33,285		(2,350)	30,935
Refunding Bonds	264,100	142,155		(14,010)	128,145
Revitalization	6,020	5,745		(150)	5,595
Judgments/Settlements	18,515	12,175		(380)	11,795
	<u>18,515</u>	<u>12,175</u>		<u>(380)</u>	<u>11,795</u>
Total Governmental Activities	<u>\$ 624,090</u>	<u>\$ 326,230</u>	<u>\$ -</u>	<u>\$ (29,115)</u>	<u>\$ 297,115</u>
Business-Type Activities Obligations:					
Revenue Bonds / Notes					
Airports	\$ 1,039,680	\$ 901,740	\$	\$ (52,480)	\$ 849,260
Public Power	654,778	276,868	23,915	(34,470)	266,313
Waterworks	1,395,045	796,655	131,430	(122,445)	805,640
Parking Facilities	57,520	56,915		(3,300)	53,615
Loans					
Waterworks	146,162	103,858	18,731	(4,583)	118,006
Water Pollution Control	8,378	3,796		(467)	3,329
	<u>8,378</u>	<u>3,796</u>		<u>(467)</u>	<u>3,329</u>
Total Business-Type Activities	<u>\$ 3,301,563</u>	<u>\$ 2,139,832</u>	<u>\$ 174,076</u>	<u>\$ (217,745)</u>	<u>\$ 2,096,163</u>

The following is a summary of the City's future debt service requirements as of December 31, 2010:

Year Ending December 31	Governmental Activities					
	General Obligation Bonds		Urban Renewal Bonds		Subordinated Income Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	(Amounts in 000's)					
2011	\$ 29,715	\$ 14,520	\$ 530	\$ 344	\$ 5,330	\$ 6,538
2012	27,470	13,137	565	307	6,260	6,323
2013	23,545	11,877	600	268	6,495	6,084
2014	22,000	10,786	640	226	6,750	5,830
2015	21,965	9,733	685	181	7,015	5,559
2016-2020	97,475	32,733	2,345	245	39,600	22,803
2021-2025	52,830	12,399			42,530	12,352
2026-2030	19,230	2,937			23,175	3,941
2031-2035	2,885	268			1,655	105
	<u>\$ 297,115</u>	<u>\$ 108,390</u>	<u>\$ 5,365</u>	<u>\$ 1,571</u>	<u>\$ 138,810</u>	<u>\$ 69,535</u>
Year Ending December 31	Non-Tax Revenue Bonds		City Annual Appropriation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
	(Amounts in 000's)					
2011	\$ 3,204	\$ 2,575	\$	\$ 575	\$ 5,990	\$ 7,397
2012	2,697	2,454	235	639	5,942	7,445
2013	2,786	2,387	240	633	5,935	7,448
2014	2,895	2,275	245	626	5,890	4,397
2015	2,954	2,149	260	612	6,185	4,103
2016-2020	17,767	8,599	1,545	2,820	35,695	15,737
2021-2025	12,281	4,849	2,055	2,310	42,650	8,001
2026-2030	8,799	2,648	2,745	1,616	27,250	1,606
2031-2035	8,412	667	3,675	689		
	<u>\$ 61,795</u>	<u>\$ 28,603</u>	<u>\$ 11,000</u>	<u>\$ 10,520</u>	<u>\$ 135,537</u>	<u>\$ 56,134</u>
Year Ending December 31	Capital Lease Obligations		Gateway Note Payable		Governmental Activities Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	(Amounts in 000's)					
2011	\$ 2,644	\$ 245	\$ 250	\$	\$ 47,663	\$ 32,194
2012	1,896	170	250		45,315	30,475
2013	1,002	127	250		40,853	28,824
2014	1,035	94	250		39,705	24,234
2015	1,069	60	250		40,383	22,397
2016-2020	1,291	26	250		195,968	82,963
2021-2025					152,346	39,911
2026-2030					81,199	12,748
2031-2035					16,627	1,729
	<u>\$ 8,937</u>	<u>\$ 722</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 660,059</u>	<u>\$ 275,475</u>

Business-Type Activities

<u>Year Ending December 31</u>	<u>Revenue Bonds / Notes</u>		<u>Construction Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	(Amounts in 000's)			
2011	\$ 116,140	\$ 88,635	\$ 6,378	\$ 3,929
2012	69,235	86,334	6,590	3,717
2013	76,020	83,298	6,808	3,498
2014	86,045	79,778	7,035	3,271
2015	86,930	75,622	7,218	3,036
2016-2020	461,200	311,349	37,720	11,533
2021-2025	463,522	200,683	39,587	5,187
2026-2030	416,647	116,109	12,079	593
2031-2035	169,038	43,421		
2036-2040	30,051	18,126		
	<u>\$ 1,974,828</u>	<u>\$ 1,103,355</u>	<u>\$ 123,415</u>	<u>\$ 34,764</u>

<u>Year Ending December 31</u>	<u>Deferred Payment Obligations (Note 6)</u>		<u>Business-Type Activities Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	(Amounts in 000's)			
2011	\$ 2,768	\$ 621	\$ 125,286	\$ 93,185
2012	2,990	399	78,815	90,450
2013	3,230	159	86,058	86,955
2014	280	2	93,360	83,051
2015			94,148	78,658
2016-2020			498,920	322,882
2021-2025			503,109	205,870
2026-2030			428,726	116,702
2031-2035			169,038	43,421
2036-2040			30,051	18,126
	<u>\$ 9,268</u>	<u>\$ 1,181</u>	<u>\$ 2,107,511</u>	<u>\$ 1,139,300</u>

The schedule of minimum principal and interest payments for construction loans includes the amortization on fourteen loans provided to the Division of Water and the Division of Water Pollution Control by the Ohio Water Development Authority (OWDA) and two loans to the Division of Water Pollution Control by the Ohio Public Works Commission (OPWC). This amortization is based upon the full amount expected to be financed, regardless of whether the Division of Water and the Division of Water Pollution Control have received all the loan proceeds. Therefore, at December 31, 2010, the amount financed on these OWDA loan projects, which are reflected in the amortization schedule, less the principal payments made to date, exceeds the actual loan balances shown on the schedule of long-term debt outstanding and changes in long-term debt obligations by \$2,080,000.

General Obligation Bonds

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

Under the direct debt limitation imposed by the Ohio Revised Code, the City had the capacity to issue \$303,227,067 of additional unvoted debt at December 31, 2010.

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

Other Governmental Obligations

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

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

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

Interest Rate Swap Transaction:

Terms: On February 7, 2003, the City sold an option to JPMorgan Chase Bank (JPM) that gives JPM the right to execute an interest rate swap at its discretion at any time until the option expires on May 15, 2024 on a declining notional amount equal to the outstanding principal amount of the City’s Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994. The swaption will now be associated with the Series 2008 Bonds. Under the swap agreement, the City will be the fixed rate receiver, receiving the fixed rate of 4.88%, and JPM will be the floating rate receiver, receiving interest on what would have been the outstanding notional amount of the original 1994 Bonds of \$52,600,000 at December 31, 2010, at a rate equal to the weekly Securities Industry and Financial Markets Association (SIFMA) index. If the option is exercised, the stated termination date under the swap agreement with JPM will be May 15, 2024. The obligation of the City under the swap agreement to make periodic floating rate payments (but not any termination payment) is secured by a subordinate pledge of the income tax receipts, subordinate to the pledge of the income tax receipts made under the “General Bond Ordinance” securing the City’s

General Obligation Bonds. The payment of any termination payment is subordinate to the payment of debt service on the Subordinate Lien Unrestricted Income Tax Bonds, Series 2008, and the periodic floating rate payments under the swap agreement.

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

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

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

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

Fair Value: The fair value of the swaption at December 31, 2010 as reported by JPM was \$914,000 which would be payable by the City.

Subordinate Lien Income Tax Bonds: Effective June 23, 2010, the City issued \$27,380,000 Subordinate Lien Income Tax Bonds, Series 2010. The proceeds of the bonds will be used to pay costs of various municipal improvements including public facilities, parks and recreation, and bridges and roadways. The \$5,405,000 Series 2010A-1 Bonds were issued as traditional tax-exempt debt. The City took advantage of several new financing programs created by the American Recovery and Reinvestment Act (ARRA) when issuing the remaining portion of the bonds. The \$5,385,000 Series 2010A-2 Bonds were issued as taxable Build America Bonds while the \$8,245,000 Series 2010B Bonds and the \$8,345,000 Series 2010C Bonds were issued using the City's allocation of taxable Recovery Zone Bonds. Pursuant to these programs, the City will receive federal cash subsidies in amounts equal to a portion of the interest on these bonds.

These bonds are special obligations of the City and are not general obligation debt and are not secured by a pledge of the full faith and credit of the City. The bonds are payable from the City's municipal income tax revenues to the extent those revenues are not needed to pay debt service charges on the City's unvoted general obligation debt or unvoted general obligation debt issued in the future. It is the City's intention to pay the debt service on these bonds and the Series 2008 Subordinate Lien Income Tax Bonds from the Restricted Income Tax collections.

Non-Tax Revenue Bonds – Stadium: Effective December 16, 2004, the City issued \$14,835,000 Non-Tax Revenue Bonds, Series 2004 (Cleveland Stadium Project) to refund the Non-Tax Revenue Stadium Bonds, Series 1999A&B. These bonds do not represent a general obligation debt or pledge of the full faith and credit or taxing power of the City, and are payable solely from non-tax revenues of the City.

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

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

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

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

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

Annual Appropriation Bonds – Flats East Bank: On December 21, 2010, the City issued \$11,000,000 City Annual Appropriation Bonds through the Cleveland-Cuyahoga County Port Authority. The proceeds of the bonds are being used to provide funds for land purchase and public improvements in the area of the Flats East Development Project. The bonds are special obligations of the Port Authority payable from appropriation payments made by the City under a cooperative agreement. The City's obligation to make payments is subject to and dependent upon annual appropriations being made by the City. The City intends to make these debt service payments from the Restricted Income Tax collections.

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

On February 13, 2003 the City sold an option to UBS giving UBS the right, at its discretion, to enter into an interest rate swap transaction on November 15, 2007 on a declining notional amount equal to the outstanding principal amount of the City's to be issued COPS, Series 2007. On August 17, 2007, UBS notified the City that it was exercising its option under the swaption agreement. This agreement required the issuance of variable rate refunding bonds. Therefore, effective October 11, 2007, the City issued \$108,390,000 Refunding COPS, Series 2007, to currently refund \$105,800,000 of the outstanding COPS, Series 1997. These were issued as auction rate securities and the City realized \$753,000 of net present value savings. The swap associated with this transaction went into effect on November 15, 2007.

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

Effective April 22, 2010, the City issued \$63,225,000 COPS, Series 2010A and \$69,900,000 COPS, Series 2010B to refund all of the outstanding \$108,390,000 COPS, Series 2007 upon the expiration of the Wachovia letter of credit. Proceeds of the COPS, Series 2010 were used to currently refund the COPS, Series 2007 on the day of closing, to fund a required debt service reserve fund in the amount of \$8,324,045, to make a termination payment on the existing hedge agreement with UBS in the amount of \$17,322,000 and to pay costs of issuing the COPS. This refunding was undertaken 1) to remove Ambac as the bond and swap insurer and eliminate the risk of early termination of the hedge agreement due to Ambac's possible insolvency, 2) to obtain lower credit enhancement costs and 3) to restructure debt service payments. The COPS, Series 2010A were issued as fixed rate obligations. The COPS, Series 2010B were purchased by Wells Fargo Bank, National Association, as floating rate obligations, the interest on which is reset weekly based on the SIFMA index plus a spread of 135 basis points. As a result of this refunding, the City achieved an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$3,461,000 or 3.19%.

Interest Rate Swap Transaction:

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

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

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

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

Termination Risk: The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the City to UBS, or by UBS to the City, depending upon the prevailing economic circumstances at the time of the termination. The City obtained a commitment for insurance from Ambac Assurance Corporation to mitigate much of the risk associated with termination due to the event of a rating downgrade of the City. However, the multiple downgrades of Ambac's ratings since 2008 resulted in a situation where the City's ratings are higher than those of the insurer and are preventing a termination event. If Ambac becomes insolvent, UBS has the option to terminate the swap.

Fair Value: The swap was terminated at the City's option on April 22, 2010 at a value of \$17,322,000 which was payable by the City to UBS. This amount is included as General Government Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Capital Lease Arrangements: The City has entered into agreements to lease equipment. Such agreements are treated as lease purchases (Capital Leases) and are classified as long-term lease obligations in the financial statements. The lease contracts contain annual one-year renewal options that can be exercised by the City if sufficient funds are appropriated by City Council. Upon the exercise of each annual one-year renewal option and satisfaction of the lease obligations related thereto, title to the equipment will pass to the City. In April 2003, the City entered into an equipment lease agreement with Banc of America Leasing & Capital. As a result of this transaction, the City purchased approximately \$6,105,000 of heavy-duty vehicles and apparatus for the Departments of Public Safety, Public Service and Parks, Recreation and Properties and made lease payments from the Restricted Income Tax Fund for a period of seven years, ended in April 2010.

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

In July 2005, the City entered into a third equipment lease agreement. This lease agreement is with Chase Equipment Leasing, Inc. and resulted in the City purchasing approximately \$8,425,000 of heavy duty vehicles and apparatus. Lease payments will be made from the Restricted Income Tax Fund for a period of seven years. In February 2010, the City entered into a fourth equipment lease agreement. This lease agreement is with The Fifth Third Leasing Company and resulted in the City purchasing approximately \$6,690,000 of heavy duty vehicles and apparatus. The lease payments will be made over a period of seven years from the Restricted Income Tax Fund.

The assets recorded by the City under Capital Leases were as follows as of December 31, 2010:

	Governmental Activities (Amounts in 000's)
Furniture, fixtures and equipment	\$ 25,580
Less – accumulated depreciation	<u>(10,576)</u>
Net book value	<u>\$ 15,004</u>

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

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

Police and Fire Overtime and Deferred Vacation Pay: Uniformed employees of the Police and Fire Divisions accumulate overtime compensation in accordance with the union contracts and the requirements of the Fair Labor Standards Act. In addition, uniformed employees may defer earned vacation time, with the appropriate approvals, until retirement. The liabilities for overtime and deferred vacation time, at current pay rates including their related fringe benefits and converted to straight time hours, at December 31, 2010, follow:

<u>Division</u>	<u>Overtime</u>		<u>Deferred Vacation</u>	
	<u>Hours</u>	<u>Dollars</u>	<u>Hours</u>	<u>Dollars</u>
				(Amounts in 000's)
Police	1,533	\$ 46,538		\$
Fire	<u>246</u>	<u>7,246</u>	<u>96</u>	<u>2,863</u>
Total	<u>1,779</u>	<u>\$ 53,784</u>	<u>96</u>	<u>\$ 2,863</u>

Business-Type (Enterprise Fund) Obligations

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

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

Effective August 27, 2009, the City issued \$159,875,000 Airport System Revenue Bonds, Series 2009C and \$49,025,000 Airport System Revenue Bonds, Series 2009D. Proceeds of the Series 2009C Bonds were used to currently refund the outstanding \$148,555,000 variable rate Series 2008A-C Airport System Revenue Bonds on the date of closing. As a result, the refunded bonds have been defeased and the liability for these bonds has been removed from long-term debt. In addition, the City used proceeds of the Series 2009C Bonds to pay amounts owed to counterparties upon the early termination, at the City's option, of interest rate hedge agreements relating to the Series 2008A&B Bonds, to fund a deposit to the Bond Service Reserve Fund and to pay issuance costs. The Series 2009C Bonds were issued as fixed rate bonds. The City obtained an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$4,793,000 or 3.23% as a result of the refunding.

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

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

Interest Rate Swap Transactions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fair Value: The fair value of the swaps (including accrued amounts) at December 31, 2010 as reported by JPM collectively was \$2,054,000 for Series 2008D Bonds and \$5,661,000 for Series 2009D Bonds which would both be payable by the City.

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

On September 8, 2010, the City issued \$23,915,000 of Public Power System Revenue Bonds, Series 2010. Proceeds of these bonds were used to refund all of the outstanding \$26,425,000 Public Power System Bonds, Series 1998. Net proceeds of the Series 2010 Bonds in the amount of \$27,081,033 were placed in an irrevocable escrow account to pay the principal and interest on the refunded 1998 Bonds on October 8, 2010. As a result, the refunded bonds were defeased and the liability for these bonds has been removed from long-term debt. The City completed the refunding in order to achieve debt service savings of approximately \$3,138,000 or an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$3,055,000.

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

Interest Rate Swap Transaction:

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

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

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

Counterparty Risk: The City selected a highly rated counterparty in order to minimize this risk. However, in September 2008, Lehman Brothers filed for Chapter 11 bankruptcy protection. This event did not trigger an automatic termination which would have required a payment on the part of the City. Throughout 2009 and part of 2010, at the City's option, Lehman Brothers and the City were negotiating the assignment of the swap to another highly rated counterparty or a termination of the swap.

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

Fair Value: The swap was terminated on April 6, 2010 with no payment required by either party.

On September 15, 2008, Lehman Brothers instituted bankruptcy proceedings. Under the hedge agreement, the City had the right to terminate the swap. The City chose to exercise its right to terminate. After more than a year of negotiations with the Lehman bankruptcy estate, the City and Lehman Brothers consensually agreed to terminate the swap on April 6, 2010. No payments were exchanged as part of the termination and the City agreed to withdraw its claim on the bankruptcy estate.

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

Effective December 30, 2010, the Division issued \$54,935,000 Water Revenue Bonds, Series U, and \$26,495,000 Water Revenue Bonds, Series V. Proceeds of these bonds were used to refund the outstanding Water Revenue Bonds, Series R, 2009 and Water Revenue Bonds, Series S, 2009. The Series U bonds were issued in order to eliminate high letter of credit fees and the Series V Bonds were issued to address higher than expected interest rates caused by the downgrade of the letter of credit bank. The City negotiated a direct purchase of all of the Series U Bonds by U.S. Bank at an index rate of 75% of LIBOR plus 63.75 basis points. The City negotiated a direct purchase of the Series V Bonds by PNC Bank at an index rate of 65% of LIBOR plus 81.25 basis points. Both rates will be reset monthly and the bonds can be tendered for purchase after three years. The City obtained an economic

gain (the difference between the present values of the old and new debt service payments) of approximately \$2.7 million or 3.329% as a result of the refundings.

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

In December 2010, the Division of Water utilized cash on hand to defease \$9,470,000 principal amount of outstanding Series J Bonds. The Division placed \$9,979,000 in an irrevocable account which will be used to pay principal and interest on the defeased bonds. As a result, the bonds are considered defeased and the liability for those bonds has been removed from long-term debt.

Interest Rate Swap Transactions:

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

Upon the refunding of the Series M Bonds in 2009, the Division's swap became associated with the Series Q, Series R and Series S Bonds. When the Series R and Series S Bonds were refunded in 2010, the swap was transferred to a portion of the new Series U and Series V Bonds.

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

As part of the refunding of the Series M Bonds, the City amended and restated the original swap agreements to (a) eliminate the swap insurance and related insurer rights, (b) modify the payment frequency, (c) transfer the original swap agreement from Bear Stearns to JPM and (d) split each original swap agreement into two separate interest rate swaps in order to hedge separate series of bonds. The original Bear Stearns swap which has been assumed by JPM hedged the entire principal amount of Series R and certain maturities of the Series Q Bonds. The original Morgan Stanley swap hedged the entire principal amount of Series S and a portion of the Series Q Bonds. The floating rate received by the City was not altered. However, the fixed rate paid by the City was adjusted to 3.553% for the JPM swap and 3.5975% for the Morgan Stanley swap. The termination date for the swaps associated with Series Q is January 1, 2021 while the termination date for the Series R and Series S swaps is January 1, 2033. Net payments are now exchanged monthly. With the refunding of the Series R and Series S Bonds, the JPM swap now hedges all but \$200,000 of the Series U Bonds and the Morgan Stanley swap hedges all but \$200,000 of the Series V Bonds.

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

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

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

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

Fair Value: The fair value of the swaps (including accrued amounts) at December 31, 2010 as reported by JPM and Morgan Stanley totaled \$17,664,000, which would be payable by the City.

Short-term Obligation: At the end of 2010, the Division of Water had \$50,000,000 of Subordinated Lien Revenue Notes outstanding. The notes, which are subordinate to the Division's outstanding revenue bonds, are due on July 28, 2011 and are backed by the revenues generated by the Division.

Ohio Water Development Authority and Ohio Public Works Commission Loans: These loans are payable from net revenues derived from the Waterworks and Water Pollution Control Systems. These obligations do not have a lien on revenues of the Divisions. In 2010, Water expended the remaining \$11,842,470 for the Morgan Pretreatment and Residuals Project and \$6,889,185 out of an expected \$9,000,000 for the Baldwin Residuals and Fairmount Reservoir. Both are 20 year loans, with the first at an interest rate of 3.52% with payments beginning in 2010 and the second is a zero percent interest loan.

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

Effective August 15, 2006, the City issued \$57,520,000 of Parking Facilities Refunding Revenue Bonds, Series 2006. The bonds were issued to currently refund \$56,300,000 of the outstanding Parking Facilities Refunding Revenue Bonds, Series 1996. In addition, proceeds were also used to fund a portion of a payment owed by the City upon early termination under an interest rate swaption agreement entered into in 2003. Net proceeds of \$58,709,855 were placed in an irrevocable escrow account which was used to pay the principal, interest and premium on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from long-term debt. The City completed the refunding to reduce its total debt service payments by \$1,340,000 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$970,000. At the time of the issuance of the Series 2006 Bonds, the City entered into a basis swap agreement with UBS which is described below.

Interest Rate Swap Transaction:

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

payment) is secured by a pledge of and lien on the parking revenues and additional pledged revenues as defined in the trust indenture securing the Parking Facilities Refunding Revenue Bonds, Series 2006, on parity with the pledge and lien securing the payment of debt service on the bonds.

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

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

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

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

Fair Value: The fair value of the swap at December 31, 2010 as reported by UBS totaled \$1,829,000, which would be payable by the City.

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

Defeasance of Debt

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

The aggregate amount of defeased debt outstanding at December 31, 2010 is as follows:

<u>Bond Issue</u>	<u>(Amounts in 000's)</u>	<u>Bond Issue</u>	<u>(Amounts in 000's)</u>
<u>Waterworks Improvement Bonds:</u>		<u>Unvoted Tax Supported GO:</u>	
Series J, 2001	\$ 9,470	Series 2002	\$ 26,080
Series K, 2002	68,325	Series 2003	24,970
Series N, 2005	8,815	Series 2004	7,530
		<u>Public Power Bonds:</u>	
		Series 1994A	\$ 790

Airport Special Facilities Revenue Bonds

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

Pledges of Future Revenues

The City has pledged future airport revenues to repay \$849,260,000 in various Airport System Revenue Bonds issued in various years since 2000. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport net revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 62 percent of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is \$1,381,060,000. Principal and interest paid for the current year and total net revenues were \$51,092,000 and \$81,901,000, respectively.

The City has pledged future power system revenues, net of specified operating expenses, to repay \$266,313,000 in various Public Power System Revenue Bonds issued in various years since 1994. Proceeds from the bonds provided financing for Public Power System improvements. The bonds are payable from Public Power System net revenues and are payable through 2038. Annual principal and interest payments on the bonds are expected to require less than 62 percent of net revenues. The total principal and interest remaining to be paid on the various Power System Revenue Bonds is \$448,951,000. Principal and interest paid for the current year and total net revenues were \$17,916,000 and \$28,731,000, respectively.

The City has pledged future Water System revenues, net of specified operating expenses, to repay \$805,640,000 in various Water Improvement Revenue Bonds and Notes issued in various years since 1993. Proceeds from the bonds provided financing for Water System improvements. The bonds are payable from Water System net revenues and are payable through 2037. Annual principal and interest payments on the bonds are expected to require less than 76 percent of net revenues. The total principal and interest remaining to be paid on the various Water Improvement Revenue Bonds and Notes is \$1,175,105,000. Principal and interest paid for the current year and total net revenues were \$69,597,000 and \$91,764,000, respectively.

The City has pledged future revenues from certain parking facilities, net of specified operating expenses, and other operating revenues to repay \$53,615,000 in Parking Facilities Refunding Revenue Bonds issued in 2006. Proceeds from the bonds initially issued provided financing for the construction of parking facilities. The bonds are payable from parking facilities net revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require the full amount of net pledged revenues. The total principal and interest remaining to be paid on the Parking Facilities Revenue Bonds is \$73,067,000. Principal and interest paid for the current year (including net swap payments) and total net revenues were \$6,136,000 and \$5,331,000 respectively.

In 2010, no additional pledged revenue was required to meet the debt service on the Parking Facilities Refunding Revenue Bonds. The trust indenture requires, among other things, that the Division will fix parking rates and will charge and collect fees for the use of the parking facilities and will restrict operating expenses. As of December 31, 2010, the Division of Parking Facilities was in compliance with the terms and requirements of the trust indenture.

Derivative Instruments

Derivative instruments are contracts, the value of which depends on, or derives from, the value of an underlying asset, index or rate. The most common types of derivatives used by governments are interest rate swaps and interest rate locks. The City has entered into various derivative or hedging agreements since 1996. A detailed description of each outstanding derivative, including its terms, objectives, risks and fair value, can be found in the section discussing the bonds to which the derivative relates.

The table below presents the fair value balances and notional amounts of the City's derivative instruments outstanding at December 31, 2010, classified by type, and the changes in fair value of these derivatives during fiscal year 2010 as reported in the 2010 financial statements. The fair values of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2010 and the specific terms and conditions of each swap, have been provided by the respective counterparty for each swap and confirmed by the City's financial advisor.

	<u>Changes in Fair Value</u>		<u>Fair Value at December 31, 2010</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Governmental Activities:					
Fair Value Hedge:					
Fixed to floating interest rate swap					
2003 Subordinated Income Tax Swaption	Deferred inflow	\$ 249	Debt	\$ (914)	\$ 52,600
Business Type Activities:					
Cash flow hedges:					
Floating to fixed interest rate swaps					
2008 Q Water Swap	Deferred outflow	(1,510)	Debt	(7,951)	88,640
2010 U Water Swap	Deferred outflow	(2,054)	Debt	(6,437)	54,735
2010 V Water Swap	Deferred outflow	(1,023)	Debt	(3,276)	26,295
2008D Airport Swap	Deferred outflow	(159)	Debt	(2,054)	17,025
2009D Airport Swap	Deferred outflow	(564)	Debt	(5,661)	46,600
Floating to floating interest rate swap					
2006 Parking Basis Swap	Deferred outflow	(285)	Debt	(1,829)	53,615

The table below presents the objective and significant terms of the City's derivative instruments at December 31, 2010, along with the credit rating of each swap counterparty.

<u>Bonds</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Subordinated Income Tax Bonds	Receive Fixed Interest Rate Swaption	Hedge of changes in fair value of Series 1994 Subordinated Income Tax Bonds	\$ 52,600,000	2/11/2003	5/15/2024	If option is exercised, Receive 4.88%, pay SIFMA	Aa1/AA-/AA-
2006 Parking Bonds	Basis Swap - Pay Floating/Receive Floating	Exchange floating rate payments on Series 2006 Parking System Bonds	\$ 53,615,000	8/15/2006	9/15/2022	Pay SIFMA, receive 67% of LIBOR	Aa3/A+/A+
Water Series Q	Pay Fixed Interest Rate Swap	Hedge of changes in cash flow on the Series Q Water System Bonds	\$ 58,365,000	8/10/2004	1/1/2021	Pay 3.553%, receive 61.25% of LIBOR + 28 bps	Aa1/AA-/AA-
Water Series Q	Pay Fixed Interest Rate Swap	Hedge of changes in cash flow on the Series Q Water System Bonds	\$ 30,275,000	8/10/2004	1/1/2021	Pay 3.5975%, receive 61.25% of LIBOR + 28 bps	A2/A/A
Water Series U	Pay Fixed Interest Rate Swap	Hedge in changes in cash flow on the Series U Water System Bonds	\$ 54,735,000	2/12/2009	1/1/2033	Pay 3.553%, receive 61.25% of LIBOR + 28 bps	Aa1/AA-/AA-
Water Series V	Pay Fixed Interest Rate Swap	Hedge in changes in cash flow on the Series V Water System Bonds	\$ 26,295,000	2/12/2009	1/1/2033	Pay 3.5975%, receive 61.25% of LIBOR + 28 bps	A2/A/A
Airport 2008D	Pay Fixed Interest Rate Swap	Hedge of changes in cash flow on the Series 2008D Airport System Bonds	\$ 17,025,000	10/23/2003	1/1/2024	Pay 4.169%, receive SIFMA	Aa1/AA-/AA-
Airport 2009D	Pay Fixed Interest Rate Swap	Hedge of changes in cash flow on the Series 2009D Airport System Bonds	\$ 46,600,000	10/23/2003	1/1/2024	Pay 4.273%, receive SIFMA + 10 bps	Aa1/AA-/AA-

The following table presents the aggregate debt service requirements on the City's hedged debt and net receipts/payments on the associated hedging derivative instruments as of December 31, 2010. These amounts assume that the interest rates on variable rate bonds and the reference rates in existence as of December 31, 2010 remain the same for the life of the hedging agreement. However, these rates will vary over time and the actual

interest payments on the variable rate bonds and the net receipts/payments on the hedging derivative instruments will deviate from the numbers presented below.

Aggregate Cash Flows on Hedging Derivative Instruments

Fiscal Year Ending December 31	Principal	Interest	Hedging Derivatives, Net	Total
	(Amounts in 000's)			
2011	\$ 3,425	\$ 790	\$ 7,500	\$ 11,715
2012	3,400	778	7,199	11,377
2013	3,725	765	6,859	11,349
2014	3,725	753	6,434	10,912
2015	4,075	739	6,029	10,843
2016-2020	22,900	3,471	24,954	51,325
2021-2025	88,480	9,588	10,187	108,255
2026-2030	69,895	941	843	71,679
2031-2033	35,830	74	67	35,971
Total	<u>\$ 235,455</u>	<u>\$ 17,899</u>	<u>\$ 70,072</u>	<u>\$ 323,426</u>

NOTE 6 – DEFERRED PAYMENT OBLIGATION / I-X CENTER

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

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

Rental income recognized by the City under this agreement totaled \$3,389,000 in 2010. Of this amount \$827,000 was offset against interest expense and \$2,562,000 was offset against the principal balance of the deferred obligation.

NOTE 7 – RISK MANAGEMENT

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

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

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

Changes in the estimated claims payable for all funds during the years ended December 31, 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
	(Amounts in 000's)	
Estimated claims payable, January 1	\$ 4,889	\$ 7,133
Current year claims (including IBNRs) and changes in estimates	857	3,562
Claim payments	<u>(1,746)</u>	<u>(5,806)</u>
Estimated claims payable, December 31	<u>\$ 4,000</u>	<u>\$ 4,889</u>

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

Insurance: Certain proprietary funds carry insurance to cover particular liability risks and property protection. Otherwise, the City is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2010. There was no significant decrease in any insurance coverage in 2010. In addition, there were no insurance settlements in excess of insurance coverage during the past three years.

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

In January of 2003, the City exercised the option of retrospective rating as the premium rating mechanism for its workers' compensation program. The total estimated claims liability outstanding at December 31, 2010 was \$23,371,675. Of this amount, \$9,462,476 was recorded as a fund liability within each respective fund. The remaining \$13,909,199 is due in future years and is recorded as a liability in the Workers' Compensation Reserve Internal Service Fund. This liability is funded by charging the appropriate funds their proportionate share of this liability and recording the associated due to or due from as appropriate.

NOTE 8 – CONTINGENCIES

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

As of December 31, 2010, the City had no claims for which an unfavorable outcome is deemed to be reasonably possible.

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

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

AMP has rolled over a portion of the Meigs County facility cost into the Fremont Energy Center ("Fremont"), a natural gas generating station under construction that AMP is purchasing this year. Under legislation pending before

City Council, the City will purchase power from the Fremont project, pay about half of its allocable share of AMPGS costs as power costs purchased from Fremont, and include the costs in bills to customers over time. The City's remaining share of the AMPGS costs, \$3,986,624, is anticipated to be paid by the City to AMP from operation funds over a period of time yet to be determined. The legislation is expected to pass in mid-2011.

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

In addition to the federally assisted Investment Act Grant Programs, the City received a portion of the American Recovery and Reinvestment Act (ARRA) funds. These funds were funded through existing programs. The ARRA funds are subject to financial and compliance audits by the grantor or their representative and are subject to availability.

NOTE 9 – INTERFUND TRANSACTIONS AND BALANCES

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

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

For the year ended December 31, 2010, transfers consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>					
	<u>Total</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
(Amounts in 000's)						
Governmental Funds:						
General	\$ 16,164	\$	\$ 14,657	\$ 14,657	\$ 694	\$ 813
Other Governmental	<u>71,988</u>	<u>18,887</u>	<u>53,101</u>	<u>71,988</u>	<u> </u>	<u> </u>
Total Governmental Funds	<u>88,152</u>	<u>18,887</u>	<u>67,758</u>	<u>86,645</u>	<u>694</u>	<u>813</u>
Proprietary Funds:						
Enterprise Funds	<u>19,972</u>	<u> </u>	<u>19,972</u>	<u>19,972</u>	<u> </u>	<u> </u>
Total	<u>\$ 108,124</u>	<u>\$ 18,887</u>	<u>\$ 87,730</u>	<u>\$ 106,617</u>	<u>\$ 694</u>	<u>\$ 813</u>

The transfer out of Enterprise Funds to the Other Governmental Funds was from the sale of the Convention Center to Cuyahoga County and was approved by city ordinance.

Interfund Balances: Interfund balances at December 31, 2010 represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records and (3) payments between funds are made. All are expected to be paid within one year.

Interfund receivable and payable balances as of December 31, 2010 are as follows:

Due To	Total	Due From								
		General Fund	Other Governmental Funds	Total Governmental Funds	Division of Water Fund	Cleveland Public Power Fund	Department of Port Control Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
(Amounts in 000's)										
Governmental Funds:										
General	\$ 5,724	\$ 36	\$ 1	\$ 37	\$ 9	\$ 1,282	\$ 96	\$ 109	\$ 1,496	\$ 4,191
Other Governmental	<u>25,822</u>	12,169	12,954	25,123		7		41	48	651
Total Governmental	<u>\$ 31,546</u>									
Enterprise Funds:										
Division of Water	\$ 2,223	17	78	95		1,069		251	1,320	808
Cleveland Public Power	5,164	13	2	15	3,885			10	3,895	1,254
Department of Port										
Control	1,069	238		238		19		82	101	730
Other Enterprise	<u>9,130</u>	152	29	181	7,970	120		16	8,106	843
Total Enterprise	<u>17,586</u>									
Internal Service Funds	<u>220</u>	<u>5</u>		<u>5</u>		<u>8</u>		<u>10</u>	<u>18</u>	<u>197</u>
Total Due To/Due From	<u>\$ 49,352</u>	<u>\$ 12,630</u>	<u>\$ 13,064</u>	<u>\$ 25,694</u>	<u>\$ 11,864</u>	<u>\$ 2,505</u>	<u>\$ 96</u>	<u>\$ 519</u>	<u>\$ 14,984</u>	<u>\$ 8,674</u>

NOTE 10 – INCOME TAXES

During 2010, the City income tax rate remained at 2% and the credit provided to City residents for income taxes paid to other municipalities remained at 50% and the maximum credit is limited to 1%. A portion of the City income tax is restricted in its use to capital expenditures and debt service and is included in the Restricted Income Tax Special Revenue Fund. All other income tax proceeds are included in the General Fund.

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

NOTE 11 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible property (used in business) located in the City. The 2010 levy was based upon an assessed valuation of approximately \$5.513 billion. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Under current procedures, the City’s share is 4.4 mills, of which 4.35 mills is dedicated to debt service and .05 mills is dedicated to the payment of fire pension obligations. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. The last statistical update was completed in 2009. Assessed values are established by the Cuyahoga County (County) Auditor. The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City.

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

- Collection Dates January 20 and June 20 of the current year
- Lien Date January 1 of the year preceding the collection year
- 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 2010, the percentage used to determine taxable value of personal property and inventory was reduced to 6.25% in 2008 and 0% in 2009 and 2010 respectively. Pertinent tangible personal property tax dates are:

- Collection Dates April 30 and September 30 of the current year
- Listing Date December 31 of the preceding year
- Levy Date October 1 of the year preceding the collection year

An electric company’s taxable utility production equipment is assessed at 25% of true value, while all of its other taxable property is assessed at 88% 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 12 – DEFERRED AND UNEARNED REVENUE

Governmental funds report deferred and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period (deferred). Governmental funds also defer revenue recognition in connection with resources that have been received, but not all eligibility requirements have been met (unearned).

As of December 31, 2010, the various components of deferred revenue reported in the governmental funds on the modified accrual approach were as follows:

	<u>Unavailable</u>	<u>Eligibility Requirements Not Met</u>	<u>Total</u>
	(Amounts in 000's)		
Governmental Funds:			
<u>General Fund:</u>			
Income taxes receivable	\$ 16,641	\$	\$ 16,641
Property taxes receivable	56,415		56,415
Local government receivable	15,915		15,915
Estate tax receivable	99		99
Homestead rollback	4,053		4,053
Emergency medical service receivable	897		897
Special assessments receivable	<u>6,967</u>		<u>6,967</u>
Total General Fund	<u>100,987</u>	<u>-</u>	<u>100,987</u>
<u>Other Governmental Funds:</u>			
Income taxes receivable	2,079		2,079
Special assessments receivable	13,936		13,936
Property taxes receivable	29,390		29,390
Advances received under grants		11,553	11,553
Motor vehicle taxes receivable	1,324		1,324
Municipal gas tax receivable	1,074		1,074
State gasoline tax receivable	2,135		2,135
Homestead rollback	2,111		2,111
Grant receivable		298	298
Due from other governments	<u>6,888</u>		<u>6,888</u>
Total Other Governmental Funds	<u>58,937</u>	<u>11,851</u>	<u>70,788</u>
Total Deferred and Unearned Revenue	<u>\$ 159,924</u>	<u>\$ 11,851</u>	<u>\$ 171,775</u>

NOTE 13 – DEFINED BENEFIT PENSION PLANS

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

- 1) The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- 3) The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. Member contribution rates were 10.00% in 2010, 2009 and 2008. The employer contribution rates were 14.00% of covered payroll in 2010, 2009 and 2008.

The City's required employer contributions to OPERS for the pension portion of all the plans for the years ending December 31, 2010, 2009 and 2008 were \$25,698,844, \$23,986,453 and \$19,449,811 each year, respectively. The required payments due in 2010, 2009 and 2008 have been made.

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

Plan members are required to contribute 10.00% of their annual covered salary, while the City is required to contribute 19.50% for police officers and 24.00% for firefighters. The City's contributions to the OP&F for the years ended December 31, 2010, 2009 and 2008 were \$22,678,219, \$23,177,060 and \$22,622,140, respectively. The required payments due in 2010, 2009, and 2008 have been made.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System: All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS maintains a cost-sharing multiple employer defined benefit postemployment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. The employer contribution rates were 14.00% of covered payroll in 2010, 2009 and 2008. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll. Active members do not make contributions to the OPEB Plan. OPERS Postemployment Health Care plan was established under and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. Employer contribution rates used to fund postemployment benefits were 5.50% from January 1, 2010 through February 28, 2010 and 5.00% from March 1, 2010 through December 31, 2010 and 7.00% from January 1, 2009 through March 31, 2009 and 5.50% from April 1, 2009 through December 31, 2009, and 7.00% in 2008. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's actual contributions to OPERS to fund postemployment benefits were \$14,648,933 in 2010, \$17,346,339 in 2009 and \$19,449,811 in 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

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

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by provisions of Sections 115 and 401(h). The OP&F Board of Trustees is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's contribution to OP&F that was allocated to the health care plan was \$10,615,539 for the year ending December 31, 2010, \$10,858,674 for 2009 and \$10,596,145 for 2008.

NOTE 15 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance January 1, 2010	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2010
		(Amount in 000's)		
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 63,917	\$	\$ (22)	\$ 63,895
Construction in progress	<u>92,719</u>	<u>26,971</u>	<u>(2,872)</u>	<u>116,818</u>
Total capital assets, not being depreciated	<u>156,636</u>	<u>26,971</u>	<u>(2,894)</u>	<u>180,713</u>
Capital assets, being depreciated:				
Land improvements	135,267	825		136,092
Buildings, structures and improvements	596,726	525		597,251
Furniture, fixtures, equipment and vehicles	172,539	9,459	(1,489)	180,509
Infrastructure	<u>498,311</u>	<u>4,615</u>		<u>502,926</u>
Total capital assets, being depreciated	<u>1,402,843</u>	<u>15,424</u>	<u>(1,489)</u>	<u>1,416,778</u>
Less accumulated depreciation for:				
Land improvements	(85,278)	(5,244)		(90,522)
Buildings, structures and improvements	(250,580)	(14,074)		(264,654)
Furniture, fixtures, equipment and vehicles	(113,034)	(13,693)	1,420	(125,307)
Infrastructure	<u>(186,481)</u>	<u>(19,395)</u>		<u>(205,876)</u>
Total accumulated depreciation	<u>(635,373)</u>	<u>(52,406)</u>	<u>1,420</u>	<u>(686,359)</u>
Total capital assets being depreciated, net	<u>767,470</u>	<u>(36,982)</u>	<u>(69)</u>	<u>730,419</u>
Governmental activities capital assets, net	<u>\$ 924,106</u>	<u>\$ (10,011)</u>	<u>\$ (2,963)</u>	<u>\$ 911,132</u>

	Balance January 1, 2010	<u>Reclass</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2010
			(Amount in 000's)		
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 199,140	\$ (12)	\$ 1	\$	\$ 199,129
Construction in progress	<u>385,961</u>		<u>161,595</u>	<u>(167,935)</u>	<u>379,621</u>
Total capital assets, not being depreciated	<u>585,101</u>	<u>(12)</u>	<u>161,596</u>	<u>(167,935)</u>	<u>578,750</u>
Capital assets, being depreciated:					
Land improvements	98,572	(2,966)	367		95,973
Utility plant	1,744,690	(271,985)	130,602		1,603,307
Buildings, structures and improvements	741,278	(24,121)	7,308	(38,996)	685,469
Furniture, fixtures, equipment and vehicle:	389,086	299,084	13,249	(470)	700,949
Infrastructure	<u>885,928</u>		<u>24,979</u>		<u>910,907</u>
Total capital assets, being depreciated	<u>3,859,554</u>	<u>12</u>	<u>176,505</u>	<u>(39,466)</u>	<u>3,996,605</u>
Less accumulated depreciation for:					
Land improvements	(56,425)		(2,263)		(58,688)
Utility plant	(676,009)		(34,685)		(710,694)
Buildings, structures and improvements	(385,587)		(13,834)	38,453	(360,968)
Furniture, fixtures, equipment and vehicle:	(175,976)		(38,889)	449	(214,416)
Infrastructure	<u>(335,608)</u>		<u>(40,482)</u>		<u>(376,090)</u>
Total accumulated depreciation	<u>(1,629,605)</u>	<u>-</u>	<u>(130,153)</u>	<u>38,902</u>	<u>(1,720,856)</u>
Total capital assets being depreciated, net	<u>2,229,949</u>	<u>12</u>	<u>46,352</u>	<u>(564)</u>	<u>2,275,749</u>
Business-Type activities capital assets, net	<u>\$ 2,815,050</u>	<u>\$ -</u>	<u>\$ 207,948</u>	<u>\$ (168,499)</u>	<u>\$ 2,854,499</u>

The additions to accumulated depreciation may not match depreciation expense due to assets transferred between Business-Type Activities and Governmental Activities, if the transferred assets have been depreciated prior to this year.

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

	<u>(Amounts in 000's)</u>	
Governmental Activities:		
General Government	\$	8,621
Public Service		23,986
Public Safety		10,636
Building and Housing		111
Community Development		1,009
Public Health		344
Parks, Recreation and Properties		7,139
Economic Development		119
Depreciation expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets		<u>415</u>
Total depreciation expense charged to governmental activities	\$	<u>52,380</u>
Business-Type Activities:		
Water	\$	55,715
Electricity		16,191
Airport Facilities		49,999
Nonmajor activities		8,088
Depreciation expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets		<u>192</u>
Total depreciation expense charged to business-type activities	\$	<u>130,185</u>

Capital Commitments: Significant commitments of the City as of December 31, 2010 are composed of the following:

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
	(Amounts in 000's)	
Governmental Activities:		
Superior Avenue Rehabilitation	\$ 232	\$ 10,109
New Police Facility		9,457
Broadway Road Rehabilitation	12,101	9,134
800 MHz System		7,500
Collinwood-Lakeshore	4,494	5,887
Fulton Road Rehabilitation		5,490
League Park Renovations		4,700
E. 152		4,500
Cedar Avenue	27	4,474
New Financial Management System	6,510	4,317
East 30th Street Rehabilitation	449	3,479
ISG Coke Plant	1,888	3,304

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
	(Amounts in 000's)	
Business-Type Activities:		
Meter Automation and Replacement Program	\$ 2,078	\$ 53,422
Runway 10/28 Phase 5 & EMAS		27,093
Lake Road	8,046	24,404
Runway 10/28 Phase IV		22,263
Environmental Requirements	18,334	17,923
Sound Insulation of Homes	92,465	17,533
Crown Water Plant	676	14,324
Wetland and Stream Mitigation	21,476	14,025
Baldwin Residuals & Fairmount	3,239	13,806
Harvard Substation		13,527
Morgan Chemical Facility	4,362	13,159
Suburban Water Main Renewal Program	17,724	12,276
Morgan Pretreatment and Residuals	30,593	11,867

Capital Grant Programs: The City participates in the State Issue 2 program and the Local Transportation Improvement Program. Through these programs, the State of Ohio (State) provides financial assistance to the City for its various road and bridge improvements and storm water detention facilities. The Ohio Public Works Commission (OPWC) is the State agency which oversees the allocation of State bond proceeds and tax revenue to selected projects which have met funding requirements. Upon approval of the OPWC, the City and the State create project agreements establishing each entity's financial contribution toward each project. Through December 31, 2010, the State funded \$147,192,000 of road and bridge improvement projects and \$4,710,000 for storm water detention facilities.

Capitalized Interest: Interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest income earned on invested debt proceeds. For 2010, interest expense incurred for the Enterprise Funds was \$97,977,000 of which \$25,929,000 was capitalized net of \$47,000 of interest income capitalized.

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

NOTE 16 – SEGMENT INFORMATION

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

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

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

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

Condensed Balance Sheet Information

	Municipal Parking Lots
	(Amounts in 000's)
Assets:	
Current assets	\$ 2,164
Restricted assets	16,002
Other noncurrent assets	4,412
Capital assets, net	53,748
Total assets	<u>\$ 76,326</u>
Liabilities:	
Current liabilities	\$ 4,983
Long-term liabilities	50,041
Total liabilities	<u>55,024</u>
Net assets:	
Invested in capital assets, net of related debt	5,423
Restricted for debt service	8,138
Unrestricted	7,741
Total net assets	<u>21,302</u>
Total liabilities and net assets	<u>\$ 76,326</u>

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

	Municipal Parking Lots
	(Amounts in 000's)
Charges for services	\$ 9,227
Depreciation (expense)	(1,716)
Other operating (expenses)	<u>(4,126)</u>
Operating income (loss)	3,385
Nonoperating revenues (expenses):	
Investment income	5
Interest expense	(3,044)
Other revenue (expenses)	<u>(356)</u>
Change in net assets	(10)
Net assets at beginning of year	<u>21,312</u>
Net assets at end of year	<u>\$ 21,302</u>

Condensed Statement of Cash Flows Information

	Municipal Parking Lots
	(Amounts in 000's)
Net cash provided by (used for):	
Operating activities	\$ 5,586
Capital and related financing activities	(6,120)
Investing activities	<u>5</u>
Net increase (decrease) in cash and cash equivalents	(529)
Beginning cash and cash equivalents	<u>18,545</u>
Ending cash and cash equivalents	<u>\$ 18,016</u>

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

<u>Purpose</u>	<u>Division of Water</u>	<u>Cleveland Public Power</u>	<u>Department of Port Control</u>	<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Water Pollution Control</u>
	(Amounts in 000's)					
Construction activities	\$ 154,753	\$ 60,262	\$ 72,836	\$ 3,281	\$	\$ 1,250
Debt retirement	101,890	4,210	103,701	8,138		
Accrued passenger facility charges			25,572			
Other	<u>77</u>	<u>247</u>	<u>64,357</u>	<u>4,583</u>	<u>6,427</u>	<u></u>
Total	<u>\$ 256,720</u>	<u>\$ 64,719</u>	<u>\$ 266,466</u>	<u>\$ 16,002</u>	<u>\$ 6,427</u>	<u>\$ 1,250</u>

NOTE 17 – GATEWAY ECONOMIC DEVELOPMENT CORPORATION

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

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

In 2010, net revenues generated by the two Gateway garages were less than the debt service payments attributed to those garages by \$1,983,000. Cumulative debt service payments funded by the City that are due from Gateway totaled \$40,810,000 at December 31, 2010. Due to the uncertainty of collecting such amounts, an allowance has been recorded to offset the amounts in full; therefore, these amounts do not appear in the accompanying financial statements.

To enhance the security of the bonds, the City has agreed to pledge annually a percentage of admissions taxes on all events held at the arena to pay debt service if other revenue sources are not sufficient. Any exempted admissions tax not required for debt service will be reimbursed to the City. The City's current admissions tax rate is 8%. For the year ended December 31, 2010, the City pledged \$3,981,000.

NOTE 18 – COMPLIANCE AND ACCOUNTABILITY

At December 31, 2010, the Cleveland Stadium Operations had a fund balance deficiency of \$51,000. This deficiency will be eliminated through an operating transfer in. In addition, the Sinking Fund Administration fund had a net assets deficiency of \$8,000. This deficiency will be eliminated through an operating transfer in.

NOTE 19 – SUBSEQUENT EVENTS

On April 13, 2011, Fitch Ratings downgraded its rating on the City's outstanding general obligation bonds from AA- to A+ with a stable outlook. This rating applies to all of the City's outstanding general obligation bonds issued from 2002 through 2009.

On April 25, 2011, Fitch Ratings downgraded its rating on the City's outstanding airport system revenue bonds from A (negative outlook) to A- with a stable outlook. This rating covers various series of revenue bonds issued to make improvements to Cleveland Hopkins and Burke Lakefront Airports.

The City introduced legislation on May 9, 2011 which would authorize the sale of the Gateway North Garage which is part of the City's parking facilities. The garage is one of two City-owned garages located in the Gateway neighborhood and is being sold to Rock Ohio Caesars Gateway LLC to facilitate the development of Phase I of the Horseshoe Casino Cleveland. City Council approved the legislation on June 6, 2011.

On May 16, 2011, City Council passed legislation authorizing the City to enter into an equipment lease agreement in an amount not to exceed \$6,800,000. The City intends to purchase various police vehicles, heavy-duty vehicles and other apparatus. Lease payments will be made from the Restricted Income Tax Fund for a period of seven years.

Effective May 19, 2011, the City issued \$31,260,000 Series 2011 Various Purpose General Obligation Bonds. Proceeds of the bonds will be used for various public improvements to roads and bridges, cemeteries, public facilities and parks and recreation facilities.

SUPPLEMENTARY INFORMATION

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:				
Income taxes	\$ 262,509	\$ 262,509	\$ 263,578	\$ 1,069
Property taxes	39,009	39,009	38,568	(441)
State local government funds	45,730	45,730	47,268	1,538
Other shared revenues	43,340	43,340	45,476	2,136
Licenses and permits	11,265	11,265	10,673	(592)
Charges for services	28,024	28,024	26,350	(1,674)
Fines, forfeits and settlements	25,588	25,588	23,982	(1,606)
Investment earnings	1,011	1,011	326	(685)
Grants	4,821	4,821	2,569	(2,252)
Miscellaneous	<u>20,149</u>	<u>20,149</u>	<u>21,934</u>	<u>1,785</u>
Total revenues	<u>481,446</u>	<u>481,446</u>	<u>480,724</u>	<u>(722)</u>
EXPENDITURES:				
Current:				
General Government:				
Council and clerk of council:				
Personnel	4,587	4,617	4,597	20
Other	<u>1,676</u>	<u>1,646</u>	<u>1,436</u>	<u>210</u>
Total council and clerk of council	<u>6,263</u>	<u>6,263</u>	<u>6,033</u>	<u>230</u>
Office of the mayor:				
Personnel	2,144	2,144	2,023	121
Other	<u>138</u>	<u>138</u>	<u>116</u>	<u>22</u>
Total office of the mayor	<u>2,282</u>	<u>2,282</u>	<u>2,139</u>	<u>143</u>
Office of consumer affairs:				
Personnel	275	275	128	147
Other	<u>41</u>	<u>41</u>	<u>29</u>	<u>12</u>
Total office of consumer affairs	<u>316</u>	<u>316</u>	<u>157</u>	<u>159</u>
Office of personnel:				
Personnel	1,065	1,065	954	111
Other	<u>588</u>	<u>588</u>	<u>509</u>	<u>79</u>
Total office of personnel	<u>1,653</u>	<u>1,653</u>	<u>1,463</u>	<u>190</u>
Landmarks commission:				
Personnel	172	172	171	1
Other	<u>4</u>	<u>4</u>	<u>3</u>	<u>1</u>
Total landmarks commission	<u>176</u>	<u>176</u>	<u>174</u>	<u>2</u>
Board of building standards and appeals:				
Personnel	108	108	105	3
Other	<u>7</u>	<u>9</u>	<u>9</u>	<u>-</u>
Total board of building standards and appeals	<u>115</u>	<u>117</u>	<u>114</u>	<u>3</u>

(Continued)

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in 000's)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Division of harbors:				
Personnel	\$ 94	\$ 94	\$ 92	\$ 2
Other	149	149	142	7
Total division of harbors	<u>243</u>	<u>243</u>	<u>234</u>	<u>9</u>
Boxing and wrestling commission:				
Personnel	6	6	5	1
Total boxing and wrestling commission	<u>6</u>	<u>6</u>	<u>5</u>	<u>1</u>
Board of zoning appeals:				
Personnel	186	186	173	13
Other	12	12	12	-
Total board of zoning appeals	<u>198</u>	<u>198</u>	<u>185</u>	<u>13</u>
Civil service commission:				
Personnel	546	546	542	4
Other	753	808	794	14
Total civil service commission	<u>1,299</u>	<u>1,354</u>	<u>1,336</u>	<u>18</u>
Community relations board:				
Personnel	1,081	1,081	1,079	2
Other	81	81	55	26
Total community relations board	<u>1,162</u>	<u>1,162</u>	<u>1,134</u>	<u>28</u>
City planning commission:				
Personnel	1,437	1,437	1,400	37
Other	76	76	53	23
Total city planning commission	<u>1,513</u>	<u>1,513</u>	<u>1,453</u>	<u>60</u>
Office of equal opportunity:				
Personnel	518	520	520	
Other	25	25	16	9
Total office of equal opportunity	<u>543</u>	<u>545</u>	<u>536</u>	<u>9</u>
Municipal court-judicial division:				
Personnel	20,072	20,072	19,512	560
Other	2,562	2,562	2,505	57
Total municipal court-judicial division	<u>22,634</u>	<u>22,634</u>	<u>22,017</u>	<u>617</u>
Municipal court-housing division:				
Personnel	3,137	3,137	2,989	148
Other	159	159	126	33
Total municipal court-housing division	<u>3,296</u>	<u>3,296</u>	<u>3,115</u>	<u>181</u>

(Continued)

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in 000's)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Municipal court-clerks division:				
Personnel	\$ 9,136	\$ 8,956	\$ 8,820	\$ 136
Other	<u>5,286</u>	<u>5,466</u>	<u>5,413</u>	<u>53</u>
Total municipal court-clerks division	<u>14,422</u>	<u>14,422</u>	<u>14,233</u>	<u>189</u>
Office of budget and management:				
Personnel	596	596	563	33
Other	<u>166</u>	<u>166</u>	<u>158</u>	<u>8</u>
Total office of budget and management	<u>762</u>	<u>762</u>	<u>721</u>	<u>41</u>
Department of aging:				
Personnel	735	735	647	88
Other	<u>129</u>	<u>129</u>	<u>110</u>	<u>19</u>
Total department of aging	<u>864</u>	<u>864</u>	<u>757</u>	<u>107</u>
Department of law:				
Personnel	6,557	6,557	6,468	89
Other	<u>1,687</u>	<u>2,137</u>	<u>2,077</u>	<u>60</u>
Total department of law	<u>8,244</u>	<u>8,694</u>	<u>8,545</u>	<u>149</u>
Finance administration:				
Personnel	778	778	668	110
Other	<u>64</u>	<u>64</u>	<u>18</u>	<u>46</u>
Total finance administration	<u>842</u>	<u>842</u>	<u>686</u>	<u>156</u>
Division of accounts:				
Personnel	1,261	1,261	1,259	2
Other	<u>632</u>	<u>632</u>	<u>622</u>	<u>10</u>
Total division of accounts	<u>1,893</u>	<u>1,893</u>	<u>1,881</u>	<u>12</u>
Division of assessments and licenses:				
Personnel	2,297	1,997	1,972	25
Other	<u>912</u>	<u>912</u>	<u>614</u>	<u>298</u>
Total division of assessments and licenses	<u>3,209</u>	<u>2,909</u>	<u>2,586</u>	<u>323</u>
Division of treasury:				
Personnel	575	575	362	213
Other	<u>87</u>	<u>87</u>	<u>73</u>	<u>14</u>
Total division of treasury	<u>662</u>	<u>662</u>	<u>435</u>	<u>227</u>
Division of purchases and supplies:				
Personnel	515	515	482	33
Other	<u>35</u>	<u>35</u>	<u>27</u>	<u>8</u>
Total division of purchases and supplies	<u>550</u>	<u>550</u>	<u>509</u>	<u>41</u>

(Continued)

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in 000's)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Bureau of internal audit:				
Personnel	\$ 568	\$ 568	\$ 465	\$ 103
Other	<u>372</u>	<u>372</u>	<u>224</u>	<u>148</u>
Total bureau of internal audit	<u>940</u>	<u>940</u>	<u>689</u>	<u>251</u>
Division of financial reporting and control:				
Personnel	1,301	1,301	1,210	91
Other	<u>33</u>	<u>33</u>	<u>18</u>	<u>15</u>
Total division of financial reporting and control	<u>1,334</u>	<u>1,334</u>	<u>1,228</u>	<u>106</u>
Office of information and technology planning:				
Personnel	156	156	154	2
Other	<u>16</u>	<u>16</u>	<u>4</u>	<u>12</u>
Total office of information and technology planning:	<u>172</u>	<u>172</u>	<u>158</u>	<u>14</u>
Division of information system services:				
Personnel	2,099	2,099	1,916	183
Other	<u>1,630</u>	<u>1,630</u>	<u>1,300</u>	<u>330</u>
Total division of information system services	<u>3,729</u>	<u>3,729</u>	<u>3,216</u>	<u>513</u>
TOTAL GENERAL GOVERNMENT	<u>79,322</u>	<u>79,531</u>	<u>75,739</u>	<u>3,792</u>
Public Service:				
Public service administration:				
Personnel	375	378	376	2
Other	<u>25</u>	<u>25</u>	<u>7</u>	<u>18</u>
Total public service administration	<u>400</u>	<u>403</u>	<u>383</u>	<u>20</u>
Division of architecture:				
Personnel	522	522	439	83
Other	<u>28</u>	<u>28</u>	<u>9</u>	<u>19</u>
Total division of architecture	<u>550</u>	<u>550</u>	<u>448</u>	<u>102</u>
Division of waste collection and disposal:				
Personnel	15,126	15,126	14,991	135
Other	<u>10,447</u>	<u>10,447</u>	<u>10,366</u>	<u>81</u>
Total division of waste collection and disposal	<u>25,573</u>	<u>25,573</u>	<u>25,357</u>	<u>216</u>
Division of engineering and construction:				
Personnel	4,263	4,263	4,214	49
Other	<u>477</u>	<u>477</u>	<u>464</u>	<u>13</u>
Total division of engineering and construction	<u>4,740</u>	<u>4,740</u>	<u>4,678</u>	<u>62</u>
Division of traffic engineering:				
Personnel	2,898	2,898	2,883	15
Other	<u>993</u>	<u>993</u>	<u>892</u>	<u>101</u>
Total division of traffic engineering	<u>3,891</u>	<u>3,891</u>	<u>3,775</u>	<u>116</u>
TOTAL PUBLIC SERVICE	<u>35,154</u>	<u>35,157</u>	<u>34,641</u>	<u>516</u>

(Continued)

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Public Safety:				
Public safety administration:				
Personnel	\$ 2,328	\$ 2,228	\$ 2,222	\$ 6
Other	<u>1,091</u>	<u>1,091</u>	<u>1,059</u>	<u>32</u>
Total public safety administration	<u>3,419</u>	<u>3,319</u>	<u>3,281</u>	<u>38</u>
Division of police:				
Personnel	165,221	165,521	165,466	55
Other	<u>8,602</u>	<u>8,602</u>	<u>7,636</u>	<u>966</u>
Total division of police	<u>173,823</u>	<u>174,123</u>	<u>173,102</u>	<u>1,021</u>
Division of fire:				
Personnel	86,343	87,118	86,671	447
Other	<u>2,851</u>	<u>3,001</u>	<u>2,837</u>	<u>164</u>
Total division of fire	<u>89,194</u>	<u>90,119</u>	<u>89,508</u>	<u>611</u>
Division of emergency medical services:				
Personnel	19,133	18,633	18,542	91
Other	<u>2,296</u>	<u>2,196</u>	<u>2,109</u>	<u>87</u>
Total division of emergency medical services	<u>21,429</u>	<u>20,829</u>	<u>20,651</u>	<u>178</u>
Division of correction:				
Personnel	11,340	11,450	11,213	237
Other	<u>3,417</u>	<u>3,917</u>	<u>3,403</u>	<u>514</u>
Total division of correction	<u>14,757</u>	<u>15,367</u>	<u>14,616</u>	<u>751</u>
Division of dog pound:				
Personnel	823	823	795	28
Other	<u>245</u>	<u>245</u>	<u>215</u>	<u>30</u>
Total division of dog pound	<u>1,068</u>	<u>1,068</u>	<u>1,010</u>	<u>58</u>
TOTAL PUBLIC SAFETY	<u>303,690</u>	<u>304,825</u>	<u>302,168</u>	<u>2,657</u>
Building and Housing:				
Director's office:				
Personnel	1,512	1,512	1,376	136
Other	<u>352</u>	<u>352</u>	<u>332</u>	<u>20</u>
Total director's office	<u>1,864</u>	<u>1,864</u>	<u>1,708</u>	<u>156</u>
Division of code enforcement:				
Personnel	5,831	5,831	5,224	607
Other	<u>175</u>	<u>175</u>	<u>170</u>	<u>5</u>
Total division of code enforcement	<u>6,006</u>	<u>6,006</u>	<u>5,394</u>	<u>612</u>
Division of construction permitting:				
Personnel	1,540	1,540	1,459	81
Other	<u>18</u>	<u>18</u>	<u>17</u>	<u>1</u>
Total division of construction permitting	<u>1,558</u>	<u>1,558</u>	<u>1,476</u>	<u>82</u>
TOTAL BUILDING AND HOUSING	<u>9,428</u>	<u>9,428</u>	<u>8,578</u>	<u>850</u>

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Public Health:				
Public health administration:				
Personnel	\$ 573	\$ 573	\$ 551	\$ 22
Other	<u>260</u>	<u>260</u>	<u>256</u>	<u>4</u>
Total public health administration	<u>833</u>	<u>833</u>	<u>807</u>	<u>26</u>
Division of health:				
Personnel	1,948	1,948	1,812	136
Other	<u>1,254</u>	<u>1,304</u>	<u>1,268</u>	<u>36</u>
Total division of health	<u>3,202</u>	<u>3,252</u>	<u>3,080</u>	<u>172</u>
Division of environment:				
Personnel	1,005	1,005	906	99
Other	<u>154</u>	<u>154</u>	<u>132</u>	<u>22</u>
Total division of environment	<u>1,159</u>	<u>1,159</u>	<u>1,038</u>	<u>121</u>
Division of air quality:				
Personnel	146	146	125	21
Other	<u>281</u>	<u>281</u>	<u>278</u>	<u>3</u>
Total division of air quality	<u>427</u>	<u>427</u>	<u>403</u>	<u>24</u>
TOTAL PUBLIC HEALTH	<u>5,621</u>	<u>5,671</u>	<u>5,328</u>	<u>343</u>
Parks, Recreation and Properties:				
Parks, recreation and properties administration:				
Personnel	550	550	534	16
Other	<u>145</u>	<u>145</u>	<u>140</u>	<u>5</u>
Total parks, recreation and properties administration	<u>695</u>	<u>695</u>	<u>674</u>	<u>21</u>
Division of research, planning and development:				
Personnel	664	664	534	130
Other	<u>76</u>	<u>76</u>	<u>67</u>	<u>9</u>
Total division of research, planning and development	<u>740</u>	<u>740</u>	<u>601</u>	<u>139</u>
Division of recreation:				
Personnel	9,333	9,333	9,019	314
Other	<u>3,869</u>	<u>3,869</u>	<u>3,515</u>	<u>354</u>
Total division of recreation	<u>13,202</u>	<u>13,202</u>	<u>12,534</u>	<u>668</u>
Division of parking facilities:				
Personnel	1,198	1,198	1,117	81
Other	<u>60</u>	<u>60</u>	<u>32</u>	<u>28</u>
Total division of parking facilities	<u>1,258</u>	<u>1,258</u>	<u>1,149</u>	<u>109</u>

(Continued)

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Division of park maintenance and properties:				
Personnel	\$ 7,988	\$ 7,988	\$ 7,960	\$ 28
Other	4,544	4,544	4,125	419
Total division of park maintenance and properties	<u>12,532</u>	<u>12,532</u>	<u>12,085</u>	<u>447</u>
Division of property management:				
Personnel	5,651	5,651	5,403	248
Other	2,811	2,811	2,528	283
Total division of property management	<u>8,462</u>	<u>8,462</u>	<u>7,931</u>	<u>531</u>
 TOTAL PARKS, RECREATION AND PROPERTIES	 <u>36,889</u>	 <u>36,889</u>	 <u>34,974</u>	 <u>1,915</u>
Economic Development:				
Economic development administration:				
Personnel	1,225	1,225	1,190	35
Other	64	64	17	47
Total economic development administration	<u>1,289</u>	<u>1,289</u>	<u>1,207</u>	<u>82</u>
TOTAL ECONOMIC DEVELOPMENT	<u>1,289</u>	<u>1,289</u>	<u>1,207</u>	<u>82</u>
Non-Departmental Expenditures:				
Other	<u>21,586</u>	<u>22,286</u>	<u>19,592</u>	<u>2,694</u>
TOTAL NON-DEPARTMENTAL EXPENDITURES	<u>21,586</u>	<u>22,286</u>	<u>19,592</u>	<u>2,694</u>
TOTAL EXPENDITURES	<u>492,979</u>	<u>495,076</u>	<u>482,227</u>	<u>12,849</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,533)	(13,630)	(1,503)	12,127
OTHER FINANCING SOURCES (USES):				
Transfers in	25,970	25,970	18,887	(7,083)
Transfers out	(18,375)	(16,278)	(16,277)	1
Sale of City assets	2	2	70	68
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,597</u>	<u>9,694</u>	<u>2,680</u>	<u>(7,014)</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			<u>999</u>	<u>999</u>
NET CHANGE IN FUND BALANCES	(3,936)	(3,936)	2,176	6,112
FUND BALANCES AT BEGINNING OF YEAR	<u>3,968</u>	<u>3,968</u>	<u>3,968</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 32</u>	<u>\$ 32</u>	<u>\$ 6,144</u>	<u>\$ 6,112</u>

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CITY OF CLEVELAND, OHIO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

SPECIAL REVENUE FUNDS (Continued)

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

DEBT SERVICE FUNDS

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

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

DEBT SERVICE FUNDS (Continued)

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

CAPITAL PROJECT FUNDS

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

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

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	Special Revenue Funds - Budgeted					Total Budgeted Funds
	Division of Streets	Restricted Income Tax	Rainy Day Reserve Fund	Schools Recreation and Cultural Activities Fund	Cleveland Stadium Operations	
ASSETS						
Cash and cash equivalents	\$ 261	\$	\$ 8,532	\$	\$ 176	\$ 8,969
Investments						-
Receivables:						
Taxes		5,384				5,384
Accounts						-
Grants						-
Loans						-
Assessments						-
Receivables, net	<u>-</u>	<u>5,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,384</u>
Due from other funds	109	8,534				8,643
Due from other governments	6,649					6,649
Inventory of supplies	<u>1,168</u>					<u>1,168</u>
TOTAL ASSETS	<u>\$ 8,187</u>	<u>\$ 13,918</u>	<u>\$ 8,532</u>	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ 30,813</u>
LIABILITIES						
Accounts payable	\$ 901	\$ 166	\$	\$	\$	\$ 1,067
Accrued wages and benefits	1,578					1,578
Due to other governments					227	227
Deferred revenue	4,533	2,079				6,612
Unearned revenue						-
Due to other funds	<u>650</u>	<u>5</u>	<u>8,532</u>			<u>9,187</u>
Total liabilities	<u>7,662</u>	<u>2,250</u>	<u>8,532</u>	<u>-</u>	<u>227</u>	<u>18,671</u>
FUND BALANCES						
Reserves for:						
Loans						-
Inventory	1,168					1,168
Debt service						-
Encumbrances	247	6,147			176	6,570
Unreserved:						
Designated for future capital improvements		2,054				2,054
Undesignated	<u>(890)</u>	<u>3,467</u>			<u>(227)</u>	<u>2,350</u>
Total fund balances	<u>525</u>	<u>11,668</u>	<u>-</u>	<u>-</u>	<u>(51)</u>	<u>12,142</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,187</u>	<u>\$ 13,918</u>	<u>\$ 8,532</u>	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ 30,813</u>

Special Revenue Funds - Non-Budgeted

Community Development Block Grants	Community Development Funds	Building and Housing Funds	Urban Development Action Funds	Economic Development Funds	Home Weatherization Grants	WIA Grants	General Government Funds
\$	\$ 1,474	\$	\$ 21,891	\$ 41,874	\$	\$	\$ 12,363
5,178	1,599	4,699		404	382	2,164	173
11,160	8,550		57,233	18,949			
1,480	1,754	3,013					
<u>17,818</u>	<u>11,903</u>	<u>7,712</u>	<u>57,233</u>	<u>19,353</u>	<u>382</u>	<u>2,164</u>	<u>173</u>
2,378							88
				2,181		1	102
<u>\$ 20,196</u>	<u>\$ 13,377</u>	<u>\$ 7,712</u>	<u>\$ 79,124</u>	<u>\$ 63,408</u>	<u>\$ 382</u>	<u>\$ 2,165</u>	<u>\$ 12,726</u>
\$ 30	\$ 28	\$ 458	\$ 363	\$ 44	\$	\$ 15	\$ 604
554	67				12	138	153
87	2,343			36,149			162
12,139	1,797	2,917		2,145			36
2,800	999	687		602	8	1,216	557
4,586		3,650	6		362	796	54
<u>20,196</u>	<u>5,234</u>	<u>7,712</u>	<u>369</u>	<u>38,940</u>	<u>382</u>	<u>2,165</u>	<u>1,566</u>
	5,975		57,233	12,800			
			1,561				
			9,706	7,106			1,775
			67	356			319
	2,168		10,188	4,206			9,066
<u>-</u>	<u>8,143</u>	<u>-</u>	<u>78,755</u>	<u>24,468</u>	<u>-</u>	<u>-</u>	<u>11,160</u>
<u>\$ 20,196</u>	<u>\$ 13,377</u>	<u>\$ 7,712</u>	<u>\$ 79,124</u>	<u>\$ 63,408</u>	<u>\$ 382</u>	<u>\$ 2,165</u>	<u>\$ 12,726</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	Special Revenue Funds - Non-Budgeted					
	<u>Public Service Funds</u>	<u>Public Safety Funds</u>	<u>Public Health Funds</u>	<u>Parks, Recreation and Properties Funds</u>	<u>Cleveland Stadium Debt Service Fund</u>	<u>Gateway Shared Income Tax Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,767	\$	\$ 96	\$ 21,504	\$ 21,818	\$ 1,572
Investments						
Receivables:						
Taxes						
Accounts						
Grants		9,266	2,880	26		
Loans				92		
Accrued interest						
Assessments						
Receivables, net	<u>-</u>	<u>9,266</u>	<u>2,880</u>	<u>118</u>	<u>-</u>	<u>-</u>
Due from other funds			1,955			
Due from other governments						94
Inventory of supplies						
TOTAL ASSETS	<u>\$ 1,767</u>	<u>\$ 9,266</u>	<u>\$ 4,931</u>	<u>\$ 21,622</u>	<u>\$ 21,818</u>	<u>\$ 1,666</u>
LIABILITIES						
Accounts payable	\$ 2	\$ 271	\$ 40	\$ 40	\$	\$
Accrued wages and benefits		123	508			
Due to other governments		1	3			812
Deferred revenue			1,599			191
Unearned revenue	16	2,139	2,204	255		
Due to other funds		2,583	10			663
Total liabilities	<u>18</u>	<u>5,117</u>	<u>4,364</u>	<u>295</u>	<u>-</u>	<u>1,666</u>
FUND BALANCE						
Reserves for:						
Loans						
Inventory						
Debt service					21,818	
Encumbrances	11	763	25	257		
Unreserved:						
Designated for future capital improvements	82			17		
Undesignated	<u>1,656</u>	<u>3,386</u>	<u>542</u>	<u>21,053</u>		
Total fund balances	<u>1,749</u>	<u>4,149</u>	<u>567</u>	<u>21,327</u>	<u>21,818</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,767</u>	<u>\$ 9,266</u>	<u>\$ 4,931</u>	<u>\$ 21,622</u>	<u>\$ 21,818</u>	<u>\$ 1,666</u>

Special Revenue Funds - Non-Budgeted					Debt Service Funds - Budgeted			
Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non-Budgeted Funds	Total Special Revenue Funds	Unvoted Tax Supported Obligations Fund	Stadium Bond Fund	Subordinated Income Tax Fund	Lower Euclid Avenue TIF
\$ 4,115	\$ 10,280	\$ 3,645	\$ 142,399	\$ 151,368	\$ 2,192	\$ -	\$ 2,357	\$ 45
			-	-				
			-	5,384	29,390			
		206	26,977	26,977				
18,449	18,961	43,455	176,849	176,849				
			-	-				
			6,247	6,247				
<u>18,449</u>	<u>18,961</u>	<u>43,661</u>	<u>210,073</u>	<u>215,457</u>	<u>29,390</u>	<u>-</u>	<u>-</u>	<u>-</u>
			4,421	13,064				
			2,378	9,027	2,111			
			-	1,168				
<u>\$ 22,564</u>	<u>\$ 29,241</u>	<u>\$ 47,306</u>	<u>\$ 359,271</u>	<u>\$ 390,084</u>	<u>\$ 33,693</u>	<u>\$ -</u>	<u>\$ 2,357</u>	<u>\$ 45</u>
\$ -	\$ -	\$ -	\$ 1,895	\$ 2,962	\$ -	\$ -	\$ -	\$ -
		24	1,579	3,157				
		47,212	86,769	86,996				
			20,824	27,436	31,501			
		70	11,553	11,553				
			12,710	21,897				
<u>-</u>	<u>-</u>	<u>47,306</u>	<u>135,330</u>	<u>154,001</u>	<u>31,501</u>	<u>-</u>	<u>-</u>	<u>-</u>
18,449	18,961		113,418	113,418				
			-	1,168				
			23,379	23,379	2,192		2,357	45
2,615	4,858		27,116	33,686				
3	122		966	3,020				
1,497	5,300		59,062	61,412				
<u>22,564</u>	<u>29,241</u>	<u>-</u>	<u>223,941</u>	<u>236,083</u>	<u>2,192</u>	<u>-</u>	<u>2,357</u>	<u>45</u>
<u>\$ 22,564</u>	<u>\$ 29,241</u>	<u>\$ 47,306</u>	<u>\$ 359,271</u>	<u>\$ 390,084</u>	<u>\$ 33,693</u>	<u>\$ -</u>	<u>\$ 2,357</u>	<u>\$ 45</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	Debt Service Funds			Debt Service Funds			Total Debt Service Funds
	Budgeted			Non-Budgeted			
	Core City Bonds	Subordinate Lien Income Tax Fund	Total Budgeted Funds	Urban Renewal Fund	Urban Renewal Reserve Fund	Total Non-Budgeted Funds	
ASSETS							
Cash and cash equivalents	\$ 3,117	\$ 1,732	\$ 9,443	\$ 753	\$ 2,199	\$ 2,952	\$ 12,395
Receivables:							
Taxes			29,390			-	29,390
Grants			-			-	-
Loans			-			-	-
Assessments			-			-	-
Receivables, net	-	-	29,390	-	-	-	29,390
Due from other funds			-			-	-
Due from other governments			2,111			-	2,111
Inventory of supplies			-			-	-
TOTAL ASSETS	<u>\$ 3,117</u>	<u>\$ 1,732</u>	<u>\$ 40,944</u>	<u>\$ 753</u>	<u>\$ 2,199</u>	<u>\$ 2,952</u>	<u>\$ 43,896</u>
LIABILITIES							
Accounts payable	\$ 4	\$	\$ 4	\$	\$	\$ -	\$ 4
Accrued wages and benefits			-			-	-
Due to other governments			-			-	-
Deferred revenue			31,501			-	31,501
Unearned revenue			-			-	-
Due to other funds			-			-	-
Total liabilities	<u>4</u>	<u>-</u>	<u>31,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,505</u>
FUND BALANCE							
Reserve for:							
Loans			-			-	-
Inventory			-			-	-
Debt service	3,113	1,732	9,439	753	2,199	2,952	12,391
Encumbrances			-			-	-
Unreserved:							
Designated for future capital improvements			-			-	-
Undesignated			-			-	-
Total fund balances	<u>3,113</u>	<u>1,732</u>	<u>9,439</u>	<u>753</u>	<u>2,199</u>	<u>2,952</u>	<u>12,391</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,117</u>	<u>\$ 1,732</u>	<u>\$ 40,944</u>	<u>\$ 753</u>	<u>\$ 2,199</u>	<u>\$ 2,952</u>	<u>\$ 43,896</u>

Capital Projects Funds Non-Budgeted						
<u>Capital/ Urban Renewal Bond Construction</u>	<u>Grant Improvement</u>	<u>Capital Improvement</u>	<u>Certificates of Participation/ Capital Leases</u>	<u>Cleveland Stadium Construction</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 103,086	\$	\$ 4,660	\$ 3,833	\$ 4,485	\$ 116,064	\$ 279,827
					-	34,774
	4,417				4,417	31,394
					-	176,849
					-	6,247
<u>-</u>	<u>4,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,417</u>	<u>249,264</u>
					-	13,064
		177			177	11,315
					-	1,168
<u>\$ 103,086</u>	<u>\$ 4,417</u>	<u>\$ 4,837</u>	<u>\$ 3,833</u>	<u>\$ 4,485</u>	<u>\$ 120,658</u>	<u>\$ 554,638</u>
\$ 2,009	\$ 219	\$ 2,496	\$ 255	\$	\$ 4,979	\$ 7,945
					-	3,157
49					49	87,045
					-	58,937
	273	25			298	11,851
	<u>3,925</u>				<u>3,925</u>	<u>25,822</u>
<u>2,058</u>	<u>4,417</u>	<u>2,521</u>	<u>255</u>	<u>-</u>	<u>9,251</u>	<u>194,757</u>
					-	113,418
					-	1,168
					-	35,770
72,828		184		642	73,654	107,340
25,092		75		214	25,381	28,401
<u>3,108</u>		<u>2,057</u>	<u>3,578</u>	<u>3,629</u>	<u>12,372</u>	<u>73,784</u>
<u>101,028</u>	<u>-</u>	<u>2,316</u>	<u>3,578</u>	<u>4,485</u>	<u>111,407</u>	<u>359,881</u>
<u>\$ 103,086</u>	<u>\$ 4,417</u>	<u>\$ 4,837</u>	<u>\$ 3,833</u>	<u>\$ 4,485</u>	<u>\$ 120,658</u>	<u>\$ 554,638</u>

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010
(Amounts in 000's)**

	Special Revenue Funds - Budgeted					Total Budgeted Funds
	Division of Streets	Restricted Income Tax	Rainy Day Reserve Fund	Schools Recreation and Cultural Activities Fund	Cleveland Stadium Operations	
REVENUES:						
Income taxes	\$	\$ 33,072	\$	\$	\$	\$ 33,072
Property taxes						-
Other shared revenues	13,500				13,486	26,986
Licenses and permits	1,516					1,516
Charges for services	1,332				250	1,582
Fines, forfeits and settlements						-
Investment earnings		40			2	42
Grants						-
Contributions						-
Miscellaneous						-
Total revenues	<u>16,348</u>	<u>33,112</u>	<u>-</u>	<u>-</u>	<u>13,738</u>	<u>63,198</u>
EXPENDITURES:						
Current:						
General Government						-
Public Service	19,065					19,065
Public Safety						-
Community Development						-
Building and Housing						-
Public Health						-
Parks, Recreation and Properties				1,000	1,252	2,252
Economic Development						-
Capital outlay		5,631				5,631
Debt service:						
Principal retirement		2,579				2,579
Interest		125				125
General Government						-
Other						-
Total expenditures	<u>19,065</u>	<u>8,335</u>	<u>-</u>	<u>1,000</u>	<u>1,252</u>	<u>29,652</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,717)</u>	<u>24,777</u>	<u>-</u>	<u>(1,000)</u>	<u>12,486</u>	<u>33,546</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	3,902			1,000	502	5,404
Transfers out		(24,611)			(26,827)	(51,438)
Issuance of debt						-
Premium on bonds and notes						-
Payment to refund bonds and notes						-
Sale of City assets						-
Total other financing sources (uses)	<u>3,902</u>	<u>(24,611)</u>	<u>-</u>	<u>1,000</u>	<u>(26,325)</u>	<u>(46,034)</u>
NET CHANGE IN FUND BALANCES	1,185	166	-	-	(13,839)	(12,488)
FUND BALANCES AT BEGINNING OF YEAR	(660)	11,502			13,788	24,630
FUND BALANCES AT END OF YEAR	<u>\$ 525</u>	<u>\$ 11,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 12,142</u>

Special Revenue Funds - Non-Budgeted							
Community Development Block Grants	Community Development Funds	Building and Housing Funds	Urban Development Action Funds	Economic Development Funds	Home Weatherization Grants	WIA Grants	General Government Funds
\$	\$	\$	\$	\$	\$	\$	\$
				2,396			8
			28				2,152
1,802	803						3,571
1	1			10			31
28,252	26,432	9,064		885	14,396	3,491	1,330
			1,188	1,025			15
<u>30,055</u>	<u>27,236</u>	<u>9,064</u>	<u>1,216</u>	<u>4,316</u>	<u>14,396</u>	<u>3,491</u>	<u>7,268</u>
							8,128
29,955	26,086	9,064			14,396		
			9,707	3,767		3,491	
100			5				
<u>30,055</u>	<u>26,086</u>	<u>9,064</u>	<u>9,712</u>	<u>3,767</u>	<u>14,396</u>	<u>3,491</u>	<u>8,128</u>
-	1,150	-	(8,496)	549	-	-	(860)
			(1,305)	(1,366)			91
							(1,535)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,305)</u>	<u>(1,366)</u>	<u>-</u>	<u>-</u>	<u>(1,444)</u>
-	1,150	-	(9,801)	(817)	-	-	(2,304)
	6,993		88,556	25,285			13,464
<u>\$ -</u>	<u>\$ 8,143</u>	<u>\$ -</u>	<u>\$ 78,755</u>	<u>\$ 24,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,160</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	Special Revenue Funds - Non-Budgeted					
	Public Service Funds	Public Safety Funds	Public Health Funds	Parks, Recreation and Properties Funds	Cleveland Stadium Debt Service Fund	Gateway Shared Income Tax Funds
REVENUES:						
Income taxes	\$	\$	\$	\$	\$	\$
Property taxes						
Other shared revenues						674
Licenses and permits			1,400	4		
Charges for services	211					
Fines, forfeits and settlements		1,358				
Investment earnings	7	91	3	2	4	
Grants	13	6,084	12,693	344		
Contributions		16				
Miscellaneous			50	47		
Total revenues	<u>231</u>	<u>7,549</u>	<u>14,146</u>	<u>397</u>	<u>4</u>	<u>674</u>
EXPENDITURES:						
Current:						
General Government						674
Public Service	108					
Public Safety		7,221				
Community Development						
Building and Housing						
Public Health			13,989			
Parks, Recreation and Properties				430	425	
Economic Development						
Capital outlay	572		113	25		
Debt service:						
Principal retirement					8,213	
Interest					4,718	
General Government					18,234	
Other						
Total expenditures	<u>680</u>	<u>7,221</u>	<u>14,102</u>	<u>455</u>	<u>31,590</u>	<u>674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(449)</u>	<u>328</u>	<u>44</u>	<u>(58)</u>	<u>(31,586)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Transfers in				19,622	26,827	
Transfers out						
Issuance of debt					133,125	
Issuance of refunding bonds						
Premium on bonds and notes					1,842	
Payment to refund bonds and notes					(108,390)	
Sale of City assets						
Proceeds from capital lease						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,622</u>	<u>53,404</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(449)	328	44	19,564	21,818	-
FUND BALANCES AT BEGINNING OF YEAR	<u>2,198</u>	<u>3,821</u>	<u>523</u>	<u>1,763</u>		
FUND BALANCES AT END OF YEAR	<u>\$ 1,749</u>	<u>\$ 4,149</u>	<u>\$ 567</u>	<u>\$ 21,327</u>	<u>\$ 21,818</u>	<u>\$ -</u>

Special Revenue Funds - Non-Budgeted				Debt Service Funds - Budgeted				
Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non-Budgeted Funds	Total Special Revenue Funds	Unvoted Tax Supported Obligations Fund	Stadium Bond Fund	Subordinated Income Tax Fund	Lower Euclid Avenue TIF
\$	\$	\$	\$ -	\$ 33,072	\$	\$	\$	\$
			-	-	20,092			
240	156		3,474	30,460	5,017			
			1,432	2,948				
	1,403		6,371	7,953				
			4,929	4,929				
6	22	1	179	221	14			
		188	103,172	103,172				
			31	31				
	1,221	78	3,770	3,770				
<u>246</u>	<u>2,802</u>	<u>267</u>	<u>123,358</u>	<u>186,556</u>	<u>25,123</u>	<u>-</u>	<u>-</u>	<u>-</u>
			8,802	8,802				
			108	19,173				
			7,221	7,221				
			70,437	70,437				
			9,064	9,064				
			13,989	13,989				
			855	3,107				
3,462	2,753	267	23,447	23,447				
	49		864	6,495				
			8,213	10,792	29,115	1,020	2,675	841
			4,718	4,843	15,915	613	2,928	185
			18,234	18,234				
			-	-				
<u>3,462</u>	<u>2,802</u>	<u>267</u>	<u>165,952</u>	<u>195,604</u>	<u>45,030</u>	<u>1,633</u>	<u>5,603</u>	<u>1,026</u>
(3,216)	-	-	(42,594)	(9,048)	(19,907)	(1,633)	(5,603)	(1,026)
			46,540	51,944	19,500	1,619	5,666	991
	(16,343)		(20,549)	(71,987)				
			133,125	133,125				
			-	-				
			1,842	1,842				
			(108,390)	(108,390)				
	1,057		1,057	1,057				
			-	-				
<u>-</u>	<u>(15,286)</u>	<u>-</u>	<u>53,625</u>	<u>7,591</u>	<u>19,500</u>	<u>1,619</u>	<u>5,666</u>	<u>991</u>
(3,216)	(15,286)		11,031	(1,457)	(407)	(14)	63	(35)
<u>25,780</u>	<u>44,527</u>		<u>212,910</u>	<u>237,540</u>	<u>2,599</u>	<u>14</u>	<u>2,294</u>	<u>80</u>
<u>\$ 22,564</u>	<u>\$ 29,241</u>	<u>\$ -</u>	<u>\$ 223,941</u>	<u>\$ 236,083</u>	<u>\$ 2,192</u>	<u>\$ -</u>	<u>\$ 2,357</u>	<u>\$ 45</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	Debt Service Funds Budgeted			Debt Service Funds Non-Budgeted		Total Non- Budgeted Funds	Total Debt Service Funds
	Subordinate		Total Budgeted Funds	Urban Renewal Fund	Urban Renewal Reserve Fund		
	Core City Bonds	Lien Income Tax Fund					
REVENUES:							
Income taxes	\$	\$	\$ -	\$	\$	\$ -	\$ -
Property taxes			20,092			-	20,092
Other shared revenues			5,017			-	5,017
Licenses and permits			-			-	-
Charges for services			-			-	-
Fines, forfeits and settlements			-			-	-
Investment earnings	1		15		1	1	16
Grants			-			-	-
Contributions			-			-	-
Miscellaneous		149	149	976		976	1,125
Total revenues	<u>1</u>	<u>149</u>	<u>25,273</u>	<u>976</u>	<u>1</u>	<u>977</u>	<u>26,250</u>
EXPENDITURES:							
Current:							
General Government			-			-	-
Public Service			-			-	-
Public Safety			-			-	-
Community Development			-			-	-
Building and Housing			-			-	-
Public Health			-			-	-
Parks, Recreation and Properties			-			-	-
Economic Development			-			-	-
Capital outlay			-			-	-
Inception of capital lease			-			-	-
Debt service:							
Principal retirement	1,300	1,985	36,936	495		495	37,431
Interest	909	2,807	23,357	378		378	23,735
General Government	316		316	172		172	488
Other			-			-	-
Total expenditures	<u>2,525</u>	<u>4,792</u>	<u>60,609</u>	<u>1,045</u>	<u>-</u>	<u>1,045</u>	<u>61,654</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,524)</u>	<u>(4,643)</u>	<u>(35,336)</u>	<u>(69)</u>	<u>1</u>	<u>(68)</u>	<u>(35,404)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	1,698	5,111	34,585		1	1	34,586
Transfers out			-	(1)		(1)	(1)
Issuance of debt			-			-	-
Premium on bonds and notes			-			-	-
Discount on bonds and notes			-			-	-
Payment to refund bonds and notes			-			-	-
Sale of City assets			-			-	-
Proceeds from capital lease			-			-	-
Total other financing sources (uses)	<u>1,698</u>	<u>5,111</u>	<u>34,585</u>	<u>(1)</u>	<u>1</u>	<u>-</u>	<u>34,585</u>
NET CHANGE IN FUND BALANCES	(826)	468	(751)	(70)	2	(68)	(819)
FUND BALANCES AT BEGINNING OF YEAR	<u>3,939</u>	<u>1,264</u>	<u>10,190</u>	<u>823</u>	<u>2,197</u>	<u>3,020</u>	<u>13,210</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,113</u>	<u>\$ 1,732</u>	<u>\$ 9,439</u>	<u>\$ 753</u>	<u>\$ 2,199</u>	<u>\$ 2,952</u>	<u>\$ 12,391</u>

Capital Projects Funds						
Non-Budgeted						
Capital/ Urban Renewal Bond Construction	Grant Improvement	Capital Improvement	Certificates of Participation/ Capital Leases	Cleveland Stadium Construction	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$	\$	\$	\$	\$	\$ -	\$ 33,072
					-	20,092
					-	35,477
					-	2,948
					-	7,953
					-	4,929
21		4	3	5	33	270
	11,179				11,179	114,351
		41			41	72
		264			264	5,159
<u>21</u>	<u>11,179</u>	<u>309</u>	<u>3</u>	<u>5</u>	<u>11,517</u>	<u>224,323</u>
					-	8,802
					-	19,173
					-	7,221
					-	70,437
					-	9,064
					-	13,989
					-	3,107
					-	23,447
37,595	11,179	266	3,201	692	49,732	56,227
					3,201	3,201
					-	48,223
			104		104	28,682
					-	18,722
795					795	795
<u>38,390</u>	<u>11,179</u>	<u>266</u>	<u>3,305</u>	<u>692</u>	<u>53,832</u>	<u>311,090</u>
(38,369)	-	43	(3,302)	(687)	(42,315)	(86,767)
		350		850	1,200	87,730
38,380					38,380	(71,988)
43					43	171,505
(237)					(237)	1,885
						(237)
						(108,390)
						1,057
			6,690		6,690	6,690
<u>38,186</u>	<u>-</u>	<u>350</u>	<u>6,690</u>	<u>850</u>	<u>46,076</u>	<u>88,252</u>
(183)	-	393	3,388	163	3,761	1,485
<u>101,211</u>	<u>-</u>	<u>1,923</u>	<u>190</u>	<u>4,322</u>	<u>107,646</u>	<u>358,396</u>
<u>\$ 101,028</u>	<u>\$ -</u>	<u>\$ 2,316</u>	<u>\$ 3,578</u>	<u>\$ 4,485</u>	<u>\$ 111,407</u>	<u>\$ 359,881</u>

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in 000's)**

	Division of Streets				Restricted Income Tax			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Income taxes	\$	\$	\$	\$ -	\$ 32,814	\$ 32,814	\$ 32,947	\$ 133
Other shared revenues	13,203	13,203	13,555	352				-
Licenses and permits	1,698	1,698	1,408	(290)				-
Charges for services	30	1,332	1,326	(6)				-
Investment earnings	1	1	-	(1)	100	100	40	(60)
Miscellaneous	400	48	6	(42)				-
Total revenues	<u>15,332</u>	<u>16,282</u>	<u>16,295</u>	<u>13</u>	<u>32,914</u>	<u>32,914</u>	<u>32,987</u>	<u>73</u>
EXPENDITURES:								
Public Service:								
Personnel	13,592	14,542	14,324	218				-
Other	6,073	6,073	5,884	189				-
Parks, Recreation and Properties:								
Other				-				-
Capital outlay				-	5,438	5,438	5,430	8
Principal retirement				-	2,580	2,580	2,579	1
Interest				-	125	125	125	-
Total expenditures	<u>19,665</u>	<u>20,615</u>	<u>20,208</u>	<u>407</u>	<u>8,143</u>	<u>8,143</u>	<u>8,134</u>	<u>9</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,333)</u>	<u>(4,333)</u>	<u>(3,913)</u>	<u>420</u>	<u>24,771</u>	<u>24,771</u>	<u>24,853</u>	<u>82</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	4,321	4,321	3,902	(419)				-
Transfers out				-	(24,775)	(24,775)	(24,611)	164
Total other financing sources (uses)	<u>4,321</u>	<u>4,321</u>	<u>3,902</u>	<u>(419)</u>	<u>(24,775)</u>	<u>(24,775)</u>	<u>(24,611)</u>	<u>164</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(12)	(12)	(11)	1	(4)	(4)	242	246
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES				-			1	1
FUND BALANCES AT BEGINNING OF YEAR	<u>12</u>	<u>12</u>	<u>12</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247</u>	<u>\$ 247</u>

Rainy Day Reserve Fund				Schools Recreation and Cultural Activities			
Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
\$	\$	\$	\$ -	\$	\$	\$	\$ -
			-				-
			-				-
		25	25				-
			-				-
<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			-				-
			-				-
			-	1,000	1,000	1,000	-
			-				-
			-				-
			-				-
<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
			-				-
			-	1,000	1,000	1,000	-
	(7,500)		7,500				-
<u>-</u>	<u>(7,500)</u>	<u>-</u>	<u>7,500</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
			-				-
	(7,500)	25	7,525				-
			-				-
			-				-
<u>8,507</u>	<u>8,507</u>	<u>8,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8,507</u>	<u>\$ 1,007</u>	<u>\$ 8,532</u>	<u>\$ 7,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010
(Amounts in 000's)**

	Cleveland Stadium Operations				Totals			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Income taxes	\$	\$	\$	\$ -	\$ 32,814	\$ 32,814	\$ 32,947	\$ 133
Other shared revenues	13,000	13,000	13,486	486	26,203	26,203	27,041	838
Licenses and permits				-	1,698	1,698	1,408	(290)
Charges for services	250	250	250	-	280	1,582	1,576	(6)
Investment earnings			2	2	101	101	67	(34)
Miscellaneous				-	400	48	6	(42)
Total revenues	<u>13,250</u>	<u>13,250</u>	<u>13,738</u>	<u>488</u>	<u>61,496</u>	<u>62,446</u>	<u>63,045</u>	<u>599</u>
EXPENDITURES:								
Public Service:								
Personnel				-	13,592	14,542	14,324	218
Other				-	6,073	6,073	5,884	189
Parks, Recreation and Properties:								
Other	1,915	1,915	1,025	890	2,915	2,915	2,025	890
Capital outlay				-	5,438	5,438	5,430	8
Principal retirement				-	2,580	2,580	2,579	1
Interest				-	125	125	125	-
Total expenditures	<u>1,915</u>	<u>1,915</u>	<u>1,025</u>	<u>890</u>	<u>30,723</u>	<u>31,673</u>	<u>30,367</u>	<u>1,306</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,335</u>	<u>11,335</u>	<u>12,713</u>	<u>1,378</u>	<u>30,773</u>	<u>30,773</u>	<u>32,678</u>	<u>1,905</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	3,500	3,500	502	(2,998)	8,821	8,821	5,404	(3,417)
Transfers out	(26,890)	(26,890)	(26,827)	63	(51,665)	(59,165)	(51,438)	7,727
Total other financing sources (uses)	<u>(23,390)</u>	<u>(23,390)</u>	<u>(26,325)</u>	<u>(2,935)</u>	<u>(42,844)</u>	<u>(50,344)</u>	<u>(46,034)</u>	<u>4,310</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(12,055)</u>	<u>(12,055)</u>	<u>(13,612)</u>	<u>(1,557)</u>	<u>(12,071)</u>	<u>(19,571)</u>	<u>(13,356)</u>	<u>6,215</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES				-			1	1
FUND BALANCES AT BEGINNING OF YEAR	<u>13,612</u>	<u>13,612</u>	<u>13,612</u>	<u>-</u>	<u>22,135</u>	<u>22,135</u>	<u>22,135</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,557</u>	<u>\$ 1,557</u>	<u>\$ -</u>	<u>\$ (1,557)</u>	<u>\$ 10,064</u>	<u>\$ 2,564</u>	<u>\$ 8,780</u>	<u>\$ 6,216</u>

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CITY OF CLEVELAND, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUDGETED DEBT SERVICE FUNDS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	Unvoted Tax Supported Obligations Fund				Stadium Bond Fund			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Property taxes	\$ 20,051	\$ 20,051	\$ 20,092	\$ 41	\$ -	\$ -	\$ -	\$ -
Other shared revenues	5,149	5,149	5,017	(132)				
Investment earnings	20	20	14	(6)				
Grants				-				
Miscellaneous				-				
Total revenues	<u>25,220</u>	<u>25,220</u>	<u>25,123</u>	<u>(97)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:								
Principal retirement	29,115	29,115	29,115	-	1,020	1,020	1,020	-
Interest	15,915	15,915	15,915	-	613	613	613	-
General Government				-				-
Total expenditures	<u>45,030</u>	<u>45,030</u>	<u>45,030</u>	<u>-</u>	<u>1,633</u>	<u>1,633</u>	<u>1,633</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,810)</u>	<u>(19,810)</u>	<u>(19,907)</u>	<u>(97)</u>	<u>(1,633)</u>	<u>(1,633)</u>	<u>(1,633)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds				-	1,633	1,633	1,619	(14)
Restricted income tax fund	20,500	19,500	19,500	-				-
Transfers out:								
To other subfunds				-				-
Issuance of Debt				-				-
Payment to refund bonds and notes				-				-
Premium on bonds and notes				-				-
Total other financing sources (uses)	<u>20,500</u>	<u>19,500</u>	<u>19,500</u>	<u>-</u>	<u>1,633</u>	<u>1,633</u>	<u>1,619</u>	<u>(14)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>690</u>	<u>(310)</u>	<u>(407)</u>	<u>(97)</u>	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>(14)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>2,599</u>	<u>2,599</u>	<u>2,599</u>	<u>-</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,289</u>	<u>\$ 2,289</u>	<u>\$ 2,192</u>	<u>\$ (97)</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ (14)</u>

Subordinated Income Tax Fund				Lower Euclid Avenue TIF				Core City Bonds			
Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
\$	\$	\$	\$ -	\$	\$	\$	\$ -	\$	\$	\$	\$ -
			-				-				-
			-				-	5	5	1	(4)
			-				-				-
			-				-				-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>1</u>	<u>(4)</u>
2,675	2,675	2,675	-	841	841	841	-	1,300	1,300	1,300	-
2,928	2,928	2,928	-	185	185	185	-	1,907	1,832	909	923
			-				-	245	320	312	8
<u>5,603</u>	<u>5,603</u>	<u>5,603</u>	<u>-</u>	<u>1,026</u>	<u>1,026</u>	<u>1,026</u>	<u>-</u>	<u>3,452</u>	<u>3,452</u>	<u>2,521</u>	<u>931</u>
<u>(5,603)</u>	<u>(5,603)</u>	<u>(5,603)</u>	<u>-</u>	<u>(1,026)</u>	<u>(1,026)</u>	<u>(1,026)</u>	<u>-</u>	<u>(3,447)</u>	<u>(3,447)</u>	<u>(2,520)</u>	<u>927</u>
5,591	5,671	5,666	(5)	946	946	991	45	1,897	1,712	1,698	(14)
			-				-				-
			-				-				-
			-				-				-
<u>5,591</u>	<u>5,671</u>	<u>5,666</u>	<u>(5)</u>	<u>946</u>	<u>946</u>	<u>991</u>	<u>45</u>	<u>1,897</u>	<u>1,712</u>	<u>1,698</u>	<u>(14)</u>
(12)	68	63	(5)	(80)	(80)	(35)	45	(1,550)	(1,735)	(822)	913
2,294	2,294	2,294	-	80	80	80	-	3,939	3,939	3,939	-
<u>\$ 2,282</u>	<u>\$ 2,362</u>	<u>\$ 2,357</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 2,389</u>	<u>\$ 2,204</u>	<u>\$ 3,117</u>	<u>\$ 913</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUDGETED DEBT SERVICE FUNDS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	Subordinate Lien Income Tax Bonds				Totals			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Property taxes	\$	\$	\$	\$ -	\$ 20,051	\$ 20,051	\$ 20,092	\$ 41
Other shared revenues				-	5,149	5,149	5,017	(132)
Investment earnings				-	25	25	15	(10)
Grants				-	-	-	-	-
Miscellaneous		148	149	1	-	148	149	1
Total revenues	<u>-</u>	<u>148</u>	<u>149</u>	<u>1</u>	<u>25,225</u>	<u>25,373</u>	<u>25,273</u>	<u>(100)</u>
EXPENDITURES:								
Principal retirement	1,985	1,985	1,985	-	36,936	36,936	36,936	-
Interest	3,083	3,083	2,807	276	24,631	24,556	23,357	1,199
General Government				-	245	320	312	8
Total expenditures	<u>5,068</u>	<u>5,068</u>	<u>4,792</u>	<u>276</u>	<u>61,812</u>	<u>61,812</u>	<u>60,605</u>	<u>1,207</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,068)</u>	<u>(4,920)</u>	<u>(4,643)</u>	<u>277</u>	<u>(36,587)</u>	<u>(36,439)</u>	<u>(35,332)</u>	<u>1,107</u>
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds				-	10,067	9,962	9,974	12
Restricted income tax fund	4,275	5,162	5,111	(51)	24,775	24,662	24,611	(51)
Transfers out:								
To other subfunds				-	-	-	-	-
Issuance of Debt				-	-	-	-	-
Payment to refund bonds and notes				-	-	-	-	-
Premium on bonds and notes				-	-	-	-	-
Total other financing sources (uses)	<u>4,275</u>	<u>5,162</u>	<u>5,111</u>	<u>(51)</u>	<u>34,842</u>	<u>34,624</u>	<u>34,585</u>	<u>(39)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(793)</u>	<u>242</u>	<u>468</u>	<u>226</u>	<u>(1,745)</u>	<u>(1,815)</u>	<u>(747)</u>	<u>1,068</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>1,264</u>	<u>1,264</u>	<u>1,264</u>	<u>-</u>	<u>10,190</u>	<u>10,190</u>	<u>10,190</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 471</u>	<u>\$ 1,506</u>	<u>\$ 1,732</u>	<u>\$ 226</u>	<u>\$ 8,445</u>	<u>\$ 8,375</u>	<u>\$ 9,443</u>	<u>\$ 1,068</u>

(Concluded)

CITY OF CLEVELAND, OHIO

NONMAJOR ENTERPRISE FUNDS

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

Water Pollution Control

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

Convention Center

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

West Side Market

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

East Side Market

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

Municipal Parking Lots

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

Cemeteries

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

Golf Courses

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

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET - NONMAJOR ENTERPRISE FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 37,449	\$ 799	\$ 653	\$ 146
Investments				
Receivables:				
Accounts	117,290	458	1	
Unbilled revenue	2,297			
Accrued interest				
Less: Allowance for doubtful accounts	<u>(5,250)</u>	<u>(290)</u>		
Receivables, net	<u>114,337</u>	<u>168</u>	<u>1</u>	<u>-</u>
Due from other funds	418	2		
Inventory of supplies	<u>245</u>			
Total current assets	<u>152,449</u>	<u>969</u>	<u>654</u>	<u>146</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	1,250			
Investments				
Accrued interest receivable				
Total restricted assets	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unamortized bond issuance costs				
Deferred outflow of resources				
Capital assets:				
Land	297	4,261	198	414
Land improvements				484
Utility plant	128,560			
Buildings, structures and improvements	8,948	20,165	12,898	2,400
Furniture, fixtures, equipment and vehicles	12,974	1,171	1,647	450
Construction in progress	7,403		24	
Less: Accumulated depreciation	<u>(89,016)</u>	<u>(21,239)</u>	<u>(5,827)</u>	<u>(2,284)</u>
Total capital assets, net	<u>69,166</u>	<u>4,358</u>	<u>8,940</u>	<u>1,464</u>
Total noncurrent assets	<u>70,416</u>	<u>4,358</u>	<u>8,940</u>	<u>1,464</u>
TOTAL ASSETS	<u>\$ 222,865</u>	<u>\$ 5,327</u>	<u>\$ 9,594</u>	<u>\$ 1,610</u>

<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 2,014	\$ 32	\$ 103	\$ 41,196
20			117,769
			2,297
			-
			(5,540)
<u>20</u>	<u>-</u>	<u>-</u>	<u>114,526</u>
99			519
31	1	29	306
<u>2,164</u>	<u>33</u>	<u>132</u>	<u>156,547</u>
16,002	6,427		23,679
			-
			-
<u>16,002</u>	<u>6,427</u>	<u>-</u>	<u>23,679</u>
2,583			2,583
1,829			1,829
13,095	1,259	1,822	21,346
1,256	778	4,033	6,551
			128,560
65,757	6,096	1,815	118,079
1,309	876	1,196	19,623
	1,818		9,245
(27,669)	(3,148)	(5,066)	(154,249)
<u>53,748</u>	<u>7,679</u>	<u>3,800</u>	<u>149,155</u>
<u>74,162</u>	<u>14,106</u>	<u>3,800</u>	<u>177,246</u>
<u>\$ 76,326</u>	<u>\$ 14,139</u>	<u>\$ 3,932</u>	<u>\$ 333,793</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET - NONMAJOR ENTERPRISE FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,587	\$ 190	\$ 127	\$ 7
Accrued wages and benefits	1,584	145	34	
Due to other funds	8,849	103	12	
Due to other governments	108,245			
Accrued interest payable				
Current portion of long-term obligations	<u>486</u>			
Total current liabilities	<u>120,751</u>	<u>438</u>	<u>173</u>	<u>7</u>
Long-term liabilities:				
Accrued wages and benefits	167	25	3	
Construction loans payable	2,843			
Revenue bonds payable				
Derivative instruments-interest rate swaps				
Total liabilities	<u>123,761</u>	<u>463</u>	<u>176</u>	<u>7</u>
NET ASSETS				
Invested in capital assets, net of related debt	65,837	4,358	8,940	1,464
Restricted for debt service				
Unrestricted	<u>33,267</u>	<u>506</u>	<u>478</u>	<u>139</u>
Total net assets	<u>99,104</u>	<u>4,864</u>	<u>9,418</u>	<u>1,603</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 222,865</u></u>	<u><u>\$ 5,327</u></u>	<u><u>\$ 9,594</u></u>	<u><u>\$ 1,610</u></u>

<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 315	\$ 10	\$ 14	\$ 2,250
140	151	81	2,135
143	17	6	9,130
185			108,430
775			775
<u>3,425</u>			<u>3,911</u>
4,983	<u>178</u>	<u>101</u>	<u>126,631</u>
31	30	32	288
			2,843
48,181			48,181
<u>1,829</u>			<u>1,829</u>
<u>55,024</u>	<u>208</u>	<u>133</u>	<u>179,772</u>
5,423	7,679	3,800	97,501
8,138			8,138
<u>7,741</u>	<u>6,252</u>	<u>(1)</u>	<u>48,382</u>
<u>21,302</u>	<u>13,931</u>	<u>3,799</u>	<u>154,021</u>
<u>\$ 76,326</u>	<u>\$ 14,139</u>	<u>\$ 3,932</u>	<u>\$ 333,793</u>

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS-NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
OPERATING REVENUES:				
Charges for services	\$ 25,110	\$ 1,296	\$ 1,295	\$
Total operating revenue	<u>25,110</u>	<u>1,296</u>	<u>1,295</u>	<u>-</u>
OPERATING EXPENSES:				
Operations	9,998	4,312	988	22
Maintenance	8,927	14	23	
Depreciation	5,001	241	681	60
Total operating expenses	<u>23,926</u>	<u>4,567</u>	<u>1,692</u>	<u>82</u>
OPERATING INCOME (LOSS)	<u>1,184</u>	<u>(3,271)</u>	<u>(397)</u>	<u>(82)</u>
NON-OPERATING REVENUE (EXPENSES):				
Investment income	41		1	1
Interest expense	(139)			
Hotel tax		3,785		
Gain (Loss) on disposal of capital assets		18,703		
Other revenues (expenses)	13		19	
Total non-operating revenues (expenses)	<u>(85)</u>	<u>22,488</u>	<u>20</u>	<u>1</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,099	19,217	(377)	(81)
Capital contributions	390	86		
Transfers in				
Transfers out		(19,972)		
CHANGE IN NET ASSETS	1,489	(669)	(377)	(81)
NET ASSETS AT BEGINNING OF YEAR	<u>97,615</u>	<u>5,533</u>	<u>9,795</u>	<u>1,684</u>
NET ASSETS AT END OF YEAR	<u>\$ 99,104</u>	<u>\$ 4,864</u>	<u>\$ 9,418</u>	<u>\$ 1,603</u>

<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>\$ 9,227</u>	<u>\$ 1,327</u>	<u>\$ 1,083</u>	<u>\$ 39,338</u>
<u>9,227</u>	<u>1,327</u>	<u>1,083</u>	<u>39,338</u>
4,087	1,656	1,627	22,690
39	2	45	9,050
<u>1,716</u>	<u>200</u>	<u>189</u>	<u>8,088</u>
<u>5,842</u>	<u>1,858</u>	<u>1,861</u>	<u>39,828</u>
<u>3,385</u>	<u>(531)</u>	<u>(778)</u>	<u>(490)</u>
5	7		55
(3,044)			(3,183)
			3,785
			18,703
<u>(356)</u>	<u>65</u>	<u>128</u>	<u>(131)</u>
<u>(3,395)</u>	<u>72</u>	<u>128</u>	<u>19,229</u>
(10)	(459)	(650)	18,739
	572		1,048
	315	379	694
			<u>(19,972)</u>
(10)	428	(271)	509
<u>21,312</u>	<u>13,503</u>	<u>4,070</u>	<u>153,512</u>
<u>\$ 21,302</u>	<u>\$ 13,931</u>	<u>\$ 3,799</u>	<u>\$ 154,021</u>

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 21,275	\$ 1,474	\$ 1,297	\$
Cash payments to suppliers for goods or services	(6,074)	(2,763)	(678)	(20)
Cash payments to employees for services	(10,352)	(1,793)	(352)	
Agency activity on behalf of NEORSD	6,298			
Net cash provided by (used for) operating activities	<u>11,147</u>	<u>(3,082)</u>	<u>267</u>	<u>(20)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received (paid) through transfers from/to other funds		(19,972)		
Cash received from hotel tax		3,809		
Cash receipts (payments) from/to various parties				
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(16,163)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(3,704)			
Sale of capital assets		20,000		
Principal paid on long-term debt	(467)			
Interest paid on long-term debt	(140)			
Net cash provided by (used for) capital and related financing activities	<u>(4,311)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	41	1	1	
Net cash provided by (used for) investing activities	<u>41</u>	<u>1</u>	<u>1</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,877	756	268	(20)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>31,822</u>	<u>43</u>	<u>385</u>	<u>166</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 38,699</u>	<u>\$ 799</u>	<u>\$ 653</u>	<u>\$ 146</u>

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
\$ 9,743	\$ 1,328	\$ 1,083	\$ 36,200
(3,080)	(438)	(755)	(13,808)
(1,077)	(1,252)	(966)	(15,792)
			6,298
<u>5,586</u>	<u>(362)</u>	<u>(638)</u>	<u>12,898</u>
	315	379	(19,278)
	65	128	3,809
			193
<u>-</u>	<u>380</u>	<u>507</u>	<u>(15,276)</u>
			(3,704)
3			20,003
(3,300)			(3,767)
<u>(2,823)</u>			<u>(2,963)</u>
<u>(6,120)</u>	<u>-</u>	<u>-</u>	<u>9,569</u>
<u>5</u>	<u>7</u>		<u>55</u>
<u>5</u>	<u>7</u>	<u>-</u>	<u>55</u>
(529)	25	(131)	7,246
<u>18,545</u>	<u>6,434</u>	<u>234</u>	<u>57,629</u>
<u>\$ 18,016</u>	<u>\$ 6,459</u>	<u>\$ 103</u>	<u>\$ 64,875</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Convention Center</u>	<u>West Side Market</u>	<u>East Side Market</u>
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,184	\$ (3,271)	\$ (397)	\$ (82)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	5,001	241	681	60
Changes in assets and liabilities:				
Receivables, net	(12,371)	175		
Due from other funds	25	(1)		
Inventory of supplies	(54)			
Accounts payable	982	(42)	3	2
Accrued wages and benefits	(195)	(192)	(22)	
Due to other funds	938	8	2	
Due to other governments	15,637			
Total adjustments	<u>9,963</u>	<u>189</u>	<u>664</u>	<u>62</u>
NET CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES	<u>\$ 11,147</u>	<u>\$ (3,082)</u>	<u>\$ 267</u>	<u>\$ (20)</u>

Municipal Parking <u>Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	Total Nonmajor Enterprise <u>Funds</u>
\$ 3,385	\$ (531)	\$ (778)	\$ (490)
1,716	200	189	8,088
62	2		(12,132)
(60)			(36)
220		(4)	162
137	(6)	9	1,085
92	(22)	(52)	(391)
59	(4)	(2)	1,001
<u>(25)</u>	<u>(1)</u>		<u>15,611</u>
<u>2,201</u>	<u>169</u>	<u>140</u>	<u>13,388</u>
<u>\$ 5,586</u>	<u>\$ (362)</u>	<u>\$ (638)</u>	<u>\$ 12,898</u>

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INTERNAL SERVICE FUNDS

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

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

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET - ALL INTERNAL SERVICE FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,498	\$ 496	\$ 105	\$ 982
Due from other funds	1,783	180	60	
Inventory of supplies	<u>1,116</u>	<u>164</u>		
Total current assets	<u>5,397</u>	<u>840</u>	<u>165</u>	<u>982</u>
Capital assets:				
Land	663			
Land improvements	146			
Buildings, structures and improvements	2,673			
Furniture, fixtures, equipment and vehicles	4,335	1,061		1,165
Construction in progress	104	884		
Less: Accumulated depreciation	<u>(5,383)</u>	<u>(798)</u>		<u>(382)</u>
Total capital assets, net	<u>2,538</u>	<u>1,147</u>	<u>-</u>	<u>783</u>
Total noncurrent assets	<u>2,538</u>	<u>1,147</u>	<u>-</u>	<u>783</u>
TOTAL ASSETS	<u>\$ 7,935</u>	<u>\$ 1,987</u>	<u>\$ 165</u>	<u>\$ 1,765</u>

<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$	\$ 1,632	\$ 951	\$ 938	\$ 7,870	\$ 15,472
60		419	133	6,039	8,674
<u>60</u>	<u>1,632</u>	<u>1,370</u>	<u>1,071</u>	<u>13,909</u>	<u>25,426</u>
					663
					146
					2,673
		117	25		6,703
					988
<u>-</u>	<u>-</u>	<u>(117)</u>	<u>(12)</u>	<u>-</u>	<u>(6,692)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>4,481</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>4,481</u>
<u>\$ 60</u>	<u>\$ 1,632</u>	<u>\$ 1,370</u>	<u>\$ 1,084</u>	<u>\$ 13,909</u>	<u>\$ 29,907</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET - ALL INTERNAL SERVICE FUNDS

DECEMBER 31, 2010

(Amounts in 000's)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 821	\$ 44	\$ 2	\$ 12
Accrued wages and benefits	767	101	25	684
Due to other funds	18	30	18	9
Due to other governments				
Total current liabilities	<u>1,606</u>	<u>175</u>	<u>45</u>	<u>705</u>
Long-term liabilities				
Accrued wages and benefits	<u>204</u>	<u>20</u>	<u>2</u>	<u>144</u>
Total liabilities	<u>1,810</u>	<u>195</u>	<u>47</u>	<u>849</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,538	1,147		783
Unrestricted	<u>3,587</u>	<u>645</u>	<u>118</u>	<u>133</u>
Total net assets	<u>6,125</u>	<u>1,792</u>	<u>118</u>	<u>916</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,935</u>	<u>\$ 1,987</u>	<u>\$ 165</u>	<u>\$ 1,765</u>

<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 5	\$ 130	\$ 379	\$ 339	\$	\$ 1,732
39	713	162	58		2,549
	142		3		220
	<u>537</u>				<u>537</u>
<u>44</u>	<u>1,522</u>	<u>541</u>	<u>400</u>	<u>-</u>	<u>5,038</u>
<u>24</u>	<u>110</u>	<u>53</u>	<u>29</u>	<u>13,909</u>	<u>14,495</u>
<u>68</u>	<u>1,632</u>	<u>594</u>	<u>429</u>	<u>13,909</u>	<u>19,533</u>
			13		4,481
<u>(8)</u>		<u>776</u>	<u>642</u>		<u>5,893</u>
<u>(8)</u>	<u>-</u>	<u>776</u>	<u>655</u>	<u>-</u>	<u>10,374</u>
<u>\$ 60</u>	<u>\$ 1,632</u>	<u>\$ 1,370</u>	<u>\$ 1,084</u>	<u>\$ 13,909</u>	<u>\$ 29,907</u>

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>
OPERATING REVENUES:			
Charges for services	\$ 15,148	\$ 1,899	\$ 814
Total operating revenue	<u>15,148</u>	<u>1,899</u>	<u>814</u>
OPERATING EXPENSES:			
Operations	15,942	1,868	964
Maintenance	858	24	
Depreciation	<u>299</u>	<u>113</u>	
Total operating expenses	<u>17,099</u>	<u>2,005</u>	<u>964</u>
OPERATING INCOME (LOSS)	<u>(1,951)</u>	<u>(106)</u>	<u>(150)</u>
NON-OPERATING REVENUES:			
Investment income	<u>12</u>	<u>2</u>	
Total non-operating revenues	<u>12</u>	<u>2</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,939)	(104)	(150)
Capital contributions	104	3	
Transfers in			
CHANGE IN NET ASSETS	(1,835)	(101)	(150)
NET ASSETS AT BEGINNING OF YEAR	<u>7,960</u>	<u>1,893</u>	<u>268</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,125</u>	<u>\$ 1,792</u>	<u>\$ 118</u>

<u>Utilities Administration</u>	<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 5,097	\$ 229	\$ 7,725	\$ 5,474	\$ 1,377	\$ -	\$ 37,763
<u>5,097</u>	<u>229</u>	<u>7,725</u>	<u>5,474</u>	<u>1,377</u>	<u>-</u>	<u>37,763</u>
5,331	1,009	7,698	5,827	741		39,380
66		40	370	1,041		2,399
192				3		607
<u>5,589</u>	<u>1,009</u>	<u>7,738</u>	<u>6,197</u>	<u>1,785</u>	<u>-</u>	<u>42,386</u>
(492)	(780)	(13)	(723)	(408)	-	(4,623)
<u>2</u>		<u>13</u>	<u>4</u>	<u>3</u>		<u>36</u>
<u>2</u>	<u>-</u>	<u>13</u>	<u>4</u>	<u>3</u>	<u>-</u>	<u>36</u>
(490)	(780)	-	(719)	(405)	-	(4,587)
	813					107
						<u>813</u>
(490)	33	-	(719)	(405)	-	(3,667)
<u>1,406</u>	<u>(41)</u>		<u>1,495</u>	<u>1,060</u>		<u>14,041</u>
\$ 916	\$ (8)	\$ -	\$ 776	\$ 655	\$ -	\$ 10,374

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 14,924	\$ 1,836	\$ 802
Cash payments to suppliers for goods or services	(11,280)	(1,306)	(882)
Cash payments to employees for services	<u>(5,817)</u>	<u>(814)</u>	<u>(55)</u>
Net cash provided by (used for) operating activities	<u>(2,173)</u>	<u>(284)</u>	<u>(135)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received (paid) through transfers from/to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	<u>12</u>	<u>2</u>	<u>-</u>
Net cash provided by investing activities	<u>12</u>	<u>2</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,161)	(282)	(135)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,659</u>	<u>778</u>	<u>240</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,498</u>	<u>\$ 496</u>	<u>\$ 105</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,951)	\$ (106)	\$ (150)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	299	113	
Change in assets and liabilities:			
Receivables, net			
Due from other funds	(224)	(63)	(12)
Due from other governments			
Inventory of supplies	(15)	1	
Accounts payable	(89)	(155)	
Accrued wages and benefits	(149)	(41)	18
Due to other funds	(44)	(33)	9
Due to other governments			
Total adjustments	<u>(222)</u>	<u>(178)</u>	<u>15</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (2,173)</u>	<u>\$ (284)</u>	<u>\$ (135)</u>

<u>Utilities Administration</u>	<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 5,097	\$ 170	\$ 7,953	\$ 5,172	\$ 1,571	\$	\$ 37,525
(767)	(842)	(2,754)	(4,769)	(1,292)		(23,892)
<u>(4,672)</u>	<u>(174)</u>	<u>(4,888)</u>	<u>(1,119)</u>	<u>(390)</u>		<u>(17,929)</u>
<u>(342)</u>	<u>(846)</u>	<u>311</u>	<u>(716)</u>	<u>(111)</u>	<u>-</u>	<u>(4,296)</u>
	813					813
<u>-</u>	<u>813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>813</u>
<u>2</u>		<u>13</u>	<u>4</u>	<u>3</u>		<u>36</u>
<u>2</u>	<u>-</u>	<u>13</u>	<u>4</u>	<u>3</u>	<u>-</u>	<u>36</u>
(340)	(33)	324	(712)	(108)	-	(3,447)
<u>1,322</u>	<u>33</u>	<u>1,308</u>	<u>1,663</u>	<u>1,046</u>	<u>7,870</u>	<u>18,919</u>
<u>\$ 982</u>	<u>\$ -</u>	<u>\$ 1,632</u>	<u>\$ 951</u>	<u>\$ 938</u>	<u>\$ 7,870</u>	<u>\$ 15,472</u>
\$ (492)	\$ (780)	\$ (13)	\$ (723)	\$ (408)	\$	\$ (4,623)
192				3		607
	(60)		(302)	(28)	2,768	2,079
						(14)
4	(2)	16	329	328		431
(52)	(4)	(17)	(20)	(8)	(2,768)	(3,041)
6		97		2		37
		<u>228</u>				<u>228</u>
<u>150</u>	<u>(66)</u>	<u>324</u>	<u>7</u>	<u>297</u>	<u>-</u>	<u>327</u>
<u>\$ (342)</u>	<u>\$ (846)</u>	<u>\$ 311</u>	<u>\$ (716)</u>	<u>\$ (111)</u>	<u>\$ -</u>	<u>\$ (4,296)</u>

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CITY OF CLEVELAND, OHIO

AGENCY FUNDS

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

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

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2010

(Amounts in 000's)

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
MUNICIPAL COURTS				
ASSETS				
Cash and cash equivalents	\$ 6,623	\$ 23,402	\$ 23,168	\$ 6,857
Total assets	<u>\$ 6,623</u>	<u>\$ 23,402</u>	<u>\$ 23,168</u>	<u>\$ 6,857</u>
LIABILITIES				
Due to others	\$ 6,623	\$ 23,402	\$ 23,168	\$ 6,857
Total liabilities	<u>\$ 6,623</u>	<u>\$ 23,402</u>	<u>\$ 23,168</u>	<u>\$ 6,857</u>
CENTRAL COLLECTION AGENCY				
ASSETS				
Cash and cash equivalents	\$ 4,962	\$ 6,865	\$ 4,962	\$ 6,865
Taxes receivable	20,114	20,072	20,114	20,072
Due from other governments	712	413	712	413
Total assets	<u>\$ 25,788</u>	<u>\$ 27,350</u>	<u>\$ 25,788</u>	<u>\$ 27,350</u>
LIABILITIES				
Due to other governments	\$ 25,788	\$ 27,350	\$ 25,788	\$ 27,350
Total liabilities	<u>\$ 25,788</u>	<u>\$ 27,350</u>	<u>\$ 25,788</u>	<u>\$ 27,350</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

(Amounts in 000's)

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
OTHER AGENCIES				
ASSETS				
Cash and cash equivalents	\$ 17,392	\$ 332,361	\$ 330,193	\$ 19,560
Total assets	<u>\$ 17,392</u>	<u>\$ 332,361</u>	<u>\$ 330,193</u>	<u>\$ 19,560</u>
LIABILITIES				
Due to others	\$ 17,392	\$ 332,361	\$ 330,193	\$ 19,560
Total liabilities	<u>\$ 17,392</u>	<u>\$ 332,361</u>	<u>\$ 330,193</u>	<u>\$ 19,560</u>
 TOTALS-ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 28,977	\$ 362,628	\$ 358,323	\$ 33,282
Taxes receivable	20,114	20,072	20,114	20,072
Due from other governments	712	413	712	413
Total assets	<u>\$ 49,803</u>	<u>\$ 383,113</u>	<u>\$ 379,149</u>	<u>\$ 53,767</u>
LIABILITIES				
Due to other governments	\$ 25,788	\$ 27,350	\$ 25,788	\$ 27,350
Due to others	24,015	355,763	353,361	26,417
Total liabilities	<u>\$ 49,803</u>	<u>\$ 383,113</u>	<u>\$ 379,149</u>	<u>\$ 53,767</u>

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

CITY OF CLEVELAND, OHIO

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

DECEMBER 31, 2010

(Amounts in 000's)

Governmental Funds Capital Assets:	
Land	\$ 63,232
Land improvements	135,946
Buildings, structures and improvements	594,578
Furniture, fixtures, equipment and vehicles	174,971
Infrastructure	502,926
Construction in progress	<u>115,830</u>
 TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	 <u>\$ 1,587,483</u>
 Investment in Governmental Funds Capital Assets by Source:	
General obligation bonds	\$ 714,859
General Fund and other revenues	369,289
Special Revenue Fund revenues:	
Restricted income taxes	144,300
Federal grants	321,841
Certificates of participation	13,768
Gifts	<u>23,426</u>
 TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	 <u>\$ 1,587,483</u>

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

CITY OF CLEVELAND, OHIO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY*

DECEMBER 31, 2010

(Amounts in 000's)

	<u>Total</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings, Structures and Improvements</u>	<u>Furniture, Fixtures, Equipment and Vehicles</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>
General Government:							
General government	\$ 337,925	\$ 208	\$	\$ 303,799	\$ 23,764	\$ 3,745	\$ 6,409
City Hall	20,896	877		19,258			761
Justice Center	29,768			28,922	846		
Charles V. Carr Municipal Center	647		15	632			
Total general government	<u>389,236</u>	<u>1,085</u>	<u>15</u>	<u>352,611</u>	<u>24,610</u>	<u>3,745</u>	<u>7,170</u>
Public Service:							
Waste collection	27,701	499		8,259	17,331	1,460	152
Engineering and construction	467,072		20,963		2,621	383,111	60,377
Streets	136,735	1,540	11,495	14,393	17,909	90,783	615
Traffic engineering	5,202			813	2,172	2,200	17
Other	49,538	2,669		32,470	949		13,450
Total public service	<u>686,248</u>	<u>4,708</u>	<u>32,458</u>	<u>55,935</u>	<u>40,982</u>	<u>477,554</u>	<u>74,611</u>
Public Safety:							
Police	109,988	4,805	447	58,595	44,595	162	1,384
Fire	62,149	1,670		29,016	31,315		148
Emergency medical service	16,426			784	9,743	5,614	285
Correction	7,628	264		6,570	755		39
Dog pound	1,154			662	283		209
Total public safety	<u>197,345</u>	<u>6,739</u>	<u>447</u>	<u>95,627</u>	<u>86,691</u>	<u>5,776</u>	<u>2,065</u>
Public Health:							
Health and environment	<u>12,312</u>	<u>1,112</u>	<u>36</u>	<u>9,341</u>	<u>1,455</u>		<u>368</u>
Total public health	<u>12,312</u>	<u>1,112</u>	<u>36</u>	<u>9,341</u>	<u>1,455</u>	<u>-</u>	<u>368</u>
Parks, Recreation and Properties:							
Park maintenance and properties	97,658	34,552	23,251	16,995	16,974	234	5,652
Research, planning and development	59,045	903	39,786	3,162	90	2,997	12,107
Recreation	94,148	976	32,952	51,781	2,550		5,889
Total parks, recreation and properties	<u>250,851</u>	<u>36,431</u>	<u>95,989</u>	<u>71,938</u>	<u>19,614</u>	<u>3,231</u>	<u>23,648</u>
Community Development:							
Community development	<u>38,640</u>	<u>7,130</u>	<u>6,726</u>	<u>8,990</u>	<u>1,374</u>	<u>8,660</u>	<u>5,760</u>
Total community development	<u>38,640</u>	<u>7,130</u>	<u>6,726</u>	<u>8,990</u>	<u>1,374</u>	<u>8,660</u>	<u>5,760</u>
Economic Development:							
Economic development	<u>8,705</u>	<u>6,027</u>	<u>275</u>	<u>136</u>		<u>379</u>	<u>1,888</u>
Total economic development	<u>8,705</u>	<u>6,027</u>	<u>275</u>	<u>136</u>	<u>-</u>	<u>379</u>	<u>1,888</u>
Building and Housing:							
Building and housing	<u>4,146</u>				<u>245</u>	<u>3,581</u>	<u>320</u>
Total building and housing	<u>4,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245</u>	<u>3,581</u>	<u>320</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 1,587,483</u>	<u>\$ 63,232</u>	<u>\$ 135,946</u>	<u>\$ 594,578</u>	<u>\$ 174,971</u>	<u>\$ 502,926</u>	<u>\$ 115,830</u>

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

CITY OF CLEVELAND, OHIO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY* FOR THE YEAR ENDED DECEMBER 31, 2010

(Amounts in 000's)

	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	Balance December 31, <u>2010</u>
General Government:					
General government	\$ 333,760	\$ 4,288	\$ (149)	\$ 26	\$ 337,925
City Hall	20,135	761			20,896
Justice Center	29,768				29,768
Charles V. Carr Municipal Center	647				647
Total general government	<u>384,310</u>	<u>5,049</u>	<u>(149)</u>	<u>26</u>	<u>389,236</u>
Public Service:					
Waste collection	27,563	155	(17)		27,701
Engineering and construction	454,513	12,593	(58)	24	467,072
Streets	132,746	6,102	(2,113)		136,735
Traffic engineering	4,868	412	(78)		5,202
Other	49,552			(14)	49,538
Total public service	<u>669,242</u>	<u>19,262</u>	<u>(2,266)</u>	<u>10</u>	<u>686,248</u>
Public Safety:					
Police	108,616	2,350	(997)	19	109,988
Fire	60,490	1,720	(42)	(19)	62,149
Emergency medical service	15,679	772	(25)		16,426
Correction	7,643	37	(52)		7,628
Dog pound	866	294	(6)		1,154
Total public safety	<u>193,294</u>	<u>5,173</u>	<u>(1,122)</u>	<u>-</u>	<u>197,345</u>
Public Health:					
Health and environment	11,858	466		(12)	12,312
Total public health	<u>11,858</u>	<u>466</u>	<u>-</u>	<u>(12)</u>	<u>12,312</u>
Parks, Recreation and Properties:					
Park maintenance and properties	94,366	4,099	(807)		97,658
Research, planning and development	59,045				59,045
Recreation	89,111	5,037			94,148
Total parks, recreation and properties	<u>242,522</u>	<u>9,136</u>	<u>(807)</u>	<u>-</u>	<u>250,851</u>
Community Development:					
Community development	36,455	2,229	(20)	(24)	38,640
Total community development	<u>36,455</u>	<u>2,229</u>	<u>(20)</u>	<u>(24)</u>	<u>38,640</u>
Economic Development:					
Economic development	7,799	906			8,705
Total economic development	<u>7,799</u>	<u>906</u>	<u>-</u>	<u>-</u>	<u>8,705</u>
Building and Housing:					
Building and housing	4,146				4,146
Total building and housing	<u>4,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,146</u>
TOTAL GOVERNMENTAL FUNDS					
CAPITAL ASSETS	<u>\$ 1,549,626</u>	<u>\$ 42,221</u>	<u>\$ (4,364)</u>	<u>\$ -</u>	<u>\$ 1,587,483</u>

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

STATISTICAL SECTION

CITY OF CLEVELAND, OHIO
Statistical Section

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

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

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

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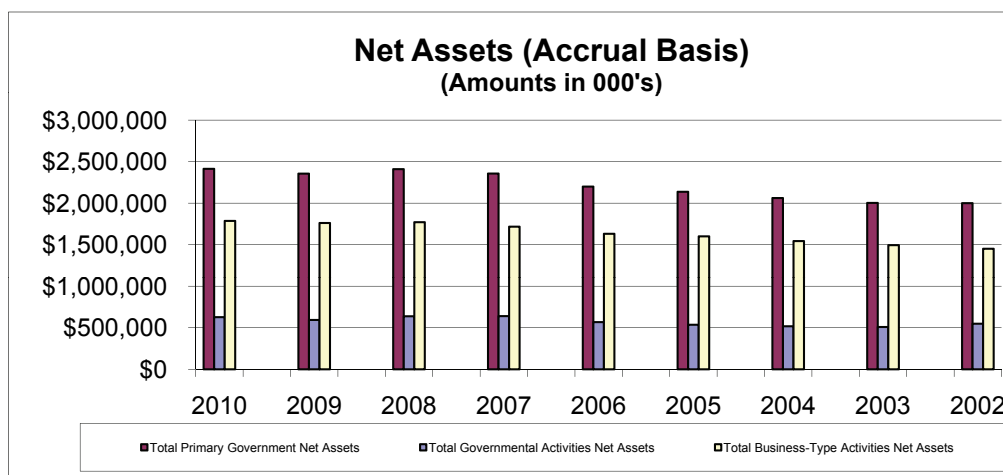
City of Cleveland, Ohio
Net Assets By Component
Last Nine Years
(Accrual Basis of Accounting)
(Amounts in 000's)

	2010	2009	2008	2007	2006
Governmental Activities					
Invested in capital assets, net of related debt	\$557,804	\$561,586	\$555,076	\$484,758	\$412,430
Restricted	159,942	166,280	179,318	214,811	211,361
Unrestricted	(90,565)	(134,033)	(95,968)	(59,630)	(56,318)
<i>Total Governmental Activities Net Assets</i>	<u>\$627,181</u>	<u>\$593,833</u>	<u>\$638,426</u>	<u>\$639,939</u>	<u>\$567,473</u>
Business-Type Activities					
Invested in capital assets, net of related debt	\$1,080,332	\$1,016,182	\$985,556	\$957,587	\$886,978
Restricted	243,511	275,907	272,613	252,514	247,802
Unrestricted	462,397	469,010	512,876	506,745	496,624
<i>Total Business-Type Activities Net Assets</i>	<u>\$1,786,240</u>	<u>\$1,761,099</u>	<u>\$1,771,045</u>	<u>\$1,716,846</u>	<u>\$1,631,404</u>
Primary Government					
Invested in capital assets, net of related debt	\$1,638,136	\$1,577,768	\$1,540,632	\$1,442,345	\$1,299,408
Restricted	403,453	442,187	451,931	467,325	459,163
Unrestricted	371,832	334,977	416,908	447,115	440,306
<i>Total Primary Government Net Assets</i>	<u>\$2,413,421</u>	<u>\$2,354,932</u>	<u>\$2,409,471</u>	<u>\$2,356,785</u>	<u>\$2,198,877</u>

Note:

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

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



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

	2010	2009	2008	2007	2006
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$31,570	\$34,937	\$36,824	\$30,470	\$32,311
Public Service	12,024	5,517	5,517	4,490	5,158
Public Safety	13,839	18,296	21,709	21,087	12,773
Community Development			5,440	1,203	2
Building and Housing	7,327	13,402	12,323	10,528	10,701
Public Health	3,033	3,187	2,893	2,979	2,898
Parks, Recreation and Properties	8,047	1,129	1,351	1,160	746
Economic Development	1,469	759	1,057	471	4,496
Subtotal - Charges for Services	<u>77,309</u>	<u>77,227</u>	<u>87,114</u>	<u>72,388</u>	<u>69,085</u>
Operating Grants and Contributions:					
General Government	1,348	1,121	1,789	1,994	1,508
Public Service	13,821	13,469	14,317	14,459	14,230
Public Safety	8,647	13,192	7,448	5,789	9,364
Human Resources					
Community Development	73,563	41,490	42,129	50,344	56,882
Building and Housing	9,064	11,857	1,106	3,353	3,407
Public Health	12,693	15,048	12,786	14,079	13,838
Parks, Recreation and Properties	13,830	14,404	16,417	16,123	16,232
Economic Development	8,156	23,984	33,121	21,077	40,397
Subtotal - Operating Grants and Contributions	<u>141,122</u>	<u>134,565</u>	<u>129,113</u>	<u>127,218</u>	<u>155,858</u>
Capital Grants and Contributions:					
General Government	41		3,057	5,380	23,839
Public Service	11,179	11,680	13,094	75,871	
Community Development				1,315	
Parks, Recreation and Properties					
Subtotal - Capital Grants and Contributions	<u>11,220</u>	<u>11,680</u>	<u>16,151</u>	<u>82,566</u>	<u>23,839</u>
Total Governmental Activities Program Revenues	<u>229,651</u>	<u>223,472</u>	<u>232,378</u>	<u>282,172</u>	<u>248,782</u>
Business-Type Activities:					
Charges for Services:					
Water	237,270	228,235	242,872	242,014	209,694
Electricity	166,665	155,865	158,237	155,559	146,293
Airport facilities	106,696	98,143	111,402	105,887	105,711
Nonmajor activities	39,358	43,110	41,950	40,614	33,821
Subtotal - Business-Type Activities	<u>549,989</u>	<u>525,353</u>	<u>554,461</u>	<u>544,074</u>	<u>495,519</u>
Operating Grants and Contributions:					
Water	3,553	4,917	8,384	11,033	8,242
Electricity	566	169	2,118	2,589	1,796
Airport facilities	619	1,232	3,809	3,718	2,944
Nonmajor activities	4,051	3,857	5,557	6,399	1,616
Subtotal - Operating Grants and Contributions	<u>8,789</u>	<u>10,175</u>	<u>19,868</u>	<u>23,739</u>	<u>14,598</u>
Capital Grants and Contributions:					
Water	7,645	1,677	3,460	7,906	6,817
Electricity	1,035		2,803	1,485	1,135
Airport facilities	57,089	44,219	54,646	73,358	53,280
Nonmajor activities	19,765	5,429	3,155	2,591	6,201
Subtotal - Capital Grants and Contributions	<u>85,534</u>	<u>51,325</u>	<u>64,064</u>	<u>85,340</u>	<u>67,433</u>
Total Business-Type Activities Program Revenues	<u>644,312</u>	<u>586,853</u>	<u>638,393</u>	<u>653,153</u>	<u>577,550</u>
Total Primary Government Program Revenues	<u>\$873,963</u>	<u>\$810,325</u>	<u>\$870,771</u>	<u>\$935,325</u>	<u>\$826,332</u>

2005	2004	2003	2002
\$22,174	\$22,143	\$32,878	\$26,784
6,208	5,030	4,802	4,259
15,953	16,046	18,822	11,273
			7,081
10,871	11,948	9,673	
2,918	2,262	2,861	2,504
913	692	1,228	896
46	118	2,269	107
<u>59,083</u>	<u>58,239</u>	<u>72,533</u>	<u>52,904</u>
1,876	1,865	2,588	1,060
14,234	13,798	12,873	14,832
9,153	7,561	9,677	7,718
			21,545
51,848	59,734	63,295	75,083
10,963	8,778	7,357	8,323
354	2,427	343	222
42,164	30,704	30,551	20,629
<u>130,592</u>	<u>124,867</u>	<u>126,684</u>	<u>149,412</u>
26,899	14,745	13,203	9,369
			2
89	125	66	543
<u>26,988</u>	<u>14,870</u>	<u>13,269</u>	<u>9,914</u>
<u>216,663</u>	<u>197,976</u>	<u>212,486</u>	<u>212,230</u>
222,635	209,622	203,748	215,709
150,263	141,143	139,660	141,690
111,087	110,882	89,958	86,277
33,843	35,079	33,628	33,201
<u>517,828</u>	<u>496,726</u>	<u>466,994</u>	<u>476,877</u>
			10,465
			1,034
7,726			4,200
100	48	790	76
<u>7,826</u>	<u>48</u>	<u>790</u>	<u>15,775</u>
12,408	5,448	6,687	241
2,285	1,079	1,585	8,633
40,975	50,377	51,211	51,990
5,505	4,698	7,317	4,891
<u>61,173</u>	<u>61,602</u>	<u>66,800</u>	<u>65,755</u>
<u>586,827</u>	<u>558,376</u>	<u>534,584</u>	<u>558,407</u>
<u>\$803,490</u>	<u>\$756,352</u>	<u>\$747,070</u>	<u>\$770,637</u>

(Continued)

City of Cleveland, Ohio
Changes in Net Assets
Last Nine Years
(Amounts in 000's)

	2010	2009	2008	2007
Expenses				
Governmental Activities:				
General Government	\$81,898	\$90,311	\$101,878	\$99,311
Public Service	93,425	85,947	87,154	86,435
Public Safety	315,900	329,765	329,922	322,840
Human Resources				
Community Development	70,589	59,204	44,550	54,425
Building and Housing	17,445	20,925	15,831	13,999
Public Health	19,740	22,999	20,351	21,412
Parks, Recreation and Properties	46,963	58,799	61,628	54,332
Economic Development	24,729	38,083	53,944	39,168
Interest on debt	47,531	30,448	32,896	27,763
<i>Total Governmental Activities Expenses</i>	<u>718,220</u>	<u>736,481</u>	<u>748,154</u>	<u>719,685</u>
Business-Type Activities				
Water	232,862	224,269	213,335	205,470
Electricity	165,330	158,100	154,426	148,832
Airport facilities	158,262	168,734	172,274	167,967
Nonmajor activities	43,443	46,546	44,507	45,762
<i>Total Business-Type Activities Expenses</i>	<u>599,897</u>	<u>597,649</u>	<u>584,542</u>	<u>568,031</u>
<i>Total Primary Government Program Expenses</i>	<u>1,318,117</u>	<u>1,334,130</u>	<u>1,332,696</u>	<u>1,287,716</u>
Net (Expense)/Revenue				
Governmental Activities	(488,569)	(513,009)	(515,776)	(437,513)
Business-Type Activities	44,415	(10,796)	53,851	85,122
<i>Total Primary Government Net Expense</i>	<u>(444,154)</u>	<u>(523,805)</u>	<u>(461,925)</u>	<u>(352,391)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Income taxes	298,209	296,507	329,316	317,268
Property taxes	88,087	63,573	65,398	69,313
Other taxes	28,450	25,053	25,918	28,567
Shared revenues	23,869	28,741	28,587	23,805
Grants and contributions not restricted to specific programs				
State and local government funds	49,266	43,420	52,450	51,164
Unrestricted investment earnings	654	1,740	3,344	5,670
Other	14,104	10,207	9,556	14,482
Transfers	19,278	(825)	(306)	(290)
<i>Total Governmental Activities</i>	<u>521,917</u>	<u>468,416</u>	<u>514,263</u>	<u>509,979</u>
Business-Type Activities				
Unrestricted investment earnings	4	25	42	30
Other				
Transfers	(19,278)	825	306	290
<i>Total Business-Type Activities Expenses</i>	<u>(19,274)</u>	<u>850</u>	<u>348</u>	<u>320</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>502,643</u>	<u>469,266</u>	<u>514,611</u>	<u>510,299</u>
Change in Net Assets				
Governmental Activities	33,348	(44,593)	(1,513)	72,466
Business-Type Activities	25,141	(9,946)	54,199	85,442
<i>Total Primary Government Change in Net Assets</i>	<u>\$58,489</u>	<u>(\$54,539)</u>	<u>\$52,686</u>	<u>\$157,908</u>

Note:

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

Program revenues and expenses previously reported as "Other" program revenues and expenses in Governmental activities on the Statement of Activities are now classified Government program revenues and expenses as appropriate.

Business-type activities on the Government-wide Statement of Activities summarizes other Enterprise Funds as Nonmajor activities. These include Water Pollution Control Center, West Side Market, East Side Market, Municipal Parking Lots, Cemeteries and Golf Courses.

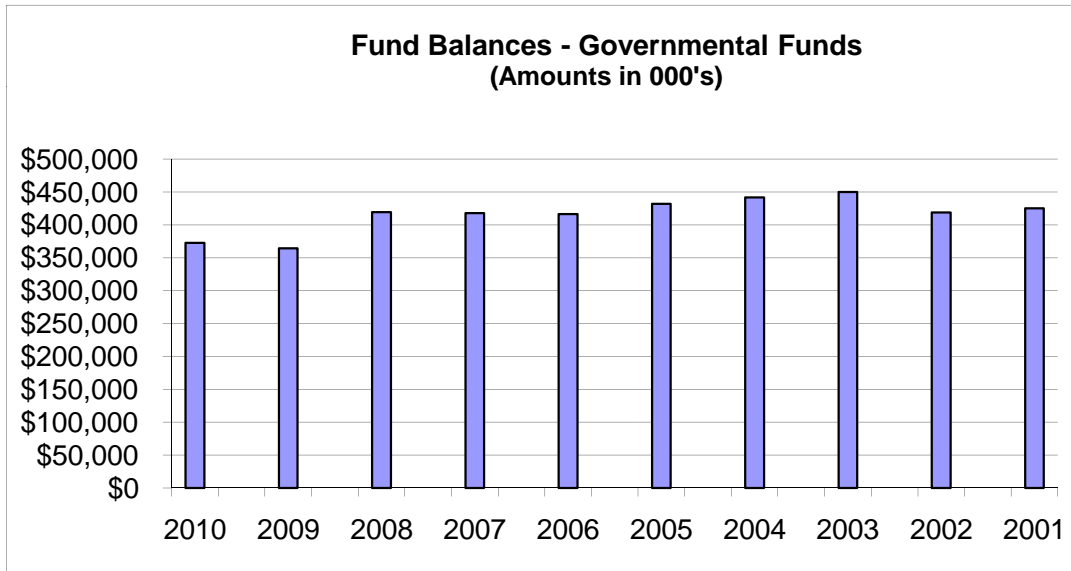
2005	2004	2003	2002
\$97,544	\$88,587	\$96,757	\$94,329
80,888	78,634	80,698	76,100
293,242	281,140	315,811	305,289
			21,545
56,413	65,603	62,543	87,478
10,650	10,703	12,932	
24,950	22,537	22,750	22,137
44,840	42,734	47,725	45,365
41,030	49,372	38,850	28,468
27,557	30,815	29,065	28,535
<u>677,114</u>	<u>670,125</u>	<u>707,131</u>	<u>709,246</u>
192,187	188,118	173,179	170,009
153,676	136,927	134,120	133,182
146,807	145,749	143,147	131,683
41,526	41,333	42,606	42,091
<u>534,196</u>	<u>512,127</u>	<u>493,052</u>	<u>476,965</u>
<u>1,211,310</u>	<u>1,182,252</u>	<u>1,200,183</u>	<u>1,186,211</u>
(460,451)	(472,149)	(494,645)	(497,016)
52,631	46,249	41,532	81,442
<u>(407,820)</u>	<u>(425,900)</u>	<u>(453,113)</u>	<u>(415,574)</u>
288,191	293,387	277,086	275,321
64,390	69,483	63,498	74,229
25,051	22,011	23,266	25,720
22,468	20,470	20,799	7,707
1	94	101	2,501
55,696	57,072	56,792	54,809
2,989	1,273	1,443	1,207
21,135	18,855	8,855	22,874
(375)	(2,283)	3,733	(502)
<u>479,546</u>	<u>480,362</u>	<u>455,573</u>	<u>463,866</u>
2,205	1,215	717	2,136
946	93	4,212	1,194
375	2,283	(3,733)	502
<u>3,526</u>	<u>3,591</u>	<u>1,196</u>	<u>3,832</u>
<u>483,072</u>	<u>483,953</u>	<u>456,769</u>	<u>467,698</u>
19,095	8,213	(39,072)	(33,150)
56,157	49,840	42,728	85,274
<u>\$75,252</u>	<u>\$58,053</u>	<u>\$3,656</u>	<u>\$52,124</u>

(Concluded)

City of Cleveland, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(Amounts in 000's)

	2010	2009	2008	2007
General Fund				
Reserved	\$15,070	\$15,513	\$14,689	\$14,455
Unreserved	(2,529)	(9,648)	16,856	17,399
Total General Fund	12,541	5,865	31,545	31,854
All Other Governmental Funds				
Reserved	257,696	263,059	272,039	277,669
Unreserved reported in:				
Special Revenue funds	64,432	45,781	72,421	77,223
Capital Projects funds	37,753	49,556	43,438	31,136
Total All Other Governmental Funds	359,881	358,396	387,898	386,028
Total Governmental Funds	<u>\$372,422</u>	<u>\$364,261</u>	<u>\$419,443</u>	<u>\$417,882</u>

2006	2005	2004	2003	2002	2001
\$13,029	\$11,520	\$13,258	\$9,719	\$17,800	\$31,519
22,502	24,693	21,376	14,932	32,037	7,731
35,531	36,213	34,634	24,651	49,837	39,250
278,984	280,042	272,122	276,518	258,546	344,350
77,287	65,786	89,325	88,251	53,221	37,215
24,458	49,750	45,522	60,462	57,375	4,225
380,729	395,578	406,969	425,231	369,142	385,790
\$416,260	\$431,791	\$441,603	\$449,882	\$418,979	\$425,040



City of Cleveland, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(Amounts in 000's)

	2010	2009	2008	2007
Revenues				
Income taxes	\$300,427	\$298,546	\$326,464	\$311,784
Property taxes	58,660	63,754	65,258	69,254
State and local government funds	47,972	45,590	52,269	53,506
Other shared revenues	79,620	81,440	81,200	80,789
Licenses and permits	13,529	17,061	15,047	13,802
Charges for services	33,779	22,136	26,000	24,388
Fines, forfeits and settlements	28,643	32,321	34,763	31,246
Investment earnings	621	2,691	8,871	16,875
Grants	116,920	112,024	94,769	167,125
Contributions	72	659	549	549
Miscellaneous	16,490	25,811	27,649	18,581
<i>Total Revenues</i>	<u>696,733</u>	<u>702,033</u>	<u>732,839</u>	<u>787,899</u>
Expenditures				
Current:				
General Government	80,865	90,074	91,664	84,578
Public Service	53,567	58,229	60,105	60,700
Public Safety	308,321	319,334	318,339	311,606
Human Resources				
Community Development	70,437	58,101	43,677	53,668
Building and Housing	17,401	20,841	15,691	13,892
Public Health	19,229	22,460	19,724	21,014
Parks, Recreation and Properties	37,822	39,598	42,593	40,494
Economic Development	24,635	36,849	51,921	33,787
Other	11,490	10,446	10,627	9,206
Capital outlay	56,227	66,720	60,513	120,680
Inception of capital lease	3,201			3,933
Debt issuance cost				
Interest expense				
Debt service:				
Principal retirement	48,223	53,048	51,566	44,258
Interest	28,682	32,942	34,318	30,075
General Government	18,722	477	5,394	
Other	795	475	1,868	2,438
<i>Total Expenditures</i>	<u>779,617</u>	<u>809,594</u>	<u>808,000</u>	<u>830,329</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(82,884)</u>	<u>(107,561)</u>	<u>(75,161)</u>	<u>(42,430)</u>
Other Financing Sources (Uses)				
Transfers in	106,617	53,414	57,550	61,064
Transfers out	(88,152)	(54,525)	(58,243)	(61,894)
Issuance of debt	171,505	44,580		
Issuance of refunding bonds		13,820		
Proceeds from sale of debt			266,160	
Premium on bonds and notes	1,885	2,289	4,042	3,730
Discount on bonds and notes	(237)		(386)	(18)
Payment to refund bonds and notes	(108,390)	(13,767)	(192,675)	(140,457)
Proceeds from sale of general obligation bonds and notes				181,420
Sale of development bonds				
Loan proceeds				
Sale of City assets	1,127	6,568	274	207
Proceeds from capital lease	6,690			
Inception of capital lease				
Premium on interest rate swap agreement				
<i>Total Other Financing Sources (Uses)</i>	<u>91,045</u>	<u>52,379</u>	<u>76,722</u>	<u>44,052</u>
<i>Net Change in Fund Balances</i>	<u>\$8,161</u>	<u>(\$55,182)</u>	<u>\$1,561</u>	<u>\$1,622</u>
Debt Service as a Percentage of Noncapital Expenditures	10.6%	11.6%	11.5%	10.5%

2006	2005	2004	2003	2002	2001
\$303,446	\$292,193	\$294,200	\$278,719	\$279,186	\$277,687
66,787	66,055	67,999	63,353	72,683	71,610
55,908	55,899	55,808	55,462	56,436	59,252
73,810	59,576	57,213	55,030	44,664	43,341
14,520	14,806	16,033	13,727	10,656	8,967
20,973	23,182	18,707	21,345	21,672	18,798
27,877	19,985	19,611	25,689	24,946	13,096
13,809	8,774	3,758	3,634	4,762	10,425
137,278	126,139	118,228	120,379	139,953	106,965
3,113	3,650	6,131	101	2,500	
18,683	14,394	21,462	17,013	19,099	54,249
<u>736,204</u>	<u>684,653</u>	<u>679,150</u>	<u>654,452</u>	<u>676,557</u>	<u>664,390</u>
74,905	71,107	71,291	74,128	71,551	74,752
58,739	60,049	56,044	56,761	55,939	50,209
293,093	282,684	272,752	302,707	283,172	273,951
					13,425
62,031	55,688	65,034	61,227	21,545	82,194
13,668	10,472	10,497	11,935	86,641	
26,903	24,121	21,862	21,870	21,176	19,796
37,817	35,503	32,934	37,829	36,088	39,951
44,632	40,446	46,966	33,728	27,245	41,466
9,256	11,212	11,510	14,197	12,973	16,373
65,216	84,438	82,780	64,738	63,171	74,329
3,302	4,130	9,271			
			818		
			228		
37,648	39,384	40,865	32,949	62,347	31,463
31,462	29,822	32,002	27,400	26,748	28,312
662	2,338	1,778	719	922	
<u>759,334</u>	<u>751,394</u>	<u>755,586</u>	<u>741,234</u>	<u>769,518</u>	<u>746,221</u>
(23,130)	(66,741)	(76,436)	(86,782)	(92,961)	(81,831)
41,853	43,245	47,256	59,368	96,056	69,156
(42,665)	(43,697)	(50,271)	(59,773)	(100,365)	(68,346)
				(740)	
	121,395	35,115			
	13,306	1,504	7,585		
	(54)	(200)	3,156	2,648	
	(94,145)				
		16,760	64,100	76,675	4,060
			32,315		
		11,365			
8,411	8,454	6,628	6,254		
	8,425		(419)		
			5,100		
<u>7,599</u>	<u>56,929</u>	<u>68,157</u>	<u>117,686</u>	<u>74,274</u>	<u>4,870</u>
<u>(\$15,531)</u>	<u>(\$9,812)</u>	<u>(\$8,279)</u>	<u>\$30,904</u>	<u>(\$18,687)</u>	<u>(\$76,961)</u>
10.0%	10.4%	10.8%	8.9%	12.6%	9.1%

City of Cleveland, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years
(Amounts in 000's)

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2010	\$2,693,686	\$2,585,663	\$15,083,857	\$233,870	\$265,761
2009	3,062,170	2,434,549	15,704,911	220,820	250,932
2008	3,041,791	2,438,801	15,658,834	210,970	239,739
2007	3,056,587	2,532,466	15,968,723	316,899	360,113
2006	2,662,461	2,285,525	14,137,103	314,385	357,256
2005	2,665,935	2,319,194	14,243,226	350,690	398,511
2004	2,666,178	2,232,575	13,996,437	355,889	404,419
2003	2,348,384	2,244,238	13,121,777	358,143	406,981
2002	2,354,757	2,318,510	13,352,191	377,364	428,823
2001	2,362,425	2,255,914	13,195,254	451,775	513,381

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

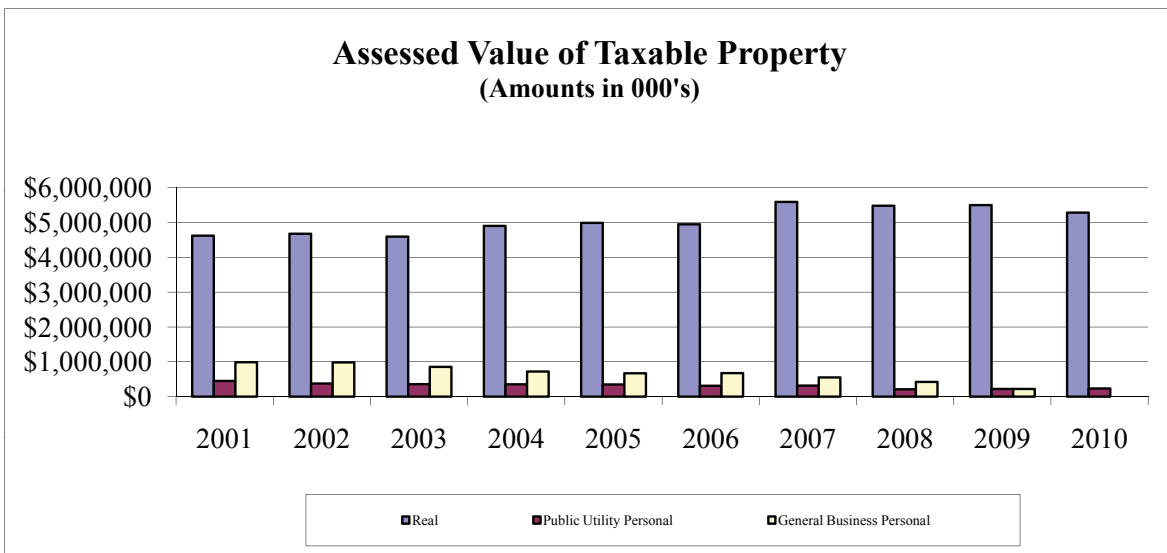
Beginning in 2003, the assessed valuation of personal property constituting "inventory" was reduced from 25% of true value to 23%, in 2006 it was further reduced to 18.75%, in 2007 to 12.50%, and in 2008 to 6.25%. The percentage decreased to 0% in 2009. This percentage remained at 0% in 2010.

Electric deregulation took place January 1, 2001. Under prior law, an electric company's taxable production equipment was assessed at 100% of true value, while all of its other taxable property was assessed at 88% of true value. Effective in 2002, the valuation on electric utility production equipment was reduced from 100% to 25% of true value, with makeup payments in varying amounts to be made through 2016 to taxing subdivisions by the State of Ohio from State resources. All taxable property remained at 88% true value.

Source: Cuyahoga County Auditor's Office.

Tangible Personal Property

General Business		Total		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio
\$0	\$0	\$5,513,219	\$15,349,618	35.9 %
219,920	3,518,720	5,937,459	19,474,563	30.5
422,770	6,764,320	6,114,332	22,662,893	27.0
551,296	4,410,368	6,457,248	20,739,204	31.1
677,333	3,612,443	5,939,704	18,106,802	32.8
671,795	2,920,848	6,007,614	17,562,585	34.2
722,499	3,141,300	5,977,141	17,542,156	34.1
853,282	3,709,922	5,804,047	17,238,680	33.7
980,928	3,923,712	6,031,559	17,704,726	34.1
988,532	3,954,128	6,058,646	17,662,763	34.3



City of Cleveland, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2010	2009	2008	2007
Unvoted Millage				
Debt	4.350000	4.350000	4.350000	4.350000
Fire Pension	0.050000	0.050000	0.050000	0.050000
<i>Total Unvoted Millage</i>	<u>4.400000</u>	<u>4.400000</u>	<u>4.400000</u>	<u>4.400000</u>
Charter Millage				
Operating	7.750000	7.750000	7.750000	7.750000
Fire Pension	0.250000	0.250000	0.250000	0.250000
Police Pension	0.300000	0.300000	0.300000	0.300000
<i>Total Charter Millage</i>	<u>8.300000</u>	<u>8.300000</u>	<u>8.300000</u>	<u>8.300000</u>
Total Millage	<u><u>12.700000</u></u>	<u><u>12.700000</u></u>	<u><u>12.700000</u></u>	<u><u>12.700000</u></u>

Overlapping Rates by Taxing District

City School District				
Residential/Agricultural Real	31.506887	31.460074	29.076676	29.050497
Commercial/Industrial and Public Utility Real	44.362102	44.661412	44.661009	44.592555
General Business and Public Utility Personal	64.800000	64.800000	64.800000	64.800000
County				
Residential/Agricultural Real	13.186617	13.178886	12.660733	11.868868
Commercial/Industrial and Public Utility Real	12.841251	12.845700	12.815297	12.453559
General Business and Public Utility Personal	13.320000	13.320000	13.320000	13.420000
Special Taxing Districts (1)				
Residential/Agricultural Real	11.207637	10.723710	10.330071	9.059500
Commercial/Industrial and Public Utility Real	11.236434	10.859248	10.838537	10.191700
General Business and Public Utility Personal	11.880000	11.580000	11.580000	11.580000

Note:

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents. Charter millage is consistently applied to all types of property. The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue. Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) Cleveland Metropolitan Parks District, Cleveland-Cuyahoga County Port Authority, Cleveland Public Library and Cuyahoga Community College. Prior to 2003, Cleveland Metropolitan Parks District and Cleveland Public Library only.

Source: Cuyahoga County Auditor's Office.

2006	2005	2004	2003	2002	2001
4.350000	4.350000	4.350000	4.350000	4.350000	4.350000
0.050000	0.050000	0.050000	0.050000	0.050000	0.050000
4.400000	4.400000	4.400000	4.400000	4.400000	4.400000
7.750000	7.750000	7.750000	7.750000	7.750000	7.750000
0.250000	0.250000	0.250000	0.250000	0.250000	0.250000
0.300000	0.300000	0.300000	0.300000	0.300000	0.300000
8.300000	8.300000	8.300000	8.300000	8.300000	8.300000
12.700000	12.700000	12.700000	12.700000	12.700000	12.700000

29.002818	31.588821	31.586780	31.559197	34.359166	34.356020
44.858685	48.826505	48.636211	48.764909	48.821444	48.257023
64.800000	64.800000	64.800000	64.800000	64.800000	64.800000

11.865485	11.722742	10.975355	10.989859	12.460892	11.381449
12.494099	12.588063	11.984633	12.043316	12.876350	12.002276
13.420000	13.520000	13.520000	13.520000	14.650000	14.650000

9.045800	9.853500	9.851200	9.168300	4.306000	4.307000
10.252900	11.084900	11.011300	10.525300	4.886300	4.822800
11.580000	11.580000	11.580000	11.280000	5.550000	5.550000

City of Cleveland, Ohio
Property Tax Levies and Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2010	\$107,119,066	\$59,078,863	55.15 %	\$5,259,959	\$64,338,822
2009	107,873,764	63,707,028	59.06	5,351,909	69,058,937
2008	107,071,494	66,210,703	61.84	6,416,603	72,627,306
2007	108,161,761	68,823,516	63.63	5,675,616	74,499,132
2006	100,453,000	65,617,000	65.32	5,524,000	71,141,000
2005	100,842,630	67,759,024	67.19	5,428,007	73,187,031
2004	102,396,067	67,571,431	65.99	7,055,068	74,626,499
2003	95,920,068	65,058,362	67.83	5,052,595	70,110,957
2002	96,449,699	64,376,023	66.75	6,680,368	71,056,391
2001	93,753,498	66,447,200	70.87	4,253,228	70,700,428

Note:

The County does not identify delinquent collections by the year for which the tax was levied.

(1) State reimbursement of rollback and homestead exemptions are included.

Source: Cuyahoga County Auditor's Office.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
60.06 %	\$39,704,298	37.07 %
64.02	36,999,445	34.30
67.83	31,984,896	29.87
68.88	22,770,570	21.05
70.82	21,063,000	20.97
72.58	26,330,702	26.11
72.88	24,928,208	24.34
73.09	25,151,032	26.22
73.67	21,966,674	22.78
75.41	21,498,001	22.93

City of Cleveland, Ohio
Principal Taxpayers - Real Estate Tax
 2010 and 2001

<u>2010</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
Cleveland Clinic Foundation	\$241,141,560	4.57 %
Key Center Properties LLC	83,619,320	1.58
City of Cleveland, Ohio	76,531,460	1.45
Cleveland Financial Associates	46,967,070	0.89
Board of County Commissioners	39,698,830	0.75
City of Cleveland Executive	36,508,320	0.69
National City Bank	36,391,080	0.69
Hub North Point Properties LLC	33,309,480	0.63
ISG Cleveland West Inc.	26,892,690	0.51
Optima One Cleveland	25,857,270	0.49
Total	\$646,917,080	12.25 %
Total Real Property Assessed Valuation	\$5,279,349,000	

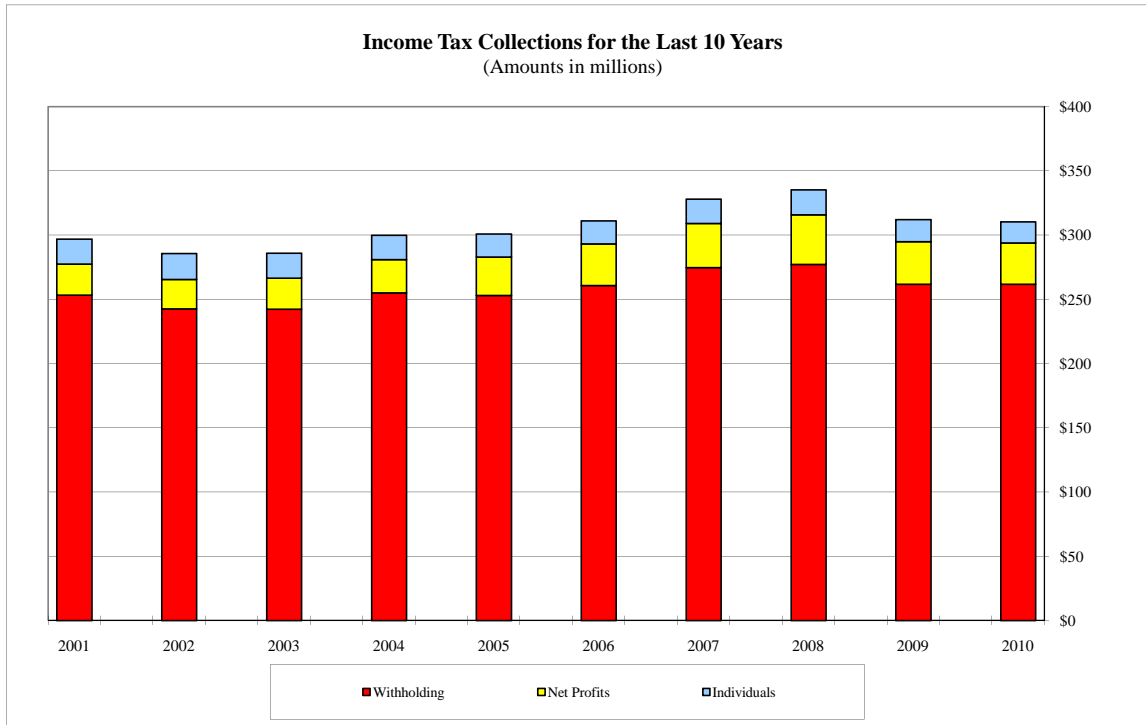
<u>2001</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
City of Cleveland, Ohio	\$98,621,290	2.14 %
ZML-Cleve Public Sq LLC	56,305,130	1.22
PMW LTD Partnership	36,610,000	0.79
Cleveland Clinic Foundation	33,157,070	0.72
BRE.City Center LLC	33,051,760	0.72
LTV Steel Company, Incorporated	32,987,400	0.71
GSA	31,034,190	0.67
600 Superior Place Partnership	25,970,770	0.56
CG Erieview	25,202,210	0.55
Bishop James Hickey	22,353,030	0.48
Total	\$395,292,850	8.56 %
Total Real Property Assessed Valuation	\$4,618,339,000	

(1) The amounts presented represent the assessed values upon which 2010 and 2001 collections were based.

Source: Cuyahoga County Auditor's Office.

City of Cleveland, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2010	2.00%	\$310,339,588	\$261,801,977	84.36%	\$32,095,566	10.34%	\$16,442,045	5.30%
2009	2.00	312,129,641	261,878,357	83.90	33,065,140	10.59	17,186,144	5.51
2008	2.00	335,310,894	277,203,932	82.67	38,709,596	11.54	19,397,366	5.78
2007	2.00	328,167,945	274,733,506	83.72	34,314,408	10.46	19,120,031	5.83
2006	2.00	311,254,815	260,697,679	83.76	32,469,591	10.43	18,087,545	5.81
2005	2.00	300,836,796	253,082,844	84.13	29,796,387	9.90	17,957,565	5.97
2004	2.00	300,041,379	255,039,437	85.00	25,919,958	8.64	19,081,984	6.36
2003	2.00	285,904,337	242,321,319	84.76	24,334,618	8.51	19,248,400	6.73
2002	2.00	285,825,834	242,681,101	84.91	22,938,922	8.03	20,205,811	7.07
2001	2.00	296,875,935	253,237,238	85.30	24,313,604	8.19	19,325,093	6.51



Note:

The City is prohibited by statute from presenting information regarding individual taxpayers.

(1) Gross collections.

Source: Central Collection Agency.

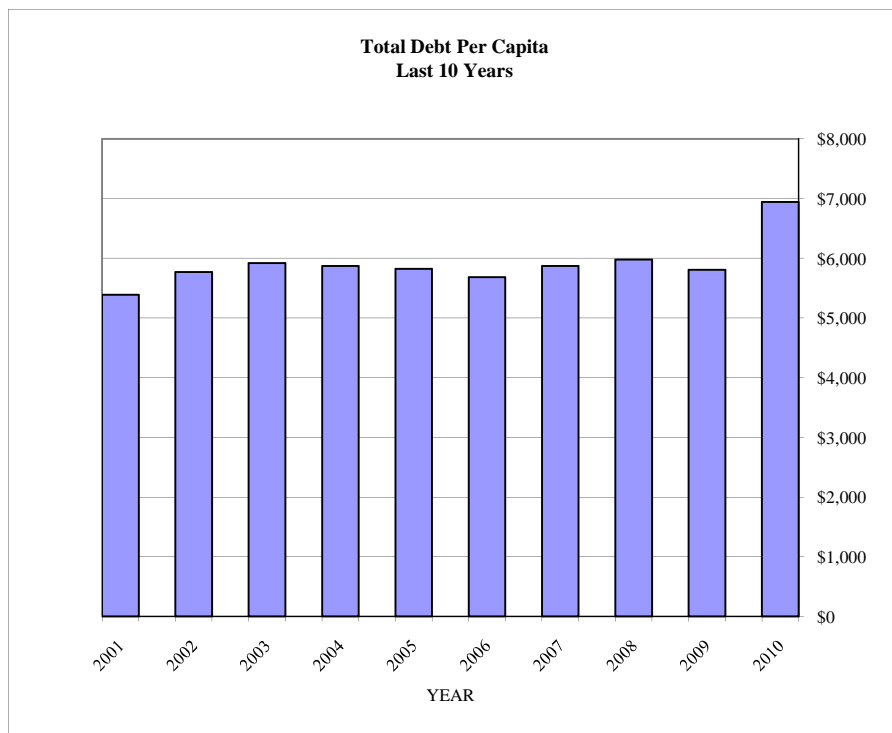
City of Cleveland, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	Governmental Activities						
	General Obligation Bonds	Urban Renewal Bonds/Notes	Non-Tax Revenue Bonds/Notes	Capital Leases	Subordinated Income Tax Refunding Bonds	Certificates of Participation	Subordinate Lien Income Tax Bonds
2010	\$297,115,000	\$5,365,000	\$61,795,000	\$8,937,000	\$55,785,000	\$135,537,000	\$83,025,000
2009	326,230,000	5,860,000	64,956,000	5,320,000	58,460,000	119,016,000	57,630,000
2008	313,630,000	6,325,000	67,617,000	8,604,000	59,960,000	129,949,000	59,560,000
2007	336,990,000	6,760,000	68,091,000	11,786,000	58,900,000	140,714,000	
2006	323,795,000	7,170,000	69,353,000	15,057,000	60,700,000	143,950,000	
2005	353,325,000	7,555,000	70,085,000	18,083,000	62,400,000	146,225,000	
2004	346,700,000	12,215,000	70,715,000	11,750,000	64,000,000	148,485,000	
2003	356,900,000	12,555,000	45,600,000	6,254,000	65,500,000	150,550,000	
2002	319,085,000	8,575,000	10,000,000	238,000	66,900,000	155,494,000	
2001	293,380,000	13,075,000	10,000,000	812,000	68,200,000	161,071,000	

Note:

Population and Personal Income data are presented on page S20.

Business-Type Activities					
Annual Appropriation Bonds	Revenue Bonds / Notes	OWDA/ OPWC Loans	Total Debt	Percentage of Personal Income	Per Capita
\$11,000,000	\$1,974,828,000	\$121,335,000	\$2,754,722,000	48.58%	\$6,942
	2,032,178,000	107,654,000	2,777,304,000	40.62	5,805
	2,100,768,000	112,275,000	2,858,688,000	41.81	5,975
	2,075,755,000	110,070,000	2,809,066,000	41.09	5,872
	1,995,045,000	103,415,000	2,718,485,000	39.76	5,682
	2,049,820,000	78,498,000	2,785,991,000	40.75	5,824
	2,102,986,000	52,616,000	2,809,467,000	41.09	5,873
	2,160,842,000	33,045,000	2,831,246,000	41.41	5,918
	2,181,898,000	16,746,000	2,758,936,000	40.35	5,767
	2,018,731,000	13,117,000	2,578,386,000	37.71	5,390



City of Cleveland, Ohio
*Ratio of General Obligation Bonded Debt to Assessed
Value and Bonded Debt Per Capita
Last Ten Years*

Year	Population (1)	Estimated Actual Value of Taxable Property (2) (Amount in 000's)	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2010	396,815 (a)	\$5,513,219	\$294,923,000	5.35 %	\$743.23
2009	478,403 (b)	5,937,459	323,631,000	5.45	676.48
2008	478,403 (b)	6,114,332	311,134,000	5.09	650.36
2007	478,403 (b)	6,457,248	333,823,000	5.17	697.79
2006	478,403 (b)	5,939,704	320,265,000	5.39	669.45
2005	478,403 (b)	6,007,614	348,004,000	5.79	727.43
2004	478,403 (b)	5,977,141	339,209,000	5.68	709.04
2003	478,403 (b)	5,804,047	352,569,000	6.07	736.97
2002	478,403 (b)	6,031,559	316,220,000	5.24	660.99
2001	478,403 (b)	6,058,646	292,608,000	4.83	611.63

Note:

Net Bonded Debt includes all general obligation bonded debt less balance in debt service fund.

Sources:

- (1) U. S. Bureau of Census, Census of Population:
 - (a) 2010 Federal Census
 - (b) 2000 Federal Census
- (2) Cuyahoga County Fiscal Officer's Office.

City of Cleveland, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2010

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Cleveland			
General Obligation Bonds	\$297,115,000	100.00 %	\$297,115,000
Revenue Notes/Bonds	1,974,828,000	100.00	1,974,828,000
OWDA/OPWC Loans	121,335,000	100.00	121,335,000
Capital Leases	8,937,000	100.00	8,937,000
Urban Renewal Bonds/Notes	5,365,000	100.00	5,365,000
Subordinated Income Tax Refunding Bonds	55,785,000	100.00	55,785,000
Subordinate Lien Income Tax Bonds	83,025,000	100.00	83,025,000
Non-tax Revenue Bonds	61,795,000	100.00	61,795,000
Annual Appropriation Bonds	<u>11,000,000</u>	100.00	<u>11,000,000</u>
<i>Total Direct Debt</i>	<u>2,619,185,000</u>		<u>2,619,185,000</u>
Overlapping			
Cleveland Municipal School District			
General Obligation Bonds	187,664,706	96.95	181,940,932
Cuyahoga County			
General Obligation Bonds	302,130,000	18.60	56,196,180
Regional			
Transit Authority	<u>152,760,000</u>	18.60	<u>28,413,360</u>
<i>Total Overlapping Debt</i>	<u>642,554,706</u>		<u>266,550,472</u>
Total	<u><u>\$3,261,739,706</u></u>		<u><u>\$2,885,735,472</u></u>

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

Source: Cuyahoga County Fiscal Officer's Office.

City of Cleveland, Ohio

Legal Debt Margin

Last Ten Years

	2010	2009	2008	2007
Total Assessed Property Value	<u>\$5,513,219,400</u>	<u>\$5,937,458,591</u>	<u>\$6,114,332,281</u>	<u>\$6,457,247,750</u>
Overall Legal Debt Limit (10½% of Assessed Valuation)	<u>578,888,037</u>	<u>623,433,152</u>	<u>642,004,890</u>	<u>678,011,014</u>
Debt Outstanding:				
General Obligation Bonds	297,115,000	326,230,000	313,630,000	336,990,000
Revenue Notes/Bonds	1,974,828,000	2,032,178,000	2,100,768,000	2,075,755,000
Urban Renewal Bonds/Notes	5,365,000	5,860,000	6,325,000	6,760,000
Subordinated Income Tax Refunding Bonds	55,785,000	58,460,000	59,960,000	58,900,000
Subordinate Lien Income Tax Bonds	83,025,000	57,630,000	59,560,000	
OWDA/OPWC Loans	121,335,000	107,654,000	112,275,000	110,070,000
Non-tax Revenue Bonds	61,795,000	64,956,000	67,617,000	68,091,000
Annual Appropriation Bonds	<u>11,000,000</u>			
Total Gross Indebtedness	2,610,248,000	2,652,968,000	2,720,135,000	2,656,566,000
Less:				
General Obligation Bonds	297,115,000	326,230,000	313,630,000	336,990,000
Revenue Notes/Bonds	1,974,828,000	2,032,178,000	2,100,768,000	2,075,755,000
Urban Renewal Bonds/Notes	5,365,000	5,860,000	6,325,000	6,760,000
Subordinated Income Tax Refunding Bonds	55,785,000	58,460,000	59,960,000	58,900,000
Subordinate Lien Income Tax Bonds	83,025,000	57,630,000	59,560,000	
OWDA/OPWC Loans	121,335,000	107,654,000	112,275,000	110,070,000
Non-tax Revenue Bonds	61,795,000	64,950,000	67,617,000	68,091,000
Annual Appropriation Bonds	11,000,000			
General Obligation Bond Retirement Fund Balance	<u>2,192,000</u>	<u>2,599,000</u>	<u>2,496,000</u>	<u>3,167,000</u>
Total Net Debt Applicable to Debt Limit*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin Within 10½% Limitations	<u>\$578,888,037</u>	<u>\$623,433,152</u>	<u>\$642,004,890</u>	<u>\$678,011,014</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation (5½% of Assessed Valuation)	<u>\$303,227,067</u>	<u>\$326,560,223</u>	<u>\$336,288,276</u>	<u>\$355,148,626</u>
Total Gross Indebtedness	2,610,248,000	2,652,968,000	2,720,135,000	2,656,566,000
Less:				
General Obligation Bonds	297,115,000	326,230,000	313,630,000	336,990,000
Revenue Notes/Bonds	1,974,828,000	2,032,178,000	2,100,768,000	2,075,755,000
Urban Renewal Bonds/Notes	5,365,000	5,860,000	6,325,000	6,760,000
Subordinated Income Tax Refunding Bonds	55,785,000	58,460,000	59,960,000	58,900,000
Subordinate Lien Income Tax Bonds	83,025,000	57,630,000	59,560,000	
OWDA/OPWC Loans	121,335,000	107,654,000	112,275,000	110,070,000
Non-tax Revenue Bonds	61,795,000	64,950,000	67,617,000	68,091,000
Annual Appropriation Bonds	11,000,000			
General Obligation Bond Retirement Fund Balance	<u>2,192,000</u>	<u>2,599,000</u>	<u>2,496,000</u>	<u>3,167,000</u>
Net Debt Within 5½% Limitations*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Legal Debt Margin Within 5½% Limitations	<u>\$303,227,067</u>	<u>\$326,560,223</u>	<u>\$336,288,276</u>	<u>\$355,148,626</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

* The City does not report net debt limits below zero, therefore if the net debt limit is negative it is considered to be equal to zero.

The types of Debt issued by the City are exempt from the limitations defined in the Ohio Revised Code.

Source: City Financial Records.

2006	2005	2004	2003	2002	2001
<u>\$5,939,704,867</u>	<u>\$6,007,616,318</u>	<u>\$5,977,142,243</u>	<u>\$5,804,048,750</u>	<u>\$6,031,560,000</u>	<u>\$6,058,647,000</u>
<u>623,669,011</u>	<u>630,799,713</u>	<u>627,599,936</u>	<u>609,425,119</u>	<u>633,313,800</u>	<u>636,157,935</u>
323,795,000	353,325,000	346,700,000	356,900,000	319,085,000	293,380,000
1,995,045,000	2,049,820,000	2,102,986,000	2,160,842,000	2,181,898,000	2,018,731,000
7,170,000	7,555,000	12,215,000	12,555,000	12,825,000	13,075,000
60,700,000	62,400,000	64,000,000	65,500,000	66,900,000	68,200,000
103,415,000	78,498,000	52,616,000	33,045,000	16,746,000	13,117,000
69,353,000	70,085,000	70,715,000	45,600,000	10,000,000	10,000,000
<u>2,559,478,000</u>	<u>2,621,683,000</u>	<u>2,649,232,000</u>	<u>2,674,442,000</u>	<u>2,607,454,000</u>	<u>2,416,503,000</u>
323,795,000	353,325,000	346,700,000	356,900,000	318,340,000	291,210,000
1,995,045,000	2,049,820,000	2,102,986,000	2,160,842,000	2,181,898,000	2,018,731,000
7,170,000	7,555,000	12,215,000	12,555,000	12,825,000	13,075,000
60,700,000	62,400,000	64,000,000	65,500,000	66,900,000	68,200,000
103,415,000	78,498,000	52,616,000	33,045,000	16,746,000	13,117,000
69,353,000	70,085,000	70,715,000	45,600,000	10,000,000	10,000,000
<u>3,530,000</u>	<u>5,321,000</u>	<u>7,491,000</u>	<u>4,331,000</u>	<u>2,865,000</u>	<u>772,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,398,000</u>
<u>\$623,669,011</u>	<u>\$630,799,713</u>	<u>\$627,599,936</u>	<u>\$609,425,119</u>	<u>\$633,313,800</u>	<u>\$634,759,935</u>
100.00%	100.00%	100.00%	100.00%	100.00%	99.78%
<u>\$326,683,768</u>	<u>\$330,418,898</u>	<u>\$328,742,823</u>	<u>\$319,222,681</u>	<u>\$331,735,800</u>	<u>\$333,225,585</u>
2,559,478,000	2,621,683,000	2,649,232,000	2,674,442,000	2,607,454,000	2,416,503,000
323,795,000	353,325,000	346,700,000	356,900,000	318,340,000	291,210,000
1,995,045,000	2,049,820,000	2,102,986,000	2,160,842,000	2,181,898,000	2,018,731,000
7,170,000	7,555,000	12,215,000	12,555,000	12,825,000	13,075,000
60,700,000	62,400,000	64,000,000	65,500,000	66,900,000	68,200,000
103,415,000	78,498,000	52,616,000	33,045,000	16,746,000	13,117,000
69,353,000	70,085,000	70,715,000	45,600,000	10,000,000	10,000,000
<u>3,530,000</u>	<u>5,321,000</u>	<u>7,491,000</u>	<u>4,331,000</u>	<u>2,865,000</u>	<u>772,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,398,000</u>
<u>\$326,683,768</u>	<u>\$330,418,898</u>	<u>\$328,742,823</u>	<u>\$319,222,681</u>	<u>\$331,735,800</u>	<u>\$331,827,585</u>
100.00%	100.00%	100.00%	100.00%	100.00%	99.58%

City of Cleveland, Ohio
Pledged Revenue Coverage
Airport Revenue Bonds
Last Ten Years

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2010	\$152,053,000	\$70,152,000	\$81,901,000	\$14,705,000	\$36,386,915	1.60
2009	167,358,000	68,432,000	98,926,000	22,450,000	37,622,000	1.65
2008	160,455,000	74,885,000	85,570,000	16,830,000	40,497,264	1.49
2007	151,430,000	69,358,000	82,072,000	20,160,000	34,968,361	1.49
2006	135,883,000	62,426,000	73,457,000	17,775,000	39,565,000	1.28
2005	140,157,000	66,957,000	73,200,000	10,895,000	43,026,000	1.36
2004	135,117,000	58,647,000	76,470,000	9,373,000	35,817,000	1.69
2003	107,758,000	57,845,000	49,913,000	11,104,000	25,128,000	1.38
2002	101,081,000	59,025,000	42,056,000	10,916,000	20,678,000	1.33
2001	103,498,000	56,795,000	46,703,000	10,783,000	21,751,400	1.44

(1) Gross revenues include operating revenues plus interest income. Beginning in 2001, a minimum of 40% of passenger facility charges, as well as grant funds from the FAA for the new runway, are dedicated to the payment of debt service charges and are included in gross revenues. Beginning in 2007, the Coverage Account was included in the calculation of debt service coverage.

(2) Direct operating expenses are calculated in accordance with the bond indenture.

City of Cleveland, Ohio
Pledged Revenue Coverage
Power System Revenue Bonds
Last Ten Years

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2010	\$166,761,000	\$138,030,000	\$28,731,000	\$8,045,000	\$9,871,011	1.60
2009	156,034,000	128,436,000	27,598,000	8,530,000	9,009,810	1.57
2008	160,224,000	124,161,000	36,063,000	8,335,000	9,054,492	2.07
2007	159,232,000	120,415,000	38,817,000	8,045,000	9,368,159	2.23
2006	149,276,000	114,942,000	34,334,000	11,025,000	8,144,118	1.79
2005	152,146,000	125,924,000	26,222,000	4,920,000	9,813,126	1.78
2004	142,148,000	109,275,000	32,873,000	9,410,000	10,447,476	1.66
2003	141,190,000	104,940,000	36,250,000	7,865,000	10,886,836	1.93
2002	143,383,000	103,050,000	40,333,000	6,620,000	11,693,085	2.20
2001	134,632,000	97,834,000	36,798,000	6,855,000	11,190,161	2.04

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

(2) Direct operating expenses are calculated in accordance with the bond indenture.

City of Cleveland, Ohio
Pledged Revenue Coverage
Water System Mortgage Revenue Bonds
Last Ten Years

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2010	\$241,277,000	\$149,513,000	\$91,764,000	\$37,150,000	\$32,447,214	1.32
2009	232,357,000	147,716,000	84,641,000	31,945,000	33,200,509	1.30
2008	252,660,000	143,833,000	108,827,000	27,285,000	38,139,614	1.66
2007	257,992,000	140,210,000	117,782,000	19,660,000	30,660,206	2.34
2006	223,903,000	132,879,000	91,024,000	17,695,000	35,300,322	1.72
2005	230,354,000	123,931,000	106,423,000	15,485,000	36,763,888	2.04
2004	215,012,000	127,021,000	87,991,000	20,748,333	30,184,582	1.73
2003	210,352,000	123,640,000	86,712,000	25,160,000	33,188,434	1.49
2002	226,394,000	119,736,000	106,658,000	23,990,000	33,500,816	1.86
2001	229,827,000	116,841,000	112,986,000	17,260,000	35,738,449	2.13

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

(2) Direct operating expenses are calculated in accordance with the bond indenture.

City of Cleveland, Ohio
Principal Employers
Current Year and Ten Years Ago

2010		
Employer	Employees	Percentage of Total County Employment
The Cleveland Clinic Foundation	34,000	5.30%
University Hospitals of Cleveland	13,224	2.06
Cuyahoga County	8,036	1.25
United States Postal Service	7,641	1.19
City of Cleveland	7,580	1.18
Cleveland Municipal School District	7,385	1.15
KeyCorp	5,553	0.87
The MetroHealth System	5,408	0.84
Case Western Reserve University	4,449	0.69
Sherwin-Williams Co.	3,058	0.49
Total	96,334	15.02%
Total Employment within the County	641,200	

2000		
Employer	Employees	Percentage of Total County Employment
Cleveland Clinic Health Systems	19,739	2.85%
University Hospitals Health System	14,048	2.02
Cuyahoga County	9,682	1.40
Cleveland City School District	9,483	1.37
KeyCorp	8,606	1.24
City of Cleveland	8,314	1.20
United States Postal Service	6,484	0.93
The MetroHealth System	5,422	0.78
LTV Corp.	5,370	0.77
National City Corp.	4,897	0.71
Total	92,045	13.27%
Total Employment within the County	693,700	

Note:

Largest employers headquartered in the City ranked by FTE employees.

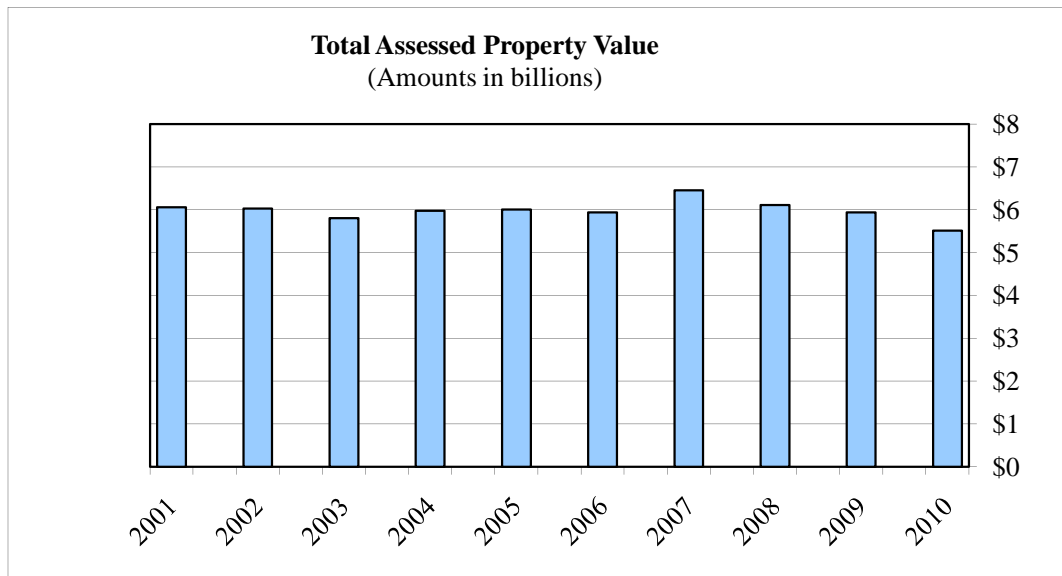
Source: Number of employees from Crain's Cleveland:

Book of Lists 2011, Largest Cuyahoga County Employers; FTEs 06/30/2009 - 06/30/2010

Book of Lists 2001, Largest Cuyahoga County Employers; FTEs 01/01/1999 - 01/01/2000

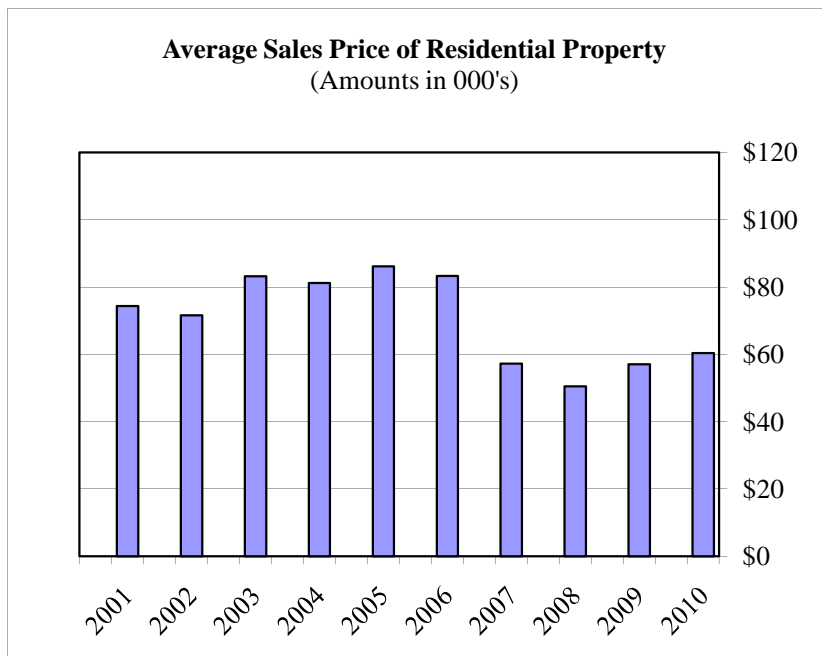
City of Cleveland, Ohio
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population</u>		<u>Total Personal Income (6)</u>	<u>Personal Income Per Capita (2)</u>	<u>Median Household Income (2)</u>	<u>Median Age</u>	
2010	396,815	(1)	\$5,670,883,165	\$14,291	\$25,928	35.7	(1)
2009	478,403	(2)	6,836,857,273	14,291	25,928	33	(2)
2008	478,403	(2)	6,836,857,273	14,291	25,928	33	(2)
2007	478,403	(2)	6,836,857,273	14,291	25,928	33	(2)
2006	478,403	(2)	6,836,857,273	14,291	25,928	33	(2)
2005	478,403	(2)	6,836,857,273	14,291	25,928	33	(2)
2004	478,403	(2)	6,836,857,273	14,291	25,928	33	(2)
2003	478,403	(2)	6,836,857,273	14,291	25,928	33	(2)
2002	478,403	(2)	6,836,857,273	14,291	25,928	33	(2)
2001	478,403	(2)	6,836,857,273	14,291	25,928	33	(2)



- (1) Source: U. S. Census Bureau. 2010 Census
 (2) Source: U. S. Census Bureau. 2000 Census (data unavailable on 2010 Census at this time)
 (3) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/>".
 (4) Source: Ohio Labor Market Info, Website: "<http://lmi.state.oh.us/laus/LAUS.html>".
 (5) Source: Cuyahoga County Auditor's Office.
 (6) Computation of per capita personal income multiplied by population.

Educational Attainment: Bachelor's Degree or Higher (2)	School Enrollment (3)	City Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value (5) (Amount in 000's)
11.4%	47,615	11.5%	\$60,398	\$5,513,219
11.4	74,615	10.6	57,075	5,937,459
11.4	50,078	8.8	50,515	6,114,332
11.4	52,769	7.6	57,230	6,457,248
11.4	59,586	7.1	83,237	5,939,704
11.4	65,079	7.7	86,142	6,007,614
11.4	69,655	8.3	81,185	5,977,141
11.4	71,616	8.3	83,216	5,804,047
11.4	73,001	10.2	71,562	6,031,559
11.4	74,226	8.2	74,346	6,058,646



City of Cleveland, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Seven Years (1)

Function/Program	2010	2009	2008	2007
General Government				
Council	62.00	65.50	64.50	62.50
Mayor's Office	25.50	25.50	27.50	26.00
Landmarks Commission	5.50	5.50	5.50	5.50
Building Standards and Appeals	5.50	5.50	5.50	5.50
Board of Zoning Appeals	4.00	4.50	4.50	4.50
Civil Service Commission	11.00	10.50	10.00	11.50
Community Relations Board	30.50	29.00	27.50	27.00
City Planning Commission	24.00	24.00	23.00	26.00
Equal Employment Opportunity	10.00	10.00	11.00	13.00
Court	531.00	542.50	541.50	551.00
Office of Budget Administration	7.00	5.50	7.00	8.00
Aging	24.50	21.50	21.00	22.50
Personnel and Human Resources	16.50	15.00	17.00	20.00
Consumer Affairs	3.00	5.00	6.00	5.00
Law	87.00	88.50	86.50	89.50
Finance	241.50	248.50	250.50	255.00
Security of Persons and Property				
Administration	40.00	39.00	39.00	42.50
Police	1,983.50	2,079.00	2,095.50	2,105.00
Fire	875.00	894.00	883.00	902.00
EMS	218.00	236.00	252.00	288.00
Dog Pound	16.00	15.00	14.50	14.50
House of Corrections	170.00	188.00	176.50	183.50 (3)
Public Health Services	159.50	168.50	169.50	168.50 (3)
Leisure Time Activities				
Parks, Recreation and Property Administration	7.00	7.00	7.00	8.00
Research, Planning and Development	6.00	8.00	9.00	9.00
Recreation	230.00	238.00	233.50	238.00
Convention Center, Westside Market and Cleveland Stadium	27.50	31.00	54.50	59.50
Parking Facilities	42.50	41.00	44.50	49.00
Property Management	81.50	84.50	87.50	89.50
Parks Maintenance	140.00	141.00	151.00	164.00
Community Development	87.00	86.00	77.50	78.50
Building and Housing	134.50	142.00	147.00	161.00
Economic Development	34.00	68.00	73.00	88.00
Public Service				
Public Service Administration	4.50	4.50	5.00	5.00
Architecture	6.00	6.00	7.00	8.00
Waste Collection and Disposal	238.50	253.50	225.50	252.50
Engineering and Construction	59.50	61.50	60.50	65.50
Motor Vehicle Maintenance	81.00	85.00	86.00	95.00
Streets	257.50	271.50	283.50	306.00
Traffic Engineering	38.00	39.00	40.00	41.00
Port Control	446.50	447.50	406.50	386.00
Basic Utility Services				
Water	1,164.50	1,179.50	1,215.50	1,194.00
Cleveland Public Power	345.00	343.00	340.00	341.00
Water Pollution Control	158.00	157.00	150.00	157.00
Totals:	8,139.50	8,420.50	8,442.50	8,632.00

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2004 is not available.

(2) Building and Housing was moved from Community Development to its own department in 2005.

(3) House of Corrections was moved from Public Health to Public Safety in 2007.

N/A - Information not available.

Source: City Payroll Department.

2006	2005	2004
63.50	65.00	66.00
25.00	29.50	27.00
5.00	4.50	4.50
5.00	6.00	6.00
4.50	5.50	5.50
10.00	10.50	12.50
28.50	23.50	24.50
23.00	26.00	27.00
13.00	14.00	12.00
544.00	541.50	534.50
7.00	7.00	8.00
20.50	18.00	18.00
19.00	18.00	91.50
5.00	3.00	4.00
88.50	89.00	93.00
255.00	255.50	245.50
39.50	39.00	41.50
2,176.50	2,179.00	2,145.50
915.00	916.00	913.00
292.00	297.00	298.00
14.50	13.00	13.00
N/A	N/A	N/A
260.00	253.00	261.50
8.00	7.00	9.00
9.00	10.00	10.00
165.00	170.50	176.00
49.50	54.00	49.50
46.50	47.50	56.00
93.00	100.00	99.50
161.00	170.00	167.00
81.00	87.50 (2)	271.50
165.00	170.00 (2)	0.00
94.00	98.00	29.00
5.00	5.00	6.00
9.00	9.00	9.00
244.50	225.50	223.50
65.50	69.50	70.00
102.00	100.00	102.00
288.50	303.00	287.00
44.00	44.00	3.00
369.50	377.50	402.00
1,207.00	1,216.00	1,263.50
337.00	341.00	347.00
144.00	147.00	147.00
<u>8,502.00</u>	<u>8,565.50</u>	<u>8,579.50</u>

City of Cleveland, Ohio
Operating Indicators by Function/Program
Last Nine Years (1)

Function/Program	2010	2009	2008	2007
General Government				
<i>Council and Clerk</i>				
Number of ordinances passed	621	772	771	784
Number of resolutions passed	747	776	304	363
Number of planning commission docket items (5)	298	309	444	441
Zoning board of appeals docket items	274	267	242	263
<i>Finance Department</i>				
Number of payments issued	37,944	44,289	47,670	47,985
Total amount of payments	\$1,276,014,604	\$1,307,460,874	\$1,251,719,916	\$1,287,268,015
Interest earnings for fiscal year (cash basis)	\$7,507,827	\$13,219,445	\$45,366,880	\$63,335,510
Number of receiving warrants (9)	31,497	16,369	16,141	15,300
Number of journal entries issued (9)	192,281	41,238	41,217	43,619
Number of budget adjustments issued	2	2	5	2
Agency ratings - Standard & Poor's (2)	AA	AA	AA	A
Agency ratings - Moody's Financial Services (2)	A1	A2	A2	A
Health insurance costs vs. General Fund expenditures %	17%	15%	14%	14%
General Fund receipts (cash basis in thousands)	\$480,724	\$487,678	\$517,796	\$509,616
General Fund expenditures (cash basis in thousands)	\$482,227	\$501,758	\$501,124	\$485,410
General Fund cash balances (in thousands)	\$16,400	\$12,327	\$40,685	\$41,885
<i>Income Tax Department</i>				
Number of individual returns	202,232	211,241	232,210	238,319
Number of business returns	26,881	26,326	29,014	28,335
Number of business withholding accounts	13,835	14,542	14,653	14,469
Amount of penalties and interest collected	\$1,754,501	\$1,884,453	\$2,357,490	\$1,912,554
Annual number of corporate withholding forms processed	149,584	144,493	151,256	152,334
Annual number of balance due statements forms processed	36,188	38,610	44,637	39,767
Annual number of estimated payment forms processed	42,767	47,841	51,527	57,092
Annual number of reconciliations of withholdings processed	11,357	12,213	12,198	12,488
<i>Engineer Contracted Services</i>				
Dollar amount of construction overseen by engineer (3)	\$34,000,000	\$32,000,000	\$159,540,000	\$251,305,000
<i>Municipal Court</i>				
Number of civil cases	19,280	16,375	19,890	18,569
Number of criminal cases	167,563	120,131	120,077	113,661
<i>Vital Statistics</i>				
<i>Certificates filed (4)</i>				
Number of births	15,528	16,403	16,942	17,235
Number of deaths	12,296	12,101	12,354	12,086
Number of fetal deaths	454	401	447	399
<i>Certificates issued (4)</i>				
Number of births	62,507	69,785	77,967	102,140
Number of deaths	59,689	60,465	65,149	64,436
<i>Civil Service</i>				
Number of police entry tests administered	0	1	0	1
Number of fire entry tests administered	1	0	0	0
Number of police promotional tests administered	0	0	3	0
Number of fire promotional tests administered	0	0	0	0
Number of hires of police officers from certified lists	0	56	106	73
Number of hires of fire/medics from certified lists	0	22	0	0
Number of promotions from police certified lists	0	20	40	0
Number of promotions from fire certified lists	0	0	10	49

2006	2005	2004	2003	2002
846	899	891	1,028	1,085
361	306	292	349	404
768	725	669	538	535
265	394	337	349	372
49,533	50,541	48,808	51,922	51,756
\$1,284,108,296	\$1,266,586,217	\$1,211,743,500	\$1,211,440,564	\$1,271,734,980
\$53,988,258	\$42,035,213	\$38,154,383	\$39,688,080	\$48,324,784
14,799	14,485	14,344	58,967	55,652
43,186	39,839	41,543	54,095	43,435
3	5	4	4	5
A	A	A	A	A+
A2	A2	A2	A2	A1
14%	14%	12%	12%	10%
\$490,927	\$471,755	\$455,775	\$459,365	\$460,237
\$465,162	\$451,323	\$484,856	\$437,964	\$468,504
\$30,957	\$29,738	\$24,058	\$17,676	\$27,222
248,108	267,712	287,904	299,081	315,848
30,567	25,763	30,584	29,825	27,677
16,200	14,942	15,503	15,520	15,986
\$1,999,859	\$1,990,879	\$2,471,464	\$2,233,996	\$2,727,029
169,933	136,931	148,779	147,478	148,702
45,909	47,252	53,458	58,689	63,829
56,163	55,036	62,115	64,780	64,709
18,929	9,075	14,723	13,000	11,737
\$141,733,000	\$52,741,000	\$78,562,000	\$49,716,000	\$45,905,000
22,909	21,567	22,418	23,133	19,591
121,676	121,791	113,822	151,395	166,288
17,645	17,638	18,191	18,542	18,897
11,992	12,343	12,296	11,825	12,089
312	361	294	477	516
98,545	101,284	58,452	N/A	N/A
84,615	66,268	38,684	N/A	N/A
0	0	0	0	0
0	0	0	0	0
0	0	0	0	1
0	0	0	0	1
0	0	0	0	0
0	0	0	0	0
0	39	19	23	18
0	0	0	0	0

(Continued)

City of Cleveland, Ohio
Operating Indicators by Function/Program
Last Nine Years (1)

Function/Program	2010	2009	2008	2007
<i>Building Department Indicators</i>				
Construction permits issued	6,829	8,334	10,631	8,397
Estimated value of construction	\$729,883,689	\$919,923,776	\$814,646,916	\$648,592,297
Number of other permits issued	8,629	8,290	9,710	8,971
Amount of revenue generated from permits	\$6,078,922	\$7,332,522	\$7,364,794	\$7,112,426
Number of contract registrations issued	2,895	2,847	2,783	2,887
Annual apartment/rooming house license fees	\$1,571,317	\$1,281,530	\$1,331,940	\$1,427,208
<i>Security of Persons and Property</i>				
<i>Police</i>				
Number of traffic citations issued	75,362	77,037	79,089	62,652
Number of parking citations issued	48,691	59,598	49,012	49,669
Number of criminal arrests	39,657	38,613	39,596	39,087
Number of accident reports completed	14,761	14,804	15,525	16,239
Part 1 offenses (major offenses)	38,003	38,586	39,237	41,400
DUI arrests	729	738	695	847
Prisoners	39,156	37,864	38,629	38,142
Motor vehicle accidents	14,761	14,804	15,525	16,239
Fatalities from motor vehicle accidents	49	38	52	34
Community diversion program youths	196	139	169	229
<i>Fire</i>				
Fire calls - incoming for services (7)	60,076	60,306	60,263	63,403
Fires	2,869	2,794	2,790	3,343
Fires with loss	1,266	843	1,095	1,807
Fires with losses exceeding \$10K	219	237	362	479
Fire losses \$	\$12,035,650	\$12,312,407	\$11,242,477	\$19,115,824
Fire safety inspections	13,631	13,982	8,110	9,764
Number of times mutual aid given to fire	29	17	11	5
<i>EMS</i>				
EMS calls - incoming for service	92,230	89,632	88,934	88,506
Ambulance billing collections (net)	\$10,832,204	\$9,649,887	\$12,091,087	\$11,394,837
<i>Public Health and Welfare</i>				
Number of health inspections				
Barber shops	238	219	227	263
Food	7,624	8,684	9,611	7,914
Hotels/motels	36	34	37	31
Marinas	11	11	11	11
Mobile home parks	5	5	5	5
Laundries	69	58	62	81
Nuisance	24,130	27,544	17,205	23,402
Pools	120	142	127	131
Schools	390	349	195	274
Day care inspections	223	209	98	109
Maternity inspections	4	4	4	4
Abortion inspections	6	6	6	5
Cemetery burials	0	3	17	54
Cemetery cremations	169	155	149	144

2006	2005	2004	2003	2002
9,163	9,699	10,020	9,471	10,427
\$743,566,106	\$652,537,749	\$558,278,403	\$487,768,588	\$382,584,866
9,157	9,272	9,489	9,767	10,260
\$7,399,513	\$7,504,979	\$8,661,198	\$6,353,990	\$4,611,214
3,077	3,700	2,200	5,492	2,252
\$1,290,830	\$1,367,157	\$1,433,689	\$1,399,415	\$1,155,597
77,003	82,642	77,424	106,970	119,632
59,311	51,947	54,268	173,185	220,966
40,678	39,002	38,090	45,205	50,092
17,374	18,878	20,655	21,898	21,915
44,018	42,352	39,933	32,198	33,218
577	705	660	1,075	1,355
39,851	38,259	37,426	43,765	47,856
17,374	18,878	20,655	21,898	21,915
39	38	49	42	32
177	155	273	263	127
61,702	65,825	56,236	3,703	3,831
3,296	3,195	3,202	N/A	N/A
1,708	1,904	1,641	1,777	1,832
362	379	316	261	286
\$21,567,578	\$18,292,877	\$18,140,355	\$12,179,966	\$13,819,600
5,901	6,027	6,198	6,989	7,074
0	87	39	92	72
86,010	91,161	87,009	89,380	87,085
\$10,698,730	\$10,075,142	\$8,830,211	\$7,243,765	\$8,412,319
251	237	230	199	195
8,143	8,140	8,175	8,207	8,010
31	27	29	24	21
11	11	11	11	11
5	5	5	5	5
68	59	46	46	42
20,057	18,317	18,299	17,539	16,512
129	146	129	129	129
235	376	225	225	225
104	95	101	113	92
3	4	4	4	4
5	5	5	5	5
27	49	73	77	83
83	45	32	19	10

(Continued)

City of Cleveland, Ohio
Operating Indicators by Function/Program
Last Nine (1) Years

Function/Program	2010	2009	2008	2007
Leisure Time Activities				
Recreation men and women leagues receipts	\$5,145	\$5,070	\$6,825	\$6,375
Economic Development				
Grant amounts received (Amounts in 000's)	\$18,772	\$14,645	\$16,194	\$16,044
Public Service				
Street improvements - asphalt overlay (linear feet) (10)	0	101,000	113,772	65,000
Crackseal coating program (linear feet) (10)	679,450	200,640	158,400	126,720
Street repair (curbs, aprons, berms, asphalt) (hours)	76,000	80,000	95,000	95,000
Guardrail repair (hours)	2,500	2,500	3,000	1,100
Paint striping				
Lane line (miles)	855	936	630	650
Crosswalks (each)	5,172	6,950	5,700	6,000
Arrows (each)	4,210	3,716	2,800	3,000
Street sweeper (hours)	46,000	55,000	49,000	36,000
Cold patch (hours)	22,000	24,000	31,000	31,000
Snow and ice removal regular hours	128,000	128,000	132,000	132,000
Snow and ice removal overtime hours	21,139	14,400	15,000	18,000
Leaf collection (hours)	18,300	18,000	20,000	17,000
Holiday lights setup (hours) (8)	0	0	4	5
Equipment repair/body shop (hours)	5,076	2,663	1,010	809
Tons of snow melting salt purchased November-March	53,322	67,000	85,000	82,000
Cost of salt purchased	\$2,321,118	\$2,700,000	\$3,330,000	\$2,640,000
Refuse disposal per year (in tons) August through July	232,241	236,225	266,035	293,801
Refuse disposal costs per year August through July	\$6,079,532	\$6,928,858	\$7,790,729	\$7,944,516
Annual recycling tonnage (excluding leaf, and compost items)	7,227	6,039	9,000	8,584
Percentage of waste recycled	3.13%	4.12%	3.39%	2.93%
Port Control				
Cleveland Hopkins Airport				
Landed weight (in thousands of pounds)	5,907,546	6,265,656	7,256,242	7,380,384
Total operations	192,683	200,268	235,975	244,719
Total passengers	9,492,455	9,715,604	11,106,194	11,458,898
Total enplaned passengers	4,745,308	4,855,129	5,545,205	5,722,338
Burke Lakefront Airport				
Landed weight	N/A	N/A	N/A	N/A
Total operations	64,358	68,456	69,231	68,137
Total passengers	174,598	166,965	188,171	204,582
Total enplaned passengers	87,012	83,438	93,772	102,039
Water Department				
Water rates per 1st 1000 cubic feet of water used (6)	\$12.58	\$11.59	\$10.63	\$9.62
Average number of water accounts billed monthly (cubic feet)	133,626	135,675	137,528	138,727
Total water collections annually (including P&I)	\$210,264,218	\$221,967,799	\$218,285,825	\$214,378,311
Payments to Cleveland for bulk water purchases	\$20,660,824	\$18,093,912	\$18,399,096	\$20,353,610
Wastewater Department				
Sewer and sanitary calls for service	7,272	8,021	8,275	7,585
After hours sewer calls (hours)	185	103	147	384

(1) Information prior to 2002 is not available.

(2) General obligation bond rating.

(3) Amounts are new construction starts. The majority of engineering and construction projects are multi-year projects.

(4) Includes entire area serviced by the Division of Vital Statistics (i.e., Cleveland + suburbs).

(5) Beginning 2007, administratively approved cases no longer included.

(6) This is the rate for the City of Cleveland residents only.

(7) "Fire Calls" was changed to "Fire calls-Incoming for service" and all years adjusted beginning 2004 to reflect all calls for service received.

(8) Holiday light setup was contracted to an outside agency in 2009 and 2010.

(9) The City went "live" on a new financial system in January 2010. The new system creates journal entries at the transaction level instead of at the summary level like the prior financial system.

(10) No program was available for asphalt overlay in 2010 and a new program was implemented for crackseal coating.

N/A - Information not available.

2006	2005	2004	2003	2002
\$5,730	\$7,140	\$10,455	\$20,720	\$31,290
\$17,386	\$20,701	\$16,857	\$17,839	\$24,730
40,000	162,800	101,000	135,100	127,500
79,200	316,800	211,200	264,000	253,440
95,000	95,000	95,000	95,000	95,000
1,600	1,000	800	800	2,600
650	650	633	630	600
6,000	6,000	5,900	5,800	5,800
3,000	3,000	2,800	2,500	2,500
30,000	30,000	15,000	12,000	12,000
31,000	31,000	31,000	31,000	31,000
132,000	132,000	132,000	132,000	132,000
8,000	30,000	23,000	17,000	16,000
17,000	17,000	17,000	17,000	17,000
5	5	5	5	5
1,066	1,179	1,664	1,811	2,606
64,500	83,000	40,000	95,000	40,000
\$2,128,363	\$2,750,034	\$1,321,066	\$2,819,235	\$1,237,889
303,196	333,497	316,083	296,139	302,969
\$8,662,913	\$7,761,318	\$7,461,798	\$7,135,942	\$7,628,883
16,435	16,088	12,825	14,500	11,176
5.42%	4.82%	4.06%	4.90%	3.69%
7,467,746	7,910,706	8,074,843	7,827,776	8,193,727
249,967	258,926	263,561	258,460	262,108
11,321,050	11,463,391	11,264,937	10,555,387	10,795,270
5,646,470	5,724,440	5,613,255	5,257,224	5,405,497
N/A	N/A	N/A	N/A	N/A
77,593	73,064	84,101	94,626	94,462
214,947	188,381	199,194	215,601	216,406
107,786	93,941	99,563	107,931	108,940
\$8.71	\$8.71	\$8.41	\$8.13	\$7.85
139,129	140,166	138,338	138,441	138,002
\$192,386,791	\$202,615,763	\$190,316,017	\$187,482,239	\$196,125,873
\$19,632,453	\$21,102,439	\$19,422,375	\$19,041,420	\$18,989,684
6,515	6,188	5,481	7,802	6,684
448	526	437	N/A	N/A

(Concluded)

City of Cleveland, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2010	2009	2008	2007
General Government				
Square footage occupied	3,700,000	3,700,000	3,700,000	3,700,000
Administrative vehicles	26	28	27	26
Police				
Stations	5	5	6	6
Square footage of buildings (1)	553,100	553,100	769,536	769,536
Vehicles	808	830	764	921
Fire				
Stations	26	26	26	26
Square footage of buildings	313,224	313,224	313,224	313,224
Vehicles	120	127	132	155
EMS				
Stations (headquarters)	1	1	1	1
Square footage of buildings	33,000	33,000	33,000	33,000
Vehicles	44	49	46	49
Port Control (Hopkins)				
Runways	3	3	3	3
Terminal area (approximate square footage)	935,000	935,000	935,000	935,000
Gates	96	96	96	96
Parking spaces (approximately)				
Long term	2,576	2,647	2,500	2,500
Short term	3,895	4,088	4,200	4,200
Surface	615	390	500	500
Total parking spaces	7,086	7,125	7,200	7,200
Vehicles	324	325	325	326
Other Public Works				
Streets (miles)	1,319	1,319	1,319	1,319
Service vehicles	754	773	741	760

2006	2005	2004	2003	2002	2001
2,310,732	2,310,732	2,187,420	2,187,420	2,187,420	2,187,420
28	26	25	23	21	21
6	6	6	6	6	6
769,536	769,536	769,536	769,536	769,536	769,536
958	979	905	872	897	892
26	26	26	26	26	26
313,224	313,224	313,224	313,224	313,224	313,224
153	152	147	154	135	138
1	1	N/A	N/A	N/A	N/A
33,000	33,000	N/A	N/A	N/A	N/A
57	53	47	46	44	45
4	4	4	4	4	3
935,000	935,000	935,000	935,000	935,000	935,000
96	96	96	96	96	96
2,500	2,500	2,500	2,500	2,500	2,500
4,200	4,200	4,200	4,200	4,200	4,200
500	0	0	0	0	0
7,200	6,700	6,700	6,700	6,700	6,700
362	345	321	314	299	294
1,280	1,280	1,240	1,210	1,210	1,200
828	842	859	857	931	903

City of Cleveland, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2010	2009	2008	2007
Recreation				
Number of parks	154	154	155	154
Number of playgrounds	109	109	110	110
Number of baseball diamonds	133	134	134	138
Number of tennis courts	111	114	114	120
Number of basketball courts				
Full	108	110	110	111
Half	10	10	10	10
Number of soccer fields	7	7	7	7
Number of recreation centers	19	19	19	19
Number of pools				
Indoor	18	18	18	18
Outdoor	23	23	23	23
Number of aquatic playgrounds	9	9	8	8
Number of golf courses (3)	2	2	2	2
Number of ice rinks	1	1	1	1
Number of roller rinks	1	1	1	1
Number of fine arts centers	1	1	1	1
Number of greenhouses	1	1	1	1
Number of camps	1	1	1	1
Total park acreage	1,492	1,487	1,491	1,490
Vehicles	156	160	157	161
Wastewater				
Sanitary sewers (miles)	170	170	156	156
Storm sewers (miles)	199	199	164	164
Combined sewers (miles)	1,065	1,065	920	920
Vehicles	108	111	114	128
Electric Power				
Vehicles	252	272	291	308
Water Department				
Water lines (miles) (2)	2,704	2,493	2,321	2,321
Vehicles	744	745	759	811

(1) Includes Dog Kennels, Inspection Garage and House of Corrections.

(2) This was a calculated total on all trunk mains [20" diameter and larger] (458.55 miles), distribution mains [16" and smaller] within the City of Cleveland (1301.5 mi.), plus distribution mains within certain suburbs with newly defined service agreements (561.1 mi.) where, by definition, Cleveland owns the local distribution main within the suburban corporate boundaries. The included suburbs are: Bedford Heights, Brunswick, East Cleveland, Euclid, Hunting Valley, Orange, Parma Heights, Shaker Heights and University Heights. What is not included in this calculation is distribution mains in any other direct service suburbs and in master meter communities.

(3) In 2010 the City leased one of the golf courses to Cleveland Metropolitan Parks.

N/A - Information not available.

2006	2005	2004	2003	2002	2001
150	150	146	146	145	145
111	112	111	109	111	112
140	140	141	141	142	142
120	120	131	134	136	134
118	120	123	121	N/A	N/A
12	16	18	18	N/A	N/A
12	12	12	11	11	8
19	19	19	18	18	18
18	18	18	17	17	17
22	22	22	22	23	24
7	6	6	4	4	N/A
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1,477	1,477	1,440	1,444	1,414	1,421
163	154	145	143	137	123
171	171	171	171	171	171
199	199	199	199	199	199
1,065	1,065	1,065	1,065	1,065	1,065
83	82	81	81	81	81
306	287	269	276	269	267
2,172	2,168	2,042	2,040	2,039	2,039
832	827	814	801	804	828

(Concluded)

CITY OF CLEVELAND, OHIO

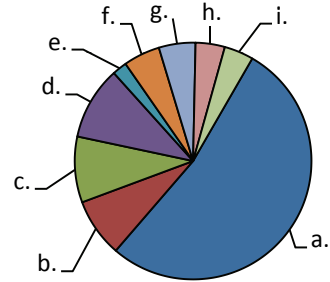
SCHEDULE OF STATISTICS-GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2010

OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

REVENUE DOLLAR BY SOURCE

Where the money came from

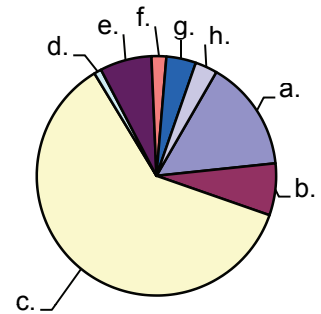
a. Income taxes	a.	\$0.53
b. Property taxes	b.	0.08
c. State local government funds	c.	0.09
d. Other shared revenues	d.	0.10
e. Licenses and permits	e.	0.02
f. Charges for services	f.	0.05
g. Fines, forfeits and settlements	g.	0.05
h. Miscellaneous	h.	0.04
i. Transfers in	i.	0.04
		\$1.00



EXPENDITURE DOLLAR BY FUNCTION

Where the money was spent

a. General Government	a.	\$0.15
b. Public Service	b.	0.07
c. Public Safety	c.	0.61
d. Public Health	d.	0.01
e. Parks, Recreation and Properties	e.	0.07
f. Building and Housing	f.	0.02
g. Economic and Community Development and other	g.	0.04
h. Transfers out	h.	0.03
		\$1.00



EXPENDITURE DOLLAR BY OBJECT

What the money was spent on

a. Salaries, wages and related benefits	a.	\$0.81
b. Interdepartmental charges	b.	0.03
c. Utilities	c.	0.04
d. Contractual services	d.	0.07
e. Materials and supplies	e.	0.01
f. Maintenance	f.	0.01
g. Transfers out	g.	0.03
		\$1.00

